

Chevron UK Pension Plan

**Defined
Contribution
Section
Implementation
Statement**

**For year ended 31
December 2024**

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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 2024 to 31 December 2024. This statement refers to the Defined Contribution (DC) Section of the Plan. A separate implementation statement covering the Defined Benefit (DB) 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) and the guidance published by the Pensions Regulator.

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 (“the DC 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.

The DC SIP and a copy of this Statement can be found on the Chevron UK Pension Plan website linked here: www.chevronukpension.co.uk

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 Trustee's Annual Report at: www.chevronukpension.co.uk

Section 2: SIP reviews/changes over the year

The SIP was formally reviewed and updated during the Plan Year. The revised SIP dated May 2024 was the SIP as at the end of the Plan Year on 31 December 2024.

The SIP was effective from 18 April 2024 at which point the changes to the investment strategy described below, were adopted. In addition to the changes to the SIP to reflect the investment changes, the Trustee also included within the SIP its policy on illiquid assets and clarified its approach to monitoring portfolio turnover.

Outline of the changes to the investment strategy

- The introduction of Fidelity's flagship investment option 'FutureWise' as the default investment option for new members.
- Removal of the Fidelity Chevron Equity/Bond Split 50/50 Lifestyle Strategy, Fidelity Chevron Equity/Bond Split 75/25 Lifestyle Strategy and Fidelity Chevron Equity 100 Lifestyle Strategy.
 - Members with holdings in the Core Default Arrangement or one of the other lifestyles within three years of their target retirement date as at 18 April 2024 had their assets transferred to the Fidelity BlackRock Cash Fund.
 - Members with holdings in the Core Default Arrangement or one of the other lifestyles greater than three years from their target retirement date as at 18 April 2024 had their assets transferred to FutureWise.
- To change the name of the Chevron Equity 100 Fund to the Chevron Equity Fund. In addition, to change the underlying investments from the Fidelity BlackRock 30/70 Currency Hedged Global Equity Fund to the L&G All World Global Equity Fund.
- Removal of the Chevron Equity/Bond Split 50/50 Fund and the Chevron Equity/Bond Split 75/25 Fund.
 - Members with holdings in one of these funds on a self-select basis within three years of their target retirement date as at 18 April 2024 had their assets transferred to the Fidelity BlackRock Cash Fund.
 - Members with holdings in one of these funds on a self-select basis greater than three years from their target retirement date as at 18 April 2024 had their assets transferred to FutureWise.
- Removal of the Fidelity BlackRock 30/70 Currency Hedged Global Equity Fund as a self-select option. Members with holdings in this fund on a self-select basis had their assets transferred to the Chevron Equity Fund. The Chevron Equity Fund is classified as a Default arrangement from that point forward.

Section 3: Adherence to the SIP

The DC SIP (as referenced in the Annual Report and made available on a publicly available website) comprises the following sections:

- Section 1: Introduction
- Section 2: Plan Elements and Objectives, Investment Objectives, Strategies, Investment Risks and Risk Management
- Section 3: Relationship with Investment Managers

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, Policy, 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 appropriate to the objectives of the particular fund, together with contributions from the members and the Employer, will provide pension savings at retirement with which to purchase benefits or draw from.

To achieve this objective, the Trustee considers different levels of risk tolerance and offers members a number of self-select funds, giving members a diversified choice of options to meet most investment needs and risk/return objectives. The Trustee also implemented Fidelity's Target Date Fund, FutureWise, as the default investment option based on analysis of the membership demographics with the objective of long-term capital growth which aims to provide a sustainable level of income over the long-term for members.

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 (as described in the paragraph entitled 'Investment monitoring' below), 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 were required to the objectives during the year.

