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

Statement of Investment Principles

1. **Background**

This Statement of Investment Principles (the **Statement**) sets down the principles governing decisions about investments for the JLG Industries (Europe) Employee Benefits Plan (1985) (the **Plan**) to meet the requirements of the Pensions Act 1995 and subsequent legislation. Before finalising the Statement the Trustees have consulted JLG Industries (United Kingdom) Limited (the **Sponsoring Employer**).

Where matters described in this Statement may affect the Plan's funding policy, input has been obtained from the Plan Actuary. The Trustees will review this Statement at least every three years, or as soon as practicable after any change in investment policy.

The Trustees' investment responsibilities are governed by the Plan's Trust Deed and relevant regulation of which this Statement takes full regard. The Trustees note that, according to the law, they have ultimate power and responsibility for the Plan's investment arrangements.

2. **Investment Policy**

The Trustees have adopted the following primary objective to help guide them in the strategic management of the assets and control of the various risks to which the Plan is exposed:

- 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.

Legal and General Investment Management (LGIM) is the **Investment Manager** for the Plan. LGIM is regulated by the Financial Conduct Authority (**FCA**). As required by the Financial Services Act, the Trustees have entered into a signed investment policy and side letter (the **Agreement**) with LGIM.

The Agreement provides important protection for the Plan itself and for the Trustees. It also sets out the terms on which the assets are managed; the investment brief; guidelines and restrictions under which the Investment Manager works. The Investment Manager has full discretion to buy and sell investments on behalf of the Plan, subject to the agreed constraints set out in the Agreement and applicable legislation.

Use is made of the manager's in-house pooled funds in order to construct the Plan's portfolio. The Plan's assets are invested across a range of asset classes including global equities, diversified growth and liability driven investments (leveraged and unleveraged fixed income and index linked bonds).

3. Socially Responsible Investment and Corporate Governance

The Trustees believe that environmental, social, and corporate governance (ESG) factors may have a material impact on investment risk and return outcomes, 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, including climate change, present risks and opportunities that increasingly may require explicit consideration. The Trustees have taken into account the expected time horizon of the Plan when considering how to integrate these issues into the investment decision making process.

The Trustees have given their appointed investment manager full discretion in evaluating ESG factors, including climate change considerations. Furthermore, the Trustees believe that responsible share ownership and seeking the best long-term value for investment in shares requires active exercise of voting rights. Where applicable, the Trustees expect the Plan's investment managers, unless impracticable, to exercise all voting rights attaching to shares or securities and take account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code. The managers are authorised to exercise discretion to vote as they think fit, but in doing so reflect the best interests of the Plan.

From time to time the Trustees will obtain and consider reports on the activity of the Plan's investment managers in the area of social, environmental and ethical investment policy, and corporate governance. The Trustees also consider how ESG, climate change and stewardship is integrated within investment processes in appointing new investment managers.

The Trustees do not explicitly consult members when making investment decisions but update members, typically annually, via newsletters on any changes to the Plan's investment arrangements and also makes available on request a copy of the Statement of Investment Principles.

4. **The Trustees' Policy with Regard on Risk Measurement and Management**

There are various risks to which any pension scheme is exposed. The Trustees have considered the following key risks:

- The risk of deterioration in the Plan's funding level which may arise through a mismatch between the Plan's assets and its liabilities. The risk assets held in the Plan are used to deliver returns in excess of liabilities with the objective of improving the funding position, whilst the matching assets are held to help mitigate funding level volatility by increasing/decreasing in value in correlation with the liabilities. The matching assets in particular were reorganised in July 2021 to a liability driven investment approach to target hedging 38% of the inflation and interest rate sensitivities measured on a gilts – 0.2% liability basis within the Plan.

- The risks which may arise from the lack of diversification of investments. The Trustees believe that the investment strategy in place provides an adequately diversified distribution of assets and that the Plan's investments contain an appropriate balance of assets.

- The risk that the Investment Manager fails to meet their investment performance target. This risk is managed by regularly monitoring the Investment Manager's performance.

- The risk that overseas assets are susceptible to currency volatility materially impacting the asset value. The assets held within the diversified growth fund and the global equity fund are invested outside the UK in order to gain access to diversification benefits. Currency risk arises as a natural consequence of this decision and was taken into account by Trustees in the analysis of the benefits arising from diversification.

