JAGUAR PENSION PLAN

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

Registrar of Occupational and Personal Pension Schemes Registration Number 10154222

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PLAN ADVISERS AND PRINCIPAL EMPLOYER

TRUSTEE	Jaguar Land Rover Pension Trustees Limited Registered Office: Abbey Road, Whitley Coventry Warwickshire, CV3 4LF
SECRETARY TO TRUSTEE	H Cairns
SECRETARY TO TRUSTEE DIRECTORS	R Brown
CONTACT FOR PLAN RELATED ENQUIRIES	R Brown Abbey Road, Whitley Coventry Warwickshire, CV3 4LF Email: rbrown19@jaguarlandrover.com
PRINCIPAL EMPLOYER	Jaguar Land Rover Limited Abbey Road, Whitley Coventry Warwickshire, CV3 4LF
PLAN ADMINISTRATOR	Mercer Limited Post Handling Centre Maclaren House Talbot Road Stretford, Manchester M32 0FP Email: jaguar@mercer.com
PLAN ACTUARY	Lynda Whitney FIA Aon Solutions UK Limited Parkside House, Ashley Road Epsom, Surrey, KT18 5BS
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP 1 Embankment Place London, WC2N 6RH
BANKERS	Royal Bank of Scotland London Corporate Banking Centre 62 – 63 Threadneedle Street London, EC2R 8LA
LEGAL ADVISERS	Squire Patton Boggs (UK) LLP Rutland House 148 Edmund Street Birmingham, B3 2JR Linklaters LLP 1 Silk Street, London, EC2Y 8HQ

PLAN ADVISERS AND PRINCIPAL EMPLOYER (CONTINUED)

COVENANT ADVISER	Ernst & Young LLP 1 More London Place London, SE1 2AF
INVESTMENT CONSULTANTS	Hymans Robertson LLP Exchange Place One 1 Semple Street Edinburgh, EH3 8BL
FIDUCIARY INVESTMENT MANAGER	Willis Towers Watson Limited Watson House London Road Reigate, Surrey, RH2 9PQ
CUSTODIAN	The Northern Trust Company Limited 50 Bank Street Canary Wharf London, E14 5NT
INVESTMENT MANAGERS	17 Capital (from 3 May 2022) Advent International Alpha Real Capital American Securities LLC Ancala Partners LLP Aviva Investors Management Limited AXA Investment Management Ascend Capital Partners Brentwood Associates BlackRock Cabot Square Capital LLP CarVal Investors LP CDH Investments Dymon Asia Capital (until 1 August 2022) Energy Capital Partners LLP Equis Funds Group Pte Limited Equitix Investment Management Limited Folium Capital First Property Asset Management Limited FSSA Investment Managers (until 27 September 2022) Fulcrum Asset Management (from 30 April 2022) GI Partners Georgian Partners Greencoat Capital HayFin Direct Lending GP Limited Insight Investment Management

PLAN ADVISERS AND PRINCIPAL EMPLOYER (CONTINUED)

INVESTMENT MANAGERS (continued)	
	Knight Frank Investment Management
	Legal & General Investment Management
	LibreMax Capital
	LJ Capital (now called Alvarium)
	Macquarie Investments (UK) Limited
	Newmarket Capital
	Morgan Stanley Investment Management (until 26 September 2022)
	Northern Trust Global Investments
	NSSK (INTL) Investments L.P.
	Pretium Partners
	Resolution Capital (until 27 September 2022)
	Rivage Investments
	Schroders Investment Management Limited (from 1 March 2023)
	State Street Global Advisors (until 28 September 2022)
	Sun Capital Partners
	SUSI Partners
	Towers Watson Investment Management
	Trident Capital (now called ForgePoint Capital)
	Waterfall Asset Management LLC
	Waypoint Asset Management
AVC MANAGERS	Aegon Investment Solutions Limited
	Legal & General Assurance (Pensions Management) Limited
	Prudential Assurance Company Limited

REPORT OF THE TRUSTEE

The Trustee of Jaguar Pension Plan (the "Plan") is pleased to present its report together with the financial statements for the year ended 31 March 2023.

The Plan was established in January 1986 and is governed by a definitive Trust Deed as amended from time-to-time. The Plan was closed to new members in April 2010.

The Plan is an occupational defined benefits pension plan and has historically provided a pension based on a member's final salary at retirement. In 2017, the structure of the defined benefits paid to members was changed from a final salary benefit to a career average revalued earnings benefit. The changes took effect from 5 April 2017.

Under the new arrangement, the pension a member has built up to 5 April 2017 will be based on the member's pensionable pay at 5 April 2017. To help keep up with the cost of living it increases each year until a member retires. The increase is the Consumer Price Index (CPI) plus 0.5% up to a maximum of 2.5% every year.

From 6 April 2017 the accrual of pension will be based on the member's pensionable pay each year. To help keep up with the cost of living it will revalue by CPI plus 0.5% per annum up to a maximum of 2.5% per annum. Each year of service will then be aggregated and added to the pension at 5 April 2017 (as revalued) to reach the final pension payable. The Trustee believes that this arrangement is more equitable to the members overall and, in particular, will benefit lower paid members of the Plan. In addition, members have the option each year to choose between a higher or lower rate for future accrual depending on the rate of contributions.

PRINCIPAL EMPLOYER

The Plan was established to provide pensions and other related benefits to eligible employees of the Principal Employer, Jaguar Land Rover Limited.

MANAGEMENT OF THE PLAN

Jaguar Land Rover Pension Trustees Limited acted as Trustee of the Plan for the year ended 31 March 2023.

The power of removing and appointing the Trustee is vested in the Principal Employer. This power can be exercised only after consultation with the relevant trade unions and any replacement must be a body structured in the same way as Jaguar Land Rover Pension Trustees Limited. The appointment and removal of the Trustee Directors is governed by the Articles of Association of Jaguar Land Rover Pension Trustees Limited and the terms of the Member Nominated Director opt out.

The Board has a full complement of 12 Trustee Directors and is composed of 6 nominated by the Principal Employer, 4 nominated by the trade unions and 2 by election amongst the pensioner members. A resolution was passed in July 2023 which amended the quorum from 8 to 6 directors of which at least 2 must be member nominated directors and 2 must be company nominated directors.

The Trustee Directors are required to discharge their responsibilities to the Plan on a completely independent basis and in the interests of all the members.

The principal functions of the Trustee are to:

- administer the Plan in accordance with its Trust Deed and Rules; and
- invest the Plan's assets with an appropriate degree of security to provide income and capital appreciation such that the Plan is able to meet pension and other benefit liabilities, both now and in the future.

Any further information regarding the Plan should be requested from R Brown and member related queries should be addressed to the Plan Administrator. See page 2 for details.

PLAN ADMINISTRATOR

The administration of the Plan is carried out by Mercer. Enquiries about the Plan generally or about an individual's entitlement to benefits should be addressed to the Plan Administrator at the address on page 2.

REPORT OF THE TRUSTEE (CONTINUED)

GMP EQUALISATION

In October 2018, the High Court determined that benefits provided to members who had contracted out of their pension scheme must be recalculated to reflect the equalisation of state pension ages between May 1990 and April 1997 for both men and women. The Trustee is now reviewing, with its advisers, the implication of this ruling on the Plan and the equalisation of guaranteed minimum pensions (GMP) between men and women; in the context of the rules of the Plan and the value of any liability. As soon as this review is finalised and any liability quantified, members will receive further communication and any impact on financial reporting will be considered by the Trustee.

In November 2020, the High Court handed down a further judgment on the GMP equalisation case in relation to the Lloyds Banking Group pension schemes. This follows from the original judgment in October 2018 which confirmed that pension schemes need to equalise pensions for the effect of unequal GMPs between males and females. This latest judgment confirms that defined benefit schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The Trustee is currently assessing the impact on the Plan.

TRUSTEE OF THE PLAN

Jaguar Land Rover Pension Trustees Limited acts as Trustee to the Land Rover Pension Scheme, the Jaguar Pension Plan and the Jaguar Executive Pension Plan.

Trustee Directors:

Company-Nominated Directors			
R Lummis (Chair)	*	P Davies	*
D Birtwistle (resigned 31 March 2023)	*****	G Dixon (Deputy Chair)	**
E Bolton	****	R Harding (resigned 31 March 2023)	****
K Close	**	S Stephenson	***
Member-Nominated Directors			
D Betteley	**	A Rooney (resigned 30 April 2022)	***
D Cotterill	***	M Sinclair Taylor	*
W Culshaw (appointed 6 July 2022)	***	J Coulter (resigned 31 March 2023)	***
P King (resigned 31 March 2023)	***	S Evans	*
P Lumsden	*		

*	Member of Land Rover Pension Scheme
**	Member of Jaguar Executive Pension Plan
***	Member of Jaguar Pension Plan
****	Member of Jaguar Land Rover Defined Contribution Fund
*****	Member of GPP

The Trustee met six times during the year.

Three Trustee Directors receive remuneration for services provided to the Plan and are paid from Plan assets. One Trustee Director receives £45,000 p.a. whilst the other two Trustee Director receive maximum remuneration of £10,000 p.a for their role as Trustee Director. None of the other Trustee Directors receive any remuneration for their services provided other than out of pocket expenses.

The Trustee Directors have received training in all aspects of the Plan. It is the intention to carry on with this process each year to increase the Directors' level of knowledge and understanding of the Plan. The Trustee Board has five sub committees which operate as described below:

The Discretionary Committee deals with the distribution of death benefits payable under the Plan, considers claims for Ill Health Early Retirement Benefit and exercises other discretions of the Trustee.

The Financial Strategy Committee proposes and monitors the financial strategy adopted by the Plan, oversees the actuarial valuation process and seeks to balance and mitigate risk in collaboration with the Principal Employer.

REPORT OF THE TRUSTEE (CONTINUED)

TRUSTEE OF THE PLAN (continued)

The Risk, Audit & Governance Committee reviews and makes recommendations about changes to the Plan rules, changes to member booklets. It monitors and reviews the Plan administrator, legal adviser and auditors. It also reviews the Plan's annual report and financial statements together with the Plan's Risk Register and liaises with the independent auditors.

The Investment Implementation Committee oversees and monitors the execution of the investment strategy.

The Guaranteed Minimum Pension (GMP) Equalisation Committee is responsible for making a recommendation to the Board on the approach that should be adopted on GMP equalisation.

The Trustee has been made a signatory to the UK Stewardship Code (2020). The Trustee was successful in its re-accreditation in 2022 Stewardship, responsible investment and Environmental, Social and Governance (ESG) policies have now been transitioned to the Investment Implementation Committee.

ACTUARIAL VALUATION

The Plan is subject to an Actuarial Valuation every three years which is prepared by the Plan Actuary.

The most recent valuation was carried out by the Plan Actuary, Lynda Whitney, with an effective date of 31 March 2021. The purpose of this review was to confirm the financial position of the Plan and to recommend the rates of the contributions payable to the Plan in the future. The valuation revealed that there was a surplus of assets relative to the Plan's technical provisions at 31 March 2021 of £55m. As the valuation revealed a surplus, the Trustee agreed with the Principal Employer that the Principal Employer would cease making deficit funding payments from 30 June 2022.

REPORT OF THE TRUSTEE (CONTINUED)

REPORT ON ACTUARIAL LIABILITIES

As required by Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102), the financial statements do not include liabilities in respect of promised retirement benefits.

Under section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions, which represent the present value of benefits to which members are entitled based on pensionable service to the valuation date. This is assessed at least every 3 years using assumptions agreed between the Trustee and the Principal Employer and set out in the Statement of Funding Principles, a copy of which is available to Plan members on request.

The most recent triennial actuarial valuation of the Plan was carried out as at 31 March 2021 (based on technical provisions) with a further annual update carried out as at 31 March 2022.

	2022	**2021**
	£m	**£m**
Value of assets available to meet technical provisions	3,734	3,794
Value of liabilities in respect of technical provisions	(3,492)	(3,739)
Surplus	242	55
Funding level	107%	101%

Between 31 March 2021 and 31 March 2022 the funding level improved and the surplus increased. The main reason for this was investment returns achieved being better than expected.

Although there are no current plans to discontinue the Plan and buy out liabilities with an insurance company, the Trustee also considers the level of funding relative to the estimated costs of such a buy out (known as "solvency liabilities") and equivalent information on this basis at the triennial valuation date of 31 March 2021 is provided below:

	2021
	£m
Value of assets available to meet solvency liabilities	3,794
Value of solvency liabilities	(5,983)
Deficit	(2,189)
Solvency level	63%

The value of technical provisions is based on Pensionable Service to the valuation date and assumptions about various factors that will influence the Plan in the future, such as the future levels of investment returns inflationary increases when members will retire and how long members will live. The method and significant actuarial assumptions used in the calculations are as follows:

Method

The actuarial method used in the calculation of the technical provisions is the Projected Unit Method.

REPORT OF THE TRUSTEE (CONTINUED)

REPORT ON ACTUARIAL LIABILITIES (continued)

Significant actuarial assumptions

Discount rate (non-CDI portfolio at 31 March 2021):	UK Government Gilt Nominal Yield Curve plus 1.25% p.a.
Discount rate (CDI portfolio at 31 March 2021):	UK Government Gilt Nominal Yield Curve plus 1.17% p.a.
RPI inflation (non-CDI portfolio at 31 March 2021):	UK Government Gilt implied RPI Curve less 0.1% p.a. before 2030 and less 0.2% p.a. thereafter
RPI inflation (CDI portfolio at 31 March 2021):	UK Government Gilt implied RPI Curve
CPI inflation at 31 March 2021:	RPI less 0.9% p.a. to 2030 and RPI less 0.1% p.a. thereafter
Post retirement mortality assumption (normal health) – base table:	SAPS S3 Normal Health Middle Amounts (“S3NA_M”) tables with best estimate individual scaling factors
Post retirement mortality assumption (normal health) – future improvements:	CMI 2020 (Sk=7.0, A=0.25%, w2020=0%) projections with a long-term improvement rate of 1.5% p.a.
Commutation (% of maximum lump sum taken):	85% (active members) / 75% (deferred members)

The next triennial statutory valuation will be carried out as at 31 March 2024.

CONTRIBUTIONS

The Schedule of Contributions in effect at the start of the year was certified by the Plan Actuary on 29 April 2020. Under the Schedule, employer contributions for active members were to be paid at a rate of 21.5% of Pensionable Pay until 5 April 2020 and 20.5% of Pensionable Pay from 6 April 2020. The past service deficit contributions agreed as part of the Schedule signed on 29 April 2020, aimed at clearing the shortfall by 31 March 2028, were as follows:

- £0.7m per month to March 2020
- No contributions for the period April 2020 to June 2020
- £0.7m per month from July 2020 to March 2021
- £0.881m per month from April 2021 to March 2022
- £0.7m per month from April 2022 to March 2024
- £1.0m per month from April 2024 to March 2028
- It allows for a contributions deferral in respect of deficit funding contributions from April 2020 to June 2020, and deferral of employer and employee salary sacrifice contributions along with additional contributions over the same period

A new Schedule of Contributions following the actuarial valuation as at 31 March 2021 was certified by the Plan Actuary on 30 June 2022. Under this Schedule, employer contributions for active members are to be paid at a rate of 20.5% of Pensionable Pay until 30 June 2022 and 24.5% of Pensionable Pay from 1 July 2022. The past service deficit contributions agreed as part of this Schedule equalled £0.7m per month until 30 June 2022 (with no shortfall payments beyond).

