Statement Regarding DC Governance

Background

Governance requirements apply to Defined Contribution ("DC") pension arrangements, like the Defined Contribution Section within the Baptist Pension Scheme (the "DC Plan" part of the "Scheme"), to help members achieve a good outcome from their pension savings. The Trustee is required to produce an annual statement, signed by the Moderator, to describe how the governance requirements have been met in relation to:

- the default arrangement;
- the range of self-select investment options and legacy funds;
- the requirements for processing financial transactions;
- charges and transaction costs borne by members;
- an illustration of the cumulative effect of these costs and charges;
- a 'Value for Members' assessment;
- net returns of the investment options;
- trustee knowledge and understanding; and
- the constitution of the trustee board.

This is the Trustee's 2022 annual report covering the period from 1 January 2022 to 31 December 2022. CM Pensions Limited acted as Moderator (Chair of the Trustee) for this period and this Statement has been signed by Chris Maggs, representing CM Pensions Limited in its capacity as Moderator, on behalf of the Baptist Pension Trust Limited (the Trustee). This Statement is available to view and download from the member access website https://www.4myplan.co.uk/BPS as well as from the Baptist Pension Scheme website:

https://baptistpensions.org.uk/dc-governance

In 2019 the DC Plan was authorised by the Pensions Regulator ('TPR') as a Master Trust arrangement. By maintaining Master Trust authorisation, the DC Plan satisfies the criteria set out in TPR's code of practice for authorisation and supervision of Master Trusts. The Scheme is not a 'relevant multi-employer scheme' as defined in regulations, since it is managed by a single Trustee Board and is not promoted to employers unconnected to the Baptist Family. Consequently, this Statement does not include information relating solely to relevant multi-employer schemes.

This Statement should be read in conjunction with the Scheme's January 2023 Statement of Investment Principles ("SIP"), which is shown as **Appendix C**. The changes implemented in this revised Statement largely reflect the purchase of a bulk annuity policy for the Defined Benefit ("DB") Section but also reflects changes to the monitoring of investment managers on their engagement and voting record in the companies they invest.

Default arrangements

The Scheme is used as a Qualifying Scheme for auto-enrolment. Within the DC Plan there is a default arrangement for members who choose not to use the other options available. This is called the Ethical Default Lifestyle Fund ("the Default Fund"). Approximately 90% of the DC Plan's membership uses the Default Fund.

Members who were within 5 years of retirement prior to an investment strategy change to a new default fund in 2019 remained in the legacy lifestyle default called the Lump Sum Lifestyle Fund. Under 5% of members remain in this fund.

Three other funds are also classified as legacy default arrangements for some members following past investment changes, where members' funds were transferred in the absence of the members expressing a choice. These are:

- L&G Diversified Fund;
- L&G Global Equity Market Weights (30:70) Index Fund; and
- L&G Low Carbon Transition UK Equity Index Fund.

The first two funds replaced two self-select funds, the L&G Dynamic Diversified Fund and the L&G Global Equity Fixed Weights (50:50) Index Fund which the Trustee were advised as being no longer suitable for members of the DC Plan. The Trustee automatically moved members' assets into these receiving funds if they did not make an alternative choice. These two receiving funds then became legacy default arrangements for the members who were automatically moved into them.

The third fund became a legacy default arrangement after changes made to the DC Plan's investment options in April 2022. These changes were in relation to the review of the DC Plan's investment strategy which took place in February 2021. The Trustee identified the BMO Responsible UK Income Fund as being no longer suitable for members of the DC Plan and decided to close the fund and automatically move member's assets into the L&G Low Carbon Transition UK Equity Index Fund unless they made an alternative choice. The L&G Low Carbon Transition UK Equity Index Fund therefore became a legacy default arrangement for the members whose assets were automatically mapped into this fund.

The Trustee believes these three legacy default funds are appropriate default arrangements for the members who were transferred into them at the time, but they will not be considered as default arrangements for the rest of the DC Plan's membership. None of these legacy default arrangements have any life-styling or automatic de-risking in place.

The Trustee is responsible for the Scheme's investment governance, which includes setting and monitoring the investment strategy for the DC Plan's default arrangements. Details of the objectives and the Trustee's policies regarding the default arrangements can be found in the Statement of Investment Principles. The Scheme's latest SIP, dated January 2023, covering the default arrangements is attached to this statement.