- The risk of holding assets that will be subject to default risk and market risk. These risks will be managed regularly by the Investment Manager who will monitor the positions and replace if appropriate.

- The risk in holding assets that cannot easily be sold should the need arise. This risk is managed by investing in pooled fund units which can be redeemed on regular dealing dates. The pooled fund invests assets across a wide range of securities that are predominantly quoted on appropriately regulated stock markets. The Trustees believe that under normal market conditions the manager will be able to meet all redemption requests from the assets of the fund.

The terms of the Agreement with the Investment Manager include a number of guidelines which, among other things, are designed to ensure that only suitable investments are held by the Plan and so that the Investment Manager cannot make investments that could be considered to be speculative or “trading” by the Financial Services and Tax authorities.

5. Buying and Selling Investments

The Trustees have delegated the responsibility for buying and selling investments to the Investment Manager. The day to day activities which the Investment Manager carries out are governed by the Agreement between the Trustees and the Investment Manager, which is reviewed from time to time to ensure that the operating instructions, guidelines and restrictions remain appropriate.

6. Engagement with the Investment Manager

The policy in relation to the Trustees’ arrangements with their Investment Manager is set out below.

A. Incentivising the asset manager to align its investment strategy and decisions with the Trustee policies:

The Investment Manager is appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected for.

The Trustees look to its investment consultant for their forward-looking assessment of a manager’s ability to achieve the expected return and risk characteristics required for the asset class they have been selected for. This view will be based on the consultant’s assessment of the manager’s idea generation, portfolio construction, implementation and business management, in relation to the particular investment fund that the scheme invests in. The consultant’s manager research ratings assist with due diligence and questioning managers during presentations to the Trustees and are used in decisions around selection, retention and realisation of manager appointments.

If the investment objective of a particular fund changes, the Trustees will review the fund appointment to ensure it remains appropriate and consistent with the Trustees’ wider investment objectives.

The Scheme’s investment mandates with LGIM are reviewed regularly at Trustee meetings. The Trustees will review the appropriateness of using active and passive managed funds (on an asset class basis) on an ad-hoc basis.

As the Trustees invest in pooled investment vehicles they accept that they have no ability to specify the risk profile and return targets of the manager, but appropriate mandates can be selected to align with the overall investment strategy.

B. Incentivising the asset manager to make decisions based on assessments about medium to long-term financial and non-financial performance of a holding company, and to engage with holding companies in order to improve their performance in the medium to long-term:

The Trustees will consider the investment consultant’s assessment of how the Investment Manager embeds ESG into its investment process and how the manager’s responsible investment philosophy aligns with the Trustee’s responsible investment policy. This includes the Investment Managers’ policy on voting and engagement.

The Trustees meet with the Investment Manager at Trustee meetings as required and may challenge decisions made including voting history and engagement activity.

The Trustees delegate all voting and engagement activities to the Investment Manager. When required the Trustees will question managers’ voting decisions if they deem them out of line with the investment fund’s objectives or the objectives / policies of the scheme.

The Investment Manager is aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage. If the Trustees are dissatisfied, then they will look to replace the manager.

C. Aligning the evaluation of the asset manager's performance and the remuneration for asset management services with the Trustees’ policies:

The Trustees receive Investment Manager performance reports on a 6 monthly basis, which presents performance information over 6 months, 1 year, 3 years and since inception. The Trustees review the absolute performance, relative performance against a suitable index used as the benchmark, and against the manager’s stated tracking error (over the relevant time period).

If the manager is not meeting their investment objectives or their requirements for the mandate have changed, the Trustees may review the mandate and review the annual management charge levied by the manager. The Trustees may also review the mandate should the manager breach any investment guidelines.

D. Monitoring portfolio turnover costs incurred by the asset manager:

The Trustees receive MiFID II reporting from their Investment Manager but do not analyse the information.

The Trustees do not currently monitor portfolio turnover costs but may look to do so in the future.

E. The duration of the arrangement with the asset manager:

The Trustees are long term investors and are not looking to change the investment arrangements on a frequent basis.

The funds invested in are open-ended funds and therefore there is no set duration for the manager appointments. The Trustees will retain an Investment Manager unless:

- There is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager;

- The manager appointment has been reviewed and the trustees have decided to terminate.