A further Schedule of Contributions was certified by the Plan Actuary on 31 March 2023. Under this Schedule, the Trustee and the Principal Employer have agreed a mechanism under which employer contributions for active members are to be assessed and updated on a quarterly basis, subject to Principal Employer contributions being no less than 10% and no higher than 25% of Pensionable Pay. In addition, a one-off bullet payment of £37.0m is due to be paid on 31 March 2028 (to be revisited as part of the actuarial valuation at 31 March 2024).

REPORT OF THE TRUSTEE (CONTINUED)

CONTRIBUTIONS (continued)

In addition, under each of the Schedules of Contributions, other contributions are payable by the Principal Employer:

- Agreed expenses of administering the Plan.
- To meet PPF levies and other levies collected by the Pensions Regulator.
- In respect of early retirements at the request of (including as a result of redundancy) or with the consent of the Principal Employer in some circumstances.
- To cover the cost of discretionary benefits and augmentations granted with Principal Employer consent.
- To cover the cost of lump sum death benefits where the cost of life assurance premium is met by the Plan

In addition, under each of the Schedules of Contributions, members contributing at the lower rate pay 7% of Pensionable Pay and members contributing at the higher rate paid 11% of Pensionable Pay. For members who participate in the salary sacrifice arrangement, the employer pays the contributions that would otherwise have been paid by the member had they not been a salary sacrifice member.

The Summary of Contributions payable to the Plan during the year is set out on page 49. The latest actuarial certificate is set out on page 50.

MARKET VOLATILITY

Notwithstanding the market volatility in 2022/2023, the Trustee has no concerns regarding the funding level of the Plan, nor its ability to meet the payment of benefits to members, or its ability to continue as a going concern.

As noted in this Report of the Trustee, the Plan's investment strategy includes the use of liability driven investment (LDI) assets that seek to provide a broad match to changes in the Plan's liability values to help protect the Plan's overall funding position. These LDI investments respond in a similar way to the Plan's liabilities, when government bond yields and expected inflation change.

Since the beginning of 2022, government bond (gilt) yields increased noticeably. However, in September 2022, following a change in the UK government's fiscal policy, and lower than expected Bank of England (BoE) interest rate increases, exacerbated by concerns over rising inflation, this triggered significant increases and volatility in gilt yields. This led to a significant fall in the value of assets invested in the Plan's LDI portfolio and an increase in collateral calls being made by the Plan's LDI managers to support the LDI assets and the Plan's hedging programmes. It is worth noting that this was a systemic issue affecting defined benefit pension schemes across the UK. In response to this market turmoil, the BoE set aside £65bn to buy back government bonds, in order to seek to mitigate gilt yield rises and ease pressure on pension funds and insurance companies.

The Plan's governance structures and, in particular, the Financial Strategy Committee (FSC) and the Investment Implementation Committee (IIC), allowed for swift and decisive action to be taken to seek to protect the Plan's funding and liquidity positions.

The FSC and IIC convened on 23 September and agreed that, given the rising gilt yields, and the need to supply collateral to the hedging mandate to support the Plan's hedging positions, all liquid holdings within the Plan's return seeking portfolio should be sold. Furthermore, it was agreed that the hedging level for the Plan should be reduced from 80% to 70% (70% interest and 65% inflation). Available cash within the return seeking portfolio was also transferred to the hedging mandate to support the programme's collateral needs.

REPORT OF THE TRUSTEE (CONTINUED)

MARKET VOLATILITY (Continued)

On 26 September, further decisions were taken, in conjunction with the Principal Employer, to redeem £200m of corporate bond holdings within the Plan's cash-flow driven investment (CDI) portfolio. The FSC agreed to give the IIC flexibility to reduce the hedge ratio within the hedging programme by up to another 30-percentage points. It was also agreed that further redemptions should be placed for less liquid return seeking assets.

On 27 September, the IIC agreed to reduce the hedge ratios for the Plan to 40% on interest rates and 35% on inflation. The FSC agreed to allow the IIC discretion to fully redeem all remaining hedge fund and diversified alternative holdings in the return seeking portfolio. It was also agreed that further sales from the CDI corporate bond holdings would also be required.

On 28 September, following the BoE's intervention in the gilt market, it was agreed to pause the hedge reduction instructions that had been issued on 27 September. LGIM, the Plan's hedging manager, had not been able to implement the hedging instruction from the 27 September due to market conditions on the day, so the hedge ratio remained at 70% (70% interest and 65% inflation) at that point in time.

On 29 September, the IIC agreed that, given the temporary nature of the BoE's support, it was important to continue with some degree of hedge reduction in order to protect the Plan's hedging programme and overall investment strategy. A reduction of 20-percentage points was instructed at that time. This was later revised to a 30-percentage point reduction in line with what had been agreed on 27 September.

The FSC and IIC continued to meet regularly throughout the following days to assess and monitor the Plan's positions.

As a result of these changes, the strategy for the Plan was out of line with the desired strategic asset allocation. However, steps have since been taken to re-align towards the desired strategic asset allocation and rebuild the investment strategy. The Plan is in the late stages of completing this process.

Consequent on all the above and the changes in bond values, the overall value of the Plan's investment portfolio has significantly declined. That said, the value of the Plan's liabilities (as measured on the technical provisions basis) has fallen by a similar amount, which has meant that the Plan's estimated funding level has remained broadly stable.

Despite the fact that the Plan is now much smaller in asset value terms, as noted above, the Trustee has no concerns regarding the funding level of the Plan, nor its ability to meet the payment of benefits to members, or its ability to continue as a going concern.

In overall terms, the Plan's net assets have fallen from £3.7bn at 31 March 2022 to £2.7bn at 31 March 2023, principally as a result of a change in market value of investments of negative £756m and commensurate with the negative investment performance of 22.9% in the year shown below.

FINANCIAL REVIEW

The Plan's financial statements on pages 25 to 47 have been prepared and audited in accordance with regulations made under sections 41(1) and (6) of the Pensions Act 1995. They show that the value of the fund decreased from £3,744.0m at 31 March 2022 to £2,737.8m at 31 March 2023.

The Fund Account on page 25 shows that the net withdrawals arising from dealings with members for the year ended 31 March 2023 were £116.6m (2022: £167.7m). The net return on the Plan's investments for the year was a decrease of £889.6m (2022: increase of £108.2m). The Plan's net assets decreased by £1,006.2m (2022: £59.5m) in the year to £2,737.8m (2022: £3,744.0m).

TAXATION STATUS

In accordance with the provision of Schedule 36 of the Finance Act 2004, the Plan is a registered pension scheme under Chapter 2 of part 4 of the Finance Act 2004.

REPORT OF THE TRUSTEE (CONTINUED)

TRANSFER VALUES

All transfer values paid out during the year under review were calculated in accordance with the legislation governing such calculations. No discretionary benefits are included in the calculation of transfer values.

PENSION INCREASES

For Main Section members, the Plan guarantees to increase pension in payment in excess of Guaranteed Minimum Pension (GMP) by 5% per annum or by the increase in RPI, if less, for pre-CARE service and 2.5% per annum or the increase in CPI, if less, for CARE service.

For Jaguar Halewood Section pre-CARE members on pensions in excess of GMP, the Plan guarantees an increase of 5% per annum (or CPI/RPI if less) on the part of the pension in payment arising from 60% of a member's pensionable service (75% for active members in service on 1 November 2006), or service after 5 April 1997, whichever is greater. For CARE members pensions guarantees an increase of 2.5%, or CPI if less.

An increase of 5.0% for pre-CARE Main Section members was paid in April 2022 (2021: 1.4%) along with an increase of 2.5% for CARE members (2021: 0.5%), 4.9% Halewood pre-CARE linked to RPI members (2021: 1.1%), 3.1% Halewood pre-CARE linked to CPI members (2021: 0.5%) and 2.5% for CARE members (2021: 0.5%) was paid in April 2021, to members who retired before 1 April 2018, with a proportionate increase for those retiring later.

For those members over GMP payment age and as required under contracting out regulations, GMPs accrued after April 1988 were increased in payment by 3.0% as at April 2022 (2021: 0.5%). Increases to GMPs accrued before 6 April 1988 are paid by the State. There were no discretionary pension increases during the year.

MEMBERSHIP

Details of the current Plan membership and movements during the year are provided below:

	31 March 2023	31 March 2022
Active members		
Opening members	**2,352**	2,741
Adjustments	**1**	(38)
Transfers out during the year	**(1)**	-
Retirements	**(27)**	(86)
Deaths	**(4)**	(7)
Members leaving with preserved benefits	**(63)**	(258)
Active members at the end of the year	**2,258**	2,352
Pensioners		
Opening members	**8,068**	8,084
Adjustments	**6**	11
Retirements	**168**	175
New spouses and dependants	**120**	98
Commutations	**-**	(5)
Deaths	**(329)**	(291)
Dependant pensions ceased	**(6)**	(4)
Pensioners at the end of the year	**8,027**	8,068
Preserved and deferred members		
Opening members	**3,032**	3,044
Adjustments	**(2)**	34
Leavers with benefits	**63**	258
Retirements	**(141)**	(89)
Transfers out during the year	**(114)**	(208)
Deaths	**(13)**	(7)
Preserved and deferred at the end of the year	**2,825**	3,032
Total membership at the end of the year	**13,110**	13,452

REPORT OF THE TRUSTEE (CONTINUED)

MEMBERSHIP (CONTINUED)

Pensioners include 1,929 (2022: 1,900) members receiving a pension upon the death of their spouse or a child's pension. The membership figures at the year-end do not include movements notified to the administrator after the completion of the annual renewal.

The adjustments shown above reflect movements notified to the administrator after the completion of the annual renewal.

INVESTMENT REPORT

Investment strategy

The Trustee's long-term objective is to reach full funding on a prudent measure of liabilities enable the Plan to invest 100% of assets into a cashflow driven investment ("CDI") portfolio that generates cash in order to fund benefits as they fall due, while maintaining a low level of investment risk. As the proportion of pensioner liabilities and funding level increases, the Trustee intends to switch assets from the return-seeking and liability driven investment ("LDI") portfolios to the CDI portfolio so that a low level of investment risk is in place as the Plan approaches full funding on the CDI basis.

In order to achieve this objective, the Trustee has received advice to determine an appropriate investment strategy for the Plan. This advice is reviewed regularly. The actions taken to achieve the investment strategy are:

- Use a range of instruments that provide a better match to changes in the Plan's liabilities (payments that the Plan is obligated to pay to pensioners);
- Diversify the Plan's return-seeking assets; and
- Use active management where the Trustee believes that active managers can improve risk-adjusted returns.

The investment strategy is therefore split into CDI, return-seeking and liability matching assets:

- The Plan's CDI investments seek to generate sufficient cashflows to meet pensioner benefit payments as they fall due. These investments include buy and maintain investment grade credit, secure income investments, alternative credit and UK government bonds.
- The Plan's 'return-seeking' investments seek to generate sufficient return in excess of the Plan's liabilities to meet the Plan's funding objective over the long-term. These investments include a range of different assets including global equity, sovereign and corporate credit, property, infrastructure, hedge funds (and similar strategies), private equity and secure income alternatives funds. Active management is used where the Trustee believes that it can increase return and where fees are considered reasonable.
- The Plan's 'liability matching' assets seek to 'match' changes in the value of a proportion of the Plan's non-pensioner liabilities in response to changes in interest rates and inflation. The matching portfolio includes bonds, interest rate and inflation swaps, gilt repurchase agreements and cash.

The Trustee recognises that a company's long-term financial success can be influenced by a wide range of factors including environmental, social and corporate governance (ESG) issues. The Trustee's policy is to be an active long-term investor. The Trustee delegates investment manager selection, de-selection and ESG integration to the Fiduciary Manager. The Trustee's focus is primarily on financially material considerations rather than non-financially material or ethical considerations.

REPORT OF THE TRUSTEE (CONTINUED)

INVESTMENT REPORT (continued)

Investment strategy (continued)

The Trustee has given the Fiduciary Manager a target return for the delegated mandates, which overall will align to deliver the broader Plan investment strategy. The LDI manager also has a target benchmark against which to manage their mandate. The Trustee reviews the nature of the Plan's investments on a regular basis, with particular reference to suitability and diversification. The Trustee has delegated implementation of the investment strategy to the Fiduciary Manager and LDI manager, both within agreed guidelines. The Fiduciary Manager is responsible for ensuring the appropriateness of each manager and mandate for the Plan, particularly in relation to diversification, risk, expected return and liquidity. The Trustee recognises the long-term nature of its liability profile and sets mandate guidelines designed to generate long term sustainable returns. Performance is reviewed on a regular basis against a series of metrics, including financial performance relative to the benchmark and objectives, the exercise of stewardship responsibilities (including engagement with issuers), and the management of risks. Material deviation from performance or risk targets is likely to result in the mandate being formally reviewed.

The Strategic Investment Advisor advises on the overarching ESG approach taken by the Plan, with implementation provided by the Fiduciary Manager and LDI manager. The Fiduciary Manager has a dedicated Sustainable Investment resource and a network of subject matter experts. The consideration of ESG issues is fully embedded in the investment manager selection and portfolio management process, with oversight undertaken on an ongoing basis, across both the return-seeking portfolio and cashflow matching portfolio (as appropriate). Whilst noting there may be limitations for each investment manager and asset strategy, the Fiduciary Manager expects investment managers to have ESG processes that align with the investment risk and return characteristics of the strategy. Where an investment manager's processes are deemed insufficient by the Fiduciary Manager and the investment manager does not take steps to improve their approach, the investment manager's position in the portfolio will be reviewed and/or a decision may be taken not to proceed with an investment. The Fiduciary Manager monitors the stewardship and ESG approach of the Plan's return-seeking investment managers and cashflow matching investment managers (as appropriate) and reports to the Trustee at least once a year.

Both the Fiduciary Manager and Strategic Investment Advisor consider a range of sustainable investment factors, such as, but not limited to, those arising from ESG considerations, including climate change, in the context of a broader risk management framework. The degree to which these factors are relevant to any given strategy is a function of time horizon, investment style, philosophy and particular exposures which the Fiduciary Manager takes into account in the assessment. The Trustee expects the Fiduciary Manager to encourage the Plan's investment managers to sign up to local or other applicable Stewardship Codes, in-keeping with good practice, subject to the extent of materiality for certain asset classes. The Fiduciary Manager and the Strategic Investment Advisor are signatories to the Principles for Responsible Investment (PRI) and the UK Stewardship Code and are actively involved in external collaborations and initiatives. The Trustee is a signatory to the 2020 UK Stewardship Code and has provided a statement of compliance which is available at www.frc.org.uk.

The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers. The Fiduciary Manager has appointed Hermes EOS to undertake public policy engagement on its behalf as well as company-level engagement and the provision of voting advice for the Plan's equity investments. The Trustee separately considers any conflicts of interest arising in the management of the Plan and its investments.