The Trustee's primary objectives for the DC Plan are to provide members with access to:

- an appropriate range of investment options, reflecting the membership profile of the DC Plan and the variety of ways that members can draw their benefits in retirement; and
- a Default Fund option that the Trustee believes to be reasonable for those members who do not wish to make their own investment decisions. The objective of the Default Fund option is to generate returns above inflation whilst members are some distance from retirement, and then to switch automatically and gradually to lower risk investments as retirement approaches; this is called a lifestyle strategy.

In determining the investment arrangements for the DC Plan, the Trustee took into account:

- the best interests of all members and beneficiaries;
- the profile of the membership and what this is likely to mean for the choices members might make upon reaching retirement;
- the risks, rewards and suitability of a number of possible asset classes and lifestyle strategies and whether the return expected for taking any given investment risk is considered sufficient given the risk being taken;

- the need for appropriate diversification within the Default Fund strategy to ensure that both the overall level of investment risk and the balance of individual asset risks are appropriate;
- the need for appropriate diversification within the other investment options offered to members;
- the Trustee's ethical policy, which the Trustee believes reflects the wishes of the Scheme's members and will not contradict the long-term objectives of the members; and
- the Trustee's investment beliefs about how investment markets work, and which factors are most likely to impact investment outcomes.

A formal strategy and performance review takes place at least every three years. The strategy was reviewed by the Investment Committee, along with the Trustee's investment advisor on 23 February 2021 and the recommendation ratified at the Trustee Board meeting on 3 March 2021.

The Trustee also reviews the performance of the default arrangements against its aims, objectives and policies on a quarterly basis. This review includes an analysis of fund performance and member activity to check that the risk and return levels meet expectations.

Following the strategy review and the performance reviews over the year, the Trustee concluded that the default arrangements were performing broadly as expected and remain consistent with the aims and objectives of the default arrangements as stated in the SIP.

The investment profiles of the lifestyle strategies in place during the period covered by this Statement are shown in the SIP in **Appendix C**.

Requirement for processing core financial transactions

Processing of core financial transactions (e.g. investment of contributions, transfers within and into/out of the DC Plan, transfer of assets relating to members between different investments within the DC Plan, and payments to members/beneficiaries) is carried out by the Scheme Administrators, Broadstone.

The Trustee is satisfied with the evidence received from the administrators that there are adequate internal controls in place to ensure that core financial transactions relating to the DC Plan were processed promptly and accurately during the Scheme year. This includes the investment of contributions, processing of transfers in and out of the DC Plan, transfers between different investments within the DC Plan, and payments to members/beneficiaries. In particular:

- the Governance and Risk Committee review the administrator's AAF 01/20 report covering controls and processes in place for dealing with core financial transactions;
- the Trustee has in place an agreement committing the administration teams to defined service level agreements ("SLAs");
- the administration team provides regular reports on their performance against these SLAs which are reviewed at each quarterly Trustee meeting. Where SLAs are not met the Trustee challenges the relevant administration team, in order to identify possible systematic shortcomings in the administration function for the DC Plan;
- the administration team has adopted the following processes to help satisfy the Trustee in relation to the good running of the administration functions:
    - appointing a named senior member of staff for the Scheme and adopting clear reporting lines within the team;
    - agreed checking and review procedures reflecting the size of a particular transaction or payment;
- the administration team reports quarterly to the Trustee including information such as:
    - detailed performance statistics, work processed, and major events over the quarter.
    - details of contribution receipts and investments such that the Trustee can monitor compliance with statutory and regulatory guidelines.
    - details of the usage of 4myplan, the member access website.

- a summary of any investment decisions effected by the members.
- a bank account reconciliation identifying any "DC funds" held in the Trustee's bank account (i.e. contributions pending investment or benefits pending settlement).
- details of the quality of the Scheme's Common Data, measured in accordance with the Pension Regulator guidance.

Consequently, the Trustee is satisfied that in the year to which this Statement relates:

- the operating procedures, checks and control mechanisms have been adhered to and processed in accordance with the SLAs;
- there have been no material administration errors in relation to processing core financial transactions over the period covered by this statement, and
- all core financial transactions have been processed promptly and accurately.