Investment monitoring

In order to monitor the investment options, the Trustee receives quarterly investment monitoring reports from its investment consultant and discusses these at quarterly Trustee Investment Committee (IC) 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 spending 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 a Target Date Fund strategy that seeks to reduce the investment risks that members are exposed to in the years approaching retirement. The Target Date Funds target a sustainable level of income in retirement, more aligned with members planning to take drawdown at retirement. Whilst most members currently use their DC savings as cash at retirement, the Trustee recognised that such a significant allocation to cash at retirement reduces member's opportunity for return, and general market practice has moved away from the approach of targeting a significant allocation to cash at retirement. In making this change the Trustee has taken account of analysis by its investment adviser that increasing the proportion of assets retained in equities during the decumulation phase can lead to the potential for better long-term returns whilst not introducing excessive long term investment risk. However, it was recognised that for those close to retirement there is more limited time for recovery from market shocks, and hence those lifestyle strategy investors within three years of retirement were transferred to the Fidelity BlackRock Cash Fund. The Trustee also communicated to members that they should carefully consider their investment approach as they move towards their intended retirement date.

Opportunity cost risk – The Trustee considered potential member outcomes based on a number of glidepath designs when conducting the investment strategy review and selecting FutureWise as the default investment option. This included both projecting pot sizes to retirement whilst also considering the level and timing of the risks taken by members of the Plan.

Capital Risk – This is considered over the medium-term (over three years) to enable short-term volatility to be smoothed. In this context, the use of equity and diversified assets is considered appropriate.

The Trustee is satisfied that these risks have been appropriately mitigated during the Plan Year. As part of its investment review, the Trustee considered the risks identified in the DC SIP and how these would be mitigated by the use of FutureWise, or the Fidelity BlackRock Cash Fund.

2.5-2.6 The self-select fund range is predominately passively managed. 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 and investigate any significant tracking deviations if they occur.

FutureWise invests predominantly in actively managed investments and is monitored against its respective comparator on a quarterly basis. As Fidelity's flagship investment option, Fidelity will also

conduct ongoing investment governance of the strategic asset allocation of the investments.

The investments are invested in funds which can be readily realized in the event of a member's retirement or transfer. In selecting FutureWise, the Trustee noted Fidelity's intention to increase exposure to private market investments in future, with specific actions being taken by Fidelity to ensure that appropriate liquidity is retained within FutureWise. Further detail is provided in 2.8 below.

2.7 Fidelity is a signatory to the UK Stewardship Code and reports annually on its stewardship activities, covering multiple different principles, including those areas of particular interest to the Trustee, such as inclusion and diversity, human rights, health, and safety. 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 Appendix contains information on voting rights for the Plan's managers in 2024.

2.8 The Trustee has set out in the SIP its policy towards investing in illiquid assets for DC Section assets. The current self-select fund range does not include direct investment in illiquid assets. It is expected that Fidelity's FutureWise option will increase its underlying allocation to private markets via investment in its long-term asset fund. These strategic decisions around asset allocation of Fidelity's FutureWise option are delegated to the investment manager, but the Trustee will keep these under review and could change the default investment option in the future if it was determined the default investment option ceased to be invested in a suitable way for the membership of the Plan.

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 advisers, receives investment performance monitoring reports at each IC meeting and, where appropriate, challenges the reporting with regard to policy or performance.

The Trustee acknowledges that the Plan's investments are in 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.

Compliance with SIP

This section is a matter of fact. The Plan's investment adviser continues to supply the Trustee with information on a quarterly basis, to enable it to review the activity of the asset managers in 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 2023, 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 investment objectives set out in the DC SIP were considered as part of the 2023 review.

Review of the DC SIP

This section explains that the DC 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 as the revised SIP was adopted in 2024 as described above as part of the investment changes. Please see Section 2 of this document for detail on the changes made to the DC SIP over the Plan Year.

Section 4: Summary and conclusions

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

Appendix: Trustee engagement activity

The Trustee periodically engages with Fidelity, as the platform provider, to oversee its investment management and administration services and the application of its Ethical, Social and Governance (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 up-to-date information available on BlackRock's engagement activity for the investment portfolios that are primarily used by Plan members in the DC Section. Specifically, we have provided voting information in respect of all equity-containing funds as at 31 December 2024. Given a number of these (marked * in the table below) form part of the DC Section's blended funds (and therefore the DC Section's lifestyle strategies), the below table effectively covers all relevant voting information.

