BAPTISTS TOGETHER
BAPTIST PENSION SCHEME

Baptist Pension Scheme

Annual Report 31 December 2025

Scheme Registration Number: 10139575

Contents

Trustee and its Advisers

Trustee

Baptist Pension Trust Limited
Baptist House
129 Broadway
Didcot
OX11 8RT

Trustee Directors

Ms J M Drake	(resigned 11 September 2025)	
CM Pensions Limited (represented by C D Maggs)		(Moderator)
Mr A J A Pike		
Mr P H Chilcott		
Mr S J Glen	(resigned 11 March 2026)	
The Revd K Stewart	(resigned 17 June 2025)	
Mrs H A Mason	(appointed 17 June 2025)	
Mr P C Holland	(appointed 19 September 2025)	
Dr A D Clarke	(appointed 11 March 2026)	

Secretary to the Trustee and Pension Scheme Manager

Mrs A Green	(appointed 5 February 2026)
Mrs H E Lukies	(appointed 5 February 2026)
Mr S D Kaney	(resigned 5 February 2026)

Baptist House
129 Broadway
Didcot
OX11 8RT

Principal Employer

Baptist Union of Great Britain ("the Union")
Baptist House
129 Broadway
Didcot
OX11 8RT

Scheme Actuary

Mr R Soldan FIA (until 27 June 2025)
Lane Clark & Peacock LLP
95 Wigmore Street
London
W1U 1DQ

Following the wind-up of the DB Section on 27 June 2025 no Scheme Actuary is required to be appointed.

Scheme Administrators

Broadstone Corporate Benefits Limited	(from 1 July 2025)
Broadstone Consultants & Actuaries Limited	(until 30 June 2025)

Broadstone House
23-25 St George's Road
Bristol
BS1 5UU

Trustee and its Advisers (continued)

Scheme Consultants

Defined Benefit Section

Lane Clark & Peacock LLP (until 27 June 2025)
95 Wigmore Street
London
W1U 1DQ

Following the wind-up of the DB Section no consultant is required to be appointed.

Defined Contribution Section

Broadstone Corporate Benefits Limited (from 1 July 2025)
Broadstone Consultants & Actuaries Limited (until 30 June 2025)
Broadstone House
23-25 St George's Road
Bristol
BS1 5UU

Investment Consultants

Broadstone Corporate Benefits Limited (from 1 July 2025)
Broadstone House
23-25 St George's Road
Bristol
BS1 5UU

Lane Clark & Peacock LLP (until 30 June 2025)
95 Wigmore Street
London
W1U 1DQ

Investment Managers

Legal & General Investment Management Limited
One Coleman Street
London
EC2R 5AA

CBRE Global Investment Partners
Third Floor
One New Change
London
EC4M 9AF

Independent Auditor

Azets Audit Services
First Floor
River House
1 Maidstone Road
Foots Cray
Sidcup
DA14 5RH

Trustee and its Advisers (continued)

Legal Adviser

Eversheds Sutherland (International) LLP
115 Colmore Row
Birmingham
B3 3AL

Trustee Secretarial

Burness Paull LLP (from 1 July 2025)
2 Atlantic Square
31 York Street
Glasgow
G2 8AS

Burness Paull were also appointed as additional legal advisers from 5 May 2026.

Bank

National Westminster Bank plc
Bristol Queen's Road Branch
40 Queens Road
Bristol
BS8 1BF

Contact for Further Information, Queries about Benefit Entitlements and Complaints about the Scheme

The Trustee of the Baptist Pension Scheme

c/o Broadstone Corporate Benefits Limited
Broadstone House
23-25 St George's Road
Bristol
BS1 5UU

Email: baptistpensions@broadstone.co.uk

Trustee's Report

Introduction

The Trustee of the Baptist Pension Scheme ("the Scheme") is pleased to present its report together with the financial statements for the year ended 31 December 2025.

Scheme constitution

The Scheme was established in 1927. It was never contracted-out under the Pension Schemes Act 1993.

There is no self-investment, nor have any Scheme assets been used as security or collateral on behalf of the Union, or any other employer within the Scheme.

Management of the Scheme

The Trustee body, Baptist Pension Trust Limited, was incorporated on 11 December 1997.

There are normally six Trustee Directors, two of whom are member-nominated. Other Trustee Directors are appointed and removed by the Union. The maximum number of vacancies allowed at any time is three.

A list of the Directors who served during the year and up to the date of signing this report is shown on page 1.

There were 4 formal Trustee meetings during the year together with other ad-hoc discussions arranged as and when required.

The Scheme was known as the Baptist Ministers' Pension Fund ("the Fund") until 1 January 2012. With effect from that date, the Fund was closed to future accrual of defined benefits and used as the basis of new defined contribution pension provision for ministers, church staff and the staff of the Union and of other employers which participated in the Baptist Union Staff Pension Scheme ("the BUSPS").

Scheme structure and Rule changes

The Baptist Union Council and the Trustee approved a deed of amendment dated 23 December 2011 that changed the Scheme rules to create:

The DB (defined benefit) Plan, which was available to all the members (contributors, deferred pensioners and current beneficiaries) of the Fund as at 31 December 2011, and preserved unchanged their benefits accrued up to that date.

The DC (defined contribution) Plan, which included contributing members of the Fund as at 31 December 2011 (unless they decided to opt out), and former contributing members of the BUSPS, and is open to staff members of churches and other employers related to the Baptist family. The DC Plan is divided into three sections, namely the Ministers Section, the Staff Section and the Basic Section. The Basic Section became available from 1 January 2013 and is intended to assist churches and other employers in meeting obligations under the Government's automatic enrolment requirements.

Since 1 January 2012, further amendments to the Scheme Rules have been agreed between the Trustee and the Trustees of the Union (who are now empowered to agree amendments on behalf of the Employers) from time to time.

Wind-up of the DB Plan was triggered by the Trustee on 31 March 2024 and a full buy-out of the DB Plan liabilities with Just Retirement Limited ("Just") was completed on 28 November 2024. In the process of wind-up, some uplifts were granted to compensate members where the effect of the DB Plan wind-up were detrimental. The DB Plan wind-up was completed on 27 June 2025.

Copies of the Scheme Rules, as amended are available to Scheme members on application to the Administrator.

Taxation status

The Scheme is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004. Such registration allows various valuable tax reliefs on the contributions made by members and the Employers, and on the benefits members receive. The Trustee is not aware of any reason why such registration should be withdrawn by HM Revenue & Customs.

Trustee's Report (continued)

Financial development

The financial statements on pages 17 to 32 have been prepared and audited in accordance with the Regulations made under section 41(1) and (6) of the Pensions Act 1995. They show that the value of the fund increased from £93,142,000 at 31 December 2024 to £106,079,000 at 31 December 2025.

On 28 November 2024 the Trustee completed a buy-out arrangement with Just Retirement Limited and the DB Section was formally wound-up with effect from 27 June 2025. However, the Scheme is continuing as a DC-only arrangement and the Trustee is not aware of any plans to wind-up the Scheme as a whole. To the best of its knowledge, the Scheme will be continuing for at least twelve months from the date of signing this annual report and it is therefore appropriate that the financial statements have been prepared on a Going Concern basis.

Summary of contributions

During the year, the contributions payable to the Scheme were as follows:

	Defined Benefit Section	Defined Contribution Section		Total
	Employer £000	Employer £000	Employees £000	
Contributions payable under the Schedule of Contributions				
Normal contributions and AVCs	-	2,869	4,005	6,874
Other - life cover and expenses	-	1,296	-	1,296
Contributions paid in the year and reported on by the Scheme auditor	**-**	**4,165**	**4,005**	**8,170**

Trustee's Report (continued)

Membership

The membership of the Scheme at the beginning and end of the year and changes during the year are set out below:

DC Section

	Total
Active members	
Active members at the start of the year	1,563
Adjustments	3
New active members	170
Members rejoining	17
Designation to drawdown	(5)
Members leaving with preserved benefits	(154)
Member taking full commutation	(1)
Refunds and transfers out	(11)
Deaths	(3)
Exits with no liability	(4)
Active members at the end of the year	1,575
Members with deferred benefits	
Deferred members at the start of the year	813
Adjustments	9
New leavers with deferred benefits	154
Members returning to Active	(17)
Members taking full commutation	(22)
Designation to Drawdown	(6)
Transfers out	(36)
Deaths	(3)
Exits with no liability	(5)
Deferred members at the end of the year	887
Drawdown members	
Drawdown members at the start of the year	15
Adjustment	(1)
Drawdown designations	13
Drawdown / fund exhaustion	(2)
Drawdown members at the end of the year	25
Total DC membership at the end of the year	**2,487**

Trustee's Report (continued)

Investment management

The Trustee delegates the day-to-day management to professional external investment managers. The Trustee sets the investment strategy for the Scheme after taking advice from the Scheme's investment adviser. A sub-committee, the Investment Committee ("IC"), monitors and reviews the investment strategy and funds used by the Scheme. The IC works collaboratively with BUGB to devise an appropriate long term investment strategy for the Scheme, reporting back to the Trustee Board for formal decisions on a regular basis. The Trustee has put in place investment mandates with its investment managers to implement this strategy.

In June 2022, the main DB Section assets were sold to purchase a second bulk annuity contract with Just Retirement. Since then, the Scheme's DB assets, other than a cash fund, consisted of an illiquid property investment that is not regarded as readily marketable. However, the insured annuity policy provided cash payments as required so that the necessary liquidity existed to meet member benefit payments. From 28 November 2024 the DB liabilities were fully transferred to Just Retirement.

The DB Section was formally wound up on 27 June 2025 and the residual assets (cash and property investment funds) became part of the DC Section.

The investments of the Scheme are managed on behalf of the Trustee by the Scheme's investment managers. At the end of 2025 these were:

- CBRE Global Investment Partners ("CBRE")
- Legal & General Investment Management Limited ("LGIM")
- M&G Investments ("M&G")
- BNY Mellon Fund Managers Limited ("Newton")
- Columbia Threadneedle Investments ("Columbia Theadneedle")

Except for CBRE, all funds are delivered through the L&G investment platform.

Custodial arrangements

The custody of the Scheme's assets is the responsibility of the investment managers. These responsibilities are delegated to a third party. Investments are held in the name of the custodian's nominee company, in line with common practice for pension scheme investments.

The Scheme's investment managers will provide any further details of custodial arrangements, as required.

Statement of Investment Principles

In accordance with section 35 of the Pensions Act 1995, a Statement of Investment Principles (SIP) has been prepared by the Trustee which incorporates the investment strategy. The December 2025 SIP is included as Appendix 3 to the DC Chair's Statement in this report.

Implementation Statement

On 6 June 2019, the Government published the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 ("the Regulations"). The Regulations require that the Trustee outlines how it has ensured compliance with the policies and objectives set out in its Statement of Investment Principles (SIP) over the course of the year under review.

The legislation states that the Implementation Statement must be included in the Annual Report and Accounts and that it must also be made publicly available online for any accounts signed after 1 October 2020. Hence, the Trustee has produced an implementation statement which is shown as an appendix to these financial statements.

The implementation statement forms part of this report.

Trustee's Report (continued)

Investment strategy

The Trustee has appointed Legal & General (L&G) as the investment platform and Broadstone as the administrator of the Scheme. Members can select how their individual pension accounts are to be invested, using a range of funds and a lifestyle strategy (also referred to as the "default strategy") selected by the Trustee after taking appropriate professional advice. This range includes funds managed by both L&G and other investment management organisations. Some of the funds and the default strategy are managed by reference to ethical criteria. Members who do not actively select their investment funds are automatically invested in the default strategy, described below.

The Scheme's main default arrangement is the Ethical Default Lifestyle strategy; this will be the default option for new joiners who do not make an active investment choice. The asset allocation of the default strategy is detailed in the table below.

Years to retirement	Ethical Growth Fund	Ethical Diversified Fund	At Retirement Fund
15+	100%	0%	0%
14	90%	10%	0%
13	80%	20%	0%
12	70%	30%	0%
11	60%	40%	0%
10	50%	50%	0%
9	40%	60%	0%
8	30%	70%	0%
7	20%	80%	0%
6	10%	90%	0%
5	0%	100%	0%
4	0%	80%	20%
3	0%	60%	40%
2	0%	40%	60%
1	0%	20%	80%
0	0%	0%	100%

The funds used in the Ethical Default Lifestyle are scheme specific white-labelled funds.

The underlying composition of the default funds as at 31 December 2025 is shown in the table below.

Fund	Composition
Ethical Growth Fund	70% L&G ESG Paris Aligned World Equity Index Fund 30% L&G Diversified Fund
Ethical Diversified Fund	30% L&G ESG Paris Aligned World Equity Index Fund 30% L&G Diversified Fund 40% M&G Sustainable Total Return Credit Investment Fund
At Retirement Fund	40% L&G Diversified Fund 30% L&G Cash Fund 30% M&G Sustainable Total Return Credit Investment Fund

In addition to the lifestyle strategies, members can choose to invest in one or more funds from the self-select range.

Trustee's Report (continued)

Investment strategy (continued)

Since the beginning of 2025, the Trustee implemented the following investment strategy changes within the default lifestyle strategy:

- The passive bond allocation within the Ethical Diversified Fund and the At Retirement Fund was replaced with an active credit fund, namely the M&G Sustainable Total Return Credit Investment Fund.
- The L&G FTSE4Good Developed Equity Index Fund was replaced with the L&G ESG Paris Aligned Equity Fund. The Paris Aligned Fund aligns to the Trustee's Ethical Policy to a similar extent as the L&G FTSE4Good Developed Equity Index Fund but has an improved investment process.

The implementation of the strategy changes was finalised in June 2025.

The performance of the range of funds offered to members and the composition of the lifestyle strategy is regularly reviewed by the Trustee and its advisors.