Whilst the Trustee expects performance to be delivered net of costs, including the costs of trading within the portfolio, the Trustee expects the Fiduciary and LDI managers to report on the underlying assets held within the portfolio with a summary of any transactions over the period, on at least an annual basis. The Trustee reviews the costs incurred by the Fiduciary and LDI manager on an annual basis. As part of this review, where possible, the Trustee will compare costs to the theoretical portfolio turnover and cost for an appropriate index.

REPORT OF THE TRUSTEE (CONTINUED)

INVESTMENT REPORT (continued)

Investment strategy (continued)

Over the course of the year the Plan's funding level on a technical provisions basis, a key metric for monitoring the Plan's progress against its objectives, was broadly unchanged, falling marginally from 107% to 104%. The Plan's funding level held up well during a period of significant market volatility. The Plan's return seeking and CDI portfolios fell in value, detracting from funding. This was largely offset by the increase in real gilt yields, which reduced the estimate of the Plan's liabilities.

As at 31 March 2023, 25.5% (2022: 32.4%) of the total investment portfolio (excluding the administration bank account) was held in the return-seeking portfolio, 56.6% (2022: 50.5%) was invested in the CDI portfolio and 17.1% (2022: 17.1%) was invested in the liability matching portfolio.

Statement of investment principles

In accordance with Section 35 of the Pensions Act 1995 the Trustee has produced a Statement of Investment Principles ('SIP').

The Trustee believes that good investor stewardship and good corporate governance can protect and enhance the value of investments over the long term. The Trustee has delegated day to day stewardship (namely voting and engagement) to its Investment Managers; where investment style and resources permit, it encourages them to adhere to the UK Stewardship Code and to document and disclose their policies on stewardship. The Trustee expects Investment Managers to exercise voting rights where practical and provide reports to the Trustee detailing their voting activity as agreed from time to time. The Trustee will apply this approach to all managers, but appreciates that its application may be limited for certain asset classes. The Trustee is a signatory to the 2020 UK Stewardship Code.

The Trustee's policy is that the extent to which ESG or ethical considerations are taken into account in these decisions is left to the discretion of its Investment Managers. However, the Trustee expects that the extent to which ESG or ethical issues may have a fundamental impact on the portfolio will be taken into account by the Investment Managers in the exercise of their delegated duties. The Trustee monitors the Investment Managers' practices with regards to ESG issues via reporting from the Fiduciary Manager.

A copy of the SIP may be obtained from the contact for enquiries on page 2.

Market overview for the 12 months to 31 March 2023

Global growth slowed over 2022 amid soaring interest rates and inflation but falling energy prices, strong labour markets, and firm consumption have led to an unexpected resilience in recent economic data. As a result, 2023 GDP forecasts for the major advanced economies have seen upwards revisions in recent months. However, the quarterly pace of global growth is expected to ease from here as the lagged impact of interest rate increases weighs on activity and the boost from China's re-opening fades.

Year-on-year, headline CPI inflation peaked at 11.1%, 10.6% and 9.1% in the UK, Eurozone and US, respectively in the second half of 2022. Despite an easing in inflation, largely owing to falling energy prices, headline CPI remains elevated in March 2023, at 10.1%, 6.9% and 5.0% in the UK, Eurozone and US, respectively. Core inflation measures, which exclude volatile energy and food components, also remain well in excess of central bank targets: year-on-year core CPI in the UK, Eurozone and US stood at 6.2%, 5.7%, and 5.6% in March 2023.

In response, the major central banks have embarked on one of the most aggressive rate hiking cycles on record amidst concerns that core inflation might become ingrained. Interest rates were raised from historically low levels; reaching 4.25% p.a., 3.0% p.a., and 5.0% p.a., in the UK, Eurozone and US respectively as at March 2023.

High inflation and interest rate rises saw yields and volatility rise sharply in government bond markets. In the wake of the UK's mini-budget in September selling of gilts by leveraged investors threatened to get out of control, with yields only falling back from their September peak following intervention by the Bank of England. UK 10-year yields increased from 1.6%

REPORT OF THE TRUSTEE (CONTINUED)

INVESTMENT REPORT (continued)

Market overview for the 12 months to 31 March 2023 (continued)

p.a. to 3.5% p.a. while equivalent US yields rose 1.2% p.a., to 3.5% p.a., and German yields increased 1.7% p.a., to 2.3% p.a.

UK 10-year implied inflation, as measured by the difference between conventional and inflation-linked bonds of the same maturity, fell 0.8% p.a. to 3.6% p.a.

Despite recent tightening, inflation and growth concerns weighed on credit markets over the past year, with global investment grade credit spreads widening 0.3% p.a. to 1.5% p.a. and speculative-grade credit spreads widening 0.9% p.a., to 5.1% p.a.

Despite rallying strongly since its low in October 2022, the FTSE All World Index Total Return Index fell 5.0% over the period. Energy was the best performing sector, boosted by surging oil and gas prices. Consumer discretionary and technology were among the worst performing sectors over the year amidst cost-of-living pressures and rising rates, while recent banking stresses resulted in a significant hit to financial stocks.

The UK sterling and Japanese yen fell 2.7% and 4.2% respectively over the past 12 months in trade-weighted terms while equivalent dollar and euro measures rose 4.2% and 2.9%, respectively.

The MSCI UK Monthly Property Total Return Index declined 14.7% year-on-year primarily due to a 18.8% fall in capital values. Values fell across the three main commercial sectors and were most pronounced in the industrial sector.

Investment risk

The Trustee manages investment risk, including credit risk and market risk, within agreed risk limits, which are set taking into account the Plan's strategic investment objectives. The Trustee's risk management policy is documented in its SIP, referred to above.

These investment objectives and risk limits are implemented through the investment management agreements in place with the Plan's Fiduciary Manager and LDI manager and monitored by the Trustee through regular reviews of the investment portfolios. The Fiduciary Manager invests in underlying investment managers in line with its investment manager agreement with the Trustee.

Credit risk

The Plan is subject to credit risk as the Plan invests in bonds, OTC derivatives, has cash balances, enters into repurchase agreements and undertakes stock lending activities. Fixed interest bonds and equities are both used in stock lending transactions.

Credit risk arising on bonds is mitigated by investing in government bonds where the credit risk is minimal, or corporate bonds which are rated at least investment grade. The Plan has direct exposure to bonds through its LDI and CDI portfolios.

Credit risk arising on derivatives depends on whether the derivative is exchange traded or over the counter (OTC). OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Plan is subject to risk of failure of the counterparty. The credit risk for OTC swaps is reduced by collateral arrangements.

Cash is held within financial institutions which are at least investment grade credit rated.

The Trustee manages the credit risk arising from stock lending activities by restricting the amount of overall stock that may be lent, only lending to Northern Trust (custodian) approved borrowers, limiting the amount that can be lent to any one borrower and putting in place collateral arrangements. Credit risk on repurchase agreements is mitigated through collateral arrangements.

REPORT OF THE TRUSTEE (CONTINUED)

INVESTMENT REPORT (continued)

Credit risk (continued)

The Plan is also indirectly exposed to credit risk arising on some of the financial instruments held by the pooled investment vehicles. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. The Fiduciary Manager carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitors any changes to the regulatory and operating environment of the fund manager.

The Plan is also indirectly exposed to credit risk on bonds, cash, OTC derivatives, infrastructure and loans held by the pooled investment vehicles. The pooled investment arrangements used by the Plan comprise a wide range of legal structures, which are detailed in Note 14 of the Financial Statements.

Currency risk

Some of the Plan's investments are held in overseas markets and the Plan invests in pooled funds which are denominated in currencies other than Sterling. The Plan manages currency risk by the implementation of a currency hedging programme through:

- Currency hedging carried out by some of the Plan's investment managers; and
- A separate currency hedging overlay

Collectively, these reduce the impact of exchange rate movements on the Plan's asset value.

The Trustee acknowledges that there is a cost to currency hedging. This cost varies depending on the currency being hedged. Exposure to overseas currencies is delegated to the Fiduciary Manager, although the Plan has a currency hedging policy to hedge between 50% and 100% of overseas exposure in the return seeking portfolio. Any overseas currency exposure obtained through the CDI portfolio is expected to be hedged back to Sterling, except for where the cost of doing so is prohibitive. As at 31 March 2023, the Plan's exposure to currencies other than Sterling within the CDI portfolio was 1% (2022: 2%). The liability matching portfolio invests solely in Sterling denominated assets. As at 31 March 2023, the Plan's exposure to currencies other than Sterling within the return seeking portfolio was 26% (2022: 29%).

Interest rate risk

Some of the Plan's investments are held in bonds, bond funds, cash and other pooled funds, and derivative instruments, including repurchase agreements, whose value is linked to interest rates. The majority of the Plan's exposure to interest rate risk arises from the CDI and in liability matching portfolios. The value of interest-rate-sensitive assets changes in response to changes in interest rates as follows:

If interest rates fall, these assets will rise (all else being equal). This increase in value will help to match or offset some of the increase in the value of the Plan's liabilities arising from a fall in the discount rate (which is linked to interest rates).

If interest rates rise, these assets will fall (all else being equal). This decrease in value will be offset by a decrease in the value of the Plan's liabilities arising from an increase in the discount rate (which is linked to interest rates).

The Plan is also exposed to interest rate risk through some of its return-seeking investments - indirect exposure through investment in credit and cash pooled investment vehicles. The Plan's investments in hedge funds and secure income alternatives may also be exposed to interest rate risk depending upon their composition at the time. The managers will consider the risk and expected reward when determining which investments to invest in.

REPORT OF THE TRUSTEE (CONTINUED)

INVESTMENT REPORT (continued)

Other price risk

The Plan holds a range of pooled investment vehicles within its return-seeking portfolio. These are subject to price risk, as are the exchange-traded forward foreign currency contracts held. The Plan manages its exposure to overall price movements by constructing a diverse portfolio of investments across various markets. For pooled funds, the fund strategy determines the investments held. Careful selection of the funds and diversification across a number of funds, mitigates price risk in the context of expected returns. The Trustee receives regular reports from its Fiduciary Manager to help manage this risk.

Return on investments

The Plan's asset value fell over the year. This was largely due to the material rise in gilt yields over the year. Cashflows out of the Plan to meet benefit payments also contributed. The fall in asset value was commensurate with the fall in liability value over the period, and the Plan's funding level was broadly unchanged.

Investment performance over the year was driven by falls in the liability matching and cashflow driven portfolios as gilt yields rose significantly over the period. The Plan's return seeking portfolio held up well in an environment of slowing growth and rising interest rates.

Investment arrangements

During the year ended 31 March 2023, the Plan implemented several changes, at the discretion of the Fiduciary Manager. The Plan appointed several new managers:

Managers	**Value ***
Return Seeking	
Fulcrum – downside risk hedge	**£23m**
Cashflow Driven Investment	
Schroders	**£90m**
17Capital	**€39.3m**

*The amounts shown are for the initial commitment made to these managers

Assets used to fund these managers came from available cash of full or partial disinvestments from other investment managers.

REPORT OF THE TRUSTEE (CONTINUED)

INVESTMENT REPORT (continued)

The table below details the Plan's investment arrangements (excluding AVCs) as at 31 March 2023 and the returns on the funds for the year ended 31 March 2023. The return seeking and CDI portfolios are managed by Willis Towers Watson on a delegated (fiduciary) basis. The liability matching (LDI) portfolio is managed by Legal & General Investment Management.

			Fund performance		Benchmark performance	
Manager	**Value (£m)**	**Weight (%)**	**1 year (%)**	**3 years (% pa)**	**1 year (%)**	**3 years (% pa)**
Active Equity	0.1	0.0	-	-	-	-
Hedge Funds	133.9	5.0	6.8	4.1	11.1	2.9
Real Assets	89.9	3.3	14.1	17.9	4.7	10.6
Alternative Credit	106.2	3.9	5.0	7.7	11.1	3.4
Downside Risk Hedge	0.4	0.0	-9.2	-26.4	-9.2	-26.4
Opportunistic Private Markets	301.6	11.1	11.7	18.2	10.3	3.7
Cash	50.3	1.9	15.5	4.6	20.6	6.1
Currency Overlay[1]	7.6	0.3	-	-	-	-
Total Return-Seeking	**690.0**	**25.5**	**1.0**	**7.7**	**6.8**	**5.3**
Secure Income Alternatives	598.7	22.1	-4.5	1.2	-24.5	-5.6
Investment Grade Credit	536.4	19.8	-18.8	-7.2	-18.8	-7.2
Real Assets	26.7	1.0	14.8	10.1	17.5	11.5
Alternative Credit	177.5	6.6	-1.7	6.0	4.4	3.0
CDI Overlay	151.3	5.6	-20.8	-	-20.8	-
Cash	41.0	1.5	1.8	0.6	1.8	0.6
Total Cashflow Driven Investment	**1,531.6**	**56.6**	**-13.0**	**-1.9**	**-20.1**	**-5.9**
Total Liability Matching[2]	**463.2**	**17.1**	**-80.9**	**-47.0**	**-80.9**	**-47.0**
Total Plan[3,4]	**2,705.5**	**100.0**	**-22.9**	**-6.7**	**-24.9**	**-9.3**

Source: Northern Trust. Dashes are shown where performance is not available. Table is subject to rounding

1. Value comprises currency derivatives held for hedging purposes
2. Includes a small allocation to legacy matching assets
3. Total performance includes residual assets invested in legacy allocations
4. Total value includes £20.7m held in the administration cash account (0.8%).

Performance is shown net of fees where this information is available.

The Plan's absolute performance for the year ended 31 March 2023 was -22.9% versus a benchmark performance of -24.9%.

The Trustee reviews performance versus the journey plan on a quarterly basis, making changes as necessary following advice from its investment consultant.

The Trustee has considered the nature, disposition, marketability, security and valuation of the Plan's investments, and consider them to be appropriate relative to the reasons for holding each class of investment.

Further details about investments are given in the notes to the financial statements.

The Plan holds an investment in the Aviva Investors Realm Ground Rent Unit Trust. At 31 March 2023, the value of the holding was c£33m. This pooled investment vehicle has been suspended from trading due to uncertainties around the impact of Government reforms in connection with fire safety regulations.

REPORT OF THE TRUSTEE (CONTINUED)

INVESTMENT REPORT (continued)

Custodian arrangements

The Trustee has appointed Northern Trust as custodian of the Plan's assets. The performance of Northern Trust as custodian is periodically reviewed.

Custody services in accordance with FCA regulations are provided by the Northern Trust Company for the Plan's segregated investments. The pooled funds in which the Plan invests have their own custodial arrangements. The records and procedures of the Custodian are routinely subjected to scrutiny by its external auditors and the regulatory authorities. The Custodian accepts responsibility for financial losses as a result of negligence or fraud. There is no involvement by the Trustee or Principal Employer in custody procedures.

Transaction costs

Transaction costs are included in the cost of purchases and deducted from sales proceeds. Direct transaction costs include fees, commissions and stamp duty. Fees in relation to pooled investment vehicles are included in the unit price.

