With Profits Section of the Cheviot Pension

Pensions Registry Number 19019602

Annual Report and Accounts

For the Year Ended 31 December 2025

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Trustee and Advisers

Trustee: Cheviot Trustees Limited

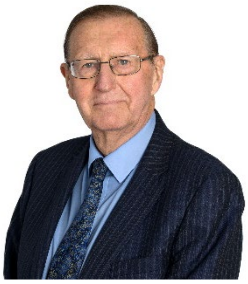
Co-opted Directors	Employer Nominated Directors	Member Nominated Directors
Sir Derek Morris, Chairman	Mr Gerald Kidd, Vice Chairman	Mr Giles Orton, Vice Chairman
Ms Elspeth McKinnon	Mr Stephen Jones	Ms Diane Elliott-Smith
	Mr Martin Poore	Ms Frances Longmore

Scheme Actuary	Peter Black of XPS Pensions Group
Investment Advisers and Fiduciary Manager	Van Lanschot Kempen Investment Management (UK) Limited (VLK)
General consultancy	Ernst & Young LLP
Auditor	Crowe U.K. LLP
Bankers	National Westminster Bank plc
Investment Managers	The Trustee had direct contractual relationships with the managers shown below during 2025.[1] As at 31 December 2025, the With Profits Section was wholly invested in funds through the Mobius Life Limited investment platform. This platform invests in the underlying managers. Details can be found in the Statement of Investment Principles available on the website. Mobius Life Limited Marshall Wace Asset Management Limited[2] PIMCO Europe Limited[3] Royal London Asset Management Limited[4]
Custodian	Caceis Bank[5]
Pension Administrator	Spence and Partners[6]
Solicitors	Arc Pensions Law LLP Pinsent Masons LLP
Covenant Adviser	PricewaterhouseCoopers LLP

[1]Transition away from direct holdings, following VLK's appointment, was completed in February 2025.
[2] Appointment ceased in February 2025
[3] Appointment ceased in February 2025
[4] Appointment ceased in February 2025
[5] Appointment ceased in April 2025
[6] Appointed February 2025 and provided the services from May 2025, following a TUPE transfer of existing finance and pensions administration staff.

Chair's review

Sir Derek Morris, Chairman



This review highlights some of the key issues discussed by the Board in 2025.

Trustee issues

The Trustee has continued to focus on its governance and services to members, operating a mixture of in person, hybrid and virtual meetings. The Board meets in person quarterly and most Committees meet virtually, resulting in a good balance between cost effectiveness and the positive impact of in person meetings.

The Board reviewed its own effectiveness during 2025. The Board noted the limited progress in encouraging new candidates for the Board, the under representation in some areas but diversity in others. The timeliness and effectiveness of the papers was satisfactory and supported good decision making. The involvement of the Board in key appointments was felt to be at the right level. Risks were being managed well. These points will be monitored over 2026.

Investment performance 2025

The transition of the investment holdings to VLK's strategy was completed in 2025.

2025 was a good year for investment returns. Global markets rose providing strong absolute and relative performance over the year, reflecting increased anticipation of lower interest rates. Both the With Profits Section Investment Fund (on risk assets) and the total With Profits Section portfolio outperformed their benchmarks over one and three years. Inflation continued to reduce during 2025. The rising geopolitical tensions and the war in the Middle East in 2026 means this trend is likely to reverse in 2026. The Board continues to monitor market volatility during this uncertain period in conjunction with VLK, Cheviot's fiduciary manager.

VLK supports the Trustee towards its ESG issues in line with its bespoke net zero commitment which explicitly reflects the Trustee's fiduciary responsibilities as well as our ambition to contribute to the world's efforts to reduce global warming. You can read more about this in the Implementation Statements and the TCFD report available on our corporate website.

Audit and Assurance Framework Report

The Report for the year ended 31 December 2025 was signed on 23 June 2026. These independent reports demonstrate the existence and effectiveness of the controls and procedures in operation at an operational and trustee governance level across the organisation.

One exception was identified in 2025, relating to the existing pensions administration system. The relevant policies and procedures were not made available by the current supplier, Procentia. The transition process from Procentia to Spence's administration system is due to be completed in 2026.

Communications

Cheviot's member website, www.mycheviotpension.com, is easy to navigate and has a series of factsheets focusing on investment issues and retirement. With Profits members can access live information about their savings through the member portal, accessible through the member website or through an app. Cheviot pension benefit statements were issued in April 2026 and were in line with the simpler annual benefit statement guidance issued by the Department for Work and Pensions.

Funding position of the With Profits Section

The Actuarial Valuation of the With Profits Section as at 31 December 2023 was signed on 31 January 2025 and is available on the website. The valuation showed a deficit which required contributions from employers. Members' benefits are not affected.

After consulting with employers, the Trustee has issued requests for contributions to employers from March 2025 based on the liabilities of each employer as identified by the Scheme Actuary as at 31 December 2013.[7] The WPS Committee has delegated powers to manage the contribution recovery process. The WPS Committee held 11 meetings in 2025. The funding level improved from 86% at the valuation date to approximately 96% as at 31 December 2025. The WPS Committee continues to pursue outstanding contributions.

Appointment of Spence & Partners

I reported Spence & Partners' appointment to provide administration services to the Trust in last year's report. Cheviot's finance and pensions administration team transferred to Spence in May 2025 and continue to provide an excellent service to members and employers.

The transition to Spence's IT system, Mantle, is underway and will include improved member online portals to enable members to transact more of the administration of their pension online. The portal will be available when the transition to Mantle is completed in late 2026.

Sir Derek Morris

Sir Derek Morris
Chairman

[7] The Trustee has power under the rules to set the relevant date. The Trustee decided on 31 December 2013 as the date of the last data cut before the regulations reclassifying the Section as a cash balance scheme were introduced.

Trustee's Report

Scheme constitution

The Cheviot Trust (Cheviot) has been providing occupational pensions since 1930. It is an innovative, not for profit organisation committed to providing straightforward and effective pension services to employers and members. It provides defined contribution and cash balance benefits through the **Cheviot Pension** (**Money Purchase** and **With Profits Sections**) and defined benefits through a series of individually funded schemes (**Final Salary Schemes**). All Sections benefit from shared governance, management, investment strategy and administration.

Management of the Trust

All Schemes are managed by Cheviot Trustees Limited. The structure of the Board is compliant with the governance requirements for Master Trusts. A detailed Governance Policy is in place and reviewed regularly. The Trustee uses a committee structure to undertake some of the governance requirements.

Three employer representative Directors

Three member representative Directors

Two co-opted Directors

Trustees

The membership of the Cheviot Trustee Board currently comprises three employer nominated representatives, three member nominated representatives and two co-opted Directors. All Trustee Directors meet the fit and proper requirements of the Master Trust authorisation process. There are three professional trustees, although only the Chair is appointed in a professional capacity.