Manager and strategy	Voting activity	Notable significant votes cast
Fidelity FutureWise Early Days Aggregate (2035 and longer vintages)	Votes cast: 18,731. % of eligible votes cast: 93% % of votes with management: 97% % of votes against management: 2% % of votes with no management recommendation/other: 1%	The Walt Disney Company: In April 2024, BlackRock voted FOR the election of management director nominees and AGAINST the election of dissident director nominees (voting FOR the Board recommendation). BlackRock voted in support of management's recommended slate of directors as in their view the Disney board and management have taken steps to restore investor confidence, have been responsive to shareholders and have demonstrated progress in implementing the company's revised strategy. BlackRock determined that the directors proposed by management are best placed to oversee the implementation of the revised strategy and make any necessary governance changes. BlackRock voted AGAINST six shareholder proposals (voting FOR the Board recommendation). BlackRock considered these shareholder proposals were largely redundant given the company's existing practices and disclosure.

Fidelity FutureWise 2025 & Retirement Aggregator	Votes cast: 14,767. % of eligible votes cast: 92% % of votes with management: 96% % of votes against management: 3% % of votes with no management recommendation/other: 1%	Tesla, Inc.: In June 2024, BlackRock voted AGAINST the election of Director James Murdoch (voting AGAINST the Board recommendation). BlackRock did not support the election of Director James Murdoch, who is a member of the board's Nominating and Corporate Governance Committee, to convey their concerns regarding the board's decision-making process, independence, and ability to oversee management. Blackrock voted FOR the management proposal to change the State of Incorporation from Delaware to Texas (voting FOR the Board recommendation). While BlackRock has concerns with the Board's decision-making process, they were satisfied that a re-domestication to Texas would not impair shareholders' rights.
Fidelity FutureWise 2030	Votes cast: 15,176. % of eligible votes cast: 92% % of votes with management: 96% % of votes against management: 3% % of votes with no management recommendation/other: 1%	BlackRock voted FOR the re-ratification of Elon Musk's 2018 Performance Award (voting FOR the Board recommendation). BlackRock recognises that Mr. Musk and Tesla have achieved all the relevant performance milestones, creating substantial value for shareholders. BlackRock voted FOR the Shareholder proposals regarding declassifying the Board and adopting a simple majority vote (voting AGAINST the Board recommendation). In line with BlackRock's U.S. proxy voting guidelines, they support these proposals as these provisions enhance and protect the interests of long-term shareholders, including BlackRock's clients. BlackRock voted FOR the Shareholder proposal regarding reporting on harassment and discrimination prevention efforts (voting AGAINST the Board recommendation). BIS supported the shareholder proposal because, in their view, greater disclosures on this issue, which they deem as material to the long-term financial interests of shareholders, would help investors better assess risks at the company.
Fidelity BlackRock 30:70 Global Equity Currency Hedged Fund	Votes cast: 54,598. % of eligible votes cast: 97% % of votes with management: 92% % of votes against management: 7% % of votes with no management recommendation/other: 1%	BlackRock voted AGAINST the Shareholder proposal regarding adopting a non-interference policy respecting freedom of association (voting FOR the Board recommendation). BlackRock did not support this shareholder proposal because, while Tesla continues to face material risks in relation to its approach to human capital management, the company already has policies in place that address the specific request made.

