



the Cheviot **trust**

Implementation Statement Money Purchase Section

Report for 2024
July 2025



Introduction

1. This statement sets out how the Scheme's Statement of Investment Principles (the Statement) dated September 2024, has been followed during the Scheme year ending 31 December 2024.¹ The current Statement is available on both the corporate and member focused Cheviot websites.² It includes details of how the Cheviot Lifeplan (the default option) meets the needs of members and how the ESG (environmental, social and governance) and engagement policies have been implemented and voting behaviour carried out on behalf of the Scheme.
2. During 2024 there was a change to the Scheme's investment approach. VLK were appointed as the fiduciary manager in February 2024 and prior to this Schroders were the Scheme's investment adviser and the trustees managed the Scheme investments. 2024 has, therefore, been a year of transition with the introduction of a fiduciary manager.

Review of the Statement of Investment Principles

3. The Statement was reviewed during the Scheme year to 31 December 2024, and the key points of that review are detailed below. One clarificatory change was made to the Statement in September 2024³ to confirm expressly that the Trustee does not currently invest in illiquid assets in the Cheviot Lifeplan. The Statement has been followed throughout the year, and no changes were made to the investments in the year which were not in accordance with the Statement.
4. The Investment Committee (the Committee) has delegated powers to consider investment issues and reviews the Statement annually. The Committee monitors compliance with the SIP annually and obtains confirmation from the fiduciary manager, Van Lanschot Kempen Investment Management (VLK) and other advisers that they have complied with the relevant SIP in so far as is reasonably practicable and that in exercising any discretion they have done so in accordance with legal requirements.
5. The Trustees have received periodic investment reports and investment updates from VLK that provide:
 - details of the asset allocation, and whether the allocations are consistent with the investment policies specified in the SIP,
 - details of the value of investments,
 - details of the performance of the individual investments, including relative to a benchmark,
 - details of the performance of the total investments, including relative to the target return and investment objectives,
 - details of the investment risk of the underlying investments, and the change in the total investment risk over time,
 - the responsible investment characteristics of the underlying investments, and
 - details of the engagement behaviour of both VLK and the underlying investment managers they appoint on behalf of the trustees, including their voting behaviour.
6. The Trustees have reviewed the information provided by VLK and its other advisers, and are satisfied that the policies set out in the SIP have been followed, including:
 - investing the assets according to the investment policy and the investment strategy advised and implemented by VLK,
 - choosing suitable investments to achieve the right balance between risk and return, to ensure the security, quality, liquidity and returns of the MPS assets,
 - managing the key risks of the MPS appropriately,

¹ It has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and guidance published by the Pensions Regulator.

² Statement signed in March 2025 is available at www.cheviottrust.com/www.mycheviotpension.com

³ Further changes have been made in 2025.



- monitoring the underlying managers of the investments, and the performance of those managers relative to the objectives,
 - managing ESG risks (financial materially considerations) appropriately (note that non-financial matters, such as member views, on ethical matters and the social and environmental impact and present and future quality of life of the members and beneficiaries. are not taken into consideration when selecting, retaining and realising investments), and
 - exercising of the rights (including voting rights) attaching to investments.
7. A summary of the stewardship and engagement behaviour of both VLK and the underlying investment managers they appoint on Cheviot’s behalf is provided in the sections below. This includes information on voting behaviour, and votes considered significant by each of the investment managers. The Trustees have no influence on the managers’ definitions of significant votes but have noted these and are satisfied that they are all reasonable and appropriate given the Trustee’s objectives.

Investment objectives

8. The primary objectives of the Trustee for the Money Purchase Section as set out in the Statement are set out below with a description of how they were implemented during 2024.