Employer and Member representatives are currently appointed by the Trustee, following the relevant selection process, for a term of three years[8] or until a representative resigns, ceases to be eligible or the other Directors decide that the term of office should end. Directors may put themselves forward for re-appointment. Co-opted Directors are also appointed for a three-year period, unless otherwise agreed on appointment.[9]

The term of one employer representatives, Mr Martin Poore, expired in 2025. No additional candidates applied and Mr Poore was reappointed in September 2025 after an open, fair and transparent process. The relevant external checks were completed.[10]

The term of two member representatives, Ms Diane Elliott-Smith and Ms Frances Longmore, expired in 2025. One additional candidate applied and all three candidates were interviewed as required in the Governance Policy. Ms Elliott-Smith and Ms Longmore were reappointed in April 2025.[11]

The term of one co-opted Trustee, Ms Elspeth McKinnon, expired in 2025. After consideration by the Trustee,[12] Ms McKinnon was reappointed in September 2025.

Audit Assurance reports

The Trust has obtained a type 2 Combined AAF 05/20 assurance report on Master Trusts and 01/20 internal controls assurance report across all Sections and Schemes and covers the period of reporting. These independent reports demonstrate the existence and effectiveness of the controls and procedures in operation at a trustee governance level as well as those which relate to pensions and financial administration across the organisation.[13]

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[8] Or until replacement or re-appointment following the next appointment process under Article 7.7.4 after the expiry of the three year period.
[9] Sir Derek Morris was appointed for 5 years from July 2022.
[10] Mr Poore qualifies as non-affiliated if required as the appointment process was open and transparent.
[11] Both Ms Elliott-Smith and Ms Longmore continue to qualify as non-affiliated as the appointment process was open and transparent.
[12] Excluding Sir Derek Morris as required.
[13] One exception was identified – see Chair's review on page 4. From 14 May 2025, the finance and pensions administration services are provided by Spence and Partners.

Trustee meetings in 2025

Four full Trustee Board meetings were held during the year ended 31 December 2025. The Trustee also held regular conference calls to discuss strategic issues. The Trustee operates a committee structure with seven Committees.[14] Each Committee has delegated powers from the Board to undertake certain business on its behalf.

During 2025:

- The Finance and Operations Committee held four meetings.
- The Funding Committee held three meetings.
- The Investment Committee held four meetings.
- The Human Resources Committee held one meeting.[15]
- The Legal Committee held four meetings
- The Risk and Compliance Committee held four meetings
- The With Profits Committee held eleven meetings

The Trustee conducts its business through regular Board meetings and seven Committees.

Changes to the Trust Deed and Rules

There were no changes to the Trust Deed and Rules during 2025. The current version of the Trust Deed and Rules was executed in February 2023.

Cost Allocation

All generic costs are incurred by Cheviot Trustees Limited directly and then the appropriate share of those costs is invoiced to the With Profits Section. Costs incurred in respect of the With Profits Section are charged directly to the Section.

Financial statements

These financial statements have been prepared and audited in accordance with regulations made under sections 41(1) and (6) of the Pensions Act 1995.

The financial statements summarise the net assets of the With Profits Section. They do not take account of future obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the With Profits Section is shown in the Report on Actuarial Liabilities on page 28.

Financial developments in the year

The value of the net assets of the Trust as at 31 December 2025 is shown below. The 2024 numbers are shown in brackets. Further details can be found in the Fund Account.

	With Profits Section
Assets at 31 December 2025	£56.9m (£54.1m)

Investment matters

[14] Reduced to six governance committees during 2025
[15] With effect from September 2025, the HR Committee was merged into the Finance and Operations Committee.

Market Overview

2025 was a positive but more volatile year for financial markets. Global economic growth moderated but remained resilient as inflation continued to ease. The IMF estimates global growth at around 3.2% in 2025, slightly below 2024 levels.

The Trustee continues to work on ESG issues in line with its bespoke net zero commitment which explicitly reflects the Trustee's fiduciary responsibilities as well as our ambition to contribute to the world's efforts to reduce global warming. You can read more about this in the Implementation Statements and the TCFD report[16] available on our corporate website.[17]

Investment Strategy

The transition of the WPS assets to VLK's strategy was completed in 2025. The strategy is based on the combined covenant of the participating employers and includes a hedge against interest rate movements and inflation risks. The strategy included a significant proportion of on risk assets, given the very strong covenant as assessed by the Trustee's covenant advisers, PwC. Both Investment Fund and total portfolio was ahead of the target returns over one and three years.

The investment strategy is set out in the Statement of Investment Principles dated November 2025 in accordance with Section 35 of the Pensions Act 1995 as amended by the Pensions Act 2004 and the Occupational Pension Schemes (Investment) Regulations 2005. The statement is publicly available on the website or can be obtained on request from Cheviot.

The Statement includes the Trustee's environmental, social and ethical policy, including associated voting rights with regards to assets which is holds directly on an annual basis. When selecting and monitoring an investment, the Trustee considers financially material factors. These are factors that could affect the long-term financial performance of investments and could (but do not have to) include the financial implications of environmental, social and governance factors (otherwise known as ESG) where relevant.

The Implementation Statement is available in Appendix 3 on page 36 and sets out how the Trustee has followed the policies in the Statement of Investment Principles.

Management and custody of assets

All With Profits Section's assets were held on an investment platform with Mobius Life by the end of 2025 in line with the asset allocation strategy set by VLK, fiduciary managers. Mobius provides custody services and invests in the underlying managers who manage the investments according to their written mandates.

Detailed investment performance information is shown in Appendix 1 – Investment Performance on page 33.

Environmental, social and governance factors

The Trustee has adopted a bespoke net zero commitment by 2050, reflecting the Paris Agreement's objectives. It reflects the Board's fiduciary responsibilities to members and employers and the need for governments and policymakers to deliver on their commitments to achieve the temperature goals of the Paris Agreement.

The underlying strategy is delegated to VLK as fiduciary managers. As part of the process, financially material factors will be considered. 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 appointment of VLK will improve the ability of the Trustee

[16] Task Force on Climate-related Financial Disclosures.
[17] www.cheviottrust.com

to reflect ESG factors in the investment strategy of all sections and schemes and the quality of the data available to enable better setting and monitoring of targets.

More information about how the Trustee implements the policies in the Statement of Investment Principles is available in the Implementation Statement in Appendix 3 on page 36.

Non-financial material factors

The Trustee does not take into account non-financially material factors (such as members' ethical considerations, social and environmental impact matters or quality of life considerations) when making investment decisions. The Trustee has no plans to seek the views of the membership or employers on ethical considerations at the current time.

Membership

Total membership of the With Profits Section is shown below.

With Profits Section				
31 December 2025				
	Active	Deferred	Pensioner	**Total**
	-	1,789	524	**2,313**

Summary of contributions

Contributions are being collected following the actuarial valuation as at 31 December 2023. The Trustee has identified most employers who are responsible for meeting contribution requests. Most contributions were payable by 31 May 2025 unless the relevant employer was traced and notified of the liability later.

The legacy nature of the obligations, given the Section closed to new contributions at the end of 2020, has made the process of identifying relevant employers and collecting contributions challenging. At the year end, £6.598m had been collected, representing approximately 63% of the deficit amount of £10.5m as at 31 May 2025. This includes some contributions which are being paid over one or more years.

Pension increases

Pensions are paid from the With Profits Section in respect of members who retired before 1 July 2005. Pensioners selected at retirement the level of increase for their pension. The choices varied depending on the date of retirement but included increasing by discretionary bonuses, fixed increases and increases in line with Limited Price Indexation.

No bonuses have been awarded. Pensioners eligible for increases in line with Limited Price Indexation received an increase of 2.5% in July 2025. Fixed increases were paid in line with the Scheme Rules.