The administration of the collection of contributions from the employers and investment of the contributions with the investment managers is carried out by Broadstone. The Trustee is satisfied that contributions are being invested promptly and accurately and the administrators provide both monthly updates and quarterly reconciliations on the timeliness of receipt of contributions collected from the employers. The Trustee has a late contribution monitoring process in place with the administrator, to identify and proactively manage any employers who fail to meet the statutory deadlines.

For any member whose employer deducts but does not pay across monthly contributions within the statutory timeframe for the first time, an amount equal to these contributions is invested on the member's behalf immediately, funded from the reserve held in the DC Plan. This ensures that the member does not miss out while corrective action is taken with the employer.

For any member whose contributions are unable to be invested due to constraints associated with a specific fund, their contributions will be invested in the Default Fund until such a time as the intended fund becomes investable once again.

Member-borne charges and transaction costs

The Trustee is required to set out the ongoing charges borne by members in this statement, which are annual fund management charges plus any additional fund expenses, such as custody costs, but excluding transaction costs; this is known as the Total Expense Ratio (TER). The TER is paid by the members and is reflected in the unit price of the funds.

The stated charges exclude any costs associated with the management and administration of the DC Plan as these are met by the employers directly.

When preparing this section of the statement the Trustee has taken account of the relevant statutory guidance.

Default arrangements

The main default arrangement for the DC Plan is the Ethical Default Lifestyle Fund (the Default Fund). The Default Fund has been set up as a lifestyle approach, which means that members' assets are automatically moved between different investment funds as they approach their target retirement date. This means that the level of charges and transaction costs will vary depending on how close members are to their target retirement date and in which funds they are invested. The charges over the period covered by this statement ranged for the Default Fund from 0.1740% p.a. (for members 15 or more years from retirement) to 0.1788% p.a. (for members at retirement age).

For the legacy default Lump Sum Target Lifestyle Fund the level of charges and transaction costs vary depending on how close members are to their target retirement date and in which funds they are invested, noting however that all members are within 2 years of their target retirement date. The charges over the period covered by this statement were 0.22% pa.

For the other legacy default arrangements the charges over the period amounted to 0.20% p.a. for the L&G Global Equity Market Weights (30:70) Index Fund, 0.30% for the L&G Diversified Fund, and 0.069% for the L&G Low Carbon Transition UK Equity Fund.

For the period covered by this statement the member borne charges for all the default arrangements complied with the charge cap.

In addition to the Default Fund, members also have the option to invest in several other self-select funds. The level of charges for all funds are listed in **Appendix A**.

The Trustee is also required to separately disclose transaction cost figures that are borne by members. In the context of this statement, the transaction costs shown are those incurred when the scheme's fund managers buy and sell assets within investment funds.

Acting on behalf of the Trustee, LCP (our investment advisers) have obtained a full breakdown of the underlying transaction costs over the period covered by this Statement from the investment managers. The transaction costs experienced by members over the period covered by this Statement are shown in the table below:

Fund name	Transaction costs
Baptist Ethical Growth Fund (part of the Default Fund)	**0.0108%**
Baptist Ethical Diversified Fund (part of the Default Fund)	**0.0499%**
Baptist At Retirement Fund (part of the Default Fund)	**0.0496%**
L&G Cash Fund[2]	**0.0318%**
L&G Dynamic Diversified Fund[2]	**0.1266%**
L&G Diversified Fund[1]	**0.0823%**
L&G AAA-AA-A Corporate Bond All Stocks Fund[2]	**-0.0163%**
L&G All Stocks Index-Linked Gilt Fund[2]	**0.1806%**
L&G All Stocks Fixed-Interest Gilt Fund[2]	**0.1800%**
L&G Global Equity Fixed Weights 50:50 Fund[2]	**0.0506%**
L&G Over 5 Year Index-linked Gilt Fund	**0.2070%**
L&G Global Equity Market Weights (30:70) Index 75% Currency Hedged Fund[1]	**0.1237%**
L&G Ethical Global Equity Fund	**0.0034%**
Columbia Threadneedle Responsible Global Equity Fund	**0.1593%**
L&G Low Carbon Transition Equity Fund[1,3]	**0.0360%**
Newton Real Return Fund	**0.0752%**
L&G World Emerging Markets Equity Index Fund	**0.0573%**

[1]legacy default for former self-select funds
[2]legacy default for former Lump Sum Target Lifestyle Fund
[3]new fund introduced during the year

These illustrate the implicit cost of the difference between the execution price of a deal and the buying price at the time the order was placed and include costs such as transaction taxes and broker commissions. A negative transaction cost typically occurs when the change in market value on the day of sale/purchase more than offsets the implicit transaction costs associated with that sale/purchase.

