

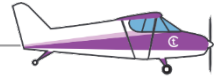
SUMMARY FUNDING STATEMENT

WITH PROFITS SECTION OF THE CHEVIOT PENSION

Issued December 2025



IMPORTANT PLEASE READ



Who manages the Section?

Are my benefits secure?

What is the current funding position?

Changes in the funding position

How do the employers support the Section?

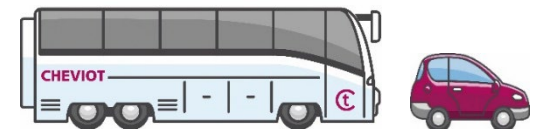
What happens if the employers are no longer able to support the Section?

How are the assets of the Section invested?

Can I transfer my benefits?

Can I access my benefits flexibly?

Other information you need to know.



Who manages the Section?

The Trustee (Cheviot Trustees Limited) manages the Section under a Trust. This includes looking after the assets which are held in trust to provide the promised benefits for all members.

Are my benefits secure?

This statement includes information to help you understand how well the Section is funded. Your benefits are more secure if the funding of the Section is good.

The last summary funding statement explained that the actuarial valuation as at 31 December 2023 had showed a deficit. The Scheme Actuary produced an Actuarial Report as at 31 December 2024. This estimated how much it would cost to provide the benefits and compared this to the value of the assets, including estimated future investment returns based on the Trustee's investment strategy. The funding level remained similar to the 2023 results.

What is the current funding position?

The Scheme Actuary completes a detailed review of the Scheme at least every three years. An actuarial report is produced in the intervening years.

All numbers in £m	31 December 2021 Actuarial report	31 December 2022 Actuarial report	31 December 2023 Full valuation	31 December 2024 Actuarial report
The value of the assets:	90.0	64.5	62.1	54.1
The estimated cost of providing the benefits:	(88.1)	(72.9)	(71.9)	(62.8)
Resulting in a surplus or shortfall (shown in brackets) of:	1.9	(8.4)	(9.8)	(8.7)
The funding level:	102%	88%	86%	86%

This statement is issued to meet the requirements of the Pensions Act 2004 and the Pensions Regulator. The contents of this statement are not intended to give legal or financial advice. The trust deed and rules will override this statement in the event of any inconsistency.

Change in the funding position

Since 31 December 2023, the Section's shortfall has reduced from £9.8m to £8.7m, based on the actuarial valuation as at 31 December 2024. This improvement reflects investment returns that were higher than expected (net of the liability hedge against changes in interest rates and inflation), resulting in a stronger funding position than anticipated. Rising gilt yields also contributed by lowering the value placed on liabilities, although this benefit was largely offset by consistent falls in the Section's hedging assets. Overall, the actual shortfall of £8.7m at 31 December 2024 represents a better outcome than had been projected.

How do the employers support the Section?

The valuation at the end of 2023 included a plan to restore the funding of the Section through employer contributions to enable the Trustee to secure the promised benefits with an insurer by 2029. The Trustee requested total contributions of £10.5m from employers in March 2025 which, together with investment performance, is expected to restore the funding and enable the Trustee to secure the benefits with an insurance company.

Most contributions were due by 31 May. Some employers are paying by instalments over three years. The total amount paid or promised by then end of November 2025 is approximately 82% of the requested contributions. The Trustee continues to pursue the outstanding contributions.

The Section employers are collectively liable to pay the deficit. Each employer is obligated to pay its share of the contributions due. If an employer is not able to pay its share or cannot be traced, that obligation passes to the remaining employers. Collectively the employers' ability to fund the Scheme continues to be assessed as strong and the Trustee is confident that the combined employers will be able to make good any outstanding deficit if required.

The funding position is estimated to have improved significantly during 2025 due to the contributions paid and positive investment performance. The Actuary will produce another report as at the end of 2025.

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What happens if the employers are no longer able to support the Section?

If a pension scheme is wound up with a shortfall and the Section and all of the employers are insolvent and do not have enough money to cover the cost of securing members' benefits, the Government's Pension Protection Fund would usually pay compensation equivalent to a proportion of the benefits to members. The structure of the With Profits Section and the profile and number of With Profits Employers means that the Section is very unlikely to be eligible for this protection in practice. There is no reason to think the Section will not be able to meet the benefits as they fall due, given the number of employers and the combined strength of those employers to support the Section by making additional contributions.

