

Baptist Pension Scheme

Annual Report 31 December 2023

Scheme Registration Number: 10139575



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BAPTISTS TOGETHER BAPTIST PENSION SCHEME

Trustee and its Advisers

Trustee

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

Trustee Directors

Ms J M Drake

CM Pensions Limited (represented by C D Maggs) (Moderator)

Mr A J A Pike

Mr P H Chilcott

Mr S J Glen

The Revd K Stewart

Secretary to the Trustee and Pension Scheme Manager

Mr S D Kaney Baptist House 129 Broadway Didcot OX11 8RT

Principal Employer

Baptist Union of Great Britain ("the Union") Baptist House 129 Broadway Didcot X11 8RT

Scheme Actuary

Mr R Soldan FIA Lane Clark & Peacock LLP 95 Wigmore Street London W1U 1DQ

Scheme Administrators

Broadstone Consultants & Actuaries Limited Broadstone House 23-25 St George's Road Bristol BS1 5UU

Scheme Consultants

Defined Benefit Section

Lane Clark & Peacock LLP 95 Wigmore Street London W1U 1DQ



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BAPTISTS TOGETHER BAPTIST PENSION SCHEME

Trustee and its Advisers (continued)

Scheme Consultants (continued)

Defined Contribution Section

Broadstone Consultants & Actuaries Limited Broadstone House 23-25 St George's Road Bristol BS1 5UU

Investment Consultants

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Investment Managers

Defined Benefit Section

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

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

Defined Contribution Section

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

Bulk Annuity Provider

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Independent Auditor

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Trustee and its Advisers (continued)

Legal Adviser

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Bank

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

The Trustee of the Baptist Pension Scheme

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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 2023.

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 four 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.

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.





Pension increases

With effect from 1 January 2019, pensions are increased each year by the lower of the increase over the year to September in the Consumer Prices Index and 5%.

On 1 January 2023 an increase of 5% was applied.

On 1 January 2024 an increase of 5% was applied.

No increase was applied to Supplementary Benefits accrued prior to 6 April 1997, nor those accrued from Additional Voluntary Contributions made after 5 April 1997.

Deferred pension benefits increase in line with statutory requirements but using RPI rather than CPI as the inflation reference.

Financial development

The financial statements on pages 21 to 37 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 decreased from £258,277,000 at 31 December 2022 to £257,079,000 at 31 December 2023.

On 30 June 2022 the Trustee entered into a second buy-in arrangement with Just Retirement Limited which is expected to lead to buy-out of all DB Plan benefits. However, the DC Plan is continuing, 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 12 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.

After the year-end, the Trustee formally resolved to commence the wind-up of the DB Plan with effect from 31 March 2024. It is anticipated that the buy-in arrangement will convert to buy-out policies by the end of 2024.

Report on actuarial liabilities

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

Under section 222 of the Pensions Act 2004 every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions, which represent the present value of benefits to which members are entitled based on pensionable service to the valuation date. This is assessed at least every 3 years using assumptions agreed between the Trustee and the Union and set out in the Statement of Funding Principles.

The Scheme's Actuary has reported on the Scheme's actuarial valuation as at 31 December 2019, which included the provision of the relevant actuarial statements and certificates. The results of this valuation were presented in a report dated 4 December 2020. The results indicated that the value of assets of the Scheme at 31 December 2019 were £298m, which was £18m less than the amount necessary to cover the "technical provisions". In normal circumstances there would have been an actuarial valuation as at 31 December 2022 but this was not necessary in light of the expected trigger of wind-up of the DB Plan.

The 2019 valuation was carried out in line with the legislation and the code of practice set out by The Pensions Regulator.

The valuation adopted the "projected unit method", under which the technical provisions are calculated as the amount of assets required as at the valuation date to meet the projected benefit cashflows, based on benefits accrued to the valuation date and the various assumptions made.

The key outcomes of the valuation included:

- a reduction in the technical provisions deficit from £93m at 31 December 2016 to £18m at 31 December 2019 mainly due to:
 - a significant contribution from the Union and contributions paid by the other employers towards reducing the deficit,
 - agreed changes to the assumptions used to calculate the technical provisions; and





Report on actuarial liabilities (continued)

- the purchase of a buy-in policy to insure most of the Scheme's pensioner liabilities in late 2019.
- a 50% reduction to employer contributions from July to December 2020
- a contribution of £0.5m from the Union to the Scheme, brought forward from 2023 to 2020
- · otherwise no changes to the amount of monthly deficit contributions for other employers
- the deficit contributions are scheduled to finish in June 2026, 2½ years earlier than previously anticipated.

The main financial assumptions underlying the valuation calculations were:

Key financial assumptions	% p.a.
Rate of price inflation	
• RPI	3.20
• CPI	2.70
Rate of return from gilts	1.20
Investment returns	
Pre-retirement (gilt yield plus 1.75% p.a.)	2.95
Post-retirement (gilt yield plus 0.50% p.a.)	1.70
Rate of increases in Minimum Pensionable Income	
(CPI plus 0.5% p.a., subject to a minimum of RPI)	3.20
Deferred pension increases	
Pre April 2009	3.20
Post April 2009	2.50
Rate of pension increases	
Based on CPI with an annual floor of 0% and annual cap of 5%	2.70

The valuation results are sensitive to the assumptions chosen and we illustrate here effects of changes to some of the key assumptions.

The results are particularly sensitive to the advance credit for future investment returns. By way of illustration, the effect of changing this assumption is shown in the table below.

Advance credit for returns above gilts	Pre-retirement % p.a.	Post-retirement % p.a.	Deficit £m
Actual rate used	1.75	0.50	18
Higher rate (pre-retirement)	2.00	0.50	15
Higher rate (post-retirement)	1.75	0.75	13
No credit (pre- or post-retirement)	0.00	0.00	57

The results are also sensitive to the assumptions about future inflation, although this is limited to some extent by the Scheme's Liability Driven Investment (LDI) portfolio and the buy-in policy. As an illustration, if yields were to move such that the assumption for future RPI and CPI inflation increased by 0.25% p.a., with no other changes, the deficit would increase by broadly £2m.

Mortality assumptions

The results are also sensitive to the pensioner mortality assumption in terms of both life expectancy at the valuation date and how life expectancy may change in the future. To the extent that the mortality assumption under-estimates life expectancies, the technical provisions will be too low, all other things being equal.





Report on actuarial liabilities (continued)

Mortality assumptions (continued)

As an illustration, if it were assumed that life expectancies were one year longer than implied by the mortality assumption adopted, the technical provisions would be broadly 2-3% higher. However, the value of the buyin policy would also increase by the same proportion.

Life expectancies (age at death)

The following table sets out the life expectancies based on the assumptions used for the valuation.

	Males	Females
For members aged 65 in 2019	89.5	91.6
For members aged 65 in 2039	91.4	93.2

Percentage of members with spouse/dependant benefits

The valuation uses the following assumptions about members with spouses or dependants:

Members in Service: 100% of male members and 75% of female members are assumed to be

married (or otherwise qualify for dependants' pensions) at retirement, or earlier

death.

Deferred and Pensioners: Based on actual marital/dependency data.

Contributions

In order to meet the deficit in the DB Plan of £18m against the technical provisions, the Trustee agreed with the Union the following deficiency contributions from churches and other employers from 1 January 2020:

• During 2020, the level of contributions payable each month is the same as those payable by the relevant DB Employer for December 2019, but adjusted by the following ratio:

Minimum Pensionable Income during 2020
Minimum Pensionable Income during 2019

The contributions payable in December 2019 are described in the schedule of contributions dated 18 December 2018.

Monthly contributions will increase with effect from each subsequent 1 January in line with the % increase in the Minimum Pensionable Income effective from that date. For example, with effect from 1 January 2021, the contributions payable each month for each DB Employer will be the same as those payable by that DB Employer for December 2020, increased by the following ratio:

Minimum Pensionable Income during 2021
Minimum Pensionable Income during 2020

Monthly contributions for the six months from July 2020 to December 2020 inclusive will be reduced by 50% i.e. will be at the level of 50% of the contributions that were payable between January 2020 and June 2020 inclusive.

Based on the assumptions used for the valuation, the monthly contributions from DB Employers are payable until 30 June 2026.

In addition to the monthly contributions for each DB Employer, the BUGB Trustees on behalf of the Union paid a one-off contribution of £500,000 on 13 November 2020.

The Trustee and the Union agreed a replacement Schedule of Contributions from August 2022 following the buy-in of the DB Section with Just. This released the employers from their recovery plan contributions but committed the Union to a potential contingency payment in 2026. A further replacement Schedule of Contributions from December 2023 released the Union from this contingency payment as part of an agreement on compensation for members affected by the DB Plan wind-up..





Contributions (continued)

The Actuary's certification of the Schedule of Contributions is shown on page 38.