Fidelity BlackRock (World ex-UK) Equity Index Fund	Votes cast: 22,011. % of eligible votes cast: 94% % of votes with management: 89% % of votes against management: 5% % of votes with no management recommendation/other: 6%	Temenos AG: In May 2024, BlackRock voted AGAINST the consultative vote on the 2023 Compensation Report (voting AGAINST the Board recommendation). BlackRock did not support Temenos' executive remuneration policy, because, in its view, the proposed remuneration structure and disclosures lacked sufficient detail as to how it aligns with the long-term financial of interests of minority shareholders, including BlackRock's clients.
Fidelity BlackRock Consensus Fund	Votes cast: 58,546. % of eligible votes cast: 99% % of votes with management: 91% % of votes against management: 7% % of votes with no management recommendation/other: 2%	

Chevron Equity Fund (L&G All World Global Equity Fund)	Votes cast: 64,343. % of eligible votes cast: 99.8% % of votes with management: 80% % of votes against management: 19% % of votes with no management recommendation/other: 1%	Apple Inc. In February 2024, LGIM voted AGAINST a shareholder resolution requesting a report on risks of omitting viewpoint and ideological diversity from EEO Policy (voting FOR the Board recommendation). LGIM voted against this proposal as the company appears to be providing shareholders with sufficient disclosures around its diversity and inclusion efforts and non-discrimination policies, and including viewpoint and ideology in EEO policies does not appear to be a standard industry practice.
Fidelity BlackRock UK Equity Index Fund	Votes cast: 13,751. % of eligible votes cast: 97% % of votes with management: 94% % of votes against management: 3% % of votes with no management recommendation/other: 3%	Shell plc: In May 2024, BlackRock voted FOR the approval of the Shell Energy Transition Strategy (voting FOR the Board recommendation). BlackRock voted in support of management's recommendation as in its view Shell has provided and continues to provide a clear assessment of its plans to manage material climate-related risks and opportunities and continues to demonstrate progress against its Energy Transition Strategy BlackRock voted AGAINST the resolution to advise Shell to align its Medium-Term Emissions Reduction Targets Covering the Greenhouse Gas (GHG) Emissions of the Use of its Energy Products (Scope 3) with the Goal of the Paris Climate Agreement (voting FOR the Board recommendation). BlackRock did not support this shareholder proposal because, in its view, the proposal is overly prescriptive. It is the role of company leadership to set and implement the company's strategy. Support of this proposal would contradict the Energy Transition Strategy 2024 that has been put forward by the board and management team.

Fidelity BlackRock Emerging Markets Fund	Votes cast: 22,750. % of eligible votes cast: 99% % of votes with management: 88% % of votes against management: 11% % of votes with no management recommendation/other: 1%	CSPC Pharmaceutical Group Limited: In May 2024, BlackRock voted AGAINST the resolution to re-elect Mr. CAI Dongchen as an executive director (voting AGAINST the Board recommendation). BlackRock did not support the re-election of CSPC's Chairman, who also chairs the board's Nomination Committee, due to concerns about board independence. BlackRock voted AGAINST the resolution to grant a mandate to the Directors to grant options under the Share Option Scheme of the Company (voting AGAINST the Board recommendation). BlackRock did not support the management-proposed share option scheme as, in BlackRock's assessment, it is not aligned with long-term financial value creation for shareholders.
Fidelity HSBC UCITS Islamic Global Equity Fund	Votes cast: 1,579. % of eligible votes cast: 94% % of votes with management: 77% % of votes against management: 22% % of votes with no management recommendation/other: 1%	Apple Inc: In February 2024, HSBC voted FOR a Board resolution (voting AGAINST the management recommendation) in respect of a report on median gender/racial pay gap. HSBC believes that the proposal would contribute to improving gender inequality. HSBC will likely vote against a similar proposal should they see insufficient improvements.

LGIM MSCI ACWI Adaptive Capped ESG Index Fund	Votes cast: 35,802. % of eligible votes cast: 99.7% % of votes with management: 78% % of votes against management: 20% % of votes with no management recommendation/other: 2%	Broadcom Inc: In April 2024, LGIM voted AGAINST the resolution to elect director Henry Samuelli (voting AGAINST the Board recommendation). LGIM voted AGAINST as the company is deemed to not meet minimum standards with regard to climate risk management.
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