Transfer values

In accordance with the Occupational Pensions Schemes (Disclosure of Information) Regulations 1996, members of the With Profits Section are able to make a transfer payment either to the Scheme of their new employer or to any other approved pension arrangement of their choice, including the Money Purchase Section of the Cheviot pension.

Cash equivalent transfer values paid during the year have been calculated and verified in accordance with the requirements of the Pensions Schemes Act 1993. No allowance has been made for discretionary increases in benefits.

Statement of Trustee’s responsibilities

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (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 end;
- 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; and
- are prepared on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

In discharging the above 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. The Trustee is also responsible for making available certain other information about the Scheme in the form of an Annual Report.

The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them 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 controls.

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time reviewing and, if necessary, revising schedules of contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer 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 are made to the Scheme by the employer in accordance with the schedules of contributions. Where breaches of the schedules occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and the members.

This Trustee’s Report was approved by the Trustee on 30 July 2026 and signed on behalf of the Trustee by:

Sir Derek Morris

……………………………

Sir Derek Morris
Chairman

Independent Auditor's Report to the Trustee of the Cheviot Pension

Opinion

We have audited the financial statements of the Cheviot Pension ("the Scheme) for the year ended 31 December 2025 which comprise the Fund Account, the Statement of Net Assets and the related notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 December 2025, 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; 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, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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 With Profits Section'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.

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

Other information

The Trustee is responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Responsibilities of the Trustee

As explained more fully in the statement of Trustee's responsibilities, the Trustee is responsible for the preparation of the financial statements, for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing 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 intend to wind up the Scheme or has no realistic alternative but to do so.

Auditor's 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 auditor's 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 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.

We set out below the key areas which, in our opinion the financial statements are susceptible to material misstatement by way of irregularities including fraud and the extent to which our procedures are capable of detecting these.

- Management override of controls. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for bias.
- Misappropriation of investment assets owned by the Scheme. This is addressed by obtaining direct confirmation from the investment fund managers of investments held at the Statement of Net Assets date.
- Diversion of assets through large investment transactions. Reviewing the AAF 01/20 / ISAE 3402 Assurance Reports on Internal Controls or similar for Scheme managers and testing investment transactions to the investment manager reports.
- Payment of large transfers out to invalid schemes or members. This is addressed through testing that for a sample there is evidence the receiving scheme is valid, the member identity is verified and of the authorisation of the amount and approval of the payment of the transactions.
- We have identified relevant laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, as the Pensions Acts 1995 and 2004 (and regulations made thereunder), FRS 102, and the Pensions Statement of Recommended Practice (SORP). We considered the extent to which a material misstatement of the financial statements might arise as a result of non-compliance.
- Reviewing meeting minutes and any correspondence with the Pensions Regulator.

- Discussing whether there are any significant or unusual transactions and known or suspected instances of fraud or non-compliance with applicable laws and regulations.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

Use of our report

This report is made solely to the Scheme's Trustee, as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor
London

Date: 30 July 2026

Fund Account

for the year ended 31 December 2025		**2025**	2024
	Note	**£'000**	£'000
Contributions and benefits			
Employer contributions		**8,349**	-
Total contributions	*5*	**8,349**	-
Benefits payable	*6*	**3,580**	3,564
Payments to and on account of leavers	*7*	**3,883**	4,282
Administrative expenses	*8*	**2,155**	2,440
		9,618	10,286
Net withdrawals from dealings with members		**(1,269)**	(10,286)
Returns on investments			
Investment income	*9*	**55**	160
Change in market value of investments	*11*	**4,010**	2,209
Investment management expenses	*13*	**(3)**	(111)
Net returns on investments		**4,062**	2,258
Net movement in the fund during the year		**2,793**	(8,028)
Net assets of the scheme:			
At 1 January		**54,101**	62,129
At 31 December		**56,894**	54,101

The notes on pages 16 to 24 form part of these financial statements.

Statement of Net Assets (available for benefits)

as at 31 December 2025

	Note	2025	2024
		£'000	£'000
Investments			
Investment assets	*11*		
Pooled investment vehicles		**54,393**	54,080
Cash deposits		**-**	15
		54,095	54,095
Current assets	*14*	**2,771**	596
Current liabilities	*15*	**(270)**	(590)
Net assets as at 31 December		**56,894**	54,101

The notes on pages 16 to 24 form part of these financial statements.

These financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of liabilities to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the With Profits Section of the Scheme, which does take account of such liabilities, is dealt with in the Report on Actuarial Liabilities on page 28 and these financial statements should be read in conjunction with that report.

These financial statements were approved by the Trustee on 30 July 2026 and signed on behalf of the Trustee by:

Sir Derek Morris
……………………
Sir Derek Morris
Chairman

Elspeth McKinnon
……………………
Elspeth McKinnon
Director

Notes to the Financial Statements

(forming part of the financial statements)

1. Basis of preparation

The financial statements have been prepared on a going concern basis and in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102- the Financial Reporting Standard applicable in the UK and Republic of Ireland, and the guidance set out in the Statement of Recommended Practice (Revised 2018).

The net assets of the Cheviot Pension Scheme are held in two sections, With Profits Section and Money Purchase Section. These financial statements break down the assets of the With Profits Section.

2. Identification of the financial statements

The Scheme is established as a trust under English Law. The address for enquiries to the Scheme is on the front cover of these Annual Report and Accounts.

3. Tax status of the Scheme

The Scheme is an exempt approved scheme under Chapter 2, Part 4 of the Finance Act 2004 and is therefore exempt from income tax, capital gains tax and certain withholding taxes. To the Trustee's knowledge, there is no reason why such approval should be prejudiced or withdrawn.

4. Accounting policies

The following accounting policies are adopted by the Scheme:

(a) Scheme financial statements

The financial statements comprise the financial statements of the Scheme together with its subsidiary company using the single-line equity method of accounting, considered to be the fair value of the subsidiary. Separate financial statements excluding its subsidiary have not been prepared for the Scheme.

(b) Contributions

Contribution income reflects contributions receivable up to 31 December 2025. The Trustee continue to pursue outstanding contributions.

(c) Investment income

Income from pooled investment vehicles is reinvested and used to purchase additional units in the pooled fund, and consequently is not shown separately in the Fund Account but is included within the change in market value of investments.

Income from fixed interest securities (such as gilts), annuity income and interest receivable on cash deposits are all accounted for on an accruals basis.

(d) Investment management expenses

Where investments are held in pooled investment vehicles, the investment manager takes his fees from the fund and consequently they are not shown separately in the Fund Account, but are included within the change in market value of investments. Other investment managers' expenses are accounted for on an accruals basis.

(e) Investments

Investments other than subsidiary undertakings are valued as follows:

i. Fixed interest securities are valued at bid market values or the official closing price ruling at the year end date.
ii. Pooled investment vehicles are valued at the bid market values for funds with bid/offer spreads, or a single price where there are no bid/offer spreads, as provided by the relevant investment manager on the last dealing day prior to the year-end date.

(f) Foreign currency

Investments denominated in foreign currencies are translated into their sterling equivalent at the rates applicable at the year-end. The functional and presentational currency is sterling.

(g) Benefits and transfers

Benefits, including the purchase of annuities, are accounted for on an accruals basis and are therefore reported on the later of the leaving date and the date on which any option is communicated to the Trustee. Transfers to and from other schemes are accounted for on a cash basis, with the exception of bulk transfers where liability may be accepted before the funds are received, which are accounted for on an accruals basis.

