

# LAND ROVER PENSION SCHEME

## ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

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### SCHEME ADVISERS AND PRINCIPAL EMPLOYER

<b>TRUSTEE</b>	Jaguar Land Rover Pension Trustees Limited Registered Office: Abbey Road, Whitley Coventry Warwickshire, CV3 4LF
<b>SECRETARY TO TRUSTEE</b>	H Cairns
<b>SECRETARY TO TRUSTEE DIRECTORS</b>	R Brown
<b>CONTACT FOR SCHEME RELATED ENQUIRIES</b>	R Brown Abbey Road, Whitley Coventry Warwickshire, CV3 4LF Email: <a href="mailto:rbrown19@jaguarlandrover.com">rbrown19@jaguarlandrover.com</a>
<b>PRINCIPAL EMPLOYER</b>	Jaguar Land Rover Limited Abbey Road, Whitley Coventry Warwickshire, CV3 4LF
<b>SCHEME ADMINISTRATOR</b>	Mercer Limited (until 31 December 2023)  Aptia UK Limited (from 1 January 2024) Post Handling Centre Maclaren House, Talbot Road Stretford Manchester M32 0FP Email: <a href="mailto:landrover@mercerc.com">landrover@mercerc.com</a>
<b>SCHEME ACTUARY</b>	Lynda Whitney FIA Aon Solutions UK Limited Aon, 3 <sup>rd</sup> Floor, Epsom Gateway, 2 Ashley Avenue Epsom, Surrey, KT18 5AL
<b>INDEPENDENT AUDITORS</b>	PricewaterhouseCoopers LLP 1 Embankment Place London, WC2N 6RH
<b>BANKERS</b>	Royal Bank of Scotland London Corporate Banking Centre 62 – 63 Threadneedle Street London, EC2R 8LA
<b>LEGAL ADVISERS</b>	Squire Patton Boggs (UK) LLP Rutland House, 148 Edmund Street, Birmingham, B3 2JR  Linklaters LLP 1 Silk Street London, EC2Y 8HQ

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### SCHEME 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  
Alliance Bernstein (from August 2023)  
Advent International  
Aikya Investment Management (from August 2023)  
Alpha Real Capital  
American Securities LLC  
Ancala Partners LLP  
Ascend Capital Partners  
Aviva Investors Management Limited  
AXA Investment Management  
Brentwood Associates  
BlackRock  
Cabot Square Capital LLP  
CarVal Investors LP  
CDH Investments  
Energy Capital Partners LLP  
Equis Funds Group Pte Limited (until June 2023)  
Equitix Investment Management Limited  
Folium Capital  
First Property Asset Management Limited  
Fulcrum Asset Management (until February 2023)  
Georgian Partners  
GI Partners  
Greencoat Capital

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SCHEME ADVISERS AND PRINCIPAL EMPLOYER (CONTINUED)

**INVESTMENT MANAGERS (continued)**

HayFin Direct Lending GP Limited  
Insight Investment Management  
Knight Frank Investment Management  
LJ Capital (now called Alvarium)  
Legal & General Investment Management  
LibreMax Capital  
Macquarie Investments (UK) Limited  
Newmarket Capital  
Northern Trust Global Investments  
NSSK (INTL) Investments LP  
Partners Group Management  
Pretium Partners  
Phoenix Property Investors  
Rivage Investments  
Robeco Investment Management (from August 2023)  
Schroders Investment Management Limited  
Sun Capital Partners  
SUSI Partners  
Towers Watson Investment Management  
Trident Capital (now called ForgePoint Capital)  
Waterfall Asset Management LLC  
Waypoint Asset Management

**AVC MANAGERS**

Legal & General Assurance (Pensions Management) Limited  
Prudential Assurance Company Limited

# LAND ROVER PENSION SCHEME

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### REPORT OF THE TRUSTEE

The Trustee of Land Rover Pension Scheme (the "Scheme") is pleased to present its report together with the financial statements for the year ended 31 March 2024.

The Scheme was established in November 2000 and is governed by a definitive Trust Deed as amended from time-to-time. The Scheme was closed to new members in April 2010.

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

#### **MANAGEMENT OF THE SCHEME**

Jaguar Land Rover Pension Trustees Limited acted as Trustee of the Scheme for the year ended 31 March 2024.

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 a similar 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 complement of 12 Trustee Directors (with one company nominated vacancy) 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 Scheme on a completely independent basis and in the interests of all the members.

The principal functions of the Trustee are to:

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

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

#### **SCHEME ADMINISTRATOR**

The administration of the Scheme was carried out by Mercer Limited at the beginning of the Scheme year.

On 1 January 2024, the Mercer Limited UK pension administration business was acquired by Aptia UK Limited. As a result, Aptia UK Limited is now the pension administration service provider for the Scheme.

Enquiries about the Scheme generally or about an individual's entitlement to benefits should be addressed to the Scheme Administrator at the address on page 2.

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## YEAR ENDED 31 MARCH 2024

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### 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 Scheme and the equalisation of guaranteed minimum pensions (GMP) between men and women; in the context of the rules of the Scheme 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 continues to assess the financial impact on the Scheme.

#### VIRGIN MEDIA CASE

In June 2023, the High Court handed down a decision in the Virgin Media Ltd versus NTL Pension Trustees II Ltd, which considered the implications of section 37 of the Pension Schemes Act 1993, which required that the rules of a salary-related contracted-out pension scheme cannot be altered, in relation to post April 1997 service, unless the actuary confirmed that the scheme would continue to satisfy the statutory standards. The High Court found that, where the required actuarial confirmation was not supplied, the effect of section 37 was to render the relevant amendment to any contracted-out right automatically void. It also held that references in the legislation included both past and future service rights and that the requirement for actuarial confirmation applied to all amendments to the rules of a contracted-out scheme. This decision was appealed to the Court of Appeal and, in July 2024, the Court of Appeal upheld the decision of the High Court.

The Trustee is monitoring the position and will consider the possible implications, if any, for the Scheme of the above with its advisers and what steps, if any, it wishes to take. Therefore, it is not possible, at present, to estimate the potential impact, if any, on the Scheme.

#### TRUSTEE OF THE SCHEME

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 (resigned 31 March 2024) current vacancy	*
E Bolton	****	G Dixon	**
K Close	**	S Stephenson (Deputy Chair)	***

##### Member-Nominated Directors

D Betteley	**	M Sinclair Taylor	*
D Cotterill	***	S Evans	*
W Culshaw	***	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

On 16 October 2024, Dalriada Trustees Limited were appointed as a Company-Nominated Director.

The Trustee met six times during the year.

# LAND ROVER PENSION SCHEME

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### REPORT OF THE TRUSTEE (CONTINUED)

#### **TRUSTEE OF THE SCHEME (continued)**

One Trustee Director receives £45,000 p.a. whilst the other two Trustee Directors 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 Scheme. It is the intention to carry on with this process each year to increase the Directors' level of knowledge and understanding of the Scheme. 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 Scheme, 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 Scheme, oversees the actuarial valuation process and seeks to balance and mitigate risk in collaboration with the Principal Employer.

**The Risk, Audit & Governance Committee** reviews and makes recommendations about changes to the Scheme rules, changes to member booklets. It monitors and reviews the Scheme administrator, legal adviser and auditors. It also reviews the Scheme's annual report and financial statements together with the Scheme'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 is a signatory to the UK Stewardship Code (2020) and successfully maintained its accreditation in 2023. Stewardship, responsible investment and Environmental, Social and Governance (ESG) policies and implementation policy are the responsibility of the Investment Implementation Committee. The Trustee also publishes annually its Taskforce for Climate-related Financial Disclosures Report on its publicly available website.

#### **ACTUARIAL VALUATION**

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

The most recent valuation was carried out by the Scheme Actuary, Lynda Whitney, with an effective date of 31 March 2021. The purpose of this review was to confirm the financial position of the Scheme and to recommend the rates of the contributions payable to the Scheme in the future. The valuation revealed that there was a shortfall of assets relative to the Scheme's technical provisions at 31 March 2021 of £100m. To help meet this shortfall, the Trustee agreed with the Principal Employer that the Principal Employer would make deficit funding payments until 30 June 2022.



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### 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 Scheme members on request.

The most recent triennial actuarial valuation of the Scheme was carried out as at 31 March 2021 (based on technical provisions) with further annual updates carried out as at 31 March 2022 and 31 March 2023.