Performance (gross of fees)

Fund range	1 year to 31 Dec 2025		3 years to 31 Dec 2025		5 years to 31 Dec 2025	
	Return (%)	Target (%)	Return (% pa)	Target (% pa)	Return (% pa)	Target (% pa)
Lifestyle Funds						
Baptist Ethical Growth Fund	13.4	14.8	14.6	17.8	10.8	12.5
Baptist Diversified Fund	9.2	10.7	8.5	11.6	3.6	5.0
Baptist At Retirement Fund	7.1	9.3	5.6	9.7	1.5	3.5
Passively Managed Funds						
L&G AAA-AA-A Corporate Bond All Stocks Fund	6.3	6.3	5.0	4.9	-1.6	-1.6
L&G All Stocks Index-Linked Gilt Fund	1.2	1.2	-1.8	-1.8	-8.2	-8.2
L&G All Stocks Fixed-Interest Index Fund	5.0	4.9	1.9	1.9	-5.3	-5.3
L&G Over 5 Year Index-linked Gilt Fund	0.6	0.6	-3.0	-3.0	-10.2	-10.2
L&G Global Equity MW (30:70) Index 75% Currency Hedged Fund	20.3	20.5	17.9	18.1	12.2	12.3
L&G Ethical Global Equity Fund	15.8	15.9	17.7	17.8	13.9	14.0
L&G World Emerging Markets Equity Index Fund	16.2	17.7	10.9	11.4	5.0	5.3
L&G Low Carbon Transition UK Equity Fund	25.5	25.5	14.6	14.7	n/a	n/a
Actively Managed Funds						
Columbia Threadneedle Responsible Global Equity Fund	4.0	12.8	8.9	16.9	6.5	12.5
L&G Dynamic Diversified Fund[1]	13.1	8.8	8.8	9.2	5.2	7.6
L&G Diversified Fund[1]	11.6	8.8	8.8	9.2	5.0	7.6
Newton Real Return Fund[1]	13.0	8.2	7.7	8.7	4.7	7.1
L&G Cash Fund	4.4	4.3	4.8	4.7	3.1	3.1

[1]These funds are shown against their performance targets.

Trustee's Report (continued)

Funds not allocated to members

At the end of the year, the Scheme held a residual investment in the CBRE OSIRIS Property Fund. This Fund is in wind-down and is returning capital to investors, a process which is expected to take a number of years. The Scheme also holds reserve assets in LGIM's Sterling Liquidity Fund.

Consideration of financially material and non-financial matters

The Trustee has considered how environmental, social and governance ("ESG") considerations (including but not limited to climate change) should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Scheme and its members.

The Trustee expects its Investment Managers to take account of financially material considerations (including climate change and other ESG considerations). The Trustee seeks to appoint managers that have appropriate skills and processes to do this and periodically reviews how its managers are taking account of these issues in practice. The Trustee has limited influence over its Investment Managers' investment practices where assets are held in pooled funds, but it encourages its Investment Managers to improve their practices where appropriate.

The Trustee has chosen to invest the equity allocation of the Ethical Default Lifestyle strategy in a passively managed fund that tracks an index that has reduced exposure to ESG and ethical risks and increased exposure to ESG and ethical opportunities. In addition, this equity fund has a strong environmental focus by integrating targets for reductions in carbon emissions and reflecting wider sustainable goals. Furthermore, the Trustee invests the bond allocation of the Ethical Default Lifestyle strategy in an actively managed fund that seeks to apply ESG criteria using both an exclusionary approach and a positive outcome methodology. Outside of the default strategy, the Scheme offers an actively managed equity fund which invests in ESG and ethically screened equities as well as a passively managed equity fund which tilts in favour of companies with lower greenhouse gas emissions.

Stewardship

The Trustee recognises its responsibility as the owner of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments.

The Trustee has delegated to its Investment Managers the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity, stakeholders and other investors about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG considerations.

The Trustee does not monitor or engage directly with issuers or other holders of debt or equity, but it does engage with current and prospective investment managers on matters including ESG and stewardship. It expects Investment Managers to exercise ownership rights and undertake monitoring and engagement in line with their general policies on stewardship, as provided to the Trustee from time to time, taking into account the long-term financial interests of the beneficiaries. The Trustee seeks to appoint managers that have strong stewardship policies and processes, reflecting where relevant the recommendations of the UK Stewardship Code issued by the Financial Reporting Council, and from time to time the Trustee reviews how these are implemented in practice.

The Trustee has selected priority themes to provide a focus for its monitoring of investment managers' voting and engagement activities. It will review them regularly and update them if appropriate. The current priorities are climate change and human rights. The Trustee chose these priorities because they are market-wide areas of risk that are financially material for the Scheme's investments, aligned with the interests of the Scheme's members and can be addressed by good stewardship. Therefore, the Trustee believes it is in members' best interests that managers adopt strong practices in these areas.

The Trustee wrote to its investment managers to notify them of the Scheme's stewardship priorities and remind them of its expectations of them in relation to responsible investment – i.e. ESG considerations, climate change, voting and engagement.

Departures from the investment principles

There were no departures from the investment principles during the year ended 31 December 2025.

Trustee's Report (continued)

Employer-related investment

There is no self-investment, nor have any Scheme assets been used as security or collateral on behalf of the Principal Employer or any other associated employer. Given the Employers are all registered charities, there is no mechanism for the Scheme's assets to be invested in the Employers.

Transaction costs

The Trustee is aware that indirect transaction costs will be incurred through the bid-offer spread on investments with the Scheme's pooled investment vehicles and charges made within those vehicles.

Further information

Further information is set out on pages 33 and 34.

Signed for and on behalf of the Trustee:

Date:

Statement of Trustee's Responsibilities

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102), are the responsibility of the Trustee. Pension Scheme regulations require the Trustee to make available to Scheme members, beneficiaries and certain other parties, audited accounts for each scheme year which:

- show a true and fair view of the financial transactions of the Scheme during the scheme year and of the amount and disposition at the end of the scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year; and
- contain the information specified in Regulation 3A to The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the accounts have been prepared in accordance with the Statement of Recommended Practice, "Financial Reports of Pension Schemes".

In discharging this responsibility, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any accounting estimates and judgements on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will continue as a going concern.

The Trustee is also responsible for making available certain other information about the Scheme in the form of this Annual Report.

The Trustee is responsible under pensions legislation for ensuring that there is a prepared, maintained and from time to time revised Schedule of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employers and the active members of the Scheme 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 Scheme and for adopting risk-based processes for monitoring whether contributions are made to the Scheme by the employer 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 the members.

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

Independent Auditor's Report to the Trustee of the Baptist Pension Scheme

Opinion

We have audited the financial statements of Baptist Pension Scheme for the year ended 31 December 2025 which comprise the fund account, the statement of net assets and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 December 2025, 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; 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, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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 scheme'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.

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

Other information

The Trustee is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Independent Auditor's Report to the Trustee of the Baptist Pension Scheme (continued)

Responsibilities of the Trustee

As explained more fully in the Statement of Trustee's responsibilities, the Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Scheme'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 liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the scheme through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Independent Auditor's Report to the Trustee of the Baptist Pension Scheme (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Use of our report

This report is made solely to the Scheme's Trustee as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirements to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Scheme's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Azets Audit Services

Azets Audit Services
Statutory Auditor
First Floor
River House
1 Maidstone Road
Foots Cray
Sidcup
DA14 5RH

Date: 29 July 2026

Independent Auditor's Statement about Contributions to the Trustee of the Baptist Pension Scheme

We have examined the Summary of Contributions to the Baptist Pension Scheme for the Scheme year ended 31 December 2025 which is set out in the Trustees' Report on page 5.

Statement about contributions payable under the Schedule of Contributions

In our opinion contributions for the Scheme year ended 31 December 2025 as reported in the Summary of Contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedules of Contributions certified by the Scheme Actuary on 5 November 2024.

Scope of work on Statement about Contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the attached Summary of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedule of Contributions.

Respective responsibilities of Trustee and the auditor

As explained more fully in the Statement of Trustee's Responsibilities, the Scheme'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 Scheme by the employer in accordance with the Schedule of Contributions.

It is our responsibility to provide a Statement about Contributions paid under the Schedule of Contributions and to report our opinion to you.

Use of our report

This report is made solely to the Trustee, as a body in accordance with Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996. Our work has been undertaken so that we might state to the Trustee those matters we are required to state to them in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee as a body, for our work, for this report, or for the opinions we have formed.

Azets Audit Services

Azets Audit Services
Statutory Auditor
First Floor
River House
1 Maidstone Road
Foots Cray
Sidcup
DA14 5RH

Date: 29 July 2026

Fund Account

	Note	Defined Benefit Section £000	Defined Contribution Section £000	2025 Total £000	2024 Total £000
Contributions and benefits					
Employer contributions		-	4,165	4,165	4,300
Employee contributions		-	4,005	4,005	3,873
Total contributions	5	-	8,170	8,170	8,173
Transfers in	6	-	77	77	120
Other income	7	-	748	748	244
		-	8,995	8,995	8,537
Benefits payable	8	-	(1,564)	(1,564)	(181,902)
Payments to and on account of leavers	9	-	(2,564)	(2,564)	(1,019)
Administrative expenses	10	(387)	(739)	(1,126)	(2,349)
Other payments	11	-	(758)	(758)	(753)
		(387)	(5,625)	(6,012)	(186,023)
Net (withdrawals)/additions from dealings with members		(387)	3,370	2,983	(177,486)
Returns on investments					
Investment income	12	3	7	10	8,036
Change in market value of investments	13	-	9,948	9,948	5,520
Investment management expenses	16	-	(4)	(4)	(7)
Net returns on investments		3	9,951	9,954	13,549
Net (decrease)/increase in the value of the fund during the year		(384)	13,321	12,937	(163,937)
Transfer between sections	24	(4,007)	4,007	-	-
Net assets of the Scheme at start of year		4,391	88,751	93,142	257,079
Net assets of the Scheme at end of year		-	106,079	106,079	93,142

The notes on pages 19 to 32 form part of these financial statements.

Statement of Net Assets (available for benefits)

	Note	Defined Benefit Section £000	Defined Contribution Section £000	2025 Total £000	2024 Total £000
Investment assets					
Pooled investment vehicles	18	-	**104,419**	**104,419**	91,331
Other investment balances		-	-	-	1
		-	**104,419**	**104,419**	91,332
Current assets	22	**11**	**1,800**	**1,811**	2,355
Current liabilities	23	**(11)**	**(140)**	**(151)**	(545)
Net assets of the Scheme at end of year		-	**106,079**	**106,079**	93,142

The financial statements summarise the transactions of the Scheme 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 Scheme year.

The notes on pages 19 to 32 form part of these financial statements.

These financial statements were approved by the Trustee on 23 July 2026

Trustee Director:

Notes to the Financial Statements

1. Basis of preparation

The financial statements have been prepared in accordance with the Occupational Pension Scheme (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS102") and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (revised 2018) ("the SORP").

2. Identification of the financial statements

The Scheme is established as a trust under English law. The address for enquiries to the Scheme is included on page 3.

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

Fund Account	Note	**Defined Benefit Section £000**	**Defined Contribution Section £000**	**2024 Total £000**
Contributions and benefits				
Employer contributions		191	4,109	4,300
Employee contributions		-	3,873	3,873
Total contributions	5	191	7,982	8,173
Transfers in	6	-	120	120
Other income	7	1	243	244
		192	8,345	8,537
Benefits payable	8	(181,051)	(851)	(181,902)
Payments to and on account of leavers	9	(42)	(977)	(1,019)
Administrative expenses	10	(1,772)	(577)	(2,349)
Other payments	11	-	(753)	(753)
		(182,865)	(3,158)	(186,023)
Net (withdrawals)/additions from dealings with members		(182,673)	5,187	(177,486)
Returns on investments				
Investment income	12	8,036	-	8,036
Change in market value of investments	13	(2,971)	8,491	5,520
Investment management expenses	16	(7)	-	(7)
Net returns on investments		5,058	8,491	13,549
Net (decrease)/increase in the value of the fund during the year		(177,615)	13,678	(163,937)
Transfer between sections	24	221	(221)	-
Net assets of the Scheme at start of year		181,785	75,294	257,079
Net assets of the Scheme at end of year		4,391	88,751	93,142

Notes to the Financial Statements (continued)

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

Statement of Net Assets (available for benefits)

	Note	Defined Benefit Section £000	Defined Contribution Section £000	2024 Total £000
Investment assets	13			
Pooled investment vehicles	18	3,964	87,367	91,331
Other investment balances		1	-	1
		3,965	87,367	91,332
Current assets	22	808	1,547	2,355
Current liabilities	23	(382)	(163)	(545)
Net assets of the Scheme at end of year		4,391	88,751	93,142

4. Accounting policies

The principal accounting policies of the Scheme are as follows:

Currency

The Scheme's functional currency and presentational currency is pounds sterling (GBP). Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year-end. Foreign currency transactions are translated into 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

Members' and employers' contributions are accounted for on the basis of amounts received in the year at rates specified in the rules.

Part of the employer's contribution is allocated to cover administration expenses and life assurance cover.

Transfer values

Individual transfers in or out of the Scheme are accounted for on a cash basis, which is when the member's liability is accepted or discharged.

Other income

Claims on term insurance policies and other forms of income are accounted for on an accruals basis.

Benefits payable

Pensions in payment are accounted for in the period to which they relate.

Other benefits are accounted for on an accruals basis on the date of retirement or death as appropriate.

Payments to and on account of leavers

Refunds are accounted for on an accruals basis on the date on which the Trustee is notified of the member's decision to leave the Scheme.

Administrative and other payments

Administrative expenses and premiums on term insurance policies are accounted for on an accruals basis.

Notes to the Financial Statements (continued)

4. Accounting policies (continued)

Investment income and change in market value

Dividends from equities, income from bonds, and pooled investment vehicles which distribute income, are accounted for on an accruals basis on the date stocks are quoted ex-dividend, or in the case of unquoted instruments, when the dividend is declared.

Investment income arising from the underlying investments of the pooled investment vehicles which do not distribute income is rolled up and reinvested within the pooled investment vehicles. This is reflected in the unit price and reported within 'Change in market value'.

Other interest on cash and short-term deposits and income from other investments are accounted for on an accruals basis.

Receipts and payments of all derivative contracts are reported within sales proceeds and purchases at cost respectively.

All gains and losses arising on derivative contracts are reported within change in market value of investments.

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.

Investment management expenses and transaction costs

Investment management expenses and rebates are accounted for on an accruals basis and shown net within investment returns.

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees.