The Scheme Actuary calculated the difference between the Section's assets and the estimated cost of buying the benefits from an insurance company as part of the valuation as at 31 December 2023. This is known as the "solvency position". This showed an estimated shortfall of £10.8m against the cost of the full benefits of all members being provided by an insurance company if the Section had wound up on that date with no further contributions from the Employers. This position is improving through contributions from employers.

This information is to help you understand the financial security of your benefits. The Trustee is not currently considering winding up the Section. There is a long-term plan to insure the benefits in full with an insurer by the end of 2029 and wind up after that date.

Further information and guidance is available on the PPF website at www.pensionprotectionfund.org.uk. Alternatively, you can write to the Pension Protection Fund at PO BOX 254, Wymondham, NR18 8DN.

How are the assets of the Section invested?

The Trust's fiduciary manager Van Lanschot Kempenn Investment Management (UK) Limited (VLK) provides investment advice and investment management services to the Trustee, including advice on setting the Investment Objectives. The Trustee makes investment strategy decisions based on advice from VLK. The strategy is then implemented by VLK in its role as Fiduciary Manager.

The Trustee currently invests in a range of assets including equities and bonds. The strategy is set out in the Statement of Investment Principles dated November 2025 which is available on the website. Some assets are expected to provide additional returns above liabilities and are held in the Investment Fund. The Matching Fund invests in bonds and cash which aim to protect the Section against changes in the cost of providing the benefits driven by interest rates or inflation. Approximately 55% of the Section's assets are held in the Investment Fund, 45% in the Matching Fund. The investment strategy targets a return of 2% per year above UK government bonds. Details of the current asset allocation are available on request.

Can I transfer my benefits?

Yes, if you have not yet retired, but not if you are a pensioner. If you are thinking of transferring your benefits, you should consider consulting a professional adviser, such as an independent financial adviser, before taking any action. Please read our [Pension Scams factsheet](#) before taking any decisions. Cheviot is not authorised to provide financial advice.

Can I access my benefits flexibly?

You can transfer to the Money Purchase Section of the Cheviot pension to access your benefits flexibly, including using a drawdown facility. You can also transfer in benefits from other schemes you may have to the Money Purchase Section. You are not required to take independent financial advice before transferring your With Profits Section benefits. Cheviot offers a range of retirement investment strategies to help you, which are explained in our [Retirement factsheets](#).

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Other information you need to know

Cheviot's administration team have been outsourced to Spence and Partners who have taken over responsibility for the administration of the scheme. For general enquiries, please contact CheviotMembers@spenceandpartners.co.uk. The Trustee can be contacted by post or by email or through our website. Postal communication is not recommended and is likely to take longer to receive a response.

Other information is available on the website or you can request a copy of any of the documents below by contacting: ceo@cheviottrust.com.

The Section is not subject to any modification, direction or schedule of contributions from the Pensions Regulator. No payment of surplus funds has been made to the Employers.

Statement of Investment Principles – November 2025

This explains how the Trustee invests the assets of the Section.

Schedule of contributions January 2025

The schedule sets out the contributions to be paid by the Section employers and includes a certificate from the Scheme Actuary. Members are not able to make further contributions. Most contributions to meet the deficit were requested from employers by 31 May 2025. The Trustee are continuing to pursue all employers who have not yet paid and is considering its options for recovering the outstanding contributions and any associated recovery costs.

Report and Accounts of the Section as at 31 December 2024

This shows the Section's income and expenditure in each year and is included in the Cheviot pension accounts.

Actuarial Report as at 31 December 2024

This contains the details of the Scheme Actuary's review of the Section's financial position as at the 31 December 2024.

Implementation Statement – July 2025

Read how the Trustee engages with investment managers in relation to Environmental, Social and Governance (ESG) issues.

Data protection information

The Scheme Actuary and the Trustee are "data controllers" for the purposes of the Data Protection Act 2018 and the General Data Protection Regulation. Spence and Partners are data processor. Further details about how your data is held are available on the website [here](#).

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Contact us here

For general enquiries, please contact: CheviotMembers@spenceandpartners.co.uk or call 0203 855 0143. The Cheviot administration team was outsourced to Spence and Partners in May 2025 but remain responsible to the Trustee.

The Trustee can be contacted by post (please note our new postal address) or by email or through our website. Postal communication is not recommended and is likely to take longer to receive a response.

Other information is available on the website: <https://www.mycheviotpension.com/> or you can request a copy of any of the documents above by contacting: ceo@cheviottrust.com.

Cheviot Trustees Limited

S7, Launchpad, Airport Business Park, Cherry Orchard Way, Rochford, SS4 1YH

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