Objective	Implementation
The implementation of the policies intended to ensure assets are invested in the best interests of members.	Overall, the Trustee concluded that the policies were being implemented as expected. The exception in the AAF was the guided post-retirement options were not implemented. These have now been removed from the Statement of Investment Principles. ⁴
To provide a default plan, called the Cheviot Lifeplan to provide members with an “adequate” retirement income ⁵ , taking risk where it is most rewarded and protection where it is most needed. The Cheviot Lifeplan is based on a range of investment building blocks. These building blocks are also available to members who wish to choose their own investment approach.	A strategic review of the Cheviot Lifeplan ⁶ is completed annually by the Investment Committee, through delegated powers from the Trustee. Following the appointment of VLK in February 2024. The strategic review was completed in September 2024. ⁷ Some changes were agreed which are expected to increase each Lifeplan member’s projected fund size and annual income. The Committee concluded that the Lifeplan continued to meet its objective of more than 75% of members projected to receive an income equal to the Living Wage.
To provide a range of investment options that members can select.	The 2024 review of investment concluded that the Retirement Planning option was no longer required and that the underlying ESG fund should be changed to the ESG focused global equity fund being introduced across all the options.
To provide investment options for members who wish to invest in line with investment beliefs where financial gain is not the sole criterion.	The review of options that members can select was reviewed against the needs of members and no changes were proposed.
To provide investment options for members who wish to invest in line with stock markets.	Four equity only funds are available to members.

⁴ New post retirement options have been designed and agreed by the Trustee but will not be implemented until 2026 when a system change will facilitate their introduction.

⁵ Measured by reference to the UK Living Wage, the Pension Commission’s Target Replacement Ratio and the PLSA’s retirement living standards.

⁶ The default option for the purposes of the legislation

⁷ Implemented in 2025.



Objective	Implementation
To ensure that contributions payable by the employers and members are invested in accordance with the Cheviot Lifeplan or the options selected by members.	Any incidents of contributions being invested in the wrong options are remedied and reported to the Trustee in a quarterly Governance Report. The Governance Report also includes details of performance against service standards for all core financial transactions.
As far as practicable and appropriate, to provide investment options that enable members to invest and disinvest daily.	All options facilitate daily dealing. Some funds are traded separately to other transactions as the unit prices are available one day after the other options which causes disruption. The Trustee is considering how best to address this going forward.
The implementation of the policies intended to ensure assets are invested in the best interests of members.	

Ongoing investment governance

9. Investment governance is delegated to the Investment Committee including the provision of key documents such as this Implementation Statement.

10. The Investment Committee held seven meetings during 2024. The Investment Committee received detailed information on the performance of the investment strategy quarterly against its long-term targets and risk measures and discussed it with VLK. This information was formally reported to each quarterly Trustee meeting. ESG training was provided in the investment advisers part of the annual ESG review of managers. The legal advisers provide quarterly updates explaining new requirements and how they may impact Cheviot. Sustainability is a standing item on the quarterly Investment Committee agenda.

11. The primary investment objectives for the growth funds in the Cheviot Lifeplan are to achieve inflation-related returns over a full market cycle of about five years with less fluctuations in value than the market. Returns are also measured against a market benchmark. In general, the inflation related returns were met during 2024 but longer-term returns were still behind, as a result of the very high levels of inflation. The quarterly reviews of the external investment options offered to members confirmed that they achieved a return consistent with the stated objective.

12. Investment performance for the year is available in the Cheviot Pension accounts for 2024 which also include details of the underlying investments and how they were assessed and valued for the accounts. No illiquid assets are held within the Money Purchase Section. Investment performance for the one-, three- and five-year performance is also provided to the Trustees on a quarterly basis. The Investment Committee is satisfied, on advice from the investment advisers, that the nature, disposition, marketability, security, and valuation of the Scheme’s assets are in line with the investment objectives and strategy, risk controls and return expectations.

13. Advisers are held to account and their performance assessed and reviewed regularly. Quarterly reports are provided to the full Board on each adviser. VLK were appointed in February 2024 as fiduciary manager and their performance was considered at each quarterly Investment Committee. An external advisor also provided oversight during 2024.

VLK monitoring of asset managers

14. The monitoring of asset managers is delegated to VLK. VLK considers financially material factors. These are factors that can affect the long-term financial performance of investments and can (but do not have



to) include the financial implications of environmental, social and governance factors (otherwise known as ESG) where relevant. All references to ESG also include climate change. The Investment Committee reviews their ESG policy and any relevant information regularly. However, in practice as assets are held in pooled funds, VLK has limited influence over an asset managers' investment practices. This encourages its chosen managers to improve their own stewardship and engagement practices and consider ESG factors and their associated risks. The Scheme has a number of asset managers in place who have been in place for varying durations of between 5 and 20 years.