Investment assets/liabilities

Investment assets and liabilities are included in the financial statements at fair value. Where separate bid and offer prices are available, the bid price is used for investment assets and the offer price for investment liabilities. Otherwise, the closing price, single dealing price or most recent transaction price is used.

Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager. Shares in other pooled arrangements have been valued at the latest available net asset value (NAV), determined in accordance with fair value principles, provided by the pooled investment manager.

5. Contributions

	Defined Benefit Section £000	Defined Contribution Section £000	Total £000
2025			
Employer contributions			
Normal	-	2,869	2,869
Other – life cover and expenses	-	1,296	1,296
	-	4,165	4,165
Employee contributions			
Normal	-	3,672	3,672
Additional voluntary contributions	-	333	333
	-	4,005	4,005
	-	8,170	8,170

Notes to the Financial Statements (continued)

5. Contributions (continued)

	Defined Benefit Section £000	Defined Contribution Section £000	Total £000
2024			
Employer contributions			
Normal	-	2,801	2,801
Deficit funding	14	-	14
Other – life cover and expenses	84	1,308	1,392
Other – flexible apportionment arrangements / employer debt	93	-	93
	191	4,109	4,300
Employee contributions			
Normal	-	3,573	3,573
Additional voluntary contributions	-	300	300
	-	3,873	3,873
	191	7,982	8,173

6. Transfers in

	Defined Benefit Section £000	Defined Contribution Section £000	Total £000
2025			
Individual transfers in from other schemes	**-**	**77**	**77**
2024			
Individual transfers in from other schemes	-	120	120

7. Other income

	Defined Benefit Section £000	Defined Contribution Section £000	Total £000
2025			
Claims on life insurance policies	**-**	**647**	**647**
VAT recovered	**-**	**101**	**101**
	-	**748**	**748**
2024			
Claims on life insurance policies	-	243	243
Donation from ex-member	1	-	1
	1	243	244

Notes to the Financial Statements (continued)

8. Benefits paid or payable

	Defined Benefit Section £000	Defined Contribution Section £000	Total £000
2025			
Commutations and lump sum pension benefits	**-**	**572**	**572**
Lump sum death benefits	**-**	**654**	**654**
Flexible drawdowns	**-**	**65**	**65**
Purchase of annuities	**-**	**273**	**273**
	-	**1,564**	**1,564**
2024			
Pensions	7,633	-	7,633
Commutations and lump sum pension benefits	54	566	620
Lump sum death benefits	134	166	300
Flexible drawdowns	1,260	72	1,332
Purchase of annuities	171,970	47	172,017
	181,051	851	181,902

9. Payments to and on account of leavers

	Defined Benefit Section £000	Defined Contribution Section £000	Total £000
2025			
Individual transfers out to other schemes	**-**	**2,564**	**2,564**
2024			
Individual transfers out to other schemes	42	977	1,019

10. Administrative expenses

	Defined Benefit Section £000	Defined Contribution Section £000	Total £000
2025			
Administration	**20**	**362**	**382**
Actuarial and consulting	**36**	**244**	**280**
Audit	**11**	**11**	**22**
Legal	**18**	**61**	**79**
Other professional fees	**292**	**50**	**342**
Regulatory fees	**7**	**8**	**15**
Bank and sundry charges	**3**	**3**	**6**
	387	**739**	**1,126**

Notes to the Financial Statements (continued)

10. Administrative expenses (continued)

	Defined Benefit Section £000	Defined Contribution Section £000	Total £000
2024			
Administration	571	174	745
Actuarial and consulting	774	313	1,087
Audit	3	15	18
Legal	353	37	390
Other professional fees	55	29	84
Regulatory fees	5	8	13
Bank and sundry charges	11	1	12
	1,772	577	2,349

The Trustee paid £214.2k and £65.5k for run-off indemnity insurance when the DB Section closed in June 2025.

The Scheme bears all costs of administration. Direct costs are charged to the section to which they relate. Indirect costs are allocated between sections based on an allocation methodology agreed by the Trustee.

11. Other payments

	Defined Benefit Section £000	Defined Contribution Section £000	Total £000
2025			
Group life assurance premiums	**-**	**758**	**758**
2024			
Group life assurance premiums	-	753	753

12. Investment income

	Defined Benefit Section £000	Defined Contribution Section £000	Total £000
2025			
Income from pooled investment vehicles	**-**	**7**	**7**
Interest on cash deposits	**3**	**-**	**3**
	3	**7**	**10**
2024			
Income from pooled investment vehicles	53	-	53
Annuity income	7,963	-	7,963
Interest on cash deposits	20	-	20
	8,036	-	8,036

Notes to the Financial Statements (continued)

13. Reconciliation of investments

Defined Benefit Section

	Value as at 1 January 2025 £000	Purchases £000	Sale Proceeds £000	Change in market value £000	**Value as at 31 December 2025 £000**
Pooled investment vehicles	3,964	-	(3,964)	-	-
Other investment balances	1				-
	3,965				-

Defined Contribution Section

	Value as at 1 January 2025 £000	Purchases £000	Sale Proceeds £000	Change in market value £000	**Value as at 31 December 2025 £000**
Pooled investment vehicles	87,367	20,682	(13,578)	9,948	**104,419**

14. Transaction costs

There were no direct transaction costs incurred. Indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles. It has not been possible for the Trustee to quantify such indirect transaction costs.

15. Allocation of defined contribution investments

For the DC Section investments purchased by the Scheme are allocated to provide benefits to the individuals on whose behalf corresponding contributions are paid. The investment manager holds the investment units on a pooled basis for the Trustee. The Scheme administrator allocates investment units to members. The Trustee also holds investment units representing the value of employer contributions that have been retained by the Scheme and funds carried over from the DB Section. The non-member funds below include the Financial Reserve required to be held by a Master Trust.

As at 31 December 2025 the non-member reserves comprised:

	£000
Financial Reserve for Master Trust compliance	**1,097**
Legacy DB reserve	**2,746**
CBRE assets	**373**
	4,216

Defined contribution investment assets are allocated as follows:

	2025 £000	2024 £000
Allocated to members	**100,203**	87,203
Not allocated to members	**4,216**	164
	104,419	87,367

Notes to the Financial Statements (continued)

16. Investment management expenses

	Defined Benefit Section £000	Defined Contribution Section £000	Total £000
2025			
Administration, management and custody	**-**	**4**	**4**
2024			
Administration, management and custody	7	-	7

17. Taxation

The Scheme is a registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax, capital gains tax. The Defined Contribution Section is exempt from VAT.

18. Pooled investment vehicles

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

Defined Benefit Section

	2025 £000	2024 £000
Property	**-**	901
Cash	**-**	3,063
	-	3,964

Defined Contribution Section

	2025 £000	2024 £000
Equity	**3,633**	3,183
Bonds	**783**	800
Diversified growth	**1,260**	1,390
Multi-asset funds	**92,902**	80,301
Property	**373**	-
Cash	**5,468**	1,693
	104,419	87,367

19. Concentration of investments

The following investment holdings, excluding insured annuities, represent more than 5% of the Scheme's net assets at either the current or previous year ends:

	2025 £000	**2025 %**	2024 £000	2024 %
L&G Baptist Ethical Growth Fund	**49,627**	**46.8**	43,999	47.2
L&G Baptist Ethical Diversified Fund	**31,010**	**29.2**	26,790	28.8
L&G Baptist At Retirement Fund	**12,264**	**11.6**	9,512	10.2

Notes to the Financial Statements (continued)

20. Fair value of investments

The fair value of investments has been determined using the following hierarchy:

Level 1: Unadjusted quoted price in an active market for identical instruments that the entity can access at the measurement date.

Level 2: Inputs (other than quoted prices) that are observable for the instrument, either directly or indirectly.

Level 3: Inputs that are unobservable, i.e. for which market data is unavailable.

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 have been fair valued using the above hierarchy as follows:

Defined Contribution Section 2025	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Pooled investment vehicles	-	**104,419**	-	**104,419**

Defined Benefit Section 2024	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Pooled investment vehicles	-	3,964	-	3,964
Other investment balances	1	-	-	1
Total	1	3,964	-	3,965

Defined Contribution Section 2024	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Pooled investment vehicles	-	87,367	-	87,367

21. Investment risk disclosures

When deciding how to invest the Scheme's assets, the Trustee considers a wide range of investment risks within the Scheme, including credit risk and market risk, as defined below.

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

Market risk comprises currency risk, interest rate risk and other price risk, defined as follows:

- **Currency risk** is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk** is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- **Other price risk** is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

investment adviser. The Scheme has exposure to the aforementioned risks via the investments held to implement the investment strategies. The Trustee manages investment risks, including credit risk and market risk, considering the Scheme's investment objectives and strategies, and the advice of its investment advisers.

Within each investment portfolio, investment objectives and restrictions to manage risk are implemented through the legal agreements in place with the Scheme's investment managers and investment platform provider. The Trustee monitors the performance of the strategy and associated risks, and each investment manager against its objectives and restrictions, on a regular basis.

Notes to the Financial Statements (continued)

21. Investment risk disclosures (continued)

The Trustee determines the Scheme's investment strategy after obtaining written professional advice from its Credit risk.

The Scheme's assets are in pooled funds and therefore directly exposed to credit risk in relation to the solvency of the investment manager and custodian of those funds.

Direct credit risk arising from pooled funds is mitigated by:

- the underlying assets of the pooled funds being ring-fenced from the investment managers' and custodians' assets;
- the regulatory environment in which the pooled fund managers operate; and
- the diversification of the Scheme's investments across a number of pooled funds.

The Trustee carries out due diligence checks prior to the appointment of any new investment manager or fund, and on an on-going basis monitors for changes to the operating environment of the existing pooled funds.

The Scheme is also subject to direct credit risk in relation to the platform provider, Legal and General, as well as in relation to investment managers of funds available on the platform, for example Columbia Threadneedle Investments. Direct credit risk arising from the providers is mitigated by the underlying assets of the provider being ring-fenced from the investment provider and the regulatory environment in which the provider operates.

The Scheme is also subject to indirect credit risk where the pooled funds offered to members invest in bonds. Where pooled funds within the DC Plan hold bonds, the managers of these pooled funds ensure they have a diversified exposure to bond issuers, conduct research on those issuers and have only a limited exposure to sub-investment grade bonds. The magnitude of credit risk in these funds will vary over time as the underlying investments are changed.

Indirect credit risk arises in relation to underlying investments held in the CBRE property fund. The property fund is exposed to the credit risk relating to the underlying tenants. This risk is mitigated by holding a diverse portfolio of investments with exposure to a range of properties and tenants

As at 31 December 2025 the Scheme's corporate bond fund and multi-asset funds are exposed to indirect credit risk.

Currency risk

The Scheme's pooled investment offerings are accessed via Sterling share classes, which means there is no direct currency risk. However, some of the funds may invest in non-Sterling investments on an unhedged basis and will hence be exposed to indirect currency risk. Some funds may only partially remove currency risk, for example the L&G (PMC) Global Equity Market Weights (30:70) Index Fund currency hedges 75% of its overseas equity allocation. Members of the DC Plan are able to choose their investments from a range of funds, allowing them to manage their currency risk through diversification of investments.

The Scheme's overseas equity funds and multi asset funds are exposed to indirect currency risk.

Interest rate and inflation risk

The Scheme's assets held in pooled bond funds are also subject to interest rate risk. A number of bond funds are also included in the current default lifestyle strategy. The Trustee believes that including exposure to bond funds in the de-risking phase (that is, close to retirement) is appropriate, since this adds diversification and reduces the overall expected level of risk associated with the value of members' assets as they get closer to their retirement. Bond funds are also offered as self-select options to members and may be used by members to diversify against other types of risk.

As at 31 December 2025 the Scheme's corporate bond fund, government bond funds and multi asset funds are exposed to interest rate and inflation risk.

Notes to the Financial Statements (continued)

21. Investment risk disclosures (continued)

Other price risk

The Scheme's assets are exposed to risks of market prices other than currencies and interest rates, such as the equity pooled fund holdings being subject to movements in equity prices.

The Trustee monitors this risk on a regular basis, looking at the performance of the scheme as a whole as well as each individual portfolio. The Trustee believes that the default strategy are adequately diversified between different asset classes and within each asset class to manage this risk, and the DC options provide a suitably diversified range for members to choose from.

The Scheme's corporate bond fund, equity funds and multi asset funds are exposed to other price risk. The Trustees offer diversification of other price risk to members by offering a comprehensive range of self-select funds. Members are automatically invested in the default lifestyle option if they do not actively choose their investments, which is also well diversified across various asset classes depending on term to retirement.

Credit and market risks

The table below summarises the allocations that have significant exposure to these risks:

	Direct credit risk	Indirect credit risk	Direct currency risk	Indirect currency risk	Interest rate risk	Other price risk	2025 £000	2024 £000
L&G Global Equity Market Weights (30:70) Index Fund	●	○	○	●	○	●	**804**	677
L&G (PMC) All Stocks Gilts Index Fund	●	○	○	○	●	○	**256**	262
L&G (PMC) AAA-AA-A Corporate Bond All Stocks Index Fund	●	●	○	○	●	●	**284**	284
L&G BMO Responsible Global Equity Fund	●	○	○	●	○	●	**702**	715
L&G (PMC) Ethical Global Equity Index Fund	●	○	○	●	○	●	**1,667**	1,453
L&G Dynamic Diversified Fund	●	●	○	●	●	●	**827**	878
L&G Newton Real Return Fund	●	●	○	●	●	●	**161**	136
L&G (PMC) World Emerging Markets Equity Index Fund	●	○	○	●	○	●	**81**	67
L&G Over 5 Year Index Linked Gilts Index Fund	●	○	○	○	●	○	**145**	149
L&G (PMC) All Stocks Index Linked Gilts Index Fund	●	○	○	○	●	○	**98**	105
L&G Baptist Ethical Growth Fund	●	●	○	●	●	●	**49,627**	43,999
L&G Baptist Ethical Diversified Fund	●	●	○	●	●	●	**31,010**	26,790

Notes to the Financial Statements (continued)

21. Investment risk disclosures (continued)

Credit and market risks (continued)

	Direct credit risk	Indirect credit risk	Direct currency risk	Indirect currency risk	Interest rate risk	Other price risk	2025 £000	2024 £000
L&G Baptist At Retirement Fund	●	●	○	●	●	●	12,264	9,512
L&G (PMC) Low Carbon Transition UK Equity Index Fund	●	○	○	●	○	●	**379**	273
L&G Diversified Fund	●	●	○	●	●	●	**272**	375
L&G Cash Fund	●	○	○	○	○	○	**1,625**	1,528
L&G Sterling Liquidity Fund	●	○	○	○	○	○	**3,843**	164
CBRE GIP UK Osiris Property Fund	●	●	○	○	○	●	**373**	-

Key: The risk noted affects the fund significantly (●) or hardly/not at all (○).