5. Contributions receivable

Requests for deficit contributions required payment by 31 May 2025. Some employers have agreed with the Trustee to meet the contributions through a payment plan.

During the year, £6,598k of deficit contributions (excluding interest) were received into the With Profits Section (2024: £0) including employers paying by instalments. £1,751k was due but unpaid at the year end. The total future contributions due by instalments is £2,151k (excluding interest).

6. Benefits payable

	2025 £'000	2024 £'000
Pensions	**2,234**	2,310
Commutation of pensions	**1,281**	1,000
Payments on death	**64**	254
	3,579	3,564

7. Payments to and on account of leavers

	2025 £'000	2024 £'000
Individual transfers to other schemes	**3,687**	4,189
Purchase of annuities	**197**	93
	3,884	4,282

8. Administrative expenses

	2025 £'000	2024 £'000
Legal fees	**244**	462
Audit fees	**34**	31
Administration fees	**1,558**	1,571
Professional fees	**291**	342
Other expenses	**5**	11
TPR Levy	**23**	23
	2,155	2,440

9. Investment income

	2025	2024
	£'000	£'000
Income from fixed interest securities	-	140
Other income	55	20
	55	160

Other income for 2025 amounting to £55k relates to late interest and interest income on With Profits contributions due in 2025 (2024: Nil).

In 2019 the With Profits Section exited the JO Hambros fund. J O Hambros engaged in a Class Action on a stock held by the Fund and the claim was successful and consequently the With Profits Section received awards from JO Hambro of £18k. This is disclosed as other income in 2024.

10a. Fair value determination

The investments have been analysed according to the basis on which the fair value has been determined. The best evidence of fair value is a quoted price of an active security on a recognised exchange and thus falling into the top category, (Level 1). The greatest amount of judgement is involved where a fair value is based on valuation techniques and such investments fall into the bottom category (Level 3). The basis of the fair value hierarchy is described in more detail below:

Level 1 The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

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.

Level 3 Inputs are unobservable (i.e. for which market data is unavailable for the asset or liability).

10b. Fair Value Hierarchy Analysis

The With Profits Section's investments have been analysed using the above hierarchy categories as follows:

	At 31 December 2025			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Pooled investment vehicles	-	54,393	-	54,393
Cash deposits	-	-	-	-
	-	54,393	-	54,393

	At 31 December 2024			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Pooled investment vehicles	-	54,080	-	54,080
Cash deposits	15	-	-	15
	15	54,080	-	54,095

11. Investments

(a) Purchases, sales and change in value

	Market Value at 1 January 2025 £'000	Purchases at cost £'000	Sales proceeds £'000	Change in Market Value £'000	Market Value at 31 December 2025 £'000
Pooled investment vehicles	54,080	18,537	(22,234)	4,010	54,393
Cash deposits	15				-
Total	54,095				54,393

The change in the 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. All associated costs of purchase are included in the cost of acquisition. There were a number of changes in strategy which resulted in a number of sales and purchases to implement. In addition, it was also necessary to sell some assets to provide sufficient cash to support the collateral requirements for the liability hedge.

Other than those disclosed in Investment Management Expenses, direct transaction costs of investment incurred during the year to 31 December 2025 were £0 (2024: £0). Indirect transaction costs are incurred through the bid-offer spread on investments within pooled investment vehicles and are reflected within the change in market value of the investment.

(b) Holdings – pooled investment vehicles

		Value 31 December 2025 £'000	Value 31 December 2024 £'000
Mobius Life	With Profits Investment Fund (blended)	**27,045**	14,748
Mobius Life	With Profits Matching Fund	**27,348**	22,818
Lumyna Marshall Wace	Alternatives (equities)	**-**	1,689
PIMCO	Diversified Income (bonds)	**-**	4,580
RLAM	Hedged Credit Fund (bonds)	**-**	10,245
Total		**54,393**	54,080

Concentration of Investments
The concentration of assets held within the blended Investment Fund at Mobius Life was as follows:

	2025	2024
Equity	**61.2%**	89.7%
Bonds	**13.0%**	-%
Alternatives	**24.3%**	10.3%
Cash	**1.5%**	0.3%
TOTAL	**100.0%**	100.0%

The concentration of assets held within the blended Matching Fund at Mobius Life was as follows:

	2025	2024
Bonds	**95.3%**	90.7%
Cash	**4.7%**	9.3%
TOTAL	**100.0%**	100%

The investments at the year-end which are more than 5% of the total value of the net assets of the Scheme comprise:

	2025		2024	
Holding	**£'000**	**%**	£'000	%
Mobius L&G All Stocks Gilt Index	**5,502**	**10.11**	2,077	3.84
Mobius L&G Over 15 Year Gilts Index Fund	**5,469**	**10.05**	8,456	15.64
Mobius L&G 5 to 15 Year Index Linked Gilt Fund	**4,587**	**8.43**	4,354	8.05
Mobius L&G TLEV Net Zero Sterling Corporate Bond Fund	**10,517**	**19.34**	5,803	10.73
Mobius SSGA World TPI Climate Transition Fund	**9,221**	**16.95**	14,748	27.27
Mobius Aegon European ABS Fund GBP Hedged	**2,843**	**5.23**	-	-
Mobius Man Alternative Style Risk Premia Fund IU H GBP	**3,727**	**6.85**	-	-
Mobius L&G FACB Defensive Synthetic Equity Fund	**2,844**	**5.23**	-	-

12. Investment risk disclosures

Investment strategy

The investment objective for the With Profits Section is to achieve a stable level of return which will enable the Trustee to pay all the promised benefits and reduce the level of on risk assets in the future. The Trustee takes into account the following risks: mortality risk, guaranteed returns on contributions, interest rate and inflation risk, sponsor risk and investment risk.

An Investment Fund and Matching Fund structure is adopted for the management of asset allocation. The strategic allocation to each fund is reviewed as part of each triennial valuation or more frequently if necessary. The allocation is based on an assessment of the strength of the combined employers' covenant and advice from the Investment Adviser. The strategy is set out in the Statement of Investment Principles and implemented by the fiduciary manager.

The asset allocation of the Investment Fund and Matching Fund are reviewed at least monthly. The review process includes a review of the risks identified below.

Credit Risk

The With Profits Section is directly and indirectly exposed to credit risks through its holdings in pooled investment vehicles which hold bonds, derivatives (through exposure to the counterparties) and cash. The value of the underlying assets exposed to credit risk at the year-end was £37.8m (2024: £39.3m). The holdings are unrated as they are held in pooled investment vehicles. The majority of underlying assets are investment grade bonds (33%), cash (5%), alternatives (17%), high yield non-investment grade bonds (4%) and gilts (41%). The Trustee regularly monitors the underlying split.

The direct credit risk for all sections of the Scheme is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environment in which the pooled managers operate and the diversification of Trust assets across pooled funds.

Pooled investment arrangements used by the Scheme comprise units in open ended credit investment funds of £nil (2024: £16.5m) and unit linked insurance contracts £54.4m (2024: £37.6m).

Currency Risk

The value of the assets exposed to currency risk at the year-end for the With Profits Section of the Cheviot Pension was £16.3m global equities, £6.3m overseas bonds, (2024: £14.2m global equities and £14.5m overseas bonds).