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	-	2,608	3,616	6,224
Deficit funding contributions	60	•	1	60
Other - life cover and expenses	320	933	ı	1,253
Flexible apportionment arrangement	120	•	1	120
Contributions paid in the year and reported on by the Scheme auditor	500	3,541	3,616	7,657





Membership

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

DB Section

DB Section	DB Only Members	DB Members with DC	Total
Active members			
Active members at the start of the year	-	436	436
Adjustments	-	(6)	(6)
Retirements	-	(15)	(15)
Members leaving with preserved benefits	-	(17)	(17)
Deaths		(1)	(1)
Active members at the end of the year		397	397
Pensioners			
Pensioners at the start of the year	1,072	-	1,072
Adjustments	4	-	4
Retirements	54	-	54
Deaths	(36)		(36)
Pensioners at the end of the year	1,094	<u>-</u>	1,094
Dependants			
Dependant members at the start of the year	234	-	234
New dependant pensioners	22	-	22
Deaths / Ceased	(17)	<u></u> _	(17)
Dependants at the end of the year	239		239
Members with deferred benefits			
Deferred members at the start of the year	192	245	437
Adjustments	(4)	6	2
New leavers with deferred benefits	-	17	17
Retirements	(22)	(17)	(39)
Transfers out	(2)	-	(2)
Deaths	(1)	-	(1)
DC link added	(4)	4	-
DC link removed	3	(3)	-
Deferred members at the end of the year	162	252	414
Total DB membership at the end of the year	1,495	649	2,144





Membership (continued)

DC Section

DC Section	DC Only Members	DC Members with DB	Total
Active members			
Active members at the start of the year	1,008	557	1,565
Adjustments	54	(50)	4
New active members	163	5	168
Members rejoining	12	6	18
Retirements	(1)	-	(1)
Designation to drawdown	(1)	-	(1)
Members leaving with preserved benefits	(140)	(30)	(170)
Members taking full commutation	(1)	(2)	(3)
Refunds and transfers out	(10)	(3)	(13)
Transfers to DB Section	-	(2)	(2)
Deaths	-	(1)	(1)
Exits with no liability	(3)	-	(3)
DB link removed	7	(7)	-
Active members at the end of the year	1,088	473	1,561
Members with deferred benefits			
Deferred members at the start of the year	441	208	649
Adjustments	32	(31)	1
New leavers with deferred benefits	140	30	170
Members returning to Active	(13)	(5)	(18)
Members taking full commutation	(25)	(2)	(27)
Designation to Drawdown	(3)	-	(3)
Transfers out	(28)	(2)	(30)
Transfers to DB Section	(2)	(1)	(3)
Deaths	(2)	-	(2)
Exits with no liability	-	(2)	(2)
DB link removed	13	(13)	-
Created following divorce	2	-	2
Deferred members at the end of the year	555	182	737
Drawdown members			
Drawdown members at the start of the year	2	-	2
Drawdown designations	7	-	7
Drawdown members at the end of the year	9		9
Total DC membership at the end of the year	1,652	655	2,307
-			





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 quarterly basis. The Trustee has put in place investment managers with its investment managers to implement this strategy.

This changed in June 2022 when the DB Section assets were sold, except for an illiquid property investment, to purchase a second bulk annuity contract with Just Retirement. Since then, the Scheme's assets, other than a cash fund, are not regarded as readily marketable. However, the insured annuity policy provides cash payments as required to meet member benefit payments, and combined with the cash fund, the Trustee is confident that the necessary liquidity exists to meet member benefit payments.

The investments of the Scheme are managed on behalf of the Trustee by the Scheme's investment managers. At the end of 2023 these were:

Defined Benefit Section

- CBRE Global Investment Partners ("CBRE")
- Legal & General Investment Management Limited ("L&G")

Defined Contribution Section

Legal & General Investment Management Limited ("LGIM")

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 January 2023 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.





Investment strategy - DB Plan

The Scheme does not have a target asset allocation. The Scheme holds two bulk annuity contracts with JUST Retirement. These policies are designed to match the pensions payable to all the Scheme's pensioner members as at its inception in December 2019 and June 2022. The annuity policies are "buy-ins" and therefore remain as assets of the Scheme.

The Scheme also holds two residual investments:

- An allocation to the CBRE UK Osiris Property Fund. This fund entered wind-up in March 2020 and is in the process of returning capital to all its investors. The timeframe for this is uncertain (likely several years).
- 2. An allocation to the Legal & General Sterling Liquidity Fund. The main purpose of this mandate is to invest any surplus liquid assets post the buy-in transaction.

Investment strategy – DC Plan

The Trustee has appointed Legal & General (L&G) as the investment platform and Broadstone as the administrator of the DC Plan within 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 current default strategy, namely the Ethical Default Lifestyle, automatically moves members' funds from higher risk/return investments into lower risk/return investments as the member approaches retirement. 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.





Investment strategy - DC Plan (continued)

The underlying composition of the default funds as at 31 December 2023 is shown in the table below.

Fund	Composition
Ethical Growth Fund	70% L&G Ethical Global Equity 30% L&G Diversified Fund
	30% L&G Ethical Global Equity
Ethical Diversified Fund	30% L&G Diversified Fund
	16% L&G All Stocks Fixed-interest Gilt Fund 16% L&G AAA-AA-A Corporate Bond All Stocks Fund
	8% L&G All Stocks Index-Linked Gilt Fund
	40% L&G Diversified Fund
	30% L&G Cash Fund
At Retirement Fund	12% L&G All Stocks Fixed-interest Gilt Fund
	12% L&G AAA-AA-A Corporate Bond All Stocks Fund 6% L&G All Stocks Index-Linked Gilt Fund
	0% Lag All Stocks index-Linked Gill Fund

No other lifestyle strategies are in place, except for members who were within 5 years of retirement at the time the current default strategy was implemented, who were able to remain invested in the old default option, namely the Lump Sum Target lifestyle.

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

No changes were made to the lifestyle strategies or the self-select range during the year.

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 of the DB Plan

31 December 2023	1 Year %	3 Years % p.a.
Scheme	0.0	-12.1

Most of the negative return shown in the above table arises because of the fall in the value of the buy-in policy over the second half of 2022. However, as the buy-in policy matches the Scheme's liabilities that did not impact the Scheme's funding position.

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 assets in LGIM's Sterling Liquidity Fund to be used to pay deferred premiums on the buy-in contract as they fall due

Nature, disposition, marketability and security of the Scheme's DB Plan assets

With the exception of the property fund that is in wind down, the assets of the Scheme are relatively liquid, consisting of a daily dealt Sterling Liquidity pooled investment vehicle and a bank account.

CBRE Global Investment Partners ("CBRE") - UK Property

The Scheme invests in UK Property through a pooled fund of funds called the CBRE Global Investment Partners UK Osiris Property Fund. The Fund's objective is to outperform the AREF/IPD UK QPFI All Balanced Property Fund Index by 0.5% pa over rolling three year periods (before CBRE fees but after fees for the underlying property funds). The fund was terminated in March 2020 and is currently in a phased wind down. All investments will be realised at CBRE's discretion and distributed to unit holders in proportion to their respective holdings of units.





Legal & General Investment Management ("L&G") - Sterling liquidity

The Scheme invests in Sterling liquidity assets through a pooled fund called the LGIM Sterling Liquidity Fund. The objective of the fund is to provide capital stability and a return in line with money market rates whilst providing daily access to liquidity and providing an income. The fund does not have a formal benchmark. The fund is priced daily, open ended and unlisted.

JUST Retirement ("JUST") - Buy-in policy

The Scheme invests in two bulk-annuity insurance policies that match the pensions payable to all of the Scheme's members ("buy-ins"). The Trustee selected JUST as the provider for the buy-ins.

This "buy-in" annuity policies are Scheme assets and therefore remain the Trustee's responsibility to pay members' benefits (which the buy-in income goes towards).

Following the Trustee's decision to commence the wind-up of the DB Plan it is anticipated that the "buy-in" annuity policies will be converted to "buy-out" policies by the end of 2024.

Policy on social, environmental and ethical factors

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

The Trustee has decided that, in the investment of the DB Section's assets, the buy-in provider should be aware of ethical guidelines and encouraged to adopt similar policies where possible. The current guidelines are those set out in the Trustee's Ethical Investment Policy document. The Trustee believes that this stance should not undermine the long-term objectives of the Scheme.

The Trustee has taken its ethical guidelines into account when appointing and reviewing the DB Section's buy-in provider. The Trustee cannot usually directly influence the buy-in provider's policies on ethical factors but will make the buy-in provider aware of its views.

Within the DC Plan, the Trustee has chosen to invest the equity allocation of the default 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. The Ethical Default Lifestyle strategy components are also available as separate investment options members can select. Outside of the default strategy, the DC Plan offers an actively managed equity fund which invest 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.

