

Implementation Statement

The Canon Medical Systems Limited Retirement Benefits Scheme

Purpose of this statement

This implementation statement has been produced by the Trustees of **The Canon Medical Systems Limited Retirement Benefits Scheme ("the Scheme")** to set out the following information over the year to **31 March 2025**:



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.

This statement does not include the additional voluntary contributions ("AVCs") due to the relatively small proportion of the Scheme's assets that are held as AVCs.



Conclusions

In reviewing the activities of the past year, the Trustees believe that the policies set out in the Statement of Investment Principles ("SIP") have been effectively implemented. A significant proportion of the Scheme's investment managers have demonstrated transparency in their voting and engagement activities, and the Trustees believe that these activities reasonably align with the with the stewardship priorities of the Scheme.

Stewardship policy

The Trustees' SIP in force at 31 March 2025 describes the Trustee's stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in June 2024 and has been made available online here:

[Retirement Benefits Scheme - Canon Medical Systems Ltd](#)

The Trustees' stewardship policy is set out in the Scheme's policies on voting and engagement activities, which forms part of the SIP. The Trustees have selected climate change as the key stewardship priority of the Scheme. The Trustees expect their relevant investment managers to be able to evidence their stewardship activity in this area, which the Trustees will monitor annually. Therefore, this is an area which the Trustees believe they can meaningfully monitor progress and engage with their investment managers over time.

How voting and engagement/stewardship policies have been followed

Based on the information provided by the Scheme's investment managers, the Trustees believes that its 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 undertook their most recent review of the stewardship and engagement activities of the current managers at their 13 March 2024 meeting and were satisfied that their policies were reasonable, and no remedial action was required at that time.
- Annually the Trustees receive and review voting and engagement information from the asset managers. This exercise was undertaken alongside the preparation of the Implementation Statement..
- Having reviewed the above in accordance with their policies, the Trustees are comfortable the actions of the fund manager is in alignment with the Scheme's stewardship policies.

**Prepared by the Trustees of The Canon Medical Systems Limited Retirement Benefits Scheme
June 2025**

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 2025**. The leveraged and unleveraged gilt funds, Sterling Liquidity Fund and Maturing Buy and Maintain Credit Fund 2040-2054 held with Legal and General Investment Management ("LGIM") has no voting rights and limited ability to engage with key stakeholders given the nature of the mandate.

Manager	LGIM
Fund name	Dynamic Diversified Fund
Structure	Pooled
No. of eligible meetings	10,106
No. of eligible votes	102,057
% of resolutions voted	99.8%
% of resolutions abstained	0.8%
% of resolutions voted with management¹	76.7%
% of resolutions voted against management Error! Bookmark not defined.	22.5%
Proxy voting advisor employed Error! Bookmark not defined.	LGIM's Investment Stewardship team uses Independent Shareholder Services' ("ISS") 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 LGIM's position on ESG, LGIM have put in place a custom voting policy with specific voting instructions. LGIM review their custom voting policy with ISS annually and take into account feedback from their investors.
% of resolutions voted against proxy voter recommendation	14.0%

¹ As a percentage of the total number of resolutions voted on. Totals may not add up to 100%. Numbers are subject to rounding.

Note: segregated mandates allow the Trustees to engage with managers and influence their voting behaviour. Pooled fund structures result in limited scope for the Trustees to influence managers' voting behaviour.



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 states that a significant vote is likely to be one that is linked to one or more of a scheme’s stewardship priorities or themes.

The Trustees have therefore selected 3 votes from those provided by the investment manager which relate to their chosen stewardship priority (climate).

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

LGIM Dynamic Diversified Fund

	Vote 1	Vote 2	Vote 3
Company name	Unilever Plc	National Grid Plc	Tencent Holdings Limited
Date of vote	1 May 2024	10 July 2024	14 May 2024
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.28%	0.25%	0.22%
Summary of the resolution	Resolution 4: Approve Climate Transition Action Plan (“CTAP”)		Resolution 3a: Elect Charles St Leger Searle as Director
How the manager voted	For	For	Against
Rationale for the voting decision	<p>LGIM voted in favour of the CTAP is applied as LGIM understand it to meet their minimum expectations. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short, medium and long-term greenhouse gas (“GHG”) emissions reduction targets consistent with a 1.5°C Paris goal.</p> <p>Despite the Science Based Targets Initiative (“SBTi”) recently removing Unilever Plc’s 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.</p>	<p>LGIM voted in favour of the National Grid CTAP. LGIM commend the company’s efforts in committing to net-zero emissions across all scopes by 2050 and setting 1.5°C -aligned near term Science Based Targets Initiative (“SBTi”). LGIM also appreciate the clarity provided in the ‘Delivering for 2035 report’ and look forward to seeing the results of National Grid’s engagement with SBTi regarding the decarbonisation of heating.</p>	<p>Audit Committee: A vote against is applied as LGIM expects the Committee to be comprised of independent directors. Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management.</p>

	Therefore at this stage LGIM believe the company's ambition level to be adequate. LGIM therefore remain supportive of the net zero trajectory of the company at this stage.	
Criteria on which the vote is considered "significant"	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 1.5°C scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.	Thematic - Climate: LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, LGIM's flagship engagement programme targeting companies in climate-critical sectors.
Outcome of the vote	All resolutions passed	
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.	
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 LGIM's policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.	
Relevant stewardship priority	Climate change	


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.

LGIM

Fund name	Dynamic Diversified Fund	Maturing Buy and Maintain 2040-2054
Number of engagements undertaken on behalf of the holdings in this fund in the year	3,550	201
Number of entities engaged on behalf of the holdings in this fund in the year	2,624	111
Number of engagements undertaken at a firm level in the year		4,459



Examples of engagement activity undertaken over the year to 31 March 2025

LGIM

The key engagement topics at a firm level over the year to 31 March 2025 included:

- Climate change
- Deforestation
- Remuneration
- Climate mitigation
- Strategy
- Human rights
- Diversity

One example of LGIM's engagement is regarding climate disclosures in Japan. LGIM engaged with Nippon Steel, the largest steel maker in Japan, regarding their disclosures of climate-related and decarbonisation-related policy positions.

Given the highly carbon intensive nature of the steelmaking industry, Nippon Steel's role as one of the largest global steelmakers and the significant role Nippon Steel has in influencing Japanese policy, LGIM have engaged repeatedly with Nippon Steel to encourage further climate policy disclosures. Despite previous engagements, LGIM remained unsatisfied with the disclosures provided so far and as such filed a shareholder resolution that would require Nippon Steel to "Disclose annually, climate-related and decarbonisation-related policy positions and lobbying activities globally".

Although the shareholder resolution did not pass, it achieved nearly 28% support, one of the highest levels of support recorded for a climate-related shareholder resolution in Japan, demonstrating to the company that investors expect greater transparency on climate-related engagement activity.