Investment management fees

Willis Towers Watson have discretion to negotiate fee agreements with underlying managers on behalf of the Trustee in their role as the Fiduciary Manager. There is also a fiduciary fee based on the asset value of the return seeking and CDI portfolios. The LDI manager charges the Plan directly by raising quarterly invoices.

Employer related investments

As at 31 March 2023 and 31 March 2022, there were no employer related investments.

Taskforce on Climate–related Financial Disclosures (TCFD) Report 2023

The Trustee has prepared its second TCFD report. A copy of that report is available at:

https://members.pensionpal.co.uk/jaguarlandroverpensions.

Implementation Statement

The Trustee has prepared its annual Implementation Statement which describes how the Trustee has complied with the Plan's Stewardship policy over the past year to 31 March 2023 and is included in full on page 51 and forms part of this Report.

REPORT OF THE TRUSTEE (CONTINUED)

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The Trustee's responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), are the responsibility of the trustee. Pension scheme regulations require, and the trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the plan during the plan year and of the amount and disposition at the end of the plan year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the plan year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging these responsibilities, the trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the plan will continue as a going concern.

The trustee is also responsible for making available certain other information about the plan in the form of an annual report.

The trustee has a general responsibility for ensuring that accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the plan and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The trustee is also responsible for the maintenance and integrity of the plan's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Trustee's responsibilities in respect of contributions

The trustee is responsible under pensions legislation for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions showing the rates of contributions payable to the plan by or on behalf of employers and the active members of the plan and the dates on or before which such contributions are to be paid.

The trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the plan and for adopting risk-based processes to monitor whether contributions that fall due to be paid are paid into the plan in accordance with the schedule of contributions.

Where breaches of the schedule occur, the trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and to members.

CONTACT FOR FURTHER INFORMATION

Request for additional information about the Plan generally, or queries relating to members' own benefits, should be made to the contact listed on page 2.

The Report of the Trustee on pages 5 to 21 was approved by Jaguar Land Rover Pension Trustees Limited and signed on its behalf by:

) Trustee Director

Date:

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE OF JAGUAR PENSION PLAN

Report on the audit of the financial statements

Opinion

In our opinion, Jaguar Pension Plan's financial statements:

- show a true and fair view of the financial transactions of the plan during the year ended 31 March 2023, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

We have audited the financial statements, included in the Annual Report and Financial Statements, which comprise: the Statement of Net Assets (Available for Benefits) as at 31 March 2023; the Fund Account for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to, or in respect of, the plan.

We have provided no non-audit services to the plan in the period under audit.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the plan's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the plan's ability to continue as a going concern.

Our responsibilities and the responsibilities of the trustee with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all the information in the Annual Report and Financial Statements other than the financial statements, our auditors' report thereon and our auditors' statement about contributions. The trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE OF JAGUAR PENSION PLAN (CONTINUED)

Reporting on other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the trustee for the financial statements

As explained more fully in the statement of trustee's responsibilities, the trustee is responsible for ensuring that the financial statements are prepared in accordance with the applicable framework and for being satisfied that they show a true and fair view. The trustee is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the trustee is responsible for assessing the plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intends to wind up the plan, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the plan and its environment, we identified that the principal risks of non-compliance with laws and regulations related to the administration of the plan in accordance with the Pensions Acts 1995 and 2004 and regulations made under them, and codes of practice issued by the Pensions Regulator; and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered the direct impact of these laws and regulations on the financial statements. We evaluated incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, by the trustee and those responsible for, or involved in, the preparation of the underlying accounting records and financial statements, and determined that the principal risks were related to posting inappropriate journals to conceal misappropriation of assets and inappropriate adjustments of asset valuations. Audit procedures performed by the engagement team included:

- Testing journal entries where we identified particular fraud risk criteria.
- Obtaining independent confirmations of material investment valuations and cash balances at the year end.
- Testing estimates and judgements made in the preparation of the financial statements for indicators of bias.
- Reviewing meeting minutes, any correspondence with the Pensions Regulator, and significant contracts and agreements.
- Holding discussions with the trustee to identify significant or unusual transactions and known or suspected instances of fraud or non-compliance with applicable laws and regulations.
- Assessing financial statement disclosures, and agreeing these to supporting evidence, for compliance with the Pensions Acts 1995 and 2004 and regulations made under them.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE OF JAGUAR PENSION PLAN (CONTINUED)

Responsibilities for the financial statements and the audit (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

Date:

FUND ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £'000	2022 £'000
CONTRIBUTIONS AND BENEFITS			
Contributions			
Employer contributions	4	**64,717**	64,495
Employee contributions	4	**556**	425
Total contributions		**65,273**	64,920
Other income	5	**426**	1,097
		65,699	66,017
Benefits paid or payable	6	**(105,513)**	(106,287)
Transfers out to other schemes	7	**(66,032)**	(115,218)
Other payments	8	**(11)**	(936)
Administrative expenses	9	**(10,769)**	(11,257)
		(182,325)	(233,698)
NET WITHDRAWALS FROM DEALINGS WITH MEMBERS		**(116,626)**	(167,681)
INVESTMENT RETURNS			
Investment income	10	**(128,719)**	74,283
Investment management expenses	11	**(4,442)**	(5,635)
Change in market value of investments	12.1	**(756,416)**	39,538
NET RETURNS ON INVESTMENTS		**(889,577)**	108,186
NET DECREASE IN THE FUND		**(1,006,203)**	(59,495)
OPENING NET ASSETS		**3,743,983**	3,803,478
CLOSING NET ASSETS		**2,737,780**	3,743,983

The notes on pages 27 to 47 form an integral part of these financial statements.

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) AS AT 31 MARCH 2023

	Note	2023 £'000	2022 £'000
INVESTMENT ASSETS			
Equities	12.1	**6**	5
Bonds	12.1	**1,197,246**	2,091,552
Pooled investment vehicles	12.3	**1,637,986**	1,888,334
Derivatives	12.4	**302,416**	217,856
AVC investments	12.8	**9,015**	9,930
Cash deposits	12.9	**33,885**	206,770
Other investment balances	12.9	**44,448**	25,533
Amounts receivable under reverse repurchase agreements	12.10	**145,614**	115,789
		3,370,616	4,555,769
INVESTMENT LIABILITIES			
Derivatives	12.4	**(248,037)**	(100,568)
Other investment balances	12.9	**(27,531)**	(3,421)
Amounts payable under repurchase agreements	12.10	**(380,367)**	(743,684)
		(655,935)	(847,673)
TOTAL INVESTMENTS		**2,714,681**	3,708,096
CURRENT ASSETS	15	**25,817**	38,375
CURRENT LIABILITIES	16	**(2,718)**	(2,488)
TOTAL NET ASSETS (AVAILABLE FOR BENEFITS)		**2,737,780**	3,743,983

The notes on pages 27 to 47 form an integral part of these financial statements.

The financial statements summarise the transactions and net assets of the Plan. They do not take account of liabilities to pay pensions and other benefits which fall due after the end of the Plan year. The actuarial position of the Plan which does take account of such obligations is dealt with in the Report on Actuarial Liabilities on pages 8 and 9 and the Actuarial Certificate on page 50 and these financial statements should be read in conjunction with them.

The financial statements on pages 25 to 47 were approved by Jaguar Land Rover Pension Trustees Limited and signed on its behalf by:

) Trustee Director

Date:

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION AND STATEMENT OF COMPLIANCE

The Plan is an occupational pension scheme domiciled in the United Kingdom and established as a trust under English law to provide retirement benefits to certain groups of employees within Jaguar Land Rover Limited and is now closed to new members. The address of the Plan's office is Abbey Road, Whitley, Coventry, Warwickshire, CV3 4LF. The Plan is a defined benefit scheme albeit with some defined contribution benefits derived from additional voluntary contributions paid by members.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The individual financial statements of Jaguar Pension Plan (the "Plan") have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS) 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (revised June 2018) ("the SORP").

3 ACCOUNTING POLICIES

The Plan's functional currency and presentational currency is pounds sterling (GBP). The following accounting policies have been consistently applied:

3.1 Contributions

Employee and Employer normal contributions and additional voluntary contributions (AVCs) are accounted for as and when they are deducted from the related salary.

Augmentation contributions are accounted for in accordance with the agreement between the Trustee and the Principal Employer.

Deficit and additional contributions are accounted for on the earlier of the due dates set out in the Schedule of Contributions or on receipt with the agreement of the Principal Employer and the Trustee.

Contributions in respect of PPF levies are accounted for as and when they are due from the Principal Employer under the Schedule of Contributions.

3.2 Benefits

Pensions in payment are accounted for in the period to which they relate.

Benefits are accounted for in the period in which the member notifies the Trustee of their decision on the type or amount of benefit to be taken, or if there is no member choice, on the date of retirement or leaving.

Claims on term insurance policies are accounted for in the period to which they relate.

Where tax liabilities are settled on behalf of members, for example where the lifetime allowance or annual allowance is exceeded, the tax due is accounted for on the same basis as the benefit.

3.3 Transfers to other schemes

Individual and group transfers out are accounted for when the member liability is discharged which is normally when the transfer amount is paid.

3.4 Administrative expenses

Administrative expenses are accounted for on an accruals basis. The Plan bears all the costs of administration.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3.5 Investment income

Income from equities and any pooled investment vehicles which distribute income, is accounted for on the date stocks are quoted ex-dividend/interest.

Income arising from the underlying investments of the pooled investment vehicles that is reinvested within the pooled investment vehicles is reflected in the unit price and is included within change in market value.

Income from bonds is accounted for on an accruals basis and includes income bought and sold in purchases and sales of securities.

Income from cash and short term deposits is accounted for on an accruals basis.

Income from investments is recorded net of any withholding tax where this cannot be recovered. Where withholding taxes are not recoverable these have been shown as a separate expense within investment returns.

Income from stock lending is accrued in accordance with the terms of the agreement.

Net receipts or payments on swap contracts are reported within the change in market value, other than for interest rate swap contracts where the net receipts or payments are reported within investment income as incurred.

Change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on the sales of investments during the year.

3.6 Transaction costs

Transaction costs are included in the cost of purchases and deducted from sales proceeds. Direct transaction costs include fees and commissions, and are analysed by main asset class and type of cost.

3.7 Investment management expenses

Investment management fees and rebates are accounted for on an accruals basis.

3.8 Valuation of investments

Investments (excluding derivatives)

Investments are recorded at fair value as described below:

Equities, traded through a Stock Exchange Electronic Trading Service (“SETS”), are valued at the current bid price at the reporting date.

Bond investments are valued on the basis of the bid price (or, if unavailable, most recent transaction) quoted on the relevant stock market. Accrued interest is excluded from the market value of fixed interest and index linked securities and is included in investment income receivable.

The market value of unquoted securities is based on the valuation as advised by the fund managers.

Pooled investment vehicles are valued at the latest available bid price or single price provided by the fund manager. Shares in other pooled arrangements have been valued at the latest available net asset value (NAV) determined in accordance with fair value principles, provided by the fund manager.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3.8 Valuation of investments (continued)

Investments (excluding derivatives) (continued)

Interests in venture capital and private equity funds are included at estimated market value as provided by the fund managers. The market value is based on the current fair value adjusted for any drawdowns, refunds or capital distributions since the valuation date and is in accordance with the valuation guidelines of the British Venture Capital Association.

Investments lent under stock lending arrangements are recognised as assets of the Plan. Collateral received in respect of stock lending arrangements is disclosed but not recognised as a Plan asset.

The market value of the AVC policies has been taken at the closing single price at the year-end for Aegon Investment Solutions Limited, Legal & General Assurance (Pensions Management) Limited and Prudential Assurance Company Limited. With profit insurance policies are reported at the policy value provided by the insurance company based on the cumulative reversionary bonuses declared and the current terminal bonus.

Derivatives

Swaps

Swaps are over the counter (OTC) derivatives and are included in the statement of net assets at market value using pricing models and relevant market data at the year-end date. Interest is accrued on those contracts where interest is receivable on a basis consistent with the terms of each contract.

The amounts included in change in market value are the realised gains or losses on closed contracts and the unrealised gains or losses on open contracts.

Forward foreign exchange

Over the counter forward foreign exchange contracts outstanding at the year-end are stated at fair value which is determined as the gain or loss that would arise if the outstanding contract was matched at the year-end with an equal and opposite contract. All gains and losses on these contracts are included within change in market value.

Options

Over the counter options are valued using generally accepted pricing models, where inputs are based on market data at the year end date.

Repurchase agreements

Under repurchase agreements, the Plan continues to recognise and value the securities that are delivered out as collateral, and includes them in the financial statements. The cash received as invested is recognised as an asset and the obligation to pay it back is recognised as a payable amount. Interest payable on the obligation is accounted for on an accruals basis.

Reverse repurchase agreements

Under reverse repurchase agreements, the Plan does not recognise the securities received as collateral in the financial statements. The Plan does recognise the cash delivered to the counterparty as a receivable in the financial statements.

3.9 Foreign currencies

Assets which are held in foreign currencies are translated into sterling at rates of exchange ruling at the year-end. Gains and losses arising on conversion or translation are dealt with as part of the change in market value of investments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3.10 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Trustee makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

For the Plan, the Trustee believes the only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are related to the valuation of the Plan investments and, in particular, those classified in Level 3 of the fair-value hierarchy. Explanation of the key assumptions underpinning the valuation of investments are included within 3.8 above and within note 13.

4 CONTRIBUTIONS

	2023	2022
	£'000	£'000
Contributions from Employer:		
Normal	**43,321**	31,026
Deficit funding	**2,100**	10,572
Additional	**1,968**	13,226
PPF levies	**9,328**	9,715
Augmentations	**8,000**	(44)
	64,717	64,495
Contributions from Employees:		
Normal	**266**	199
Additional voluntary contributions	**290**	226
	556	425
Total contributions	**65,273**	64,920

Within Employer normal contributions are Employee salary sacrifice contributions.

Augmentation contributions amounted to £8,000k in the current year and shows negative balance in the previous year due to over accrual of augmentation contribution.

Employer PPF levies contributions of £9,328k (2022: £9,715k) comprises amounts paid by the Employer to fund the Pension Protection Fund levy for 2023 of £9,263k (2022: £9,671k) Pension Regulator Levy of £65k (2022: £44k).

Under the Schedules of Contributions certified by the Plan Actuary on 29 April 2020 and 30 June 2022, deficit funding contributions of £2.1m have been agreed for the year to 31 March 2023 (2022:£10.572m).

Under the Schedule of Contributions noted above, the Employer also agreed to pay additional contributions in respect of estimated administrative expenses of £1,968m (2022: £2,184k). The contributions that were deferred for the period April 2020 to June 2020, including interest, Nil (2022:£11,042k) have been included within additional contributions above.