15. During the Scheme year, the Investment Committee has considered the nature of its investments in the context of long-term financial performance and the extent to which the existing investments implicitly include consideration of ESG factors. The Investment Committee is also considering those elements of the investment strategy where the fundamental investment objective is short term in nature and taking account of ESG factors is unlikely to influence investment performance.
16. Long-term financial performance, including ESG factors and stewardship, is considered at the point of initial investment by VLK as a part of the manager's selection criteria. This includes alignment with the Trustee's investment strategy. A long-term approach is taken to setting risk and return targets and when assessing manager performance against those targets. The fee structure for each manager is based on a percentage of assets managed. The manager is, therefore, incentivised to grow assets in line with the set objectives. Such factors may also be important criteria for considering the replacement of a manager.
17. Once a manager is appointed, VLK monitors ongoing compliance with ESG and other factors like stewardship as a part of overall performance and provides updates in the quarterly governance reports. Most of the appointed managers take ESG factors into account as part of their investment process.
18. VLK would ultimately disinvest assets from a manager if the manager were not aligned with the agreed approach to investment strategy.
19. VLK have also created a proprietary scoring framework (the Sustainability Spectrum) to help them understand and evaluate how asset managers integrate various ESG factors into their investment products and processes. Within this framework, asset managers and their products are classified into one of five different levels: Compliant (level 1), Basic (level 2), Avoid harm (level 3), Do better (level 4), Do good (level 5).
20. VLK uses the following methodology to monitor and engage with the underlying asset managers:
 - (i) ESG criteria are assessed based on international conventions and initiatives, such as the UN Global Compact and the Principles for Responsible Investment (PRI);
 - (ii) All managers are screened against ESG criteria before inclusion in VLK's approved manager list. For example:
 - Does the manager have a responsible investment (RI) policy?
 - Is the manager open for a dialogue on ESG criteria?
 - Does the manager have exposure to companies that are on VLK's exclusion and avoidance list?
 - (iii) All managers are reviewed against ESG criteria on an ongoing basis. For example:
 - Do responsible investing considerations continue to be integrated into their investment process?
 - Is the manager making progress?
 - Is the manager well informed and up-to-speed on ESG criteria and initiatives?



- Is there periodic screening of all the underlying equity and debt securities held by managers within their investment products, to check for exclusion candidates?

Investment Platform provider

21. The Trustee invests the Scheme's assets through an investment platform of pooled funds with Mobius Life. As a result, the Trustee is constrained in its ability to directly influence the underlying investment managers who make the day-to-day investment decisions or obtain detailed information about ESG and climate change issues.
22. The Scheme's investment advisor is required to carry out a review of the investment platform manager, Mobius Life, every eighteen months. The review was completed in May 2024. The review did not reveal any issues which impacted Cheviot directly.

Risks

23. All options in the Cheviot Lifeplan (other than Cash) are invested in a diversified range of assets to reduce investment risk, which can include (but are not limited to) assets such as developed market equities, emerging market equities, UK or other sovereign bonds, corporate bonds, high yield bonds, real estate, and money market instruments. The balance between different kinds of investments reflects the risk profiles of each option.
24. During the Scheme year, risks were measured and managed as part of regular investment strategic governance, asset allocation reviews and investment strategic reviews. The Investment Committee reviewed the relevant risks each quarter and identified, evaluated, managed, and monitored risks, including their impact, what controls can be put in place to manage those risks and the effectiveness of the risk management process. The risk and return tolerances were considered as part of the strategic review in September 2024 considering whether the target returns were still achievable.
25. Asset allocation changes were implemented by the administration team, on instructions from the Fiduciary Manager and in conjunction with the investment platform provider.

Value for members

26. The Trustee has undertaken the annual assessment of the Money Purchase Section's services during 2024 using information provided by VLK and EY and the results of the Audit Assurance Framework reports reviewed by independent auditors and based on the framework provided by the Pensions Regulator. The quality of the services was assessed through establishing whether the Money Purchase Section's services were suitable, relevant and provided value to members and whether each of the services had performed effectively. The assessment also identifies areas where future actions could further improve the value provided.
27. The Committee has delegated powers to review the assessment. It concluded that services provided were high quality and provided value for members in the three key areas of governance and management, investment and administration and communications services. These services made a positive contribution to member outcomes.
28. Charges to members are above average which correlates with the level of service for members, offering best market practice in terms of governance, administration, communication and investment performance.