Over a period of time, the charges and transaction costs that are deducted from a member's pension savings can reduce the amount available to the member at retirement. Illustrative examples of the cumulative effect over time of the relevant charges and transaction costs on the value of an active member's benefits, assuming their benefits are invested in the Default Fund, are included in **Appendix B**. Consideration of the statutory guidance has been taken into account in the production of these examples.

Illustration of charges and transaction costs

Over time the charges and transaction costs that are taken out of a member's pension savings can reduce the amount available to the member at retirement. The Trustee has set out in **Appendix B** illustrations of the impact of charges and transaction costs on different investment options in the DC Plan. The illustrations have been prepared in accordance with the DWP's statutory guidance on "Reporting costs, charges and other information: guidance for trustees and managers of occupational pension schemes" on the projection of an example member's pension savings.

As each member has a different amount of savings within the Scheme and the amount of any future investment returns and future costs and charges cannot be known in advance, the Trustee has had to make a number of assumptions about what these might be. The assumptions are explained below:

- the "before costs" figures represent the savings projection assuming an investment return with no deduction of member borne fees or transaction costs. The "after costs" figures represent the savings projection using the same assumed investment return but after deducting member borne fees and an allowance for transaction costs.
- The transaction cost figures used in the illustration are based on those provided by the managers over the past five years.
- The illustration is shown for the Default Fund as well as two funds from the Scheme's self-select fund range. The self-select funds shown in the illustration are:
    - The fund with the highest annual member borne charges – this is the Newton Real Return Fund.
    - The fund with the lowest annual member borne charges – this is the L&G Low Carbon Transition UK Equity Fund.

Details of these illustrations can be found in **Appendix B**.

Value for members

The Trustee is required to consider the extent to which the investment options and the benefits offered by the DC Plan represent good value for members, compared to other options available in the market.

An independent assessment was completed on 23 February 2023 in line with the Pensions Regulator's Code of Practice No.13. There is no legal definition of "good value" and so the process of determining good value for members is a subjective one. The general policy of the Trustee in relation to value for member considerations is set out below.

The Trustee notes that value does not necessarily mean the lowest fee, and the overall quality of the service received has been considered in the 'value for members' assessment and consideration given to how the governance and associated costs of the DC Plan compares to other options available in the market.

The Trustee's assessments included an ongoing review of the performance of the DC Plan's investment funds (after charges) in the context of its investment objectives.

A summary of the return on each fund over the Scheme year from 1 January 2022 to 31 December 2022 net of investment charges and transaction costs is set out below.

Net of Fees Returns	Used in Default Fund?	1 Year (1 Jan 2022 – 31 Dec 2022)	3 Years (1 Jan 2020 – 31 Dec 2022)	Since Inception (To 31 Dec 2022)
LGIM AAA-AA-A All Stocks Corporate Bond Fund	No	-17.2%	-5.2% p.a.	-3.1% p.a.
LGIM All Stocks Fixed Interest Bond Fund	No	-23.9%	-7.9% p.a.	-5.3% p.a.
LGIM All Stocks Index-Linked Gilt Fund	No	-33.6%	-8.5% p.a.	-6.5% p.a.
LGIM Baptist Ethical Growth Fund*	Yes	-7.1%	6.3% p.a.	8.3% p.a.
LGIM Baptist Ethical Diversified Fund*	Yes	-13.8%	0.2% p.a.	1.9% p.a.
LGIM Baptist At Retirement Fund*	Yes	-10.4%	-1.7% p.a.	-0.5% p.a.
LGIM Cash Fund	No	1.3%	0.4% p.a.	0.5% p.a.
LGIM Dynamic Diversified Fund	No	-7.6%	0.8% p.a.	2.1% p.a.
LGIM Diversified Fund* **	No	-9.1%	-	-
LGIM Ethical Global Equity Fund	No	-6.2%	9.0% p.a.	10.2% p.a.
LGIM F&C Responsible Global Equity Fund	No	-13.0%	8.1% p.a.	9.4% p.a.
LGIM UK Equity Low Carbon UK Transition Fund* **	No	1.0%	-	-
LGIM Global Equity Fixed Weights (50:50) Index Fund	No	-3.4%	4.8% p.a.	5.8% p.a.
LGIM Global Equity Mixed Weights (30:70) Index Fund (GBP Hedged)*	No	-10.2%	4.6% p.a.	7.1% p.a.
LGIM Newton Real Return Fund	No	-7.3%	1.9% p.a.	3.5% p.a.
LGIM Over 5 Year Index-Linked Gilt Fund	No	-38.0%	-10.2% p.a.	-7.9% p.a.
LGIM World Emerging Markets Equity Fund* *	No	-7.3%	1.1% p.a.	1.9% p.a.

