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 2023. 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.

Members should be aware that this Statement is part of a wider set of information available on the Plan's governance and investment responsibilities undertaken by the Trustees:

- Members can view the SIP (mentioned above) online which discloses, in detail, the investment principles, policies, objectives, and strategy followed.

- Members can request a copy of the Annual Report and Financial Statements of the Plan, which contains certain information on the management of the Plan, its governance, investment risk management and the level of Trustees' knowledge and understanding.

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 to maximise the likelihood of continued long-term financial support from the Sponsoring Employer.

To achieve these objectives, the Trustees consider the ongoing appropriateness of the Plan's investment strategy at the time of each formal actuarial valuation. The latest actuarial valuation, with an effective date of 5 April 2021, was formally completed in mid-2022, in line with statutory requirements.

Over the 12 months to 5 April 2023, the SIP was updated on a number of occasions to reflect changes to the Plan's investment strategy, in light of material improvements in the funding position and changes to regulatory guidance relating to the Plan's liability-driven investment ("LDI") holdings. The updates to the SIP are summarised below:

Date	Amendments made
Sept 2022	- To reflect de-risking which took place in early September 2022 - LGIM World Equity Index Fund allocation disinvested in full - LGIM Dynamic Diversified Fund allocation reduced to 10% - LGIM Buy & Maintain Credit Fund allocation increased to 40% - LGIM LDI portfolio allocation increased to 50% - Hedge ratio targets increased to 90% on a de-risking basis*

Nov 2022	- To reflect further de-risking undertaken in early December 2022 to provide additional collateral support to the LGIM LDI portfolio - LGIM Buy & Maintain Credit Fund allocation reduced to 20% - LGIM LDI portfolio allocation increased to 70%
Mar 2023	- To reflect upcoming further de-risking which subsequently took place in late April 2023 - LGIM Buy & Maintain Credit allocation increased to 30% - LGIM Dynamic Diversified Fund allocation disinvested in full - Liability hedge ratio targets increased to 95% on de-risking basis*

** The de-risking basis is calculated as a gilts + 0% p.a. (gilts flat) basis, with an additional 3% loading to liability values to account for estimated future wind-up expenses.*

The Trustees monitor and review the Plan's investment strategy as required, and receive reporting and advice from their investment consultant in relation to the Plan's current asset allocation as part of quarterly Trustee meetings.

3. Assessment of how policies in the SIP have been followed for the year to 5 April 2023

The information provided in the following section highlights the work undertaken by the Trustees during the year, and longer term where relevant, and sets out how this work followed the Trustees' policies in the SIP.

The strategic benchmark has been determined using appropriate economic and financial assumptions from which expected risk/return profiles for different asset classes have been derived. These assumptions apply at a broad market level and are considered to implicitly reflect all financially material factors.

The changes to the investment strategy made over the year to 5 April 2023 served to reduce risk within the portfolio in light of the strengthened funding position, as well as to better match the interest rate and inflation sensitivities of the Plan's liabilities and provide additional stability in the funding position. The Trustee is comfortable that the changes made during the Plan year are in line with the investment objectives of the Plan, as outlined in the previous section.

4. Policies in relation to the Plan's investment strategy, day-to-day management of the assets, and associated risks

Sections 4, 5 and 6 of the SIP refer to the Plan's policies around its investment strategy, the day to day management of the assets, and the associated risks.

The Trustees reviewed the Plan's investment strategy on a number of occasions over the year, considering the Plan's liability profile and requirements of the Statutory Funding Objective, their own appetite for risk (including financially material risks such as Environmental, Social and Governance ("ESG") risks, including climate change), the views of the Sponsoring Employer on investment strategy, the Sponsoring Employer's appetite for risk, and the strength of the Sponsoring Employer's covenant. The Trustees also received written advice from their Investment Consultant in relation to all strategic changes implemented during the year, as required by regulation.

The basis of the Trustees' strategy for the Plan, following de-risking activity undertaken post the Plan year end, is to invest the entirety of the Plan's assets in a "matching" portfolio comprising Buy & Maintain Credit and LDI. The Trustees regard the allocation of the assets between these two asset classes to be appropriate for the Plan's objectives and liability profile, and the funds in which the Plan invests are expected to provide an investment return commensurate with the level of risk being taken.

The Trustees use Trustee meetings as an opportunity to ask questions of their investment advisor, and also invite managers to present directly to the Trustees from time to time, as required.

The Trustees recognise risk (both investment and operational) from a number of perspectives in relation to the investments held within the Plan's portfolio. As detailed in Section 4 of the SIP, the Trustees consider both quantitative and qualitative measures for these risks when deciding investment policies, strategic asset allocation, and the choice of fund managers.