Environmental, social and governance factors

29. When selecting and monitoring an investment, the Investment Committee considers financially material factors. These are factors that can affect the long-term financial performance of investments and can (but do not have to) include the financial implications of environmental, social and governance factors (otherwise known as ESG) where relevant. All references to ESG also include climate change. The Investment Committee reviews their ESG policy and any relevant information regularly.
30. During the Scheme year, the Investment Committee has considered the nature of its investments in the context of long-term financial performance and the extent to which the existing investments implicitly include consideration of ESG factors. The Investment Committee is also considering those elements of the investment strategy where the fundamental investment objective is short term in nature and taking account of ESG factors is unlikely to influence investment performance.
31. Long-term financial performance, including ESG factors and stewardship, is considered at the point of initial investment as a part of the manager selection criteria. This includes alignment with the Trustee's investment strategy. A long-term approach is taken to setting risk and return targets and when assessing manager performance against those targets. The fee structure for each manager is based on a percentage of assets managed. The manager is, therefore, incentivised to grow assets in line with the set objectives. Such factors may also be important criteria for considering the replacement of a manager.
32. Once a manager is appointed, the Investment Committee monitors ongoing compliance with ESG and other factors like stewardship as a part of overall performance and uses its investment adviser's engagement with the managers on the Trustee's behalf in its decision making (where appropriate). Most of the appointed managers take ESG factors into account as part of their investment process.
33. The Investment Committee would ultimately disinvest assets from a manager if the manager were not aligned with the agreed approach to investment strategy. During the ongoing monitoring of managers during the Scheme year ending 31 December 2024, no decisions were taken to disinvest.
34. The Investment Committee did not take account of non-financially material factors when making investment decisions on behalf of members during the Scheme Year but made two funds available which aim to satisfy certain sets of beliefs (Sharia principles and a particular ethical approach).
35. As part of their annual reporting, the Trustee is required to calculate transaction costs and assess the extent to which they represent good value for members. With regard to the Lifeplan, over a 40-year membership, the cost of switching between funds may amount to approximately 0.35%. This averages 0.01% per annum and is the worst-case cost arising from buying a unit of Cheviot Growth, then transitioning through Moderate, Cautious, Retirement Planning and Cash and eventually cashing in at retirement. These estimates include costs incurred as a result of the buying, selling, lending or borrowing of investments. The Investment Committee has reviewed the estimated transaction costs for each investment option and underlying funds (including the self-select options) and are comfortable, the costs are reasonable.

Engagement and Stewardship



36. The Trustee is supportive of both Shareholder Rights Directive (SRD II) and The UK Stewardship Code 2020. Both emphasise the importance of institutional investors and asset managers engaging with the companies in which they invest and stress the importance of exercising shareholder voting rights effectively. The Trustee has delegated responsibility for engagement and stewardship to VLK and considers this to be an efficient and effective approach.
37. Through VLK's monitoring and engagement activities, the Investment Committee encourages all its asset managers to be engaged investors and furthermore encourages the managers to report on these activities and to disclose information about responsible investing on their website and in their reporting. While managers may have used proxy voters, the Investment Committee have not used proxy voting services themselves during 2024.
38. During 2024 VLK have followed a proactive and detailed approach to issues including:
- Regularly encouraged the managers they work with to apply responsible investment policies and engage themselves into dialogue with the companies they are investing in, engaging with over 200 managers on over 600 products regarding sustainability and stewardship.
 - Researched over 300 sustainability focused products across all asset classes.
 - Approved 12 new strategies with the highest sustainability rating ('Do good') for use in client portfolios.
 - Rejected or downgraded 25 strategies based significantly on sustainability concerns.
 - Introduced minimum standards on climate, modern slavery and engagement reporting for asset managers.
 - Made good progress with cutting VLK's own carbon emissions by 42% per full time employee (compared to 2019 baseline).
 - Set more ambitious targets to decrease VLK's carbon footprint and to reduce carbon emissions via their discretionary assets under management, effective from 2024 onwards.
 - Continued to put most of their efforts into energy transition – focusing on their role as active owner, engaging on carbon emissions. VLK have also made strides in the food transition – particularly through the lens of preserving biodiversity and soil health. They did this by, among other things, putting in place an investment framework for biodiversity and engaging on this theme.
 - Joined Nature Action 100, a newly created collaborative engagement initiative, where VLK are a participating investor in engagements with Novo Nordisk and Sysco Corporation.
 - Continued its involvement in industry initiatives, as members of PRI, GIIN (the Global Impact Investing Network), and ICGN (the International Corporate Governance Network).
 - Remained signatories to the Dutch and UK Stewardship Codes.
39. The assets are invested in a diverse range of asset classes, however the intention of this section of the statement is to provide specific details of the voting and engagement behaviour of the equity managers who manage equity investments which have voting rights attached, as well as the engagement behaviour of the fixed income corporate bond managers. Alternative assets and government bonds are excluded.
40. The Investment Committee has reviewed voting and engagement activity undertaken by the underlying investment managers and this is set out in Appendix 1.⁸ Both equity managers show meaningful engagement practices.
41. The platform provider (Mobius Life) did not vote on behalf of the Trustees. This is due to their policy not to vote at the fund level as they cannot represent all their underlying investors. This is common practice