A further Schedule of Contributions was certified by the Plan Actuary on 31 March 2023. Under this Schedule, the Trustee and the Principal Employer have agreed a mechanism under which employer contributions for active members are to be assessed and updated on a quarterly basis, subject to Principal Employer contributions being no less than 10% and no higher than 25% of Pensionable Pay. In addition, a one-off bullet payment of £37.0m is due to be paid on 31 March 2028 (to be revisited as part of the actuarial valuation at 31 March 2024).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 OTHER INCOME

	2023	2022
	£'000	£'000
Claims on term insurance policies	**418**	1,097
Compensation	**8**	-
	426	1,097

6 BENEFITS PAID OR PAYABLE

	2023	2022
	£'000	£'000
Pensions	**95,195**	91,171
Commutation of pensions and lump sum retirement benefits	**9,516**	13,907
Lump sums on death	**677**	1,195
Tax on lifetime/annual allowance	**125**	14
	105,513	106,287

7 TRANSFERS OUT TO OTHER SCHEMES

	2023	2022
	£'000	£'000
Individual transfers out to other schemes	**66,032**	115,218
	66,032	115,218

8 OTHER PAYMENTS

	2023	2022
	£'000	£'000
Premiums on term insurance policies	**-**	936
Ex gratia payments	**11**	-
	11	936

9 ADMINISTRATIVE EXPENSES

	2023	2022
	£'000	£'000
Actuarial fees	**370**	413
Administration fees	**762**	795
Audit fees	**36**	57
Legal fees	**217**	136
Covenant adviser fees	**51**	61
Pension protection levy	**9,263**	9,671
Pensions regulator levy	**65**	44
Other adviser fees	**-**	76
Bank and sundry charges	**5**	4
	10,769	11,257

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 INVESTMENT INCOME

	2023 £'000	2022 £'000
Dividends from equities	**5**	9
Income from bonds	**31,052**	36,225
Income from pooled investment vehicles	**39,542**	35,858
Net (expense)/income from swap contracts	**(195,690)**	3,681
Income from stock lending	**50**	48
Interest from cash and cash equivalents	**3,659**	78
Interest expense on repurchase and reverse repurchase agreements	**(9,253)**	(1,927)
Interest income on repurchase and reverse repurchase agreements	**1,916**	311
	(128,719)	74,283

11 INVESTMENT MANAGEMENT EXPENSES

	2023 £000	2022 £000
Investment consultancy and fiduciary management fees	**2,088**	2,304
Investment management and custodian fees	**2,354**	3,331
	4,442	5,635

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 INVESTMENTS

12.1 RECONCILIATION OF INVESTMENTS

Reconciliation of investments held at beginning and end of year:

	Value at 1 April 2022	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Change in market value	Value at 31 March 2023
	£'000	£'000	£'000	£'000	£'000
Return-seeking:					
Equities	5	-	(3)	4	**6**
Pooled investment vehicles	1,107,026	303,094	(805,918)	76,715	**680,917**
Derivatives – net	(15,235)	196,953	(100,417)	(73,742)	**7,559**
Total return-seeking	1,091,796	500,047	(906,338)	2,977	**688,482**
Cashflow driven:					
Bonds	1,028,839	450,345	(528,370)	(182,557)	**768,257**
Pooled investment vehicles	775,775	639,956	(448,595)	(109,994)	**857,142**
Derivatives – net	43,900	24,273	(176,588)	145,724	**37,309**
Total cashflow driven	1,848,514	1,114,574	(1,153,553)	(146,827)	**1,662,708**
Liability matching:					
Bonds	1,062,713	508,047	(687,288)	(454,483)	**428,989**
Pooled investment vehicles	5,533	990,856	(896,462)	-	**99,927**
Derivatives – net	88,623	103,066	(20,081)	(162,097)	**9,511**
Liability matching	1,156,869	1,601,969	(1,603,831)	(616,580)	**538,427**
Repurchase agreements - net	(627,895)				**(234,753)**
Total liability matching	528,974				**303,674**
AVC investments	9,930	290	(1,483)	278	**9,015**
Cash deposits	206,770			3,668	**33,885**
AVC – cash in transit	-			-	**172**
Other investments – net	22,112			68	**16,745**
	3,708,096			(756,416)	**2,714,681**

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

The liability matching pooled investment vehicle is a sterling liquidity fund, in which cash flows have been presented on a gross basis.

The purchases/payments and sales/receipts of investments during the year are aligned to the Plan's investment strategy.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12.2 TRANSACTION COSTS

	Fees	Commission	Total 2023
	£'000	£'000	£'000
Return-seeking	-	-	-
Cashflow driven	-	8	8
Liability matching	17	21	**38**
Total Plan	**17**	**29**	**46**

	Fees	Commission	Total 2022
	£'000	£'000	£'000
Return-seeking	-	-	**-**
Cashflow driven	1	-	**1**
Liability matching	14	44	**58**
Total Plan	**15**	**44**	**59**

The Plan also bears transaction costs in relation to transactions within the pooled funds that it is invested in, although it is not currently possible to quantify these.

12.3 POOLED INVESTMENT VEHICLES

	2023	2022
Return-seeking	**£'000**	**£'000**
Global Equities	**-**	193,377
Alternative Credit	106,242	141,127
Hedge Funds	133,857	222,595
Real Assets	89,280	83,644
Diversifying Strategies	**-**	140,354
Sovereign Credit	**-**	38,081
Downside Risk Hedge	421	838
Private Equity	301,239	287,010
Liquidity Fund	49,878	-
	680,917	1,107,026
Cashflow driven		
Secure Income Alternatives	598,692	607,203
Real Assets	26,744	24,115
Alternative Credit	177,509	143,483
Liquidity Fund	54,197	974
	857,142	775,775
Liability matching		
Liquidity Fund	99,927	5,533
	1,637,986	1,888,334

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12.4 DERIVATIVES

Objectives and policies

The Trustee has authorised the use of derivatives for a number of its investment managers:

- Liability hedging (the 'matching' portfolio) – the purpose of this portfolio is to match the interest rate and inflation sensitivity of the Plan's long-term liabilities. The investment manager uses a number of different derivative instruments to implement this including interest rate and inflation swaps and gilt repurchase agreements.
- Segregated bond managers – in some cases, the Trustee has allowed the managers to use derivatives for the purpose of efficient portfolio management and for risk management purposes. In addition, the bond managers are permitted to use derivatives to hedge foreign currency exposure using forward foreign exchange transactions.
- Forward foreign exchange – a proportion of the underlying investment portfolio is invested in overseas assets. In order to mitigate some of this risk, the Plan has employed a specialist manager to hedge a proportion of the Plan's exposures using currency forward contracts.

The market value of derivative contracts is analysed by type in the notes 12.5, 12.6, and 12.7 below.

2023	Note	**Market value asset £'000**	**Market value (liability) £'000**	**Market value net £'000**
Swap contracts	12.5	288,174	(242,763)	45,411
Forward foreign exchange contracts	12.6	9,646	(1,736)	7,910
Futures	12.7	4,596	(3,538)	1,058
Total at 31 March 2023		302,416	(248,037)	54,379
2022				
Swap contracts	12.5	215,408	(82,458)	132,950
Forward foreign exchange contracts	12.6	2,004	(17,241)	(15,237)
Futures	12.7	444	(869)	(425)
Total at 31 March 2022		217,856	(100,568)	117,288

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12.5 SWAPS

The Plan holds over the counter (OTC) swaps as part of its liability matching portfolio.

Expiration	Notional principal £'000	Market value asset £'000	Market value (liability) £'000	Market value net £'000
Under 1 year	369,335	2,820	(8,274)	(5,454)
1 to 10 years	371,275	44,814	(37,581)	7,233
Over 10 years	789,205	240,540	(196,908)	43,632
Total Swaps at 31 March 2023	1,529,815	288,174	(242,763)	45,411
Swap contracts				
Interest rate	1,491,232	167,854	(158,454)	9,400
Inflation	15,630	120,287	(84,295)	35,992
Currency	22,953	33	(14)	19
Total Swaps at 31 March 2023	1,529,815	288,174	(242,763)	45,411
Total Swaps at 31 March 2022	3,332,798	215,408	(82,458)	132,950

Collateral

As at 31 March 2023 the collateral received/pledged in respect of OTC swap contracts was as follows:

	2023		2022	
Collateral	£'000	£'000	£'000	£'000
	Received	Pledged	Received	Pledged
Bonds	3,978	(2,690)	15,504	(15,901)
Cash equivalents	46,476	-	109,643	-
	50,454	(2,690)	125,147	(15,901)

12.6 FORWARD FOREIGN EXCHANGE CONTRACTS

The Plan holds forward foreign currency contracts as part of its currency hedging strategy.

No. of Contracts	Currency Bought		Currency Sold		Market Value asset £'000	Market Value (liability) £'000	Market Value net £'000
14	GBP	36,932	EUR	(41,702)	227	-	227
15	GBP	601,722	USD	(733,134)	9,413	(5)	9,408
8	USD	91,901	GBP	(71,066)	6	(1,729)	(1,723)
2	EUR	259	GBP	(230)	-	(2)	(2)
Total forward foreign exchange contracts at 31 March 2023					9,646	(1,736)	7,910

All the forward foreign currency contracts noted above are due to settle within one year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12.7 FUTURES

The Plan held the following futures at the end of the year:

	Expires Within	Economic Exposure	Market value asset	Market value (liability)	Market value net
		£'000	£'000	£'000	£'000
UK Fixed Income Futures	3 Months	202,359	4,596	-	4,596
Overseas Fixed Income Futures	3 Months	(121,515)	-	(3,538)	(3,538)
Total futures contracts at 31 March 23		80,844	4,596	(3,538)	1,058
Total futures contracts at 31 March 22		11,708	444	(869)	(425)

12.8 AVC INVESTMENTS

The Trustee holds assets which are separately invested from the main fund, in the form of individual insurance policies. These secure additional benefits, on a money purchase basis, for those members who have elected to pay additional voluntary contributions. Members participating in this arrangement receive an annual statement confirming the amounts held to their account and the movements during the year. The total amount of AVC investments at the year-end is shown below:

	2023 £'000	2022 £'000
Legal & General Assurance (Pensions Management) Limited (Unit Linked)	5,476	6,220
Prudential Assurance Company Limited (With Profits and Cash Deposit)	3,526	3,697
Aegon Investment Solutions Limited (Unit Linked)	13	13
	9,015	9,930

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12.9 CASH DEPOSITS AND OTHER INVESTMENTS

	2023 £'000	2022 £'000
Cash deposits		
Sterling deposits	**31,490**	175,845
Foreign currency deposits	**2,395**	30,925
	33,885	206,770
Other investment assets		
Dividends, accrued interest and tax receivable	**10,172**	12,068
Interest receivable on reverse repurchase agreements	**1,287**	300
Amounts due from brokers	**1,130**	-
Pending trades	**20,028**	11,992
Variation margin account	**11,659**	1,173
AVC cash in transit	**172**	-
	44,448	25,533
	78,333	232,303
Other investment liabilities		
Pending trades	**(21,112)**	(1,677)
Amounts due to brokers	**(2,100)**	-
Interest payable on repurchase agreements	**(4,188)**	(1,257)
Variation margin account	**-**	(356)
Other liabilities	**(131)**	(131)
	(27,531)	(3,421)
Net cash deposits and other investments	**50,802**	228,882

12.10 REPURCHASE AND REVERSE REPURCHASE AGREEMENTS

	2023 £'000	2022 £'000
Amounts payable under repurchase agreements	**(380,367)**	(743,684)
Amounts due under reverse repurchase agreements	**145,614**	115,789
	(234,753)	(627,895)

During the year, the Plan entered into repurchase agreements using its UK government nominal and index linked bonds as the underlying security. The Plan retains the entitlement to receive income accruing on these securities and has a contractual agreement to repurchase the securities at a specified future date – all less than one year in duration.

Amounts payable to counterparties under repurchase agreements are disclosed as liabilities in the Plan's financial statements under investment liabilities. At 31 March 2023, this amounted to £380.4m (2022: £743.7m) excluding accrued income payable of £4.188m (2022: £1.257m).

Amounts due from counterparties under reverse repurchase agreements are disclosed as assets in the Plan's financial statements under investment assets. At 31 March 2023 this amounted to £145.6m (2022: £115.8m). At 31 March 2023 accrued interest on reverse repurchase agreements was £1.287m (2022: £0.3m).

The value of the underlying bonds subject to those repurchase agreements are £290.3m (2022: £701.2m) and the value of the underlying bonds subject to the reverse repurchase agreements are £117.1m (2022: £114.6m). In addition to the underlying bonds, the Plan has pledged collateral in the form of UK Government bonds in relation to these repurchase agreements to the value of £67.6m (2022: £43.1m) and received collateral of £1.2m in the form of UK Government bonds (2022: £0.7m).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12.11 CONCENTRATION OF INVESTMENTS

Investments accounting for more than 5% of the net assets of the Plan were:

	2023		2022	
	£'000	**%**	**£'000**	**%**
Towers Watson (TW) Alternative Credit Fund (CDI)	**154,039**	**5.6**	-	-
Towers Watson (TW) Hedge Advantage Fund (return-seeking)	**133,857**	**4.9**	222,595	5.9

13 FAIR VALUE HIERARCHY

The Plan's investments have been analysed using the Fair Value Hierarchy outlined below. The levels refer to the inputs used to derive the value of the assets. Where an asset valuation uses inputs from a combination of levels then it falls into the highest level of those inputs.

Level 1 — The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date. (e.g. quoted equities, exchange traded derivatives, exchange traded funds and in certain circumstances highly liquid exchange traded bonds such as UK gilts).

Level 2 — Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly. (e.g. open-ended pooled funds that are priced regularly and have no significant redemption restrictions under normal business conditions and bonds which are valued on an average or broker quotes).

Level 3 — Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability. (e.g. closed ended pooled arrangements such as private equity investments).

