Chevron UK Pension Plan

Annual Report for the year ended 31 December 2021

Plan Registration Number 10015146

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The Trustee's Report

Introduction

This report relates to the management, operations and investments of the Chevron UK Pension Plan ("the Plan") during the year ended 31 December 2021.

For members who joined the Plan prior to 1 January 2012, the Plan provides a defined benefit (DB) pension, which is now closed to new entrants.

For those who joined the Plan from 1 January 2012, the Plan is a hybrid arrangement (called the New Section). In the New Section, members accrue a DB pension on salary up to a maximum level. The Employer contributes a proportion of salary in excess of this level (and of pay as a qualifying allowance) which will then be used to fund investment to provide a defined contribution (DC) retirement pension.

The Plan is an occupational pension plan, which provides benefits for the employees of Chevron Energy Limited (the Employer) as described above. All permanent employees of Chevron Energy Limited are eligible for membership of the New Section on the first of the month following their employment.

For the DB Section of the Plan, the Employer contributes such amounts as are determined necessary by the Trustee, based on actuarial advice, to provide the Plan with assets to meet the benefits to be paid to the members as they fall due.

For the DC Section of the Plan, the Employer makes age-related contributions in respect of salary over a certain level and on qualifying allowances. These contributions are invested through Fidelity's platform of funds, which are offered as investment options to members.

Certain benefits of the Plan are covered by paid-up annuity insurance policies with Friends Life, Canada Life, Prudential, Aviva, Standard Life and Phoenix Life. Annuity income received by the Plan under these policies is included in note 10 of the financial statements.

Some employees make Additional Voluntary Contributions to supplement their entitlement under the Plan. Such contributions are invested with Fidelity, who offer a range of underlying passive BlackRock funds.

Management of the Plan

The Plan has a corporate Trustee, Chevron UK Pension Trustee Limited ("the Trustee").

The names of the Trustee directors of the Plan who served during the year and those serving at the date of approval of this report are as follows:

Name	Nominated/appointed by	Date of appointment	Date of resignation
Mr S Owens	Employer		
Mr A R Clitheroe	Employer		
Mr J G Cameron (Chair)	Employer		24 March 2022
Ms BA Claar	Employer		
Ms N Ali	Employer		
Ms AT Lamastro	Employer		24 March 2022
Mr M Wright	Employer	24 March 2022	
Ms H Wu	Employer	24 March 2022	
Mr W A Dennison	Members		
Mr J T Jones	Members		
Mr D M Poulter	Members		

The Trustee's Report (Cont)

The Directors of the Plan's Trustee, Chevron UK Pension Trustee Limited, are responsible for the administration and investment policy of the Plan. The Trustee Directors meet regularly to assess the overall investment policy and performance, and to discuss administration reports received from the Pensions Manager.

The articles of association of Chevron UK Pension Trustee Limited contain provisions for the appointment and removal of the Trustee Directors by the Employer. The number of Trustee Directors will be no more than nine and no less than one, subject to any Member Nominated Trustee Directors procedures in force from time to time. There are currently three Member Nominated Trustee Directors. The Company may by ordinary resolution increase or decrease the number of Trustee Directors. The Trustee held four full meetings during the year under review. The Trustee has delegated the day-to-day management and operation of the Plan's affairs to professional organisations.

The Sponsoring Employer

The name and address of the Sponsoring Employer is as follows:

Chevron Energy Limited, 1 Westferry Circus, Canary Wharf, London, E14 4HA.

Financial development of the Plan

During the year the value of the net assets increased by £19,439,000 to £3,082,709,000 as at 31 December 2021. The increase comprised net withdrawals from dealings with members of £92,492,000 together with a net increase from the return on investments of £111,931,000.

Plan Audit

The financial statements on pages 22 to 40 have been prepared and audited in accordance with regulations made under sections 41(1) and (6) of the Pensions Act 1995.

Tax status of Plan

The Plan is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004 and, to the Trustee's knowledge, there is no reason why the Plan's registered status should be prejudiced or withdrawn.

GMP equalisation

In October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgement arise in relation to many other defined benefit pension schemes.

The Trustee is aware that the issue will affect the Plan, and has already considered this in detail. Work is ongoing as further guidance becomes available. Under the ruling schemes are required to backdate benefit adjustments in relation to Guaranteed Minimum Pensions (GMP) equalisation and provide interest on the backdated amounts. Further details are disclosed in note 25 of the financial statements.

In November 2020, the High Court handed down a further judgment on the GMP equalisation case in relation to the Lloyds Banking group pension schemes. This follows from the original judgment in October 2018. This latest judgment confirms that defined benefit schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Plan has historical transfers which may be subject to adjustment as a result of this second ruling. The Trustee will be considering this at future meetings and decisions will be made as to the next steps. Any adjustments necessary will be recognised in the financial statements in future years. At the date of approving this Trustee's Report , it is not possible to estimate the value of any such adjustments at this time.

The Trustee's Report (Cont)

Risk

Any pension scheme is exposed to various risks. These principally relate to provision of defined benefit pensions, for example; the security provided by the Plan's sponsor, performance of Plan assets, maladministration and how long our pensioners will live, although there are also risks around the security of assets and administration for benefits provided on a defined contribution basis. The Planning & Risk Committee maintain a risk register and report on developments, for example changes in the nature of the risks faced and the policies and procedures in place to mitigate the potential effect of these risks, to each meeting of the Trustee Board. The Trustee Directors consider the key risks as:

- The risk of deterioration in the ability of the Plan's sponsor (Chevron Energy Limited) to provide continuing financial support to the Plan. This risk is assessed through at least annual monitoring of the Sponsor's financial position, using an Employer Covenant monitoring process adopted by the Trustee Board.
- The risk of deterioration in the Plan's funding level. This risk is addressed through an investment and contribution strategy, which is specific to the Plan's liabilities and funding level. In conjunction with the Plan's Actuary, developments in the Plan's financial position are regularly monitored.
- The risk that the investment returns from the assets (including returns on amounts paid into the Plan in future, both from future contributions and reinvestment of investment returns) will be below the relative benchmarks adopted by the Trustee Board. This risk of underperformance is assessed by close monitoring of the investment performance and the taking of corrective actions when required.
- The risk that price inflation could be higher than assumed, or members could live longer than assumed, or members could exercise options which result in higher liabilities. These risks are managed by investing in assets expected to be correlated with inflation over the longer term, choosing prudent mortality assumptions which reflect Plan experience and wider mortality trends, and regularly reviewing the terms on which options can be exercised.

The above risks are also addressed via the requirement that the assumptions used in assessing the funding position contain margins for prudence and reflect the assumed covenant provided by the Plan's sponsor.

Risks surrounding the security and safe custody of the Plan's assets. This is addressed by ring fencing the assets at the Custodian, and by reviewing the Custodian's internal controls.

The risk of the Plan being incorrectly operated or operated outside of regulatory parameters. This risk is mitigated by appointing experienced Trustee Directors, providing them with continued training and the use of an experienced Executive Team and third party advisers.

The risk of maladministration as a result of inaccurate data or ineffective controls. This risk is mitigated by undertaking an annual review of member data held, the internal controls of Barnett Waddingham LLP including annual independent recalculation of a sample of benefit payments.

The risk of conflicts of interest (CoI) for Trustee Directors, the Executive Team or Trustee Advisers. The risk is controlled by CoI declarations and a CoI process (dependent on materiality, varying from declaration of interest through non participation to resignation).

Risks associated with an inefficient or ineffective retirement process. These risks are managed by providing retiring members with information via written and electronic media prior to retirement (including an illustrative timetable for benefit settlements and DC investment options).

Changing patterns of temperature or disease could adversely affect the funding of the Plan. The Trustee recognises that climate-related issues represent a risk to future economic stability in the long-term, with potentially wide-ranging effects on environmental, societal and governance matters. From the perspective of the funding of the Plan the key ways these risks could manifest are through unmatched falls in asset values, Plan membership living longer than assumed or a reduction in the strength of the Company's covenant. Each of these particular risks are separately addressed above.

The Trustee's Report (Cont)

Plan advisers

The Trustee retains a number of professional advisers in connection with the operation of the Plan. The advisers currently appointed are as follows:

Scheme Actuary	C Smith FIA, Towers Watson Limited
Advising Actuaries	Towers Watson Limited
Administration Service provider	Barnett Waddingham LLP
Independent Auditors	PricewaterhouseCoopers LLP
Investment Manager (DC Section)	Fidelity International Limited
Investment Managers (DB Section)	Northern Trust Company Limited
	Legal & General Investment Management Limited
	Acadian Asset Management (UK) Limited
	Standard Life Investments Limited
	BlackRock Investment Management (UK) Limited
	LSV Asset Management
	Hermes Investment Management Limited
	Prologis Management Services S.a.r.l
	CBRE Global Investors (from 15 January 2021)
Investment Custodian	Northern Trust Company Limited
Investment Advisers	Benefit Plan Investments Limited
	Towers Watson Limited
AVC Managers	Fidelity International Limited
Legal Advisers	Sacker & Partners LLP
Covenant Adviser	Interpath Limited (from 9 March 2021)
	KPMG LLP (until 9 March 2021)
Bankers	Bank of Scotland PLC
Secretary to the Trustee	Romella Manning-Brown

The Trustee's Report (Cont)

Covid-19

During the year the investment assets and liabilities have been affected by reactions in global investment markets to the potential financial impacts of the Coronavirus (Covid-19) global pandemic. In general, equity markets have seen material reductions in the value of stocks which bond markets (particularly government backed issues) have seen increases in value. Following the significant de-risking exercise carried out during 2019, the Plan's defined benefit section has 30% of total assets invested in return seeking assets, which includes equity and property, with the remaining assets invested in UK government bonds and investment grade corporate bonds. The net impact is a small reduction in the total value of defined benefit assets. The assets in the Plan's defined contribution section will also have been affected, with the impact for any individual member dependent on their investment choices and what happens in future. The Trustee continues to monitor the changes in investment markets; however, the situation is fluid and unpredictable.

Since March 2020, Covid-19 has had a profound effect on domestic and global economies, with disruption and volatility in the financial markets.

The Trustee, in conjunction with its advisers, monitors the situation closely and determine any actions that are considered to be necessary. This includes monitoring the Plan's investment portfolio, the operational impact on the Plan and the employer covenant.

The extent of the impact on the Plan's investment portfolio, including financial performance, will depend on future developments in financial markets and the overall economy, all of which are uncertain and cannot be predicted.

Since the year end, the value of the Plan's investment assets and liabilities have been impacted. However, the Trustee has not, at this time, quantified the change in market value as the situation is fluid and unpredictable.

The Trustee's Report (Cont)

Plan membership

	Number as at start of year	Changes in year	Number as at end of year
Active members	615		
joiners		24	
left (refunds)		(1)	
left (preserved pensioners)		(74)	
transferred out		(4)	
retired		(62)	
			498
Preserved pensioners	3,237		
new		74	
new divorcee member		1	
transferred out		(22)	
retired		(143)	
trivial commutation		(8)	
died		(8)	
			3,131
Pensioners and dependants	4,420		
new pensioners		205	
new dependants		51	
died		(156)	
commuted		(1)	
cessation		(1)	
			4,518
Total members	8,272		8,147

The member numbers shown above reflect the number of member records held by the Plan.

Pensioners and dependants include 947 pensions paid to spouses (2020: 948) and 26 pensions paid to children or other dependants (2020: 25). Also, included within the pensioners and dependants are 156 (2020: 156) members where part of their pension is secured by way of an annuity insurance contract held in the name of the Trustee. At 31 December 2021, there were 84 Active (2020: 92) and 193 deferred (2020: 183) members with benefits in the DC Section.

Pension increases

Under the Plan Rules, members' pensions are increased in accordance with statutory requirements and any pension increases above these statutory amounts are at the discretion of the Employer. During the year pensions were increased in line with the Rules of the Plan.

The pension increases applied to pensions in payment as at 1 April 2021 were as follows:

- Pensions accrued after 6 April 1997 but before 6 April 2005: 0.5% per annum (this being the lower of 5% or the increase in the Consumer Price Index (CPI))
- Pensions accrued after 2005: 0.5% per annum (this being the lower of 2.5% or the increase in CPI)
- Post 1988 GMP: 0.5% per annum (this being the statutory increase in line with CPI capped at 3%).

No discretionary increases have been awarded during the year.

The Trustee's Report (Cont)

Transfer values

All cash equivalents (transfer values) paid during the year were calculated and verified in the manner required by the Pensions Act 1993 and subsequent amendments (although see page 2 with regard to GMP equalisation). No discretionary benefits are included in the calculation of transfer values.

A cash equivalent is the amount which a Plan member is entitled under social security legislation to have applied as a transfer payment to another permitted pension arrangement or a buy-out policy.

Data Protection Act 2018 and General Data Protection Regulation

Under the General Data Protection Regulation (GDPR) and the Data Protection Act 2018 regulations, pension scheme trustees are classed as data controllers, with legal responsibility for compliance falling to them. Plan Actuaries are also classed as data controllers (jointly with the trustees) in accordance with guidance issued by the Actuarial Profession. Barnett Waddingham LLP act as a data processer as the administrators of the Plan.

The Trustee has worked with its advisers to receive relevant training, and continues to do so to ensure continued compliance with data protection legislation.

Codes of Practice

The Trustee is aware of and adheres to the Codes of Practice issued by The Pensions Regulator ("TPR"). The objectives of these codes are to protect members' benefits, reduce the risk of calls on the Pension Protection Fund ("PPF"), promote good administration and make sure employers balance the needs of their defined benefit pension scheme with growing their business.

The Pensions Regulator: Record Keeping

TPR issues guidance on all aspects of pension scheme data record keeping to all those responsible for the data (the trustees) and those who administer pension schemes. The guidance covers both common data and scheme-specific (conditional) data. The guidance sets out good practice in helping trustees to assess risks associated with record keeping. Improved data means that trustees and employers will be able to make a more precise assessment of their financial liabilities. Schemes are expected to keep their data under regular review and set targets for the improvement in the standard of data recorded. More information can be found at:

https://www.thepensionsregulator.gov.uk/en/trustees/contributions-data-and-transfers/record-keeping

Contact for further information

If, as a Plan member, you wish to obtain further information about the Plan, including copies of the Plan documentation, your own pension position, or who to contact in the event of a problem or complaint, please write to or telephone the Plan administrators:

Barnett Waddingham LLP, St James House, St James Square, Cheltenham GL50 3PR

Tel: 0333 11 11 222.

Alternatively, you may contact the Plan administrators online at www.chevronukpension.co.uk.

The Trustee's Report (Cont)

Statement of Trustee's Responsibilities

Trustee's responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the plan during the plan year and of the amount and disposition at the end of the plan year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the plan year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging these responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the plan will continue as a going concern.

The Trustee is also responsible for making available certain other information about the plan in the form of an annual report.

The Trustee has a general responsibility for ensuring that accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the plan and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

Trustee's responsibilities in respect of contributions

The Trustee is responsible under pensions legislation for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions showing the rates of contributions payable to the plan by or on behalf of employers and the active members of the plan 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 plan and for adopting risk-based processes to monitor whether contributions that fall due to be paid are paid into the plan in accordance with the schedule of contributions.

Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and to members.

The Trustee's Report (Cont)

Report on Actuarial Liabilities

As required by Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ('FRS 102'), the financial statements do not include liabilities in respect of promised retirement benefits.

Under Section 222 of the Pensions Act 2004, the Plan is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its Technical Provisions. The Technical Provisions represent the present value of the benefits members are entitled to 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 Plan members on request.

The most recent full actuarial valuation of the Plan was carried out as at 31 December 2019. The results of this valuation (and those of the comparative valuation as at 31 December 2016) were as follows:

	31 December 2019 000	31 December 2016 000
The value of the Technical Provisions was:	£2,721,000	£2,289,000
The value of the assets was:	£2,791,000	£2,393,000
Assets as a percentage of Technical Provisions	103%	105%

Although there are no plans to discontinue the Plan and buy-out liabilities with an insurance company, the Trustee also considers the level of funding relative to the estimated costs of such a buy-out (known as "solvency liabilities") and equivalent information on this basis is provided below:

	31 December 2019 000	31 December 2016 000
The value of solvency liabilities:	£3,230,000	£3,165,000
The value of the assets was:	£2,791,000	£2,393,000
Assets as a percentage of solvency liabilities	86%	76%

The method and significant actuarial assumptions used as at 31 December 2019 to determine the technical provisions are as follows:

Method

The actuarial method used in the calculation of the Technical Provisions is the Projected Unit Method.

Significant Actuarial Assumptions

Financial assumptions	31 December 2019 % pa	31 December 2016 % pa
Discount rate[1]	1.9	3.2
RPI inflation[2]	3.2	3.5
CPI inflation[3]	2.5	2.5
Pensionable earnings increases[4]	3.5	4.5
Pension increases in payment[5]		
- LPI (0, 3) pension increases	2.5	2.5
- LPI (0, 2.5) pension increases	2.2	2.5
- LPI (0, 5) pension increases	2.5	2.5

[1] Rate shown for 2019 is the single equivalent discount rate to using the Willis Towers Watson nominal gilt yield curve with a margin of 1.2% pa and an allowance for an immediate reduction in assets of 10% (overall equivalent to assuming a margin over gilts of 0.7% pa from the valuation date); rate shown for 2016 is the single equivalent discount rate to using the Willis Towers Watson real gilt yield curve, compounded with the RPI assumption of 3.5% pa, and with a margin of 1.34% pa

[2] Willis Towers Watson break-even inflation curve

[3] 2019: RPI inflation less 1.0% pa to 2030 and less 0.5% pa thereafter; 2016: RPI inflation less 1.0% pa

[4] In addition, there is an allowance for promotional salary increases

[5] LPI(x, y) refers to annual increases in line with CPI subject to a maximum of y% and minimum of x%.

The Trustee's Report (Cont)

Report on Actuarial Liabilities (Cont)

Demographic assumptions	31 December 2019	31 December 2016
Mortality base tables - Male pensioners - Female pensioners	**92.2% SAPS S3 All Male Pensioners Amounts** **100.2% SAPS S3 All Female Pensioners (Light) Amounts**	90% SAPS S2 All Male Pensioners Amounts 95% SAPS S2 All Female Pensioners (Light) Amounts
Future improvements in longevity (from the relevant valuation date)	**In line with CMI Core Projection model 2019 with a long term trend for future impovements in mortality rates of 1.5% pa and an initial parameter of 0.50%**	CMI Core Projection model 2016, with a long-term trend for future improvements in mortality rates of 1.5% per annum
Proportion of pension exchanged for a lump sum at retirement (on terms assumed to be 10% lower than the cost of providing a pension under the assumptions underlying the technical provisions basis)	**15%**	15%

The mortality base tables are adjusted from the effective date of the SAPS tables (2013 for the S3 tables and 2007 for the S2 tables) to the valuation date. For the 2019 valuation this adjustment is in line with the CMI 2019 Core Projection model with an initial addition of 0.50% per annum and 1.5% long-term annual rate of improvement and for the 2016 valuation was in line with the CMI 2013 Core Projection model with a 1.5% long-term annual rate of improvement.

Next Actuarial Valuation

The next triennial valuation is due as at 31 December 2022.

The Trustee's Report (Cont)

The Investment Report

Investment managers

The day-to-day management of the investments of the Plan has been delegated by the Trustee to the Investment Managers. The Investment Managers are remunerated on a fee basis and are paid quarterly, with no performance fees being applicable. The Investment Committee of the Trustee board implements the Trustee's overall investment policy in such a way as to achieve the Plan's investment objectives. It has regular meetings with the Investment Managers.

The Investment Managers appointed on behalf of the Trustee to manage funds under section 34(4) of the Pensions Act 1995 are appropriately authorised under The Financial Services and Markets Act 2000 to manage investments or are specifically exempted from the requirements of the Act. The investment managers appointed have the appropriate knowledge and experience necessary to manage the particular investments delegated to them.