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 and buy-in provider the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, risks and ESG considerations.





Stewardship (continued)

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 the investment managers and buy-in provider 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, it 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 2023.

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.

Further information

Further information is set out on pages 39 and 40.

Signed for and on behalf of the Trustee:

Date: 26 July 2024





Statement of Trustees' 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 2023 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 2023, 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.

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

Date: 30 July 2024



Annual Report 31 December 2023



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 2023 which is set out in the Trustees' Report on page 8.

Statement about contributions payable under the Schedules of Contributions

In our opinion contributions for the Scheme year ended 31 December 2023 as reported in the Summary of Contributions and payable under the Schedules of Contributions have in all material respects been paid at least in accordance with the Schedules of Contributions certified by the Scheme Actuary on 3 August 2022 and 13 December 2023.

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.

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Date: 30 July 2024



Annual Report 31 December 2023



Fund Account

	Note	Defined Benefit Section £000	Defined Contribution Section £000	2023 Total £000	2022 Total £000
Contributions and benefits		2000	2000	2000	2000
Employer contributions		500	3,541	4,041	7,119
Employee contributions	_	-	3,616	3,616	3,435
Total contributions	5	500	7,157	7,657	10,554
Transfers in	6	-	69	69	145
Other income	7 _	-	202	202	1,497
	_	500	7,428	7,928	12,196
Benefits payable Payments to and on account of	8	(10,101)	(1,028)	(11,129)	(12,013)
leavers	9	(232)	(1,514)	(1,746)	(1,484)
Administrative expenses	10	(1,647)	(359)	(2,006)	(2,455)
Other payments	11 _		(623)	(623)	(592)
	_	(11,980)	(3,524)	(15,504)	(16,544)
Net (withdrawals)/additions from dealings with members	_	(11,480)	3,904	(7,576)	(4,348)
Returns on investments					
Investment income	12	9,469	-	9,469	9,609
Change in market value of investments	13	(10,631)	7,526	(3,105)	(126,522)
Investment management expenses	16	14	-	14	(242)
Net returns on investments	_	(1,148)	7,526	6,378	(117,155)
Net (decrease)/increase in the value of the fund during the year	ear	(12,628)	11,430	(1,198)	(121,503)
Transfer between sections	25	396	(396)	-	-
Net assets of the Scheme at start of year	_	194,017	64,260	258,277	379,780
Net assets of the Scheme at end of year	=	181,785	75,294	257,079	258,277

The notes on pages 23 to 37 form part of these financial statements.





Statement of Net Assets (available for benefits)

	Note	Defined Benefit Section	Defined Contribution Section	2023 Total	2022 Total
Investment assets	13	£000	£000	£000	£000
Pooled investment vehicles	18	8,897	74,623	83,520	79,281
Insurance policies	19	171,190	-	171,190	175,830
Other investment balances		19	-	19	31
	_	180,106	74,623	254,729	255,142
Current assets	23	2,205	882	3,087	4,163
Current liabilities	24 _	(526)	(211)	(737)	(1,028)
Net assets of the Scheme at					
end of year		181,785	75,294	257,079	258,277

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 actuarial position of the Scheme, which does take account of such obligations, is dealt with in the report on Actuarial Liabilities on pages 5 to 7 of this Annual Report and these financial statements should be read in conjunction with them.

The notes on pages 23 to 37 form part of these financial statements.

These financial statements were approved by the Trustee on 26 July 2024.

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	Defined	
		Benefit	Contribution	2022
		Section	Section	Total
		£000	£000	
		(restated)	(restated)	£000
Contributions and benefits				
Employer contributions		3,689	3,430	7,119
Employee contributions	_	-	3,435	3,435
Total contributions	5	3,689	6,865	10,554
Transfers in	6	-	145	145
Other income	7	830	667	1,497
	_	4,519	7,677	12,196
Benefits payable	8	(10,627)	(1,386)	(12,013)
Payments to and on account of leavers	9	(292)	(1,192)	(1,484)
Administrative expenses	10	(2,104)	(351)	(2,455)
Other payments	11	-	(592)	(592)
•	_	(13,023)	(3,521)	(16,544)
Net (withdrawals)/additions from dealings with				
members	_	(8,504)	4,156	(4,348)
Returns on investments				
Investment income	12	9,609	-	9,609
Change in market value of investments	13	(119,795)	(6,727)	(126,522)
Investment management expenses	16	(242)		(242)
Net returns on investments	_	(110,428)	(6,727)	(117,155)
Net decrease in the value of the fund during				
the year		(118,932)	(2,571)	(121,503)
Transfer between sections	25	1,023	(1,023)	-

311,926

194,017

67,854

64,260

379,780

258,277



Net assets of the Scheme at start of year

Net assets of the Scheme at end of year



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	2022 Total £000
Investment assets	13			
Pooled investment vehicles	18	15,509	63,772	79,281
Insurance policies	19	175,830	-	175,830
Other investment balances		31	-	31
		191,370	63,772	255,142
Current assets	23	3,267	896	4,163
Current liabilities	24	(620)	(408)	(1,028)
Net assets of the Scheme at end of year		194,017	64,260	258,277

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

In the DC Plan, members' and employers' contributions are accounted for on the basis of amounts received in the year at rates specified in the rules. Members' additional voluntary contributions (AVCs) are accounted for on the basis of amounts received in the year. Additional voluntary contributions paid by members to the DB Scheme before 2012 purchased defined accrued benefits within the Scheme and as such the assets representing the benefits in respect of those additional voluntary contributions form part of the general assets of the DB Scheme and are not identified separately.

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

Deficit funding contributions are accounted for on the due dates on which they are payable in accordance with the Schedule of Contributions and Recovery Plan under which they are being paid.

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.

Where members can choose whether to take their benefits as a full pension or as a lump sum with reduced pension, retirement benefits are accounted for on an accruals basis on the later of the date of retirement and the date the option is exercised.





4. Accounting policies (continued)

Benefits payable (continued)

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.

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.

Annuities purchased in the name of the Trustee which fully provide the pension benefits for certain members are included in these financial statements at the amount of the related obligation. The annuities were arranged through a buy-in contract with Just Retirement. Annuity valuations are provided by Just Retirement.





5. Contributions

3. Contributions	Defined Benefit Section £000	Defined Contribution Section £000	Total
<u>2023</u>			
Employer contributions			
Normal	-	2,608	2,608
Deficit funding	60	-	60
Other – life cover and expenses	320	933	1,253
Other – flexible apportionment arrangements /	100		400
employer debt	120		120
	500	3,541	4,041
Employee contributions			
Normal	-	3,327	3,327
Additional voluntary contributions		289	289
		3,616	3,616
	500	7,157	7,657
2022 (restated)			
Employer contributions			
Normal	-	2,516	2,516
Deficit funding	2,608	_,	2,608
Other – life cover and expenses	311	914	1,225
Other – flexible apportionment arrangements /			
employer debt	770	-	770
	3,689	3,430	7,119
Employee contributions			
Normal	-	3,175	3,175
Additional voluntary contributions	-	260	260
		3,435	3,435
	3,689	6,865	10,554
6. Transfers in			
	Defined	Defined	Total
	Benefit	Contribution	
	Section	Section	0000
2022	£000	£000	£000
2023			
Individual transfers in from other schemes		69	69
<u>2022</u>			
Individual transfers in from other schemes		145	145





7. Other income

7. Other income	Defined Benefit	Defined Contribution	Total
	Section	Section	
2023	£000	£000	£000
		202	202
Claims on life insurance policies		202	202
2022			
Claims on life insurance policies	-	667	667
Cyber attack insurance claim Rights issue settlement	521 250	-	521 250
Donation from ex-member	55	-	55
Sundry income	4	-	4
	830	667	1,497
8. Benefits payable			
o. Benente payable	Defined	Defined	Total
	Benefit	Contribution	
	Section	Section	
2022	£000	£000	£000
<u>2023</u>	0.740		0.740
Pensions Commutations and lump sum pension benefits	8,743 1,320	- 581	8,743 1,901
Lump sum death benefits	38	286	324
Flexible drawdowns	-	51	51
Purchase of annuities		110	110
	10,101	1,028	11,129
<u>2022</u>			
Pensions	8,270	-	8,270
Commutations and lump sum pension benefits	2,281	490	2,771
Lump sum death benefits Purchase of annuities	76	711 185	787 185
r dichase of affidities	10.627		
	10,627	1,386	12,013
9. Payments to and on account of leavers			
	Defined	Defined	Total
	Benefit	Contribution	
	Section £000	Section £000	£000
2023	2000	2000	2000
Individual transfers out to other schemes	232	1,514	1,746
2022		<u> </u>	•
Individual transfers out to other schemes	292	1,192	1,484





10. Administrative expenses

•	Defined	Defined	Total
	Benefit	Contribution	
	Section	Section	
	£000	£000	£000
<u>2023</u>			
Administration	667	129	796
Actuarial and consulting	680	202	882
Audit	18	5	23
Legal	181	1	182
Other professional fees	75	21	96
Regulatory fees	14	-	14
Bank and sundry charges	12	1	13
	1,647	359	2,006
2022			
Administration	571	118	689
Actuarial and consulting	1,079	181	1,260
Audit	13	3	16
Legal	295	12	307
Other professional fees	119	30	149
Regulatory fees	18	7	25
Bank and sundry charges	9		9
	2,104	351	2,455

Actuarial and consulting fees incurred during the year ended 31 December 2022 are higher as a result of costs incurred in relation to DB buy-in work.