	<b>2023</b>	<b>2022</b>	<b>2021</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Value of assets available to meet technical provisions	2,820	4,074	4,134
Value of liabilities in respect of technical provisions	<u>(2,812)</u>	<u>(3,925)</u>	<u>(4,234)</u>
Surplus/(Deficit)	<u>8</u>	<u>149</u>	<u>(100)</u>
Funding level	100%	104%	98%

Between 31 March 2021 and 31 March 2022 the funding level improved and the deficit became a surplus. The main reason for this was investment returns achieved being better than expected and contributions paid. Between 31 March 2022 and 31 March 2023 the funding level deteriorated and the surplus reduced. The main reason for this was investment returns achieved being worse than expected.

Although there are no current plans to discontinue the Scheme 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:

	<b>2021</b>
	<b>£m</b>
Value of assets available to meet solvency liabilities	4,134
Value of solvency liabilities	<u>(7,163)</u>
Deficit	<u>(3,029)</u>
Solvency level	58%

The value of technical provisions is based on Pensionable Service to the valuation date and assumptions about various factors that will influence the Scheme in the future, such as the future levels of investment returns and 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.

# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

### REPORT OF THE TRUSTEE (CONTINUED)

#### REPORT ON ACTUARIAL LIABILITIES (continued)

##### Significant actuarial assumptions

Discount rate (non-CDI portfolio):	UK Government Gilt Nominal Yield Curve plus 1.25% p.a.
Discount rate (CDI portfolio):	UK Government Gilt Nominal Yield Curve plus an agreed spread intended to reflect the yield on the assets in the cashflow matching portfolio at the effective date of calculation, less a margin for prudence and return enhancement. At 31 March 2021 the spread was 1.20% p.a.
Retail Prices Index (RPI) inflation (non-CDI portfolio):	UK Government Gilt implied RPI Curve less 0.1% p.a. before 2030 and less 0.2% p.a. thereafter
RPI inflation (CDI portfolio):	UK Government Gilt implied RPI Curve
Consumer Prices Index (CPI) inflation:	RPI less a deduction in line with Aon's best estimate view of the difference between RPI and CPI at the effective calculation date, for example at 31 March 2021 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 is being carried out as at 31 March 2024.

#### CONTRIBUTIONS

The Schedule of Contributions in effect at the start of the year was certified by the Scheme Actuary on 31 March 2023. Under this Schedule, the Trustee and Principal Employer have agreed a mechanism under which employer normal 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 Earnings. Under the Schedule, employer normal contributions for active members over the year were paid at a rate of 10% of Pensionable Earnings.

In addition, under the Schedule, 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 the Schedule, members contributing at the lower rate pay 7% of Pensionable Earnings and members contributing at the higher rate pay 11% of Pensionable Earnings. 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 Scheme during the year is set out on page 49.

The latest actuarial certificate of the Schedule is set out on page 50.

# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

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### REPORT OF THE TRUSTEE (CONTINUED)

#### **FINANCIAL REVIEW**

The Scheme's financial statements on pages 24 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 £2,841.5m at 31 March 2023 to £2,715.2m at 31 March 2024.

The Fund Account on page 24 shows that the net withdrawals arising from dealings with members for the year ended 31 March 2024 were £42.3m (2023: £115.0m). The net return on the Scheme's investments for the year was a deficit of £84.0m (2023: deficit of £1,139.3m). The Scheme's net assets decreased by £126.3m (2023: decreased by £1,254.3m) in the year to £2,715.2m (2023: £2,841.5m).

#### **TAXATION STATUS**

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

#### **TRANSFER VALUES**

All transfer values paid out during the period 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**

The Scheme 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.

An increase of 5.0% for pre-CARE members (supplementary members 3%) and an increase of 2.5% for CARE members was paid in May 2023 (2022: pre-CARE 5.0% and CARE 2.5%), to members who retired before 1 April 2017.

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 May 2023 (2022: 3.0%). Increases to GMPs accrued before 6 April 1988 are paid by the State.

There were no discretionary pension increases during the year.

# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

### REPORT OF THE TRUSTEE (CONTINUED)

#### MEMBERSHIP

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

	31 March 2024	31 March 2023
<b>Active members</b>		
Opening members	3,195	3,360
Adjustments	(1)	(15)
Retirements	(39)	(36)
Deaths	(4)	(3)
Members leaving with preserved benefits	(26)	(111)
Transfers out during the year	(2)	-
Opt outs/No liability	(6)	-
<b>Active members at the end of the year</b>	<u>3,117</u>	<u>3,195</u>
<b>Preserved and deferred members</b>		
Opening members	2,080	2,254
Adjustments	(7)	6
Leavers with preserved benefits	26	111
Retirements	(89)	(110)
Transfers out during the year	(3)	(178)
Deaths	(6)	(3)
Opt outs/No liability	(1)	-
<b>Preserved and deferred at the end of the year</b>	<u>2,000</u>	<u>2,080</u>
<b>Pensioners</b>		
Opening members	4,604	4,479
Adjustments	8	21
Retirements	128	146
New spouses and dependants	37	65
Full commutations	(1)	(2)
Deaths	(74)	(89)
Pensions ceased	(9)	(16)
<b>Pensioners at the end of the year</b>	<u>4,693</u>	<u>4,604</u>
<b>Total membership at the end of the year</b>	<u>9,810</u>	<u>9,879</u>

Pensioners include 647 (2023: 636) 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.

# LAND ROVER PENSION SCHEME

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### REPORT OF THE TRUSTEE (CONTINUED)

#### INVESTMENT REPORT

##### Investment strategy

The Trustee's long-term objective is to reach full funding on a prudent measure of liabilities to enable the Scheme to invest 100% of assets into a cashflow driven investment ("CDI") portfolio that generates cash 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 LDI portfolios to the CDI portfolio so that a low level of investment risk is in place as the Scheme 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 Scheme. 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 Scheme's liabilities (payments that the Scheme is obligated to pay to pensioners);
- Diversify the Scheme'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 Scheme'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 Scheme's 'return-seeking' investments seek to generate sufficient return in excess of the Scheme's liabilities to meet the Scheme's funding objective over the long-term. These investments can 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 active managers can increase return and where fees are considered reasonable.
- The Scheme's 'liability matching' assets seek to 'match' changes in the value of a proportion of the Scheme'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.

The Trustee has given the Fiduciary Manager a target return for delegated mandates which, overall, will align to deliver the broader Scheme investment strategy. The LDI manager also has a target benchmark against which to manage their mandate. The Trustee reviews the nature of Scheme 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 Scheme, 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.

# LAND ROVER PENSION SCHEME

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### REPORT OF THE TRUSTEE (CONTINUED)

#### INVESTMENT REPORT (continued)

##### Investment strategy (continued)

The Strategic Investment Advisor advises on the overarching ESG approach taken by the Scheme, 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 Scheme'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 Scheme'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](http://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 Scheme's investments. The Trustee separately considers any conflicts of interest arising in the management of the Scheme 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.

Over the course of the year the Scheme's funding level on a technical provisions basis, a key metric for monitoring the Scheme's progress against its objectives, remained the same as 2023, at 100%. The Scheme's return seeking and CDI portfolios fell in value; however, this was largely offset by the increase in real gilt yields, which reduced the estimate of the Scheme's liabilities.

As at 31 March 2024, 29.4% (2023: 29.1%) of the total investment portfolio was held in the return-seeking portfolio, 45.4% (2023: 44.8%) was invested in the CDI portfolio and 24.4% (2023: 25.3%) was invested in the liability matching portfolio.

On 10 October 2024, the Trustee utilised a credit facility put in place with the Scheme's custodian, Northern Trust. This has involved temporarily borrowing £150m over a short period of time covering both the UK budget and US general election, when investment markets may be more volatile than usual. Although the Scheme has high levels of liquidity, the credit facility bolsters this position further. The borrowed amount is expected to be repaid within a short number of months.

# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

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### REPORT OF THE TRUSTEE (CONTINUED)

#### INVESTMENT REPORT (continued)

##### 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 year ended 31 March 2024

Global growth has been stronger than expected over the past 12 months, particularly in the US, and, given ongoing improvements in activity survey data, global growth forecasts for 2024 have also been revised up, and now suggest only a marginal slowdown in 2024 versus 2023

Year-on-year headline CPI fell to 3.2%, 3.5% and 2.4%, in the UK, US and eurozone, respectively, in March 2024, from 10.1%, 5.0% and 6.9% a year earlier. Core inflation, which excludes volatile energy and food prices, fell less but still declined materially, to 4.2%, 3.8% and 2.9% in the UK, US and eurozone.

The US Federal Reserve raised rates 0.5% pa, to 5.5% pa, in the 12 months to end-March 2024, the Bank of England and European Central Bank both raised rates by 1.0% pa, to 5.25% pa and 4% pa, respectively. However, amid progress on inflation, the major western central banks have left rates unchanged since the summer of 2023 and markets were expecting them to deliver between 2 and 3 interest rate cuts in 2024 at the end of Q1. In March 2024, the Bank of Japan raised rates for the first time in 17 years, exiting negative interest rates.

