

# **The JLG Industries (Europe) Employee Benefits Plan (1985)**

## **Annual Engagement Policy Implementation Statement**

### 1. Introduction

This statement sets out how, and the extent to which, the Engagement Policy in the Statement of Investment Principles ("SIP") produced by the Trustees has been followed during the year to 5 April 2021. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the guidance published by the Pensions Regulator.

### 2. Investment objective of the Plan

The Trustees believe it is important to consider the policies in place in the context of the investment objectives they have set. The objectives of the Plan included in the SIP are as follows:

- The Trustees seek to invest the Plan's assets so as to maximise the likelihood:
  - that benefits will be paid to members as they fall due; and
  - of continued long-term financial support from the Sponsoring Employer.

To achieve these objectives, the Trustees considered the appropriateness of the Plan's investment strategy at the time of the latest Actuarial Valuation. The Trustees continue to review investment strategy on a regular basis.

### 3. Policy on ESG, Stewardship and Climate Change

The Plan's SIP includes the Trustees' policy on Environmental, Social and Governance ("ESG") Issues as well as climate change. This policy sets out the Trustees' beliefs on ESG and climate change and the processes followed by the Trustees in relation to voting rights and stewardship.

The Trustees believe that good stewardship and environmental, social and governance ("ESG") issues may have a material impact on investment returns, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustees also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration. The Trustees have taken in to account the expected time horizon of the Plan when considering how to integrate these issues in to the investment decision making process.

The Trustees have given their appointed investment manager full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and the UK Stewardship Code.

## Engagement

The Trustees consider how ESG, climate change and stewardship are integrated within investment processes in appointing new investment managers, implementing investment strategy decisions, and monitoring the existing investment manager.

The performance of the investment manager is reviewed by the Trustees on a bi-annual basis, at each Trustee meeting, this includes ratings (both general and specific to ESG) from the investment adviser and how the investment manager is delivering against their specific mandate.

A change in ESG rating (or lack of ESG rating) does not mean that the investment manager will be removed or replaced automatically but the Trustees will discuss rating changes and decide if any action should be taken.

Legal and General Investment Management (“LGIM”) will be expected to report on their own ESG policies as and when requested by the Trustees.

## Voting activity

The Trustees have delegated their voting rights to the investment manager.

The investment manager is expected to provide voting summary reporting on a regular basis, at least annually.

When the investment manager presents to the Trustees, the Trustees or investment consultant may ask the investment manager to highlight key voting activity. The Trustees do not use the direct services of a proxy voter.

Over the year to 31 March 2021, the voting activity on behalf of the Trustees was as follows:

### World Equity Index Fund

- There have been 3,421 votable meetings over the year. In these meetings, there were a total of 40,987 votable proposals. The investment manager participated in the vote for 40,921 of the total votable proposals (c99%). In votes where the investment manager participated, they voted with management in 81% of proposals and against management in 18% of proposals. The manager abstained in less than 1% of the proposals.
- LGIM undertook 19 significant votes over the period. Each significant vote detail is publicly shared in the manager’s website. These were in relation to companies including Qantas Airlines, International Consolidated Airlines Group, Lagardere, Amazon and Barclays.

### Dynamic Diversified Fund

- There have been 7,887 votable meetings over the year. In these meetings, there were a total of 83,262 votable proposals. The investment manager participated in the vote for 83,179 of the total votable proposals (c99%). In votes where the investment manager participated, they voted with management in 84% of proposals and against management in 15% of proposals. The manager abstained in less than 1% of the proposals. LGIM undertook 27 significant votes over the period. Each significant vote detail is publicly shared in the manager’s website. These were in relation to companies including Qantas Airlines, Whitehaven Coal, International Consolidated Airlines Group, Exxonmobile, Lagardere, Amazon and Barclays.