Legal fees incurred during the year ended 31 December 2022 are higher as a result of costs incurred in relation to an ongoing litigation.

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	Defined	Total
	Benefit	Contribution	
	Section	Section	
	£000	£000	£000
2023			
Group life assurance premiums		623	623
<u>2022</u>			
Group life assurance premiums		592	592





12. Investment income

	Defined Benefit	Defined Contribution	Total
	Section	Section	
	£000	£000	£000
<u>2023</u>			
Income from pooled investment vehicles	79	-	79
Annuity income	9,358	-	9,358
Interest on cash deposits	32		32
	9,469		9,469
2022			
Dividends from equities	62	-	62
Income from bonds	17	-	17
Income from pooled investment vehicles	791	-	791
Annuity income	8,723	-	8,723
Interest on cash deposits	16_		16
	9,609		9,609

13. Reconciliation of investments

Defined Benefit Section

	Value as at 1 January 2023	Purchases	Sale Proceeds	Change in market value	Value as at 31 December 2023
	£000	£000	£000	£000	£000
Pooled investment				_	
vehicles	15,509	475	(7,096)	9	8,897
Insurance policies	175,830	6,000	-	(10,640)	171,190
	191,339	6,475	(7,096)	(10,631)	180,087
Other investment	•				
balances	31			<u>-</u>	19
	191,370			_	180,106

Defined Contribution Section

	Value as at 1 January 2023	Purchases	Sale Proceeds	Change in market value	Value as at 31 December 2023
	£000	£000	£000	£000	£000
Pooled investment vehicles	63,772	12,654	(9,329)	7,526	74,623

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 defined contribution 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 may hold investment units representing the value of employer contributions that have been retained by the Scheme. The non-member funds below are part of the Financial Reserve required to be held by a Master Trust.

Defined contribution investment assets are allocated as follows:

		2023	2022
		£000	£000
Allocated to members		74,467	63,772
Not allocated to members		156	-
		74,623	63,772
16. Investment management expenses			
	Defined	Defined	Total
	Benefit	Contribution	
	Section	Section	
	£000	£000	£000
<u>2023</u>			
Administration, management and custody	(14)	<u> </u>	(14)
2022			
Administration, management and custody	266	-	266
Rebates	(24)		(24)
	242		242

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 and capital gains tax.

18. Pooled investment vehicles

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

Defined Benefit Section

	2023	2022
	£000	£000
Property	3,460	4,259
Cash	5,437	11,250
	8,897	15,509
Defined Contribution Section		
	2023	2022
	£000	£000
Equity	2,397	2,036
Bonds	945	1,210
Diversified growth	1,342	1,662
Multi-asset funds	68,146	56,878
Cash	1,793	1,986
	74,623	63,772





19. Insurance policies

The Scheme held insurance policies at the year end as follows:

	Defined	Defined	Total
	Benefit	Contribution	
	Section	Section	
	£000	£000	£000
2023			
Annuities with Just Retirement	171,190		171,190
<u>2022</u>			
Annuities with Just Retirement	175,830	<u> </u>	175,830

Just Retirement have valued the annuities in line with their Best Estimate Assumptions under the insurance regulations updated for market conditions at each of the effective dates.

20. 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:

	2023			2022	
	£000	%	£000	%	
L&G Baptist Ethical Growth Fund	38,176	14.8	33,222	12.9	
L&G Baptist Ethical Diversified Fund	23,231	9.0	19,509	7.6	

21. 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 Defined Benefits Plan's investment assets and liabilities have been fair valued using the above hierarchy as follows:

Defined Benefit Section	Level 1	Level 2	Level 3	Total
2023	£000	£000	£000	£000
Pooled investment vehicles	_	8,897	-	8,897
Insurance policies	_	-	171,190	171,190
Other investment balances	19	-	-	19
Total	19	8.897	171.190	180.106

Defined Contribution Section	Level 1	Level 2	Level 3	Total
2023	£000	£000	£000	£000
Pooled investment vehicles	-	74,623	-	74,623





21. Fair value of investments (continued)

Defined Benefit Section 2022	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Pooled investment vehicles	-	15,509	-	15,509
Insurance policies	-	-	175,830	175,830
Other investment balances	31	-	-	31
Total	31	15,509	175,830	191,370

Defined Contribution Section	Level 1	Level 2	Level 3	Total
2022	£000	£000	£000	£000
Pooled investment vehicles	-	63,772	-	63,772

22. Investment risks

When deciding how to invest the Scheme's assets, the Trustee considers a wide range of investment risks within both the DB and DC Plans 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.

The Trustee determines the Scheme's DB and DC investment strategy after obtaining written professional advice from its investment adviser, Lane Clark & Peacock LLP. 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 DB and DC 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 DC 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.

Credit risk

The DB Plan invests in pooled funds and is therefore directly exposed to credit risk in relation to the solvency of the investment manager and custodian of those funds. In addition, the DB section is subject to direct credit risk on the bulk annuity contracts held with JUST Retirement, in relation to the solvency of the insurer. This is mitigated by the regulatory framework applied to UK insurers.

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.





22. Investment risks (continued)

Credit risk (continued)

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.

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.

There is also direct credit risk associated with the Scheme's insured bulk annuity with JUST, which the Trustee considered before the policy was taken out. This risk is mitigated by the regulatory environment in which the insurer operates and the diversification of the policy's underlying assets.

The DC Plan is 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 DC Plan 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.

As at 31 December 2023, none of the DB Plan's invested assets (ie excluding annuities) were invested in funds or securities that are significantly exposed to indirect credit risk. The DC Plan's corporate bond fund and multi asset funds are exposed to indirect credit risk.

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

Fund	Legal Structure
CBRE OSIRIS UK Property Fund	UK Pension Pooling Scheme
L&G Sterling Liquidity Fund	Unit-Linked Insurance policies
JUST Retirement	Life Assurance Policy

Currency risk

As the DB Plan's liabilities are denominated in sterling, any non-sterling currency exposure within the assets presents additional risk.

Following the buy-in, the majority of the currency exposure of the DB Plan's assets is to sterling and hence the Trustee considers the overseas currency exposure risk to be minimal.

All of the Scheme's pooled funds are accessed via a Sterling share class. Therefore, the Scheme is not subject to direct currency risk. As the Scheme's assets are only invested in Sterling investments, Sterling hedged overseas investments or mandates with minimal exposure to overseas investments, the Scheme has negligible exposure to indirect currency risk.

The majority of the DC Plan'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.





22. Investment risks (continued)

Currency risk (continued)

As at 31 December 2023, none of the DB Plan's invested assets (ie excluding annuities) were invested in funds or securities that are significantly exposed to currency risk. The DC Plan's overseas equity funds and multi asset funds are exposed to indirect currency risk.

Interest rate and inflation risk

Interest rates risk and inflation risk is a material risks for the DB Plan given that movements in interest rates and inflation are a significant influence on the value of the liabilities assessed in present day terms. Some of the DB Plan's assets are subject to interest rate risk (both nominal and real interest rates). However, the overall interest rate exposure of the DB Plan's assets hedges part of the corresponding risks associated with the DB Plan's liabilities. The net effect will be to reduce the volatility of the funding level, and therefore the Trustee believes that it is appropriate to have exposure to interest rate risk in this manner.

The only assets the DB Plan invests in with material long-term exposure to changes in interest rates are the buy-in policies with JUST. However, the interest rate and inflation exposure of the buy-in policies hedge the corresponding risks associated with the Scheme's labilities. The net effect is to reduce funding level volatility.

The DC Plan's assets held in pooled bond funds are also subject to interest rate risk. A number of bond funds are also included in the DC Plan's 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 2023, none of the DB Plan's invested assets (ie excluding annuities) were invested in funds or securities that are significantly exposed to interest rate and inflation risk. The DC Plan's corporate bond fund, government bond funds and multi asset funds are exposed to interest rate and inflation risk.

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 Scheme's DB assets and DC 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 DB Plan's buy-in policies with JUST are exposed to other price risk due to the value of the pension benefits being sensitive to changes in mortality expectations.

The DC Plan'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 of the DC Plan 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.