The Trustee periodically obtains details of the managers' audited corporate governance policies and controls reports and requires them to report on any contentious issues as part of the managers' quarterly reporting.

Investment principles

The Trustee has produced a Statement of Investment Principles (SIP) as required by section 35 of the Pensions Act 1995.

A copy of the statement is available online at https://chevron.pensioncharges.com/store.

There were no significant departures from the stated principles during the year under review. Small deviations from the benchmark allocation are to be expected as a result of fluctuations in asset prices.

Relationship with and Monitoring the Investment Managers

The Plan uses several different managers and mandates to implement its investment policies. The Trustee ensures that, in aggregate, its portfolio is consistent with the policies set out in the SIP.

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

For most of the Plan's investments, the Trustee expects the investment managers to invest with a medium to long time horizon, and to use their engagement activity to drive improved performance over these periods. Performance of the investment managers is measured independently by the global custodian and reviewed monthly.

The Trustee receives reports (at least quarterly) from the investment managers and meets the active investment managers at least once a year to review the investment managers' actions together with explanations for investment performance.

A formal Watch-Monitor process is also used by the Trustee to gauge investment manager performance. The process deploys a combination of quantitative and qualitative factors in evaluating the managers. The factors leverage Willis Towers Watson's research process in assessing each manager against various criteria and resulting manager rating. The Watch-Monitor list is reviewed on a quarterly basis.

- When assessing a manager's performance, the focus is generally on longer-term outcomes, and the Trustee would not expect to terminate a manager's appointment based purely on short term performance. However, a manager's appointment could be terminated within a shorter timeframe due to other factors such as a significant change in business structure or the investment team.

The Trustee's Report (Cont)

Investment managers are paid a fee expressed as a percentage of assets managed, in line with normal market practice, for a given scope of services which includes consideration of long-term factors and engagement. The Trustee reviews the costs incurred in managing the Plan's assets annually, which includes the costs associated with portfolio turnover. In assessing the appropriateness of the portfolio turnover costs at an individual manager level, the Trustee will have regard to the actual portfolio turnover and how this compares with the expected turnover range for that mandate, to the extent that the data is readily available.

Environmental, Social and Governance factors

The Trustee seeks to take account of all relevant financially material risks and opportunities in consultation with its advisers. Such risks and opportunities are considered for materiality and impact within the Plan's Risk Register. The Trustee considers sustainable investment factors, such as (but not limited to) those arising from ESG considerations in the context of this broader risk framework.

The Trustee's policy is that day-to-day decisions relating to the investment of Plan assets are left to the discretion of its investment managers. This includes consideration of all financially materially factors, including ESG-related issues where relevant. The Trustee explores these issues with its managers to understand how they exercise these duties in practice and receives reports on how these issues are addressed. The Trustee recognises that for funds which passively track an index the manager cannot take account of these factors in the selection of investments (though there may be instances where the index itself may reflect ESG factors).

When considering the appointment of new managers, and reviewing existing managers, the Trustee, together with its investment advisers, looks to take account of the approach taken by managers with respect to sustainable investing including voting policies and engagement where relevant.

The Trustee's policy is to delegate responsibility for the exercising of ownership rights (including voting rights) attaching to investments to the investment managers. The Trustee recognises the UK Stewardship Code as best practice and encourages their investment managers to comply with the UK Stewardship Code or explain where they do not adhere to this policy.

Non-financial factors

At present, the Trustee does not explicitly take account of non-financial matters (including member views) in Plan design or strategy but may consider reflecting specific non-financial considerations in future.

The Trustee's Report (Cont)

Defined Benefit Section

The Trustee determines the Plan's broad investment policy. The Plan's current investment strategy and guidelines are as follows:

- 40% UK Fixed Interest Corporate Bonds (allowable range 35 to 45%)
- 20% Global Equities (allowable range 10 to 30%)
- 19% UK Index Linked Gilts (allowable range 15 to 25%)
- 10% UK and European Property (allowable range 5 to 15%)
- 9% UK Fixed Interest Gilts (allowable range 5 to 15%)
- 2% Cash (allowable range 0 to 5%)

The year-end DB asset allocation consisting of both pooled and segregated holdings was as follows:

Asset Class	Manager	£000	%
Equities – Global	Northern Trust ACWI IMI	295,457	
	Northern Trust Low Volatility	117,682	
	LSV	97,463	
	L&G	67,040	
	Acadian	112,145	
		689,787	**22.5**
Bonds - European Corporate Bonds	Eurobonds	**27**	**-**
Bonds - UK Corporate Bonds	L&G	225,197	
	Standard Life	221,300	
	BlackRock	641,190	
		1,087,687	**35.6**
Bonds - UK Gilts	BlackRock	**286,505**	**9.3**
Bonds - UK Index Linked Gilts	L&G	468,119	
	BlackRock	167,844	
		635,963	**20.8**
Property - UK & European	Hermes	82,930	
	CBRE	89,126	
	ProLogis	49,144	
		221,200	**7.2**
Cash & Liquidity	Standard Life	47,504	
	Northern Trust	36,371	
	L&G	2,032	
	Acadian	295	
	ProLogis	208	
	LSV	269	
		86,679	**2.8**
Other Investments:			
AVCs & MPB (Money Purchase Benefits)		45,126	
Income receivable		7,767	
Derivative contracts - net		164	
Amounts due from/(to) brokers		(8)	
		53,049	**1.8**
Total DB Section Investment Assets & Liabilities		**3,060,897**	**100.0**

The Trustee's Report (Cont)

Investment Objectives and Performance

Defined Benefit Section – objectives & performance

The objective set for the DB Section of the Plan is to meet the cost of the Plan's benefit obligations as they arise. The Plan invests existing assets and future contributions with the objective to provide a rate of return that complements the agreed funding policy for future benefit obligations and to limit the risk of the Plan having a shortfall. The ultimate power and responsibility for deciding investment policy lies with the Trustee.

The Trustee's strategic objectives for investments are to achieve at or above benchmark rate of total return of the Plan's assets within prudent levels of risk/liquidity and provide adequate liquidity for benefit payments and portfolio management.

The customised benchmark consists of:

- 16% MSCI ACWI IMI (net of taxes) Index
- 4% MSCI ACWI World Minimum Volatility Index
- 10% Property of which 65% IPD PPFI All Balanced Funds Index and 35% IPD Pan European All Balanced Property Fund Index)
- 40% iBoxx Sterling Corporate Over 10 Years Index
- 9% FTSE Actuaries UK Gilts Over 15 Years Index
- 14% FTSE Actuaries UK Over 15 Years Index Linked Gilts Index
- 5% FTSE Actuaries UK Over 25 Years Index Linked Gilts Index
- 2% 3 Month UK Libor

A summary of the Plan's DB Section* performance over the last five calendar years is given below. The table shows the total returns achieved by the Plan compared to its customised benchmark.

Calendar Year	Actual Return	Customised Benchmark
2021	3.5	2.8
2020	12.3	12.1
2019	13.4	14.0
2018	-0.9	-0.7
2017	7.6	8.0
Annualised 5 year return	7.1	7.1

**Overall performance for the Plan has not been disclosed. Instead, the DB Section overall returns have been included above with the DC Section returns disclosed by individual funds on page 14.*
The Trustee believes this disclosure is more useful in relation to the DC Section and that the DC Section performance is not material in respect of the overall Plan.

The Trustee's Report (Cont)

Defined Contribution Section – objectives & performance

The objective set for the DC Section of the Plan is to seek to provide members with a range of investment funds to invest in secure assets of appropriate liquidity which are designed to generate income and capital growth. The Trustee's policy is to seek to achieve the above objectives by providing a range of funds with various characteristics, including:

- A range of equity funds diversified geographically and in various investment strategies.
- A range of sterling denominated fixed interest funds with differing characteristics and durations.
- The funds to be passively managed.
- The fund benchmarks to be transparent and commercially reported by a major index provider.
- The funds to be provided by a reputable manager and only to be invested in regulated public markets.

Members of the DC Section receive annual benefit statements which include the rate of return on their DC funds. DC Section fund performance can also be viewed using Fidelity's website "Planviewer", which all DC Section members are given access to.

The following table shows the DC Section funds available to members and their performance over the 1, 3 and 5 years to 31 December 2021:

	1 Year %		3 Years (% p.a.)		5 Years (% p.a.)	
DC Section Funds	**Fund**	**B'mark**	**Fund**	**B'mark**	**Fund**	**B'mark**
BlackRock Cash Fund Class 5	-0.1	0.2	0.3	-0.1	0.2	0.2
BlackRock Consensus Fund	12.0	10.8	7.2	12.2	10.6	7.2
BlackRock UK Equity Index Fund Class 2	17.2	-	-	17.6	-	-
BlackRock World (ex UK) Index Fund Class 5	23.3	20.2	13.4	23.7	20.6	13.7
BlackRock Emerging Markets Fund Class 9	-2.1	8.2	7.4	-2.3	8.5	7.7
BlackRock Over 5 Years ILG Fund Class 5	4.0	7.6	4.9	4.4	7.8	5.2
BlackRock Over 15 Years UK Gilt Index Fund Class 5	-7.3	5.7	3.9	-7.2	5.8	4.3
BlackRock Corp Bond Index Fund All Stocks Class 1	-3.3	4.5	3.2	-3.1	4.6	3.3
BlackRock 30/70 CH Global Equity Fund Class 1	19.7	15.8	10.8	19.6	16.2	11.3
HSBC Life Islamic Fund Class 9	27.3	26.5	18.2	23.6	25.5	18.2
Life Style Funds						
Equity 100	19.7	15.8	10.8	19.6	16.2	11.3
Equity/Bond 75/25 Fund	14.2	13.6	9.3	14.2	13.8	9.6
Equity/Bond split 50/50 Fund (default)	8.8	11.1	7.6	8.9	11.2	7.8

The Trustee's Report (Cont)

Custodian arrangements

Northern Trust acted as Custodian for all investments other than Pooled Investment Vehicles, AVCs and the DC Section, where the custody of those assets was the responsibility of the individual managers. The remaining investments were held on a segregated basis either with Northern Trust or its designated sub custodian. The Trustee receives reports each month covering the assets held by the custodians and transactions in the month. These are monitored by the Trustee and, if appropriate, followed up with the Custodian on a timely basis. The Custodian provides a check on the recording of the assets of the Plan.

The Custodian is also responsible for the safekeeping of share certificates and other documents relating to the ownership of investments. Investments are held in the name of the Trustee's nominee company, in line with common practice for pension scheme investments.

Employer Related Investments

The Trustee does not permit the Plan's segregated investment managers to invest in assets of the Parent Company, Chevron Corporation. Certain passive investments may invest in Chevron Corporation. There were no direct employer-related investments at the year end (2020: nil). Any potential indirect employer-related investment through pooled investment vehicles is unintentional and represents less than 0.1% of Plan's net assets at 31 December 2021 and 2020.

Derivatives and Stock Lending

Under the terms of the Trust Deed, the Trustee has the authority to use financial instruments such as futures and options, and to undertake stock lending and hedge currency risks as appropriate in the course of implementing the investment strategy. An agreement with the Custodian sets out what constitutes acceptable collateral where stock lending is undertaken. The Plan participated in a stock lending programme with Northern Trust. Details of stock lending as at 31 December 2021 are disclosed in note 10 of the financial statements.

Nature, disposition, marketability, security and valuation

The Trustee has considered the nature, disposition, marketability, security and valuation of the Plan's investments and considers them to be appropriate relative to the reasons for holding each class of investment. More details about investments are given in the notes to the financial statements.

Approval of Trustee's Report

This report on pages 1 to 16 was approved by the Trustee.

Signed on behalf of the Trustee:

_____

Trustee Director

Date: _____

Independent auditors' report to the Trustee of Chevron UK Pension Plan

Report on the audit of the financial statements

Opinion

In our opinion, Chevron UK Pension Plan's financial statements:

- show a true and fair view of the financial transactions of the plan during the year ended 31 December 2021, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

We have audited the financial statements, included in the Annual Report, which comprise: the Statement of Net Assets available for benefits as at 31 December 2021; the Fund Account for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the plan's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the plan's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all the information in the Annual Report other than the financial statements, our auditors' report thereon and our auditors' statement about contributions. The Trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

Independent auditors' report to the Trustee of Chevron UK Pension Plan (Cont)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the Trustee for the financial statements

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

In the preparation of the financial statements, the Trustee is responsible for assessing the plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the plan, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the plan and its environment, we identified that the principal risks of non-compliance with laws and regulations related to the administration of the plan in accordance with the Pensions Acts 1995 and 2004 and regulations made under them, and codes of practice issued by the Pensions Regulator; and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered the direct impact of these laws and regulations on the financial statements. We evaluated incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, by the Trustee and those responsible for, or involved in, the preparation of the underlying accounting records and financial statements, and determined that the principal risks were related to posting inappropriate journals to conceal misappropriation of assets and inappropriate adjustments of asset valuations. Audit procedures performed by the engagement team included:

- Testing of journals entries where we identified particular fraud risk criteria
- Obtaining independent confirmations of material investment valuations and cash balances at the year end.
- Testing estimates and judgements made in the preparation of the financial statements for indicators of bias.

Independent auditors' report to the Trustee of Chevron UK Pension Plan (Cont)

- Reviewing meeting minutes, any correspondence with the Pensions Regulator, and significant contracts and agreements.
- Holding discussions with the Trustee to identify significant or unusual transactions and known or suspected instances of fraud or non-compliance with applicable laws and regulations.
- Assessing financial statement disclosures, and agreeing these to supporting evidence, for compliance with the Pensions Acts 1995 and 2004 and regulations made under them.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date:

Summary of Contributions payable in the year

During the year, the contributions payable to the Plan by the Employer under the Schedule of Contributions dated 30 September 2020 were as follows:

	Defined Benefit Section £000	Defined Contribution Section £000
Employer normal contributions	1,699	414
Employee normal contributions	22	-
Contributions payable under the Schedule of Contributions in the year	1,721	414
Employee additional contributions	798	179
Total contributions payable	2,519	593

Approved by the Trustee and signed on its behalf by:

_____

Trustee Director

Date: _____

Independent auditors' statement about contributions to the Trustee of Chevron UK Pension Plan

Statement about contributions

Opinion

In our opinion, the contributions payable under the schedule of contributions for the plan year ended 31 December 2021 as reported in Chevron UK Pension Plan's summary of contributions have, in all material respects, been paid in accordance with the schedule of contributions certified by the plan actuary on 30 September 2020.

We have examined Chevron UK Pension Plan's summary of contributions for the plan year ended 31 December 2021 which is set out on the previous page.

Basis for opinion

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have, in all material respects, been paid in accordance with the relevant requirements. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the plan under the schedule of contributions, and the timing of those payments.

Responsibilities for the statement about contributions

Responsibilities of the Trustee in respect of contributions

As explained more fully in the statement of Trustee's responsibilities, the plan's Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions and for monitoring whether contributions are made to the plan by employers in accordance with relevant requirements.

Auditors' responsibilities in respect of the statement about contributions

It is our responsibility to provide a statement about contributions and to report our opinion to you.

Use of this report

This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditor
London

Date:

The Financial Statements

Fund Account

for the year ended 31 December 2021

	Note	31 December 2021			31 December 2020
		Defined Benefit Section £000	Defined Contribution Section £000	Total £000	Total £000
Contributions and benefits					
Employer contributions		1,699	414	2,113	21,275
Employee contributions		820	179	999	932
Total contributions	4	2,519	593	3,112	22,207
Transfers in	5	-	517	517	183
Other income	6	-	9	9	-
		2,519	1,119	3,638	22,390
Benefits paid or payable	7	(86,174)	(149)	(86,323)	(76,924)
Transfers	8	(8,979)	(114)	(9,093)	(10,770)
Administrative expenses	9	(714)	-	(714)	(43)
		(95,867)	(263)	(96,130)	(87,737)
Net (withdrawals) / additions from dealings with members		(93,348)	856	(92,492)	(65,347)
Returns on investments					
Investment income	10	34,079	-	34,079	33,855
Change in market value of investments	11	80,152	581	80,733	306,872
Investment management expenses	12	(2,881)	-	(2,881)	(3,454)
Net returns on investments		111,350	581	111,931	337,273
Net increase in the fund		18,002	1,437	19,439	271,926
Transfers between sections		(41)	41	-	
Net assets of the Plan					
Opening net assets		3,057,330	5,940	3,063,270	2,791,344
Closing net assets		3,075,291	7,418	3,082,709	3,063,270

The notes on pages 24 to 40 form part of these financial statements.

The Financial Statements (Cont)

Statement of Net Assets

available for benefits as at 31 December 2021

	Note	31 December 2021			31 December 2020
		Defined Benefit Section £000	Defined Contribution Section £000	Total £000	Total £000
Investment assets:					
Equities	11	618,593	-	618,593	595,148
Bonds	11	446,524	-	446,524	467,184
Pooled investment vehicles	14	1,906,984	7,309	1,914,293	1,906,383
Derivatives	15	327	-	327	730
AVC investments	16	45,126	-	45,126	48,574
Cash	11	35,747	-	35,747	13,684
Dividends and withholding tax	11	7,767	-	7,767	7,883
Amounts due from brokers	11	5	-	5	22
		3,061,073	7,309	3,068,382	3,039,608
Investment liabilities:					
Derivatives	15	(163)	-	(163)	(96)
Amounts due to brokers	11	(13)	-	(13)	(1,374)
		(176)	-	(176)	(1,470)
Total net investments	11	3,060,897	7,309	3,068,206	3,038,138
Current assets	20	16,407	109	16,516	28,791
Current liabilities	21	(2,013)	-	(2,013)	(3,659)
Total net assets available for benefits		3,075,291	7,418	3,082,709	3,063,270

The financial statements summarise the transactions of the Plan and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Plan year. The actuarial position of the Plan, which takes into account such obligations for the defined benefit section, is dealt with in the Report on Actuarial Liabilities on pages 8 and 9 of the Annual Report, and these financial statements should be read in conjunction with this report.

The notes on pages 24 to 40 form part of these financial statements.

These financial statements 21 to 40 were approved by the Trustee.

Signed on behalf of the Trustee:

_____

Trustee Director

Date: _____

Notes to the Financial Statements

Chevron UK Pension Plan consists of a Defined Benefit arrangement which is closed to new members and a hybrid arrangement (comprising both Defined Benefit and Defined Contribution Sections) for members who joined after 1 January 2012. The Plan is registered in England and Wales under Chapter 2 of Part 4 of the Finance Act 2004 and established under English law. The Trustee's registered office is Chevron UK Pension Trustee Limited, 9 Cavendish Square, London, W1G 9DF.

1. Basis of preparation

The individual financial statements of Chevron UK Pension Plan have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS) 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (revised June 2018) ("the SORP").

2. Accounting policies

The principal accounting policies of the Plan which are applied consistently are as follows:

Currency

- The Plan's functional and presentational currency is pounds sterling. Monetary items denominated in foreign currency are translated into sterling using the closing exchange rates at the Plan year-end. Foreign currency transactions are recorded in sterling at the spot exchange rate at the date of the transaction. Gains and losses arising on conversion or translation are dealt with as part of the change in market value of investments.

Contributions

- Employee contributions, including AVCs, are accounted for by the Trustee when they are deducted from pay by the Employer.
- Employer normal contributions that are expressed as a rate of salary are accounted for on the same basis as the employees' contributions, in accordance with the Schedule of Contributions in force during the year.
- Employer additional contributions are accounted for in accordance with the agreement under which they are payable, or in the absence of such an agreement, when they are received.

