

J C Bamford Lifeplan - Implementation Statement

Statement of Compliance with the J.C. Bamford Lifeplan's Stewardship Policy for the year ending 5 April 2024

Introduction

This is the Trustees' statement prepared in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. This statement sets out how the Trustees have complied with the Plan's Stewardship Policy during the period from 6 April 2023 to 5 April 2024.

Stewardship policy

The Trustees' Stewardship (voting and engagement) Policy sets out how the Trustees will behave as an active owner of the Plan's assets which includes the Trustees' approach to:

- the exercise of voting rights attached to assets; and
- undertaking engagement activity, including how the Trustees monitor and engage with their investment managers and any other stakeholders.

The Plan's Stewardship Policy is reviewed on an annual basis in line with the review of the Plan's Statement of Investment Principles (SIP), which was last completed in September 2023. There were no changes made to the Plan's Stewardship policy over the last year.

You can review the Plan's Stewardship Policy, which can be found within the Plan's Statement of Investment Principles, at <https://www.jcb.com/dfsmedia/261086efe15a46f5afb95d093ef038ea/61171-source/>.

The Trustees have delegated voting and engagement activity in respect of the underlying assets to the Plan's investment managers (however may express particular voting preferences to managers on occasion). The Trustees believe it is important that their investment managers take an active role in the supervision of the companies in which they invest, both by voting at shareholder meetings and engaging with the management on issues which affect a company's financial performance.

The Trustees' own engagement activity is focused on their dialogue with their investment managers, which is undertaken in conjunction with their investment advisers. The Trustees meet regularly with their managers and the Trustees consider managers' exercise of their stewardship both during these meetings and through reporting provided by their investment adviser.

The Trustees also monitor compliance with their Stewardship Policy on a regular basis and are satisfied that they have complied with the Plan's Stewardship Policy over the last year.

Voting activity

The Trustees seek to ensure that the Plan's managers are exercising voting rights and, where appropriate, the Trustees monitor managers' voting patterns.

Throughout the year, the Trustees have held investments in equity assets through several different mandates. This includes the Baillie Gifford Global Alpha Equity Fund, State Street Global Advisers (SSgA) Fundamental Index (GBP hedged) Global Equity Fund and BNY Mellon Real Return Fund. The Trustees' investment managers have reported on how votes were cast in each of these mandates over the 12 months to 31 March 2024, as set out in the tables below.

Baillie Gifford Global Alpha Equity Fund	
Proportion of the Plan's assets as at 31 March 2024	10.7%
No. of meetings eligible to vote at during the period	95
No. of resolutions eligible to vote on during the period	1,290
% of resolutions voted	94.4
% of resolutions voted with management	95.1
% of resolutions voted against management	3.5
% of resolutions abstained	1.4
% of meetings with at least one vote against management	22.1

SSgA Fundamental Index (GBP hedged) Global Equity Fund	
Proportion of the Plan's assets as at 31 March 2024	11.3%
No. of meetings eligible to vote at during the period	3,054
No. of resolutions eligible to vote on during the period	38,448
% of resolutions voted	98.3
% of resolutions voted with management	91.4
% of resolutions voted against management	7.7
% of resolutions abstained	0.9
% of meetings with at least one vote against management	51.6

BNY Mellon Real Return Fund	
Proportion of the Plan's assets as at 31 March 2024	10.8%
No. of meetings eligible to vote at during the year	69
No. of resolutions eligible to vote on during the year	1,101
% of resolutions voted	99.3
% of resolutions voted with management	92.0
% of resolutions voted against management	7.8
% of resolutions abstained	0.2
% of meetings with at least one vote against management	46.4

Significant votes

The Trustees have asked their managers to report on the most significant votes cast within the portfolios they manage on behalf of the Lifeplan. The managers were asked to explain the reasons why votes identified were significant, the size of the position in the portfolio, how they voted, any engagement the manager had undertaken with the company prior to voting, and the outcome of the vote. In particular, the Trustees have focused on reviewing votes in relation to climate change, modern slavery, and board composition (the Trustees' three engagement priorities). The examples of such votes are outlined below.

Baillie Gifford Global Alpha

Microsoft Corporation – 3.86% holding, 7 December 2023

Baillie Gifford opposed a shareholder resolution requesting a report on the implications of siting datacentres in countries with human rights concerns. The manager believes the company has a robust framework in place and ranks highly on its governance practices and there is clear evidence of a commitment to protect human rights. Therefore, they did not believe that supporting this proposal was necessary at the time. This proposal received over 33% support.

BNY Mellon Real Return Fund

NextEra Energy, Inc. – 0.46% holding, 18 May 2023

BNY Mellon supported a shareholder proposal requesting the disclosure of a board skills and diversity matrix as the manager believed it would help shareholders assess how the company is managing related risks.

