Statement of Investment Principles – JMG UK Pension Scheme
(October 2025)

Introduction

1 This document is the Statement of Investment Principles (the "SIP") made by the Trustee of the JMG UK 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 advice from a suitably qualified firm and consulted Lithia Motors Group UK Limited (the "Sponsoring Employer"). The ultimate power and responsibility for deciding investment policy, however, lies solely with the Trustee.

Investment objectives

3 The Trustee has secured the liabilities of the Scheme through an insurance contract with Rothesay Life plc. The Scheme has some residual uninsured assets, which will be used to meet any remaining payments that may be required, for example in relation to GMP equalisation, winding up lump sum payments and other expenses. The uninsured assets are held as cash in the Trustee bank account or liquid cash/money market assets.

Investment strategy

4 The investment strategy makes use of the following investments:

- Rothesay Life plc buy-in insurance contract
- Liquid cash or other money markets instruments

5 The balance between the investments will reflect the underlying cashflows over time, rather than being determined strategically.

6 The expected return of the liquid cash assets is a cash return.

7 The Trustee's policy is that there will be sufficient investments in liquid or readily realisable assets to meet cash flow requirements in foreseeable circumstances, where possible.

8 The Trustee, together with the Scheme's administrators, will hold sufficient cash to meet payment obligations.

Investment managers

9 In accordance with the Financial Services and Markets Act 2000, the selection of specific

investments will be delegated to investment managers. The investment managers will provide the skill and expertise necessary to manage the investments of the Scheme competently.

10 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 Trustee will maintain processes to ensure that performance and risk are assessed on a regular basis against measurable objectives for any investment managers, consistent with the achievement of the Scheme's long term objectives.

11 Any pooled fund investment managers employed by the Scheme are paid an ad valorem fee, in line with normal market practice, for a given scope of services which includes consideration of long-term factors and engagement.

12 To the extent possible, the Trustee reviews the costs incurred in managing the Scheme's assets annually, which includes the costs associated with portfolio turnover. In assessing the appropriateness of the portfolio turnover costs at an individual manager level, the Trustee will have regard to the actual portfolio turnover and how this compares with the expected turnover range for that mandate.

13 Should the Trustee's monitoring process reveal that a manager's portfolio is not aligned with the Trustee's policies, the Trustee will engage with the manager further to encourage alignment. This monitoring process includes specific consideration of the sustainable investment/ESG characteristics of the portfolio and managers' engagement activities. If, following engagement, it is the view of the Trustee that the degree of alignment remains unsatisfactory, the manager will be terminated and replaced.

Other matters

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

15 The Scheme previously provided a facility for members to pay AVCs into the Scheme to enhance their benefits at retirement. The payments under AVCs are held separately to the main Scheme assets. The Trustee's objective is to provide alternative funds which will provide long term returns consistent with member's reasonable expectations. The Trustee also regularly monitors the AVC arrangements to ensure that they remain appropriate.

16 In view of the limited kinds of investment that may be held by the Scheme outside the buy-in policy with Rothesay plc and the short period until the Scheme is expected to be wound up, the Trustee considers that it is reasonable that there should be no formal policy in relation to the balance between different investments, the expected return on investments, financially material considerations and non-financial matters, stewardship and voting.

17 With regards to non-financial matters, these are not considered applicable to the assets.

18 There are no outstanding assets with voting rights attached.

Risks

19 The Trustee recognises a number of risks involved in the investment of the Scheme's assets, and, where applicable, monitors these risks.

Solvency risk and mismatch risk:

- are measured through a qualitative and quantitative assessment of the expected development of the funding level.

- are managed through the development of a portfolio consistent with delivering the Scheme's investment objective.

Investment Manager risk:

- is measured by the expected deviation of the return relative to the benchmark set.

Liquidity risk:

- is measured by the level of cash flow required by the Scheme over a specified period.

- is managed by the Scheme's administrators assessing the level of cash held in order to limit the impact of the cash flow requirements on the investment policy and through holding assets of appropriate liquidity.

Custodial risk:

- is addressed through investment in pooled vehicles (for any assets held outside the Trustee bank account), with the investment managers being responsible for selection of suitable custodians.

Insurer risk:

- is measured by assessing the credit worthiness of the provider of the Scheme's buy-in policy and the ability of the insurer to meet the likely benefit outgo of the Scheme is managed by monitoring the Scheme's buy-in provider

- the Trustee believes that it has four layers of protection in the event of default by Rothesay Life plc: the covenant of Rothesay Life plc, the Financial Services Compensation Scheme, the covenant of the Sponsoring Employer, and the Pension Protection Fund

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 reviews of the actual investments relative to policy.

Sponsor risk:

- is measured by receiving regular financial updates from the Sponsoring Employer, with the option to commission an independent covenant assessment if required.

Legislative risk:

- this is the risk that legislative changes will require action from the Trustee so as to comply with any such changes in legislation.
- the Trustee acknowledges that this risk is unavoidable but will seek to address any required changes so as to comply with changes in legislation.