Payments to members

- Pensions in payment are accounted for in the period to which they relate.
- Where members have a choice regarding the form and timing of their benefit, benefits are accounted for on an accruals basis on the later of the date of retiring or leaving and the date the option is exercised.
- Other benefits are accounted for on an accruals basis based on the date of members' retirement, death or leaving the Plan.
- Individual transfers in or out of the Plan are accounted for when member liability is accepted or discharged which is normally when the transfer amount is received or paid.
- Taxation arising on benefits paid or payable is in respect of members whose benefits exceeded the lifetime or annual allowance and who elected to take lower benefits from the Plan in exchange for the Plan's settling their tax liability. This is accounted for on the same basis as the event giving rise to the tax liability and shown separately within Benefits paid or payable.

Expenses and other payments

- Administrative and investment management expenses are accounted for on an accruals basis.

Investment income

- Dividends from quoted securities are accounted for when the security is declared ex-dividend.
- Income from pooled investment vehicles relates to distributions received from the Plan's property investments. These distributions are received into the Trustee bank account and are accounted for on an accruals basis.
- Income from cash and short term deposits is accounted for on an accruals basis.
- Receipts from annuity policies are accounted for as investment income on an accruals basis.
- Income received as a result of securities lending arrangements is accounted for on an accruals basis.

Notes to the Financial Statements (Cont)

2. Accounting policies (Cont)

- In the case of pooled investment vehicles which are accumulation funds, where income is reinvested within the fund without issue of further units, change in market value also includes such income

Investments

- Bonds are stated at bid value, their clean price, which exclude the value of interest accruing from the previous interest payment date to the valuation date. Accrued income is accounted for within investment income.
- Equities traded through the Stock Exchange Trading Service are valued on a bid price basis. Where appropriate, bid values listed in overseas currencies are translated into sterling at the rates of exchange ruling at the year end.
- Pooled investment vehicles are valued at the closing bid price or, if single prices, at the closing single price provided by the investment custodian at the year end.
- Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year end.
- The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

Derivatives

- Derivatives with an initial purchase price are reported as purchases. Those that do not have an initial purchase price but require a deposit, such as an initial margin to be placed with the broker, are recorded at nil cost on purchase.
- Derivative contracts are included in the statement of net assets available for benefits at market value. Derivatives with positive values are included in the statement of net assets available for benefits as assets at bid price, and those with negative values as liabilities at offer price. The amount included in change in market value is the realised gain or loss.

Futures

- Open futures contracts are recognised in the statement of net assets available for benefits at their fair value, which is the unrealised profit or loss at the current bid or offer market quoted price of the contract, as determined by the closing exchange price as at the year end.
- Amounts due from the broker represent the amounts outstanding in respect of the initial margin and any variation margin due to or from the broker.
- Amounts included in the change in market value represent realised gains or losses on closed futures contracts and the unrealised gains or losses on open futures contracts.
- Initial margins are reported as nil cost, and the margin deposit accounted for within balances due from the broker as an investment asset.
- Variation margin payments and receipts are reported within cash.

Forward Foreign Exchange contracts

- Forward foreign exchange contracts outstanding at the year end are stated at fair value, which is determined as the gain or loss that would arise if each outstanding contract was matched at the year end with an equal and opposite contract at that date.
- Changes in the fair value of the forward contracts are reported within change in market value in the Fund Account.

AVC and Money Purchase Benefit (MPB) Investments

- AVC investments securing additional benefits for those members electing to pay additional voluntary contributions ("AVCs") are included in the statement of net assets available for benefits. The market value of these investments is the fair value advised by the investment managers at the year end date.
- All MPB investments acquired are recognised as forming part of the overall assets under the supervision and stewardship of the Trustee and are included within the net assets of the Plan. Monies payable by the Trustee in respect of benefits arising under money purchase arrangements in respect of the year are included in the Fund Account.
- With profit insurance policies, included within AVC & MPB investments, are reported at the policy value provided by the insurance company based on the cumulative reversionary bonuses declared and the current terminal bonus, and unitised AVC & MPB investments are included at the closing single price provided by the investment manager at the year end.

Notes to the Financial Statements (Cont)

2. Accounting policies (Cont)

Annuities

- There are certain legacy annuity policies held in the name of the Trustee, with Prudential, Aviva, Standard Life, Canada Life, Friends Life and Phoenix Life. The Trustee has discussed these annuity policies with its advisers and have concluded that they are not material to the value of the Plan's net assets and it is not cost effective to have these policies valued each year for the purposes of the Plan financial statements. The values of these policies are therefore excluded from the financial statements.
- The cost of purchasing immediate annuities in respect of pensioners is reported within the Fund Account under 'Benefits paid or payable'.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

- There are no critical judgements in applying the accounting policies.
- Key accounting estimates and assumptions - the Trustee make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. For the Plan, the Trustee believes that only those investments falling within Level 3 of the fair value hierarchy (see note 17) have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

3. Comparative disclosures for the Fund Account and Statement of Net Assets

The following table shows a split of the totals for the prior year included within the financial statements between the Defined Benefit and Defined Contribution Sections.

Fund Account		Year ended 31 December 2020		
	Note	Defined Benefit Section £000	Defined Contribution Section £000	Total £000
Contributions and benefits				
Employer contributions		20,923	352	21,275
Employee contributions		719	213	932
Total contributions	4	21,642	565	22,207
Transfers in	5	183	-	183
Other income	6	-	-	-
		21,825	565	22,390
Benefits paid or payable	7	(76,748)	(176)	(76,924)
Transfers out to other schemes	8	(10,695)	(75)	(10,770)
Administrative expenses	9	(43)	-	(43)
		(87,486)	(251)	(87,737)
Net (withdrawals) / additions from dealings with members		(65,661)	314	(65,347)
Returns on investments				
Investment income	10	33,855	-	33,855
Change in market value of investments		306,439	433	306,872
Investment management expenses	12	(3,454)	-	(3,454)
Net returns on investments		336,840	433	337,273
Net increase in the fund during the year		271,179	747	271,926
Net assets of the Plan				
Opening net assets		2,786,151	5,193	2,791,344
Closing net assets		3,057,330	5,940	3,063,270

Notes to the Financial Statements (Cont)

3. Comparative disclosures for the Fund Account and Statement of Net Assets (Cont)

Statement of Net Assets
available for benefits as at 31 December 2020

	Note	Defined Benefit Section £000	Defined Contribution Section £000	Total £000
Investment assets:				
Equities	11	595,148	-	595,148
Bonds	11	467,184	-	467,184
Pooled investment vehicles	14	1,900,705	5,678	1,906,383
Derivatives	15	730	-	730
AVC investments	16	48,574	-	48,574
Cash	11	13,684	-	13,684
Dividends and withholding tax	11	7,883	-	7,883
Amounts due from brokers	11	22	-	22
		3,033,930	5,678	3,039,608
Investment liabilities:				
Derivatives	15	(96)	-	(96)
Amounts due to brokers	11	(1,374)	-	(1,374)
		(1,470)	-	(1,470)
Total net investments	11	3,032,460	5,678	3,038,138
Current assets	20	28,484	307	28,791
Current liabilities	21	(3,614)	(45)	(3,659)
Total net assets available for benefits		3,057,330	5,940	3,063,270

Notes to the Financial Statements (Cont)

4. Contributions

	2021		
	Defined Benefit Section	Defined Contribution Section	Total
	£000	£000	£000
Employer contributions			
Normal	1,699	414	2,113
Additional	-	-	-
	1,699	414	2,113
Employee contributions			
Normal	22	-	22
Additional voluntary contributions	798	179	977
	820	179	999
	2,519	593	3,112
	2020		
Employer contributions			
Normal	1,923	352	2,275
Additional	19,000	-	19,000
	20,923	352	21,275
Employee contributions			
Normal	44	-	44
Additional voluntary contributions	675	213	888
	719	213	932
	21,642	565	22,207

Contributions received from the Employer in the current year were in accordance with the Schedule of Contributions certified by the Scheme Actuary on 30 September 2020.

Employer normal contributions include contributions in respect of salary sacrifice arrangements made available to certain members by the Employer.

An additional contribution of £19 million was paid by the Employer in February 2020, to cover the augmentation cost of awarding the discretionary pension increase to pre-97 pensions in payment in excess of Guaranteed Minimum Pension, applied in March 2020.

5. Transfers in

	2021		
	Defined Benefit Section	Defined Contribution Section	Total
	£000	£000	£000
Individual transfers in from other schemes	-	517	517
	2020		
Individual transfers in from other schemes	183	-	183

Notes to the Financial Statements (Cont)

6. Other income

	2021		
	Defined Benefit Section	Defined Contribution Section	Total
	£000	£000	£000
Other income	-	9	9
	2020		
Other income	-	-	-

7. Benefits paid or payable

	2021		
	Defined Benefit Section	Defined Contribution Section	Total
	£000	£000	£000
Pensions	63,275	-	63,275
Commutations and lump sum retirement benefits	21,268	149	21,417
Lump sum death benefits	234	-	234
Taxation where lifetime or annual allowance exceeded	1,397	-	1,397
	86,174	149	86,323
	2020		
Pensions	60,238	-	60,238
Commutations and lump sum retirement benefits	15,084	176	15,260
Lump sum death benefits	654	-	654
Taxation where lifetime or annual allowance exceeded	772	-	772
	76,748	176	76,924

Notes to the Financial Statements (Cont)

8. Transfers

	Defined Benefit Section	Defined Contribution Section	Total
		2021	
	£000	£000	£000
Individual transfers to other schemes	8,979	114	9,093
		2020	
Individual transfers to other schemes	10,695	75	10,770

9. Administrative expenses

	Defined Benefit Section	Defined Contribution Section	Total
		2021	
	£000	£000	£000
PPF & TPR levies	699	-	699
Trustee fees and expenses	2	-	2
Other administrative expenses	13	-	13
	714	-	714
		2020	
PPF & TPR levies	27	-	27
Trustee fees and expenses	1	-	1
Other administrative expenses	15	-	15
	43	-	43

All Plan expenses (excluding levies, Trustee expenses and certain charges related to DC investments) are borne by the Employer and not recharged to the Plan.

Notes to the Financial Statements (Cont)

10. Investment income

	2021		
	Defined Benefit Section	Defined Contribution Section	Total
	£000	£000	£000
Dividends from equities	12,099	-	12,099
Income from bonds	14,263	-	14,263
Income from pooled investment vehicles	7,330	-	7,330
Annuity income	71	-	71
Interest on cash deposits	155	-	155
Income from stock lending	161	-	161
	34,079	-	34,079

	2020		
Dividends from equities	11,731	-	11,731
Income from bonds	14,501	-	14,501
Income from pooled investment vehicles	6,653	-	6,653
Annuity income	89	-	89
Interest on cash deposits	712	-	712
Income from stock lending	169	-	169
	33,855	-	33,855

Stock Lending

	2021	2020
	£000	£000
Total securities on loan at year end	48,484	36,370
Value of collateral received	50,955	38,224
Collateral received as % of value on loan	105.1	105.1

Income under the security lending arrangement with Northern Trust was split 85/15 between the Plan and Northern Trust respectively. Net income generated by the Plan under these arrangements during the year was £161,000 (2020: £169,000).

The securities on loan at 31 December 2021 comprised £7,559,000 US Corporate Bonds, Equities and exchange traded funds (2020: £6,173,000), £40,925,000 Non-US Corporate Bond & Equity (2020: £27,065,000) £nil Non-US Fixed Income & exchange trades funds (2020: £3,132,000).

The collateral held against these securities consists of cash, UK gilts and overseas sovereign debt only.

The Plan also has an arrangement with Blackrock, securities lending earnings under the BlackRock program are split 62.5% / 37.5% between the Plan and BlackRock. BlackRock's earnings are reflected in the NAV of the commingled fund that generated the earnings.

Notes to the Financial Statements (Cont)

11. Reconciliation of investments

	Value at 1 January 2021 £000	Purchases at cost and derivative payments £000	Sales proceeds and derivative receipts £000	Change in market value £000	Value at 31 December 2021 £000
Defined Benefit Section					
Equities	595,148	192,154	(273,150)	104,441	618,593
Bonds	467,184	173,432	(159,031)	(35,061)	446,524
Pooled investment vehicles	1,900,705	180,501	(179,290)	5,068	1,906,984
Derivatives – net	634	536,455	(537,195)	270	164
AVC and MPB investments	48,574	6,191	(14,137)	4,498	45,126
	3,012,245	1,088,733	(1,162,803)	79,216	3,017,391
Cash deposits	13,684			936	35,747
Dividends and withholding tax	7,883				7,767
Amounts due from brokers	22				5
Amounts due to brokers	(1,374)				(13)
	3,032,460			80,152	3,060,897
Defined Contribution Section					
Pooled investment vehicles	5,678	1,822	(772)	581	7,309

The movement in the defined benefit section's purchase and sales of investments, along with the level of derivative transactions in the year, are aligned to the Plan's current investment strategy.

Transaction costs are included in the cost of purchases and deducted from sale proceeds. Direct transaction costs include costs charged to the Plan such as fees, commissions and stamp duty.

Transaction costs analysed by main asset class and type of cost are as follows:

	Fees £000	Commission £000	Taxes £000	2021 Total £000	2020 Total £000
Equities	85	69	-	154	115
Pooled investment vehicles	-	-	-	-	1
	85	69	-	154	116

Indirect costs are incurred through bid-offer spread on investments within pooled investment vehicles, Indirect costs (included those relating to the DC Section) are not separately provided to the Plan.

12. Investment management expenses

	Defined Benefit Section £000	2021 Defined Contribution Section £000	Total £000
Administration, management and custody	2,881	-	2,881
		2020	
Administration, management and custody	3,454	-	3,454

Notes to the Financial Statements (Cont)

13. Taxation

The Plan is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.

14. Pooled investment vehicles

The Plan's investments in pooled investment vehicles at the year-end comprised:

	2021	2020
	£000	£000
Defined Benefit Section		
Bonds	1,563,658	1,595,263
Property	221,200	163,639
Cash and liquidity	50,932	3,862
Equities	71,194	137,941
	1,906,984	1,900,705
Defined Contribution Section		
Multi-asset and blended funds	6,287	4,797
Equity funds	601	383
Cash liquidity finds	389	458
Bond funds	32	40
	7,309	5,678

15. Derivatives

	2021		2020	
Defined Benefit Section	Asset	Liability	Asset	Liability
	£000	£000	£000	£000
Futures	199	(121)	404	(46)
Forward FX contracts	128	(42)	326	(50)
	327	(163)	730	(96)

Futures contracts are used by some Investment Managers to increase exposure to particular asset classes in line with the target allocations set by the Trustee's investment strategy but without requiring these underlying asset classes to be held. To do this the Investment Managers take out futures contracts with an economic value broadly equivalent to the exposure required.

Forward foreign exchange contracts are entered into by the active Investment Managers on behalf of the Trustee to hedge their currency exposure.

A summary of the Plan's outstanding derivative contracts at the year-end aggregated by key characteristics is set out below:

Futures

Nature	Number of Contracts	Expires	Asset value £000	Liability value £000
Equity stock futures	47	0-3 months	69	(6)
Fixed income bond futures	267	0-3 months	130	(115)
Total 2021			**199**	**(121)**
Total 2020			404	(46)

Forward FX

Contract	Settlement Date	Currency bought '000	Currency sold '000	Asset value £000	Liability value £000
Forward FX	1-2 months	£11,963	€14,145	79	-
Forward FX	1-2 months	£10,796	$14,611	49	(42)
Total 2021				**128**	**(42)**
Total 2020				326	(50)

Notes to the Financial Statements (Cont)

16. AVC investments

The Trustee holds assets invested separately from the main Defined Benefit Section investments to secure additional benefits on a money purchase basis for those Defined Benefit Section members electing to pay Additional Voluntary Contributions. Members participating in this arrangement each receive an annual statement made up to the Plan year end confirming the amounts held to their account and the movements in the year.

Following the actuarial valuation as at 31 March 1998, the Trustee adopted a number of measures to reduce the surplus in the Plan as identified by that valuation. One of the actions was to continue with the temporary MPB for the members instead of suspending employees' contributions to the Plan. These additional benefits form part of the assets of the Plan and will be paid directly to individuals concerned as they fall due. All members receive an annual statement as at 1 April confirming the amounts held in their account and the movements in the year. From 1 April 2001, member contributions have been contributed to the main Fund.

The aggregate amounts of AVC and MPB investments are as follows:

	2021		
	Defined Benefit Section	Defined Contribution Section	Total
	£000	£000	£000
Fidelity – AVC (unitised investment)	45,126	-	45,126

	2020		
Fidelity – AVC (unitised investment)	48,574	-	48,574

Notes to the Financial Statements (Cont)

17. Fair value hierarchy

The fair value of financial instruments has been disclosed using the following fair value hierarchy:

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities which the entity can access at the assessment dates.

Level 2: Inputs other than quoted prices included within Level 1 which 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.

A fair value measurement is categorised in its entirety on the basis of the lowest level input which is significant to the fair value measurement in its entirety.

The Plan's investment assets and liabilities fall within the above hierarchy as follows:

	As at 31 December 2021			
	Level 1	Level 2	Level 3	Total
Defined Benefit Section	£000	£000	£000	£000
Equities	618,593	-	-	618,593
Bonds	-	446,524	-	446,524
Pooled investment vehicles	4,153	1,681,631	221,200	1,906,984
Derivatives – net	-	164	-	164
AVC investments	-	45,126	-	45,126
Cash	35,747	-	-	35,747
Income receivable	7,767	-	-	7,767
Amounts due from brokers	5	-	-	5
Amounts due to brokers	(13)	-	-	(13)
	666,252	2,173,445	221,200	3,060,897
Defined Contribution Section				
Pooled investment vehicles	-	7,309	-	7,309
	666,252	2,180,754	221,200	3,068,206

	As at 31 December 2020			
	Level 1	Level 2	Level 3	Total
Defined Benefit Section	£000	£000	£000	£000
Equities	595,148	-	-	595,148
Bonds	-	467,184	-	467,184
Pooled investment vehicles	3,862	1,733,204	163,639	1,900,705
Derivatives – net	-	634	-	634
AVC investments	-	48,574	-	48,574
Cash	13,684	-	-	13,684
Income receivable	7,883	-	-	7,883
Amounts due from brokers	22	-	-	22
Amounts due to brokers	(1,374)	-	-	(1,374)
	619,225	2,249,596	163,639	3,032,460
Defined Contribution Section				
Pooled investment vehicles	-	5,678	-	5,678
	619,225	2,255,274	163,639	3,038,138

Pooled Investments reported under Level 3 are included at fair value based on values estimated by the underlying fund managers using accepted valuation methodologies and use of market information in the absence of observable market data.

Notes to the Financial Statements (Cont)

18. Investment risk disclosures

Investment risks

FRS102 requires the disclosure of information in relation to certain investment risks as follows:

Credit risk – one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk – comprises the following three types of risk:

- Interest rate risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market interest rates.
- Currency risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in foreign exchange rates.
- Other price risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market prices (other than those due to interest rates and currency).

The following table summarises the extent to which the various classes of investments are affected by financial risks:

Category	Credit Risk	Currency Risk	Interest Rate Risk	Other Price Risk	2021 £000	2020 £000
Defined Benefit Section						
Equities		*		**	618,593	595,148
Bonds	**	*	**		446,524	467,184
Pooled Investment Vehicles	**	*	**	**	1,906,984	1,900,705
Derivative contracts – net	*	*	*	*	164	634
Other investments	**		**		7,759	6,531
AVC investments	**			**	45,126	48,574
Cash	**	*			35,747	13,684
Defined Contribution Section						
Pooled Investment Vehicles	**	*	*	**	7,309	5,678
					3,068,206	3,038,138

In the above table, the risk noted affects the asset class as follows:

Significantly affected	**
Partially affected	*
Not/hardly affected	

The Trustee determines its investment strategy after taking advice from a professional investment adviser. The Plan has exposure to these risks because of the investments it makes in following the investment strategy set out below. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Plan's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Plan's investment managers and monitored by the Trustee by regular reviews of the investment portfolio.