Additional disclosures for pooled investment category

A summary of pooled investment category for the Scheme is as follows. Please note that all the funds are unit-linked life insurance funds:

Fund	Pooled investment category
L&G (PMC) Low Carbon Transition UK Equity Index Fund	Equity
L&G (PMC) Global Equity Market Weights (30:70) Index Fund – GBP 75% Currency Hedged	Equity
L&G (PMC) All Stocks Gilts Index Fund	Bonds
L&G (PMC) AAA-AA-A Corporate Bond All Stocks Index Fund	Bonds
Columbia Threadneedle Responsible Global Equity Fund	Equity
L&G (PMC) Ethical Global Equity Index Fund	Equity
L&G Dynamic Diversified Fund	Multi-Asset
L&G Diversified Fund	Multi-Asset
Newton Real Return Fund	Multi-Asset
L&G (PMC) World Emerging Markets Equity Index Fund	Equity
L&G (PMC) Over 5 Year Index Linked Gilts Index Fund	Bonds
L&G (PMC) All Stocks Index Linked Gilts Index Fund	Bonds
L&G (PMC) Cash Fund	Cash
Baptist Ethical Growth Fund	70% Equity and 30% Multi-Asset
Baptist Ethical Diversified Fund	30% Equity, 30% Multi-Asset and 40% Bonds
Baptist At Retirement Fund	40% Multi-Asset, 30% Bonds and 30% Cash

Notes to the Financial Statements (continued)

22. Current assets

	Defined Benefit Section £000	Defined Contribution Section £000	Total £000
2025			
Cash balances	**-**	**1,731**	**1,731**
Prepaid group life premium	**-**	**69**	**69**
Transfer between sections	**11**	**-**	**11**
	11	**1,800**	**1,811**
2024			
Cash balances	808	1,547	2,355

23. Current liabilities

	Defined Benefit Section £000	Defined Contribution Section £000	Total £000
2025			
Accrued expenses	**11**	**129**	**140**
Transfer between sections	**-**	**11**	**11**
	11	**140**	**151**
2024			
Unpaid benefits	16	17	33
Accrued expenses	366	146	512
	382	163	545

24. Transfer between sections

	Defined Benefit Section £000	Defined Contribution Section £000	Total £000
2025			
DB surplus – LGIM investments	**(3,063)**	**3,063**	**-**
DB surplus – CBRE investments	**(901)**	**901**	**-**
DB surplus – bank balance	**(71)**	**71**	**-**
DB fees paid from DC bank account	**28**	**(28)**	**-**
	(4,007)	**4,007**	**-**
2024			
Life assurance claims to fund DB pensions	81	(81)	-
Members with DB and DC benefits disinvesting into the DB Section	791	(791)	-
Reconciliation of contributions owed between sections (not accrued)	(651)	651	-
	221	(221)	-

Notes to the Financial Statements (continued)

25. Related party transactions

The Baptist Union of Great Britain is the Principal Employer.

During the year the Scheme reimbursed the Baptist Home Mission Fund of the Baptist Union of Great Britain administration expenses amounting to £123,910 (2024: £112,542).

During the year the Scheme paid the corporate trustee, CM Pensions Limited, a total of £38,244 (2024: £41,238).

Except as disclosed elsewhere in the report and financial statements there were no other related-party transactions.

26. Employer-related investments

There were no employer-related investments (2024: Nil) within the meaning of section 40(2) of the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005.

Further Information

The Pensions Regulator

The Pensions Regulator is the statutory body that regulates occupational pension schemes and can be contacted at:

The Pensions Regulator
Telecom House
125-135 Preston Road
Brighton
BN1 6AF

Telephone: 0345 600 0707

Email: customersupport@tpr.gov.uk

Website: www.thepensionsregulator.gov.uk

The Pension Tracing Service

The Pension Tracing Service's main purpose is to provide a tracing service for members (and their dependants) of previous employers' schemes, who have lost touch with earlier employers and trustees. To trace a benefit entitlement under a former employer's scheme, enquiries should be addressed to:

The Pension Service

Post Handling Site A

Wolverhampton

WV98 1AF

Telephone: 0800 731 0193

Website: www.gov.uk/find-pension-contact-details

The information that would be provided to an enquirer includes details of the address at which trustees of a pension scheme may be contacted. This Scheme is registered with the Pension Tracing Service.

MoneyHelper

Pension Wise, The Pensions Advisory Service and The Money Advice Service have been consolidated into one brand called MoneyHelper, provided by the Money & Pensions Service. Consolidating three brands into one means a better and enhanced consumer experience with a single source of information and guidance.

MoneyHelper is a free and impartial guidance service introduced by the government to assist people with retirement saving options to ensure people make well-informed decisions in order to ensure good retirement outcomes. Contact details are available via the MoneyHelper website at:

www.moneyhelper.org.uk

Their contact telephone number is 0800 011 3797. Please note that the MoneyHelper does not provide advice but will provide guidance to help understand an individual's options.

Further Information (continued)

Pensions Ombudsman

Any concern connected with the Scheme should be referred to the Scheme Administrators, Broadstone Corporate Benefits Limited, who will try to resolve the problem as quickly as possible. Contact details are provided on page 3. Members and beneficiaries of occupational pension schemes who have problems concerning their scheme which are not satisfied by the information or explanation given by the administrators, or the trustees can make an application to the Pensions Ombudsman for him to investigate and determine any complaint or dispute of fact or law involving occupational pension schemes. The address is:

Pensions Ombudsman Service
10 South Colonnade
Canary Wharf
London
E14 4PU

Telephone: 0800 917 4487

Email: enquiries@pensions-ombudsman.org.uk

Website: www.pensions-ombudsman.org.uk

Baptist Pension Scheme

DC Chair Statement

Statement Regarding DC Governance

Background

Governance requirements apply to the Baptist Pension Scheme (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 2025 annual report covering the period from 1 January 2025 to 31 December 2025. This statement is produced pursuant to Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996, as amended by subsequent legislation, and associated Statutory Guidance. 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 Baptist Pension Scheme (broadstone.co.uk) as well as from the Baptist Pension Scheme website: DC Governance - Baptist Pensions .

In 2019 the Scheme was authorised by the Pensions Regulator ("TPR") as a Master Trust arrangement. By maintaining Master Trust authorisation, the Scheme 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 December 2025 Statement of Investment Principles ("SIP"), which is shown as **Appendix C**. The changes implemented in this revised statement reflect the closure of the DB Section, as well as the investment strategy changes within the default lifestyle strategy which were implemented in June 2025.

Default arrangements

The Scheme is used as a Qualifying Scheme for auto-enrolment. Within the Scheme 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") – 93% of the Scheme's membership uses the Default Fund.

Members who were within five years of their target retirement date 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. Approximately 2% of members remain in this fund and it is closed to new members.

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

- the L&G Global Equity Market Weights (30:70) Index Fund, switched from the L&G Global Equity Market Weights (50:50) Index Fund in May 2019;
- the L&G Diversified Fund, switched from the L&G Dynamic Diversified Fund in January 2022; and
- the L&G Low Carbon Transition UK Equity Index Fund, switched from the BMO Responsible UK Income Fund in April 2022.

In all cases the Trustee was advised that the previous funds were no longer suitable for members. 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 Scheme's membership. None of these legacy default arrangements have any lifestyling 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 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 December 2025, covering the default arrangements is attached to this statement.

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

- an appropriate range of investment options, reflecting the membership profile of the Scheme and the variety of ways that members can draw their benefits in retirement; and
- a main 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 main Default Fund option is to generate returns significantly above inflation whilst members are some distance from retirement, and then to switch automatically and gradually to lower risk investments as retirement approaches.

In determining the investment arrangements for the Scheme, 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.

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.

A formal strategy and performance review takes place at least every three years. The strategy was last reviewed by the Investment Committee, along with the Trustee's investment advisor on 5 March 2024 and the recommendations ratified at the Trustee Board meeting on 13 March 2024. The Trustee implemented the following investment strategy changes within the default lifestyle strategy:

- The passive bond allocation within the Ethical Diversified Fund and the At Retirement Fund was replaced with an active credit fund, namely the M&G Sustainable Total Return Credit Investment Fund.
- The L&G FTSE4Good Developed Equity Index Fund was replaced with the L&G ESG Paris Aligned Equity Fund. The Paris Aligned Equity Fund aligns to the Trustee's Ethical Policy to a similar extent as the L&G FTSE4Good Developed Equity Index Fund but has an improved investment process.

The implementation of the strategy changes was finalised in June 2025.

Asset allocation of the Default Fund

We have provided further details in the table below of the underlying asset allocation for a member aged 25, 45, 55 and 65 in the Default Fund, rounded to full percentage points. We have provided this information in line with statutory guidance.

Asset Class	Allocation (%) at Age 25	Allocation (%) at Age 45	Allocation (%) at Age 55	Allocation (%) at Age 65
Cash	**0.8%**	**0.8%**	**0.7%**	**11.0%**
Bonds	**12.0%**	**12.0%**	**32.1%**	**65.4%**
Gilts	0.3%	0.3%	0.3%	19.9%
Index-Linked Gilts	0.5%	0.5%	0.5%	0.7%
Corporate Bonds	11.2%	11.2%	31.2%	44.9%
Other Bonds	0.0%	0.0%	0.0%	0.0%
Listed Equities	**84.8%**	**84.8%**	**64.8%**	**20.3%**
UK Equities	3.9%	3.9%	3.3%	2.2%
Developed Equities	79.3%	79.3%	60.0%	16.2%
Emerging Market Equities	1.5%	1.5%	1.5%	1.9%
Private Equity	**0.4%**	**0.4%**	**0.4%**	**0.5%**
Infrastructure	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Property / Real Estate	**1.5%**	**1.5%**	**1.5%**	**2.0%**
Private Debt / Credit	**0.6%**	**0.6%**	**0.6%**	**0.8%**
Other	**0.0%**	**0.0%**	**0.0%**	**0.0%**
TOTAL	**100.0%**	**100.0%**	**100%**	**100%**

Source: L&G, as at 31 December 2025. Due to rounding, the figures may not sum to 100%.

In relation to the legacy default arrangements the asset allocations are as follows (rounded to full percentage points):

L&G Global Equity Market Weights (30:70) Index Fund – Listed equities 100%

L&G Low Carbon Transition UK Equity Fund – Listed equities 100%

L&G Diversified Fund –

Cash – 1%
Bonds – 40%
Listed equities – 51%
Private equity – 1%
Property/real estate – 5%
Private debt/credit – 2%

Lump Sum Target Lifestyle Fund –

Cash – 50%
Bonds – 30%
Listed equities – 17%
Property/real estate – 2%
Private debt/credit – 1%

The above L&G funds are all single asset funds, and the asset allocation does not change by reference to the period to the member's target retirement age.

All the members in the Lump Sum Target Lifestyle Fund are already past their target retirement age and, subject to the investment manager having the discretion to vary the composition of the Dynamic Diversified Fund that makes up 34% of the overall fund, the asset allocation will remain largely the same.

Requirement for processing core financial transactions

Processing of core financial transactions (e.g. investment of contributions, transfers within and into/out of the Scheme, transfer of assets relating to members between different investments within the Scheme, 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 Scheme were processed promptly and accurately during the Scheme year. This includes the investment of contributions, processing of transfers in and out of the Scheme, transfers between different investments within the Scheme, 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 Scheme;
- 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:

- o detailed performance statistics, work processed, and major events over the quarter.
- o details of contribution receipts and investments such that the Trustee can monitor compliance with statutory and regulatory guidelines.
- o details of the usage of *Engage*, the member access website.
- o a summary of any investment decisions effected by the members.
- o a bank account reconciliation identifying any funds held in the Trustee's bank account (i.e. contributions pending investment or benefits pending settlement).
- o details of the quality of the Scheme's Common Data, measured in accordance with the Pension Regulator guidance.

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 Scheme. 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 funds used by the Scheme are not subject to any performance related charges imposed by the investment fund managers.

The stated charges exclude any costs associated with the management and administration as these are met by the Scheme from the employers' expense contributions.

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

Default arrangements

The main default arrangement 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 0.15% to 0.16% p.a.

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 now past their target retirement date. The charges over the period covered by this statement for members at retirement are 0.22% p.a..

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, 0.25% for the L&G Diversified Fund, and 0.06% 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 is 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, our 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)	**0.09%**
Baptist Ethical Diversified Fund (part of the Default Fund)	**0.08%**
Baptist At Retirement Fund (part of the Default Fund)	**0.06%**
L&G Cash Fund[2]	**0.07%**
L&G Dynamic Diversified Fund[2]	**0.07%**
L&G Diversified Fund[1]	**0.04%**
L&G AAA-AA-A Corporate Bond All Stocks Fund[2]	**0.00%**
L&G All Stocks Index-Linked Gilt Fund[2]	**0.10%**
L&G All Stocks Fixed-Interest Gilt Fund[2]	**0.00%**
L&G Over 5 Year Index-linked Gilt Fund	**0.12%**
L&G Global Equity Market Weights (30:70) Index 75% Currency Hedged Fund[1]	**0.04%**
L&G Ethical Global Equity Fund	**0.01%**
Columbia Threadneedle Responsible Global Equity Fund	**0.09%**
L&G Low Carbon Transition UK Equity Fund[1]	**0.00%**

Fund name	Transaction costs
Newton Real Return Fund	**0.08%**
L&G World Emerging Markets Equity Index Fund	**0.00%**

[1]legacy default for former self-select funds
[2]legacy default for former Lump Sum Target Lifestyle Fund

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 Scheme. 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.
- 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**.