Notes to the Financial Statements (continued)

22. Investment risks (continued)

Credit and market risks

The tables below summarise the allocations that have significant exposure to these risks:

DB Plan	Direct credit risk	Indirect credit risk	Direct currency risk	Indirect currency risk	Interest rate risk	Other price risk	2023 £000	2022 £000
CBRE GIP UK Osiris Property Fund	•	•	0	0	0	•	3,460	4,259
L&G Sterling Liquidity Fund	0	0	0	0	0	0	5,437	11,250
Buy-in contract – Just Retirement	0	0	0	0	•	•	155,900	175,830

Key: The risk noted affects the fund significantly (\bullet) or hardly/not at all (\circ) .

DC Plan	Direct credit	Indirect credit	Direct currency	Indirect currency	Interest rate	Other price	2023	2022
	risk	risk	risk	risk	risk	risk	£000	£000
L&G Global Equity Fixed Weights 50:50 Index	•	0	0	•	0	•	-	3
L&G Global Equity Market Weights (30:70) Index Fund	•	0	0	•	0	•	552	438
L&G (PMC) All Stocks Gilts Index Fund	•	0	0	0	•	0	320	413
L&G (PMC) AAA- AA-A Corporate Bond All Stocks Index Fund	•	•	0	0	•	•	313	433
L&G BMO Responsible Global Equity Fund	•	0	0	•	0	•	603	604
L&G (PMC) Ethical Global Equity Index Fund	•	0	0	•	0	•	943	706
L&G Dynamic Diversified Fund	•	•	0	•	•	•	1,000	1,295
L&G Newton Real Return Fund	•	•	0	•	•	•	121	172
L&G (PMC) World Emerging Markets Equity Index Fund	•	0	0	•	0	•	50	63
L&G Over 5 Year Index Linked Gilts Index Fund	•	0	0	0	•	0	171	183
L&G (PMC) All Stocks Index Linked Gilts Index Fund	•	0	0	0	•	0	140	181





Notes to the Financial Statements (continued)

22. Investment risks (continued)

Credit and market risks (continued)

DC Plan	Direct credit risk	Indirect credit risk	Direct currency risk	Indirect currency risk	Interest rate risk	Other price risk	2023 £000	2022 £000
L&G Baptist Ethical Growth Fund	•	•	0	•	•	•	38,176	33,222
L&G Baptist Ethical Diversified Fund	•	•	0	•	•	•	23,231	19,509
L&G Baptist At Retirement Fund	•	•	0	•	•	•	6,740	4,147
L&G (PMC) Low Carbon Transition UK Equity Index Fund	•	0	0	•	0	•	249	222
L&G Diversified Fund	•	•	0	•	•	•	220	195
L&G Cash Fund	•	0	0	0	0	0	1,637	1,986
L&G Sterling Liquidity Fund	•	0	0	0	0	0	156	-

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

23. Current assets

	Defined	Defined	Total
	Benefit	Contribution	
	Section	Section	
	£000	£000	£000
2023			
Cash balances	2,092	882	2,974
Due between sections	113		113
	2,205	882	3,087
2022			_
Cash balances	2,956	896	3,852
Due between sections	311		311
	3,267	896	4,163

Included within the Defined Contribution Section cash balance of £882k is £47k of transfers out due to be paid.





Notes to the Financial Statements (continued)

24. Current liabilities

24. Current liabilities			
	Defined	Defined	Total
	Benefit	Contribution	
	Section	Section	
	£000	£000	£000
<u>2023</u>			
Unpaid benefits	10	32	42
Taxation	131	-	131
Accrued expenses	385	66	451
Due between sections		113	113
	526	211	737
2022			
Unpaid benefits	15	20	35
Taxation	108	-	108
Accrued expenses	497	77	574
Due between sections	-	311	311
	620	408	1,028
25. Transfer between sections			
	Defined	Defined	Total
	Benefit	Contribution	
	Section	Section	
	£000	£000	£000
<u>2023</u>			
Life assurance claims to fund DB pensions	67	(67)	-
Members with DB and DC benefits disinvesting into			
the DB Section	772	(772)	-
Reversal of prior year accrual	(311)	311	
Restating of DB/DC cash split	(132)	132	
	396	(396)	
2022 (restated)		_	
Members with DB and DC benefits disinvesting into			
the DB Section	1,023	(1,023)	-
	,	(//	

26. 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 £137,693 (2022: £121,935).

During the year the Scheme paid the corporate trustee, CM Pensions Limited, a total of £35,701 (2022: £35,129).

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

27. Employer-related investments

There were no employer-related investments (2022: Nil) within the meaning of section 40(2) of the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005.





Actuarial Certificate given for the purpose of Section 227 of the Pensions Act 2004 (Certificate of Schedule of Contributions)

Name of scheme: Baptist Pension Scheme

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of the contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 December 2019 to be met by the end of the period specified in the recovery plan dated December 2023.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated December 2023.

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

Signature: R Soldan Date: 13 December 2023

Name: Richard Soldan Qualification: FIA

Address: 95 Wigmore Street Name of employer: Lane Clark & Peacock LLP

London (if applicable)

W1U 1DQ





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 by the PTS 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 Consultants & Actuaries 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



Statement Regarding DC Governance

Background

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

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

This is the Trustee's 2023 annual report covering the period from 1 January 2023 to 31 December 2023. 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 DC Plan was authorised by the Pensions Regulator ('TPR') as a Master Trust arrangement. By maintaining Master Trust authorisation, the DC Plan satisfies the criteria set out in TPR's code of practice for authorisation and supervision of Master Trusts. The Scheme is not a 'relevant multi-employer scheme' as defined in regulations, since it is managed by a single Trustee Board and is not promoted to employers unconnected to the Baptist Family. Consequently, this Statement does not include information relating solely to relevant multi-employer schemes.

It is anticipated that by the end of 2024 the Defined Benefit Section within the Baptist Pension Scheme ("the DB Plan") will be bought-out by securing annuities for the members with DB benefits. The DB Plan will then be formally wound-up, leaving the Scheme as a DC-only arrangement going forwards.

This Statement should be read in conjunction with the Scheme's January 2023 Statement of Investment Principles ("SIP"), which is shown as **Appendix C**. The changes implemented in this revised Statement reflected the purchase of a further bulk annuity policy for the Defined Benefit ("DB") Section and some changes to the DC Plan's investment arrangements.

Default arrangements

The Scheme is used as a Qualifying Scheme for auto-enrolment. Within the DC Plan there is a default arrangement for members who choose not to use the other options available. This is called the Ethical Default Lifestyle Fund ("the Default Fund"). 92% of the DC Plan's membership uses the Default Fund.



Members who were within 5 years of retirement prior to an investment strategy change to a new default fund in 2019 remained in the legacy lifestyle default called the Lump Sum Lifestyle Fund. Under 4% of members remain in this fund.

Three other funds are also classified as legacy default arrangements for some members following past investment changes, where members' 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 Janaury 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 of the DC Plan. The Trustee believes these three legacy default funds are appropriate default arrangements for the members who were transferred into them at the time, but they will not be considered as default arrangements for the rest of the DC Plan's membership. None of these legacy default arrangements have any 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 DC Plan's default arrangements. Details of the objectives and the Trustee's policies regarding the default arrangements can be found in the Statement of Investment Principles. The Scheme's latest SIP, dated January 2023, covering the default arrangements is attached to this statement.

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

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

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

- the best interests of all members and beneficiaries;
- the profile of the membership and what this is likely to mean for the choices members might make upon reaching retirement;
- the risks, rewards and suitability of a number of possible asset classes and lifestyle strategies and whether the return expected for taking any given investment risk is considered sufficient given the risk being taken;
- the need for appropriate diversification within the Default Fund strategy to ensure that both the overall level of investment risk and the balance of individual asset risks are appropriate;
- the need for appropriate diversification within the other investment options offered to members;
- the Trustee's ethical policy, which the Trustee believes reflects the wishes of the Scheme's members and will not contradict the long-term objectives of the members; and
- the Trustee's investment beliefs about how investment markets work, and which factors are most likely to impact investment outcomes.

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



The Trustee is undertaking a strategy review in 2024. The Investment Committee and the Trustee's investment advisor reviewed the strategy on 5 March 2024 and the full Trustee Board reviewed the recommendations on 13 March 2024. It is anticipated that changes to the strategy will be implemented by the end of 2024.

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

Following the strategy review in March 2024 and the performance reviews over the year, the Trustee concluded that the default arrangements were performing broadly as expected and remain consistent with the aims and objectives of the default arrangements as stated in the SIP. However, it was noted that with developments in the DC investment fund market there may be a case for replacing some of the component funds that make up the Ethical Growth Fund, Ethical Diversified Fund and At Retirement Fund. It is anticipated that these changes will be made in 2024.