The Plan invests entirely in pooled investment vehicles and the Trustees therefore accept that they have no discretion to specify the risk profile and return targets of the Investment Manager, but believe that appropriate mandates can be selected to align with the Plan's overall strategic objectives and risk appetite.

The Trustees recognise the need to hold investment managers and advisers to account. Whilst the day-to-day management of the Plan's assets is delegated to the Investment Manager, all other investment decisions, including strategic asset allocation and selection and monitoring of Investment Managers, are based on advice received from the Investment Consultant. Mercer Limited has been appointed for this purpose.

In November 2019, the Trustees put in place investment objectives for their Investment Consultancy Provider, Mercer, and its performance is reviewed on a periodic basis.

The objectives may be revised at any time but will be reviewed at least every three years, and after any significant change to the Plan's investment strategy and objectives.
The intention of these objectives is to ensure the Trustees are receiving the support and advice they need to meet their investment objectives. The objectives set cover both short and long term objectives across strategy, monitoring, compliance and regulation, client servicing and relationship management.

5. 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 in this regard, and the processes followed by the Trustees in relation to voting rights and stewardship.

The Trustees believe that good stewardship and 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 take 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 any 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.

The Trustees consider how ESG, climate change and stewardship is integrated within investment processes in appointing new investment managers and monitoring existing investment managers. Monitoring is undertaken on a regular basis by receiving updates from investment managers and by Mercer providing the Trustees with ESG ratings for the strategies in which the Plan invests.

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 & General Investment Management ("LGIM"), who manage all of the Plan's invested assets, will be expected to report on their own ESG policies as and when requested by the Trustees.

The Trustees requested that the investment manager confirms compliance with the principles of the UK Stewardship Code. LGIM are signatories of the UK Stewardship Code 2020 that took effect on 1 January 2020, as of the latest update to the list of signatories published by the Financial Reporting Council ("FRC") on 15 February 2023.

The performance of the investment manager is reviewed by the Trustees on a bi-annual basis. This includes monitoring of ratings (both general and specific to ESG) from the Investment Consultant and consideration of how the Investment Manager is delivering against their specific mandates.

The Trustees have received details of relevant engagement activity for the year from the Plan's Investment Manager, which are set out in the section below.

6. Voting and Engagement Activity

The Trustees delegate engagement and stewardship activities to LGIM, and expect LGIM (and any other investment managers they may appoint in the future) to be signatories of the UK Stewardship Code. LGIM has been a signatory to the UK Stewardship Code every year since its inception, including the 2020 UK Stewardship Code.

The Trustees have delegated any voting rights to LGIM, who are expected to provide voting summary reporting on a regular basis, at least annually. It should be noted that as of late April 2023, the Plan no longer has any investment in funds which have associated voting rights – the LGIM World Equity Index Fund was terminated in September 2022, and the LGIM Dynamic Diversified Fund was terminated in April 2023. When LGIM presents to the Trustees, the Trustees or investment consultant may ask them to highlight key voting activity. The Trustees do not use the direct services of a proxy voter.

LGIM note that they have established a fully integrated framework for responsible investing to strengthen long-term returns. Their framework for responsible investing is based on stewardship with impact and active research across asset classes. These activities enable LGIM to deliver responsible investment solutions to their clients and conduct engagement with the aim of driving positive change.

LGIM describe their core responsible investment beliefs as follows:

1. *"Responsibility: We have a responsibility to many stakeholders. When we allocate capital, we conduct extensive research into potential environmental and societal outcomes.*

2. *Financial materiality: We believe ESG factors are financially material. Responsible investing is essential to mitigate risks, unearth opportunities and strengthen long-term returns.*

3. *Positive outcomes: We strive to effect positive change in the companies and assets in which we invest, and for society as a whole."*

A key pillar of LGIM's approach to index strategies is active ownership: encouraging companies to consider sustainability risks, develop resilient strategies and consider their stakeholders.

A summary of the voting activity undertaken by LGIM on behalf of the Trustees over the 12 month period to 31 March 2023 (the latest date available prior to 5 April 2023) is set out below. This in relation to the Plan's holdings in the World Equity Index Fund and the LGIM Dynamic Diversified Fund (noting that as of late April 2023, the Plan no longer has any investment in funds which have associated voting rights).

In regards to the Plan's LDI holdings, LGIM have limited scope for engagement as the underlying assets have no voting rights. In regards to the Buy & Maintain credit holdings, again there is limited power as bond investors to formally vote on engagement issues. LGIM do however engage with companies to get greater clarity and raise issues that concern them.