Investment returns

A summary of the return on each fund over the Scheme year from 1 January 2025 to 31 December 2025, net of investment charges and transaction costs is set out below:

Net of Fees Returns	Used in Default Fund?	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a)
L&G AAA-AA-A All Stocks Corporate Bond Fund	No	6.2	4.8	-1.7
L&G All Stocks Fixed Interest Gilt Fund	No	4.9	1.8	-5.4
L&G All Stocks Index-Linked Gilt Fund	No	1.1	-1.9	-8.3
L&G Baptist Ethical Growth Fund	Yes	13.2	14.4	10.6
L&G Baptist Ethical Diversified Fund*	Yes	9.0	8.3	3.4
L&G Baptist At Retirement Fund	Yes	6.9	5.4	1.3
L&G Cash Fund	No	4.3	4.7	3.0
L&G Dynamic Diversified Fund	No	12.6	8.3	4.7
L&G Diversified Fund*	No	11.4	8.6	4.8
L&G Ethical Global Equity Fund	No	15.7	17.6	13.7
Columbia Threadneedle Responsible Global Equity Fund	No	3.3	8.2	5.8
L&G Low Carbon Transition UK Equity Fund*	No	25.4	14.6	n/a
L&G Global Equity Mixed Weights (30:70) Index Fund (GBP Hedged)	No	20.0	17.7	12.0
L&G Newton Real Return Fund	No	12.1	6.8	3.9
L&G Over 5 Year Index-Linked Gilt Fund	No	0.5	-3.1	-10.3
L&G World Emerging Markets Equity Fund	No	15.7	10.4	4.6

Source: L&G. Fund performance is net of fees and based on daily midday unit prices. *Inception date is 15 December 2021.

Default Fund Net of Fees Returns (Age as at 31 December 2025)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)
45 or younger	13.2	14.4	10.6
55	11.5	12.6	9.2
65	6.9	5.4	1.3

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

Value for members

The Trustee is required to consider the extent to which the investment options and the benefits offered by the Scheme represent good value for members, compared to other options available in the market. Following the buy-out of the DB liabilities during 2024, the DC Plan had less than £100 million of assets as at 31 December 2024 and is therefore subject to the Detailed Value for Members Assessment requirements introduced by The Occupational Pension Schemes (Administration, Investment, Charges and Governance) Regulations 2021.

An independent assessment was completed in May 2026 in line with the Statutory Guidance.

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 Scheme compares to other options available in the market.

The Trustee's assessment included:

- A comparison of the charges imposed on members' funds
- A review of the performance of the investment funds (after charges) in the context of its investment objectives
- The quality of the governance and administration arrangements in place

The Trustee is satisfied that the charges imposed on members' funds are competitive, relative to those available from comparable DC pension arrangements. Furthermore, apart from at age 65, the past investment performance compares favourably with those of other arrangements available in the market at ages 45 and 55. At age 65, the members are invested wholly in the At Retirement Fund, which the Trustee has recognised has not performed satisfactorily. The recent investment strategy review has resulted in some changes to that fund with the expectation of improved outcomes. The Trustee is satisfied that the Scheme's governance and administration policies are in accordance with good practice and appropriate for the arrangements in place.

Overall, the Trustee is able to confirm that in its opinion the Scheme provides value for members.

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 2025.

Trustee Director	Appointed by	Date of Original Appointment
CM Pensiosn Limited	**BUGB**	**1 June 2019**

Trustee Director	Appointed by	Date of Original Appointment
(Moderator)		
Jenny Drake	BUGB	15 March 2016 (resigned 11 September 2025)
Paul Holland	BUGB	19 September 2025
Tony Pike	BUGB	15 March 2016
Paul Chilcott	BUGB	18 September 2019
Stuart Glen	Member nomination	5 March 2020 (term ended March 2026)
Andrew Clarke	Member nominated	11 March 2026
Rev Ken Stuart	Member nomination	9 March 2020 (resigned 17 June 2025)
Hilary Mason	Member nomination	17 June 2025

In March 2026, Steven Kaney left the position of Pensions Manager and has been replaced by Amy Green and Helen Lukies.

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 Engage 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 http://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 Managers, Amy Green and Helen Lukies.

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 (e.g. 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 are 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 May 2026 to identify any skills gaps on the Trustee Board and develop an on-going, structured training programme. The Trustee experience matrix was also updated in 2025 to aid in the appointment of new Directors.

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 Managers, 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 2025 on Scheme related issues is listed below.

- Understnding the M&G Total Return Credit Fund including ESG – IC meeting January 2025
- The Governement Pension Investment Review – IC meeting June 2025
- Introduction to the Pensions Bill – June 2025
- Investment Beliefs – September 2025
- Interpreting investment performance statistics – September 2025
- Understanding 'key scheme documents' – September 2025
- Pensions Bill 2025 – September 2025
- Guided Retirement – September 2025
- Inheritance Tax and pension funds – September 2025
- Administration issues including Dashboards – December 2025

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 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 Engage 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;
- members receive an annual benefit statement which sign-posts them to where they can find this Statement to understand the default strategy, the returns on investment, the charges/transaction costs and how these represent value for members.

Date	17 June 2026

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 2025:

Fund Name	Ongoing Charge (p.a.)
Columbia Threadneedle Responsible Global Equity	0.75%
L&G AAA-AA-A Corporate Bond All Stocks[2]	0.12%
L&G All Stocks Fixed-Interest Gilt[2]	0.08%
L&G All Stocks Index-Linked Gilt[2]	0.08%
L&G Cash[2]	0.10%
L&G Diversified[1]	0.25%
L&G Dynamic Diversified[2]	0.45%
L&G Ethical Global Equity	0.12%
L&G Global Equity 30:70 Currency Hedged[1]	0.20%
L&G Over 5 Year Index-linked Gilt	0.08%
L&G World Emerging Markets Equity Index	0.45%
Newton Real Return	0.85%
L&G Low Carbon Transition UK Equity[1]	0.06%

Source: L&G.

[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 Dynamic Diversified Fund which remains only due to its inclusion in the legacy default, the Target Lump Sum Lifestyle Fund.

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

White-labelled fund	Underlying funds	Weighting	Ongoing charges (p.a.)
Ethical Growth Fund	L&G ESG Paris Aligned World Equity Index Fund	70%	**0.159%**
	L&G Diversified Fund	30%	
Ethical Diversified Fund	L&G ESG Paris Aligned World Equity Index Fund	30%	**0.149%**
	L&G Diversified Fund	30%	
	M&G Sustainable Total Return Credit Investment Fund	40%	
At Retirement Fund	L&G Diversified Fund	40%	**0.159%**
	L&G Cash Fund	30%	
	M&G Sustainable Total Return Credit Investment Fund	30%	

Source: L&G.

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 those:

- with the highest annual member borne costs – this is the Newton Real Return 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 93% of members are invested.

Projected pension pot in today's money Current age: 50	Target retirement age: 65	Initial pension pot: £40,000
	Ethical Default Lifestyle Fund	
Age	Before charges	After all charges + costs deducted
50	£40,000	£40,000
55	£68,441	£67,788
58	£85,780	£84,562
60	£97,082	£95,424
62	£108,364	£106,219
64	£115,800	£113,115
65	£121,674	£118,705

Projected pension pot in today's money Current age: 25	Target retirement age: 65	Initial pension pot: Nil
	Ethical Default Lifestyle Fund	
Age	Before charges	After all charges + costs deducted
25	£0	£0
35	£49,317	£48,717
45	£113,150	£110,227
50	£156,427	£151,332
55	£202,931	£194,936
58	£229,117	£219,174
60	£245,212	£233,934
62	£260,862	£248,200
64	£276,973	£262,839
65	£285,205	£270,302

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: 25 Target retirement age: 65 Initial pension pot: Nil				
	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
25	£0	£0	£0	£0
35	£44,658	£42,657	£49,317	£49,180
45	£91,738	£83,438	£113,150	£112,475
50	£120,168	£106,810	£156,427	£155,247
55	£150,740	£130,837	£207,615	£205,704
58	£170,178	£145,575	£242,716	£240,231
60	£183,616	£155,537	£268,160	£265,227
62	£197,450	£165,610	£295,371	£291,930
64	£211,691	£175,795	£324,472	£320,457
65	£218,968	£180,929	£339,773	£335,444

Assumptions

- A starting pot of £40,000 for the "average member" and nil for the "younger member". This former is based on the average fund value invested in the Default Fund. Initial Qualifying Earnings of £30,000.
- Contributions from the Employee and Employer totalling 14% 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 (as set out in the SMPI member statements) before the application of charges:

Fund Name	Assumed rate of growth before charges (p.a.)
L&G Ethical Growth Fund	6.0%
L&G Ethical Diversified Fund	4.0%

L&G At Retirement Fund	4.0%
L&G Low Carbon Transition UK Equity Fund	6.0%
Newton Real Return	4.0%

Statement Regarding DC Governance (continued)

Appendix C

Statement of Investment Principles December 2025

1. Introduction

This Statement of Investment Principles ("SIP") sets out the policy of the Trustee of the Scheme ("the Trustee") on various matters governing decisions in respect of the Baptist Pension Scheme (the "Scheme"). This SIP replaces the previous SIP dated September 2024.

The SIP has been drawn up by the Trustee in accordance with Section 35 of the Pensions Act 1995, amended by Section 244 of the Pensions Act 2004 and the Occupational Pension Plans (Investment) Regulations 2005, Occupational Pensions Schemes (Charges and Governance) Regulations 2015, Occupational Pension Scheme (Investment and Disclosure) (Amendment and Modification) Regulations 2018, Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and Pensions Regulations 2023 Occupational Pension Schemes (Administration, Investment, Charges and Governance) and Pensions Dashboard (Amendment) Regulations 2023.

Broadstone Financial Solutions Limited ("Broadstone") is the Investment Consultant to the Trustee, on the basis that their representatives are reasonably believed by the Trustee to be suitably qualified by their ability in, and practical experience of, financial matters and have the appropriate knowledge and experience of the management of the investments of such schemes.

The Trustee will review this statement at least every three years and without undue delay following any significant change in investment strategy.

Appendix 1 sets out details of the Scheme's investment governance structure, including the key responsibilities of the Trustee, investment advisers and investment managers. It also contains a description of the basis of remuneration of the investment adviser and the investment managers.

Appendix 2 sets out the Trustee's policy towards risk appetite, capacity, measurement and management.

Appendix 3 sets out details of how the Trustee monitors the voting and engagement undertaken by its managers and when and how it engages with managers on these issues.

The Statement is published and is freely available to the public as well as members of the Scheme.

2. Investment objectives

The Trustee's primary objectives for the Scheme are to provide members with access to:
an appropriate range of investment options, reflecting the membership profile of the Scheme and the variety of ways that members can draw their benefits in retirement; and

a main default investment option that the Trustee believes to be reasonable for those members that do not wish to make their own investment decisions. The objective of the main default option is to generate returns significantly above inflation whilst members are some distance from retirement, but then to switch automatically and gradually to lower risk investments as retirement approaches.

3. Investment strategy

The Trustee has made available a range of investment funds for members. Each member is responsible for specifying one or more funds for the investment of their account, having regard to their attitude to the risks involved. If a member does not choose an investment option, their account will be invested into the main default option, which is managed as a "lifestyle" strategy (i.e. it automatically combines investments in proportions that vary according to the time to retirement age).

The Scheme also maintains holdings in the L&G Sterling Liquidity Fund and the CBRE Global Investment Partners UK Osiris Property Fund as reserves, and these assets are not allocated to members.

The Scheme's main default arrangement is the Ethical Default Lifestyle strategy; this will be the default option for new joiners who do not make an active investment choice.

Since the beginning of 2025, the Trustee implemented the following investment strategy changes within the default lifestyle strategy:

- The passive bond allocation within the Ethical Diversified Fund and the At Retirement Fund was replaced with an active credit fund, namely the M&G Sustainable Total Return Credit Investment Fund.
- The L&G FTSE4Good Developed Equity Index Fund was replaced with the L&G ESG Paris Aligned Equity Fund. The Paris Aligned Equity Fund aligns to the Trustee's Ethical Policy to a similar extent as the L&G FTSE4Good Developed Equity Index Fund but has an improved investment process.

The implementation of the strategy changes was finalised in June 2025.

3.1. The DC Plan's main default arrangement

3.1.1.The Ethical Default Lifestyle strategy

The Ethical Default Lifestyle strategy has been designed to be in the best interests of the majority of the members based on the demographics of the Scheme's membership. The default option has an initial growth phase under which investments target a return significantly above inflation. Then, in the 15 years before retirement it switches gradually into less risky assets. The asset allocation at retirement is designed to be broadly appropriate for all members however they wish to take their retirement benefits, since the Trustee believes that this represents the lowest risk option for Scheme members.

3.2. Other default arrangements

In addition to the main default arrangement, the Scheme has four additional default arrangements:

- the Lump Sum Lifestyle strategy (closed to new members);
- the L&G Diversified Fund;
- the L&G Global Equity Market Weights (30:70) Index Fund – GBP 75% Currency Hedged; and
- the L&G Low Carbon Transition UK Equity Index Fund.

These default arrangements are considered to be defaults for governance purposes and must also meet charge cap restrictions.

3.2.1.The Lump Sum Lifestyle strategy

The Lump Sum Lifestyle strategy is the Scheme's legacy default option and is closed to new members but remains the default option for members who were within 5 years of retirement on 13 May 2019 and were able to remain in the legacy default option instead of being automatically transitioned to the Ethical Default Lifestyle strategy.

The legacy default option has an initial growth phase under which investments target a return significantly above inflation. Then, in the 15 years before retirement it switches gradually into less risky assets. The asset allocation at retirement is designed to be broadly appropriate for members who wish to take their entire benefits as a cash lump sum at retirement.

3.2.2.The L&G Diversified Fund

The L&G Diversified Fund became a default arrangement when changes to the Scheme's investment options were carried out in January 2022. These changes were in relation to the review of the Scheme's investment strategy which took place in February 2021. The Trustee identified the L&G Dynamic Diversified Fund as being no longer suitable for members of the Scheme and decided to close the fund and automatically move members' assets into the L&G Diversified Fund. The L&G Diversified Fund became a default arrangement for the members whose assets were automatically mapped into this fund. The Trustee believes that this fund is an appropriate default arrangement for these members, but the fund is not to be offered as a default option to the rest of the Scheme's membership.