Trade-weighted sterling, US dollar and euro rose 4.6%, 2.3% and 3.6%, respectively. The equivalent measures for Japanese yen declined 9.1%.

Sovereign bond yields rose sharply in March 2024 amid expectations that rates might be cut less than previously anticipated. Over the past 12 months, UK and US 10-year bond yields rose 0.4% pa and 0.7% pa to 3.9% pa and 4.2% pa, respectively, while equivalent German yields remained broadly unchanged at 2.3% pa.

Global credit spreads fell, reflecting both the improved outlook and yield-driven demand from institutional investors. Global investment-grade credit spreads declined 0.5% pa, to 1.0% pa, over the past 12 months while global speculative credit spreads fell by 1.6% pa, to 3.4% pa.

The FTSE All World Total Return Index rose 25.0% in local-currency terms amid improving economic activity, declining inflation, and enthusiasm for all things AI.

The MSCI UK Monthly Property Index rose 0.3% over the last 12-month period as income offset a further 5.3% decline in capital values. Over the past 12 months, office capital values fell 16.3%, while retail sector values fell 5.6% and industrial values edged 0.8% higher.

# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

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### REPORT OF THE TRUSTEE (CONTINUED)

#### **INVESTMENT REPORT (continued)**

##### **Investment risk**

The Trustee manages investment risk, including credit risk and market risk, within agreed risk limits, which are set considering the Scheme's strategic investment objectives. The Trustee's risk management policy is documented in its SIP, referred to on the previous page.

These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme'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 Scheme is subject to credit risk as the Scheme invests in bonds, over the counter (OTC) derivatives, has cash balances, enters 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 Scheme has direct exposure to bonds through its liability matching 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 Scheme 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.

The Scheme 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 Scheme 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 Scheme comprise a wide range of legal structures, which are detailed in Note 14 to the Financial Statements.



# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

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### REPORT OF THE TRUSTEE (CONTINUED)

#### INVESTMENT REPORT (continued)

##### Currency risk

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

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

Collectively, these reduce the impact of exchange rate movements on the Scheme'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 Scheme has a currency hedging policy to hedge between 50% and 100% of overseas currency 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 2024, the Scheme's exposure to currencies other than Sterling within the CDI portfolio was 2% (2023: 2%). The liability matching portfolio invests solely in Sterling denominated assets. As at 31 March 2024, the Scheme's exposure to currencies other than Sterling within the return seeking portfolio was 28% (2023: 24%).

##### Interest rate risk

Some of the Scheme'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 Scheme'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 Scheme's actuarial 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 Scheme's actuarial liabilities arising from an increase in the discount rate (which is linked to interest rates).

The Scheme 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 Scheme's investments in secure income assets 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.

##### Other price risk

The Scheme 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 Scheme 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 several funds, mitigates price risk in the context of expected returns. The Trustee receives regular reports from its Fiduciary Manager to help manage this risk.

# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

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### REPORT OF THE TRUSTEE (CONTINUED)

#### INVESTMENT REPORT (continued)

##### Return on investments

The Scheme'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 Scheme to meet benefit payments also contributed. The fall in asset value was commensurate with the fall in liability value over the period, and the Scheme's funding level was largely 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 Scheme's return seeking portfolio remained relatively flat.

##### Investment arrangements

During the year ended 31 March 2024, the Scheme implemented several changes at the discretion of the Fiduciary Manager. The Scheme appointed several new managers:

<b>Managers</b>	<b>Value *</b>
<b>Return Seeking</b>	
Towers Watson Investment Management – Global Equity Focus Fund	<b>\$62.5m</b>
Alliance Bernstein	<b>£12.5m</b>
Aikya Investment Management	<b>£12.6m</b>
Robeco Investment Management	<b>£23.4m</b>

\*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.

# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

### REPORT OF THE TRUSTEE (CONTINUED)

#### INVESTMENT REPORT (continued)

The table below details the Scheme's investment arrangements (excluding AVC's) as at 31 March 2024; and the returns on the funds for the year ended 31 March 2024. 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.

Manager	Value (£m)	Weight (%)	Fund Performance		Benchmark Performance	
			1 year (%)	3 years (% pa)	1 year (%)	3 years (%pa)
Active Equity	132.4	5.0	-	-	-	-
Real Assets	92.0	3.4	-6.6	9.0	4.3	7.0
Alternative Credit	80.3	3.0	7.4	7.6	5.1	7.7
Downside Risk Hedge	49.1	1.8	-22.5	-12.7	-22.5	-12.7
Investment Grade Credit	24.5	0.9	-	-	-	-
Opportunistic Private Markets	283.5	10.6	-6.7	12.4	5.8	7.6
Cash	127.4	4.8	4.6	4.6	4.6	4.6
Currency Overlay <sup>1</sup>	-3.2	-0.1	-	-	-	-
<b>Total Return-Seeking<sup>2</sup></b>	<b>786.0</b>	<b>29.4</b>	<b>1.2</b>	<b>3.3</b>	<b>10.5</b>	<b>7.3</b>
Secure Income Alternatives	467.3	17.5	-8.9	-2.5	-3.1	-7.8
Investment Grade Credit	407.6	15.3	4.2	-8.7	4.2	-8.7
Real Assets	19.3	0.7	6.5	11.1	8.3	8.3
Alternative Credit	130.9	4.9	9.3	2.9	6.1	4.2
CDI Overlay	138.9	5.2	-9.8	-	-9.8	-
Cash	47.7	1.8	5.2	2.3	5.2	2.3
<b>Total Cashflow Driven Investment</b>	<b>1,211.7</b>	<b>45.4</b>	<b>-2.1</b>	<b>-5.5</b>	<b>0.0</b>	<b>-7.6</b>
<b>Total Matching<sup>3</sup></b>	<b>653.2</b>	<b>24.4</b>	<b>-11.2</b>	<b>-45.2</b>	<b>-11.2</b>	<b>-45.2</b>
<b>Total Scheme<sup>4,5</sup></b>	<b>2,672.1</b>	<b>100.0</b>	<b>-3.5</b>	<b>-10.8</b>	<b>-0.2</b>	<b>-10.4</b>

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 Global Sovereign Credit
3. Includes a small allocation to legacy matching assets
4. Total performance includes residual assets invested in legacy allocations
5. Total value includes £21.2m held in the administration cash account

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

The Scheme's performance for the year ended 31 March 2024 was -3.5% versus a benchmark performance of -0.2%.

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 Scheme'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.

# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

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### REPORT OF THE TRUSTEE (CONTINUED)

#### **INVESTMENT REPORT (continued)**

##### **Custodian arrangements**

The Trustee has appointed Northern Trust as custodian of the Scheme'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 Scheme's segregated investments. The pooled funds in which the Scheme 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 Scheme directly by raising quarterly invoices.

##### **Employer related investments**

As at 31 March 2024, there were less than 5% of assets invested in employer-related investments. As at 31 March 2023, there were no employer related investments.

##### **Taskforce on Climate-related Financial Disclosures (TCFD) Report 2024**

The Trustee has prepared its third 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 Scheme's Stewardship policy over the past year to 31 March 2024 and is included in full from page 51 and forms part of this Report.

# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

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### 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 Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme 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 Scheme will continue as a going concern.

The Trustee is also responsible for making available certain other information about the Scheme 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 Scheme 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 Scheme'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 Scheme by or on behalf of employers and the active members of the Scheme 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 Scheme and for adopting risk-based processes to monitor whether contributions that fall due to be paid are paid into the Scheme 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 Scheme 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 20 was approved by Jaguar Land Rover Pension Trustees Limited and signed on its behalf by:**

) Trustee Director

Date:

# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

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### INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE OF LAND ROVER PENSION SCHEME

#### Report on the audit of the financial statements

##### Opinion

In our opinion, Land Rover Pension Scheme's financial statements:

- show a true and fair view of the financial transactions of the scheme during the year ended 31 March 2024, 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 within the Annual Report and Financial Statements, which comprise: the Statement of Net Assets (Available for Benefits) as at 31 March 2024; 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 Scheme 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

##### 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 scheme'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 scheme'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.

# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

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### INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE OF LAND ROVER PENSION SCHEME (CONTINUED)

#### **Reporting on other information**

The other information comprises all of 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.

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 scheme'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 scheme, 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.

# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

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### INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE OF LAND ROVER PENSION SCHEME (CONTINUED)

#### **Responsibilities for the financial statements and the audit (continued)**

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

Based on our understanding of the scheme and its environment, we identified that the principal risks of non-compliance with laws and regulations related to the administration of the scheme 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.