The Plan's investment assets and liabilities have been fair valued using the above hierarchy as follows:

Asset category	**Level 1**	**Level 2**	**Level 3**	**Total 2023**
	£'000	**£'000**	**£'000**	**£'000**
Return-seeking:				
Equities	6	-	-	6
Pooled investment vehicles	-	244,318	436,599	680,917
Derivatives – net	-	7,559	-	7,559
Total return-seeking	**6**	**251,877**	**436,599**	**688,482**
Cashflow driven:				
Bonds	-	768,257	-	768,257
Pooled investment vehicles	-	208,236	648,906	857,142
Derivatives – net	1,058	36,251	-	37,309
Total cashflow driven	**1,058**	**1,012,744**	**648,906**	**1,662,708**
Liability matching:				
Bonds	-	428,989	-	428,989
Pooled investment vehicles	-	99,927	-	99,927
Derivatives - net	-	9,511	-	9,511
Repurchase agreements - net	-	(234,753)	-	(234,753)
Total liability matching	**-**	**303,674**	**-**	**303,674**
Cash deposits	33,885	-	-	**33,885**
Other investments - net	17,829	(1,084)	-	**16,745**
AVCs	-	7,370	1,645	**9,015**
AVCs – cash in transit	172	-	-	**172**
Total Plan	**52,950**	**1,574,581**	**1,087,150**	**2,714,681**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 FAIR VALUE HIERARCHY (continued)

Asset category	Level 1	Level 2	Level 3	Total 2022
	£'000	£'000	£'000	£'000
Return-seeking:				
Equities	5	-	-	5
Pooled investment vehicles	-	498,886	608,140	1,107,026
Derivatives – net	-	(15,235)	-	(15,235)
Total return-seeking	**5**	**483,651**	**608,140**	**1,091,796**
Cashflow driven:				
Bonds	-	1,028,839	-	1,028,839
Pooled investment vehicles	-	142,400	633,375	775,775
Derivatives – net	(425)	44,325	-	43,900
Total cashflow driven	**(425)**	**1,215,564**	**633,375**	**1,848,514**
Liability matching:				
Bonds	-	1,062,713	-	1,062,713
Pooled investment vehicles	-	5,533	-	5,533
Derivatives - net	-	88,623	-	88,623
Repurchase agreements - net	-	(627,895)	-	(627,895)
Total liability matching	**-**	**528,974**	**-**	**528,974**
Cash deposits	206,770	-	-	206,770
Other investments - net	22,112	-	-	22,112
AVCs	-	6,755	3,175	9,930
Total Plan	**228,462**	**2,234,944**	**1,244,690**	**3,708,096**

The Plan's pooled investments are priced at varying frequencies. Most of the funds are open-ended and therefore the units in those funds can be redeemed at a price determined by reference to the value of the underlying assets on the day a price is next struck for that fund, which may be on a daily, weekly or monthly basis. Where funds are priced on a daily or weekly basis and a price is therefore available as at the year-end date, these investments have been assigned to level 2. Where pooled funds are open-ended but priced less frequently and a price is not available as at the year-end date, or those which are unlisted closed-ended funds where investors do not have a right to redeem, but may be able to sell their units to other investors, are classified as level 3.

The Plan's matching portfolio includes cash, UK government bonds and derivatives. Directly held UK government bonds are included as Level 2. Derivative contracts are priced using observable market data and are therefore classified as level 2. The Plan also uses repurchase agreements on government bonds which help the Plan hedge its liabilities with less capital. These investments have been classified as level 2.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 INVESTMENT RISKS

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk and other price risk.

- Currency risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- Interest rate risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- Other price risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Plan has exposure to these risks because of the investments it makes to implement its investment strategy. The Trustee's primary investment objective is to secure and maintain sufficient assets to meet the Plan's defined benefit liabilities, as they fall due.

The Trustee manages investment risk, including credit risk and market risk, within agreed risk limits which are set taking into account the Plan’s strategic investment objectives. The Trustee’s risk management policy is documented in its Statement of Investment Principles. These investment objectives and risk limits are implemented through the investment management agreements in place with the Plan’s investment managers and monitored by the Trustee through regular reviews of the investment portfolios.

The following table summarises the extent to which the various classes of investments are affected by financial risks:

	Credit risk	Currency	Interest rate	Other price	2023 £’000	2022 £’000
Return-seeking assets						
Equities	○	◐	○	●	6	5
Pooled investment vehicles (indirect risk)	●	●	●	●	680,917	1,107,026
Derivatives – net	●	●	●	●	7,559	(15,235)
Total return-seeking assets					**688,482**	**1,091,796**
Cashflow driven assets						
Bonds	●	◐	●	○	768,257	1,028,839
Pooled investment vehicles (indirect risk)	◐	◐	◐	●	857,142	775,775
Derivatives – net	●	●	●	●	37,309	43,900
Total cashflow-driven assets					**1,662,708**	**1,848,514**
Liability matching assets						
Bonds	●	○	●	○	428,989	1,062,713

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 INVESTMENT RISKS (continued)

Pooled investment vehicles (indirect risk)	◐	○	◐	○	99,927	5,533
Derivatives – net	●	○	●	●	9,511	88,623
Repurchase agreements - net	●	○	●	●	(234,753)	(627,895)
Total liability matching assets					**303,674**	**528,974**
Cash deposits	●	◐	●	○	33,885	206,770
Other investments – net	◐	◐	◐	●	16,745	22,112
Total					**2,705,494**	**3,698,166**

In the above table, the risk noted affects the asset class [●] significantly, [◐] partially or [○] hardly/not at all. The values shown in the table above do not include AVC investments as they are not considered significant in relation to the overall investments of the Plan. “Other investments” are detailed in note 12.9.

Further information on the Trustee’s approach to risk management and the Plan’s exposures to credit and market risks are set out below.

(i) CREDIT RISK

The Plan is subject to credit risk as the Plan invests in bonds, OTC derivatives, has cash balances, enters into repurchase agreements and undertakes stock lending activities. Bonds and equities are both used in stock lending transactions.

Credit risk arising on bonds is mitigated by investing in government bonds where the credit risk is minimal, or corporate bonds which are rated at least investment grade (credit rating of BBB or better). The Plan has direct exposure to bonds through the CDI and liability matching portfolios. The value of the Plan’s bonds as the 31 March 2023 was £1,197m (2022: £2,093m) of which £173.2m were subject to repurchase agreement (2022: £586.6m) on a net basis.

Credit risk arising on derivatives depends on whether the derivative is exchange traded or over the counter (OTC). OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Plan is subject to risk of failure of the counterparty. The credit risk for OTC swaps is reduced by collateral arrangements. The net market value of swaps together with details of collateral pledged and received is summarised in note 12.5.

Cash is held within financial institutions which are at least investment grade credit rated. The value of cash held as at 31 March 2023 was £33.9m (2022: £206.8m).

The Trustee manages the credit risk arising from stock lending activities by restricting the amount of overall stock that may be lent, only lending to Northern Trust approved borrowers, limiting the amount that can be lent to any one borrower and putting in place collateral arrangements. At the year-end the Plan had lent £652.9m of bond assets (2022: £437.3m) and held collateral in the form of cash and fixed interest securities with a value of 102.1% of stock lent (2022: 102.4%)

Credit risk on repurchase agreements is mitigated through collateral arrangements which is summarised in note 12.10.

The Plan invests in pooled investment vehicles and is therefore indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. The fiduciary manager carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitors any changes to the regulatory and operating environment of the pooled manager. The table in note 12.3 provides a summary of the pooled investment vehicles used by the Plan.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 INVESTMENT RISKS (continued)

(ii) Legal Status

	2023 £'000	2022 £'000
Qualifying Investor Alternative Investment Funds	364,854	621.536
Limited Liability Partnerships	677,619	611,003
Cayman Islands exempted LLC	8,442	44,196
Unit Linked Insurance Contracts	113,107	6,507
Unauthorised Unit Trusts	109,027	87,984
Jersey Property Unit Trust	120,767	125,982
Property Authorised Investment Fund	45,584	108,735
Société d'Investissement à Capital Variable	-	19,723
Common Contractual Funds	-	169,776
Jersey Private Fund	56,516	53,363
Reserved Alternative Investment Fund	27,285	9,729
Investment Company with Variable Capital	-	26,905
Irish Collective Asset-management Vehicle	421	838
Alternative Investment Fund	5,636	2,057
Luxembourg Special Limited Partnership	17,833	-
Undertakings for the Collective Investment in Transferrable Securities	90,895	-
	1,637,986	**1,888,334**

(iii) CURRENCY RISK

The Plan is subject to currency risk because some of the Plan's investments are held in overseas markets and the Plan invests in pooled funds which are denominated in currencies other than Sterling.

The Plan manages currency risk by the implementation of a currency hedging programme through:

- Currency hedging carried out by some of the Plan's investment managers; and
- A separate currency hedging overlay

Collectively, these reduce the impact of exchange rate movements on the Plan's asset value.

The Trustee acknowledges that there is a cost to currency hedging. This cost varies depending on the currency being hedged. Exposure to overseas currencies is delegated to the fiduciary manager, although the Plan has a currency hedging policy to hedge between 50% and 100% of overseas exposure in the return seeking portfolio. Any overseas currency exposure obtained through the CDI portfolio is expected to be hedged back to Sterling, except for where the cost of doing so is prohibitive. The liability matching portfolio invests solely in Sterling denominated assets.

As at 31 March 2023, the Plan's exposure to currencies other than Sterling within the return seeking portfolio was 26% (2022: 29%). The Plan's exposure to currencies other than Sterling within the CDI portfolio was 1% (2022: 2%) as at 31 March 2023. The liability matching portfolio invests solely in Sterling denominated assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(iv) INTEREST RATE RISK

The Plan is subject to interest rate risk because some of the Plan's investments are held in bonds, bond funds, cash and other pooled funds, and derivative instruments, including repurchase agreements, whose value is linked to interest rates.

The majority of the Plan's exposure to interest rate risk arises from the CDI and liability matching portfolios. The value of interest-rate-sensitive assets changes in response to changes in interest rates as follows:

- If interest rates fall, the value of the Plan's liability matching investments will rise. This increase in value will help to match or offset some of the increase in the value of the Plan's actuarial liabilities arising from a fall in the discount rate (which is linked to interest rates).
- If interest rates rise, the value of the Plan's liability matching investments will fall. This decrease in value will be offset by a decrease in the value of the Plan's actuarial liabilities arising from an increase in the discount rate (which is linked to interest rates).

The Plan is also exposed to interest rate risk through some of its return-seeking investments – indirect exposure through investment in credit and cash pooled investment vehicles. The Plan's investments in hedge funds and secure income alternatives may also be exposed to interest rate risk depending upon their composition at the time. The managers will consider the risk and expected reward when determining which investments to invest in.

(v) OTHER PRICE RISK

Other price risk arises principally in relation to the Plan's return-seeking portfolio which includes equities and property held in pooled investment vehicles as summarised in note 12.3. Forward foreign currency contracts are exchange traded and are therefore also exposed to price risk. These are summarised in note 12.6.

Other price risk varies depending on the particular market and the Plan manages its exposure to overall price movements by constructing a diverse portfolio of investments across various markets. For pooled funds, the fund strategy determines the investments held. The risk here is mitigated by careful selection of the funds and diversification across a number of funds. The risks taken are considered in the context of the expected returns. The Trustee receives regular reports from its fund managers and investment consultants to help manage this risk.

The Plan holds an investment in the Aviva Investors Realm Ground Rent Unit Trust. At 31 March 2023, the value of the holding was c£33m. This pooled investment vehicle has been suspended from trading due to uncertainties around the impact of Government reforms in connection with fire safety regulations.

(vi) OTHER MATTERS

During 2022/2023, geopolitical issues (such as Russia's war in Ukraine) and economic issues (such as increases in the rates of inflation and interest rates and movements in foreign currencies) have had a profound effect on domestic and global economies, with disruption and volatility in the financial markets. The Trustee, in conjunction with its advisers, monitors the situation closely and determines any actions that are considered to be necessary. This includes monitoring the Plan's investment portfolio, the operational impact on the Plan and the covenant of the Employer.

The extent of the impact on the Plan's investment portfolio, including financial performance, will depend on future developments in financial markets and the overall economy, all of which are uncertain and cannot be predicted. Since the year end, the value of the Plan's investment assets and investment liabilities have been impacted. Whilst the Trustee monitors the overall position, it has not, at this time, quantified the change (being an increase or decrease) in market value of the investment assets and investment liabilities as markets remain fluid and unpredictable and therefore such an estimate cannot be made.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 CURRENT ASSETS

	2023	2022
	£'000	£'000
Contributions due from Employer	**3,402**	4,380
Amounts due from Employer in respect of VAT	**879**	1,089
Other debtors	**86**	30
Cash balance	**21,450**	32,876
	25,817	38,375

As at 31 March 2023, contributions due from Employer comprises contributions due from the employer relating to the month of March 2023 totalling £3,402k (for March 2022: £4,380k). These were subsequently paid to the Plan in accordance with the Schedule of Contributions and therefore do not count as employer related investments.

16 CURRENT LIABILITIES

	2023	2022
	£'000	£'000
Lump sums on retirement	**660**	697
Death benefits	**210**	258
PAYE	**1,070**	947
Payable to Contributions Agency	**2**	2
Administrative expenses	**645**	194
Investment management expenses	**131**	390
	2,718	2,488

17 TAX

The Plan is a registered pension scheme for tax purposes under the Finance Act 2004. It is therefore exempt from taxation except for certain withholding taxes relating to overseas investment income. Tax charges are accrued on the same basis as the investment income to which they relate.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

At 31 March 2023 there were the following capital commitments to make further investments in various funds.

	2023	2022
	£'000	£'000
17Capital	17,580	-
Advent International	744	1,048
Alpha Real Capital	-	30,000
American Securities	2,198	948
Ancala Partners	349	748
Ascend Capital Partners	6,778	11,455
Brentwood Associates	5,667	5,967
Cabot Square	2,652	3,826
CarVal Investors (CVI) V	6,312	9,315
CDH Investments	3,855	4,677
Energy Capital Partners	4,135	3,833
Equis	1,438	1,350
Equitix Fund III	-	306
Equitix Fund VI	6,270	8,581
Folium Agriculture	158	275
FProp	13,234	8,801
Georgian Partners	1,737	3,012
GI Partners	8,281	13,114
Greencoat Renewable Income	3,910	51,859
Knight Frank	9,334	25,000
Libremax	22,600	22,720
Newmarket	392	8,640
NSSK	2,305	2,094
Rivage	18,389	21,241
Sun Capital Partners	2,081	5,337
SUSI	-	15,693
Waypoint	17,606	25,000
	158,005	**284,840**

In October 2018, the High Court determined that benefits provided to members who had contracted out of their pension scheme must be recalculated to reflect the equalisation of state pension ages between May 1990 and April 1997 for both men and women. The Trustee is now reviewing, with their advisers, the implication of this ruling on the Plan and the equalisation of guaranteed minimum pensions (GMP) between men and women; in the context of the rules of the Plan and the value of any liability. As soon as this review is finalised and any liability quantified, members will receive further communication and any impact on financial reporting will be considered by the Trustee.

In November 2020, the High Court handed down a further judgment on the GMP equalisation case in relation to the Lloyds Banking Group pension schemes. This follows from the original judgment in October 2018 which confirmed that pension schemes need to equalise pensions for the effect of unequal GMPs between males and females. This latest judgment confirms that defined benefit schemes which provide GMPs need to revisit and where necessary top up historic cash equivalent transfer values that were calculated based on unequalised benefits. The Trustee is currently assessing the impact on the Plan.

There are no other contingent liabilities at the year end (2022: £nil)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19 RELATED PARTY TRANSACTIONS

Key management personnel of the Plan

Three Trustee Directors receive remuneration for services provided to the Plan and are paid from Plan assets. One Trustee Director receives £45,000 p.a. whilst the other two Trustee Director receive maximum remuneration of £10,000 p.a. for their role as Trustee Director. None of the other Trustee Directors receive any remuneration for their services provided other than out of pocket expenses.

Of the Trustee Directors who served during the year and up to the current date, 3 (2022: 5) were members of the Plan, of which 3 (2022: 5) were active members and none were a pension member (2022: 0).

Other related parties

Whilst the Plan bears all of the direct costs of administration, certain costs are incurred by the Principal Employer which are not re-charged to the Plan.

Other than as disclosed elsewhere in the financial statements there were no other related party transactions.

20 EMPLOYER RELATED INVESTMENTS

As at 31 March 2023 and 31 March 2022, there were no employer related investments.