Further information on the Trustee's approach to risk management, credit and market risk is set out below. This does not include legacy insurance policies nor AVC investments as these are not considered significant in relation to the overall investments of the Plan.

Notes to the Financial Statements (Cont)

18. Investment risk disclosures (Cont)

Defined Benefit Section

Investment strategy

The investment objective of the DB Section is to invest existing assets and future contributions with the objective to provide returns that complement the agreed funding policy to meet the benefits of the DB Section payable under the Trust Deed and Rules as they fall due. The Trustee determines its investment strategy after taking advice from their professional investment advisers. The investment strategy is set out in the Statement of Investment Principles ("SIP").

The strategy at the year end was to hold 30% in return seeking assets comprising UK and overseas equities and investment property and 70% in liability hedging assets comprising UK government and corporate bonds. At the year end the actual holdings were 29.7% (2020: 29.5%) in return seeking assets and 70.3% (2020: 70.5%) in liability hedging assets, falling within the allowable rages allowed in the SIP.

Market risk: Interest rates

The Plan is subject to interest rate risk because around 70% of the Plan's investments are held in bonds. Under this strategy, if interest rates fall, the value of bond investments will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate.

Market risk: Currency

The Plan is subject to currency risk on investments held in overseas markets. It is the current practice of the Trustee not to hedge this exposure.

Market risk: Other price

Other price risk arises principally in relation to the approximate 30% allocation to return seeking assets which comprise equities and investment properties. The Plan manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

Credit risk

The Plan is subject to credit risk because the Plan invests in bonds and undertakes stock lending. The credit risk arising on bonds is mitigated by investing in UK government bonds and high quality corporate bonds. The Trustee manages the credit risk arising from stock lending by restricting the amount of overall stock that may be lent, only lending to approved borrowers who are rated investment grade, limiting the amount that can be lent to any one borrower and putting in place collateral arrangements.

The fixed income portfolio generally consists of investment grade credit instruments from corporations or government securities. To the extent the relevant benchmarks consist of non-investment grade credit the pooled funds are permitted to hold these securities. From time to time securities will be downgraded from investment grade to non-investment grade. In these instances, the manager generally will sell the investment but there may be exceptions that can be addressed on a case by case basis.

The Plan's holdings in pooled investment vehicles are unrated. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements.

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

	2021	2020
	£000	£000
Unitised insurance contracts	1,630,698	1,777,349
Unit trust	132,075	115,643
Open ended investment companies	144,211	7,713
	1,906,984	1,900,705

Notes to the Financial Statements (Cont)

18. Investment risk disclosures (Cont)

Defined Contribution Section

Investment strategy

The Trustee's objective is to make available to members of the Plan a range of investment options designed to generate income and capital growth, which together with new contributions from members and their employer, will provide a retirement amount with which the member can purchase a pension annuity (or other type of retirement product). The SIP outlines the investment objectives and strategy for the DC Section assets of the Plan.

The investment funds offered to members are passively managed by BlackRock. These are equity (in various markets), fixed interest (both UK Government and Corporate), a multi-asset fund and cash.

The day to day management of the underlying investments of the funds is the responsibility of BlackRock including the direct management of credit and market risks. The Trustee monitors the underlying performance through quarterly investment reviews.

The risks disclosed here relate to the DC Section's investments as a whole. Members are able to choose their own investments from the range of funds offered by the Trustee and therefore may face a different profile of risks from their individual choices compared with the Section as a whole.

Credit risk

The DC Section is subject to credit risk in relation to BlackRock through its holding in unit linked insurance funds provided by BlackRock (no other types of arrangements are held by the DC section). BlackRock is regulated by the Financial Conduct Authority and maintains separate funds for its policy holders. The Trustee monitors the creditworthiness of BlackRock by reviewing published credit ratings. BlackRock invests all the Plan's funds in its own investment unit linked funds and it does not use other investment funds or reinsurance arrangements. In the event of default by BlackRock members may be entitled to limited compensation from the Financial Services Compensation Scheme.

Market risk

The Plan's DC Section is subject to indirect foreign exchange, interest rate and other price risk arising from the underlying financial instruments held in the funds managed by the investment manager.

The following table summarises the extent to which the various classes of investments are subject to indirect financial risks:

	Indirect risk				2021	2020
	Credit	Currency	Interest rate	Other price	£'000	£'000
Defined Contribution Section						
Multi-asset and blended funds	✓	✓	✓	✓	6,287	4,797
Equity funds		✓		✓	601	383
Cash liquidity finds	✓	✓	✓		389	458
Bond funds	✓		✓		32	40
					7,309	5,678

19. Concentration of investments

The following investments each account for more than 5% of the Plan's net assets at the year-end:

	2021		2020	
	£000	%	£000	%
DB - LGIM Over 15 year Index Linked Gilts Fund	468,119	15.2	450,160	14.7
DB - BlackRock Over 15 Corporate Bond Fund	444,219	14.4	471,895	15.4
DB - BlackRock Over 15 year Gilts Fund	263,339	8.6	283,893	9.3
DB - BlackRock 5-15 year Corporate Bond Fund	196,971	6.4	203,567	6.6
DB - BlackRock Over 25 year Index Linked Gilts Fund	167,844	5.5	160,759	5.2

Notes to the Financial Statements (Cont)

20. Current assets

	2021 Defined Benefit Section	2021 Defined Contribution Section	Total
	£000	£000	£000
Prepaid pensions	4,602	-	4,602
Cash balances	11,803	109	11,912
Other debtors	2	-	2
	16,407	109	16,516
		2020	
Prepaid pensions	4,335	-	4,335
Cash balances	24,147	307	24,454
Other debtors	2	-	2
	28,484	307	28,791

DC cash balances held at the year end represent the Employer Reserve not designated to members. The Employer Reserve consists of the Employer contributions previously paid to the Plan under the salary sacrifice arrangement, which are not repaid to the Employer when a member elects to take a refund of contributions.

21. Current liabilities

	2021 Defined Benefit Section	2021 Defined Contribution Section	Total
	£000	£000	£000
Unpaid benefits	1,268	-	1,268
Accrued expenses	745	-	745
	2,013	-	2,013
		2020	
Unpaid benefits	2,880	45	2,925
Accrued expenses	734	-	734
	3,614	45	3,659

22. Related party transactions

Key management personnel

The Plan has received contributions in respect of four (2020: four) Trustee directors who are contributing members of the Plan and has also paid benefits to four (2020: four) Trustee directors who are beneficiaries of the Plan.

Other related parties

All Plan expenses (excluding levies, Trustee expenses and certain charges related to DC investments) are borne by the Employer. Fees and expenses paid to Trustee Directors in the year are disclosed in note 9.

Notes to the Financial Statements (Cont)

23. Employer-related investments

There were no direct employer-related investments at the year end (2020 :nil). Any potential indirect employer-related investment through pooled investment vehicles is unintentional and represents less than 0.1% of Plan net assets at 31 December 2021 and 2020.

24. Capital commitments

At the year end the Plan had outstanding capital commitments of £35.9m to invest in the CBRE Global Investors Open-Ended Funds S.C.A SICAV-SIF-Pan European Core Fund (2020: £80 million).

25. Contingent liability – GMP equalisation

In October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgement arise in relation to many other defined benefit pension schemes. The Trustee is aware that the issue will affect the Plan, and has already considered this in detail. Work is ongoing as further guidance becomes available.

Under the ruling schemes are required to backdate benefit adjustments in relation to Guaranteed Minimum Pensions (GMP) equalisation and provide interest on the backdated amounts. Based on an initial assessment of the likely backdated amounts and related interest the Trustee does not expect these to be material to the financial statements and has therefore not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined.

In November 2020, the High Court handed down a further judgment on the GMP equalisation case in relation to the Lloyds Banking group pension schemes. This follows from the original judgment in October 2018. This latest judgment confirms that defined benefit schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Plan has historical transfers which may be subject to adjustment as a result of this second ruling. The Trustee will be considering this at a future meetings and decisions will be made as to the next steps. Any adjustments necessary will be recognised in the financial statements in future years. It is not possible to estimate the value of any such adjustments.

26. Covid and other matters

Since March 2020, Covid-19 and other, more recent, geopolitical and economic issues, has had a profound effect on domestic and global economies, with disruption and volatility in the financial markets.

The Trustee, in conjunction with its advisers, monitors the situation closely and determines any actions that are considered to be necessary. This includes monitoring the Plan's investment portfolio, the operational impact on the Plan and the employer covenant.

The extent of the impact on the Plan's investment portfolio, including financial performance, will depend on future developments in financial markets and the overall economy, all of which are uncertain and cannot be predicted.

Since the year end, the value of the Plan's investment assets and investment liabilities have been impacted. However, the Trustee has not, at this time, quantified the change in market value as the situation is fluid and unpredictable.

Certificate of Adequacy of Contributions

Actuary's certification of the Schedule of Contributions

Name of scheme: Chevron UK Pension Plan

Adequacy of rates of contributions

I certify that, in my opinion, the rates of the contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 December 2019 to continue to be met for the period for which the Schedule is in force.

Adherence to statement of funding principles

I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 30 September 2020.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were wound up.

Signature ..... Date 30 September 2020

Colin P Smith
Fellow of the Institute and Faculty of Actuaries

Towers Watson Limited
Watson House, London Road,
Reigate, Surrey RH2 9PQ

Schedule of Contributions

Chevron UK Pension Plan

Schedule of Contributions

Status of this document

This Schedule has been prepared by Chevron UK Pension Trustee Limited ("the Trustee") as Trustee of the Chevron UK Pension Plan (the "Plan") to satisfy the requirements of section 227 of the Pensions Act 2004, after obtaining the advice of Colin Smith, the Actuary to the Plan appointed by the Trustee.

This document is dated 30 September 2020 and is the 15th Schedule of Contributions put in place for the Plan. It supersedes all earlier versions.

This Schedule of Contributions has been agreed by Chevron Energy Limited ("the Employer") and the Trustee.

Terms used in this Schedule of Contributions have the meanings given to them in the Definitive Trust Deed and Rules ("the Rules") adopted by Deed of Amendment dated 12 December 2019 (as altered by subsequent amending deeds) governing the Plan, unless the context requires otherwise. In all cases, references to Pensionable Pay mean as defined in Section 3 (Contributions) of the Rules.

Nothing in this Schedule of Contributions shall preclude the payment of higher contributions as may, from time to time, be agreed between the Trustee and the Employer.

Contributions to be paid to the Plan before 31 December 2019

Contributions will be paid in accordance with the provisions of the 14th Schedule of Contributions, dated 30 September 2017.

Contributions to be paid to the Plan from 31 December 2019 to 31 October 2025

Members' contributions

While the arrangement known as Pension Salary Exchange exists, Active Members and Active Deferred Members participating in it shall not pay contributions. Other Active Members and Active Deferred Members shall pay contributions monthly at the rate of:

- 2.5% of Pensionable Pay in excess of the Lower Earnings Limit during periods of employment as a member of the Standard Section of the Plan
- 6% of Pensionable Pay during periods of employment as a member of the New Section of the Plan.

These contributions will be paid to the Plan by the 19th of the following month.

Employer's contributions in respect of future accrual of benefits and expenses

The Employer will meet all non-investment related administration expenses, including levies payable to the Pension Protection Fund.

The Employer shall not be required to pay normal contributions to the Plan over the period to 31 December 2022.

From 1 January 2023 the Employer shall pay normal contributions equivalent to £31 million a year, with the amounts for each calendar year to be paid on or before 31 December in that year.

Schedule of Contributions (Cont)

In respect of Active Members of the New Section of the Plan the Employer shall also pay contributions monthly at the rates shown below:

Active Members Age	% of DC Base Salary	% of Onshore Shift Allowance	% of Offshore Allowance DC Base
Under 30	10	10	10
30-39	15	15	15
40-49	20	20	20
50 & Over	25	25	25

The contributions so calculated may be reduced by the amount by which the Principal Company so directs the Trustee to transfer from the Reserve Account. These contributions will be paid to the Plan by the 19th of the following month.

In addition, while the arrangement known as Pension Salary Exchange exists, the Employer shall pay contributions in respect of Active Members and Active Deferred Members participating in it at the monthly rate of:

- 2.5% of Pensionable Pay in excess of the Lower Earnings Limit during periods of employment as a member of the Standard Section of the Plan
- 6% of Pensionable Pay during periods of employment as a member of the New Section of the Plan.

These contributions will be paid to the Plan by the 19th of the following month.

Employer's contributions in respect of benefit augmentations

In addition, the Employer will fund the cost of any augmented benefits directed by the Employer in accordance with Section 6 of the Rules of the Plan. Any additional amounts agreed by the Employer and the Trustee (after taking advice from the Plan Actuary) must be paid to the Trustee within 30 days of the Trustee requesting them.

Calculation errors

The Employer may contribute smaller amounts than those described in the previous paragraphs provided that this results from calculation errors and that, at any time, the cumulative amounts paid are no more than £50,000 lower than the cumulative amounts due in accordance with the previous paragraphs. The Employer shall make good the shortfall as soon as reasonably practicable after it becomes aware of any such calculation error.

Dates of review of this Schedule

This Schedule of Contributions will be reviewed by the Trustee and the Employer no later than 15 months after the effective date of each actuarial valuation, due every three years.

Schedule of Contributions (Cont)

Signed on behalf of:	
Chevron UK Pension Trustee Limited	
Name	Simon J Owens
Position	Director
Date	30 September 2020

Signed on behalf of:	
Chevron Energy Limited	Nahid Ali
Name	NAHID ALI
Position	DIRECTOR
Date	30 September 2020

Implementation Statement - DB Section

Chevron UK Pension Plan

Implementation Statement

For year ended 31 December 2021

April 2022

Willis Towers Watson

Implementation Statement - DB Section (Cont)

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Implementation Statement - DB Section (Cont)

Section 1: Introduction

This document is the annual implementation statement (the "statement") prepared by the Trustee of the Chevron UK Pension Plan (the "Plan") covering the "Plan Year" from 1 January 2021 to 31 December 2021 in relation to the Statement of Investment Principles ("SIP"). This statement refers to the Defined Benefit (DB) section of the Plan. A separate implementation statement covering the Defined Contribution section has also been made available.

The statement has been prepared under the requirements set out in the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (as amended by the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019).

The Plan's SIP can be found on the Chevron UK Pension Plan website linked here: www.chevronukpension.co.uk

The purpose of this statement is to:

- set out the extent to which, in the opinion of the Trustee, the Plan's Statement of Investment Principles ("SIP") required under section 35 of the Pensions Act 1995 has been followed during the year;
- detail any reviews of the SIP the Trustee has undertaken, and any changes made to the SIP over the Plan year as a result of the review;
- describe the voting behaviour by, or on behalf of, the Trustee over the year.

A copy of this implementation statement is made available on the following website: www.chevronukpension.co.uk

Implementation Statement - DB Section (Cont)

Section 2: SIP reviews/changes over the year

The SIP was reviewed but not updated during the Plan Year. Therefore, there was only one relevant SIP in place over the Plan Year:

1. September 2020 – this was the version in place as at the start of the Plan Year.

The Trustee continued to keep the SIP under review with the Plan's advisers and did not make any other changes in the Plan Year ended 31 December 2021.

Implementation Statement - DB Section (Cont)

Section 3: Adherence to the SIP

The DB SIP (as referenced in the Trustee's Report & Financial Statements and made available on a publicly available website) comprises the following sections:

- Section 1: Introduction
- Section 2: Defined Benefit Investment Objectives, Risk and Investment Strategy
- Section 3: Day-To-Day Management of the Assets
- Section 4: Compliance with this Statement
- Section 5: Review of this Statement

In this statement, we comment on each of these sections and how the Trustee has implemented the principles within each one.

SIP Section 1: Introduction

1 – These paragraphs provide relevant introductory and background comments and information for the DB section, rather than setting out any policies. We also note that the Trustee has consulted suitably qualified persons and obtained written advice from Willis Towers Watson on this statement.

This section addresses the fact that this document is exclusively focused on the DB pension arrangements, but the Plan does provide both DB and DC benefits.

The overall investment policy for DB assets is also explained here as falling into two parts:

i. The Trustee follows the investment objectives set out in Section 2 below. The Trustee receives expert advice in determining the investment objectives.

ii. The day-to-day management of the assets is delegated to professional investment managers and is described in Section 3.

SIP Section 2: Defined Benefit Investment Objectives, Risk and Investment Strategy

2.1 – These paragraphs set out the principle responsibilities and investment policy objectives of the Trustee for the DB section of the Plan. The Trustee is satisfied that the objectives as set out in this section of the SIP have been followed. In particular, with regard to the DB section, the Trustee is satisfied that:

a) in monitoring the Plan assets against its performance benchmark, that it has achieved a total return within reasonable bounds of the benchmark rate set, within prudent levels or risk and liquidity;

b) Over the Plan Year, the Investment Committee (IC) agreed a set of investment beliefs against which all strategic decisions can be assessed to ensure they align;

c) the Plan successfully meets the cost of benefit obligations as they rise;

d) asset growth has continued such that the Plan has achieved at or above benchmark rate of total return of the Plan assets within prudent levels of risk and liquidity;

e) the Plan has provided adequate liquidity for benefit payments and portfolio management; and

f) the portfolio is comprised of an appropriate, diversified asset allocation and these assets deliver an investment return above benchmark over the long term.

In order to monitor the above, the Trustee receives quarterly investment monitoring reports from its investment consultant and discusses these at quarterly IC meetings. These reports cover both DB and DC sections of the Plan and use information provided by the Plan's custodian and performance manager in addition to investment managers, including detailed information on a range of qualitative and quantitative factors, market background, short and long-term performance and risk/return metrics.

Implementation Statement - DB Section (Cont)

The Trustee also receives ad-hoc communications when a significant change occurs at any underlying investment managers.

2.2 – These paragraphs set out the key risks that the Plan is exposed to and the Trustee's policy on these risks. The Trustee is satisfied that these risks have been monitored and where possible mitigated through the following actions:

a) The Trustee has established a policy benchmark for the Plan in order to balance risks arising from the characteristics of the Plan's assets and liabilities. The Plan completed an Asset Liability Model (ALM) exercise over the year in conjunction with the 2019 Actuarial Valuation.

b) Risk is monitored quarterly and the Trustee received investment advice based on this monitoring.

c) The Trustee recognises that the use of active management introduces risk that assets may underperform policy benchmark, therefore the Trustee meets with the Plan's active managers on an annual basis to discuss strategy and performance. Active managers are also monitored on a quarterly basis. Over the year the IC continued its review of the Plan's fixed income portfolio and, as part of this, considered the use of active management. The IC also decided to conduct a similar review of the equity portfolio in coming quarters to understand the use of active management in this portion of the portfolio.

d) The asset allocation is designed as such that it mitigates lack of diversification risk by engaging several different managers, each having complementary investment styles.

e) Any proposed changes to the portfolio are considered though their impact to risk and return.

The Trustee is satisfied that, based on its monitoring, the above policies were met over the Plan Year. The Trustee is also satisfied that no changes to these policies are required at this time.

2.3 – The Plan's current asset allocation strategy and allowable ranges are set out in the latest SIP and rebalancing decisions are delegated to the IC. The Trustee is satisfied that the portfolio has remained within the Strategic Asset Allocation and the rebalancing ranges outlined inthis section throughout the Plan Year.

SIP Section 3: Day-To-Day Management of the Assets

3 – These paragraphs outline the process for day-to-day management of assets and which party has ownership of these different sections.