Source: LGIM. Fund performance is net of fees and based on close of business unit prices. Inception date of funds is 29 April 2019, unless confirmed otherwise.
*Inception date is 13 May 2019.
**Inception date is 7 June 2019.
***Inception date is 15 December 2021.

Default Fund Net of Fees Returns (Age as at 31 December 2022)	1 Year (1 Jan 2022 – 31 Dec 2022)	3 Years (1 Jan 2020 – 31 Dec 2022)	Since Inception (To 31 Dec 2022)
25	-7.1%	6.3% p.a.	8.3% p.a.
35	-7.1%	6.3% p.a.	8.3% p.a.

45	-7.1%	6.3% p.a.	8.3% p.a.
55	-10.2%	3.8% p.a.	5.9% p.a.
65	-10.8%	-0.7% p.a.	0.8% p.a.

Source: LGIM. Fund performance is net of fees and based on returns provided for white-label funds used by the Scheme.

The Trustee also considered the other benefits members receive from the DC Plan, which include:

- the oversight and governance of the Trustee, including ensuring the DC Plan is compliant with relevant legislation, such as the charge cap, and holding regular meetings to monitor the DC Plan and address any material issues that may impact members;
- the design of the default arrangements and how this reflects the interests of members;
- the range of investment options and lifestyle strategies;
- the quality of communications delivered to members;
- the quality of support services and Scheme governance; and
- the efficiency of administration processes and the extent to which the administrator met or exceeded its service level standards for the Scheme year.

The Trustee has developed a scorecard assessing the value for money provided to members for the core areas of the DC Plan.

Details of the February 2023 Value for Members Assessment are provided below.

Area of Governance	Factor	VfM Assessment
Scheme Governance	Trustee Board	Strong
Scheme Governance	Trustee Oversight	Strong
Scheme Governance	Trustee Knowledge and Understanding	Strong
Scheme Governance	Professional Advice	Strong
Scheme Governance	Audit & Internal Controls	Strong
Scheme Governance	Risk Mitigation	Strong
Investment Governance	Strategy Design & Management	Strong
Investment Governance	Security & Liquidity	Strong
Investment Governance	Default Investment Option	Strong
Investment Governance	Self-select Investment Options	Strong

Administration	Processing Members' Benefits	Strong
Administration	Maintaining Members' Records	Strong
Administration	Customer Service	Strong
Administration	Benefit Flexibility	Strong
Communications	Communications	Good
Communications	Guidance	Good

Over the year, the Trustee completed a survey of active and deferred members of the DC Section of the Scheme and is preparing an action plan to address the results of this survey. Following member feedback, the Trustee introduced Flexi-Access drawdown as an option at retirement for members of the Scheme. More information on this option is supplied to members with their retirement quotation.

As detailed above, and in the previous section covering processing of financial transactions, the Trustee has reviewed the charging structure for members and remains satisfied that the charges represent good value for members. The Trustee believes that members are receiving good value for money based on the costs and charges paid, the range of options available, and the service they receive.