The Trustee's policy for the With Profits Section of the Cheviot Pension is to hedge approximately 50% of the currency risk through investing in hedged pooled vehicles. The proportion of assets in hedged pooled vehicles at the year-end was 33% (2024: 51%).

Interest rate and inflation rate risk

Interest rate and inflation risk is managed through a portfolio of gilts and corporate bonds which targets 100% coverage of interest rate and inflation risk.

	2025	2024
	£m	£m
With Profits Section	**37.8**	39.3

Other Price Risk

The With Profits Section is indirectly exposed to other price risk through its holdings in pooled vehicles which hold equities. The value of the assets exposed to other price risk at the year-end was:

	2025 £m	2024 £m
With Profits Section	**16.6**	14.7

The Trustee manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

13. Investment management expenses

	2025 £'000	2024 £'000
Investment management fees	**3**	111
Total	**3**	111

Investment management fees for some investment holdings are paid by unit deduction or price adjustment and are not included above.

14. Current assets

	2025 £'000	2024 £'000
Contribution due from employers (excluding interest)	**1,751**	-
Cash balances	**1,020**	596
Total	**2,599**	596

Contributions are being collected following the actuarial valuation as at 31 December 2023 – see note 5.

15. Current liabilities

	2025 £'000	2024 £'000
Amounts due to related parties (Note 16)	**(2)**	(107)
Benefits payable		
Retirement	**(18)**	-
Other accruals	**(207)**	(336)
Other creditors including taxation and social security	**(43)**	(147)
Total	**(270)**	(590)

16. Related party transactions

All generic costs are incurred by Cheviot Trustees Limited directly and the relevant share of those costs invoiced to the relevant Scheme or Section. These costs are disclosed in note 8 as Administration fees and amount to £1,558k (2024: £1,571k).

Costs incurred in respect of the With Profits Section are charged directly to the With Profits Section.

At the year end the With Profits Section of the Cheviot Pension owed:

- Cheviot Trustees Limited £2k (2024: £107k)

These amounts have been paid subsequent to the year end. There were no other related party transactions other than those disclosed in the financial statements.

17. Employer related investment

There were no employer related investments at the end of the year (2024: £0).

Independent auditor’s statement about contributions to the Trustee of the Cheviot Pension

Qualified Statement about contributions payable under the Schedule of Contributions

We have examined the Summary of Contributions payable to the Cheviot Pension (“the Scheme”), for the year ended 31 December 2025 which is set out on page 27.

There were no contributions payable under the Schedule of Contributions in respect of the With Profits Section of the Cheviot Pension certified by the Actuary on 18 February 2022. However, the latest Schedule of Contributions on page 29 sets out the basis for the collection of contributions following the latest actuarial valuation as at 31 December 2023. As noted on the Summary of Contributions, £8,349k was payable as at 31 December 2025 of which £1,751k had not been collected at that date.

Except for this matter, in our opinion contributions for the year ended 31 December 2025 as reported in the Summary of Contributions and payable under the Schedules of Contributions have in all material respects been paid at least in accordance with the Schedules of Contributions certified by the Actuary on 18 February 2022 and 31 January 2025 in respect of the With Profits Section of the Cheviot Pension.

Basis of opinion

Our objective is to obtain sufficient evidence to give reasonable assurance that contributions reported in the attached summary of contributions have in all material respects been paid at least in accordance with the Schedules of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedule of Contributions.

Responsibilities of the Trustee

As explained more fully in the Statement of Trustee’s Responsibilities, the Scheme’s Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions which set out the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the employers and the active members of the Scheme. The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the Scheme and for monitoring whether contributions are made to the Scheme by the employers in accordance with the Schedule of Contributions.

Auditor’s responsibilities for the statement about contributions

It is our responsibility to provide a Statement about Contributions paid under the Schedules of Contributions and to report our opinion to you.

Use of our statement

This statement is made solely to the Scheme's Trustee, as a body, in accordance with The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to them in an auditor’s statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme’s Trustee as a body, for our work, for this statement, or for the opinion we have formed.

Crowe U.K. LLP

Crowe U.K. LLP

Statutory Auditor

London

Date: 30 July 2026

Summary of Contributions

Summary of contributions payable in the year

During the year and therefore excluding future payment plan contributions, contributions payable to the With Profits Section under the Schedule of Contributions dated 31 January 2025 by the Employers were as follows. £1,751k had not been received.

	2025 £'000
Employer deficit funding contributions	**8,349**
Total	**8,349**

This Summary of Contributions was approved by the Trustee on 30 July 2026 and signed on behalf of the Trustee by:

Sir Derek Morris

……………………

Sir Derek Morris
Chairman

Report on Actuarial Liabilities of the With Profits Section of the Cheviot Pension

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 ongoing liabilities. The ongoing liabilities represent the present value of the benefits members are entitled to, based on pensionable service at the valuation date. This is assessed using the assumptions agreed between the Trustee and the Employer and set out in the Statement of Funding Principles, which is available to Scheme members on request.

The most recent full actuarial valuation of the With Profits Section of the Cheviot Pension was carried out as at 31 December 2023. This showed that on that date:

The value of the ongoing liabilities was: £71.9 million

The value of the assets at that date was: £62.1 million

The method and significant actuarial assumptions used to determine the liabilities are as follows:

The valuation has been carried out on a "market-related" basis. This means that assets are taken into account at their market value. For comparison with the assets, a consistent measure is needed for the liabilities that are expected to arise in respect of benefits already earned at the valuation date - otherwise known as the "ongoing liabilities".

A summary of the key assumptions used for the valuation is included in Appendix 2 – Actuarial Assumptions on page 34.

Schedules of Contributions and Actuarial Certificates

Schedule of contributions

The With Profits Section of the Cheviot Pension

This schedule was prepared by the Board of Cheviot Trustees Limited (the "Trustee") of the With Profits Section of the Cheviot Pension (the "Section") on 31 January 2025 for the purposes of the actuarial valuation as at 31 December 2023. Pursuant to pensions law, the Trustee has the power to determine the schedule of contributions. The Trustee has prepared this schedule following consultation with the With Profits Employers[1] and after obtaining the advice of Peter Black, the Scheme Actuary to the Section.

This schedule covers contributions payable in the period from 31 January 2025 to 30 January 2030.

Shortfall in funding

The With Profits Employers will pay contributions to the Section in respect of the shortfall in funding in accordance with the Recovery Plan dated 31 January 2025.

Each With Profits Employer is responsible for a share of the Section's overall deficit. The contributions to be paid by each With Profits Employer are their percentage share of the contributions as set out under either Recovery Plan A or Recovery Plan B as set out below.

Recovery Plan A: a single payment at 31 May 2025 of £10.5m.

Recovery Plan B: monthly contributions paid over three years starting from 31 May 2025, comprising 36 equal instalments of £312k each month (totalling to £11.232m over the three years, with the last instalment on 30 April 2028).

For example, if Company X was responsible for a share of 10% of the deficit, then Company X would pay either a single payment of £1.05m (10% of £10.5m) by 31 May 2025 under Recovery Plan A or regular contributions of £31.2k (10% of £312k) per month for 36 months from 31 May 2025 to 30 April 2028 under Recovery Plan B.