⁸ Information based on data available from Mobius.



in the industry. Mobius actively engages with asset managers and is in support of the UK Stewardship code. Mobius contacts each of the asset managers they invest with on an annual basis to ensure they are complying with Mobius' governance requirements at a company level and in their investment approach. The Trustees are satisfied that the level of engagement demonstrated by Mobius is appropriate.⁴² VLK engaged with Mobius on the Trustee's behalf during the Scheme year on climate-reporting issues and discussed the level of information it needed from the managers to enable it to measure the portfolio's progress in relation to climate related targets.

Conclusion

42. The Investment Committee, on behalf of the Trustee under its delegated powers, considers that it has followed the policies set out in the Statement of Investment Principles without any significant deviations, other than in relation to the post-retirement options.⁹

Sir Derek Morris

Sir Derek Morris
Chair, Cheviot Trustees Limited
25 July 2025

⁹ See para 4



Voting and Engagement Summary

The Trustee does not own any assets where it has direct voting rights or the ability to exercise proxy voting rights because all of the assets are held in pooled vehicles held on the Mobius Platform and the underlying managers hold those voting rights.

The Investment Committee has considered the ESG report provided by Mobius Life in relation to the engagement and voting activities of the underlying managers of the Section's pooled funds. Both primary equity managers show strong and meaningful engagement practices making use of proxy voting.

Mobius engaged with the underlying fund managers, asking a number of questions on sustainability and received the following responses;

Fund	Fund Manager ESG Credentials	Fund ESG Credentials	
	Data provided by Fiduciary Manager as at	Percentage of questions answered	Data provided by Fiduciary Manager as at
iShares Environment & Low Carbon Tilt Real Estate Index Fund (UK)	31/12/2024	98%	31/12/2024
SSGA As of Priced	31/12/2024	90%	31/12/2024
L&G Life AA All stocks Gilt Index Fund	31/12/2024	95%	31/12/2024
PIMCO Global Investment Grade Credit Fund – GBP Hedged	31/12/2024	90%	31/12/2024
L&G Life N UK Equity Index Fund	31/12/2024	97%	31/12/2024
BLK AQC Emerging Markets Fund	31/12/2024	95%	31/12/2024
BlackRock ICS Sterling Liquidity Fund	31/12/2024	96%	31/12/2024
L&G Life DB World Equity Index Fund	31/12/2024	97%	31/12/2024
L&G Life DP FTSE4Good Developed Equity Index Fund	31/12/2024	98%	31/12/2024
Invesco Physical Gold	31/12/2024	83%	31/12/2024
HSBC Islamic Global Equity Index Fund	31/12/2024	92%	31/12/2024
L&G Life KY World Equity Index Fund GBP Currency Hedged	31/12/2024	97%	31/12/2024
BNY Melton GF Efficient US High Yield Beta Fund	31/12/2024	90%	31/12/2024
L&G Life TA Sterling Liquidity Fund	31/12/2024	97%	31/12/2024
BLK AQC Corporate Bond Fund All Stocks Fund	31/12/2024	96%	31/12/2024

Over the year to 31 December 2024, the platform provider, Mobius Life, did not undertake any voting activity in respect of the pooled funds held on its investment platform as a matter of policy. This is common practice in the industry.

