

## **The Quilter Cheviot Retirement Benefits Scheme**

### **Annual Engagement Policy Implementation Statement**

#### **Introduction**

This statement sets out how, and the extent to which, the Engagement Policy in the Statement of Investment Principles ('SIP') produced by the Trustees ("Trustees") of the Quilter Cheviot Retirement Benefits Scheme (the "Scheme") has been followed during the year to 31 December 2024. It has been produced in accordance with The Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, the subsequent amendment in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019, and the guidance published by the Pensions Regulator.

#### **Investment Objectives of the Scheme**

The Trustees' objective is for all member benefits to be paid in full by a regulated insurance company to enable the Scheme to be wound up. They have therefore purchased bulk annuity policies with Aviva Life & Pensions UK Limited ("Aviva"). These insure all the liabilities with the exception of the five members whose pensions are paid from the other Aviva and Scottish Widows policies.

Additional payments or expenses will be met from cash balances and/or payments from the Employer.

Given the nature of the liabilities, the investment time horizon is potentially long-term although this could be significantly shorter in the Scheme is bought out in full at some point in the future.

#### **Policy on ESG, Stewardship and Climate Change**

The Scheme's SIP includes the Trustees' policy on Environmental, Social and Governance ("ESG") factors, stewardship and climate change and also the processes followed by the Trustees in relation to stewardship. The policies are set out in the Appendix to this Statement.

The Trustees note that given the nature of the bulk annuity arrangement, the financial risks in relation to ESG factors, including climate change, rest with Aviva, rather than the Trustees.

The SIP was last updated by the Trustees in September 2023.

#### **Scheme's Investment Structure**

The Trustees have secured buy-in policies with Aviva that pay to the Scheme an amount equal to the contractual payments specified under the policy. The Trustees have no ability to influence how Aviva invests the assets underlying the policies.

The intention is for these to be converted to a buy-out policy written into the names of the individual members.

#### **Engagement and Voting Activity over the Period**

The Scheme's assets are solely invested in annuity contracts, primarily with Aviva.

The Trustees are reliant on Aviva's policies on responsible investment and corporate governance. To the extent that it is applicable, they have delegated to Aviva consideration of ESG issues (including climate change), engagement and stewardship obligations (including the exercise of voting rights attached to the investments).

The Trustees did not review Aviva's policies on responsible investment and corporate governance during the year to 31 December 2024. As the Scheme does not control the underlying assets in which Aviva invests, the Trustees are unable to influence its engagement or voting policy.

## **Appendix – Trustees’ Policies on ESG factors, stewardship and climate change**

### **ESG, Stewardship and Climate Change**

The Trustees believe that ESG factors, including climate change, could have a material financial impact on risk and return outcomes over the Scheme’s investment time horizon and that good stewardship can create and preserve value for companies and markets as a whole.

As the Scheme’s assets are invested in bulk annuity contracts with Aviva, the Trustees are reliant on the insurer’s policies on responsible investment and corporate governance and took these into consideration when selecting Aviva.

- Aviva’s policies on responsible investment are available online at: <https://www.avivainvestors.com/en-gb/about/responsible-investment/policies-and-documents/>

Taking the above into consideration, the Trustees are satisfied that responsible investment is embedded appropriately into Aviva’s investment decision-making process.

### **Non-Financial Matters**

Members’ views on “non-financial matters” (where these include ethical views such as financially material ESG issues) are not explicitly taken into account in the selection, retention and realisation of investments.

July 2025