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](http://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:



LAND ROVER PENSION SCHEME  
YEAR ENDED 31 MARCH 2024

FUND ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024 £'000	2023 £'000
<b>CONTRIBUTIONS AND BENEFITS</b>			
Contributions			
Employer contributions	4	45,753	89,352
Employee contributions	4	1,549	1,455
Total contributions		47,302	90,807
Other income	5	36	2
		47,338	90,809
Benefits paid or payable	6	(82,644)	(79,511)
Transfers out to other schemes	7	(1,713)	(112,981)
Other payments	8	(2)	579
Administrative expenses	9	(5,314)	(13,916)
		(89,673)	(205,829)
<b>NET WITHDRAWALS FROM DEALINGS WITH MEMBERS</b>		<b>(42,335)</b>	<b>(115,020)</b>
<b>INVESTMENT RETURNS</b>			
Investment income	10	69,500	(89,546)
Investment management expenses	11	(4,142)	(4,507)
Change in market value of investments	12.1	(149,333)	(1,045,272)
		(83,975)	(1,139,325)
<b>NET RETURNS ON INVESTMENTS</b>		<b>(83,975)</b>	<b>(1,139,325)</b>
<b>NET DECREASE IN THE FUND</b>		<b>(126,310)</b>	<b>(1,254,345)</b>
<b>OPENING NET ASSETS</b>		<b>2,841,492</b>	<b>4,095,837</b>
<b>CLOSING NET ASSETS</b>		<b>2,715,182</b>	<b>2,841,492</b>

The notes on pages 26 to 47 form an integral part of these financial statements.

LAND ROVER PENSION SCHEME  
YEAR ENDED 31 MARCH 2024

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)  
AS AT 31 MARCH 2024

	Note	2024 £'000	2023 £'000
<b>INVESTMENT ASSETS</b>			
Bonds	12.1	1,609,934	1,438,106
Pooled investment vehicles	12.3	1,488,918	1,682,120
Derivatives	12.4	463,603	424,238
AVC investments	12.8	23,191	21,910
Cash deposits	12.9	34,181	33,989
Other investment balances	12.9	28,184	69,052
Amounts receivable under reverse repurchase agreements	12.10	71,028	268,239
		<b>3,719,039</b>	<b>3,937,654</b>
<b>INVESTMENT LIABILITIES</b>			
Derivatives	12.4	(476,744)	(416,102)
Short sold bonds	12.1	(69,903)	(162,155)
Other investment balances	12.9	(12,199)	(41,454)
Amounts payable under repurchase agreements	12.10	(464,852)	(513,630)
		<b>(1,023,698)</b>	<b>(1,133,341)</b>
<b>TOTAL INVESTMENTS</b>		<b>2,695,341</b>	<b>2,804,313</b>
<b>CURRENT ASSETS</b>	15	<b>21,681</b>	<b>39,262</b>
<b>CURRENT LIABILITIES</b>	16	<b>(1,840)</b>	<b>(2,083)</b>
<b>TOTAL NET ASSETS AVAILABLE FOR BENEFITS</b>		<b>2,715,182</b>	<b>2,841,492</b>

The notes on pages 26 to 47 form an integral part of these financial statements.

The financial statements summarise the transactions of the Scheme and net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and other benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme which takes 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 24 to 47 were approved by Jaguar Land Rover Pension Trustees Limited and signed on its behalf by:**

) Trustee Director

Date:

# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

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### NOTES TO THE FINANCIAL STATEMENTS

#### **1 GENERAL INFORMATION AND STATEMENT OF COMPLIANCE**

The Scheme 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 was closed to new members in April 2010. The address of the Scheme's office is Abbey Road, Whitley, Coventry, Warwickshire, CV3 4LF. The Scheme 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 STATEMENT**

The individual financial statements of Land Rover Pension Scheme (the 'Scheme') 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 Scheme'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.

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 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 accrual basis. The Scheme bears all the costs of administration.

# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

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### 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 of investments.

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 accrual 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 of investments, 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:

Bond investments, including short sold bonds, 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.

# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

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### 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 Scheme. Collateral received in respect of stock lending arrangements is disclosed but not recognised as a Scheme asset.

The market value of the AVC policies has, for Legal & General Assurance (Pensions Management) Limited and Prudential Assurance Company Limited, been taken as the closing single price at the year-end. 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 of investments 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 of investments.

###### *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 Scheme 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 Scheme does not recognise the securities received as collateral in its financial statements. The Scheme 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.

# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

### 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 Scheme, 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 Scheme 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

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
<b>Employer Contributions:</b>		
Normal	<b>39,953</b>	62,345
Deficit funding	-	12,600
Additional	<b>1,944</b>	2,016
PPF levies	<b>3,856</b>	12,391
	<b>45,753</b>	89,352
<b>Employees Contributions:</b>		
Normal	<b>817</b>	825
Additional voluntary contributions	<b>732</b>	630
	<b>1,549</b>	1,455
<b>Total contributions</b>	<b>47,302</b>	90,807

Within Employer normal contributions are Employee salary sacrifice contributions.

Employer PPF levies contributions of £3,856k (2023: £12,391k) comprises amounts paid by the Employer to fund the Pension Protection Fund levy of £3,813k (2023: £12,331k) and Pension Regulator Levy of £43k (2023: £60k).

Under the Schedule of Contributions certified by the Scheme Actuary on 31 March 2023, no deficit funding contributions were payable for the year to 31 March 2024 (2023: £12.6m).

Under the Schedule of Contributions noted above, the Employer also agreed to pay additional contributions in respect of estimated administrative expenses of £1.944m (2023: £2.016m).

Under the Schedule of Contributions noted above, the Trustee and the Principal Employer have agreed a mechanism under which employer normal 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.

LAND ROVER PENSION SCHEME  
YEAR ENDED 31 MARCH 2024

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**5 OTHER INCOME**

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Sundry income	36	2
	<u>36</u>	<u>2</u>

**6 BENEFITS PAID OR PAYABLE**

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Pensions	72,202	67,773
Commutation of pensions and lump sum retirement benefits	10,215	11,078
Lump sums on death	227	660
	<u>82,644</u>	<u>79,511</u>

**7 TRANSFERS OUT TO OTHER SCHEMES**

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Individual transfers out to other schemes	1,713	112,981

**8 OTHER PAYMENTS**

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Premiums on term insurance policies	-	(583)
Ex-gratia payments	2	4
	<u>2</u>	<u>(579)</u>

The negative amount in premium on term insurance policies in the previous year is due to refund received on termination of the policy during the prior year.

**9 ADMINISTRATIVE EXPENSES**

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Actuarial fees	295	378
Administration fees	547	649
Audit fees	58	47
Legal fees	187	217
Covenant adviser fees	42	51
Pension protection levy	3,813	12,331
Pensions regulator levy	43	60
Other adviser fees	67	25
Secretarial assistance	192	126
Bank and sundry charges	70	32
	<u>5,314</u>	<u>13,916</u>

LAND ROVER PENSION SCHEME  
YEAR ENDED 31 MARCH 2024

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**10 INVESTMENT INCOME**

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Dividends from equities	(1)	9
Income from bonds	39,202	27,700
Income from pooled investment vehicles	55,553	37,571
Net expense from swap contracts	(13,566)	(154,688)
Income from stock lending	44	59
Interest from cash and cash equivalents	4,199	4,514
Interest expense on repurchase agreements	(17,393)	(7,569)
Interest income on reverse repurchase agreements	1,462	2,858
	<u>69,500</u>	<u>(89,546)</u>

**11 INVESTMENT MANAGEMENT EXPENSES**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Investment consultancy and fiduciary management fees	2,171	2,301
Investment management and custodian fees	1,971	2,206
	<u>4,142</u>	<u>4,507</u>



LAND ROVER PENSION SCHEME  
YEAR ENDED 31 MARCH 2024

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 2023	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Change in market value	Value at 31 March 2024
	£'000	£'000	£'000	£'000	£'000
<b>Return-seeking:</b>					
Pooled investment vehicles	797,845	394,405	(391,704)	(17,552)	<b>782,994</b>
Derivatives – net	8,540	31,889	(51,442)	7,828	<b>(3,185)</b>
<b>Total return-seeking</b>	<b>806,385</b>	<b>426,294</b>	<b>(443,146)</b>	<b>(9,724)</b>	<b>779,809</b>
<b>Cashflow driven:</b>					
Bonds - net	546,890	351,731	(325,367)	(8,173)	<b>565,081</b>
Pooled investment vehicles	741,617	198,359	(208,083)	(44,922)	<b>686,971</b>
Derivatives – net	32,077	27,369	(17,162)	(21,271)	<b>21,013</b>
<b>Total cashflow driven</b>	<b>1,320,584</b>	<b>577,459</b>	<b>(550,612)</b>	<b>(74,366)</b>	<b>1,273,065</b>
<b>Liability matching:</b>					
Bonds - net	729,061	397,835	(73,213)	(78,733)	<b>974,950</b>
Pooled investment vehicles	142,658	136,626	(260,331)	-	<b>18,953</b>
Derivatives – net	(32,481)	68	(491)	1,935	<b>(30,969)</b>
<b>Liability matching</b>	<b>839,238</b>	<b>534,529</b>	<b>(334,035)</b>	<b>(76,798)</b>	<b>962,934</b>
Repurchase agreements – net	(245,391)				<b>(393,824)</b>
<b>Total liability matching</b>	<b>593,847</b>				<b>569,110</b>
AVC investments	21,910	732	(955)	1,504	<b>23,191</b>
AVC cash in transit	-				<b>17</b>
Cash deposits	33,989			10,188	<b>34,164</b>
Other investments – net	27,598			(137)	<b>15,985</b>
	<b>2,804,313</b>			<b>(149,333)</b>	<b>2,695,341</b>

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 Scheme's investment strategy.

# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 12.2 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 as outlined in the table below:

<b>2024</b>	<b>Fees £'000</b>	<b>Commission £'000</b>	<b>Total £'000</b>
Return-seeking	-	-	-
Cashflow driven	-	4	4
Liability matching	-	34	34
<b>Total Scheme</b>	<b>-</b>	<b>38</b>	<b>38</b>

<b>2023</b>	<b>Fees £'000</b>	<b>Commission £'000</b>	<b>Total £'000</b>
Return-seeking	-	-	-
Cashflow driven	-	6	6
Liability matching	107	51	158
<b>Total Scheme</b>	<b>107</b>	<b>57</b>	<b>164</b>

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

#### 12.3 POOLED INVESTMENT VEHICLES

	<b>2024 £'000</b>	<b>2023 £'000</b>
<b>Return-seeking</b>		
Global Equities	132,179	-
Hedge Funds	-	165,648
Real Assets	90,295	105,567
Alternative Credit	80,262	129,137
Downside Risk Hedge	49,063	513
Private Markets	283,222	312,716
Liquidity Fund	123,457	84,264
Investment Grade Credit	24,516	-
	<b>782,994</b>	<b>797,845</b>
<b>Cashflow driven</b>		
Secure Income Alternatives	467,298	508,165
Real Assets	19,292	32,043
Alternative Credit	130,888	160,512
Liquidity Fund	69,493	40,897
	<b>686,971</b>	<b>741,617</b>
<b>Liability matching</b>		
Liquidity Fund	<b>18,953</b>	<b>142,658</b>
	<b>1,488,918</b>	<b>1,682,120</b>

LAND ROVER PENSION SCHEME  
YEAR ENDED 31 MARCH 2024

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 Scheme'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 Scheme has employed a specialist manager to hedge a proportion of the Scheme'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.

	Note	Market value asset £'000	Market value (liability) £'000	Market value net £'000
<b>2024</b>				
Swap contracts	12.5	461,738	(473,225)	(11,487)
Forward foreign exchange contracts	12.6	286	(3,377)	(3,091)
Futures	12.7	1,579	(142)	1,437
Total at 31 March 2024		<u>463,603</u>	<u>(476,744)</u>	<u>(13,141)</u>
<b>2023</b>				
Swap contracts	12.5	410,253	(411,786)	(1,533)
Forward foreign exchange contracts	12.6	11,251	(2,466)	8,785
Futures	12.7	2,734	(1,850)	884
Total at 31 March 2023		<u>424,238</u>	<u>(416,102)</u>	<u>8,136</u>

# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 12.5 SWAPS

The Scheme 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	518,603	4,563	(5,306)	(743)
1 to 10 years	1,039,888	91,734	(54,750)	36,984
Over 10 years	1,584,746	365,441	(413,169)	(47,728)
Total Swaps at 31 March 2024	<u>3,143,237</u>	<u>461,738</u>	<u>(473,225)</u>	<u>(11,487)</u>
Swap contracts				
Interest rate	2,956,843	438,403	(472,890)	(34,487)
Inflation	121,305	21,372	(33)	21,339
Currency	65,089	1,963	(302)	1,661
Total Swaps at 31 March 2024	<u>3,143,237</u>	<u>461,738</u>	<u>(473,225)</u>	<u>(11,487)</u>
Total Swaps at 31 March 2023	<u>3,179,415</u>	<u>410,253</u>	<u>(411,786)</u>	<u>(1,533)</u>

#### Collateral

As at 31 March 2024, the collateral received/pledged in respect of OTC swap contracts was as follows:

Collateral:	2024		2023	
	£'000	£'000	£'000	£'000
	Received	Pledged	Received	Pledged
Bonds	22,861	(37,779)	37,567	(28,527)
Cash equivalents	4,070	-	6,739	-
	<u>26,931</u>	<u>(37,779)</u>	<u>44,306</u>	<u>(28,527)</u>

#### 12.6 FORWARD FOREIGN EXCHANGE CONTRACTS

The Scheme holds OTC traded 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
23	GBP	£70,596	EUR	(€82,252)	186	(58)	128
16	GBP	£413,892	USD	(\$527,207)	1	(3,319)	(3,318)
5	USD	\$15,807	GBP	(£12,413)	96	-	96
2	EUR	€2,158	GBP	(£1,846)	3	-	3
Total forward foreign exchange contracts at 31 March 2024					<u>286</u>	<u>(3,377)</u>	<u>(3,091)</u>
Total forward foreign exchange contracts at 31 March 2023					<u>11,251</u>	<u>(2,466)</u>	<u>8,785</u>

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

LAND ROVER PENSION SCHEME  
YEAR ENDED 31 MARCH 2024

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**12.7 FUTURES**

Type of contract	Expires within	Economic exposure £'000	Market value asset £'000	Market value (liability) £'000	Market value net £'000
UK fixed income futures	3 months	77,054	1,480	-	1,480
Overseas fixed income futures	3 months	3,321	99	(142)	(43)
Total futures contracts at 31 March 2024		<u>80,375</u>	<u>1,579</u>	<u>(142)</u>	<u>1,437</u>
Total futures contracts at 31 March 2023		<u>53,363</u>	<u>2,734</u>	<u>(1,850)</u>	<u>884</u>

**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:

	2024 £'000	2023 £'000
Legal & General Assurance (Pensions Management) Limited (Unit Linked)	6,710	5,892
Prudential Assurance Company Limited (With Profits and Cash Deposit)	<u>16,481</u>	<u>16,018</u>
	<u>23,191</u>	<u>21,910</u>

# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 12.9 CASH DEPOSITS AND OTHER INVESTMENT BALANCES

	2024	2023
	£'000	£'000
<b>Cash deposits</b>		
Sterling deposits	26,970	31,361
Foreign currency deposits	7,194	2,628
Cash in transit	17	-
	<u>34,181</u>	<u>33,989</u>
<b>Other investment balance assets</b>		
Dividends, accrued interest and tax receivable	12,032	8,661
Interest receivable on reverse repurchase agreements	837	2,152
Pending trades	361	30,248
Collateral from broker	12,363	21,232
Variation margin account	2,477	6,399
Initial margin account	114	-
Cash collateral held	-	360
	<u>28,184</u>	<u>69,052</u>
	<u>62,365</u>	<u>103,041</u>
<b>Other investment balance liabilities</b>		
Pending trades	-	(32,922)
Interest payable on repurchase agreements	(11,190)	(6,867)
Collateral to broker	(800)	(1,540)
Variation margin account	(84)	-
Other liabilities	(125)	(125)
	<u>(12,199)</u>	<u>(41,454)</u>
<b>Net cash deposits and other investment balances</b>	<u>50,166</u>	<u>61,587</u>

#### 12.10 REPURCHASE AGREEMENTS

	2024	2023
	£'000	£'000
Amounts payable under repurchase agreements	(464,852)	(513,630)
Amounts due under reverse repurchase agreements	71,028	268,239
	<u>(393,824)</u>	<u>(245,391)</u>

During the year the Scheme entered into repurchase agreements using its UK government index linked bonds as the underlying security. The Scheme retains the entitlement to receive income accruing on these securities and has a contractual agreement to repurchase the securities at a specified future date.

Amounts payable to counterparties under repurchase agreements are disclosed as liabilities in the Scheme's financial statements under investment liabilities. At 31 March 2024, this amounted to £464.9m (2023: £513.6m) excluding accrued income payable of £11.190m (2023: £6.867m).