Governance

The Trustee Board is made up of people either appointed by the Baptist Union of Great Britain ("BUGB") or nominated by the Scheme members. The process of selecting new Trustee Directors is completed in an open and transparent manner. This is managed by the Pensions Manager who prepares the candidate profile giving consideration to the skills and experience gaps identified in the most recent assessment of Trustee Knowledge and Understanding, and the diversity of the Directors. For BUGB-appointed Directors, the profile is distributed through the Baptist network of churches and organisation to all church members and congregations. Applicants are reviewed by the Moderator and the Pensions Manager via CVs and interview. A recommendation is then made to BUGB. It has been agreed that BUGB will not appoint its own representative to the Board, to avoid conflicts of interest.

For member-nominated appointments, the profile is distributed to all members, inviting suitable nominations. There is an interview process to determine suitability. Appointment by election is then adopted if there are more candidates than vacancies.

The table below shows the make-up of the current Trustee Board and those who were on the Board during 2022.

Trustee Director	Appointed by	Date of Original Appointment
CM Pensions Limited (Moderator)	**BUGB**	**1 June 2019**
Neil Davis	**BUGB**	**15 March 2016 (resigned 13 December 2022)**
Jenny Drake	**BUGB**	**15 March 2016**

Trustee Director	Appointed by	Date of Original Appointment
Tony Pike	**BUGB**	**15 March 2016**
Paul Chilcott	**BUGB**	**18 September 2019**
Stuart Glen	**Member nomination**	**5 March 2020**
Rev Ken Stewart	**Member nomination**	**9 March 2020**

The Trustee has in place two sub-committees: an Investment Committee and a Governance and Risk Committee. The role of each sub-committee is set out in their Terms of Reference (available on request) and both sub-committees report back to the main Trustee Board at each quarterly Trustee meeting.

Members are informed of the ways in which they can provide feedback through the various communication methods employed by the Trustee:

- Members have access to the www.4myplan.co.uk site hosted by Broadstone; this provides access to their benefits as well as providing a portal for members to communicate directly with Broadstone.
- Members also have access to the Baptist Pensions website www.baptistpensions.org.uk which provides members with details of relevant contacts for enquiries and feedback.
- In addition, on all member communications (including retirement packs, member newsletters, booklets and announcements) details are provided of the various ways in which contact can be made.

If any member would like to get in touch with the Trustee or provide any feedback on the Scheme, please contact the Pensions Manager, Steve Kaney.

Knowledge and understanding

The Trustee Directors are required to maintain appropriate levels of knowledge and understanding to run the Scheme effectively. Each Trustee Director must:

- be conversant with the trust deed and rules of the Scheme, the Scheme's Statement of Investment Principles and any other document recording policy for the time being adopted by the Trustee relating to the administration of the Scheme generally; and
- have, to the degree that is appropriate for the purposes of enabling the individual properly to exercise his or her functions as trustee director, knowledge and understanding of the law relating to pensions and trusts and the principles relating to investment of the assets of occupational pension schemes.

In addition, trustees of schemes that are subject to the Climate Change Governance and Reporting Requirements in Part 1 of the Schedule to the Occupational Pension Scheme (Climate Change Governance and Reporting) Regulations 2021 must have knowledge and understanding of the identification, assessment and management of risks and opportunities relating to climate change for occupational pension schemes, including risks and opportunities arising from steps taken because of climate change.

The Trustee has measures in place to secure compliance with the legal and regulatory requirements regarding conversance and knowledge and understanding including investment matters, pension regulation and trust law. This, together with the advice available from the appointed professional advisors (eg investment consultants, legal advisors), means the Trustee is well placed to properly exercise its functions and run the Scheme effectively. Details of how the conversance and knowledge and understanding requirements have been met during the period covered by this statement are set out below.

The Trustee Directors' relevant knowledge and understanding is monitored throughout the year. Training and support from advisers is provided and a log of training has been collated. This is maintained by the Trustee Secretary and shows that all Trustee Board members have satisfactorily completed the Pension Regulator's Trustee Toolkit (any new members are required to do so within six months of appointment), and the Trustee Directors continue to receive training on a regular basis. The Trustee undertook a self-assessment analysis in March 2022 to identify any skills gaps on the Trustee Board and develop an on-going, structured training programme. The Trustee skills matrix was also updated in 2022.