3.1-3.2 – The Plan's DB assets are managed by several different managers for different asset classes. The Trustee is satisfied that the managers have suitable performance objectives and are well placed to manage these assets in line with the restrictions set out by the Trustee. The Trustee maintains control over the realisation of these investments. Over the Plan Year, the Plan made a number of disinvestments from assets to provide cashflow for benefits, and to concurrently rebalance the portfolio towards the strategic target. In 2019, the IC agreed to invest proceeds from the Schroders Property Fund into the CBRE Global Alpha Fund. When capital was returned from Schroders, it was warehoused in the LGIM REITS Fund to maintain the asset allocation. Over the Plan Year, capital was called by CBRE and therefore disinvested from LGIM.

3.3 – This section considers the relationship and monitoring of the investment managers. The Trustee is satisfied that the monitoring process in place adheres to the measures set out in this section:

a) Manager performance is monitored at quarterly meetings to check that investment strategy is aligned with the Plan's objectives;

b) The Trustee meets with each of its investment managers on an annual basis to discuss strategy, performance, outlook, objective and ESG considerations; and

c) The Trustee has a Watch/Monitor process in place to draw out managers that are not operating or performing in line with expectations.

As a result of the monitoring process over the Plan Year, the Trustee is satisfied with the managers' performance and alignment with the SIP objectives. As a result, the Trustee did not make any changes during the year relating to investment managers or the monitoring process.

3.4 – The Plan's policy on sustainable investment and consideration of ESG factors are outlined in this section. The Trustee's policy is to delegate to the investment managers responsibility for the

Implementation Statement - DB Section (Cont)

exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, risks, capital structure, conflicts of interest and ESG considerations. Over the Plan Year, the Trustee has:

a) Received training on carbon metrics for the portfolio in preparation for upcoming Task Force on Climate-Related Financial Disclosures (TCFD) reporting;

b) Agreed a set of investment beliefs which include a belief on ESG and sustainable investment; and

c) Discussed with managers as part of the quarterly manager meetings how ESG factors are considered within the portfolio, and how they approach sustainability and stewardship more broadly.

As a result of the discussions held with the investment managers and the reporting process, the Trustee is satisfied that no further action is required. The Trustee continues to monitor its managers and engage with them on ESG matters.
Note: Further voting and engagement details can be found in Section 4.

SIP Section 4: Compliance with this Statement

4 – The Trustee is satisfied that compliance with the SIP has been achieved over the year. Section 5 of the implementation statement confirms this.

SIP Section 5: Review of this Statement

5 – This section explains that the SIP will be reviewed in response to any material changes and no less than every three years. The Trustee is satisfied that this policy has been adhered to. Please see Section 2 of this document for detail on the changes made to the SIP over the Plan Year.

Implementation Statement - DB Section (Cont)

Section 4: Voting and engagement

The Trustee has delegated the day-to-day ESG integration and stewardship activities (including voting and engagement) to its investment managers. However, the IC meets with active investment managers on an annual basis and as part of this receives an update on how these are implemented on the Plan's behalf.

The table below sets out the voting activities of the Plan's investment managers, including any votes cast on the Trustee's behalf and details on the Plan's investment managers use of proxy voting and examples of votes cast that they deem to be significant. Some of the Plan's underlying investment strategies, such as fixed income (where these holdings do not have voting rights attached) or property (where voting is not applicable as the strategy will bring with it a high level of ownership and control), have been excluded from the table below.

Plan section	Manager and strategy	Portfolio structure	Voting activity	Most significant votes cast	Use of proxy voting
DB	Northern Trust Asset Management ACWI Global Equity Fund	Pooled equity fund	Votes cast: 6,923 % of eligible votes cast: 98% % of votes with management: 93% % of votes against management: 6% % of votes with no management recommendation/ other: N/A	Significant defined as votes against management.	Partner with the third-party voting provider ISS.
DB	Northern Trust Asset Management Minimum Volatility Fund	Pooled equity fund	Votes cast: 843 % of eligible votes cast: 97% % of votes with management: 93% % of votes against management: 6% % of votes with no management recommendation/ other: N/A	Significant defined as votes against management.	Partner with the third-party voting provider ISS.
DB	LSV Asset Management Global Value Equity	Active equity fund	Votes cast: 3,707 % of eligible votes cast: 100.0% % of votes for management: 90.5% % of votes against management: 8.6% % of votes with no management recommendation/ other: 0.9%	Significant defined as votes from which the manager abstained from voting. Over 2021, the manager abstained from 20 votes.	Partner with the third-party voting provider Glass Lewis & Co.
DB	Acadian Global All-Country Equity	Active equity fund	Votes cast: 4,200 % of eligible votes cast: 96.8% % of votes for management: 88.6% % of votes against management: 11.4% % of votes with no management recommendation/ other: 0.4%	Significant defined as votes in which the manager disagreed with management recommendations. Over 2021, there were 62 significant votes.	Partner with the third-party voting provider ISS.

Source: Investment Managers

Implementation Statement - DB Section (Cont)

Section 5: Summary and conclusions

The Trustee considers that all SIP policies and principles were adhered to over the Plan Year.

Implementation Statement - DC Section

Chevron UK Pension Plan

Defined Contribution Section Implementation Statement

For year ended 31 December 2021

Willis Towers Watson

April 2022

Implementation Statement - DC Section (Cont)

Table of Contents

April 2022

Implementation Statement - DC Section (Cont)

Section 1: Introduction

This document is the annual implementation statement (the "Statement") prepared by the Trustee of the Chevron UK Pension Plan (the "Plan") covering the "Plan Year" from 1 January 2021 to 31 December 2021. This statement refers to the Defined Contribution Section of the Plan. A separate implementation statement covering the Defined Benefit Section is also available.

The Statement has been prepared under the requirements set out in the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (as amended by the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019).

The Plan's Defined Contribution (DC) SIP can be found on the Chevron UK Pension Plan website linked here: www.chevronukpension.co.uk.

The purpose of this statement is to:

- set out the extent to which, in the opinion of the Trustee, the Plan's DC Statement of Investment Principles ("SIP") required under section 35 of the Pensions Act 1995 has been followed during the year;
- detail any reviews of the DC SIP the Trustee has undertaken, and any changes made to the SIP over the Plan year as a result of the review;
- describe the voting behaviour by, or on behalf of, the Trustee over the year.

In this Statement, references are made to the appendix, detailing how voting activities were undertaken by the investment manager appointed by the Trustee.

A copy of this implementation statement is made available in the Annual Report and Accounts at: www.chevronukpension.co.uk

Implementation Statement - DC Section (Cont)

Section 2: SIP reviews/changes over the year

The SIP was reviewed and updated once during the Plan Year:

1. September 2020 – this was the version in place as at the start of the Plan Year.
2. June 2021 update – changes to the SIP over the Plan Year, in particular:
   - It was confirmed by the Trustee's legal advisors that several funds should in future be classified as default funds by virtue of receiving assets from Equitable Life/Utmost following the implementation of Equitable Life's Guarantee Exchange Scheme, and the subsequent asset transitions described later in this Statement. The SIP has been updated to reflect this and to align with the information contained within the Chair's DC Governance Statement. The amendments include the aims and objectives of the funds that are newly classified as default arrangements.

The Trustee continued to keep the SIP under review with the Plan's advisers and did not make any other changes in the Plan Year ended on 31 December 2021.

Implementation Statement - DC Section (Cont)

Section 3: Adherence to the SIP

The DC SIP (as referenced in the Trustee's Report & Financial Statements and made available on a publicly availablewebsite) comprises the following sections:

The DC SIP

- Section 1: Introduction
- Section 2: Plan Elements and Objectives, Investment Objectives, Strategies, Investment Risks and Risk Management
- Section 3: Relationship with Investment Managers
- Section 4: Compliance with this Statement
- Section 5: Review of this Statement

In this statement, we comment on each of these sections and how the Trustee has implemented the principles within each one.

SIP Section 1: Introduction

1 – These paragraphs provide relevant introductory and background comments and information for the DC Section, rather than setting out any policies. It also notes that the Trustee has consulted suitably qualified persons and obtained written advice from Willis Towers Watson on this statement.

This section addresses the fact that this document is exclusively focused on the DC Section, but the Plan does provide both DB and DC benefits, and a separate SIP has been prepared for the DB Section.

SIP Section 2: Plan Elements and Objectives, Investment Objectives, Strategies, Investment Risks and Risk Management

2.1 - These paragraphs set out the principal responsibilities and investment policy objectives of the Trustee for the DC Section of the Plan.

The Trustee seeks to provide members with a diversified range of investment options of appropriate liquidity which will generate income and capital growth which, together with contributions from the members and the Employer, will provide pension savings at retirement with which to purchase benefits or draw from.

To meet this objective, the Trustee considers different levels of risk tolerance and offers members the choice from three lifestyle strategies (one of which is the DC Section default option) and a number of self-select funds, giving members a diversified choice of options to meet most investment needs and risk/return objectives.

2.2 -2.4 – these paragraphs set out the Trustee's objective of providing a range of funds to provide liquidity and capital growth.

The Trustee is satisfied that, based on its monitoring, the objectives as set out in this section of the SIP have been met and that the selected managers have performed in line with these objectives. The Trustee believes that no changes are required to the objectives at this time. Details of investment reviews and changes carried out in line with these objectives are set out below.

Implementation Statement - DC Section (Cont)

Investment Strategy Review and Changes

The Trustee's policy is to carry out a formal review of the range of funds offered and the suitability of the lifestyle options in conjunction with their investment consultant at least every three years. A review was carried out in September 2020, with the next full investment review due in the year ending 31 December 2023.

In September 2020, The Trustee undertook demographic analysis of the DC Section's membership, taking into account the impact of members' DB Section accrual on their investment needs as appropriate. The Trustee also considered the impact of the Covid-19 pandemic on investment market conditions and the UK's impending economic withdrawal from the European Union ('Brexit') on the DC Section's investments. The Trustee was satisfied that the existing default investment arrangement and range of self-select investment choices remained appropriate to meet the needs of the DC Section members and made no changes to the investment choices. The Trustee, however, resolved to look again at the asset allocation of the default investment strategic once the impact of Covid-19 pandemic and Brexit on the long-term investment returns was clearer. In addition, it implemented a number of strategic investment decisions which took effect during 2021, as described below.

Ethical, Social and Governance (ESG) investment strategy

The Trustee also agreed to gather further information on member views in relation to ESG matters. As a result, the Trustee undertook a survey of the Plan's membership during 2021, asking a series of questions to obtain members' views on the merits of ESG investing, and the likelihood of use of an ESG investment option if this was added to the DC Section investment portfolio. The results were reviewed by the Trustee in December 2021, who agreed to introduce a self-select ESG option into theportfolio during mid to late 2022, after a selection process conducted by its investment adviser. It wasagreed that ESG should not be incorporated into the core default investment strategy initially, but the position would be reviewed as part of the 2023 full DC investment strategy review. This review will take into account the member usage of the ESG self-select option.

Asset transition for members invested in Cash

In May 2021, the Trustee undertook an asset transition for Plan members invested in the BlackRock Cash Fund who:

- Had holdings in this fund as a result of the implementation of Equitable Life's Guarantee Exchange Scheme, which resulted in the closure of the Equitable Life With-Profits Fund, and the re-investment of the assets held in that Fund (together with an uplift added by Equitable Life) into the Utmost Secure Cash Fund on 1 January 2020.

  The Utmost Secure Cash Fund was set up by Utmost to temporarily hold these assets pending a decision by trustees on the future investment of the proceeds. The Trustee had intended to move these assets into the DC Section default (the Chevron Equity/Bond 50/50 Lifestyle Strategy) in early 2020, but the increased investment market volatility in 2020 due to the Covid-19 pandemic led the Trustee (on investment advice) to invest the proceeds in the BlackRock Cash Fund instead, with a view to moving the assets to the default once market conditions were more stable. Following further investment advice, the Trustee implemented the move from the BlackRock Cash Fund to the default strategy in May 2021 for all members who were under the age of 55 on 1 May 2021.

In addition, any members who were 100% invested in the BlackRock cash fund (for whatever reason) were given the opportunity to participate in the bulk transfer to the default investment strategy.

Implementation Statement - DC Section (Cont)

Investment monitoring

In order to monitor the investment options, the Trustee receives quarterly investment monitoring reports from their investment consultant and discusses these at quarterly Investment Committee meetings. The Trustee also receives ad-hoc communications when a significant change occurs with Fidelity's DC investment platform provider or for the underlying investment managers.

Investment risks

This section of the DC SIP also provides an overview of the broad range of risks recognised by the Trustee which could ultimately lead to members accumulating insufficient assets to finance their desired level of consumption in retirement:

Inflation risk – The use of equity and diversified growth funds are expected to deliver above-inflation investment returns over the medium to long term. Over the shorter term (less than three years), the Trustee acknowledges that the investment return in some funds (such as the Fidelity BlackRock Cash Fund) may not cover the inflation risk, but shorter-term considerations focus on mitigation of other risks (see below).

Decumulation Mis-match risk – the Trustee has implemented lifestyle investment strategies (including the default) that seek to reduce the risks that members are exposed to in the years approaching retirement. All lifestyle strategies target cash in retirement, reflecting the way in which members typically take the DC Section account on retirement. The Trustee reviewed the likely decumulation approach of members as part of its September 2020 investment strategy review, and this will once again be given formal consideration in the 2023 investment strategy review.

Opportunity cost risk – As part of the September 2020 investment strategy review, the Trustee considered likely member outcomes. The lifestyle strategies were set after considering the correct balance between managing risk as members approach retirement whilst providing members with the opportunity for investment returns in the "growth phase". The Trustee was satisfied that no change was required to mitigate this risk during the year.

Capital Risk – This is considered over the medium-term (three years plus) to enable short-term volatility to be smoothed. In this context, the use of equity and diversified growth funds is considered appropriate. The Trustee has received additional fund performance and market monitoring during this period of high volatility caused by the Covid-19 pandemic. The increased volatility during the pandemic led the Trustee to invest the proceeds of Equitable Life's Guarantee Exchange Scheme (GES) in the Fidelity BlackRock Cash Fund pending investment markets becoming less volatile. As explained above, the Trustee implemented the move from the BlackRock Cash Fund to the default strategy in May 2021 for all members who were under the age of 55 on 1 May 2021, including those affected by the GES.

2.5-2.6 The fund range is predominately passively managed by BlackRock. The fund manager's ability as a manager of index tracking funds was considered as part of the most recent investment strategy review. The Trustee reviews fund manager performance on a regular basis and will raise any tracking deviations if they occur.

The Trustee is satisfied that these risks have been appropriately mitigated during the Plan Year. As part of its investment review in September 2020, the Trustee considered whether range of investment options was appropriate to mitigate the risks identified in the DC SIP. The Trustee concluded that no changes are required to the identified risks in the DC SIP or the approach to their mitigation. The Trustee confirms that this position was unchanged during 2021.

Implementation Statement - DC Section (Cont)

2.7 The Trustee and its advisors have held discussions with Fidelity on how it exercises the voting rights on behalf of the Trustee, including Fidelity presenting to the Trustee's Investment Committee on its governance policies in June 2021. Fidelity leaves the voting rights in relation to the Plan's assets in the hands of the underlying managers used by the Trustee on its investment platform but engages with them regularly and monitors its engagement and voting policy. The Trustee periodically meets with Fidelity to discuss and oversee its approach to engagement with the underlying managers and receives regular feedback on activity. A summary of the most recent information available from BlackRock, the primary investment manager, on its voting policy is included in the Appendix.

SIP Section 3: Relationship with Investment Managers

The Trustee has delegated responsibility for the selection, retention, and realisation of investments to the underlying investment managers for its investment portfolios on Fidelity's DC investment platform. The Trustee takes professional advice from the Plan's advisors, receives investment performance monitoring reports at each Investment Committee meeting, and where appropriate, challenges the reporting with regard to policy or performance.

The Trustee acknowledges that the Plan's investments are pooled funds delivered via Fidelity's bundled platform, therefore the level of direct influence that the Trustee can have over the fund managers is somewhat limited. As such, the Trustee takes a pragmatic approach to stewardship. This is reflected in the SIP. The Trustee's approach to stewardship of the investment arrangements was also considered during the year and as part of its investment strategy review it was concluded that no changes to the approach identified in the SIP were required.

SIP Section 4: Compliance with this Statement

This section is a matter of fact. The Plan's adviser continues to supply the Trustee with information on a quarterly basis, to enable them to review the activity of the asset managers against the following areas:

- the objectives of each fund;
- performance against each objective.

The Trustee also regularly receives full valuation of assets in the DC Section and details of member investment choices.

Within its investment strategy review in September 2020, the Trustee also considered the risk profile of each fund relative to the objectives identified in the DC SIP, and the merits of each fund relative to the performance objectives set out in the DC SIP. The Trustee was satisfied that the investment arrangements were compliant with the requirements of the DC SIP. During 2021, the Trustee's viewedon this remained unchanged.

SIP Section 5: Review of this Statement

This section explains that the SIP will be reviewed in response to any material changes and no less than every three years. The Trustee is satisfied that this policy has been adhered to, with changes being made to the SIP following the transfer of assets into the Plan as a result of the Equitable Life Guarantee Exchange Scheme. Please see Section 2 of this document for detail on the changes made to the SIP over the Plan Year.

Implementation Statement - DC Section (Cont)

Section 4: Summary and conclusions

The Trustee considers that all SIP policies and principles were adhered to over the Plan Year.

Implementation Statement - DC Section (Cont)

Appendix: Trustee engagement activity

The Trustee regularly engages with Fidelity, as the platform provider, to oversee the application of its ESG policy for the Plan's DC Section. The Trustee accesses a range of funds managed primarily by BlackRock on the Fidelity investment platform and leaves the voting rights in the hands of the third-party investment managers for the investment portfolios held. However, Fidelity engages robustly with the third-party managers including challenging and influencing their voting decisions if it feels that this is appropriate.

The table below sets out the most recent information available on BlackRock's engagement activity for the investment portfolios that are primarily used by Plan members in the DC Section. In providing this we have taken the following into account:

- As well as being stand-alone investment options, the Fidelity BlackRock World (ex-UK) Equity Index Fund and the Fidelity BlackRock UK Equity Index Fund form key parts of several other DC Section investment options made available by the Trustee. They are the core investment portfolios within the Fidelity BlackRock Equity/Bond Split 50/50 Fund (the growth phase of the DC Section's default investment strategy), the Fidelity BlackRock Equity/Bond Split 75/25 Fund and the Fidelity BlackRock Equity 100 Fund, as well as the associated lifestyle strategies for which they form the growth phase. In addition, they are also core components of the Fidelity BlackRock Consensus Fund.

- We have therefore provided more underlying detail on the voting and engagement activity for these two funds, as well as the following funds which hold more than £1 million in assets on 31 December 2021 and for which the underlying manager holds voting rights on behalf of Fidelity and the Trustee:

    - The Fidelity BlackRock 30/70 Currency Hedged Global Equity Index Fund. Note that the Fidelity BlackRock World (ex-UK) Equity Index Fund and the Fidelity BlackRock UK Equity Index Fund are also key components of this investment portfolio, but combined voting information has been provided for this portfolio by BlackRock.

    - The Fidelity BlackRock Emerging Markets Equity Fund.

The BlackRock Stewardship team also publishes statements on their analysis, engagements, and votes in relation to certain high-profile proposals at company shareholder meetings. They publish these bulletins to highlight several key voting rationales as informed by their global voting guidelines, including when they vote against directors due to insufficient progress on climate-related disclosures (particularly with regard to TCFD/SASB-aligned reporting); concerns about remuneration and/or overboarding; concerns about board oversight; and risk management in high profile situations, among others. More on BlackRock's voting and engagement policy can be found at https://www.blackrock.com/corporate/about-us/investment-stewardship.