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

In summary, the asset classes in the funds that comprise the Ethical Default Lifestyle Fund as at 31 December 2023 are set out below. It should be noted that the investment manager does have the discretion to vary the composition of the Diversified Fund from time-to-time.

Ethical Growth Fund

Asset class	Fund name	Fund allocation	Asset allocation
Listed equities	Ethical Global Equity	70%	100.0%
	Diversified	30%	
Cash			0.7%
Bonds			37.7%
Listed equities			35.3%
Private Equity			2.7%
Infrastructure			5.0%
Property/real estate			12.1%
Private debt/credit			4.1%
Other			2.4%
		Total	100.0%



Ethical Diversified Fund

Asset class	Fund name	Fund allocation	Asset allocation
Listed equities	Ethical Global Equity	30%	100.0%
	Diversified	30%	
Cash Bonds Listed equities Private Equity Infrastructure Property/real estate Private debt/credit Other			0.7% 37.7% 35.3% 2.7% 5.0% 12.1% 4.1% 2.4%
		Total	100.0%
Bonds	All Stocks Fixed Interest Gilts	16%	100.0%
Bonds	AAA-AA-A Corporate Bond All Stocks	16%	100.0%
Bonds	All Stocks Index-Linked Gilts	8%	100.0%

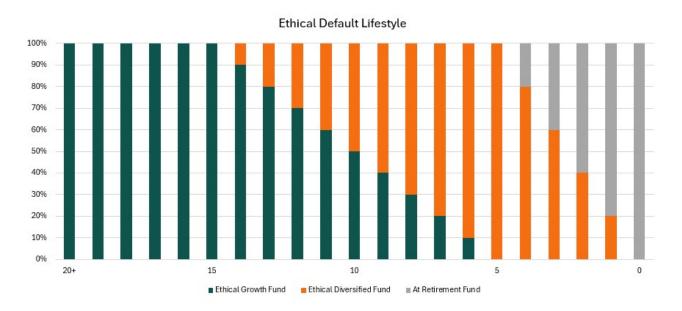
At Retirement Fund

Asset class	Fund name	Fund allocation	Asset allocation
	Diversified	40%	
Cash			0.7%
Bonds			37.7%
Listed equities			35.3%
Private Equity			2.7%
Infrastructure			5.0%
Property/real estate			12.1%
Private debt/credit			4.1%
Other			2.4%
		Total	100.0%
Cash	Cash	30%	100.0%
Bonds	All Stocks Fixed Interest Gilts	12%	100.0%
Bonds	AAA-AA-A Corporate Bond All	12%	100.0%
	Stocks		
Bonds	All Stocks Index-Linked Gilts	6%	100.0%



Derisking towards Retirement

The overall asset allocation for an individual member will vary depending upon the period from retirement, as determined by the design of the lifestyle glidepath, as set-out below:



Example asset allocations at different periods to a member's target retirement age, rounded to full percentage points, are set out below:

Asset class	Period to retirement age						
Asset Cidss	15+	10	5	At retirement			
Cash	0%	0%	0%	30%			
Bonds	11%	51%	31%	45%			
Listed equities	81%	41%	61%	14%			
Private Equity	1%	1%	1%	1%			
Infrastructure	1%	1%	1%	2%			
Property/real estate	4%	4%	4%	5%			
Private debt/credit	1%	1%	1%	2%			
Other	1%	1%	1%	1%			

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 Diversified Fund -Cash - 1%

Bonds - 38%

Listed equities - 35% Private equity – 3% Infrastructure - 5%

Property/real estate - 12% Private debt/credit - 4%

Other - 2%



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

Lump Sum Target Lifestyle Fund - Cash – 50%

Bonds - 32%

Listed equities – 12%
Private equity – 0%
Infrastructure – 2%
Property/real estate – 3%
Private debt/credit – 0%

Other – 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 either within one year of retirement or 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 DC Plan, transfer of assets relating to members between different investments within the DC Plan, and payments to members/beneficiaries) is carried out by the Scheme Administrators, Broadstone.

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

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



details of the quality of the Scheme's Common Data, measured in accordance with the Pension Regulator guidance.

The Trustee has not been satisfied with the clarity of the bank account reconciliations during the year and has commissioned further analysis to provide the necessary clarity. That process has been completed in June 2024. Consequently, the Trustee is satisfied that in the year to which this Statement relates:

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

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

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

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

Member-borne charges and transaction costs

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

The stated charges exclude any costs associated with the management and administration of the DC Plan as these are met by the 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 for the DC Plan is the Ethical Default Lifestyle Fund ("the Default Fund"). The Default Fund has been set up as a lifestyle approach, which means that members' assets are automatically moved between different investment funds as they approach their target retirement date. This means that the level of charges and transaction costs will vary depending on how close members are to their target retirement date and in which funds they are invested. The charges over the period covered by this statement ranged for the Default Fund from 0.1730% p.a. (for members 15 or more years from retirement) to 0.174% p.a. (for members at retirement age).



For the legacy default Lump Sum Target Lifestyle Fund the level of charges and transaction costs vary depending on how close members are to their target retirement date and in which funds they are invested, noting however that all members are either within 1 year of, or already past, their target retirement date. The charges over the period covered by this statement were 0.23% pa.

For the other legacy default arrangements the charges over the period amounted to 0.23% p.a. for the L&G Global Equity Market Weights (30:70) Index Fund, 0.29% for the L&G Diversified Fund, and 0.058% for the L&G Low Carbon Transition UK Equity Fund.

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

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

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

Acting on behalf of the Trustee, 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)	0.0006%
Baptist Ethical Diversified Fund (part of the Default Fund)	-0.0078%
Baptist At Retirement Fund (part of the Default Fund)	0.0183%
L&G Cash Fund ²	0.1046%
L&G Dynamic Diversified Fund ²	0.0892%
L&G Diversified Fund ¹	-0.0109%
L&G AAA-AA-A Corporate Bond All Stocks Fund ²	-0.0444%
L&G All Stocks Index-Linked Gilt Fund ²	0.0355%
L&G All Stocks Fixed-Interest Gilt Fund ²	-0.0097%
L&G Over 5 Year Index-linked Gilt Fund	0.0432%
L&G Global Equity Market Weights (30:70) Index 75% Currency Hedged Fund ¹	0.0535%
L&G Ethical Global Equity Fund	-0.0013%
Columbia Threadneedle Responsible Global Equity Fund	0.1648%
L&G Low Carbon Transition UK Equity Fund ¹	0.0271%
Newton Real Return Fund	0.1071%
L&G World Emerging Markets Equity Index Fund	0.1170%

¹legacy default for former self-select funds



²legacy 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 DC Plan. The illustrations have been prepared in accordance with the DWP's statutory guidance on "Reporting costs, charges and other information: guidance for trustees and managers of occupational pension schemes" on the projection of an example member's pension savings.

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

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

Details of these illustrations can be found in Appendix B.

Value for members

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

An independent assessment was completed in April 2024 in line with the Pensions Regulator's Guidance. There is no legal definition of "good value" and so the process of determining good value for members is a subjective one. The general policy of the Trustee in relation to value for member considerations is set out below.

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

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



A summary of the return on each fund over the Scheme year from 1 January 2023 to 31 December 2023 net of investment charges and transaction costs is set out below.

Net of Fees Returns	Used in Default Fund?	1 Year (1 Jan 2023 – 31 Dec 2023)	3 Years (1 Jan 2021 – 31 Dec 2023)	Since Inception (To 31 Dec 2023)
LGIM AAA-AA-A All Stocks Corporate Bond Fund	No	7.5%	-5.1% p.a.	-0.9% p.a.
LGIM All Stocks Fixed Interest Gilt Fund	No	3.8%	-9.3% p.a.	-3.5% p.a.
LGIM All Stocks Index-Linked Gilt Fund	No	2.2%	-11.2% p.a.	-4.8% p.a.
LGIM Baptist Ethical Growth Fund*	Yes	14.3%	8.1% p.a.	9.6% p.a.
LGIM Baptist Ethical Diversified Fund*	Yes	9.4%	0.5% p.a.	3.7% p.a.
LGIM Baptist At Retirement Fund*	Yes	5.9%	-1.2% p.a.	1.0% p.a.
LGIM Cash Fund	No	4.5%	1.9% p.a.	1.3% p.a.
LGIM Dynamic Diversified Fund	No	7.4%	2.0% p.a.	3.2% p.a.
LGIM Diversified Fund***	No	7.5%	N/A	1.0% p.a.
LGIM Ethical Global Equity Fund	No	17.3%	11.1% p.a.	11.6 % p.a.
Columbia Threadneedle Responsible Global Equity Fund	No	7.5%	4.0% p.a.	8.9% p.a.
LGIMLow Carbon Transition UK Equity Fund***	No	7.1%	N/A	5.1% p.a.
LGIM Global Equity Mixed Weights (30:70) Index Fund (GBP Hedged)*	No	16.0 %	7.8% p.a.	8.6% p.a.
LGIM Newton Real Return Fund	No	1.9%	0.4% p.a.	3.1% p.a.
LGIM Over 5 Year Index-Linked Gilt Fund	No	1.7%	-13.3% p.a.	-6.0% p.a.
LGIM World Emerging Markets Equity Fund**	No	2.3%	-1.7% p.a.	3.1% p.a.