INDEPENDENT AUDITORS' STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEE OF JAGUAR PENSION PLAN

STATEMENT ABOUT CONTRIBUTIONS

Opinion

In our opinion, the contributions payable under the schedules of contributions for the plan year ended 31 March 2023 as reported in Jaguar Pension Plan's summary of contributions have, in all material respects, been paid in accordance with the schedules of contributions certified by the plan actuary on 29 April 2020, 30 June 2022 and 31 March 2023.

We have examined Jaguar Pension Plan's summary of contributions for the plan year ended 31 March 2023 which is set out on the following page.

Basis for opinion

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have, in all material respects, been paid in accordance with the relevant requirements. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the plan under the schedules of contributions, and the timing of those payments.

Responsibilities for the statement about contributions

Responsibilities of the trustee in respect of contributions

As explained more fully in the statement of trustee's responsibilities, the plan's trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions and for monitoring whether contributions are made to the plan by employers in accordance with relevant requirements.

Auditors' responsibilities in respect of the statement about contributions

It is our responsibility to provide a statement about contributions and to report our opinion to you.

Use of this report

This report, including the opinion, has been prepared for and only for the trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date:

SUMMARY OF CONTRIBUTIONS PAYABLE

The contributions payable to the Plan in the year under the Schedules of Contributions dated 29 April 2020, 30 June 2022 and 31 March 2023 were as follows:

	£'000
Contributions from Employer:	
Normal	43,321
Deficit funding	2,100
Additional	1,968
PPF levies	9,328
Contributions from Employees:	
Normal	266
Contributions payable under the Schedules of Contributions (as reported on by the Plan auditors)	56,983
Employees' additional voluntary contributions	290
Employer's augmentation contributions	8,000
Contributions reported in the financial statements	**65,273**

The Summary of Contributions was approved by Jaguar Land Rover Pension Trustees Limited and signed on its behalf by:

) Trustee Director

Date:

ACTUARIAL CERTIFICATE

Certification of schedule of contributions

Name of Scheme: Jaguar Pension Plan

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected, on 31 March 2021, to continue to be met for the period for which the schedule is to be in force.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 30 June 2022.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were wound up.

Signature	Lynda Whitney	Date	31 March 2023
Name	Lynda Whitney	Qualification	Fellow of the Institute and Faculty of Actuaries
Address	Parkside House Ashley Road Epsom Surrey KT18 5BS	Name of employer	Aon Solutions UK Limited

JAGUAR PENSION PLAN (THE "PLAN") - IMPLEMENTATION STATEMENT

Statement of compliance with the Jaguar Pension Plan's stewardship policy for the year ended 31 March 2023

Introduction

This is the Trustee's statement prepared in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. This statement sets out how the Trustee has complied with the Plan's Stewardship Policy during the 12-month period to 31 March 2023.

Stewardship Policy

The Trustee's stewardship (voting and engagement) policy sets out how the Trustee will behave as an active owner of the Plan's assets, which includes the Trustee's approach to:

- the exercise of voting rights attached to assets; and
- undertaking engagement activity, including how the Trustee monitors and engages with its fiduciary manager and any other stakeholders.

The Trustee is satisfied that it has complied with its stewardship policy over the year. The Trustee's stewardship policy is reviewed on, at least, an annual basis in line with the Plan's Statement of Investment Principles (SIP) review, which was last completed in December 2022. A copy of the SIP can be found at

https://members.pensionpal.co.uk/jaguarlandroverpensions.

The Trustee updated the Plan's SIP in December 2022, to reflect that the Trustee is a signatory to the 2020 Stewardship code. The Trustee will monitor both its compliance with the wider responsible investment policy and its ongoing appropriateness on a regular basis.

The Trustee's approach to voting and engagement is summarised below.

Policy Wording

Voting

The Trustee has delegated voting and engagement activity in respect of the underlying assets to the Plan's investment managers, the monitoring of which is provided by the Plan's fiduciary manager (Willis Towers Watson, WTW). The fiduciary manager is responsible for the Plan's return seeking and cashflow driven investment portfolios.

The Trustee expects as a minimum that:

- All votes should be exercised where feasible;
- Votes are cast by underlying asset managers selected by the fiduciary manager. The fiduciary manager is required to oversee voting policies and voting activity of underlying asset managers to ensure good practice;
- The fiduciary manager provides clear monitoring and reporting on voting activity, and that this is discussed in detail on at least an annual basis;
- In particular, votes on resolutions related to climate and other environmental actions should be considered carefully based on the specific request being made and the context of the company in question. The Trustee expects a high-level support for votes requiring greater disclosure or setting a business transition strategy consistent with the Paris Agreement. The fiduciary manager is expected to monitor this and explain any cases where such votes are not supported.

The Trustee believes that 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.

JAGUAR PENSION PLAN (THE “PLAN”) - IMPLEMENTATION STATEMENT (CONTINUED)

Engagement

The Trustee expects the fiduciary manager to encourage underlying investment managers, and its third-party specialist stewardship service, to promote underlying investee entities’ climate disclosures to be aligned with best practice, e.g. Task Force on Climate Related Financial Disclosures (“TCFD”), as the Trustee believes this will drive improved standards and transparency. The Trustee considers examples of engagement activity on an annual basis and prioritises climate-related examples.

Policy Implementation

WTW has appointed Federated Hermes Equity Ownership Services (“Hermes”) to undertake public engagement and advocacy work on behalf of the Global Equity Focus Fund, the largest equity holding of the Plan. Hermes represent US$1.34 trillion of assets (as at 31 December 2022), and so this allows the Plan to combine with other investors to increase their ability to influence change. WTW represents their clients, including the Plan, on the client advisory council at Hermes, providing input into the activities Hermes undertake.

Hermes work with policy makers and institutions around the world to better ensure that policies and standards are aligned with the interests of investors and best meet the needs of the end savers. Within a portion of the Plan’s public market equity portfolio, Hermes provide voting recommendation services to enhance engagement and help drive responsible ownership. Hermes engage with companies in the portfolio using a constructive, objectives-driven and continuous dialogue on Environmental, Social and Governance (ESG) issues.

The Trustee’s own engagement activity is focused on their dialogue with the fiduciary manager, which is undertaken in conjunction with their investment consultant. The Trustee assesses the performance of the fiduciary manager in relation to their stewardship responsibilities, and also the underlying investment managers via reporting provided by their fiduciary manager. The Trustee has also received presentations from Hermes in the past.

In 2021, the Trustee successfully applied to become a signatory to the 2020 UK Stewardship Code. In order to maintain its signatory status, an annual report must be submitted detailing the actions undertaken by the Trustee over the past 12 months. Work is ongoing to submit this year’s annual report by 31 October 2023.

JAGUAR PENSION PLAN (THE "PLAN") - IMPLEMENTATION STATEMENT (CONTINUED)

Voting activity

The Trustee seeks to ensure that its investment managers are exercising voting rights and, where appropriate, monitoring managers' voting patterns. The fiduciary manager monitors the voting and engagement policies and practices of the Plan's underlying investment managers. Following the development of its Responsible Investment Policy during the year, the Trustee will hold a dedicated session with its fiduciary manager at least once a year to discuss voting and engagement records.

As of 31 March 2023, the Plan did not hold any assets with voting rights. This represents a meaningfully different picture to the one presented as at 31 March 2022. Over the last twelve months, the Trustee focussed on increasing the level of collateral resilience within its Liability Driven Investment (LDI) portfolio. This objective was achieved by disinvesting from liquid growth assets.

However, post Plan year end, the TWIM Global Equity Focus Fund was added back to the Plan's portfolio. Given the role that the TWIM Global Equity Focus Fund played throughout the 2022/23 Plan year, the Trustee has decided to include the voting summary for this fund.

The Plan's investment managers have reported on how votes were cast in each of these mandates as set out in the table below.

Manager	**TWIM Global Equity Focus Fund**
Proportion of Plan assets as at 31 March 2023	0.0%
No. of meetings eligible to vote at during the year	150
No. of resolutions eligible to vote on during the year	2,548
% of resolutions voted	99
% of resolutions voted with management	87.6
% of resolutions voted against management	10.8
% of resolutions abstained	1.6
% of resolutions voted against recommendation of proxy adviser (if applicable)	10.5

The Trustee is satisfied that a very high proportion of the eligible resolutions have been voted on behalf of the Plan; TWIM Global Equity Focus Fund voting on 99%. Furthermore, the Trustee is encouraged by a healthy proportion of voting being carried out against company management as this signifies manager engagement on voting matters.

Finally, the Trustee is satisfied with the proportion of votes carried out against proxy advisers, where this is often symptomatic of the managers having their own voting policies in place. Over the 12 months to 31 March 2023, Towers Watson Investment Management voted against their proxy advisor on 10.5% of occasions.

JAGUAR PENSION PLAN (THE "PLAN") - IMPLEMENTATION STATEMENT (CONTINUED)

Significant votes

The Trustee has asked its fiduciary manager to report on the most significant votes cast by the underlying managers within the portfolios they manage on behalf of the Trustee. Managers were asked to provide examples of votes across areas that the Trustee has prioritised and therefore considers significant. This includes votes in relation to climate change, broader environmental issues, and diversity & inclusion. The managers were also asked to confirm 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.

An example of an environmental vote linked to climate change was provided, as was a diversity & inclusion example. From the managers' reports, the Trustee has identified the following votes as being of particular significance to the Plan:

Example 1

Cigna Corporation, 27 April 2022, vote for "Report on gender pay gap".

Holding represented c.1.4%

An underlying manager within the Town Watson Investment Management Global Equity Focus Fund (GEFF) voted for a proposal on Cigna Corporation to prepare a report on gender pay gap. The vote failed, in which the underlying manager voted for the proposal. The manager supports the disclosure of data to assess gender pay gap as the manager believes that this will positively support recruitment and human resource efforts. The manager regards this as a significant vote as diversity, equity and inclusion are important for the long-term success of the company in attracting and retaining talent which in turn is important for shareholders' interests.

Example 2

Pegasystems Inc., 15 June 2022, voted against election of Director.

Holding represented c.0.5%

An underlying manager within the Willis Tower Watson Investment Management Global Equity Focus Fund (GEFF) voted against a proposal to appoint a long-standing board member as director. The vote passed, in which the underlying manager voted against the proposal. While the manager recognised the overall experience of the candidate, their most recent executive experience dated back seventeen years. The manager believed the company might be better served by appointing a director with more recent experience and positive diversity attributes. The manager recognised that investors are likely to vote in line with the managements recommendation and they will likely continue to vote against the candidate.

Example 3

Amazon, 21 May 2022, vote for "Report on efforts to reduce plastic use".

Holding represented c.1.5%

An underlying manager within the Willis Tower Watson Investment Management Global Equity Focus Fund (GEFF) voted for a proposal for Amazon to produce a report on efforts to reduce plastic use. The vote was rejected, in which the underlying manager voted for the proposal. The manager supports proposals whether from management or shareholders which enhance transparency around environmental issues. The manager considers ESG factors to be an important consideration in influencing the long-term predictability and sustainability of the company's revenue and earnings growth. This represents the second consecutive year where the underlying manager has voted for a report on the implications of plastic packaging to be produced – this voting approach clearly articulates the manager's opinion on the importance of improving transparency on environmental matters.

JAGUAR PENSION PLAN (THE "PLAN") - IMPLEMENTATION STATEMENT (CONTINUED)

Engagement activity

In implementing its Responsible Investment Policy, the Trustee has had ongoing engagement with the fiduciary manager, thereby ensuring that the Trustee's priorities are properly understood, and that the fiduciary manager is in a position to reflect the Trustee's policy in the implementation and reporting on its investment arrangements.

Consistent with the Trustee's view that ESG factors can have a significant impact on investment returns, particularly over the long-term, the fiduciary manager believes that sustainable investment forms the cornerstone of successful long-term investment and has fully embedded the consideration of ESG factors in its processes.

The fiduciary manager's process for selecting, monitoring and de-selecting managers explicitly and formally includes an assessment of a manager's approach to sustainable investment (recognising that the degree to which these factors are relevant to any given strategy is a function of time horizon, investment style, philosophy and exposures). Where ESG factors are considered to be particularly influential to outcomes, the fiduciary manager engages with investment managers to improve their processes.

The Trustee holds meetings with its fiduciary manager on a regular basis where stewardship issues are discussed in further detail. This includes detailed assessment of the underlying characteristics of portfolios and stewardship activity. The Trustee's ongoing engagement with the fiduciary manager ensures that the Trustee's policy priorities are being integrated into reporting and stewardship activity and will form the basis of future monitoring and discussion with the fiduciary manager.

Collaborative activity

The Trustee recognises that the fiduciary manager is part of several industry wide initiatives and collaborative engagements including:

- Becoming a signatory to the 2020 UK Stewardship Code in the first wave, and subsequently retaining that status;
- Co-founding the Net Zero Investment Consultants Initiative in 2021 with eleven other investment consultants (including the Plan's Strategic Advisor);
- Joining the Net Zero Asset Managers Initiative in 2021, committing 100% of its discretionary assets
- Being a signatory of the Principles for Responsible Investment (PRI) and active member of their Stewardship Advisory Committee;
- Being a member of and contributor to the Institutional Investors Group on Climate Change (IIGCC)
- Co-founding the Investment Consultants Sustainability Working Group;
- Continuing to lead collaboration through the Thinking Ahead Institute and WTW Research Network;
- Being a founding member of The Diversity Project; and
- Being an official supporter of the Transition Pathway Initiative.

The Trustee benefits from the fiduciary manager's involvement in these collaborative initiatives as the fiduciary manager is able to use its industry presence to champion positive change on the Plan's behalf.

The fiduciary manager also partners with Hermes EOS which provides both stewardship and broader advocacy services. One component of the partnership is undertaking public policy engagement on behalf of its clients. This engagement is done in conjunction with regulators and industry bodies to help shape capital markets and the environment in which companies and their investors operate.

JAGUAR PENSION PLAN (THE “PLAN”) - IMPLEMENTATION STATEMENT (CONTINUED)

The Trustee benefits from this relationship as Hermes EOS are dedicated specialists that are able to influence policy in respect of over US$1.34 trillion of assets. In addition, through its relationship with the fiduciary manager, the Trustee is able to provide input to future engagement priorities from Hermes, thereby contributing to broader levels of corporate engagement.

Summary of manager engagement activity

The Trustee receives regular reporting from its fiduciary manager on the engagement activity of its investment managers. The following table summarises the key engagement activity for the 12-month period to 31 March 23.

Manager	Number of engagements	Summary of topics engaged on
Hermes EOS (on behalf of WTW)	606 engagements across 155 companies	Environmental: climate change, forestry and land use; pollution management, waste management; supply chain management and water Social: Diversity; bribery and corruption; human capital management; human rights; labour rights; conduct and culture and tax Governance: board independence; executive remuneration; shareholder protection and rights; succession planning; audit and accounting and cyber security

Use of a proxy adviser

The below table details where investment managers have appointed a proxy advisor to advise on voting and/or conduct company engagement.

Manager	Proxy Advisor used
TWIM (Fiduciary Manager)	Federated Hermes Equity Ownership Services

The fiduciary manager has confirmed that they are comfortable with all the managers from a stewardship perspective. This will continue to be monitored by the Trustee over the next 12 months.