Implementation Statement - DC Section (Cont)

Plan section	Manager and strategy	Portfolio structure	Voting activity	Most significant votes cast
DC	Fidelity BlackRock UK Equity Index Fund	Pooled equity fund	Votes cast: 10,815 % of eligible votes cast: 100% %of votes with management: 94.33% % of votes against management: 5.67% % of votes with no management recommendation/other: 0.00%	Shell: In May 2021, BlackRock voted against a resolution requesting the Company to Set and Publish Targets for Greenhouse Gas (GHG) Emissions. Blackrock voted against this resolution as they stated they are supportive of Shell's current climate policies and prefer the annual "say on climate" advisory vote offered by management as a mechanism for shareholders to give feedback on the company's climate strategy.
DC	Fidelity BlackRock (World ex-UK) Equity Index Fund	Pooled equity fund	Votes cast: 23,202 % of eligible votes cast: 99.82% %of votes with management: 92.16% % of votes against management: 7.66% % of votes with no management recommendation/other: 0.18%	General Electric Company: In May 2021, BlackRockvoted for a shareholder resolution that the Company report on its progress towards achieving a target of netzero greenhouse gas emissions by 2050. Blackrock supported this proposal as they believe it may accelerate the company's progress on climate risk.

Implementation Statement - DC Section (Cont)

DC	Fidelity BlackRock 30/70 Currency Hedged Global Equity Index Fund	Pooled equity fund	Votes cast: 54,988 % of eligible votes cast: 99.93% %of votes with management: 91.62% % of votes against management: 8.33% % of votes with no management recommendation/other: 0.05%	Barclays In May 2021, Blackrock voted for a shareholder resolution on Climate Change Targets. While recognising the company's efforts and direction of travel, Blackrock stated that the resolution can help to accelerate its efforts on climate risk management.
DC	Fidelity BlackRock Emerging Markets Fund	Pooled equity fund	Votes cast: 22,108 % of eligible votes cast: 100% %of votes with management: 89.74% % of votes against management: 10.26% % of votes with no management recommendation/other: 0%	Vedanta Limited In August 2021, BlackRock voted against the reappointment of the Chairman of the Board and Non-executive Independent Director as a result of governance concerns relating to board oversight.

Chair's DC Governance Statement

Chevron UK Pension Plan (the "Plan")

Annual statement regarding governance of DC benefits: 2021 Governance Year

1 Introduction

This statement has been prepared by the trustee of the Chevron UK Pension Plan (the "**Plan**"), Chevron UK Pension Trustee Limited (the "**Trustee**") in accordance with regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations (the "**Administration Regulations**") 1996 (as amended). It describes how the Trustee has met the statutory governance standards applicable to defined contribution ("DC") benefits in relation to:

- the default arrangement(s)
- requirements for processing financial transactions
- assessment of member-borne charges and transaction costs
- the requirement for trustee knowledge and understanding

between 1 January 2021 and 31 December 2021 (the "**2021 Governance Year**").

2 Default arrangements

The following arrangements are "default arrangements" in regard to the Plan for the purposes of the Administration Regulations:

- **Fidelity Chevron Equity/Bond Split 50/50 Lifestyle Strategy (the "Core Default Arrangement")**
- **Fidelity BlackRock World (ex-UK) Equity Index Fund**
- **Fidelity Blackrock UK Equity Index Fund**
- **Fidelity Blackrock Equity/Bond Split 75/25 Fund**
- **Fidelity Blackrock Over 15 Years UK Gilt Index Fund**
- **Fidelity Blackrock Cash Fund**

Together referred to as the "**Default Arrangements**".

The **Core Default Arrangement** is the arrangement that contributions in respect of the DC Element of New Section members of the Plan are paid into if a member does not make an alternative choice.

Chair's Statement (Cont)

The **Fidelity BlackRock World (ex-UK) Equity Index Fund** is classified as default arrangement because some members invested in it previously chose to invest in the four regional equity funds that were mapped to this arrangement by the Trustee as part of the fund consolidation exercise in 2016.

The other four funds above are classified as default arrangements because they contain investments from certain members who previously held additional voluntary contribution (AVC) assets with Utmost Life and Pensions (which were part of Equitable Life prior to the implementation of its Guarantee Exchange Scheme effective on 1 January 2020) that were mapped into these arrangements as part of an AVC consolidation exercise which took place during 2020. Further details are set out in this statement.

Aims and Objectives of the Default Arrangements

The aims and objectives of the **Core Default Arrangement** are to provide good outcomes for members by targeting growth with an appropriate degree of risk during a member's early years of investment, and gradually moving to investment in a lower risk cash fund as the member approaches their selected retirement date (the movement towards lower risk investments being referred to in this statement as the "lifestyle strategy"). The default lifestyle strategy moves towards being 100% invested in Fidelity BlackRock Cash Fund at retirement to mitigate potentially mismatching risk by investing in the way in which members commonly take their accrued funds at retirement.

The aims and objectives of the **Fidelity BlackRock Cash Fund** are to provide a secure investment option for members who wish to take a low level of investment risk. As well as being a default arrangement in its own right following the AVC consolidation exercise in 2020, it is used to provide part of the lifestyling element of the Core Default Arrangement.

The **Fidelity BlackRock World (ex-UK) Equity Index Fund** invests in shares of overseas companies (Europe ex UK, Japan, Pacific Rim, US and Canadian markets) according to market capitalisation weightings and aims to produce a return in line with its benchmark, which is the FTSE All-World Developed ex UK Index. The aims and objectives of this Fund are to provide members with an equity-based investment option that meets their risk and return requirements and to give members the freedom to structure their own investment portfolio from the range of different asset classes that are made available.

The **Fidelity Blackrock UK Equity Index Fund** invests in shares of UK companies and aims to produce a return in line with the FTSE All Share Index. The objective of the Fund is to provide an equity-based investment option giving investors UK investment exposure.

The **Fidelity Blackrock Equity/Bond Split 75/25 Fund** invests in passively managed funds which invest in global equities (75%), corporate bonds (18.75%) and in Government index-linked securities (6.25%). The Fund aims to provide long term capital growth (by investing a significant proportion of its assets in equities), whilst investing a small element invested in bonds and government index-linked securities in order to reduce the potential investment volatility of the fund. It aims to provide a return in line with its benchmark, which is composite benchmark based on UK, overseas equity, and corporate bond and gilt indexes, in line with the target asset allocations.

The Fidelity Blackrock Over 15 Years UK Gilt Index Fund is designed to provide members with a lower risk investment option that also provides protection against inflation. It does this by tracking the performance of the FTSE Actuaries UK Conventional Gilts Over 15 Years Index.

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2.1 Review of the Default Arrangements

Last review

No review of the Default Arrangements took place during the 2021 Governance Year.

The last formal triennial DC investment review of the strategy and performance of the Default Arrangements was completed by the Trustee, in conjunction of their investment advisors Willis Towers Watson ("**WTW**"), on 22 September 2020. Further details about this review were set out in the Trustee's statement regarding governance of DC benefits for the 2020 Governance Year.

Environmental, Social and Governance (ESG) investment strategy

The Trustee undertook a survey of the Plan's membership during 2021, asking a series of questions to obtain members views on the merits of ESG investing, and the likelihood of use of an ESG investment option if this were to be added to the DC Section investment portfolio. The results were reviewed by the Trustee in December 2021. Taking the results of the survey and ESG considerations more generally into account, the Trustee considered whether the overall range of investment options, including the Default Arrangement options, remained appropriate.

In December 2021 the Trustee decided that a self-select ESG option should be added into the portfolio. This is currently expected to be introduced during mid to late 2022, after a selection process conducted by WTW on behalf of the Trustee. It was agreed that ESG should not be incorporated into the Core Default Arrangement initially, but the position would be reviewed as part of next triennial DC investment review. This review will take into account the member usage of the ESG self-select option.

Next review

The next formal review of the Default Arrangements will be undertaken in 2023.

2.2 Statement of investment principles

Appended to this statement is a copy of the Plan's latest defined contribution statement of the investment principles (dated 9 June 2021) governing decisions about investments for the purposes of the Default Arrangements, prepared in accordance with regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005 (the "**Statement of Investment Principles**").

3 Requirements for processing financial transactions

"Core financial transactions" include (but are not limited to):

- investment of contributions in the Plan
- transfers of assets relating to members into and out of the Plan
- transfers of assets relating to members between different investments within the Plan
- payments from the Plan to, or in respect of, members.

During the 2021 Governance Year, the Trustee secured that "core financial transactions" were processed promptly and accurately by ensuring that its providers were required to process transactions in this way and monitoring its providers' compliance with these obligations.

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Plan administrator

Barnett Waddingham is the main Plan administrator and provides overarching administration services in relation to the Plan. Barnett Waddingham work closely with Fidelity, the Plan's DC administrator and investment platform provider, in respect of the New Section of the Plan, ensuring that monthly contributions are reconciled and invested in a timely manner, settling DC benefits as required in tandem with DB rights in the Plan and paying combined transfer values.

Monitoring of providers' processes

The Trustee has implemented ways of ensuring that its providers process core financial transactions promptly and accurately. The first way is the "Monthly Contribution Process" designed and implemented on behalf of the Trustee and the second way is via service legal agreements (SLAs).

Monthly Contribution Process

The Trustee monitors compliance with the agreed Monthly Contribution Process. This is a step-by-step process which intends to ensure prompt and accurate end-to-end interactions regarding receipt and investment of contributions between the Employer, Barnett Waddingham and Fidelity.

The Trustee has agreed the Monthly Contribution Process with its providers in order to ensure and monitor timely and accurate investment of the contributions on a monthly basis. Barnett Waddingham and Fidelity have confirmed that they have complied with all applicable steps of the Monthly Contribution Process in the 2021 Governance Year.

Quarterly administration reports and SLAs

The Trustee also monitors (via quarterly administration reports) the reporting by Barnett Waddingham and Fidelity, including task performance against SLAs to check whether core financial transactions were accurate, up to date, completed within applicable statutory timescales and within the agreed SLAs. The administration reports cover performance against the SLAs and the extent to which any deadlines have been breached. The Trustee is satisfied that the SLAs in place with Barnett Waddingham and Fidelity (as appropriate to the tasks each performs), taken together cover the accuracy and timeliness all core financial transactions.

The contractually agreed SLA with Barnett Waddingham covers a range of pension scheme administration tasks including general administration (such as ensuring Employer contributions are paid to the Plan on a timely basis and reconciling these contributions), member transactions (such as maintaining records for members paying contributions and arranging transfers-out of the Plan on request), regular updates (such as validating data from a payroll file and processing contribution allocations and arranging payment to the investment managers), producing benefit statements and disinvesting DC assets in certain circumstances.

During the 2021 Governance Year, Barnett Waddingham's overall SLA performance was between 90-94% and there were no DC-related issues.

The Trustee does not have a contractually agreed SLA in place with Fidelity, however Fidelity utilises and adheres to internally agreed SLAs. These internally agreed SLAs are reflected in Fidelity's quarterly administration reports which cover the accuracy and timeliness of all core financial transactions performed by Fidelity. The quarterly administration reports cover a range of tasks including contributions, retirement and benefits, transfers in and

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transfers out. Throughout the 2021 Governance Year, Fidelity's overall SLA average was 100% and there were no reportable issues.

The performance of Barnett Waddingham and Fidelity is reviewed annually. Additionally, SLA performance in relation to the processing of transfers is monitored as part of the monthly statistics / billing process and this did not reveal any issues.

Processes to ensure core financial transactions are processed promptly and accurately

Barnett Waddingham and Fidelity have a number of processes in place to ensure that core financial transactions are processed promptly and accurately and in accordance with the relevant SLAs and Monthly Contribution Process. These include:

- Fidelity monitoring the relevant bank account four times daily and having a dedicated contribution processing team.
- For all operational unautomated processes Fidelity having a "four-eyes" checking process in place, including dealing with investments.
- Barnett Waddingham's administration team monitoring the relevant bank account and investments/disinvestments.
- All of Barnett Waddingham's processes being subject to checking. If the process involves a benefit payment, other payment or investment / disinvestment then the payment is authorised by a senior member of the team (this is not the same person who reviews the process).
- Barnett Waddingham's internal controls Cashstream transactions being reconciled against the accounting system by the accounts team at least monthly, following receipt of the bank statement. The team investigates any differences and the reconciliation process continues until the team is able to establish a cleared balance on the accounting system equal to that on the bank statement. In addition to this a monthly forecast is also completed by the administration team to ensure sufficient funds remain in the account to meet the Plan's future obligations.

The Trustee is satisfied that overall the above processes ensured that core financial transactions were processed promptly and accurately during the 2021 Governance Year.

4 Assessment of member-borne charges and transaction costs

4.1 Level of member-borne charges and transaction costs

In accordance with regulation 25(1)(a) of the Administration Regulations, the Trustee calculated the "charges" and, so far as they were able to do so, the "transaction costs", borne by members of the Plan for the 2020 Governance Year.

For these purposes:

- "charges" means, broadly, administration charges other than:
  - "transaction costs";
  - costs the court determines trustees can recover;
  - certain pension sharing on divorce costs;

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- "winding-up costs"; and
- costs solely associated with the provision of death benefits.

- "transaction costs" means the costs incurred as a result of the buying, selling, lending or borrowing of investments. Transactions can have a positive or negative effect on each fund and hence transaction costs can be positive or negative. For example, if the transaction involves a net inflow of assets into a particular fund, this can sometimes have a positive effect on the price of each unit in the fund. The reverse can also be true.

- "winding up costs" means the costs of winding up a pension scheme including (but not limited to) the cost of:

  - Legal advice
  - Tracing, consulting and communicating with members
  - Advice on exiting investments
  - Selection of an alternative scheme or investments.

The "annual management charge" is the charge for managing pension scheme investments, expressed as a percentage of the assets. It is usually deducted prior to the calculation of the unit price and may incorporate both administration and investment charges. The Trustee has also set out the "annual management charge" for each fund available under the Plan for information.

The Trustee has been working with its advisers to obtain transaction cost information covering the 2021 Governance Year for publication in this statement. However, at the time of preparing this statement, transaction cost information for the complete 2021 Governance Year is not available. This is because the underlying information had not been made available by the funds' managers. Therefore, the transaction cost information provided in this statement is annualised and covers the period from 1 October 2020 to 30 September 2021.

Core Default Arrangement – charges

During the 2021 Governance Year the level of charges applicable to the Core Default Arrangement were as follows.

Charges of 0.200% to 0.250% of the monies held in the Core Default Arrangement (including Annual Management Charges (AMCs) of 0.200% to 0.235%) applied, depending on the asset allocation at the time of assessment of charges. For this (and the other lifestyle strategies offered by the Trustee) the allocation of the assets between the components within the lifestyle strategies will change as the member approaches their selected retirement date, and hence the range of charges which applied to members is shown. The charges are comprised of:

- 0.250% in respect of the Core Default Arrangement (including Annual Management Charge of 0.235%); and
- 0.200% in respect of the Fidelity BlackRock Cash Fund (including Annual Management Charge of 0.200%).

Core Default Arrangement – ongoing transaction costs

Ongoing transaction costs are taken into account via the unit price for each of the funds that make up the Core Default Arrangement. The following transaction cost information has been provided by Fidelity:

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- The transaction costs incurred from 1 October 2020 to 30 September 2021 ranged from 0.02% to 0.04%. This varied over time and depended on term to retirement.

The Trustee considered these transaction costs to be within their reasonable expectations when compared to market experience for similar funds (based on research undertaken by the Trustee's investment adviser).

Default Arrangements (excluding the Core Default Arrangement) – charges

The levels of charges (and Annual Management Charges (AMC) which form part of the overall charges) applicable to the Default Arrangements (excluding the Core Default Arrangement) in which assets relating to members were invested over the 2021 Governance Year were as follows.

Asset class	Fund	AMC (%)	Overall charges (%)
Global equities	Fidelity BlackRock World (ex-UK) Equity Index Fund	0.250	0.260
UK Equities	Fidelity BlackRock UK Equity Index Fund	0.250	0.260
Bonds	Fidelity BlackRock Over 15 Years UK Gilt Index Fund	0.150	0.200
Cash	Fidelity BlackRock Cash Fund	0.200	0.200
Blended fund*	Fidelity Chevron Equity/Bond Split 75/25 Fund	0.253	0.260

*Blended fund charges show where a single charge applies that is constructed from a combination of other funds within the Plan's investment fund range.

Default Arrangements (excluding the Core Default Arrangement) – transaction costs

The following transaction cost information has been provided by Fidelity and shows the annualised transaction costs for the period from 1 October 2020 to 30 September 2021):

Asset class	Fund	Transaction cost (%)
Global equities	Fidelity BlackRock World (ex-UK) Equity Index Fund	0.02
UK Equities	Fidelity BlackRock UK Equity Index Fund	0.06

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Bonds	Fidelity BlackRock Over 15 Years UK Gilt Index Fund	0.00
Cash	Fidelity BlackRock Cash Fund	0.02
Blended fund*	Fidelity Chevron Equity/Bond Split 75/25 Fund	0.04

*Blended fund charges show where a single charge applies that is constructed from a combination of other funds within the Plan's investment fund range.

The Trustee considered these transaction costs to be within their reasonable expectations when compared to market experience for similar funds (based on research undertaken by the Trustee's investment adviser).

Self-select funds (excluding those covered above) - charges

The levels of charges (and Annual Management Charges (AMC) which form part of the overall charges) applicable to other funds which were available on a self-select basis through Fidelity and in which assets relating to members were invested over the 2021 Governance Year were as follows:

Asset class	Fund	AMC (%)	Overall charges (%)
Global equities	Fidelity BlackRock 30:70 Currency Hedged Global Equity Fund	0.270	0.280
Bonds	Fidelity BlackRock Over 5 Years Index Linked Gilt Fund	0.200	0.200
	Fidelity BlackRock Corporate Bond Index Fund All Stocks	0.200	0.210
Emerging markets	Fidelity BlackRock Emerging Markets Fund	0.350	0.400
Multi-asset	Fidelity Chevron BlackRock Consensus Fund	0.200	0.230
Shariah Law	Fidelity HSBC Islamic Pension Fund (previously named HSBC Amanah Global Equity Index Fund)	0.450	0.450
Blended funds*)	Fidelity Chevron Equity/Bond Split 50/50 Fund	0.235	0.250

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	Fidelity Chevron Equity 100 Fund	0.270	0.280
Lifestyle strategies	Fidelity Chevron Equity/Bond Split 75/25 Lifestyle Strategy	0.200 to 0.253 (depending on the member's stage within the strategy)	0.200 to 0.260 (depending on the member's stage within the strategy)
	Fidelity Chevron Equity 100 Lifestyle Strategy	0.200% to 0.270% (depending on the asset allocation within the strategy)	0.200% to 0.280% (depending on the asset allocation within the strategy)

*Blended fund charges show where a single charge applies that is constructed from a combination of other funds within the Plan's investment fund range.

Self-select funds (excluding those covered above) – transaction costs

The following transaction cost information has been provided by Fidelity and shows the annualised transaction costs for the period from 1 October 2020 to 30 September 2021):

Asset class	Fund	Transaction costs (%)
Global equities	Fidelity BlackRock 30:70 Currency Hedged Global Equity Fund	0.05
Bonds	Fidelity BlackRock Over 5 Years Index Linked Gilt Fund	0.01
	Fidelity BlackRock Corporate Bond Index Fund All Stocks	0.04
Emerging markets	Fidelity BlackRock Emerging Markets Fund	1.59
Multi-asset	Fidelity Chevron BlackRock Consensus Fund	-0.04
Shariah Law	Fidelity HSBC Islamic Pension Fund (previously named HSBC	-0.79

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	Amanah Global Equity Index Fund)	
Blended funds*	Fidelity Chevron Equity/Bond Split 50/50 Fund	0.04
	Fidelity Chevron Equity 100 Fund	0.05
Lifestyle strategies	Fidelity Chevron Equity/Bond Split 75/25 Lifestyle Strategy	0.02% to 0.04% (depending on the member's stage within the strategy)
	Fidelity Chevron Equity 100 Lifestyle Strategy	0.02% to 0.05% (depending on the asset allocation within the strategy)

*Blended fund charges show where a single charge applies that is constructed from a combination of other funds within the Plan's investment fund range.