Specific examples of training and support are:

- induction process for new Trustee Directors;
- advisors incorporating training for the Trustee Directors in the advice that they provide at both quarterly and ad hoc meetings (see below);
- quarterly meeting packs including updates from actuarial consultants and legal advisers on topical issues to ensure that Trustee Directors are aware of all relevant information and legislation in relation to the Scheme;
- any Trustee Director who determines that their knowledge and understanding is inadequate will work with the Pensions Manager, Moderator and advisers to attend appropriate training; and
- the Trustee's legal adviser ensures that the Trustee is alerted to the relevant Rules and legislation relating to all issues being discussed.

In addition, the Trustee has access to, and is conversant with, the Trust Deed & Rules, the Statement of Investment Principles and the policies and procedures relating to the administration of the Scheme. The documents are easily accessible online through the administrators' Scheme-specific website or through the Pensions Manager.

Specific training during 2022 on DC related issues is listed below.

- Single Code of Practice training – 10 March 2022
- Climate Change Training – 23 June 2022
- DWP Investment Stewardship Guidance – 21 September 2022
- Developing member communication strategies – 21 September 2022

Master Trust Authorisation

All Master Trusts operating in the UK must be authorised by the Pensions Regulator. The Scheme's authorisation was confirmed in 2019 and it is subject to ongoing regular supervision from the Pensions Regulator.

Engagement with members

During the reporting period we continued to work towards a significant improvement in communicating and inviting feedback from our members. We have:

- encouraged the use of 4myplan to access Scheme documentation, up to date fund values and to contact the Administrator;
- requested feedback from members contacting the Administrator for their views on the experience; and
- completed a member survey to better understand members' knowledge of the Scheme and the benefits available.

Name	Chrisopher Maggs
Date	18 July 2023

Signed by C Maggs (of CM Pensions Limited), as Moderator on behalf of the Baptist Pension Trust Limited

Statement Regarding DC Governance (continued)

Appendix A – Summary of Investment Charges

The following table illustrates the Total Expense Ratio applicable to the legacy default arrangements and self-select funds available to members as at 31 December 2022:

Fund Name	31 December 2022 Ongoing Charge (p.a.)
Columbia Threadneedle Responsible Global Equity	0.700%
L&G AAA-AA-A Corporate Bond All Stocks[2]	0.120%
L&G All Stocks Fixed-interest Gilt[2]	0.080%
L&G All Stocks Index-Linked Gilt[2]	0.080%
L&G Cash[2]	0.100%
L&G Diversified[1]	0.300%
L&G Dynamic Diversified[2]	0.450%
L&G Ethical Global Equity	0.120%
L&G Global Equity 30:70 Currency Hedged[1]	0.200%
L&G Global Equity Fixed Weights 50:50[2]	0.100%
L&G Low Carbon Transition UK Equity[1]	0.069%
L&G Over 5 Year Index-linked Gilt	0.080%
L&G World Emerging Markets Equity Index	0.450%
Newton Real Return	0.800%

[1] legacy default for former self-select funds

[2] legacy default for former Lump Sum Target Lifestyle Fund

All funds listed above are available as a self-select option with the exception of the L&G Global Equity Fixed Weights 50:50 fund and the L&G Dynamic Diversified fund which remain due to its inclusion in the legacy default, Target Lump Sum Lifestyle Fund, only.

The following table illustrates the charges applicable to the Ethical Default Lifestyle Fund:

Blended white-label fund	Underlying funds	Allocation	Ongoing charges (p.a.)
Ethical Growth Fund	L&G Ethical Global Equity Fund	70%	0.120%
(>15 years to retirement)	L&G Diversified Fund	30%	0.300%
		Total	**0.174%**
Ethical Diversified Fund	L&G Ethical Global Equity Fund	30%	0.120%
(15-5 years to retirement)	L&G Diversified Fund	30%	0.300%
	L&G All Stocks Fixed-interest Gilt Fund	16%	0.080%
	L&G AAA-AA-A Corporate Bond All Stocks Fund	16%	0.120%
	L&G All Stocks Index-Linked Gilt Fund	8%	0.080%
		Total	**0.164%**
At Retirement Fund	L&G Diversified Fund	40%	0.300%
(<5 years to retirement)	L&G Cash Fund	30%	0.100%
	L&G All Stocks Fixed-interest Gilt Fund	12%	0.080%
	L&G AAA-AA-A Corporate Bond All Stocks Fund	12%	0.120%
	L&G All Stocks Index-Linked Gilt Fund	6%	0.080%
		Total	**0.179%**