JAGUAR PENSION PLAN (THE "PLAN") - IMPLEMENTATION STATEMENT (CONTINUED)

Review of policies

The fiduciary manager monitors the stewardship and ESG approach of the Plan's Return-Seeking and Cashflow Driven investment managers and reports to the Trustee. Through its Investment Implementation Committee, the Trustee has engaged with its fiduciary manager several times throughout the year on responsible investment issues.

This has contributed to the development of the Trustee's own Responsible Investment Policy. Going forward, the Trustee will be monitoring adherence with its Responsible Investment Policy, including a review of its ongoing appropriateness on at least an annual basis.

The Trustee is satisfied that the approach to stewardship set out in its responsible investment policy is suitable for the Plan.

Approved by the Trustee and signed on behalf of Jaguar Land Rover Pension Trustees Limited:

Signature:____________________________ Name:_______________________________

Capacity: ____________________________ Date:________________________________

STATEMENT OF INVESTMENT PRINCIPLES

Introduction

1. This document is the Statement of Investment Principles ('SIP') made by the Trustee of the Jaguar Pension Plan (the 'Plan') in accordance with the requirements of Section 35 of the Pensions Act 1995 (as amended by the Pensions Act 2004 and regulations made under it).
2. The Trustee will review this SIP at least every three years and without delay after any significant change in investment policy. Before finalising this SIP, the Trustee took written advice from Hymans Robertson LLP and consulted Jaguar Land Rover Limited (the 'Employer'). The ultimate power and responsibility for deciding investment policy, however, lies solely with the Trustee.

Plan objectives

3. The primary objective of the Trustee is to meet its obligations to beneficiaries of the Plan. Following the 2018 actuarial valuation and subsequent investment review, the Trustee's strategy is designed to target a level of funding that allows the Plan to be fully invested in a low risk portfolio that generates sufficient income to pay benefits as and when they are due.
4. In seeking to achieve these objectives, the Trustee will initially establish a cashflow matching portfolio in respect of the cohort of pensioner liabilities as set out in the 2018 valuation, and look to generate sufficient returns on the rest of the portfolio that allows the cashflow matching portfolio to be increased over time. In addition, the Trustee is mindful of the need to:
    - take account of prevailing market conditions when positioning the portfolio at any point in time
    - limit the risk of the assets failing to meet the liabilities over the long term, noting that asset growth is expected to be made up of investment returns (capital growth and income generation) plus future contributions
    - review performance and risk regularly and amend the portfolio as appropriate
    - protect and respect the reputation of the Plan, its beneficiaries and the Company
    - encourage its Investment Managers to exercise its investor rights and responsibilities with the aim of protecting and enhancing long term value

Investment strategy

5. The Trustee has established a Financial Strategy Committee ("FSC") that has received advice to determine an appropriate investment strategy (incorporating sustainable investment considerations) for the Plan. The FSC regularly monitors the appropriateness of the investment strategy in view of changes to the market outlook, covenant and funding issues. The Trustee has also established an Investment Implementation Committee ("IIC") to oversee and monitor the execution of the Plan's investment strategy. All decisions of the FSC and IIC will be recorded in committee minutes and made available to the full Trustee Board.
6. The investment strategy makes use of four key types of investments:
    - a range of assets including (but not limited to) corporate bonds, government bonds and secure income assets that are expected to provide the appropriate cashflows to match pensioner liabilities
    - a diversified range of return-seeking assets, including (but not limited to) equities, corporate bonds, property, insurance and commodities
    - derivative instruments to manage the Plan's exposure to risks, including interest rate, inflation and currency risks
    - actively managed portfolios
7. The balance within and between these investments will be determined from time to time with regard to maximising the chance of achieving the Plan's investment objective and the changes in the Plan's membership

STATEMENT OF INVESTMENT PRINCIPLES (CONTINUED)

8. The Plan will hold assets in cash and other money market instruments from time to time as may be deemed appropriate.
9. The Trustee will monitor the liability profile of the Plan and will review at least every three years but more frequently if deemed necessary, in conjunction with the Investment Consultants (Hymans Robertson LLP) and the Plan Actuary, the appropriateness of its investment strategy.
10. The expected return of an investment and/or its ability to generate liability matching cashflows will be monitored at least quarterly and will be directly related to the Plan's investment objective.
11. The Trustee's policy is that there will be sufficient investments in cashflow generating assets and other liquid return-seeking assets to meet cashflow requirements in foreseeable circumstances so that the realisation of assets will not disrupt the Plan's overall investments, where practicable. The Trustee, together with the Plan's administrators, will also hold a balance of cash to help meet unanticipated benefit and other payment obligations.

Investment Managers

12. The Trustee has delegated investment manager selection and de-selection to the Fiduciary Manager (Towers Watson Limited) (with the exception of the LDI mandate which is the responsibility of the Trustee in consultation with the Investment Consultants). Both the Fiduciary Manager and the Investment Consultants will be responsible for manager monitoring, with the Investment Consultants also responsible for oversight of the Fiduciary Manager.
13. In accordance with the Financial Services and Markets Act 2000, the Trustee will set general investment policy, but will delegate the responsibility for selection of specific investments to an appointed Investment Manager or managers. The Investment Manager(s) shall provide the skill and expertise necessary to manage the investments of the Plan competently.
14. The Trustee is not involved in the Investment Managers' day-to-day method of operation and does not directly seek to influence attainment of their performance targets. The Fiduciary Manager and Investment Consultants will maintain processes to ensure that performance is assessed on a regular basis against a measurable objective for each relevant manager, consistent with the achievement of the long term objectives, and an acceptable level of risk.
15. The Trustee recognises that a company's long-term financial success can be influenced by a wide range of factors including environmental, social and corporate governance (ESG) issues. Consequently the Trustee's policy, as advised by the Investment Consultants, is to be an active long-term investor (through the delegation of investment manager selection, de-selection and monitoring and its associated approach to ESG issues, as set out in 16,17 and 18 below). The Trustee's focus is primarily on financially material considerations rather than non-financially material or ethical considerations.
16. The Trustee has given the fiduciary manager a target return for delegated mandates, which overall will align to deliver the broader Plan investment strategy. The LDI manager also has a target benchmark against which to manage their mandate. The Trustee reviews the nature of Plan investments on a regular basis, with particular reference to suitability and diversification. The Trustee has delegated implementation of the investment strategy to the Fiduciary Manager and LDI manager, both within agreed guidelines. The Fiduciary manager is responsible for ensuring the appropriateness of each manager and mandate for the Plan, particularly in relation to diversification, risk, expected return and liquidity. The Trustee recognises the long term nature of its liability profile and sets mandate guidelines designed to generate long term sustainable returns. Performance is reviewed on a regular basis against a series of metrics, including financial performance relative to the benchmark and objectives, the exercise of stewardship responsibilities (including engagement with issuers), and the management of risks. Material deviation from performance or risk targets is likely to result in the mandate being formally reviewed.

STATEMENT OF INVESTMENT PRINCIPLES (CONTINUED)

17. The Investment Consultants advises on the overarching ESG approach taken by the Plan, with implementation provided by the Fiduciary Manager and LDI manager. The Fiduciary Manager has a dedicated Sustainable Investment resource and a network of subject matter experts. The consideration of ESG issues is fully embedded in the investment manager selection and portfolio management process, with oversight undertaken on an ongoing basis, across both the return-seeking portfolio and cashflow matching portfolio (as appropriate). Whilst noting there may be limitations for each investment manager and asset strategy, the Fiduciary Manager expects investment managers to have ESG processes that align with the investment risk and return characteristics of the strategy. Where an investment manager's processes are deemed insufficient by the Fiduciary Manager and the investment manager does not take steps to improve their approach, the investment manager's position in the portfolio will be reviewed and/or a decision may be taken not to proceed with an investment. The Fiduciary Manager monitors the stewardship and ESG approach of the Plan's return-seeking investment managers and cashflow matching investment managers (as appropriate) and reports to the Trustee at least once a year.

18. Both the Fiduciary Manager and Investment Consultants consider a range of sustainable investment factors, such as, but not limited to, those arising from ESG considerations, including climate change, in the context of a broader risk management framework. The degree to which these factors are relevant to any given strategy is a function of time horizon, investment style, philosophy and particular exposures which the Fiduciary Manager takes into account in the assessment. The Trustee expects the Fiduciary Manager to encourage the Plan's investment managers to sign up to local or other applicable Stewardship Codes, in-keeping with good practice, subject to the extent of materiality for certain asset classes. The Fiduciary Manager and the Investment Consultants are a signatories to the Principles for Responsible Investment (PRI) and the UK Stewardship Code and are actively involved in external collaborations and initiatives. The Trustee is a signatory to the 2020 UK Stewardship Code and has provided a statement of compliance which is available at www.frc.org.uk.

19. The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers. The Fiduciary Manager has appointed Hermes EOS to undertake public policy engagement on its behalf as well as company-level engagement and the provision of voting advice for the Plan's equity investments. The Trustee separately considers any conflicts of interest arising in the management of the Plan and its investments.

20. Whilst the Trustee expects performance to be delivered net of costs, including the costs of trading within the portfolio, the Trustee expects the Fiduciary and LDI managers to report on at least an annual basis on the underlying assets held within the portfolio with a summary of any transactions over the period. Going forward, the Trustee intends to review the costs incurred by the Fiduciary and LDI manager over the Plan reporting year. As part of this review, where possible, the Trustee will compare costs to the theoretical portfolio turnover and cost for an appropriate index.

Other matters

21. The Plan is a Registered Pension Scheme for the purposes of the Finance Act 2004.

22. The Plan's AVC arrangement provides for benefits to be accrued on a money purchase basis, with the value of members' funds being determined by the value of accumulated contributions adjusted for investment returns net of charges. In selecting appropriate investments, the Trustee is aware of the need to provide a range of investment options, which broadly satisfy the risk profiles of all members, given that members' benefits will be directly determined by the value of the underlying investments.

23. The Trustee recognises a number of risks involved in the investment of the Plan's assets:

    - Deficit risk:
        - is measured through a qualitative and quantitative assessment of the expected development of the liabilities relative to the current and alternative investment policies.

STATEMENT OF INVESTMENT PRINCIPLES (CONTINUED)

- is managed through assessing the progress of the actual growth of the liabilities relative to the selected investment policy.

- Manager risk:
  - is measured by the expected deviation of the return relative to the benchmark set.
  - is managed by limiting exposure to any one Investment Manager, consideration of the appropriate amount of the Plan to allocate to each active portfolio and by monitoring the actual deviation of returns relative to the benchmark and factors supporting the managers' investment process.
  - The Trustee does not expect managers to take excess short-term risk and will regularly monitor the performance against the benchmarks and objectives set on a short, medium and long terms basis.
- Cashflow matching risk:
  - is measured by a comparison between the level and nature of the pensioner benefit cashflows required by the Plan over a specified period relative to projected asset income from the Plan's cashflow matching assets over that same period.
  - is managed by the Plan's cashflow matching portfolio being appropriately structured, implemented and monitored in order that the anticipated benefit cashflows can be met with a high degree of certainty.
- Liquidity risk:
  - is measured by the potential unexpected cashflow requirements that could occur. This could be the result of collateral requirements in the asset portfolio, member choices (transfers out) or demographic changes.
  - is managed by working with the Investment Consultants, Fiduciary Manager, Plan Actuary and administrator to understand the potential variation in these cashflow requirements (scenario analysis), clear working practices between these parties to identify and communicate cashflow requirements as soon as practicable, and through holding an appropriate level of cash and liquid assets within the portfolio.
- Currency risk:
  - is measured by the level of exposure to non-Sterling denominated assets.
  - is managed by the implementation of a currency hedging programme (through a combination of a segregated currency hedging overlay and currency hedging carried out by some of the Plan's Investment Managers) which reduces the impact of exchange rate movements on the Plan's asset value.
- Interest rate and inflation risk:
  - is measured by comparing the likely movement in the Plan's liabilities and assets due to movements in inflation and interest rates.
  - is managed by holding a portfolio of matching assets (physical bonds and/or derivatives) that enable the Plan's assets to better-match movements in the value of the liabilities due to inflation and interest rates.
- Political risk:
  - is measured by the level of concentration of any one market leading to the risk of an adverse influence on investment values arising from political intervention.
  - is managed by regular reviews of the actual investments relative to policy and through the level of diversification within the existing policy.
- Sponsor risk:
  - is measured by receiving regular financial updates from the Employer and periodic independent covenant assessments.
  - is managed through an agreed contribution and funding schedule.
- Counterparty and default risk:
  - is measured through a combination of market indicators (credit ratings and credit default swap spreads) and qualitative considerations.
  - is managed by having a diverse range of counterparties and through the negotiation of a suitable collateralisation process where appropriate. The Trustee has delegated the measurement and management of counterparty risk to the relevant Investment Managers.

MEMBERS' INFORMATION

INTRODUCTION

The Plan is a defined benefit scheme and is administered by Mercer Limited in accordance with the establishing document and rules, solely for the benefit of its members and other beneficiaries.

The registration number in the Register of Occupational and Personal Pension Schemes is 10154222.

Other information

(i) The Trustee is required to provide certain information about the Plan to the Registrar of Pension Schemes. This has been forwarded to:

Pension Tracing Service The Pension Service 9 Mail Handling Site A Wolverhampton WV98 1LU	www.gov.uk/find-pension-contact -details 0800 731 0193

(ii) The Pensions Ombudsman may investigate and determine any complaint or dispute of fact or law in relation an occupational pension scheme. Any such complaints should be addressed in the first instance to the Trustee. Enquiries should be addressed to:

The Pensions Ombudsman 10 South Colonnade Canary Wharf London E14 4PU	enquiries@pensions-ombudsman.org.uk 0800 917 4487 www.pensions-ombudsman.org.uk

(iii) The Pensions Advisory Service exists to assist members and beneficiaries of schemes in connection with difficulties which they have failed to resolve with the trustees or administrators of the scheme. TPAS may be contacted at:

The Money and Pensions Service 120 Holborn London EC1N 2TD	https://www.pensionsadvisoryservice.org.uk/chat 0800 011 3797 www.pensionsadvisoryservice.org.uk

(iv) The Pensions Regulator (TPR) can intervene if it considers that a scheme's trustees, advisers or the employer are not carrying out their duties correctly. The address for TPR is:

Telecom House
125-135 Preston Rd
Brighton and Hove
Brighton
BN1 6AF

(v) The Pension Protection Fund (PPF) was introduced to protect members' interests in certain circumstances, i.e. to provide compensation where an employer has become insolvent and the scheme assets have been reduced due to fraud, theft, or misappropriation. It does not cover losses resulting from adverse investment returns.

The PPF is funded by a levy on occupational pension schemes.

(vi) The Trust Deed and Rules, the Plan details and a copy of the Statement of Investment Principles are available for inspection free of charge by contacting the Trustee at the address shown for enquiries in this report. Any information relating to the members' own pension position, including estimates of transfer values, should also be requested from the Plan Administrators at the address on page 2 of this report.