The L&G Diversified Fund is designed to provide long-term investment growth through exposure to a diversified range of asset classes.

3.2.3.The L&G Global Equity Market Weights (30:70) Index Fund – GBP 75% Currency Hedged

The L&G Global Equity Market Weights (30:70) Index Fund (75% currency hedged) became a default arrangement when changes to the Scheme's investment options were carried out in May 2019. These changes were in relation to the review of the Scheme's investment strategy which took place in May 2018. The Trustee identified the L&G Global Equity Fixed Weights (50:50) Index Fund as being no longer suitable for members of the Scheme and decided to close the fund and automatically moved member's assets into the L&G Global Equity Market Weights (30:70) Index Fund. The L&G Global Equity Market Weights (30:70) Index Fund became a default arrangement for the members whose assets were automatically mapped into this fund. The Trustee believes that this fund is an appropriate default arrangement for these members, but the fund is not being offered as a default option to the rest of the Scheme's membership.

The L&G Global Equity Market Weights (30:70) Index Fund is designed to provide a diversified exposure to UK and overseas equity markets while reducing the foreign currency exposure of 75% of the overseas assets.

3.2.4.The L&G Low Carbon Transition UK Equity Index Fund

The L&G Low Carbon Transition UK Equity Index Fund became a default arrangement when changes to the Scheme's investment options were carried out in April 2022. These changes were in relation to the review of the Scheme'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 Scheme and decided to close the fund and automatically move member's assets into the L&G Low Carbon Transition UK Equity Index Fund. The L&G Low Carbon Transition UK Equity Index Fund became a default arrangement for the members whose assets were automatically mapped into this fund. The Trustee believes that this fund is an appropriate default arrangement for these members, but the fund is not to be offered as a default option to the rest of the Scheme's membership.

The L&G Low Carbon Transition UK Equity Index Fund is designed to provide exposure to the UK equity market while on a decarbonisation path to achieve net zero by 2050, whilst also significantly reducing the level of carbon reserves and improving green revenues. Companies that fail to meet L&G's minimum standards in low carbon transition and corporate governance standards may be excluded from the fund.

4. Considerations in setting the investment arrangements

When deciding how to invest the Scheme's assets, the Trustee considers a number of risks, including, but not limited to, those set out in Appendix 2. Some of these risks are more quantifiable than others, but the Trustee has tried to allow for the relative importance and magnitude of each risk.

In determining the investment arrangements for the Scheme 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 main default 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;
- any other considerations which the Trustee considers financially material over the periods until members' retirement, or any other timeframe which the Trustee believes to be appropriate (such as those detailed in Section 7);
- the Trustee's ethical policy, which the Trustee believes reflects the wishes of the Scheme's members and is not expected to undermine 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.

The Trustee's key investment beliefs, which influenced the setting of the investment arrangements for the Scheme, are as follows:

- asset allocation is the primary driver of long-term returns;
- risk-taking is necessary to achieve return, but not all risks are rewarded;
- equity, credit and illiquidity are the primary rewarded risks;
- risks that do not have an expected reward should generally be avoided, hedged or diversified;
- investment markets are not always efficient and there may be opportunities for good active managers to add value;
- environmental, social and governance (ESG) factors are likely to be one area of market inefficiency and so managers may be able to improve risk-adjusted returns by taking account of ESG factors including factors relating to Climate Change;
- investment managers who can consistently spot and profitably exploit market opportunities are difficult to find and therefore passive management, where available, is usually better value; and
- costs have a significant impact on long-term performance and therefore obtaining value for money from the investments is important.

The Trustee's key investment beliefs and understanding of the Scheme's membership are reflected in the design of the Ethical Default Lifestyle strategy and in the range of other funds made available to members.

5. Illiquid Investments

The Trustees' policy regarding investments in illiquid assets in the DC default arrangement is set out below. Illiquid assets refer to assets that can't be easily or quickly be sold or exchanged for cash, and where assets are invested in a collective investment scheme this includes any such assets held by the collective investment scheme.

Investments in the default lifestyle arrangements include illiquid assets through a small investment in global private markets, which includes exposure to private equity, private credit, private infrastructure and private real estate. These investments are held via the L&G Diversified Fund, which forms part of the Ethical Default Lifestyle Fund.

We believe that long-term net risk-adjusted investment returns may be improved by investing in illiquid assets. However, investing in stand-alone illiquid assets in DC pension schemes is a relatively new and developing area. In addition, the inability to sell stand-alone illiquid assets at relatively short notice could impact and delay the wind-up of the DC Section if this was to happen in the future. Therefore, at this time, it is our policy to only invest in illiquid assets through pooled fund structures such as the L&G Diversified Fund which are not subject to dealing restrictions.

There are a number of 'legacy defaults' in the Scheme. These include the L&G Diversified Fund mentioned above, as well as the Lump Sum Target Lifestyle Fund and the L&G Dynamic Diversified Fund. The L&G Dynamic Diversified Fund includes illiquid assets through a small investment in UK direct physical property and global private markets. The Lump Sum Target Lifestyle Fund invests in illiquid assets via the L&G Dynamic Diversified Fund, which is one of its component funds. The other legacy defaults do not include illiquid assets. Members across all ages can be invested in legacy defaults.

6. Implementation of the investment arrangements

Before investing in any manner, the Trustee obtains and considers proper written advice from its investment adviser on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments.

Details of the investment managers for the Scheme are set out in the IPID.

In respect of the Scheme, the Trustee has entered into a contract with L&G as its platform provider, who makes available the range of investment options to members. There is a direct relationship between the Trustee and L&G but not with third party underlying investment managers of the DC investment funds.

The Trustee has limited influence over managers' investment practices where a majority of the Scheme's assets are held in pooled funds, but it encourages its managers to improve their practices where appropriate.

7. Incentivisation of Investment Manager

The Trustee does not directly incentivise the Investment Manager to align the approach they adopt for a particular fund with the Trustee's policies and objectives. Instead, the Investment Manager and the funds are selected so that, in aggregate, the returns produced are expected to meet the Trustee's objectives.

The Trustee's policy is to evaluate each of its investment managers by considering performance as well as the role it plays in helping the Scheme meet its overall long-term objectives, taking account of risk, the need for diversification and liquidity. Each manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

8. Portfolio Turnover Costs

The Trustee recognises that portfolio turnover and associated transaction costs are a necessary part of investment management.

The reasonableness of such turnover will change according to the Investment Manager's view of market conditions. The Trustee therefore does not set a specific portfolio turnover target for its strategy or the underlying investments.

The Investment Managers when requested by the Investment Consultant shall provide information on portfolio turnover and associated costs so that this can be monitored, as appropriate.

9. Realisation of Investments

The Investment Managers have discretion over the timing of realisation of investments of the Scheme within the portfolios that they manage, and in considerations relating to the liquidity of investments. The Trustee's policy is to invest in funds that offer daily dealing to enable members to readily realise and change their investments.

10. Consideration of financially material and non-financial matters

The Trustee has considered how environmental, social and governance ("ESG") considerations (including but not limited to climate change) should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Scheme and its members.

The Trustee expects its Investment Managers to take account of financially material considerations (including climate change and other ESG considerations). The Trustee seeks to appoint managers that have appropriate skills and processes to do this, and periodically reviews how its managers are taking account of these issues in practice. The Trustee has limited influence over its Investment Managers' investment practices where assets are held in pooled funds, but it encourages its Investment Managers to improve their practices where appropriate.

The Trustee has chosen to invest the equity allocation of the Ethical Default Lifestyle strategy in a passively managed fund that tracks an index that has reduced exposure to ESG risks (including climate related) and ethical risks and increased exposure to ESG and ethical opportunities. The Ethical Default Lifestyle strategy components are also available as separate investment options members can select. Outside of the Ethical Default Lifestyle strategy funds, the Scheme offers an actively managed equity fund which invests in ESG and ethically screened equities as well as a passively managed equity fund which tilts the Fund in favour of companies with lower greenhouse gas emissions.

11. Conflicts of Interest

The Trustee maintains a separate conflicts of interest policy and register. Subject to reasonable levels of materiality, these documents record any actual or potential conflicts of interest in relation to the Investment Manager, while also setting out a process for their management.

12. Voting and engagement

The Trustee recognises its responsibility as the owner of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments.

The Trustee has delegated to its Investment Managers the exercise of rights attaching to investments, including voting rights, and engagement with relevant persons such as issuers of debt and equity, stakeholders and other investors about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG considerations.

The Trustee does not monitor or engage directly with issuers or other holders of debt or equity, but it does engage with current and prospective investment managers on matters including ESG and stewardship.

Appendix 1: Investment governance, responsibilities, decision-making and fees

In broad terms the Trustee has decided on the following division of responsibilities and decision-making for the Scheme. This is based upon the Trustee's understanding of the various legal requirements placed upon it, and its view that the division of responsibility allows for efficient operation and governance of the Scheme overall. The Trustee's investment powers are set out within the Scheme's governing documentation.

1. Trustee

The Trustee is responsible in respect of investment matters for:

- developing a mutual understanding of investment and risk issues with the employers;
- setting the investment strategy, in consultation with the employers;
- formulating a policy in relation to financially material factors and exercise of rights and engagement activities in respect of the investments, such as those relating to ESG considerations (including but not limited to climate change);
- formulating a policy on taking account of non-financial matters, including ethical considerations, in the selection, retention and realisation of investments;
- setting the policy for rebalancing between asset classes;
- setting a policy on the exercise of rights (including voting rights) and undertaking engagement activities in respect of the investments;
- putting effective governance arrangements in place and documenting these arrangements in a suitable form;
- monitoring, reviewing, and replacing investment managers, investment advisers, actuary and other service providers;
- monitoring the exercise of the investment powers that it has delegated to the investment managers and monitoring compliance with Section 36 of the Pensions Act 1995;
- communicating with members as appropriate on investment matters, such as the Trustee's assessment of its effectiveness as a decision-making body, the policies regarding responsible ownership and how such responsibilities have been discharged;
- reviewing the investment policy as part of any review of the investment strategy;
- reviewing the SIP and modifying it as necessary.

The Trustee has delegated consideration of certain investment matters to an Investment Committee ("IC"), and the Trustee and IC understand the different areas where each party makes decisions, provides oversight or recommendations. The terms of reference for the IC detail clearly its responsibilities.

2. Platform provider

The investment platform provider for the Scheme, L&G, will be responsible for:

- providing access to a range of funds managed by various investment managers; and

- providing the Trustee with regular information concerning the management and performance of the assets.

3. Investment managers

The investment managers will be responsible for:

- managing the portfolios of assets according to their stated objectives, and within the guidelines and restrictions set out in their respective investment manager agreements and/or other relevant governing documentation;
- taking account of financially material considerations (including climate change and other ESG considerations) as appropriate when managing the portfolios of assets;
- exercising rights (including voting rights) attaching to investments and undertaking engagement activities in respect of investments;
- providing regular information concerning the management and performance of their respective portfolios; and
- having regard to the provisions of Section 36 of the Act insofar as it is necessary to do so.

The custodians of the portfolios are responsible for safe keeping of the assets and facilitating all transactions within the portfolios.

4. Investment adviser

The investment adviser will be responsible, in respect of investment matters, as requested by the Trustee, for:

- advising on a suitable fund range and default strategy, and how material changes to legislation or within the Scheme's benefits and membership may impact this;
- advising on the selection, and review, of the investment managers, incorporating its assessment of the nature and effectiveness of the managers' approaches to financially material considerations (including climate change and other ESG considerations); and
- participating with the Trustee in regularly reviewing this SIP.

5. Fee structures

The Trustee recognises that the provision of advisory services to the Scheme results in a range of charges to be met, directly or indirectly, by deduction from the Scheme's assets.

Broadstone is remunerated a fee for its advice, and its appointment is reviewed from time to time by the Trustee.

The platform provider receives fees calculated by reference to the market value of assets under management. The fee rates are believed to be consistent with the providers' general terms for institutional clients and are considered by the Trustee to be reasonable when compared with those of other similar providers.

The fee structure used in each case has been selected with regard to existing custom and practice, and the Trustee's view as to the most appropriate arrangements for the Scheme. However, the Trustee will consider revising any given structure if and when it is considered appropriate to do so.

6. Performance assessment

The Trustee is satisfied with the external expertise available, that there are sufficient resources to support its investment responsibilities. The Trustee believes that it has sufficient expertise and appropriate training to carry out its role effectively.

It is the Trustee's policy to assess the performance of the Scheme's investments, investment providers and professional advisers from time to time. The Trustee will also periodically assess the effectiveness of its decision-making and investment governance processes and will decide how this may then be reported to members.

7. Working with the Scheme's employers

When reviewing matters regarding the Scheme's investment arrangements, such as the SIP, the Trustee seeks to give due consideration to the employers' perspective. While the requirement to consult does not mean that the Trustee needs to reach agreement with the employers, the Trustee believes that better outcomes will generally be achieved if the Trustee and employers work together collaboratively. Primarily this is achieved through discussion with representatives of BUGB.

Appendix 2: Policy towards risk

1. Approach to managing and monitoring investment risks

The Trustee considers that there are a number of different types of investment risk that are important to manage and monitor. These include, but are not limited to:

- **Manager Risk**: The failure by the Investment Manager to achieve the rate of investment return assumed.
- **Liquidity Risk**: The risk of a shortfall of liquid assets relative to the Scheme's immediate liabilities.
- **Custodian Risk**: The risk of failed or inadequate performance by the custodian.
- **Concentration Risk**: The risk that the performance of any single investment that constituted a large proportion of the assets would disproportionately influence the overall level of the assets.
- **Political Risk**: The financial risk that a country's government will suddenly change its policies.
- **Counterparty Risk**: The risk that other parties in any trade or position will default, i.e. will renege on their contractual obligations, resulting in a financial loss to the Scheme.
- **Credit Risk**: This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- **Climate-related Risk**: This risk relates to the transition to a low carbon economy, and the physical risks associated with climate change (e.g. extreme weather).
- **Currency Risk**: This risk relates to exposure of foreign currencies due to investments being held in overseas markets.
- **ESG Risk**: The risk that unsustainable or socially harmful business practices, and unsound corporate governance could be financially material.