Statement Regarding DC Governance (continued)

Appendix B – Illustration of impact of costs on member funds

The illustration is shown for the main default arrangement (the Ethical Default Lifestyle Fund), as well as two funds from the Scheme's self-select fund range. The self-select funds shown in the illustration are:

- the fund with the highest annual member borne costs – this is the Newton Real Return Fund
- the fund with the lowest annual member borne costs – this is the L&G Low Carbon Transition UK Equity Fund

Illustration of impact of costs on the Ethical Default Lifestyle Fund, the default arrangement, in which approximately 90% of members are invested.

Projected pension pot in today's money Current age: 30	Target retirement age: 65	Initial pension pot: £30,000
£	Ethical Default Lifestyle Fund	
Age	Before charges	After all charges + costs deducted
30	30,000	30,000
35	49,435	49,063
40	72,695	71,680
45	100,533	98,514
50	133,850	130,351
55	169,381	163,861
58	188,797	181,851
60	200,396	192,435
62	210,430	201,434
64	218,451	208,432
65	221,639	211,123

Projected pension pot in today's money Current age: 50	Target retirement age: 65	Initial pension pot: £30,000
£	Ethical Default Lifestyle Fund	
Age	Before charges	After all charges + costs deducted
50	30,000	30,000
55	48,279	47,899
58	59,285	58,558
60	66,373	65,364
62	73,039	71,714
64	79,069	77,401
65	81,801	79,953

Important note: The figures stated in these projections are intended to provide an indication of the effects of future costs and charges on the build-up of funds for a typical member and should not be used for any other purpose. Values are presented in today's money terms, accounting for the impact of inflation and other assumptions in the period to retirement. Members should seek independent financial advice if they are unsure which of the investment options is most suitable for their own circumstances.

Notes on lifestyle strategy

- Monies are initially invested in the Ethical Growth Fund.
- From 15 years to 5 years before Target Retirement Age, the monies are gradually switched into the Ethical Diversified Fund.
- From 5 years before Target Retirement Age, the monies are gradually switched into the At Retirement Fund.

Illustration of impact of costs on the highest charging and lowest charging funds.

Projected pension pot in today's money Current age: 30 Target retirement age: 65 Initial pension pot: £30,000				
£	**Newton Real Return Fund**		**L&G Low Carbon Transition UK Equity Fund**	
Age	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
30	30,000	30,000	30,000	30,000
35	46,009	44,374	50,969	50,752
40	63,642	59,555	76,964	76,352
45	83,064	75,586	109,189	107,931
50	104,456	92,517	149,136	146,886
55	128,018	110,398	198,657	194,941
58	143,287	121,604	233,897	229,006
60	153,970	129,281	260,045	254,220
62	165,074	137,128	288,539	281,643
64	176,615	145,148	310,590	311,468
65	182,555	149,224	336,145	327,346

Assumptions

- A starting pot of £30,000. This is based on the average fund value invested in the Default Fund.
- Initial Qualifying Earnings of £25,000.
- Contributions from the Employee and Employer totalling 10% of Qualifying Earnings; contributions are assumed to continue up to the future ages at which the projected pension pots are shown.
- Any regular charges deducted from the funds will remain at current level.
- Future price inflation will be 2.5% each year in the period up to the member's retirement.
- The member's earnings will increase in line with price inflation, in other words 2.5% each year.
- The projected figures are then adjusted back to the current date to strip out the effects of assumed future price inflation at 2.5% each year. This is so that the values are expressed in 'todays money'.
- Investments are assumed to grow at the following rates before the application of charges:

Fund Name	Assumed rate of growth before charges (p.a.)
L&G AAA-AA-A Corporate Bond All Stocks	1.5%
L&G All Stocks Fixed-interest Gilt	1.5%
L&G All Stocks Index-Linked Gilt	1.5%
L&G Cash	1.5%
L&G Dynamic Diversified	4.5%
L&G Ethical Global Equity	7.0%
L&G Low Carbon Transition UK Equity Fund	7.0%
Newton Real Return	4.5%