7. **Compliance with this Statement**

The Trustees of the JLG Industries (Europe) Employee Benefits Plan (1985), the Investment Manager and Mercer, our consultants, each have duties to perform to ensure compliance with this Statement. These are:

The **Trustees** will review this Statement in response to any material changes to any aspects of the Plan, its liabilities, finances and the attitude to risk of the Trustees and the sponsoring company which they judge to have a bearing on the stated Investment Policy.

This review should occur no less frequently than every three years to coincide with the Actuarial Valuation. Any such review will again be based on written, expert investment advice and will be in consultation with the sponsoring company.

The Investment Manager will prepare reports from time to time to the Trustees including:

- valuation of all investments held for the Plan
- records of all transactions together with a cash reconciliation
- a review of recent actions undertaken on behalf of the Plan together with a summary of their current stated policy.

The **Investment Manager**, will exercise their discretionary powers of investment in accordance with applicable legislation and give effect to the principles in the Statement so far as reasonably practicable. The Trustees have undertaken to advise the Investment Manager of any material change to this Statement.

…………………………………………………………………………………..
The Trustees of the JLG Industries (Europe) Employee Benefits Plan (1985)

Date of Amendments

First Amendment:	March 2003
Second Amendment:	October 2006
Third Amendment:	November 2008
Fourth Amendment:	June 2011
Fifth Amendment:	September 2016
Sixth Amendment:	June 2018
Seventh Amendment:	September 2018
Eighth Amendment:	September 2019

Ninth Amendment: September 2020
Tenth Amendment: September 2021

Appendix – Investment Manager Arrangements

1 – Plan Benchmarks

Asset Class	*Benchmark Index*	*Benchmark Allocation*	*Performance Target**	*Bandwidth*
World Equity	FTSE World Index	27.5%	Track the index within +/- 0.5% p.a.	+/- 2.5%
Diversified Growth	Bank of England Base Rate	22.5%	Base Rate +4.5% p.a.	+/- 2.5%
Buy and Maintain Credit	N/A**	15%	N/A**	+/- 2.5%
Liability Hedging Portfolio	Bespoke Benchmark***	35%	N/A***	+/- 2.5%
Total	**Composite**	**100.0**	**-**	

* Performance targets are quoted in excess of the benchmark performance per annum and are examined over rolling three year periods (gross of fees).
** Fund officially has no benchmark, for performance measurement purposes the Fund will be measured against the iBoxx Sterling Non-Gilt Index.
*** The portfolio seeks to match a proportion of the sensitivities of the liabilities to interest rates and inflation. As such, the composition of the underlying funds aims to match 38% of the interest rate and inflation changes in the liabilities measured on a gilts – 0.2% liability basis.

Rebalancing within the portfolio will be carried out by LGIM in line with the policy set out in the Agreement (i.e. on a weekly basis). LGIM will also invest or disinvest any cashflows provided or required by the Plan administrator in order to maintain the Plan's asset mix in line with the target benchmark allocations set out above.

Furthermore, LGIM will target a 38% interest rate and inflation hedge ratio on a gilts – 0.2% liability basis taking account of both the Buy and Maintain Credit Fund and Liability Hedging Portfolio. LGIM will look to make changes to the Liability Hedging Portfolio should either the interest rate or inflation hedge ratio move out with 5% of the target hedge ratio.

2 – Performance Targets

The performance objective of the Plan will be the weighted average of the target performance of the underlying funds.

3 – FEES

Fund	Annual management charge
World Equity Index Fund	0.20%
Active Dynamic Diversified Fund	0.38%*
Buy and Maintain Credit Fund	0.15%
Single Stock Gilt Fund Range	0.10% per annum of the first £5 million, plus 0.075% per annum of the next £5 million, plus 0.05% per annum of the next £20 million, plus 0.03% per annum of the balance
Matching Plus Swap Funds and Matching Plus Gilt Funds	0.24% per annum of the first £25 million, plus 0.17% per annum on the balance
Sterling Liquidity Fund	0.125% per annum of the first £5 million, plus 0.100% per annum of the next £5 million, plus 0.075% per annum of the next £20 million, plus 0.05% per annum of the balance

* The standard fee for the Fund is 0.50% p.a. The Trustees have a preferential fee arrangement in place with LGIM reducing the AMC by 0.12% p.a.

In addition, LGIM levy a fee of 0.03% p.a. (subject to a minimum of £35,000 per annum) to manage the targeted hedge ratio of 38% on interest rates and inflation on a gilts – 0.2% liability basis on behalf of the Plan.