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 2025. 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 2024, is ongoing at the time of writing and is expected to be formally completed by 5 July 2025, in line with statutory requirements.

The SIP was last updated in March 2023, as summarised below. There were no updates to the SIP during the 12-month period to 5 April 2025.

Date	Amendments made
March 2023	- To reflect de-risking that took place in April 2023 - LGIM Buy & Maintain Credit allocation increased from 20% 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 2025

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 Trustees are comfortable that the Plan's current investment strategy is consistent 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.

When reviewing the Plan's investment strategy, the Trustees consider 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 receive written advice from their Investment Consultant in relation to all strategic changes, as required by regulation.

The basis of the Trustees' strategy for the Plan is to invest the entirety of the Plan's assets in a "matching" portfolio comprising Buy & Maintain Credit and Liability Driven Investments ("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 Consultant, and also invite the investment manager to present directly to the Trustees from time to time, should this be 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 investment 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 against these objectives is reviewed on an annual 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 (in practice, the ongoing appropriateness of the objectives is typically reviewed annually, alongside review of the Investment Consultancy Provider's performance against the 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-term 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 into 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 the investment manager 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, 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 11 February 2025.

The performance of the investment manager is reviewed by the Trustees on a bi-annual basis. This includes monitoring of ratings and research views (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 LGIM (and any other investment managers the Trustees may appoint in the future) are expected 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), where applicable. The Trustees do not use the direct services of a proxy voter. The Plan did not hold any assets with attached voting rights over the 12-month period to 5 April 2025.

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.

LGIM have limited scope for engagement within the Plan's LDI portfolio as the underlying assets are primarily UK government bonds with no attached voting rights. The Buy & Maintain Credit holdings are also limited by their lack of voting rights, but LGIM look to engage with companies in which the mandate is invested to get greater clarity on the ESG credentials of investee companies 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 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

The Plan did not hold any assets with attached voting rights over the 12-month period to 5 April 2025, and voting activity is therefore not provided here. Should the Trustees decide in future to invest in assets with attached voting rights, significant voting activity will be reported for those investments as part of this Statement, in line with the definition stated above.