Amounts due from counterparties under reverse repurchase agreements are disclosed as assets in the Scheme's financial statements under investment assets. At 31 March 2024, this amounted to £71.0m (2023: £268.2m). At 31 March 2024, accrued interest on reverse repurchase agreements was £0.837m (2023: £2.152m).

The value of the underlying bonds subject to those repurchase agreements are £482.9m (2023: £363.5m) and the value of the underlying bonds subject to the reverse repurchase agreements are £69.9m (2023: £234.0m). In addition to the underlying bonds, the Scheme has pledged collateral in the form of UK Government bonds in relation to these repurchase agreements to the value of £5.5m (2023: £123.0m) and received collateral of £11.9m in the form of UK Government bonds (2023: £0.7m).

# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 12.11 CONCENTRATION OF INVESTMENTS

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

	2024		2023	
	£'000	%	£'000	%
UK Govt 3.5% Gilt	141,460	5.2	90,778	3.2
Towers Watson (TW) Alternative Credit Fund (CDI)	101,772	3.7	141,289	5.0
LGIM Sterling Liquidity Fund (liability matching)	40,805	1.5	152,794	5.4
Towers Watson (TW) Hedge Advantage Fund (return seeking)	-	-	165,648	5.8

#### 13 FAIR VALUE HIERARCHY

The Scheme'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).

LAND ROVER PENSION SCHEME  
YEAR ENDED 31 MARCH 2024

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**13 FAIR VALUE HIERARCHY (continued)**

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

Asset category	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total 2024 £'000
<b>Return-seeking:</b>				
Pooled investment vehicles	-	373,098	409,896	782,994
Derivatives – net	-	(3,185)	-	(3,185)
<b>Total return-seeking</b>	<b>-</b>	<b>369,913</b>	<b>409,896</b>	<b>779,809</b>
<b>Cashflow Driven Investment:</b>				
Bonds - net	-	565,081	-	565,081
Pooled investment vehicles	-	171,265	515,706	686,971
Derivatives – net	1,437	19,576	-	21,013
<b>Total Cashflow Driven Investment</b>	<b>1,437</b>	<b>755,922</b>	<b>515,706</b>	<b>1,273,065</b>
<b>Liability matching:</b>				
Bonds - net	-	974,950	-	974,950
Pooled investment vehicles	-	18,953	-	18,953
Derivatives – net	-	(30,969)	-	(30,969)
Repurchase agreements – net	-	(393,824)	-	(393,824)
<b>Total liability matching</b>	<b>-</b>	<b>569,110</b>	<b>-</b>	<b>569,110</b>
Cash deposits	34,181	-	-	34,181
Other investments – net	15,510	207	268	15,985
AVCs	-	14,257	8,934	23,191
<b>Total Scheme</b>	<b>51,128</b>	<b>1,709,409</b>	<b>934,804</b>	<b>2,695,341</b>



# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 13 FAIR VALUE HIERARCHY (continued)

Asset category	Level 1	Level 2	Level 3	Total 2023
	£'000	£'000	£'000	£'000
<b>Return-seeking:</b>				
Pooled investment vehicles	-	328,367	469,478	797,845
Derivatives – net	-	8,540	-	8,540
<b>Total return-seeking</b>	<b>-</b>	<b>336,907</b>	<b>469,478</b>	<b>806,385</b>
<b>Cashflow Driven Investment:</b>				
Bonds - net	-	546,890	-	546,890
Pooled investment vehicles	-	182,186	559,431	741,617
Derivatives – net	884	31,193	-	32,077
<b>Total Cashflow Driven Investment</b>	<b>884</b>	<b>760,269</b>	<b>559,431</b>	<b>1,320,584</b>
<b>Liability matching:</b>				
Bonds - net	-	729,061	-	729,061
Pooled investment vehicles	-	142,658	-	142,658
Derivatives – net	-	(32,481)	-	(32,481)
Repurchase agreements – net	-	(245,391)	-	(245,391)
<b>Total liability matching</b>	<b>-</b>	<b>593,847</b>	<b>-</b>	<b>593,847</b>
Cash deposits	33,989	-	-	<b>33,989</b>
Other investments – net	30,272	(2,948)	274	<b>27,598</b>
AVCs	-	13,171	8,739	<b>21,910</b>
<b>Total Scheme</b>	<b>65,145</b>	<b>1,701,246</b>	<b>1,037,922</b>	<b>2,804,313</b>

The Scheme'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 Scheme'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 Scheme also uses repurchase agreements on government bonds which help the Scheme hedge its liabilities with less capital. These investments have been classified as level 2.

# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

### 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 Scheme 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 Scheme'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 Scheme'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 Scheme'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:

					2024	2023
	Credit risk	Currency	Interest rate	Other price	£'000	£'000
<b>Return-seeking assets</b>						
Pooled investment vehicles (indirect risk)	●	●	●	●	782,994	797,845
Derivatives - net	●	●	●	●	(3,185)	8,540
<b>Total return-seeking assets</b>					<b>779,809</b>	<b>806,385</b>
<b>Cashflow Driven Investment</b>						
Bonds -net	●	○	●	○	565,081	546,890
Pooled investment vehicles (indirect risk)	○	○	○	●	686,971	741,617
Derivatives - net	●	●	●	●	21,013	32,077
<b>Total Cashflow Driven assets</b>					<b>1,273,065</b>	<b>1,320,584</b>
<b>Liability matching assets</b>						
Bonds -net	●	○	●	○	974,950	729,061
Pooled investment vehicles (indirect risk)	○	○	○	○	18,953	142,658
Derivatives - net	●	○	●	●	(30,969)	(32,481)
Repurchase agreements - net	●	○	●	●	(393,824)	(245,391)
<b>Total liability matching assets</b>					<b>569,110</b>	<b>593,847</b>
Cash deposits	●	○	●	○	34,164	33,989
Other investments - net	○	○	○	●	15,985	27,598
<b>Total</b>					<b>2,672,133</b>	<b>2,782,403</b>

# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 14 INVESTMENT RISKS (continued)

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 Scheme. "Other investments" are detailed in note 12.9.

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

##### (i) CREDIT RISK

The Scheme is subject to credit risk as the Scheme 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 from 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 Scheme has direct exposure to bonds through the CDI and liability matching portfolios. The value of the Scheme's bonds as at 31 March 2024 was £1,540m (2023: £1,276m) of which £413.0m were subject to repurchase agreement (2023: £129.5m) 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 Scheme 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 2024 was £34.2m (2023: £34.0m).

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 Scheme had lent £60.9m of bond assets (2023: £863.7m) and held collateral in the form of cash and fixed interest securities with a value of 103% of stock lent (2023: 102.1%).

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

The Scheme 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 Scheme.

# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 14 INVESTMENT RISKS (continued)

A summary of pooled investment vehicles by type of arrangement is as follows:

	2024 £'000	2023 £'000
Qualifying Investor Alternative Investment Funds	159,165	402,382
Limited Liability Partnerships	598,367	671,545
Cayman Islands exempted LLC	4,579	10,915
Unit Linked Insurance Contracts	40,805	152,794
Unauthorised Unit Trusts	74,111	88,093
Jersey Property Unit Trust	97,564	109,581
Property Authorised Investment Fund	27,448	27,245
Société d'Investissement à Capital Variable	36,824	-
Common Contractual Funds	107,488	-
Jersey Private Fund	48,344	53,329
Reserved Alternative Investment Fund	32,562	31,476
Irish Collective Asset-management Vehicle	61,446	513
Alternative Investment Fund	6,703	4,611
Luxembourg Special Limited Partnership	22,414	14,612
Undertaking for Collective Investment in Transferable Securities	171,098	115,024
	<b>1,488,918</b>	<b>1,682,120</b>

#### (ii) CURRENCY RISK

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

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

- Currency hedging carried out by some of the Scheme's investment managers.
- A separate currency hedging overlay.

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

The Trustee acknowledges that there is a cost to currency hedging. Cost varies depending on the currency being hedged. Exposure to overseas currencies is delegated to the Fiduciary Manager, although the Scheme 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 2024, the Scheme's exposure to currencies other than Sterling within the CDI Portfolio was 2% (2023: 2%). The liability matching portfolio invests solely in Sterling denominated assets. As at 31 March 2024, the Scheme's exposure to currencies other than Sterling within the return seeking portfolio was 28% (2023: 24%).

#### (iii) INTEREST RATE RISK

The Scheme is subject to interest rate risk because some of the Scheme'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 Scheme's exposure to interest rate risk arises from the CDI and liability matching portfolios. The value of these matching assets changes in response to changes in interest rates:

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

# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 14 INVESTMENT RISKS (continued)

##### (iii) INTEREST RATE RISK (continued)

The Scheme 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 Scheme's investments in hedge funds, alternative beta and secure income alternatives may also be exposed to interest rate risk depending upon their portfolio at the time. The managers will consider the risk and expected reward when determining which investments to invest in.