For the purposes of this statement, the Trustees have considered their own stewardship priorities as they relate to defining the "most significant" issues subject to voting activity during the year. The Trustees have elected to consider "most significant votes" to be those in the following areas, where the subject company of the vote constitutes a holding of more than 1% in the relevant pooled fund:

- **Climate change:** for example, votes relating to low-carbon transition plans and environmental protection
- **Human rights:** for example, votes related to modern slavery, pay & safety in workforce and supply chains and abuses in conflict zones
- **Diversity, equity and inclusion ("DEI")**: including votes relating to board diversity and inclusive/diverse decision making

Below are examples of votes classified as "most significant" over the year to 31 March 2023 (latest information available prior to the Plan year end of 5 April 2023), based on the criteria as set out above. Summary voting information is also included for each relevant fund. The LGIM Buy & Maintain Credit Fund and the LGIM LDI holdings are not included in the below as they are fixed income portfolios which do not have voting rights.

LGIM World Equity Index Fund

- There were 3,113 votable meetings over the year. In these meetings, there were a total of 38,295 votable proposals. The investment manager participated in the vote for 99.8% of the total votable proposals. In votes where the investment manager participated, they voted with management in 78.9% of proposals and against management in 20.4% of proposals. The manager abstained in 0.7% of the proposals.

- The most significant votes undertaken over the year to 31 March 2023, in accordance with the Trustees' definition, were as follows.

Most significant vote #1

Company name	Amazon.com, Inc.
Date of vote	25 May 2022
Approximate holding size at date of vote	1.83%
Summary of the resolution	Elect director Daniel P. Huttenlocher
How LGIM voted	Against
Was voting intention communicated 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 investee companies in the three weeks prior to an AGM as engagement is not limited to shareholder meeting topics.
Rationale for voting decision	A vote against is applied as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings.
Outcome of vote	Passed
Implications and next steps	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
Reason considered most significant by the Trustees	The vote relates to human rights, which is an area of focus for the Trustees.

Most significant vote #2

Company name	Alphabet, Inc.
Date of vote	1 June 2022
Approximate holding size at date of vote	1.18%
Summary of the resolution	Report on physical risks of climate change
How LGIM voted	For
Was voting intention communicated 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 investee companies in the three weeks prior to an AGM as engagement is not limited to shareholder meeting topics.
Rationale for voting decision	A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.
Outcome of vote	Did not pass
Implications and next steps	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
Reason considered most significant by the Trustees	The vote relates to climate change, which is an area of focus for the Trustees.

Dynamic Diversified Fund

- There were 9,448 votable meetings over the year. In these meetings, there were a total of 98,208 votable proposals, and of these the investment manager participated in 99.8% of the votes. In votes where the investment manager participated, they voted with management in 77.6% of proposals and against management in 21.7% of proposals. LGIM abstained in less than 0.7% of the proposals.

- There were no significant votes in relation to the LGIM Dynamic Diversified Fund over the year to 31 March 2023 which related to companies constituting more than 1% of the fund. There were technically therefore no "most significant votes" under the Trustees' definition over the year. For completeness, votes which the Trustees considered to be of interest and in line with their stewardship priorities over the year are shown below.

Significant vote #1

Company name	Royal Dutch Shell Plc
Date of vote	24 May 2022
Approximate holding size at date of vote	0.33%
Summary of the resolution	Approve the Shell Energy Transition Progress Update
How LGIM voted	Against
Was voting intention communicated ahead of the vote?	LGIM voted in line with management and provides this information only where votes are cast against management.
Rationale for voting decision	A vote against is applied, though not without reservations. LGIM acknowledge the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, LGIM remain concerned of the disclosed plans for oil and gas production, and would benefit from further disclosure of targets associated with the upstream and downstream businesses.
Outcome of vote	Passed
Implications and next steps	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
Reason considered most significant by the Trustees	The vote relates to climate change, which is an area of focus for the Trustees.

Significant vote #2

Company name	Prologis, Inc.
Date of vote	4 May 2022
Approximate holding size at date of vote	0.26%
Summary of the resolution	Elect Director Hamid R. Moghadam

How LGIM voted	Against
Was voting intention communicated 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 investee companies in the three weeks prior to an AGM as engagement is not limited to shareholder meeting topics.
Rationale for voting decision	A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight. Independence: A vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.
Outcome of vote	Passed
Implications and next steps	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
Reason considered most significant by the Trustees	The vote relates to board diversity, which is an area of focus for the Trustees under the header of diversity, equity and inclusion.