Jaguar Pension Plan

Statement of Investment Principles

December 2024

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. 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 has established a cashflow matching portfolio in respect of the current pensioner liabilities, and looks to generate sufficient returns on the rest of the portfolio that allows the cashflow matching portfolio to be increased over time as more members retire. 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 three key types of investments:

- a range of assets including (but not limited to) corporate bonds, alternative credit 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, and private market investments.
- derivative instruments and government bonds to manage the Plan's exposure to risks, including interest rate and inflation risks.

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. The Trustee has translated its objectives into a suitable strategic benchmark for the Plan. This benchmark is consistent with the Trustee's view of balancing long-term return on investments and short-term volatility.

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 Strategic Investment Advisor (Hymans Robertson LLP) and the Plan Actuary (Aon), the appropriateness of its investment strategy.

10 The investment strategy takes account of the maturity profile of the Plan (in terms of the relative proportion of liabilities in respect of pensioners and non-pensioners), together with the funding position and the Trustee's view of the covenant of the sponsoring employer.

11 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.

12 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

13 The Trustee has delegated investment manager selection and de-selection to the Fiduciary Manager (Willis Towers Watson) (with the exception of the LDI mandate which is the responsibility of the Trustee in consultation with the Strategic Investment Advisor). Both the Fiduciary Manager and the Strategic Investment Advisor will be responsible for manager monitoring, with the Strategic Investment Advisor also responsible for oversight of the Fiduciary Manager.

14 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.

15 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 Strategic Investment Advisor 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.

16 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 Strategic Investment Advisor, 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 17,18 and 19 below). The Trustee's focus is explicitly on financially material considerations rather than non-financially material or ethical considerations.

17 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.

18 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.

19 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.

20 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 Fiduciary Manager, on behalf of the Trustee, encourages and expects 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.

21 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 reviews manager voting activity on a periodic basis in conjunction with their investment adviser and uses this information as a basis for discussion. The Trustee separately considers any conflicts of interest arising in the management of the Plan and its investments. The Trustee has established a responsible investment policy which summarises the responsible investment objectives of the Trustee and the actions that will need to be taken to achieve these objectives.

22 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. The Trustee will review the costs incurred by the Fiduciary and LDI manager over the Plan reporting year. Where possible, the Trustee will compare costs to the theoretical portfolio turnover and cost for an appropriate index.

Other matters

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

24 The Plan's AVC arrangement enables 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.

25 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.
  - 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 Strategic Investment Advisor, 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 (implemented via 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 held and through the level of diversification within the investment strategy.
- Sponsor risk:

- is measured by receiving regular financial updates from the Employer and regular independent covenant assessments.

- is managed by adopting an investment strategy that takes into consideration the Employer covenant and funding level.

- 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.

- Climate risk:

  - is measured through a qualitative and quantitative assessment of carbon emissions owned and carbon footprint.

  - is managed via regular monitoring of the Plan's exposure to climate change related risks, including but not limited to carbon emissions, physical impacts and the expected transition to a low-carbon economy.

Signed:

Name:

Date:

Authorised for and on behalf of the Trustee of the Plan