##### (iv) OTHER PRICE RISK

Other price risk arises principally in relation to the Scheme'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 Scheme 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.

##### (v) OTHER MATTERS

During 2023/2024, geopolitical issues and economic issues (such as increases in the rates of inflation and interest rates and movements in foreign currencies) have had a significant 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 Scheme's investment portfolio, the operational impact on the Scheme and the covenant of the Employer.

The extent of the impact on the Scheme'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 Scheme'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.

#### 15 CURRENT ASSETS

	2024	2023
	£'000	£'000
Contributions due		
from Employer	1,944	3,995
from Employee	11	10
Amounts due from Employer in respect of VAT	1,194	1,004
Cash balance	13,498	29,350
Pensions paid in advance	5,025	4,903
Sundry debtors	9	-
	<u>21,681</u>	<u>39,262</u>

The contributions due from Employer relate to March 2024 and March 2023 respectively and were subsequently paid to the Scheme in accordance with the Schedule of Contributions and therefore are not classed as Employer Related Investments.

LAND ROVER PENSION SCHEME  
YEAR ENDED 31 MARCH 2024

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**16 CURRENT LIABILITIES**

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Lump sums on retirement	1,122	1,175
Death benefits	59	71
Administrative expenses	383	449
Investment management expenses	255	367
Other creditors	21	21
	<b>1,840</b>	<b>2,083</b>

**17 TAX**

The Scheme 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.

**18 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

At 31 March 2024 there were the following capital commitments to make further investments in various funds:

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
17Capital	7,639	14,404
Advent International	570	582
American Securities	1,605	1,665
Ancala Partners	419	419
Ascend Capital Partners	627	7,957
Brentwood Associates	3,796	5,667
Cabot Square	1,002	1,989
CarVal Investors (CVI) V	6,175	7,360
CDH Investments	3,834	5,603
Energy Capital Partners	3,015	3,102
Equis	-	1,089
Equitix Fund VI	144	3,135
Folium Agriculture	-	158
FProp	13,233	13,234
Georgian Partners	1,210	2,223
GI Partners	7,306	12,439
Greencoat Capital	-	2,488
LibreMax Capital	28,060	29,009
Newmarket Capital	411	420
NSSK	1,649	2,305
Partners Group	690	717
Phoenix Property Investors	524	535
Rivage	13,119	15,045
Sun Capital Partners	1,512	1,629
	<b>96,540</b>	<b>133,174</b>

# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 18 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES (continued)

##### Guaranteed Minimum Pension (GMP)

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 Scheme and the equalisation of guaranteed minimum pensions (GMP) between men and women; in the context of the rules of the Scheme 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 Scheme.

##### Virgin Media case

In June 2023, the High Court handed down a decision in the Virgin Media Ltd versus NTL Pension Trustees II Ltd, which considered the implications of section 37 of the Pension Schemes Act 1993, which required that the rules of a salary-related contracted-out pension scheme cannot be altered, in relation to post April 1997 service, unless the actuary confirmed that the scheme would continue to satisfy the statutory standards. The High Court found that, where the required actuarial confirmation was not supplied, the effect of section 37 was to render the relevant amendment to any contracted-out right automatically void. It also held that references in the legislation included both past and future service rights and that the requirement for actuarial confirmation applied to all amendments to the rules of a contracted-out scheme. This decision was appealed to the Court of Appeal and, in July 2024, the Court of Appeal upheld the decision of the High Court.

The Trustee is monitoring the position and will consider the possible implications, if any, for the Scheme of the above with its advisers and what steps, if any, it wishes to take. Therefore, it is not possible, at present, to estimate the potential impact, if any, on the Scheme.

There are no other contingent liabilities as at the year end (2023: £nil).

#### 19 RELATED PARTY TRANSACTIONS

##### Key management personnel of the Scheme

Three Trustee Directors receive remuneration for services provided to the Scheme and are paid from Scheme assets. One Trustee Director receives £45,000 p.a. (2023: £45,000 p.a.) whilst the other two Trustee Directors receive maximum remuneration of £10,000 p.a. for their role as Trustee Director. None of the other Trustee Directors receive any remunerations 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, 4 (2023: 5) were members of the Scheme, of which 2 (2023: 3) were active members and 2 (2023: 2) were pensioner members.

##### Other related parties

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

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

# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### **20 EMPLOYER RELATED INVESTMENTS**

As at 31 March 2024 there were less than 5% of assets invested in employer-related investments. As at 31 March 2023, there were no employer related investments.

#### **21 SUBSEQUENT EVENTS**

On 10 October 2024, the Trustee utilised a credit facility put in place with the Scheme's custodian, Northern Trust. This has involved temporarily borrowing £150m over a short period of time covering both the UK budget and US general election, when investment markets may be more volatile than usual. Although the Scheme has high levels of liquidity, the credit facility bolsters this position further. The borrowed amount is expected to be repaid within a short number of months.



## INDEPENDENT AUDITORS' STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEE OF LAND ROVER PENSION SCHEME

### STATEMENT ABOUT CONTRIBUTIONS

#### Opinion

In our opinion, the contributions payable under the schedule of contributions for the scheme year ended 31 March 2024 as reported in Land Rover Pension Scheme's summary of contributions have, in all material respects, been paid in accordance with the schedule of contribution certified by the scheme actuary on 31 March 2023.

We have examined Land Rover Pension Scheme's summary of contributions for the scheme year ended 31 March 2024 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 scheme under the schedule 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 scheme'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 scheme 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:

# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

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### SUMMARY OF CONTRIBUTIONS PAYABLE

The contributions payable to the Scheme for the year ended 31 March 2024, under the Schedule of Contributions certified by the Scheme Actuary on 31 March 2023, were as follows:

	<b>£'000</b>
Contributions from Employer:	
Normal	39,953
Additional	1,944
PPF levies	3,856
Contributions from Employees:	
Normal	817
<b>Contributions payable under the Schedules of Contributions (as reported on by the Scheme auditors)</b>	<u>46,570</u>
Employees' additional voluntary contributions	<u>732</u>
<b>Contributions reported in the financial statements</b>	<u><u>47,302</u></u>

**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:** Land Rover Pension Scheme


**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 be met by the end of the period specified in the recovery plan dated 31 March 2023.

**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		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

# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

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### LAND ROVER PENSION SCHEME (THE “SCHEME”) - IMPLEMENTATION STATEMENT

#### Statement of Compliance with the Land Rover Pension Scheme’s Stewardship Policy for the year ended 31 March 2024

##### 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 Scheme’s Stewardship Policy during the 12-month period to 31 March 2024.

##### Stewardship Policy

The Trustee’s stewardship (voting and engagement) policy sets out how the Trustee will behave as an active owner of the Scheme’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 Scheme’s Statement of Investment Principles (SIP) review, which was last completed in December 2023. A copy of the SIP can be found at <https://members.pensionpal.co.uk/jaguarlandroverpensions>.

The Trustee reviewed the Scheme’s SIP in December 2023 and were comfortable that no changes were required. 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 Scheme’s investment managers, the monitoring of which is provided by the Scheme’s fiduciary manager (Willis Towers Watson, WTW). The fiduciary manager is responsible for the Scheme’s return seeking and CDI 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 change, broader environmental issues, and diversity & inclusion 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 of 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.

# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

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### LAND ROVER PENSION SCHEME (THE “SCHEME”) - IMPLEMENTATION STATEMENT (CONTINUED)

The Trustee believes that it is important that its 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.

#### **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 Scheme. Hermes represent over US\$1.4 trillion of assets (as at 31 December 2023), and so this allows the Scheme to combine with other investors to increase their ability to influence change. WTW represents their clients, including the Scheme, 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 Scheme’s public market equity portfolio, Hermes provide voting recommendation services to enhance engagement and help drive responsible ownership. Hermes engage with companies on Environmental, Social and Governance (ESG) issues via a clear, objective-driven framework.

The Trustee’s own engagement activity is focused on its dialogue with the fiduciary manager, which is undertaken in conjunction with their strategic investment adviser. 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 2023, the Trustee successfully renewed their application to be 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 2024. When drafting our latest submission, the Trustee has considered the recent review carried out by the FRC to ensure that the relevant reporting requirements are met.

# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

### LAND ROVER PENSION SCHEME (THE “SCHEME”) - 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 Scheme’s underlying investment managers. The Trustee discusses voting and engagement activity with its fiduciary manager on an ongoing basis and there is a dedicated item in the annual business plan that considers voting and engagement as part of the manager ESG review.