The policy of the Trustee is to monitor, where possible, these risks on a regular basis and no less frequently than annually. The Trustee therefore considers:

- Investment Manager performance against the respective benchmarks and targets.
- Level of total charges for the selected funds.
- The range and number of funds available.
- Any significant issues with the Investment Manager that may impact its ability to achieve returns at the same level as their respective benchmarks.

Appendix 3: Monitoring and engaging with managers on voting and engagement

1. Stewardship priorities

We have selected priority themes to provide a focus for our monitoring of investment managers' voting and engagement activities. We will review them regularly and update them if appropriate. Our current priorities are climate change and human rights.

We chose these priorities because they are market-wide areas of risk that are financially material for the Scheme's investments, aligned with the interests of the Scheme's members and can be addressed by good stewardship. Therefore, we believe it is in our members' best interests that our managers adopt strong practices in these areas.

We will write to our investment managers regularly to notify them of our stewardship priorities and remind them of our expectations of them in relation to responsible investment – i.e. ESG considerations, climate change, voting and engagement.

2. Manager selection and monitoring

We seek to appoint investment managers that have strong responsible investment skills and processes. We prefer investment managers who are signatories to the Principles for Responsible Investment, UK Stewardship Code and Net Zero Asset Managers Initiative.

The Investments Committee receives information regularly to enable us to monitor our managers' responsible investment practices and check how effective these are.

This information includes metrics such as our investment consultant's responsible investment grades for each manager, whether they are signatories to the responsible investment initiatives listed above, and (where available) carbon emissions data for our mandates.

3. Annual responsible investment review

Each year, the Investments Committee undertakes a more comprehensive review of our managers' responsible investment practices. This includes our investment consultant's qualitative responsible investment assessments for each manager, including how the manager mitigates climate change risk, and an assessment against the Trustee's Ethical Investment Policy.

4. Ongoing cycle of manager engagement

Given that responsible investment is rapidly evolving, we expect most managers will have areas where they could improve. We therefore aim to have an ongoing dialogue with our managers to clarify our expectations and encourage improvements. In particular, investment managers are routinely invited to meetings with the Investments Committee and the investment consultant.

We review the information outlined above to identify any concerns, for example where the managers' actions are not aligned with our views. Where there are concerns, we typically seek further information through our investment consultants.

Baptist Pension Scheme

Statement of Investment Principles – Implementation Statement

The purpose of this Statement is to provide information which is required to be disclosed in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, as subsequently amended, including amendments to transpose the EU Shareholder Rights Directive (SRD II) into UK law. In particular, it confirms how the investment principles, objectives and policies of the Trustee's Statements of Investment Principles (SIPs) dated September 2024 and December 2025 have been implemented. The SIPs provide further background details on investment arrangements and should be read in conjunction with the Trustee's Chair Statement for 2025.

It also includes the Trustee's voting and engagement policies, as well as details of any review of the SIPs during the year, subsequent changes made and the reasons for the changes (if any). A description of the voting behaviour during the year, either by or on behalf of the Trustee, or if a proxy voter was used, is also included within this Statement.

This Statement covers the period 1 January 2025 to 31 December 2025.

The buy-in policies were assigned to individual members in November 2024, and the DB Section was wound-up in June 2025. On wind-up any surplus assets of the DB Section were allocated to DC assets of the Scheme.

Investment objectives of the Scheme

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

- An appropriate range of investment options, reflecting the membership profile of the Scheme and the variety of ways that members can draw their benefits in retirement; and
- A main default investment option that the Trustee believes to be reasonable for those members that do not wish to make their own investment decisions. The objective of the main default option is to generate returns significantly above inflation whilst members are some distance from retirement, but then to switch automatically and gradually to lower risk investments as retirement approaches.

Review of the SIPs

The SIP was last reviewed in December 2025. The Trustee updated the SIP to reflect the closure of the DB Section, as well as the investment changes to the Ethical Default Lifestyle strategy which were implemented in June 2025. Prior to this, the SIP had last been updated in September 2024 to include new investment regulations in relation to illiquid asset considerations. The December 2025 SIP has been made available to members to view online and can be found at:

https://engage-members.broadstone.co.uk/DCClientPage?scheme=BPX.

The Trustee has a policy on financially material considerations relating to Environmental, Social, and Governance (ESG) issues, including the risk associated with the impact of climate change. In addition, the Trustee has a policy on the exercise of rights and engagement activities, and a policy on non-financial considerations. These policies are set out later in this Statement and are detailed in the Trustee's latest SIP.

The Trustee's policies on financially material considerations, non-financially material considerations, as well as engagement and voting activities, were not updated in the SIP that came into force during the year.

Investment managers and funds in use

Details of the investment strategies and funds used for the Scheme are set out in the December 2025 SIP and the accompanying Investment Policy Implementation Document (IPID).

The funds offered by the Trustee for members of the Scheme to invest in during the year are shown in the below table:

Manager	Fund
L&G	AAA-AA-A All Stocks Corporate Bond Fund
L&G	All Stocks Fixed Interest Gilt Fund
L&G	All Stocks Index-Linked Gilt Fund
L&G	Ethical Growth Fund
L&G	Ethical Diversified Fund
L&G	At Retirement Fund
L&G	Cash Fund
L&G	Dynamic Diversified Fund
L&G	Diversified Fund
L&G	Ethical Global Equity Fund
L&G	Columbia Threadneedle Responsible Global Equity Fund*
L&G	Low Carbon UK Transition Equity Fund
L&G	Global Equity Mixed Weights (30:70) Index Fund (75% GBP Hedged)
L&G	World Emerging Market Equity Fund
L&G	Newton Real Return Fund**
L&G	Over 5 Year Index-Linked Gilt Fund

* The underlying fund is managed by Columbia Threadneedle Investments.
**The underlying fund is managed by Newton Investment Management (part of the BNY group of companies).

During the Scheme year end, the Investment Committee ('IC') agreed to update the Scheme's investment strategy. Namely, the L&G Ethical Global Equity Fund was replaced with the L&G ESG Paris Aligned Equity Fund within the Ethical Default Lifestyle strategy. Furthermore, the M&G Sustainable Total Return Credit Investment Fund, an absolute return bond fund, replaced all passive bond allocations managed by L&G within the Ethical Default Lifestyle strategy to reduce duration risk.

These agreed changes were implemented in June 2025. The IC also agreed to remove the availability for members to invest in the L&G Global Equity Fixed Weights (50:50) Fund within the self-select range as part of the implementation of the above strategy changes.

Following the wind-up of the DB Section, the holdings in the CBRE Property Fund and surplus assets held in cash with L&G were transferred to the Scheme. The Scheme's holdings in the CBRE UK Osiris Property Fund are in the process of being wound down. Two further redemption payments from the fund were received during the year with the remaining holdings, totalling around £385,000, expected to be redeemed by early 2027.

Investment governance

Governance arrangements, in terms of the constitution of the trustee board, service level agreements with providers, processing of core financial transactions, costs and charges and investment arrangements, are detailed in the Trustee's Chair Statement.

The Trustee delegates investment decisions to its Investment Committee ('IC'). The IC appointed by the Trustee board is responsible for ensuring that the ethical investment policy is adhered to by the appointed Investment Managers within acceptable levels. The current guidelines are those set out in the Trustee's Ethical Investment Policy document, last revised in March 2023. The Trustee believes that this stance should not undermine the long-term objectives of the Scheme. The Trustee will take its ethical guidelines into account when appointing and reviewing all its Investment Managers.

The Trustee does not actively obtain views of the membership of the Scheme to help form its policies set out in the SIP, as the Trustee's primary objective is to meet the benefits of the Scheme as they fall due, and the current investment strategy in place is intended to meet this objective. However, members are able to provide their views and feedback directly to the Trustee (where required), and the Trustee is undertaking further reviews of its communication strategies and how it engages with members. This includes developing methods for members to express their views.

The Trustee has put in place strategic objectives for Broadstone, as the Trustee's investment consultant, as required by the Occupational Pension Schemes (Governance and Registration) (Amendment) Regulations 2022, which were reviewed by the Trustee in December 2025. The next review of the Objectives is due by December 2028. These objectives cover demonstration of adding value, delivery of specialist investment consultancy services, proactivity of investment consultancy advice, support with scheme management, compliance and service standards.

The Trustee regularly reviews its advisers (including Broadstone as their investment consultant) on an ongoing basis, with the latest formal review of Broadstone against their strategic objectives completed in December 2025. In addition, a review of the wider services provided by Broadstone is to be undertaken in July 2026.

Monitoring of investment arrangements

In addition to any reviews of the Investment Managers or their approaches, and direct engagement with the Investment Managers (as detailed above), the Trustee receives performance reports from Broadstone on a quarterly basis to ensure the investment objectives set out in their SIP are being met.

Trustee's policies

The table below sets out how, and the extent to which, the relevant policies in the Scheme's SIP have been followed:

Requirement	Policy	Implementation of Policy
Considerations in setting the investment arrangements	When deciding how to invest the Scheme's assets, the Trustee considers a number of risks, including, but not limited to, those set out in Appendix 2 of the SIP in force. Some of these risks are more quantifiable than others, but the Trustee has tried to allow for the relative importance and magnitude of each risk. The considerations the Trustee takes into account for the Scheme are outlined on pages 4 and 5 of the SIP.	No deviation from this policy over the year to 31 December 2025.
Implementation of the investment arrangements	The Trustee's policy on the implementation of the investment arrangements is set out on page 6 of the SIP.	No deviation from this policy over the year to 31 December 2025.
Realisation of investments	The Investment Managers have discretion over the timing of realisation of investments of the Scheme within the portfolios that they manage, and in considerations relating to the liquidity of investments. The Trustee's policy is to invest in funds that offer daily dealing to enable members to readily realise and change their investments.	No deviation from this policy over the year to 31 December 2025.
Financially and Non-Financially Material Considerations	The Trustee's policy on financially and non-financially material considerations is set out on page 7 of the SIP and in full below.	No deviation from this policy over the year to 31 December 2025 (see below).
Engagement and Voting Rights	The Trustee recognises its responsibility as the owner of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments. The Trustee has delegated to its Investment Managers the exercise of rights attaching to investments, including voting rights, and engagement with relevant persons such as issuers of debt and equity, stakeholders and other investors about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG considerations. The Trustee does not monitor or engage directly with issuers or other holders of debt or equity, but it does engage with current and prospective Investment Managers on matters including ESG and stewardship. Further details are set out in Appendix 3 of the SIP in force.	No deviation from this policy over the year to 31 December 2025 (see below).

Requirement	Policy	Implementation of Policy
Illiquid investments	Illiquid assets mean assets that can't be easily or quickly sold or exchanged for cash, and where assets are invested in a collective investment scheme this includes any such assets held by the collective investment scheme. Investments in the default lifestyle arrangements include illiquid assets through a small investment in global private markets, which includes exposure to private equity, private credit, private infrastructure and private real estate. These investments are held via the L&G Diversified Fund, which forms part of the Ethical Default Lifestyle Fund. Members aged below their Target Retirement Age hold an investment in illiquid assets. The L&G Diversified Fund is managed by L&G, which means the allocation to illiquid assets may vary over time and may reduce to zero, depending on the views of the manager. The Trustee has included these allocations within the default arrangement because it believes it will help achieve the overall investment objective for the Scheme by increasing returns and providing diversification benefits for members in the approach to retirement. The Trustee believes that long-term net risk-adjusted investment returns may be improved by investing in illiquid assets. However, investing in stand-alone illiquid assets in DC pension schemes is a relatively new and developing area. In addition, the inability to sell stand-alone illiquid assets at relatively short notice could impact and delay the wind-up of the Scheme if this was to happen in the future. Therefore, it is the Trustee's policy to only invest in illiquid assets through pooled fund structures such as the L&G Diversified Fund which are not subject to dealing restrictions. There are a number of 'legacy defaults' in the Scheme. These include the L&G Diversified Fund mentioned above, as well as the Lump Sum Target Lifestyle Fund and the L&G Dynamic Diversified Fund. The L&G Dynamic Diversified Fund includes illiquid assets through a small investment in global private markets, which includes exposure to private equity, private credit, private infrastructure and private real estate. The Lump Sum Target Lifestyle Fund invests in illiquid assets via the L&G Dynamic Diversified Fund, which is one of its component funds. The other legacy defaults do not include illiquid assets. Members across all ages can be invested in legacy defaults.	No deviation from this policy since it was introduced in the September 2024 SIP.

Financially and non-financially material considerations

The Trustee has considered how environmental, social and governance ("ESG") considerations (including but not limited to climate change) should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Scheme and its members.

The Trustee expects its Investment Managers to take account of financially material considerations (including climate change and other ESG considerations). The Trustee seeks to appoint managers that have appropriate skills and processes to do this, and from time-to-time reviews how its managers are taking account of these issues in practice. The Trustee has limited influence over managers' investment practices where assets are held in pooled funds, but it encourages its managers to improve their practices where appropriate.

The Trustee has decided that the Investment Managers should adopt ethical guidelines where possible. The current guidelines are those set out in the Trustee's Ethical Investment Policy document, which was updated in March 2023 to clarify how this Policy applies to the Scheme. The Trustee believes that this stance should not undermine the long-term objectives of the Scheme. The Trustee considers the sponsoring employer's ethical policies when reviewing/updating the investment strategy of the Scheme.

The Trustee will take its ethical guidelines into account when appointing and reviewing the Investment Managers, and when making funds available to invest in by members. The Trustee cannot usually directly influence Investment Managers' policies on ethical factors where assets are held in pooled funds due to the collective nature of these investments.

The Trustee has chosen to invest the equity allocation of the Ethical Default Lifestyle strategy in a passively managed fund that tracks an index that has reduced exposure to ESG and ethical risks and increased exposure to ESG and ethical opportunities. Outside of the Ethical Default Lifestyle strategy, the Scheme offers an actively managed equity fund which invests in ESG and ethically screened equities, as well as a passively managed equity fund which tilts the Fund in favour of companies with lower greenhouse gas emissions.

