

## **J C Bamford Lifeplan - Implementation Statement**

### **Statement of Compliance with the J.C. Bamford Lifeplan's Stewardship Policy for the year ending 5 April 2023.**

#### **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 2022 to 5 April 2023.

#### **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 February 2023. The following changes were made to the Plan's Stewardship Policy over the last year:

- The Trustees agreed a set of thematic stewardship priorities for their investment managers, namely climate change, modern slavery and board composition.
- The Trustees explicitly acknowledged that under some circumstances they may ask their investment managers to follow specific voting policies instead of fully delegating all voting decisions to the managers.

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 Lifeplan'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 2023, as set out in the tables below.

<b>Baillie Gifford Global Alpha Equity Fund</b>	
Proportion of the Plan's assets as at 31 March 2023	10.6%
No. of meetings eligible to vote at during the period	94
No. of resolutions eligible to vote on during the period	1,173
% of resolutions voted	98.3
% of resolutions voted with management	97.2
% of resolutions voted against management	2.5
% of resolutions abstained	0.3
% of meetings with at least one vote against management	21.3
<b>SSgA Fundamental Index (GBP hedged) Global Equity Fund</b>	
Proportion of the Plan's assets as at 31 March 2023	10.8%
No. of meetings eligible to vote at during the period	2,980
No. of resolutions eligible to vote on during the period	37,554
% of resolutions voted	98.3
% of resolutions voted with management	90.7
% of resolutions voted against management	8.1
% of resolutions abstained	1.2
% of meetings with at least one vote against management	53.7
<b>BNY Mellon Real Return Fund</b>	
Proportion of the Plan's assets as at 31 March 2023	11.5%
No. of meetings eligible to vote at during the year	78
No. of resolutions eligible to vote on during the year	1,287
% of resolutions voted	100.0
% of resolutions voted with management	89.2
% of resolutions voted against management	10.8
% of resolutions abstained	0
% of meetings with at least one vote against management	45.0

## **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**

#### **Tesla Inc. – 1.78% holding, 4 August 2022**

Baillie Gifford supported a resolution requesting additional disclosure on the company's efforts to address harassment and discrimination in the workplace. They believed quantitative disclosure would help them understand and monitor the company's efforts. This was against management's recommendation.

The manager has been engaging with the company on their approach to human capital management for a number of years. Their engagement indicates that the company is committed to addressing these issues and are consequently investing in human capital management, however further reporting improvements could be made. While a standalone report may not be necessary, Baillie Gifford would like to encourage the company to continue to enhance their disclosures on this topic via their annual Impact Report. Following the submission of the votes, the manager reached out to the company to outline their voting rationale and encourage improvements to their disclosures. The resolution did not receive sufficient support to pass.

### **BNY Mellon Real Return Fund**

#### **ConocoPhillips – 1.2% holding, 10 May 2022**

BNY Mellon voted for the shareholders' proposal requesting reporting on GHG targets, and notably Scope 3 emissions across the value chain. This was against management's recommendation.

The vote outcome (39.4% of voters supported the proposal) highlighted that addressing GHG emissions is a growing area of concern in the US market, albeit in this instance the resolution did not generate enough support for the proposal to pass.

### **SSgA Fundamental Indexation Equity Fund**

#### **Shin-Etsu Chemical Co., Ltd. – 0.07% holding, 29 June 2022**

SSgA voted against electing the proposed Director due to the lack of gender diversity on the board. SSgA also noted that the company has not engaged in successful dialogue on SSGA's board gender diversity program for three consecutive years, which also supported casting a vote against this proposal. SSgA did not report on the overall outcome of the vote.

## 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 3 of their 7 managers (Insight in April 2022, M&G in June 2022, Baillie Gifford in December 2022 and February 2023) to provide updates on the Plan's current position, the outlook for the mandate, and responsible investment considerations. The Trustees also met with Schroders in April 2023, shortly after the end of the last Plan year.

## 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 and Partners Group 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 5 April 2023 for all managers.

Period	Manager	Number of engagements	Examples of topics engaged on
1 April 2022 – 31 March 2023	SSgA (Fundamental Index - GBP hedged - Global Equity Fund)	734	Climate related reporting, climate transition plan, racial equity, board structure and accountability, remuneration, risk and mitigating controls
1 April 2022– 31 March 2023	BNY Mellon (Real Return)	48	Human and labour rights, climate change, remuneration, board effectiveness and diversity, risk management, public health
1 April 2022 – 31 March 2023	Baillie Gifford (Global Alpha Equity Fund)	103	Diversity and inclusion, executive compensation, climate action, succession planning, sustainability and climate strategy, employee health and safety
1 January 2022 – 31 December 2022	Partners Group (Private Debt)	3	Implementation of ESG margin ratchets in credit agreements, business performance 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 focused on the following key themes: countries / companies on restriction lists, cybersecurity and climate transition.

For the Lifeplan's equity mandates, the Trustees also considered the managers' voting policies and their approach to prioritising engagement activity. The next review is scheduled to be completed in July 2023 – it will focus 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 its 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 2022 (covering the year ending 5 April 2022). 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 2023.

## **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.