As of 31 March 2024, the Scheme held assets with voting rights across 3 pooled equity funds. These were Towers Watson Investment Management (TWIM) Global Equity Focus Fund (GEFF) – a global equity fund, Aikya Investment Management – an active global emerging markets fund, and Alliance Bernstein – an active Chinese equity fund. This made c5.0% of total assets held within the Scheme.

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

Manager	TWIM GEFF	Aikya Investment Management	Alliance Bernstein
Proportion of Scheme assets	4.0%	0.5%	0.5%
No. of meetings eligible to vote at during the year	167	No data provided	205
No. of resolutions eligible to vote on during the year	3,252	428	1,655
% of resolutions voted	99.2	100.0	100.0
% of resolutions voted with management	88.2	100.0	84.0
% of resolutions voted against management	11.4	0.0	12.0
% of resolutions abstained	0.4	0.0	4.0
% of resolutions voted against recommendation of proxy adviser (if applicable)	9.6	Not applicable	4.0

Source: WTW, covers period to 31 March 2024 unless stated otherwise.

The Trustee is satisfied that a very high proportion of the eligible resolutions have been voted on behalf of the Scheme; 99% or greater across the 3 funds. Furthermore, the Trustee is encouraged by a healthy proportion of voting being carried out against company management by TWIM and Alliance Bernstein as this signifies manager engagement on voting matters. We note that Aikya has voted 100% in line with management which is based on a smaller number of votable resolutions compared to the other two funds.

The Trustee is also satisfied with the proportion of votes carried out against proxy advisers where applicable, where this is often symptomatic of the managers having their own voting policies in place.

# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

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### LAND ROVER PENSION SCHEME (THE “SCHEME”) - 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.

From the managers' reports, the Trustee has identified the following votes as being of particular significance to the Scheme:

#### Example 1 – TWIM GEFF

Berkshire Hathaway, 06 May 2023, vote for “Climate risk disclosure”.

Holding represented c.1.0% of TWIM GEFF portfolio.

An underlying manager within TWIM GEFF voted in support of audit committee responsibility for climate risk disclosure believing the significance of leadership on this issue overrode the minor cost and inconvenience of compliance. Given the company already has disclosure representing 90% of emissions, and the company's long-earned reputation for ethical stewardship, the manager believed that waiting for guidance from the U.S. Securities and Exchange Commission seemed an inadequate delayed response from the company. The manager voted against management but in line with ISS recommendations.

The vote failed and the manager expressed that it was disappointed with the outcome. The manager wrote to the CEO expressing their view that climate risk transparency is an important issue and encouraged the company to take more of a leadership role as opposed to waiting for policy guidance. The manager noted it will continue to vote in support of similar proposals in future.

#### Example 2 – TWIM GEFF

TotalEnergies SE, 26 May 2023, vote for ‘alignment of targets for indirect scope 3 emissions with the Paris Climate Agreement’.

Holding represented c.0.8% of TWIM GEFF portfolio.

An underlying manager within TWIM GEFF voted for a proposal regarding the alignment of the companies targets for indirect scope 3 emissions with the Paris Climate Agreement. The manager believed this would help to strengthen the company's efforts to reduce its carbon footprint and align its scope 3 targets with the Paris Agreement goals. The manager believed it would also allow investors to better understand how the company is managing both its transition to a low carbon economy and its climate change-related risks. The manager voted against management however the vote failed to gain enough support. The underlying manager has indicated that they will continue to vote in favour of proposals that align with the Paris Agreement goals.

#### Example 3 – TWIM GEFF

Microsoft Corp, 07 Dec 2023, vote for “Report on climate risk in retirement plan options”.

Holding represented c.4.9% of TWIM GEFF portfolio.

An underlying manager within TWIM GEFF voted for this proposal as they believe that it promotes transparency and addresses a potential ESG risk for the company. The manager believes that greater transparency (as long as it does not put the company at a competitive disadvantage) is in the interest of shareholders in the long run as it allows them to better assess the underlying risks and opportunities of the company. The final vote was rejected but the manager will continue to promote this practice across all holdings.

# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

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### LAND ROVER PENSION SCHEME (THE “SCHEME”) - 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 able 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 integrated the consideration of ESG factors in its decision-making 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 particularly influential to outcomes, the fiduciary manager proactively 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 every year since inception;
- Co-founding the Net Zero Investment Consultants Initiative in 2021 with eleven other investment consultants (including the Scheme’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 can use its industry presence to champion positive change on the Scheme’s behalf.



# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

### LAND ROVER PENSION SCHEME (THE “SCHEME”) - IMPLEMENTATION STATEMENT (CONTINUED)

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.

The Trustee benefits from this relationship as Hermes EOS are dedicated specialists that can influence policy in respect of over US\$1.4 trillion of assets. In addition, through its relationship with the fiduciary manager, the Trustee can 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 24.

Manager	Number of engagements	Summary of topics engaged on
Hermes EOS (on behalf of WTW)	526 engagements across 90 companies	<p>Environmental: Circular economy &amp; zero pollution, climate change and natural resource stewardship</p> <p>Social &amp; Ethical: Human &amp; labour rights, human capital and wider societal impacts</p> <p>Governance + Risk: Board effectiveness, executive remuneration, Investor protection &amp; rights, corporate reporting, strategy &amp; policies and risk management</p>

#### Use of a proxy adviser

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

Manager	Proxy Advisor used
TWIM (Fiduciary Manager)	Federated Hermes Equity Ownership Services
Alliance Bernstein	The manager has a dedicated in-house team responsible for proxy voting. All executed votes are reviewed by an independent offshore approval team before execution. The manager uses Institutional Shareholder Services' (ISS) online voting platform to execute votes electronically and uses ISS benchmark research tool in screening.
Aikya	The manager does not outsource any part of the decision-making process as they consider proxy voting a key part of the investment process and part of their responsibility as stewards to their clients. The manager does utilise an online voting platform that links directly to the fund's custody platform.

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.

# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

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### LAND ROVER PENSION SCHEME (THE “SCHEME”) - IMPLEMENTATION STATEMENT (CONTINUED)

#### **Review of policies**

The fiduciary manager monitors the stewardship and ESG approach of the Scheme’s Return-Seeking and CDI investment managers and reports to the Trustee. Through its Investment Implementation Committee, and in particular the Scheme’s nominated ESG champion, the Trustee has engaged with its fiduciary manager several times throughout the year on responsible investment issues.

This has contributed to the continued evolution 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 a triennial annual basis.

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

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

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Capacity: \_\_\_\_\_

Date: \_\_\_\_\_

# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

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### STATEMENT OF INVESTMENT PRINCIPLES

#### Introduction

1. This document is the Statement of Investment Principles ('SIP') made by the Trustee of the Land Rover Pension Scheme (the 'Scheme') 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.

#### Scheme objectives

3. The primary objective of the Trustee is to meet its obligations to beneficiaries of the Scheme. Following the 2018 actuarial valuation and subsequent investment review, the Trustee's strategy is designed to target a level of funding that allows the Scheme 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 Scheme, 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 Scheme. 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 Scheme'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 Scheme'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 Scheme's investment objective and the changes in the Scheme's membership

# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

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### STATEMENT OF INVESTMENT PRINCIPLES (CONTINUED)

8. The Scheme 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 Scheme 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 Scheme 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 Scheme'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 Scheme's overall investments, where practicable. The Trustee, together with the Scheme'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 Scheme 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 Scheme investment strategy. The LDI manager also has a target benchmark against which to manage their mandate. The Trustee reviews the nature of Scheme 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 Scheme, 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 Scheme, 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 Scheme'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 Scheme'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 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](http://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 Scheme's equity investments. The Trustee separately considers any conflicts of interest arising in the management of the Scheme 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 each Scheme 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 Scheme is a Registered Pension Scheme for the purposes of the Finance Act 2004.
22. The Scheme'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 Scheme'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.

# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

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### 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 Scheme 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 Scheme over a specified period relative to projected asset income from the Scheme's cashflow matching assets over that same period.
  - is managed by the Scheme'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, Scheme 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 Scheme's Investment Managers) which reduces the impact of exchange rate movements on the Scheme's asset value.
- Interest rate and inflation risk:
  - is measured by comparing the likely movement in the Scheme'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 Scheme'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.

# LAND ROVER PENSION SCHEME

## YEAR ENDED 31 MARCH 2024

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### MEMBERS' INFORMATION

#### INTRODUCTION

The Scheme is a defined benefit scheme and is administered by Aptia UK 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 10252894.

#### Other information

- (i) The Trustee is required to provide certain information about the Scheme 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](http://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](mailto:enquiries@pensions-ombudsman.org.uk)  
0800 917 4487  
[www.pensions-ombudsman.org.uk](http://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](http://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 Scheme 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 Scheme Administrators at the address on page 2 of this report.