The Trustee will confirm in writing to each With Profits Employer in a separate notice their share of the deficit (based on their percentage of the liabilities at the date of reclassification), the appropriate pattern of contributions to be paid (Recovery Plan A or Recovery Plan B) and the corresponding amounts and dates of each payment to be made by the With Profits Employer.

Alternatively, the Trustee may agree with a With Profits Employer to pay contributions under an alternative payment structure so long as it is confirmed by the Scheme Actuary as being of equivalent value to Recovery Plan A and Recovery Plan B.

Expenses

The expenses of the Section, including the Pension Protection Fund levy, are met from the Section's assets.

The above contribution rates are subject to review at the next scheme funding valuation of the Section.

[1] As defined in Rule 1.3 of Schedule 5 of the Trust Deed and Rules dated 19 February 2023.

Signed on behalf of the Trustee	Date
Elspeth McKinnon	31 January 2025

Actuary's certification of schedule of contributions

The With Profits Section of the Cheviot Pension

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 December 2023 to be met by the end of the period specified in the recovery plan dated 31 January 2025.

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 31 January 2025.

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 to be wound up.

Signature	Date
P. Black	31 January 2025

Name	Qualification
Peter Black	Fellow of the Institute and Faculty of Actuaries

Address	Employer
Tempus Court Guildford GU1 4SS	XPS Pensions

Schedule of contributions

The With Profits Section of the Cheviot Pension

This schedule of contributions has been prepared by the Board of Cheviot Trustees Limited (the "Trustee") after obtaining the advice of Peter Black the actuary to the Cheviot Pension (the "Scheme").

This schedule covers the period from 18th February 2022 to 18th February 2027.

Contributions by With Profits Employers

Shortfall in funding

The scheme funding valuation as at 31 December 2020 revealed a funding surplus. No contributions are required from the With Profits Employers[1] in respect of the scheme.

Expenses

The expenses of the Section, including the Pension Protection Fund levy, are met from the Section's assets.

The above contribution rates are subject to review at the next scheme funding valuation of the Section.

Signed on behalf of the Trustee	Date
Elspeth McKinnon	18th February 2022

Actuary's certification of schedule of contributions

The With Profits Section of the Cheviot Pension

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 December 2020 to continue to be met for the period for which the schedule is to be in force.

Adherence to statement of funding principles

2.I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 18 February 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 Section's liabilities by the purchase of annuities, if the Section were to be wound up.

Signature Peter Black	**Date** 18 February 2022
Name Peter Black	**Qualification** Fellow of the Institute and Faculty of Actuaries
Address Tempus Court Onslow Street Guildford GU1 4SS	**Employer** XPS Pensions Limited

Appendix 1 – Investment Performance

Investment strategy

The With Profits Section assets are split between an Investment Fund and a Matching Fund.

The Investment Fund holds assets which are designed to contribute towards meeting the cost of the benefits. It is invested in a diversified range of investments to manage investment risk. Managers are appointed either directly or via the Mobius Life platform and are required to act within the terms of their appointment.

The Matching Fund holds lower risk assets which more closely match the cost of the benefits. The Matching Fund is invested in gilts and corporate bonds.

The investment strategy targets 100% liability hedge in relation to interest rates and inflation exposure. This is implemented by holding an appropriate portfolio of gilts and corporate bonds.

Investment structure

Investment Fund assets are held on the Mobius Life Limited platform. VLK as fiduciary manager is responsible for changes in asset allocation.

One, three and five year returns for the With Profits Section, against the long term objectives are shown below.

	1 year		**Annual return over 3 years**		**Annual return over 5 years**		**Objective**
	Fund %	Target %	Fund %	Target %	Fund %	Target %	
Investment Fund	12.6	8.3	11.9	8.7	3.6	7.1	Sonia + 4% p.a.
Matching Fund	3.9	5.6	N/A	N/A	N/A	N/A	Gilts

The implementation strategy of the Matching Fund changed in late 2024 and therefore no data is available for 3 and 5 year targets.

Appendix 2 – Actuarial Assumptions

Appendix A

Scheme Funding Valuation Assumptions

Financial Assumptions

Sample rates for each assumption can be found in Appendix B.

Item	Derivation
Discount interest rate:	Bank of England gilt yield curve, plus allowance for prudent level of outperformance expected from the Section's assets to 30 June 2029 based on current strategic asset allocation, and de-risked allocation reflecting expected insurer pricing (as recommended by XPS) thereafter: - Until 30 June 2029: gilt curve + 1.75% per year - Thereafter: (at 31 December 2023) o Pensioners: gilt curve + 0.1% per year; o Non-Pensioners: 0.2% per year above pensioner discount rate (gilt curve + 0.3% per year).
RPI price inflation	Swap inflation curve
CPI price inflation - Before 2030 - From 2030	 RPI inflation less 0.8% each year RPI inflation without adjustment
Pension increases pre-retirement:	Guaranteed fixed increases as set out in the rules
Pension increases post-retirement:	Set using the relevant inflation curve and caps and collars appropriate to each type of increase

Demographic Assumptions

Sample rates for each assumption can be found in Appendix B.

Item	Assumption
Mortality pre-retirement	No allowance
Mortality post-retirement	109% of the S3PA table for males and 103% of the S3PA table for females projected in line with the latest available standard CMI model (CMI 2022 at 31 December 2023) with the default smoothing parameter, default data weights, an initial addition of 0.3% per year and long-term improvement rate of 1.5% per year
New entrants to With Profits Section	No allowance
Withdrawals	No allowance
Ill health retirements	No allowance
Early retirement	No allowance
Late retirement	No allowance
Age difference of dependants	Males 3 years older than females
Commutation	No allowance
Proportion married	100% at retirement
Future bonuses	No allowance
Expenses:	Non-investment expenses are assumed to be £2.0m in 2024, £1.5m in 2025 then £0.9m in 2026, reducing thereafter by £0.1m per year to be £0.6m in 2029. The cost of windup and securing annuities is assumed to be £0.5m at 31 December 2029.

Appendix 3 – Implementation Statement

the Cheviot trust

Implementation Statement
With Profits Section

Report for 2025
July 2026

Introduction

1. This statement sets out how the Scheme's Statement of Investment Principles (the Statement) dated November 2025, has been followed during the Scheme year ending 31 December 2025.[1] The current Statement is available on both the corporate and member focused Cheviot websites.[2] It includes details of how the ESG (environmental, social and governance) and engagement policies have been implemented and voting behaviour carried out on behalf of the Scheme.

2. The Pensions Administration and Finance teams were outsourced to Spence and Partners in May 2025. All policies and procedures were reviewed in full following the TUPE of the Pension Administration and Finance team to Spence and Partners Limited. Spence are now responsible for some aspects of the policies relevant to this SIP.

Review of the Statement of Investment Principles

3. The Statement was reviewed during the Scheme year to 31 December 2025 and the key points of that review are detailed below. The Statement of Investment Principles was updated to comply with the new General Code and provide further detail of the appointment of VLK. 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 our 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. A summary of the stewardship and engagement behaviour of both VLK and the underlying investment managers they appoint on our 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.

Ongoing investment governance

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

7. The Investment Committee held four meetings during 2025. The Investment Committee received detailed information on the performance of the investment strategy quarterly against its long-term targets and risk measures and discussed them with VLK. This information was formally reported to each quarterly Trustee meeting. ESG training was provided by the investment advisers as 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.