Source: LGIM. Fund performance is net of fees and based on close of business unit prices. Inception date of funds is 29 April 2019, unless confirmed otherwise.

^{***}Inception date is 15 December 2021.

Default Fund Net of Fees Returns (Age as at 31 December 2023)	1 Year (1 Jan 2023 – 31 Dec 2023)	3 Years (1 Jan 2021 – 31 Dec 2023)	Since Inception (To 31 Dec 2023)
45 or younger	14.3%	8.1% p.a.	9.6% p.a.
55	12.3%	5.7% p.a.	7.8% p.a.
65	6.3%	-0.5% p.a.	3.2% p.a.

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



^{*}Inception date is 13 May 2019.

^{**}Inception date is 7 June 2019.

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

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

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

Details of the April 2024 Value for Members Assessment are provided below.

Area of Governance	Factor	VfM Assessment
Scheme Governance	Trustee Board Strong	
Scheme Governance	Trustee Oversight	Strong
Scheme Governance	Trustee Knowledge and Understanding	Strong
Scheme Governance	Professional Advice	Strong
Scheme Governance	Audit & Internal Controls	Strong
Scheme Governance	Risk Mitigation	Strong
Investment Governance	Strategy Design & Management	Strong
Investment Governance	Security & Liquidity	Strong
Investment Governance	Default Investment Option	Strong
Investment Governance	Self-select Investment Options	Strong
Investment Governance	Monitoring Investment Returns	Strong
Administration	Processing Members' Benefits	Strong
Administration	Maintaining Members' Records	Strong



Administration	Customer Service	Strong
Administration	Benefit Flexibility	Strong
Communications	Communications	Good
Communications	Guidance	Good

The Trustee completed a survey of active and deferred members of the DC Section of the Scheme in 2022 and is preparing an action plan to address the results of this survey. During 2023 resource has been focused on working towards closure of the DB section and preparing the Scheme for operation as DC only. In terms of communication this has involved commencing a full review of the Scheme website communications.

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

Governance

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

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

The table below shows the make-up of the current Trustee Board and those who were on the Board during 2023.

Trustee Director	Appointed by	Date of Original Appointment
CM Pensions Limited (Moderator)	BUGB	1 June 2019
Jenny Drake	BUGB	15 March 2016
Tony Pike	BUGB	15 March 2016
Paul Chilcott	BUGB	18 September 2019
Stuart Glen	Member nomination	5 March 2020



Trustee Director	Appointed by	Date of Original Appointment
Rev Ken Stewart	Member nomination	9 March 2020

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

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

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

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

Knowledge and understanding

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

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

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

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

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



in March 2022 to identify any skills gaps on the Trustee Board and develop an on-going, structured training programme. The Trustee skills matrix was also updated in 2022. The next assessment is scheduled during 2024.

Specific examples of training and support are:

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

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

Specific training during 2023 on DC related issues is listed below.

- LGIM Stewardship Policy and approach (IC meeting) 28 February 2023
- DC illiquid assets and Mansion House reforms (IC meeting) 5 September 2023
- Master Trust Investment Designs & Performance 14 September 2023
- Discretionary benefits decision making 14 September 2023
- Dashboard requirements 14 September 2023
- DC Implications from Chancellor's Autumn Statement 13 December 2023

Master Trust Authorisation

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

Engagement with members

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

- encouraged the use of 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.



24 July 2024

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 2023:

Fund Name	31 December 2023 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	0.29%
L&G Dynamic Diversified ²	0.48%
L&G Ethical Global Equity	0.12%
L&G Global Equity 30:70 Currency Hedged ¹	0.23%
L&G Over 5 Year Index-linked Gilt	0.08%
L&G World Emerging Markets Equity Index	0.47%
Newton Real Return	0.84%
L&G Low Carbon Transition UK Equity ¹	0.058%

Source: LGIM

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



¹ legacy default for former self-select funds

² legacy default for former Lump Sum Target Lifestyle Fund

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

Blended white-label fund	Underlying funds	Allocation	Ongoing charges (p.a.)
Ethical Growth Fund	L&G Ethical Global Equity Fund	70%	
(>15 years to retirement)	L&G Diversified Fund	30%	
		Total	0.173%
Ethical Diversified Fund	L&G Ethical Global Equity Fund	30%	
(15-5 years to retirement)	L&G Diversified Fund	30%	
	L&G All Stocks Fixed- interest Gilt Fund	16%	
	L&G AAA-AA-A Corporate Bond All Stocks Fund	16%	
	L&G All Stocks Index- Linked Gilt Fund	8%	
		Total	0.162%
At Retirement Fund	L&G Diversified Fund	40%	
(<5 years to retirement)	L&G Cash Fund	30%	
	L&G All Stocks Fixed- interest Gilt Fund	12%	
	L&G AAA-AA-A Corporate Bond All Stocks Fund	12%	
	L&G All Stocks Index- Linked Gilt Fund	6%	
		Total	0.174%

Source: LGIM



Statement Regarding DC Governance (continued)

Appendix B – Illustration of impact of costs on member funds

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

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

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

Projected pension pot in today's money			
Current age: 50	Target retirement age: 65	Initia	l pension pot: £40,000
£	Ethical Default Lifestyle Fund		
Age	Before charges		After all charges + costs deducted
50	40,000		40,000
55	70,847		70,374
58	89,937		89,043
60	102,405		101,182
62	113,621		112,026
64	122,365		120,362
65	125,664		123,450

Projected pension pot in today's money				
Current age: 25	Target retirement age: 65	Initial pension pot: Nil		
£	Ethical [Ethical Default Lifestyle Fund		
Age	Before charges	After all charges + costs deducted		
25	-	-		
30	23,150	23,053		
35	51,849	51,399		
40	87,425	86,255		
45	131,526	129,115		
50	186,197	181,817		
55	246,844	239,749		
58	281,162	272,230		
60	302,117	291,929		
62	318,824	307,408		
64	328,368	315,829		
65	330,260	317,222		



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		t retirement age: 65	Initial pension po	t: Nil
£	Newton Rea	Newton Real Return Fund		Transition UK Equity und
Age	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
25	-	-	-	-
30	21,782	21,285	23,150	23,103
35	45,774	43,685	51,849	51,628
40	72,200	67,260	87,425	86,849
45	101,307	92,071	131,526	130,339
50	133,366	118,182	186,197	184,036
55	168,678	145,663	253,970	250,338
58	191,562	162,838	302,199	297,374
60	207,572	174,584	337,984	332,204
62	224,212	186,573	376,981	370,100
64	241,509	198,809	419,476	411,330
65	250,411	205,021	442,133	433,287



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 2023 SMPI member statements) before the application of charges:

Fund Name	Assumed rate of growth before charges (p.a.)
LGIM At-Retirement Fund	1.5%
LGIM Baptist Ethical Diversified Fund	4.5%
LGIM Baptist Ethical Growth Fund	7.0%
LGIM Low Carbon Transition UK Equity Fund	7.0%
Newton Real Return Fund	4.5%



Statement of Investment Principles for the Baptist Pension Scheme ("the Scheme")

1. Introduction

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This Statement of Investment Principles ("SIP") sets out the policy of the Trustee of the Scheme ("the Trustee") on various matters governing decisions about the investments of the Scheme", a pension scheme with Defined Benefit ("DB") and Defined Contribution ("DC") sections. The DC section is known as the DC Plan. This SIP replaces the previous SIP dated April 2022.

The SIP is designed to meet the requirements of Section 35 (as amended) of the Pensions Act 1995 ("the Act"), the Occupational Pension Schemes (Investment) Regulations 2005 (as amended), the Occupational Pension Schemes (Charges and Governance) Regulations 2015 and the Pension Regulator's guidance for defined benefit pension schemes (March 2017). The SIP also reflects the Trustee's response to the Myners' voluntary code of investment principles, and the DWP's 2018 guidance on matters pertaining to ESG including Climate Change.

This SIP has been prepared after obtaining and considering written professional advice from LCP, the Scheme's investment adviser, whom the Trustee believes to be suitably qualified and experienced to provide such advice. The advice takes account of the suitability of investments including the need for diversification given the circumstances of the Scheme and the principles contained in this SIP. The Trustee has consulted with the relevant employers (the "Employers") in producing this SIP.