Despite the resolution marginally failing, the high level of support (48.9% of votes were cast in favour of this resolution) shows that the issue is significant to shareholders. The manager would expect the company to consider that a significant shareholder base would want to see the implementation of a board skill matrix. Further engagement is expected to be conducted by the manager.

SSgA Fundamental Index Global Equity Fund

Bank of Montreal – 0.14% holding, 18 April 2023

SSgA voted against a shareholder resolution requesting the company to make clear its commitment to continue to invest in and finance the Canadian oil and gas sector. Furthermore, the shareholder proposal asked that Bank of Montreal conduct a review of any and all of its policies to ensure that there are none that have the effect of encouraging divestment from the sector.

Considering the fact that Bank of Montreal's Net-Zero ambition is aligned with global and Canadian climate initiatives and the bank has undertaken efforts to support oil and gas clients in low carbon transition and continues to invest in and finance the Canadian oil and gas sector, the request of the proponent pertaining to ensuring that none of the company's policies have the effect of encouraging divestment from the Canadian oil and gas sector was deemed to be overly prescriptive by the manager. The resolution was rejected, with 97% of the votes cast against the shareholder proposal.

Engagement activity

The Trustees hold meetings with their investment managers on a regular basis where stewardship issues are among the various topics discussed. Over the last 12 months, the Trustees have met with 4 of their 7 managers (Insight in November 2023, State Street in October 2023, Newton in July 2023, and Schroders in April 2023) to provide updates on the Plan's investments, the outlook for the mandate, and responsible investment considerations.

Summary of manager engagement activity

BNY Mellon provide updates on engagement in their quarterly engagement reports. Baillie Gifford and SSgA issue ICSWG engagement reporting statistics upon request. Partners Group can also provide similar updates on request. All of these reports are reviewed periodically by the Trustees and their investment advisers.

The table below provides a summary of the managers' engagement activity. Please note that the reporting periods are different for the various managers. For this reason, it was not possible to obtain data covering the full year ending 31 March 2024 for all managers.

Period	Manager	Number of engagements	Examples of topics engaged on
1 April 2023 – 31 March 2024	SsgA (Fundamental Index – GBP hedged – Global Equity Fund)	718	Gender diversity, climate-related reporting, climate transition planning, racial equity, board structure and accountability, remuneration, director time commitments, deforestation, and land use
1 April 2023 – 31 March 2024	BNY Mellon (Real Return)	29	Internal controls, risk management, audit and tax, ethics and conduct, climate change risk management across value chain, remuneration, employee welfare
1 January 2023 – 31 December 2023	Baillie Gifford (Global Alpha Equity Fund)	88	Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying), climate change, board diversity, independence and oversight, remuneration, shareholder rights, risk management, human capital management
1 January 2023 – 31 December 2023	Partners Group (Private Debt)	5	Trading updates (including engagement on refinancing and loan extension), improving recycling and limiting single-use packaging

Use of a proxy adviser

The Trustees' investment managers have made use of the services of the following proxy voting advisers over the Scheme year:

Manager	Proxy Adviser used
SSgA	Institutional Shareholder Services (ISS)
BNY Mellon	Institutional Shareholder Services (ISS)

Baillie Gifford confirmed that they do not delegate any stewardship activities to proxy advisers as all client voting decisions are made in-house. However, the manager noted that views from specialist proxy advisers are considered in some instances when additional market specific insight is particularly useful.

Review of policies

The Trustees have committed to reviewing the managers' Responsible Investment (RI) and voting policies on an annual basis – the most recent review was undertaken in July 2023. It considered the managers' broader approach to responsible investment issues but particularly focused on the managers' policies in relation to climate change, modern slavery, and board composition, in keeping with the key engagement themes the Trustees have adopted.

The Trustees and their advisers remain satisfied that the responsible investment policies and, where appropriate, the voting policies of the managers are suitable for the Lifeplan.

Cost transparency

As stewards of the Lifeplan's assets, the Trustees are also responsible for reviewing the costs associated with the management of the assets, to ensure that these remain competitive and are broadly comparable with industry standards.

The Trustees' approach to monitoring these costs is set out in the SIP, which states that:

- The Trustees periodically review the fees paid to their investment managers against industry standards; and
- The Trustees will request turnover costs incurred by the asset managers over the Lifeplan's reporting year.

The last cost transparency review was completed in September 2023 (covering the year ending 5 April 2023). The Trustees are currently in the process of obtaining cost data from their investment managers and are awaiting a full report from their investment advisers, which is due to be produced in Q3 2024.

Member communication

The Trustees issue an annual newsletter to the members covering the Lifeplan's investment strategy, the performance of the assets in the context of the wider market movements, and the Trustees' planned actions for the year ahead. Over the year there were no changes to the Trustees' approach to communication with members.