8. Investment performance for the one-, three-and five-year periods is provided to the Trustees on a quarterly basis. The Investment Committee is satisfied, on advice from the investment advisers, that the

[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 October 2025 is available at www.cheviottrust.com and www.mycheviotpension.com

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.

9. 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 of VLK performance during 2025.

VLK monitoring of asset managers

10. 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 (over five years) 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 its 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 including its portfolio turnover and its costs. It therefore 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 who have been in place for varying durations of between five and 20 years.

11. The Investment Committee has delegated responsibility for monitoring portfolio turnover costs to VLK as part of its ongoing oversight of the asset managers. VLK receives regular reporting on transaction costs and portfolio activity and considers whether turnover levels and associated costs are reasonable in the context of each manager's investment objective, strategy and mandate. Where managers disclose expected portfolio turnover levels or ranges, VLK considers actual turnover against those expectations. Where no formal turnover target or range is provided, which is often the case for pooled funds, VLK assesses turnover and associated costs against the manager's stated investment approach and engages with managers where these appear inconsistent with expectations. The Investment Committee is satisfied that portfolio turnover costs have been monitored in line with this policy during the year.

12. 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.

13. 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 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, this is done on an annual basis. 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.

14. Once a manager is appointed, VLK monitors ongoing compliance with ESG and other factors like stewardship as a part of overall performance. Most of the appointed managers take ESG factors into account as part of their investment process.

15. VLK would ultimately disinvest assets from a manager if the manager was not aligned with the agreed approach to investment strategy.

16. 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).

17. 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; and
        - does the manager have exposure to companies that are on VLK's exclusion and avoidance list?
    - 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; and
        - 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

18. 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.

19. The Scheme's investment advisor is required to carry out a review of the investment platform manager, Mobius Life, every three years. The review was completed in May 2024. The review did not reveal any issues which impacted Cheviot directly.

Risks

20. 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.
21. Asset allocation changes were implemented by the administration team, on instructions from the Fiduciary Manager and in conjunction with the investment platform provider.

Environmental, social and governance factors

22. 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.

23. The Investment Committee would ultimately disinvest assets from a manager if the manager were not in alignment with the agreed approach to investment strategy. As part of the ongoing monitoring of managers during the Scheme year ending 31 December 2025, no decisions were taken to disinvest.

24. 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 (over five years) and can (but do not have to) include the financial implications of environmental, social and governance factors (otherwise known as ESG) where relevant.[3]

25. 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).

Engagement and Stewardship

26. The Trustee is supportive of both the 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.

27. 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 2025.

28. During 2025 VLK have followed a proactive and detailed approach to issues including:

- Assessed 352 mutual funds on ESG criteria (see above). This included assessments across six key ESG areas: Responsible Investment, ESG Integration, Active Ownership, Transparency, Exclusion, and Impact.
- Proactively engaged with 15 different external investment managers across 21 different engagements (covering 43 mutual funds), with 19 of these 21 engagements focused on environmental or social issues.
- Proactively engaged directly with 90 companies across 97 separate engagements, with 71 of the 97 engagements focused on environmental and social issues.
- Voted at 533 company shareholder meetings, with 16% of votes cast against management recommendation where VLK believed a dissenting vote was warranted.

[3] Paragraphs 10-12

- Reviewed the Exclusion Policy, which applies across the entirety of the assets VLK manage (including its fiduciary management mandates). As the end of 2025, over 200 companies were excluded (primarily due to involvement in controversial weapons, tobacco, and international sanctions).
- Enhanced its biodiversity framework via increased integration of MSCI data input, specifically including metrics on ecosystem degradation intensity and wildlife impact.
- Expanded its Social Impact & Philanthropic Services team, which offers guidance on matters including gifts, bequests, and charitable donations.
- Improved its impact investment offering, including launching (i) a new infrastructure debt solution (funding sustainable energy sources) and (ii) a new real estate solution (funding construction of affordable senior housing).
- Reduced the Weighted Average Carbon Intensity (WACI) of its discretionary portfolios by 14%, considerably ahead of its 7% annual target.
- Increased collaboration with Climate AI, which leverages advanced machine learning and over 100 global climate models to assess risk posed from a changing climate.
- Increased the scope of ESG data points available to UK clients via VLK's Investment Management Portal, allowing the trustees of UK pension schemes to view real-time ESG information on their portfolios.
- Remained signatories to the UK and Dutch Stewardship Codes, Net Zero Asset Managers Initiative, Climate Action 100+, UN Global Compact, UN Principles for Responsible Investment, amongst a number of other industry-wide sustainability initiatives.

29. 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.

30. The Investment Committee has reviewed voting and engagement activities undertaken by the underlying investment managers and this is set out in Appendix 1[4]. Both equity managers show meaningful engagement practices.

31. 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 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.

32. 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

33. 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.

[4] Information based on data available from Mobius.

Sir Derek Morris

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Sir Derek Morris
Chair, Cheviot Trustees Limited
30 July 2026

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 the assets are held in pooled vehicles 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
Kempen (Lux) Global Listed Infrastructure Fund	31/12/2025	95%	31/12/2025
L&G Life TLEV Net Zero Sterling Corporate Bond Fund	31/12/2025	95%	31/12/2025
L&G Life AA All Stocks Gilt Index Fund	31/12/2025	93%	31/12/2025
L&G Life LUAD 5 15 Year Index Linked Gilt Fund	31/12/2025	93%	31/12/2025
NT Emerging Markets SDG Screened Low Carbon Index FGR Fund	31/12/2025	75%	31/12/2025
State Street Emerging Markets ESG Screened Local Currency Government Bond Index Fund	31/12/2025	100%	31/12/2025
L&G Life N UK Equity Index Fund	31/12/2025	98%	31/12/2025
BLK AQC Emerging Markets Fund	31/12/2025	98%	31/12/2025
Aegon European ABS Fund	31/12/2025	95%	31/12/2025
SSGA World TPI Climate Transition Index Equity Sub-Fund	31/12/2025	98%	31/12/2025
SSGA Emerging Markets ESG Screened Hard Currency Government Bond Index Fund	31/12/2025	100%	31/12/2025
Man Alternative Style Risk Premia Fund	31/12/2025	95%	31/12/2025
L&G Life AF Over 15 Years Gilt Index Fund	31/12/2025	93%	31/12/2025
L&G Life TA Sterling Liquidity Fund	31/12/2025	95%	31/12/2025
L&G Life FACB Defensive Synthetic Equity Fund	31/12/2025	92%	31/12/2025

Over the year to 31 December 2025, 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.

Appendix 1

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 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.

Fund managers

The largest allocation for the WP Investment Fund, which holds the majority of assets for the With Profits Section is the L&G Life TLEV Net Zero Sterling Corporate Bond Fund. The engagement activity collated by Mobius from L&G is set out below. The Fund does not engage with voting as the voting policy does not apply to Fixed income funds.