The transaction costs shown for the Fidelity BlackRock Emerging Markets Fund and the Fidelity HSBC Islamic Pension Fund show significant deviations from the transaction costs shown in recent years for these funds. These two funds are the funds within the investment range available that are viewed by the Trustee's investment adviser as having the highest potential level of investment volatility. However, these deviations in transaction costs are considered to be reasonable taking account of market conditions. This is because, in both cases, the fund managers imposed an anti-dilution levy on the funds. An anti-dilution levy is an adjustment imposed on transactions within the funds aimed at ensuring that such investment transactions do not take place on terms which do not take full account of the investment market volatility present at the time. This is a standard approach taken by investment managers in times of investment market volatility and the Trustee's investment adviser has confirmed that the size of the anti-dilution levies (and the resultant level of the transaction costs) for these funds is within normal market expectations in similar circumstances.

Former Utmost Life and Pensions investment funds

The Plan previously offered a range of Equitable Life investment funds (Unit-linked and With-profits) that were only available for historic additional voluntary contributions (AVCs) and were not available to New Section members of the Plan. During 2020, the Trustee transitioned the assets investment in these funds into investment funds on the Fidelity platform, as set out below. In May 2021, a further asset restructure exercise took place to transfer relevant assets to the Core Default Arrangement. Further details are provided below.

On 1 January 2020 Equitable Life implemented the outcome of its successful Guarantee Exchange Scheme (GES) to transfer its UK investments to Utmost Life and Pensions (Utmost), and close its With-Profits Fund, moving these assets to its temporary Secure Cash Fund pending their transfer to a longer-term investment choice (or choices). Equitable Life added an uplift to the amounts transferred to the Utmost Secure Cash Fund as part of its GES.

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Following this, the Trustee transferred the investments in the Utmost Secure Cash Fund to the Fidelity BlackRock Cash Fund in April 2020. Its original intention had been to transfer these investments to the Core Default Arrangement, but the increased investment market volatility in 2020 due to the Coronavirus pandemic led the Trustee (on investment advice) to invest the proceeds in the BlackRock Cash Fund instead, with a view to moving the assets to the default once market conditions were more stable. Following further investment advice, the Trustee implemented the move from the BlackRock Cash Fund to the Core Default Arrangement in May 2021 for all members who were under the age of 55 on 1 May 2021. More details are set out below.

In July 2020 the Trustee transferred the unit-linked investments held with Utmost (formerly invested in the same funds through Equitable Life) into the existing range of unit linked investment funds held with Fidelity, using an investment mapping recommendation provided by its investment adviser.

In May 2021, the Trustee undertook an asset restructure exercise. The purpose of this exercise was to transfer assets from the BlackRock Cash Fund to the Core Default Arrangement, in line with the Trustee's original plan for the investments transferred in from the Utmost Secure Cash Fund in April 2020. In addition, any members who were 100% invested in the BlackRock cash fund (for whatever reason) were given the opportunity to participate in the bulk transfer to the default investment strategy.

The qualifying criteria for the exercise were those members in receipt of an asset transfer payment from Utmost Life & Pensions on either 20th April 2020 or 20th & 23rd July 2020, had not affected any switch instructions on these assets, and were aged 55 or under as at 1st May 2021.

The participants were grouped as follows:

- Members fund holdings are 100% in Blackrock Cash Fund, and is all assets transferred in. These members whole funds were automatically switched to the default lifestyle. (247 members)
- Members fund holdings are 100% in Blackrock Cash Fund but includes contribution types other than assets transferred in. Members holdings that were transferred in were automatically switched to the default lifestyle. Members were given the option to opt-in to switch the remainder of their fund at the same time. (6 members)
- Members fund holdings are not 100% Cash and includes contribution types other than assets transferred in. Members holdings that were transferred in were automatically switched to the default lifestyle. Members were given the option to opt-in to switch their holdings under other contribution types in the Blackrock Cash Fund. (4 members)
- Members fund holdings are not 100% Cash and includes contribution types other than assets transferred in. Members holdings that were transferred in were automatically switched to the default lifestyle. (3 members)
- Members fund holdings are not 100% Cash and includes contribution types other than those transferred in. Their holdings that were transferred in are not 100% in the Blackrock Cash Fund. Members holdings in the Blackrock Cash Fund that were transferred in were automatically switched to the default lifestyle. These members were communicated to separately to ask them to make changes to their investment choices themselves. (4 members)
- Members did not receive an asset transfer from the WP Utmost policy on 20 April 2020 but have 100% of their funds invested in the Blackrock Cash

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Fund. Members were given the option to opt-in to switch their funds into the default lifestyle. (74 members).

This fund restructure was completed in one tranche on 20 May 2021 with a total value of £2,296,800. Based on the total traded value, the cost of this transition was c.£3k (0.13%). The transaction costs for the main constituent fund of the Core Default Arrangement, the Chevron Equity/Bond 50/50 Fund, and its underlying investments are set out below:

Fund	Transaction costs (%)
iShares Corporate Bond All Stocks	0.32
iShares Index-Linked Gilt Fund	0.08
BlackRock ACS 30:70 Global Equity Fund	0.00

4.2 Illustrative examples of the cumulative effect of costs and charges

Appended to this statement are illustrative examples of the cumulative effect of costs and charges on the value of a member's accrued rights (in accordance with Reg 23(1)(ca) of the Administration Regulations 1996).

The illustrations have been prepared in accordance with the relevant statutory guidance and reflect the impact of costs and charges for a range of Plan members and investment funds.

4.3 Net investment returns

The Trustee is required to report on the net investment returns for their Default Arrangements and for each fund which Plan members are, or have been, able to select and in which they have assets invested during the 2021 Governance Year. Net investment returns refers to the returns on funds minus all transaction costs and charges (see above).

When preparing this section of the statement, the Trustee has taken account of the DWP's statutory guidance on "Completing the annual Value for Members assessment and Reporting of Net Investment Returns".

The figures for net investment returns used in the tables below have been provided by Fidelity and show returns over one year, five years and since fund inception.

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Asset class	Fund	1 year net investment return to 31.12.2021 (%)	5 year annualised net investment return to 31.12 2021(%)	Annualised net investment return from fund inception to 31.12.2021 (%)***
Global equities	Fidelity BlackRock 30:70 Currency Hedged Global Equity Fund	19.7	10.8	9.4 (since 15/2/2010)
	Fidelity BlackRock World (ex-UK) Equity Index Fund	23.3	13.4	10.9 (since 25/2/2005)
UK equities	Fidelity BlackRock UK Equity Index Fund	17.2	4.0**	4.0 (since 17/4/2019)
Bonds	Fidelity BlackRock Over 5 Years Index Linked Gilt Fund	4.0	4.9	7.7 (since 13/4/2006)
	Fidelity BlackRock Corporate Bond Index Fund All Stocks	-3.3	3.2	5.1 (since 26/1/2017)
	Fidelity BlackRock Over 15 Years UK Gilt Index Fund	-7.3	3.9	6.6 (since 13/4/2006)
Emerging markets	Fidelity BlackRock Emerging Markets Fund	-2.1	7.4	4.1 (since 6/12/2010)
Multi-asset	Fidelity Chevron BlackRock Consensus Fund	12.0	7.2	7.8 (since 18/10/2013)
Shariah Law	Fidelity HSBC Islamic Pension Fund (previously named HSBC Amanah Global Equity Index Fund)	27.3	18.2	14.1 (since 7/7/2008)
Blended funds*	Fidelity Chevron Equity/Bond Split 50/50 Fund	8.8	7.6	8.0 (since 17/10/2011)
	Fidelity Chevron Equity 100 Fund	19.7	10.8	10.1 (since 17/10/2011)
	Fidelity Chevron Equity/Bond Split 75/25 Fund	14.2	9.3	9.1 (since 17/10/2011)

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Cash	Fidelity BlackRock Cash Fund	-0.1	0.3	1.2 (since 13/4/2006)

*Blended fund charges show where a single charge applies that is constructed from a combination of other funds within the Plan's investment fund range.

**5 year returns are not available for the Fidelity BlackRock UK Equity Index Fund as it was launched in April 2019. Therefore this figure reflects the net investment returns from this inception date to 31 December 2021.

***The return data provided in this column shows percentage returns over the period from each fund's inception to 31.12.2021. It does not show return data over time periods that are necessarily comparable and this should be taken into account when reading this table.

Paragraph 27 of DWP's relevant statutory guidance says that trustees should provide details of these returns at ages 25, 45 and 55 for funds where the investment returns vary by age, such as in a lifestyle strategy. Lifestyle strategies are identified because the way assets are invested changes as members approach retirement, meaning that the investment returns can vary by age. The Plan's DC Section has three lifestyle strategies (including the Core Default Arrangement) as detailed earlier in this statement. However in each of these strategies there is no difference in the asset allocation at ages 25, 45 and 55 as members remain 100% invested in the blended fund which forms the accumulation phase of these strategies (see the Blended Fund information shown above) and therefore the investment returns for members are not different at these ages.

4.4 Value assessment

In accordance with regulation 25(1)(b) of the Administration Regulations, and with regard to statutory guidance, the Trustee assessed the extent to which the charges and transaction costs borne by members, as set out in section 4.1 above, represent good value for members. This section of this statement explains the assessment that was carried out in relation to the 2021 Governance Year and its results.

How value for members has been assessed

To help them with their assessment, the Trustee obtained an independent value for members assessment for the 2021 Governance Year from its investment consultant.

As noted in section 3 above, administration services for the Plan are provided by both Fidelity and Barnett Waddingham. Members pay for the administration of their DC accounts with Fidelity through the bundled annual management charge and additional expenses which make up the overall charges. Secondly, additional overarching main Plan administration is carried out by Barnett Waddingham for which members do not bear the cost. Taking this into account, the value for members assessment included:

(a) a review of the member borne costs and charges levied and a comparison of the costs and charges to those levied in relation to other bundled schemes in the market;

(b) a review of the net investment returns of the Default Arrangements and self-select options against their benchmarks;

(c) a review of governance, administration and communication factors against seven key metrics. These key metrics cover the following areas:

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- Scheme governance
- Risk management
- Core financial transactions and record keeping
- Default strategy and investment governance
- Communication and engagement
- At retirement support options
- Broader financial support (including advice).

The Trustee's investment consultant has developed a checklist of key features that it would expect to be present in leading DC schemes and the value for members assessment reflects the presence or absence of those key features.

The framework for this value for member assessment reflects the more detailed assessment under regulation 25(1A) of the Administration Regulations that some schemes are required to carry out in relation to scheme years ending after 31 December 2021. This requirement does not apply to the Plan (because it has assets in excess of £100 million as at the date of its last audited accounts and because this statement relates to the scheme year ending on 31 December 2021). However, the Trustee decided to use this framework and took account of the relevant statutory guidance as it provides an appropriately robust framework for the Plan's value of members assessment.

Although the Trustee did assess the 'broader value' offered to members by various elements of the governance, administration and communication factors they do not pay for, the Trustee did not take these elements into account when concluding its value for members assessment for the purposes of regulation 25(1)(b) of the Administration Regulations.

Summary of Trustee's conclusions in relation to each factor assessed

(a) Costs and charges

- Total Expense Ratio (TER) - the TER of the growth phase of the Core Default Arrangement is 0.245%, which when benchmarked against other bundled schemes similar to the DC section indicates that it provides good value.
- Transaction costs - the transaction cost benchmarking undertaken showed that most of the transaction costs for the Plan's DC funds were either below average or between the average and 75th percentile for each comparable sector. As a result, this was assessed as providing fair value to members.

(b) Net investment returns

- Default investment strategy performance – the components of the Core Default Arrangement have all performed in line with or above benchmark over a 5 year period to 31 December 2021. As a result this was assessed as providing good value for members.
- Self-select fund performance - over the five year period to 31 December 2021, the performance of the self-select fund range has been consistent when compared to their benchmarks. As a result this was assessed as providing good value to members

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(c) Governance, administration and communication

- Scheme governance - the Plan exhibits most of the identified key features relating to Trustee Knowledge and Understanding, self-assessment and their governance approach. In common with most schemes, a key area for further action related to the development of and inclusion and diversity policy for the Plan. This is under consideration by the Trustee in the 2022 Governance Year.

- Risk management - the Plan exhibited all of the current key features in relation to managing risk for the scheme. One future action is for the Trustee to comply with a new combined code of practice on governance which is being introduced by the Pensions Regulator. This is not yet in force and the Trustee will be working on this over the next year. Members will hear more on this in due course.

- Core financial transactions and record keeping - the Plan exhibited all of the key features with this metric. Further information on this area is provided in section 3 of this statement.

- Default strategy and investment governance - the Plan exhibited most of the key features within this metric. The Plan does not offer a range of lifestyle options targeting specific retirement outcomes. However, this reflects the Trustee's view that members are unlikely to take their DC section benefits in the form of annuity or drawdown in view of the structure of the DC Section which is provided to members of the Plan's DB arrangement whose annual pensionable earnings are over a salary cap or who wish to make AVCs to supplement their DB benefits. The Trustee formed this view having taken advice from its investment adviser which considered current member retirement choices and likely future choice, projecting forward the value of their benefits. Further information on the default strategy and investment governance over the 2021 Governance Year can be found in sections 2 and 4 of this statement.

- Communication and engagement - the Plan's communication and engagement strategy is primarily based around the information made available to members through its DC Section provider, Fidelity. Fidelity in highly rated by the Trustee's advisers and was found to support the Trustee in meeting most of the expectations. Fidelity does however lag behind some other providers in its digital communications and this is an area for future discussion with Fidelity.

- At retirement support and options - the key expectations in this metric are based around the fact that most members of defined contribution schemes will use their DC account value to provide the core of their retirement benefits. However, for the Plan the defined benefit rights accrued in the Plan form the core part of most members' retirement benefits, and their DC account values are typically used to provide tax-free cash on retirement. As a result, some of the key features are not relevant for the Plan. Taking this into account the Plan exhibited most of the relevant key features within this metric. However, the Trustee will continue to monitor how members use their DC account value to determine whether more at retirement support is needed by members.

- Broader financial support (including advice) - for the reasons noted above, some of the key features within this metric are not relevant for the Plan. However, the Plan does provide access to a facilitated advisory service for members and a wellbeing strategy has been put in place by the employer. As a result, most of the relevant key

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features were found to be exhibited by the Plan but the Trustee will continue to monitor member needs and review the support requirements accordingly.

Overall conclusion

The Trustee reviewed the independent value for members assessment and agreed with its conclusions that the combined value provided to members by the investment, administration and communication services they pay for represents good value compared with the overall charges members pay. The assessment concluded that the Plan provides high quality and appropriate services to meet the needs of the Plan membership.

5 Trustee knowledge and understanding (TKU)

The Trustee obtains advice on investment, legal and other issues from its professional advisers and is also able to call on the technical and investment expertise of the Company, in areas including legal compliance, data protection, pensions and benefits, and investment.

The Trustee Directors themselves collectively have a wealth of experience and knowledge across different areas, including the Trustee's legal obligations and trust law duties, information security and data protection obligations, finance, audit and business strategy experience. This enables the Trustee to challenge its advisers and other third parties appropriately and set and monitor suitable business plans for the Plan.

The Trustee Directors' approach to meeting the TKU requirements during the 2021 Governance Year included:

- receiving regular training and updates in relation to legal issues affecting the Plan, which enabled the Trustee Directors to learn about and discuss current legislative and regulatory requirements relating to the law on pensions and trusts. For example, at the June 2021 Trustee Board training day, the Trustee Directors received training on climate change regulations affecting pension schemes, general Trustee responsibilities and liaison with regulatory bodies. At the September 2021 Trustee Board training day, the Trustee Directors received training on the Pension Schemes Act 2021 and the Pensions Regulator's new Code of Practice.

- receiving regular updates on the latest pensions news and insights from their professional advisors, which enabled the Trustee Directors to keep up to date with relevant legal developments. For example, all the Trustee Directors receiving email updates (on a weekly, monthly and quarterly basis) from various sources including the Pensions Regulator, their legal and actuarial advisers.

- receiving regular updates regarding funding and investment, which enabled the Trustee Directors to learn about and discuss the principles relating to funding of occupational pension schemes and the investment of the assets of such schemes. For example, at the March 2021 Board the Investment Committee provided an update regarding the Implementation Statements and at the September 2021 Board meeting the Investment Committee provided an update regarding investment beliefs.

- considering and applying the Plan's trust deed and rules, Statement of Investment Principles, statement of funding principles and other relevant policies where applicable to Trustee decisions. For example, in the 2021 Governance Year:

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- the Trustee Directors reviewed and adopted a new defined contribution Statements of Investment Principles which was considered by the Trustee Directors at the June Trustee Board meeting such that the Trustee Directors have a working knowledge of this document. In adopting the new defined contribution Statements of Investment Principles, the Trustee discussed the document at its June Trustee Board meeting, considered and applied the relevant Plan rules and applicable legislation, and consulted the Company.

- the Trustee Directors updated a number of the Trustee's policies including the Notifiable Events Policy, the Whistleblowing Policy, the Member Nominated Directors Policy and the Internal Disputes Resolution Policy.

- attending the Trustee Board training days on 29 June 2021 and 28 September 2021, where the Trustee Directors received training from the Trustee's professional advisers and discussed the results of the survey on Trustee effectiveness.

- some Trustee Directors attending other online conferences hosted by external parties on various topics, including the Pensions Regulator's 2020 vision, the implications of Covid-19 for pension scheme trustees and cyber security).

The Trustee has systems in place to ensure the Trustee Directors are conversant with the Plan's trust deed and rules, Statement of Investment Principles, statement of funding principles and other Trustee policies relating to the administration of the Plan and have knowledge and understanding of the laws relating to pensions and trusts and the principles regarding funding and investment in relation to occupational pension schemes. These systems include identifying knowledge gaps and what appropriate training is needed for existing Trustee Directors. For example, the systems in place during the 2021 Governance Year included:

- the Trustee Directors undertaking the survey on Trustee effectiveness referred to above which is used to help assess the effectiveness of the Trustee Board and to ask the Trustee Directors to provide details of any areas of training they felt the Trustee Board would benefit from receiving. Some of the Trustee Directors suggested that further training was needed in relation to ESG and the impact on pension schemes and this topic was then covered during the June 2021 Trustee Board training day. The Trustee Directors will further develop their knowledge and understanding of this topic and others in the future, by receiving ad hoc training sessions at the quarterly Trustee Board meetings and at the 2022 Trustee Board training days due to be held on 21 June 2022 and 27 September 2022. The Trustee Directors will also be completing a survey on Trustee Knowledge and Understanding in 2022, which is completed every two years.

- the Trustee Directors, having previously completed all of the core modules (both DB and DC) in the Pensions Regulator's Trustee Toolkit, each hold the Pension Regulator's Trustee Toolkit certificate. The Trustee Toolkit is an online learning programme from the Pensions Regulator aimed at trustees of occupational pension schemes. The Trustee Toolkit includes a series of online learning modules and downloadable resources developed to help trustees meet the minimum level of knowledge and understanding required by law. The Trustee's training policy requires each Trustee Director to complete the Trustee Toolkit every four years. The dates on which each of these Trustee Directors last completed the core modules of the Trustee Toolkit are as follows:

  - William Alan Dennison – 9 July 2018

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- John Trevor Jones – 7 February 2022
- Simon Owens – 28 August 2018
- David Poulter – 12 April 2019
- John Gregor Cameron – 22 November 2020
- Andrew Clitheroe – 3 April 2020
- Audrey Lamastro – 25 January 2021
- Nahid Ali – 12 April 2021
- Beth Claar – 1 March 2021

In addition to completing the core modules of the Trustee Toolkit, all the Trustee Directors (including the three new Trustee Directors referred to below) have completed the more recent pension scams module of the Trustee Toolkit.