In addition, the Trustee updated its default investment strategy for the Scheme to incorporate the following funds with a focus on ESG considerations:

- The introduction of the L&G ESG Paris Aligned World Equity Fund, which both ethically screens equities and tilts investment in favour of companies with lower greenhouse gas emissions. This is complemented by investing in companies that promote the United Nations' Sustainable Development Goals ('UN SDGs') as well as having a decarbonisation pathway to help the fund support the principles of the Paris Climate Agreement; and
- The introduction of the M&G Sustainable Total Return Credit Investment Fund, which incorporates ESG factors as part of the fund's investment process.

Both funds are aligned with the Trustee's Ethical Investment Policy.

A summary of the Trustee's views for each asset class in which the Scheme invests is outlined below.

Asset Class	Active or passively managed?	Comments
Equities	Active / Passive	Where equities are actively managed, the Trustee expects the fund manager to integrate ESG factors into the selection, retention, and realisation of the stocks they hold where this is expected to have a material impact on returns. The Trustee also expects the fund manager to take into account ESG considerations when engaging with companies and by exercising voting rights. However, the exercise of rights and engagement activities should be consistent with, and proportionate to, the rest of the investment process. The Trustee has made the following funds available to invest in by members of the Scheme, where these funds have a focus on ESG factors: • The L&G Ethical Global Equity Index Fund is available to use by members. The fund aims to track the FTSE4Good Developed Index, which excludes companies that are involved in the manufacturing or production of tobacco, weapons, or coal, or investment trusts, and requires companies to have obtained a FTSE ESG rating of 3.3 or above to be included in the index. Therefore, the Trustee expects the Investment Manager to take a more in-depth account of ESG considerations by engaging with companies that form the index, and by exercising voting rights on these companies.

Asset Class	Active or passively managed?	Comments
		• The Columbia Threadneedle Responsible Global Equity Fund is available to use by members. The fund aims to provide long-term capital growth by investing in companies screened against defined responsible and sustainable criteria, including exclusions on tobacco, alcohol, weapons, gambling, nuclear and pornography. The fund also requires companies to meet sector standards on social and environmental impacts, including systems for managing labour standards, human rights, supply chains, environmental impacts, water, waste and biodiversity. • The L&G Low Carbon Transition UK Equity Index Fund is available as an additional default arrangement for members. The fund is designed to provide exposure to the UK equity market on a de-carbonisation path to achieve net zero by 2050, whilst also significantly reducing the level of carbon reserves and improving green revenues. Companies that fail to meet L&G's minimum standards on low carbon transition and corporate governance standards may be excluded from the fund.
Risk-controlled multi-asset funds	Active	The Trustee expects the asset managers to take financially material ESG factors into account, given the active management style of the funds and the ability of the managers to use their discretion to generate higher risk adjusted returns. The Trustee also expects its Investment Managers to engage with the underlying investee companies, where possible, although it appreciates that fixed income assets within the portfolio do not typically attract voting rights.
Property	Active	The Trustee believes there is less scope for the consideration of ESG issues to improve risk-adjusted returns in this asset class because of the nature of the securities. However, the Trustee expects the Investment Manager to have regard to ESG issues when properties are being sold and purchased within the portfolio, together with any opportunities to re-develop existing properties with ESG issues in mind.
Corporate bonds	Passive	The Trustee acknowledges that the Investment Manager must invest in line with specified index and, therefore, may not be able to disinvest from a particular bond issue if it has concerns relating to ESG. The Trustee also expects its Investment Manager to engage with investee companies, where possible, although it appreciates that fixed income assets do not typically attract voting rights.
Government bonds	Passive	The Trustee believes there is less scope for the consideration of ESG issues to improve risk-adjusted returns in this asset class because of the nature of the securities.
Cash	Active	The Trustee believes there is less scope for the consideration of ESG issues to improve risk-adjusted returns in this asset class because of the nature of the securities.

Voting rights

The Trustee and members currently invest in pooled investment funds with the Investment Managers, and it acknowledges that this limits the ability to directly influence the Investment Managers. In particular, all voting activities have been delegated to the Investment Managers, as the Trustees are unable to vote on the underlying holdings, given the pooled nature of the Scheme's investments.

However, the Trustee periodically meets with its Investment Managers, to engage with them on how they have taken ESG issues and voting rights into account for the investment approaches they manage on behalf of the Trustee. As part of this, the Trustee will seek to challenge the Investment Managers on these matters where it thinks this is in the best interests of members. To complement this monitoring, the Trustee receives stewardship and governance reports from the Investment Managers on a quarterly basis.

Some of the L&G assets held in the Scheme contain publicly listed equity holdings. These funds have voting rights attached to the underlying equities held within the funds, and the Trustee has delegated these voting rights to L&G, where L&G sets its own voting policy.

All of the Scheme's assets are invested in pooled funds held with L&G. L&G do not use a proxy voting service to determine their voting policy, which is formed in-house. L&G do, however, use Institutional Shareholders' Service's (ISS's) Proxy Exchange voting platform to vote on resolutions electronically. Where the underlying fund is managed by Columbia Threadneedle or Newton (part of the BNY Mellon group of companies), both managers use ISS to assist with implementing any voting decisions made internally by the managers.

A summary of the votes made by the underlying Investment Managers from 1 January 2025 to 31 December 2025 on behalf of the Trustee for each fund made available by the Trustee for the Scheme during the year that includes voting rights was requested from the managers. It was requested that the manager provides voting data broken down into Environmental, Social, and Governance categories. However, the manager advised that the data is not yet available in this format. The breakdown of this data will continue to be requested in future periods. The data in the table below is therefore provided at total fund level.

Manager	Fund	Resolutions Voted On	Resolutions Voted:		
			For	Against	Abstained
L&G	Ethical Growth Fund*	101,490	75.7%	23.1%	1.2%
L&G	Ethical Diversified Fund*	101,490	75.7%	23.1%	1.2%
L&G	At Retirement Fund*	100,904	75.7%	23.1%	1.2%
L&G	Dynamic Diversified Fund	105,806	75.0%	24.2%	0.8%
L&G	Diversified Fund*	100,913	75.7%	23.1%	1.2%
L&G	Ethical Global Equity Fund	16,866	81.8%	17.9%	0.3%
L&G	World Emerging Markets Equity Index Fund	39,443	77.1%	20.3%	2.6%
L&G	Columbia Threadneedle Responsible Global Equity Fund**	829	97.8%	1.9%	0.3%
L&G	Low Carbon UK Transition Fund	1,849	96.5%	3.5%	-
L&G	Global Equity Mixed Weights (30:70) Index Fund (GBP Hedged)	75,130	79.2%	19.3%	1.5%
L&G	Newton Real Return Fund***	981	92.4%	7.6%	-

*Composed of various underlying funds.
**The underlying fund is managed by Columbia Threadneedle Investments.
***The underlying fund is managed by Newton Investment Management (part of the BNY group of companies).

Significant votes

The Trustee has requested details of the significant votes made on behalf of the Trustee by L&G in respect of a fund in which the Scheme invests and has voting rights. In determining significant votes, L&G's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:

- High profile votes which have such a degree of controversy that there is high client and/or public scrutiny;

- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at the manager's annual Stakeholder roundtable event, or where we note a significant increase in requests from clients on a particular vote;
- Sanction votes as a result of a direct or collaborative engagement;
- Votes linked to any manager engagement campaign, for example in line with L&G Investment Stewardship's 5-year ESG priority engagement themes.

The Trustee believes the following are the most significant votes undertaken on its behalf over the Scheme year:

Significant Vote 1		
Investment Manager	L&G	
Company	ANZ Group Holdings Limited	
Date of vote	18 December 2025	
Percentage of portfolio invested in Company at date of vote	L&G Ethical Growth Fund:	0.3%
	L&G Ethical Diversified Fund:	0.2%
	L&G At Retirement Fund:	0.8%
	L&G Dynamic Diversified Fund:	0.2%
	LGIM Diversified Fund:	0.2%
	L&G Ethical Global Equity Fund:	0.2%
	L&G Global Equity Mixed Weights (30:70) Index Fund (GBP Hedged):	0.1%
Resolution	Approve Strategy to Eliminate Financed Deforestation	
Why significant	L&G considers this vote to be significant as it is applied under their engagement program on deforestation, targeting companies in high-risk sectors.	
Voting decision	Voted For	
Manager comments	*"L&G expects companies to be taking sufficient action on the key issue of climate and nature. Disclosure of a strategy to eliminate financed deforestation would provide investors with visibility on governance, targets, client expectations, controls, and escalation pathways for this financially material risk.* *L&G acknowledge that none of the big four Australian banks has a formal no-deforestation commitment, and that ANZ plans to strengthen due diligence processes and review exposure to potential deforestation risk, informed by engagement with the Accountability Framework Initiative (AFI) or its delivery partners in 2026, and has set expectations for land and forest sector clients aligned to high standards via certification for soy and palm oil.* *However, concerns remain regarding the lack of disclosure of specific and quantified processes for identifying and addressing deforestation, including consequences for adverse findings. A clear, board-overseen strategy and disclosure is considered beneficial for shareholders."*	
Vote outcome	Resolution Failed	

Significant Vote 2	
Investment Managers	Columbia Threadneedle
Company	Microsoft
Date of vote	5 December 2025
Percentage of portfolio invested in Company at date of vote	Columbia Threadneedle Responsible Global Equity Fund: 8.6%
Resolution	Human Rights Risk Assessment
Why significant	Columbia Threadneedle deems votes on certain social and environmental proposals as significant.
Voting decision	Voted For
Managers comments	*"The company faces risks related to human rights in its global operations. Good practice includes developing a clear human rights policy or code of practice, along with a narrative on how impacts are monitored and effectively mitigated."*
Vote outcome	Resolution Failed

Engagement activities

The Trustee has also delegated engagement activities to the Investment Managers. The notable engagement activities of the Investment Managers are provided below:

- **L&G** engaged with Anglo American plc, focusing primarily on strategic opportunities that have the potential to strengthen the company's position as a leader in the climate transition. Anglo American is also included in L&G's engagement-led investing strategy – an approach that seeks to support companies in creating long-term shareholder value while reducing emissions and advancing the energy transition.

  In 2025, L&G undertook a series of six meetings and multiple email exchanges with Anglo American, led by both their Investment Stewardship and Climate Solutions teams. Anglo was identified as a strategically significant company within the sector, with a unique copper growth pipeline and a strong track record in project development. L&G's engagement was also informed by concerns that the Company's undervaluation could leave it vulnerable to a takeover, potentially impacting its culture and sustainability leadership. Through L&G's engagement approach, they sought to ensure that any strategic shift would support long-term value creation, robust governance, and continued progress on climate and sustainability objectives.

  Throughout 2024 and 2025, L&G also engaged with the Company on strategic options, advocating for a significant portfolio restructuring to restore market confidence and unlock value. L&G were pleased to see the Company's subsequent announcements closely align with their proposed action plan, culminating in the September 2025 announcement of the proposed merger with Teck Resources.

  L&G publicly supported the merger, recognising its potential to create an energy-transition leader with a strong sustainability focus and significant copper exposure, which is a critical metal for electrification and projected to see surging demand by the 2030s. The merger of Anglo American and Teck Resources was approved at the Extraordinary General Meeting (EGM) in December 2025.

- **CBRE** engaged with the one remaining investee of the CBRE UK Osiris Property Fund to understand how the managers would look to improve performance regarding a variety of ESG related issues. These included the following metrics: Green Building Certificates, Energy Efficiency Ratings, Energy Savings, Reductions in GHG emissions, and Net Zero Carbon Targets.

  Engagement activity was therefore limited during the reporting period, given the extent of the wind down of the CBRE UK Osiris Property Fund.

- **Columbia Threadneedle ('CT')** engaged with SITC International Holdings (SITC), a leading container shipping company in Asia. The company is taking a measured approach to decarbonisation with a 2050 net-zero target, having already achieved a 17% emissions reduction since 2017, primarily through fleet modernisation. SITC believes their current decarbonisation achievements already comply with International Maritime Organisation (IMO) through 2030, given them 5-10 years to transition to liquefied natural gas (LNG) or other alternative fuels.

  SITC's emission reduction strategy focuses on vessel retrofits to improve engine efficiency and redesign ship shapes to reduce energy consumption, claiming new ships achieve 30% efficiency improvements over older vessels. The company expects IMO carbon pricing efforts will proceed despite US opposition and anticipates China's emissions trading system will eventually expand to include shipping.

  CT concluded that SITC's cautious approach to alternative fuels reflects the economic challenges with servicing the smaller ports they serve with alternate fuels. CT will continue to encourage SITC to step forward its efforts to build up its ship and port infrastructure to prepare to use alternative fuels, in preparation for advancing Chinese and IMO regulation.

- **Newton** engaged with Hubbell Inc, a leading US manufacturer of utility and electrical solutions that help to build more reliable, resilient, and renewable energy infrastructure.

  One of the areas of focus as part of the engagement was specifically with consideration to issues of safety, working conditions, employee engagement, diversity and inclusion. Newton identified the extent to which the hourly turnover is seen as a material risk, as well as exploring where turnover is concentrated and what are the factors driving this trend, such as the employee-supervisor relationship, shift patterns, pay competitiveness and safety. Newton also explored how management embeds site-level accountability.

  By considering human capital issues, Newton identified a c.10k-strong hourly workforce which underpins the Company's manufacturing reliability, safety, and service quality. High turnover is therefore an earnings and risk issue. Meanwhile, site-level accountability and data are key to managing labour inflation, training cost, and safety incidents.

  Newton found total hourly turnover of around 25–26%, down materially from c.32% reported in their previous engagement with the business. Turnover is slightly higher in frontline supervisors and technical/engineering roles, but management emphasised rates are well below 20–30% in salaried positions.

The Trustee is comfortable with the approach used by Investment Managers for exercising rights and conducting engagement activities, and specifically that they attempt to maximise shareholder value as a long-term investor.

The Trustee also considers an investment manager's policies on stewardship and engagement when selecting and reviewing investment managers.

Signed: **Date:** 23 July 2026

On behalf of the Trustee of the Baptist Pension Scheme