Activity	**L&G Life TLEV Net Zero Sterling Corporate Bond Fund**		
Do you undertake engagement for this fund?	Yes	**Do you engage in voting for this fund?**	No
How many engagements have you had with companies in the past 12 months?	123	**How many engagements were made regarding environmental topics?**	86
How many engagements were made regarding social topics?	10	**How many engagements were made regarding governance topics?**	32

SSGA World TPI Climate Transition Index Equity Sub-Fund has the second largest allocation in the With Profits Investment fund. The engagement activity collated by Mobius from State Street is set out below

Activity	**SSGA World TPI Climate Transition Index Equity Sub-Fund**		
Do you undertake engagement for this fund?	Yes	**Do you engage in voting for this fund?**	Yes
How many engagements have you had with companies in the past 12 months?	599	**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

The most significant and second most significant vote are detailed in the table below.

Details	Most significant vote	Second most significant vote
Company name	Microsoft	Apple Inc.
Date of vote	05/12/2025	25/02/2025
Summary of resolution	Report on Risks of Microsoft's ESP being Utilized for Censorship of Legitimate Speech	Report on Ethical AI Data Acquisition and Usage
How did you vote?	Against	Against
Rationale of the voting decision	This proposal does not merit support as the company's disclosures related to social issues are reasonable.	This proposal does not merit support as the company's disclosures related to social issues are reasonable.
Outcome of the vote	Fail	Fail
Where you voted against management, did you communicate your intent to the company ahead of the vote?	No	No

Voting behaviour is detailed below.

Voting activity	Voting behaviour
How many times did you vote in favour of management?	94.73%
How many votes were proposed across the underlying companies in the fund?	7,652
How many votes did you abstain from?	0.09%
How many times did you vote against management?	5.27%

L&G Life All AA Stocks Gilt Index Fund has the third largest allocation in the With Profits Investment Fund. Engagements are not undertaken for this fund as it is a Gilt Fund. As the fund does not engage in voting and has no voting rights, due to its status as a Gilt Fund, we are unable to provide details on the funds most significant votes.

L&G Life AF Over 15 Years Gilt Index Fund has the fourth largest allocation in the With Profits Investment Fund. Engagements are not undertaken for this fund as it is a Gilt Fund. As the fund does not engage in voting and has no voting rights, due to its status as a Gilt Fund, we are unable to provide details on the funds most significant votes.

L&G Life LUAD 5 15 Year Index Linked Gilt Fund has the fifth largest allocation in the With Profits Investment Fund. Engagements are not undertaken for this fund as it is a Gilt Fund. As the fund does not engage in voting and has no voting rights, due to its status as a Gilt Fund, we are unable to provide details on the funds most significant votes.

Man Alternative Style Risk Premia Fund has the sixth largest allocation in the With Profits Investment Fund. The engagement activity collated by Mobius from Man is set out below

Activity	**Man Alternative Style Risk Premia Fund**		
Do you undertake engagement for this fund?	Yes	**Do you engage in voting for this fund?**	Yes
How many engagements have you had with companies in the past 12 months?	25	**How many engagements were made regarding environmental topics?**	11
How many engagements were made regarding social topics?	8	**How many engagements were made regarding governance topics?**	14

The most significant vote is detailed in the table below.

Details	Most significant vote
Company name	Align Technology, Inc.
Date of vote	21/05/2025
Summary of resolution	Elect Joseph Lacob
How did you vote?	Against
Rationale of the voting decision	No UNDHR aligned Human Rights Policy
Outcome of the vote	Pass
Where you voted against management, did you communicate your intent to the company ahead of the vote?	N/A

Voting behaviour is detailed below.

Voting activity	Voting behaviour
How many times did you vote in favour of management?	73
How many votes were proposed across the underlying companies in the fund?	504
How many votes did you abstain from?	1
How many times did you vote against management?	5

Aegon European ABS Fund has the seventh largest allocation in the With Profits Investment Fund. The engagement activity collated by Mobius from Aegon is set out below

Activity	**Aegon European ABS Fund**		
Do you undertake engagement for this fund?	Yes	**Do you engage in voting for this fund?**	No
How many engagements have you had with companies in the past 12 months?	99	**How many engagements were made regarding environmental topics?**	4
How many engagements were made regarding social topics?	1	**How many engagements were made regarding governance topics?**	18

L&G Life FACB Defensive Synthetic Equity Fund has the eighth largest allocation in the With Profits Investment Fund. Engagements are not undertaken for this fund as it is a LDI Fund. As the fund does not engage in voting and has no voting rights, due to its status as a LDI Fund, we are unable to provide details on the funds most significant votes.

NT Emerging Markets SDG Screened Low Carbon Index FGR Fund has the ninth largest allocation in the With Profits Investment Fund. The engagement activity collated by Mobius from Northern Trust is set out below

Activity	**NT Emerging Markets SDG Screened Low Carbon Index FGR Fund**		
Do you undertake engagement for this fund?	Yes	**Do you engage in voting for this fund?**	n/a
How many engagements have you had with companies in the past 12 months?	28	**How many engagements were made regarding environmental topics?**	32.1%
How many engagements were made regarding social topics?	22.6%	**How many engagements were made regarding governance topics?**	35.8%

Kempen (Lux) Global Listed Infrastructure Fund has the tenth largest allocation in the With Profits Investment Fund. The engagement activity collated by Mobius from Kempen is set out below

Activity	**Kempen (Lux) Global Listed Infrastructure Fund**		
Do you undertake engagement for this fund?	Yes	**Do you engage in voting for this fund?**	Yes
How many engagements have you had with companies in the past 12 months?	4	**How many engagements were made regarding environmental topics?**	1
How many engagements were made regarding social topics?	2	**How many engagements were made regarding governance topics?**	1

The most significant vote is detailed in the table below.

Details	Most significant vote
Company name	VINCI SA
Date of vote	12/12/2025

Summary of resolution	Approve Compensation of Xavier Huillard, Chairman and CEO
How did you vote?	For
Rationale of the voting decision	Lanschot Kempen disagreed with the proposed Remuneration Policy for the Chairman and CEO due to a disagreement regarding the social component of the ESG section regarding accident prevention based on fatalities are still occurring.
Outcome of the vote	Pass
Where you voted against management, did you communicate your intent to the company ahead of the vote?	n/a

Voting behaviour is detailed below.

Voting activity	Voting behaviour
How many times did you vote in favour of management?	506
How many votes were proposed across the underlying companies in the fund?	608
How many votes did you abstain from?	51
How many times did you vote against management?	102

SSGA Emerging Markets ESG Screened Hard Currency Government Bond Index Fund has the eleventh largest allocation in the With Profits Investment Fund. Engagements are not undertaken for this fund as it is a Fixed Income Fund. As the fund does not engage in voting and has no voting rights, due to its status as a Fixed Income Fund, we are unable to provide details on the funds most significant votes.

State Street Emerging Markets ESG Screened Local Currency Government Bond has the twelfth largest allocation in the With Profits Investment Fund. Engagements are not undertaken for this fund as it is a Fixed Income Fund. As the fund does not engage in voting and has no voting rights, due to its status as a Fixed Income Fund, we are unable to provide details on the funds most significant votes.

L&G Life TA Sterling Liquidity Fund has the thirteenth largest allocation in the With Profits Investment Fund. The engagement activity collated by Mobius from State Street is set out below

Activity	**L&G Life TA Sterling Liquidity Fund**		
Do you undertake engagement for this fund?	Yes	**Do you engage in voting for this fund?**	No
How many engagements have you had with companies in the past 12 months?	37	**How many engagements were made regarding environmental topics?**	25
How many engagements were made regarding social topics?	3	**How many engagements were made regarding governance topics?**	11