Voting and engagement activity undertaken by the underlying investment managers is set out in the following sections. The Trustee (through its advisers) has included all of the information available in relation to the voting activity, relying on information from the underlying managers on the expanded requirements for this



Implementation Statement. The Trustee understands that in future reporting years the information available on the votes is expected to be more detailed, to allow it to meet the vote reporting requirements in full.¹⁰

Fund managers

The largest allocation for the Growth Fund, which holds the majority of assets for the Lifeplan is the State Street World TPI Climate Transition Index Equity Fund. The engagement activity collated by Mobius from State Street is set out below.

Activity	SSGA As of Priced World TPI Climate Transition Index Equity Sub-Fund		
Do you undertake engagement for this fund?	Yes		
How many engagements have you had with companies in the past 12 months?	999	How many engagements were made regarding environmental topics?	158
How many engagements were made regarding social topics?	222	How many engagements were made regarding governance topics?	526

In addition, VLK engaged with State Street on their voting policy and this is set out below:

State Street – customised voting policy	
Engagement description	VLK lobbied for a customised voting policy for equity fund
Investment manager	State Street Global Advisors
Fund/Mandate	World TPI Climate Transition Index Fund
Rationale for engagement	Implement a more robust voting policy in line with VLK's stewardship ambitions.
Summary	<p>State Street Global Advisors' (SSGA) World TPI Climate Transition Index Fund ("the Fund") has been Van Lanschot Kempens' (VLK's) primary-listed developed market equity fund across UK FM portfolios.</p> <p>Previously, the Fund offered a single voting policy for all clients. VLK engaged with SSGA to explore options for offering tailored voting policies for investors in the Fund, emphasising a desire a voting policy with is more ambitious on responsible investing issues (e.g. stronger policy on environment-related votes).</p> <p>Following conversations with SSGA, they have since provided all clients invested in the Fund with the possibility to opt-in to a number of specific Institutional Shareholder Services (ISS) voting policies*. VLK has deemed the ISS Socially Responsible Investing (SRI) Voting Policy to be the most aligned with our own stewardship ambitions given this policy's strong commitment to voting in favour of shareholders proposals which promote ESG issues. VLK is now in the process of switching its UK clients invested in the Fund to this voting policy.</p> <p><i>*Institutional Shareholder Services (ISS) is a major provider of proxy voting advisory services for asset managers. Coincidentally, ISS also provides proxy voting advisory services for VLK's internally managed investment funds.</i></p>
Conclusion	VLK is now in the process of switching its UK clients invested in the Fund to the ISS SRI Voting Policy. This means that clients' proportionate shareholdings in the Fund will vote in line with this policy going forward.
Next steps	Switch UK clients to ISS SRI Voting Policy.

¹⁰ The appointment of VLK Investment Management will facilitate better reporting of engagement in 2025 following the transition of assets to its preferred managers.



BlackRock have the second largest allocation in the Growth fund invested in the emerging market equity fund. Details on their most significant votes are set out below.

	Most significant vote	Second most significant vote
Company name	ENGIE Brasil Energia SA	JBS SA
Date of the Vote	25/04/2024	26/04/2024
Summary of the resolution	Elect Directors	Ratify Katia Regina de Abreu Gomes as Independent Director
How did you vote?	For	For
Rationale of the voting decision	-	[LN-M0550-001] Remuneration arrangements are poorly structured.
Outcome of the vote	Pass	Pass
Where you voted against management, did you communicate your intent to the company ahead of the vote?	We endeavor to communicate with companies when we intend to vote against management, either before or just after casting votes in advance of the shareholder meeting. We publish our voting guidelines to help clients and companies understand our thinking on key governance matters that are commonly put to a shareholder vote. They are the benchmark against which we assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. We apply our guidelines pragmatically, taking into account a company's unique circumstances where relevant. Our voting decisions reflect our analysis of company disclosures, third party research and, where relevant, insights from recent and past company engagement and our active investment colleagues.	