

J C . Bamford Lifeplan - Implementation Statement

Statement of Compliance with the J.C. Bamford Lifeplan's Stewardship Policy for the year ending 5 April 2022.

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 2021 to 5 April 2022.

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 Plan's Statement of Investment Principles (SIP) review which was last completed on 3 September 2021. There were no changes 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/55677-source/>

The Trustees have delegated voting and engagement activity in respect of the underlying assets to the Plan's investment managers. 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 their managers are exercising voting rights and where appropriate, to monitor managers' voting patterns.

Throughout the year, the Trustees have held investments in equity assets through several different mandates. This includes 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 as set out in the tables below.

Baillie Gifford Global Alpha Equity Fund*	
Proportion of the Plan's assets as at 31 March 2022	14.4%
No. of meetings eligible to vote at during the period	105
No. of resolutions eligible to vote on during the period	1,307
% of resolutions voted	96.6
% of resolutions voted with management	97.3
% of resolutions voted against management	2.1
% of resolutions abstained	0.6
% of meetings with at least one vote against management	16.2

SSgA Fundamental Index (GBP hedged) Global Equity Fund*	
Proportion of the Plan's assets as at 31 March 2022	17.5%
No. of meetings eligible to vote at during the period	3,089
No. of resolutions eligible to vote on during the period	36,836
% of resolutions voted	99.2
% of resolutions voted with management	90.6
% of resolutions voted against management	8.1
% of resolutions abstained	1.3
% of meetings with at least one vote against management	52.8

BNY Mellon Real Return Fund	
Proportion of the Plan's assets as at 31 March 2022	15.7%
No. of meetings eligible to vote at during the year	98
No. of resolutions eligible to vote on during the year	1,476
% of resolutions voted	99.2
% of resolutions voted with management	83.9
% of resolutions voted against management	16.1
% of resolutions abstained	0
% of meetings with at least one vote against management	47.0

*Please note that the table provides statistics for the year ending 31 March 2022.

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 Trustees. 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 and the outcome of the vote. From the managers reports, the Trustees have identified the following examples of votes relevant for the Plan.

Baillie Gifford Global Alpha

BHP Group Plc. – 2.35% holding, 14 October 2021

Baillie Gifford supported a resolution requesting the company to strengthen its review of industry associations to ensure that it identifies areas of inconsistency with the Paris Agreement. This was in line with management's recommendation.

In advance of the AGM, Baillie Gifford engaged with the company on a number of climate related and shareholder resolutions. This resolution had been put forward at the 2019 and 2020 AGMs however failed only receiving 27% and 22% support respectively. Previously Baillie Gifford had opposed the resolution as they were comfortable management were making sufficient progress however this year management recommended support for the resolution, and as such voted in favour. The resolution received over 98% support.

This resolution is significant because it was submitted by shareholders and received greater than 20% support.

BNY Mellon Real Return Fund

ConocoPhillips – 1.37% holding, 11 May 2021

BNY Mellon voted against the remuneration report owing to a significant proportion of the long-term pay awards not being subject to the achievement of performance hurdles. As a result, BNY Mellon also voted against the members of the compensation committee and voted against the appointment of the company's auditor given that it had been in place since 1949, raising concerns regarding the firm's ability to act objectively and independently.

Finally, BNY Mellon supported a shareholder resolution requesting that the company introduce Paris-aligned scope 1, 2 and 3 targets as they felt that the company would benefit from enhancements to its management of climate risk.

Few investors shared concerns relating to the executive pay arrangements. However, BNY Mellon expect that scrutiny and action, particularly by US-based investors, will increase in this area. Of particular note is the vote outcome that saw a majority of shareholders support the shareholder proposal surrounding emission targets. Their view is that this outcome cannot be ignored by the company.

This vote was determined as significant owing to the proposal being put forward by the shareholders and achieving majority support.

SSgA Fundamental Indexation Equity Fund

Costco Wholesale Corporation – 0.3% holding, 20 January 2022

SSGA abstained from voting on the proposal relating to greenhouse gas emissions. The manager noted that while the company's disclosures and practices related to climate change can be enhanced, they are currently broadly in line with the wider market and so no action is needed at present.

Engagement activity

The Trustees hold meetings with their investment managers on a regular basis where stewardship issues are amongst various discussed topics. Over the last 12 months, the Trustees have met with 2 of their 7 managers (Schroders in May 2021 and Partners Group in October 2021), to provide updates on the Plan's current position as well as responsible investment considerations. The Trustees also met with a potential new private debt manager in March 2022 to discuss their capabilities and approach to stewardship prior to the appointment.

Summary of manager engagement activity

Baillie Gifford and BNY Mellon issue quarterly reports on their engagement with the investee companies included in the pooled funds relevant for the Lifeplan. SSgA provide similar updates on a quarterly and annual basis, however these reports cover all assets under management and are not tailored specifically to the Lifeplan's mandates. Engagement summaries and statistics from Partners Group are available on request from the manager. All of these reports are reviewed periodically by the Trustees and their investment advisers.

The table below provides summary of the managers' engagement activity. Please note that the reporting periods are different for different managers. For this reason, it was not possible to obtain data covering the full year ending 5 April 2022 for all managers.

Period	Manager	Number of engagements	Examples of topics engaged on
1 January 2021 – 31 December 2021 (Q1 2022 not available at the time of writing)	SSgA	951 across all assets under management (including both comprehensive and through letter writing engagements)	Climate change, governance practices, shareholder feedback, management and board oversight, diversity and inclusion, remuneration
1 April 2021– 31 March 2022	BNY Mellon (Real Return)	180	Human capital management, net zero, remuneration, governance and leadership, supply chain, Covid-19, health and nutrition
1 April 2021 – 31 March 2022	Baillie Gifford (Global Alpha Equity Fund)	48	Carbon footprint, corporate culture, executive compensation, climate change, supply chain, modern slavery, sustainability
1 April 2021 – 31 March 2022	Partners Group	4	LIBOR transition, refinancing, trading updates

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 Advisor 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) policies on an annual basis – the most recent review was undertaken in May 2022. It considered the managers' broader approach to responsible investment issues but have focused on the following key themes: countries / companies on restriction lists, cybersecurity and climate transition. For the equity mandates, the Trustees also considered voting policies and approach to prioritising engagement activity.

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

Cost transparency

As stewards of the Plan's assets, the Trustees are also responsible for reviewing costs associated with 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 its investment manager against industry standards; and
- The Trustees will request turnover costs incurred by the asset managers over the Plan reporting year.

The Trustees are in the process of obtaining cost data from their investment managers and are awaiting a full report from their investment advisers, scheduled to be produced in Q3 2022.

Member communication

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