- the Trustee Directors being encouraged to undertake additional study.

No new Trustee Directors were appointed in the 2021 Governance Year, however the Trustee has a structured induction process in place for any new Trustee Directors that is designed to ensure that they acquire the appropriate level of Trustee Knowledge and Understanding within 6 months of their appointment. That process includes:

- undertaking one-to-one training with the Plan's Actuary, covering their duties and responsibilities and the operation of the DC benefits;
- receiving a New Trustee Orientation Pack on appointment including the key documentation of the Plan (Plan's Trust Deed and Rules, Statement of Investment Principles, statement of funding principles, schedule of contributions and other Trustee policies relating to the administration of the Plan). The provision of this information as part of the induction pack ensures that all Trustee Directors are familiar with these documents from the start of their appointment;
- attending a Trustee meeting in an observational capacity prior to appointment;
- being given an overview by the outgoing Trustee Director before being appointed and receiving an overview on the role of a Trustee Director from the Pensions Manager before the first Trustee meeting; and
- being given the support required to complete the Pensions Regulator's Trustee Toolkit.

Overall, the Trustee's Directors consider that as a result of the induction process, training and study undertaken as referred to above, both collectively and personally their own knowledge and understanding, together with the advice which is available to the Trustee, enables the Trustee to properly exercise its function as trustee of the Plan.

Signed on behalf of the Trustee

17 May 2022

Simon Owens **Date**
Chair of Chevron UK Pension Trustee Limited

Chair's Statement (Cont)

Chevron UK Pension Plan

Defined Contribution Statement of Investment Principles – June 2021

1. Introduction

The Chevron UK Pension Plan (the "Plan") provides both a Defined Benefit (DB) and Defined Contribution (DC) Pension arrangement. The Trustee of the Plan has drawn up this Statement of Investment Principles ("the Statement") for the defined contribution section of the Plan to comply with the requirements of the Pensions Act 1995 ("the Act") and subsequent legislation; a separate Statement has been produced for the DB arrangement.

As required under the Act, the Trustee has consulted suitably qualified persons and obtained written advice from Willis Towers Watson on this statement. The Trustee will take advice regularly from one or both of Chevron Benefit Plan Investments staff and Willis Towers Watson on the Plan's investments. The Trustee has also consulted Chevron Energy Limited (the "Company") as the sponsoring company, with regard to the principles outlined in this statement.

2. Plan Elements and Objectives. Investment Objectives, Policy, Strategies. Investment Risks and Risk Management.

2.1 Plan Elements and Objectives

The two defined contribution elements of the Plan are the DC element of the New Section (for employees joining since 1st January 2012 for eligible earnings over the DB earnings Cap and pensionable shift allowances) and Additional Voluntary Contribution (AVC) investments since 1st August 2006. These elements provide benefits in addition to the Plan's defined benefit accrual. Additionally, the Plan holds certain policies with Equitable Life which represent defined contribution entitlements – see Section 3 below.

The objective of the Defined Contribution Section of the Plan is to offer a range of investment choices for selection by members with varying risk profiles to meet members' investment needs. A default fund is also provided for members do not make a specific selection. While members can choose from the investment options made available in the Defined Contribution Section, the ultimate authority and responsibility for selecting the range of funds for members to invest in - and to review those funds periodically - lies with the Trustee. The Trustee receives independent professional advice concerning the range of funds offered and default investment options. A review is conducted periodically and takes into account the demographics of the membership.

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2.2 Investment Objectives, Policy, Strategies

The Trustee's objective is to seek to provide members with a range of investment funds to invest in secure assets of appropriate liquidity which are designed to generate income and capital growth. The Trustee's policy aims to achieve these objectives by offering a range of funds with the following characteristics:

- Equity funds that are diversified geographically and represent various investment strategies;
- Sterling denominated fixed interest funds with differing characteristics and durations;
- Funds that are passively managed;
- Funds that are available for investment on the Plan's selected investment platform;
- Funds that are managed by a reputable manager and invested only in regulated public markets;
- Funds whose investment management fees are low and competitive.

The detailed investment objectives and expected returns for the asset classes selected are as follows:

Equities: The equity funds invest passively in their respective markets. They have the objective to provide returns consistent with the markets in which they invest. The funds provide a broad exposure to each of the countries in which they invest. Capital values may be highly volatile in the short term.

Bonds: The bond funds invest passively in fixed income securities consistent with the fixed income asset class selected. The investment objective is to achieve returns consistent with the selected benchmark. Capital values are likely to be less volatile than equities but tend to produce lower returns in the medium to long term.

Cash: The cash fund invests in money market instruments with the objective of providing a low risk, highly liquid investment alternative. The fund's investment returns are limited given the easily realizable and lower risk nature of the assets.

Lifestyle Structures: These structures invest in an appropriate selection of the underlying funds provided by the Trustee. Their objective is to provide long term capital growth. The structures offered provide differing levels of investment risk.

The Trustee recognises the returns on equity and bond assets, while expected to be greater over the long term than those on monetary assets, are likely to be more volatile.

Chair's Statement (Cont)

A list of the funds that have been made available to members is provided in Appendix A.

2.3 Default Funds

For members who don't make a specific investment selection the Trustee provides a default investment option for the New Section DC Funds. This is also detailed in Appendix A, with further information regarding its aims and objectives and those of other funds classified as default funds being provided in Appendix B.

AVC members are required to make a choice for the investment of new contributions from 30 September 2014.

Aims and Objectives of the Default Funds

The DC default investment option is intended to ensure that assets are invested in the best interests of members and beneficiaries. In order to achieve this the Trustee and its investment adviser have analysed demographic information on the Plan's membership and taken this into account in determining what represents an appropriate balance between risk and return at different stages in the journey to retirement. It has been set up as a lifestyle investment strategy so that it automatically rebalances its investments to take account of these perceived risk and return criteria.

2.4 Investment Risks and Risk Management

There are a number of risks to which members' investments are exposed (including investment performance risk, which is borne by the member; accordingly, members are encouraged to seek independent investment advice). The Trustee's policy seeks to manage investment risk by:

- *Establishing an appropriate set of investment choices with differing risk characteristics across a range of investment asset classes*, as described above. The Trustee receives advice on investment strategy and (in light of the objectives noted previously) considers the appropriate range of fund choice to make available to Plan members.

- *Monitoring the Plan's investments*. The Trustee receives reports (at least quarterly) from its investment platform provider and monitors the performance of the passive investment options regularly to assess suitability for the Plan. As part of that monitoring process, the Trustee compares each investment's performance against an appropriate benchmark established by the Trustee that is transparent and commercially reported by a major index provider.

Should there be a material change in the Plan's circumstances, the Trustee will review whether and to what extent the investment arrangements should be altered, and in particular whether the current range of choice remains appropriate.

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Approach to specific risks

The Trustee recognises that the uncertainty inherent in four specific investment risks (inflation, capital, opportunity cost and decumulation mis-match) can be managed to a limited extent by the choice of investments. These risks and the Trustee's objective for each risk are considered under the following headings:

Inflation Risk

The risk that investments do not provide a return at least in line with inflation, so that the "purchasing power" of the ultimate fund available to provide benefits is not maintained at retirement.

Capital Risk

The risk that the monetary value of a member's account falls.

The Trustee's objective is to provide an investment option that offers a very low risk of capital loss. A cash deposit fund is an example of such an option.

Decumulation Mis-match Risk

The risk that investment allocations in the years just prior to retirement do not match members' retirement objectives, exposing members to inefficient or uncertain outcomes.

The Trustee's objective is to provide a range of investment options that allow members sufficient flexibility to meet their varying objectives,

Opportunity Cost Risk

The risk that members end up with insufficient funds at retirement with which to secure a reasonable income- "shortfall" or "opportunity cost" risk.

The relative importance of inflation, capital, opportunity cost and decumulation mismatch risk depends on the length of time to retirement and each member's attitude to risk and expected return. Managing decumulation mis-match and/or capital risks is important near retirement, whereas the inflation risk should be far more important to younger members.

It is recognised that the control of one of the aspects of risk is often at the expense of another. For example, investing in a cash deposit fund will give protection against a decrease in fund values (capital risk), but will increase the risk of ending up with insufficient funds at retirement (opportunity cost risk). The Trustee offers a range of defined contribution funds with differing characteristics, as described in section 2.2 and section 2.3 and Appendix A, to mitigate these risks.

2.5 Day-to Day Management of the Default and Self-Select funds

The Trustee maintains individual member accounts with the investment platform provider.

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The Trustee monitors performance of the funds against their benchmarks in order to assess continued suitability of the funds as further discussed in section 2.4 above.

2.6 Realisation of Investments

DC members' accounts (including assets invested in investment options classified as default arrangements) are held in funds which can be realised to provide pension benefits on retirement, or earlier on transfer to another pension arrangement.

2.7 Corporate Governance and Environmental, Social and Governance investment policy

The Trustee seeks to take account of all relevant financially material risks and opportunities in consultation with its advisers. Such risks and opportunities are considered for materiality and impact within the Plan's Risk Register. The Trustee considers sustainable investment factors, such as (but not limited to) those arising from Environmental, Social and Governance (ESG) factors in the context of this broader risk framework.

The Trustee's policy is that day-to-day decisions relating to the investment of Plan assets are left to the discretion of its investment managers. This includes consideration of all financially materially factors, including ESG-related issues where relevant. As the investment mandates are currently passively managed - i.e. they track an index - the Trustee recognises that the choice of index dictates the assets held by the investment manager and that the manager therefore has no freedom to take into account financially material factors itself in deciding which assets to hold. The Trustee accepts that the role of a passive investment manager is to deliver returns in line with the index and this approach is in line with the basis on which the current strategy has been set.

As the Trustee invests through pooled funds, the investment managers are responsible for the exercise of rights attaching to the underlying investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, risks, capital structure, conflicts of interest and ESG considerations. The Trustee can only have limited influence on pooled fund managers' approach to engagement and the exercise of rights.

If the Trustee decides to make available any investment options by reference to funds which permit the investment manager to make active decisions about the selection, retention and realisation of investments, the Trustee will review the investment manager's approach to financially material factors when choosing and reviewing the investment manager and the relevant fund.

Stewardship

The Trustee's policy is to delegate responsibility for the exercising of ownership rights (including voting rights) attaching to investments and engagement with companies in which investment is made to the investment

Chair's Statement (Cont)

managers. The Trustee recognises the UK Stewardship Code as best practice and encourages their investment managers to comply with the UK Stewardship Code or explain where they do not adhere to this policy. The Trustee periodically obtains periodical updates the investment managers on the exercise of ownership rights (including voting rights) and engagement to assist in monitoring the investment managers' approach to this area.

Non-financial factors

The Trustee recognises that members and beneficiaries may have ethical views or views on matters such as the social and environmental impact of the Fund's investments. In conjunction with there being practical challenges of capturing and maintaining a consensus view on multiple issues across a varied membership population, it is the Trustee's view that financial factors should take precedence in seeking to maximise the security of member benefits. As such, it is the Trustee's policy not to take into account the non-financial factors when taking investment decisions related to the Defined Contribution Elements of the Plan, except that the Trustee may take into account member views into consideration when deciding the range of investment options that will be offered to members.

3. Relationship with Investment Managers

The Plan accesses its investments via an investment platform provider. Alignment between an investment manager's management of the Plan's assets and the Trustee's policies and objectives is a fundamental part of the appointment process of a new investment manager. As the DC Section only invests in pooled investment funds, the Trustee cannot directly influence or incentivise investment managers to align their management of the funds with the Trustee's own policies and objectives. However, the Trustee will seek to ensure that the investment objectives and guidelines of any investment fund used are consistent with its own policies and objectives.

Should the Trustee's monitoring processes reveal that an investment fund's objectives and guidelines, or an investment manager's approach to sustainable investment, do not appear to be sufficiently aligned with the Trustee's policies, the Trustee will engage with the investment manager to ascertain the reasons for this and whether closer alignment can be achieved. If this is not possible the Trustee may look to replace the fund.

The Trustee appoints its investment managers on its selected platform with an expectation of a long-term partnership. For funds that are selected to track a specific index on a passive basis, the key criteria is the investment manager's ability to track the index effectively, although the Trustee would expect index tracking managers to engage with investee companies where appropriate. For actively managed funds, the Trustee expects the investment managers to invest with a medium to long time horizon, and to use their engagement activity to drive improved performance over these periods.

Chair's Statement (Cont)

When assessing an investment manager's performance, the focus is generally on longer-term outcomes, and the Trustee would not expect to terminate an investment manager's appointment based purely on short term performance. However, an investment manager's appointment could be terminated within a shorter timeframe due to other factors such as a significant change in business structure or the investment team, to the extent that the fund is an actively managed fund.

Investment managers are paid a fee expressed as a percentage of assets managed, in line with normal market practice, for a given scope of services which includes consideration of long-term factors and engagement. The Trustee reviews the costs incurred in managing the Plan's assets on an annual basis, which includes the costs associated with portfolio turnover, to the extent this is available. These costs are reported to members within the Annual Chair's Statement. In assessing the appropriateness of the portfolio turnover costs at an individual investment manager level, the Trustee will have regard to the actual portfolio turnover and how this compares with the expected turnover range for that type of fund.

4. Compliance with this Statement

The Trustee will monitor compliance with this Statement and the Trustee undertakes to advise the investment managers promptly and in writing of any material change to this Statement.

5. Review of this Statement

The Trustee will review this Statement in response to any material changes to any aspects of the Plan, its liabilities, finances and the attitude to risk of the Trustee and the sponsoring Company which they judge to have a bearing on the stated Investment Policy.

This review will occur no less frequently than every three years. Any such review will again be based on written expert investment advice and will be in consultation with the Company.

Signed:

Gregor Cameron Chairman	Beth Claar Director

Date:

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Appendix A

Current List of Defined Contribution Funds

The current list of funds is provided below. The highlighted funds have been used in construction of the three lifecycle structures.

Asset class	Self-select fund range	Benchmark
Global equities	BlackRock Consensus Fund	FTSE All Share, 30% FTSE AW Developed North America, FTSE AW Developed Europe (ex UK), FTSE AW Developed Asia Pacific (ex Japan), FTSE AW Japan, FTSE AW All Emerging, iBoxx Non Gilts ex BBB All Stocks, FTSE A Index Linked All Stocks FTSE A Index Linked > 5 years, JPM Global (ex UK) Traded, Barc Cap US TIPS> 5 years, LIBID 7 Day
	BlackRock 30:70 Currency Hedged Global Equity Fund	30% FTSE All Share, 60% of FTSE AW Developed Europe (ex UK), FTSE AW USA, FTSE AW Japan, FTSE AW Developed Asia Pacific (ex Japan), 10% MSCI Emerging Markets NDR
Overseas equities	BlackRock World (ex UK) Fund	FTSE All World Developed ex UK Index
UK equities	BlackRock UK Equity Fund	FTSE All Share Index
Other equities	BlackRock Emerging Markets Fund	MSCI Emerging Market net Index
Bonds	BlackRock All Stocks Corporate Bond Fund	Iboxx GBP Non Gilts Index
	BlackRock Over 15 Years Gilt Fund	FTSE A UK Gilts Over 15 Years Index
	BlackRock Over 5 Year Index Linked Gilt Fund	FTSE A UK Index Linked Gilts Over 5 Years Index
Specialist	Fidelity HSBC Life Islamic Fund	Dow Jones Islamic Titans 100 Gross Index
Cash	BlackRock Cash Fund	7 Day Libid from Inception

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Appendix A (continued)

Lifecycle structures

	Option 1- Chevron Equity/Bond Split 50/50 Fund *	**Option 2 - Chevron Equity/Bond Split 75/25 Fund**	**Option 3 - Chevron Equity 100 Fund**
Accumulation phase	50% Global Equity (30:60:10) Index[1] 50% UK Bond Index[2]	75% Global Equity (30:60:10) Index[1] 25% UK Bond Index[2]	100% Global Equity (30:60:10) Index[1]
Consolidation phase	100% BlackRock Cash Fund	100% BlackRock Cash Fund	100% BlackRock Cash Fund
Switching period	5 years	5 years	5 years
Switching frequency	Quarterly	Quarterly	Quarterly

[1] BlackRock 30:70 Currency Hedged Global Equity Fund **(30% UK Equity Index, 60% World (ex UK) Equity Index, and 10% Emerging Market Equity Index)**
[2] **75% BlackRock All Stocks Corporate Bond Index and 25% BlackRock Over 5 Year Index Linked Gilt Index**

* Default for the New Section

Chair's Statement (Cont)

Appendix B

Aims and objectives of the default investment arrangements

The Plan offers a DC default Arrangement because the Trustee recognised that some members will not want to choose an investment option and the Plan is an automatic enrolment scheme.

The DC default investment option is the Chevron Equity/Bond Split 50/50 Fund Lifestyle strategy and is described in Appendix A. Its objective is to provide good outcomes for members by targeting growth with an appropriate degree of risk during a members early years of investment, and gradually moving to investment in a lower risk cash fund as the member approaches their selected retirement date. The Default Arrangement moves towards being 100% invested in Fidelity BlackRock Cash Fund at retirement to mitigate potentially mismatching risk by investing in the way in which members commonly take their accrued funds in the Default Arrangement at retirement.

Other funds classified as default arrangements

Under legislation, funds in which members are invested without having expressed a written choice, and which have received new contributions since April 2015 are also classified as default funds. The Trustee has taken legal advice, and this definition applies to the BlackRock World (ex UK) Equity Index Fund as this fund was used to consolidate four regional equity funds in 2016 without member consent.

In 2020 investments held in Utmost's Secure Cash Fund (which were formerly invested in the Equitable Life With-Profits Fund) and a range of Utmost unit linked funds were consolidated into a number of investment options on the Fidelity investment platform resulting in a number of new default funds being created. The funds which became default arrangements in 2020 are:

- The Fidelity BlackRock UK Equity Index Fund
- The Fidelity BlackRock Equity/Bond Split 75/25 Fund
- The Fidelity BlackRock Over 15 Years Gilt Index Fund
- The Fidelity BlackRock Cash Fund

The BlackRock World (ex UK) Equity Index Fund invests in shares of overseas companies (Europe ex UK, Japan, Pacific Rim, US and Canadian markets) according to market capitalisation weightings and aims to produce a return in line with its benchmark, which is the FTSE All-World Developed ex UK Index. The aims and objectives in offering the BlackRock World (ex UK) Equity Index Fund are to provide members with an equity based investment option that meets their risk and return requirements and to give members the freedom to structure their own investment portfolio from the range of different asset classes that are made available.

The Fidelity Blackrock UK Equity Index Fund invests in shares of UK companies and aims to produce a return in line with the FTSE All Share Index. The aims and objectives of the Fund are to provide members with an equity-based investment option giving investors UK investment exposure.

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The Fidelity Blackrock Equity/Bond Split 75/25 Fund invests in passively managed funds which invest in global equities (75%), corporate bonds (18.75%) and in Government index-linked securities (6.25%). The Fund aims and objectives in offering the Fund are to provide members with an option offering long term capital growth (by investing a significant proportion of its assets in equities), whilst investing a small element invested in bonds and government index-linked securities in order to reduce the potential investment volatility of the fund. It aims to provide a return in line with its benchmark.

The Fidelity Blackrock Over 15 Years UK Gilt Index Fund is designed to closely track the performance of the FTSE Actuaries UK Conventional Gilts Over 15 Years Index. The aims and objectives in offering this fund are to provide members with a lower risk investment option that also provides protection against inflation.

The Fidelity BlackRock Cash Fund invests in cash and money market instruments (i.e. debt securities with short term maturities) that are denominated in Sterling. The aims and objectives in offering this fund are to enable members to achieve a rate of interest on investments that is consistent with maintaining its capital value while investing in underlying assets that can easily be bought and sold in the market (in normal conditions).