The Trustee will review this SIP from time to time and, with the help of its advisers, will amend it as appropriate. These reviews will take place as soon as practicable after any significant change in investment policy or in the demographic profile of the relevant members in respect of the DC Plan, and at least once every three years.

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.

2. Investment objectives

The primary objective for the DB Section is to ensure that the Scheme should be able to meet benefit payments as they fall due.

The Scheme purchased a first bulk annuity ("buy-in") policy in December 2019, and a second more recently in June 2022, to cover the DB Section members' guaranteed benefits.

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The Trustee's secondary investment objective is to the realise the remaining illiquid assets in a timely fashion, and maintain surplus assets in cash until the buy-in policy can be assigned to the individual members and the Scheme can be wound up.

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

- an appropriate range of investment options, reflecting the membership profile of the DC Plan and the variety of ways that members can draw their benefits in retirement;
- 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, with the help of its advisers and in consultation with representatives of BUGB and the Employers' Group, purchased a first bulk annuity policy in December 2019 and more recently a second in June 2022 (which combined covers all DB members). The full details of the DB Section's asset distribution are contained in a separate document called the Investment Policy Implementation Document ("IPID").

For the DC Plan, 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 (ie it automatically combines investments in proportions that vary according to the time to retirement age).

The DC Plan'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.

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 DC Plan'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 DC Plan members.

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To help manage the volatility that members' assets experience in the growth phase of the main default strategy, the Trustee has included an allocation to DGFs which over the long term are expected to generate returns above inflation, but with lower volatility than equities.

The Trustee will monitor the relevant members' behaviour to check whether assumptions made about how members will access their benefits are borne out in practice.

3.2. Other default arrangements

In addition to the main default arrangement, the DC Plan 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 DC Plan's legacy default option and 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.

To help manage the volatility that members' assets experience in the growth phase of the legacy default option, the Trustee has included an allocation to DGFs which over the long term are expected to generate returns above inflation, but with lower volatility than equities.

3.2.2. The L&G Diversified Fund

The L&G Diversified Fund became a default arrangement when changes to the DC Plan's investment options were carried out in January 2022. These changes were in relation to the review of the DC Plan's investment strategy which took place in February 2021. The Trustee identified the L&G Dynamic Diversified Fund as being no longer suitable for members of the DC Plan and decided to close the fund and automatically move member's assets into the L&G 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 DC Plan's membership.

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

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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 DC Plan's investment options were carried out in May 2019. These changes were in relation to the review of the DC Plan'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 DC Plan 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 be offered as a default option to the rest of the DC Plan's membership.

The L&G Global Equity Market Weights (30:70) Index Fund is designed to provide diversified exposure to UK and overseas equity markets while reducing 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 DC Plan's investment options were carried out in April 2022. These changes were in relation to the review of the DC Plan's investment strategy which took place in February 2021. The Trustee identified the BMO Responsible UK Income Fund as being no longer suitable for members of the DC Plan and decided to close the fund and automatically move member's assets into the L&G Low Carbon Transition UK Equity Index Fund. 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 DC Plan'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 setting the strategy for the DB Section the Trustee took into account:

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- the Scheme's investment objectives, including the target return required to meet the Trustee's investment objectives;
- the Scheme's cash flow requirements in order to meet benefit payments in the near to medium term;
- the best interests of all members and beneficiaries;
- the circumstances of the Scheme, including the profile of the benefit cash flows (and the ability to meet these in the near to medium term), the funding level and assumptions, and the strength of the employer covenant;
- the risks, rewards and suitability of a number of possible asset classes and investment 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 between different asset classes to ensure that both the Scheme's overall level of investment risk and the balance of individual asset risks are appropriate;
- any other considerations which the Trustee considers financially material over the time horizon that the Trustee considers is needed for the funding of future benefits by the investments of the Scheme (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 Scheme; and
- the Trustee's investment beliefs about how investment markets work, and which factors are most likely to impact investment outcomes.

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

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

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The Trustee's key investment beliefs, which influenced the setting of the investment arrangements for both DB Section and DC Plan, 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. 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 and buy-in provider for the DB Section and the investment managers for the DC Plan are set out in the IPID.

In respect of the DC Plan, 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, and investment managers to whom discretion has been delegated, exercise their powers to giving effect to the principles in this Statement of Investment Principles, so far as is reasonably practicable.

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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.

The Trustee's view is that the fees paid to the investment managers, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high quality service that meets the stated objectives, guidelines and restrictions of the fund. However, in practice managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover.

It is the Trustee's responsibility to ensure that the managers' investment approaches are consistent with its policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies. The Trustee expects investment managers, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/equity issuers, and to engage with issuers to improve their performance. It assesses this when selecting and monitoring managers.

The Trustee evaluates investment manager performance over both shorter and longer-term periods as available. Except in closed-ended funds where the duration of the investment is determined by the fund's terms, the duration of a manager's appointment will depend on strategic considerations and the outlook for future performance. If a manager is not meeting its performance objectives, the Trustee will consider alternative arrangements. Generally, the Trustee would be unlikely to terminate a mandate on short-term performance grounds alone.

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.

The Trustee recognises that portfolio turnover and associated transaction costs are a necessary part of investment management. Since the impact of these costs is reflected in performance figures provided by the investment managers, the Trustee does not explicitly monitor portfolio turnover. The Trustee expects its investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Scheme's investment mandates.

6. 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.

For the DB Section, the buy-in provider is obliged to deliver the cash flow stipulated in the contract, which is designed to pay member benefits in full and on time.

For the DC Plan the Trustee's policy is to invest in funds that offer daily dealing to enable members to readily realise and change their investments.

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7. 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 and buy-in provider to take account of financially material considerations (including climate change and other ESG considerations). The Trustee seeks to appoint managers and buy-in provider 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' and buy-in providers' 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, in the investment of the DB Section's assets, the buy-in provider should be aware of its ethical guidelines and encouraged to adopt similar policies where possible. The current guidelines are those set out in the Trustee's Ethical Investment Policy document. The Trustee believes that this stance should not undermine the long-term objectives of the Scheme.

The Trustee has taken into account its ethical guidelines when appointing and reviewing the DB Section's buy-in provider. The Trustee cannot usually directly influence the buy-in provider's policies on ethical factors but will make the buy-in provider aware of its views.

Within the DC Plan, 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. 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 DC Plan offers an actively managed equity fund which invest 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.

8. 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.

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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 on how the Trustee implements its voting and engagement policy is set out in Appendix 3.

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

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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 Act;
- 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 sub-committee ("ISC"), and the Trustee and ISC understand the different areas where each party makes decisions, provides oversight or recommendations. The terms of reference for the ISC detail clearly its responsibilities.

2. Platform provider Appendix 1 (cont)

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

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

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

3. Investment managers

and

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. Bulk annuity 'buy-in' provider

The buy-in provider is responsible for making payments to the Scheme under the terms of the buy-in contracts signed in December 2019 and June 2022. These payments cover members' benefits secured under the policies.

5. Investment adviser

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

- in relation to the DB Section, advising on how material changes within the Scheme's benefits, membership, and funding position may affect the manner in which the assets should be invested and the asset allocation policy;
- in relation to the DC Plan, advising on a suitable fund range and default strategy, and how material changes to legislation or within the DC Plan's benefits and membership may impact this;

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- 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 reviews of this SIP.

6. Fee structures

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

The Trustee has agreed Terms of Business with the Scheme's actuarial and investment advisers, under which work undertaken is charged for by an agreed fixed fee or on a "time-cost" basis.

The investment managers and platform provider receive fees calculated by reference to the market value of assets under management and also in some cases a performance related fee. The fee rates are believed to be consistent with the managers' 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.

7. Performance assessment

The Trustee is satisfied, taking into account 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.

8. 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 and the Employers' Group.

Policy towards risk

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1. Risk appetite and risk capacity

Risk appetite is a measure of how much risk the Trustee is willing to bear within the Scheme in order to meet its investment objectives. Taking more risk is expected to mean that those objectives can be achieved more quickly, but it also means that there is a greater likelihood that the objectives are missed, in the absence of remedial action. Risk capacity is a measure of the extent to which the Trustee can tolerate deviation from its long term objectives before attainment of those objectives is seriously impaired. The Trustee aims to strike the right balance between risk appetite and risk capacity.

When assessing the risk appetite and risk capacity, the Trustee considered a range of qualitative and quantitative factors, including:

- the strength of the employers' covenant and how this may change in the near/medium future;
- the agreed journey plan and employers' contributions;
- the Scheme's long-term and shorter-term funding targets;
- the Scheme's liability profile, its interest rate and inflation sensitivities, and the extent to which these are hedged;
- the Scheme's cash flow and target return requirements; and
- the level of expected return and expected level of risk (as measured by Value at Risk ("VaR")), now and as the strategy evolves.

2. 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:

2.1. Risk of inadequate returns

For the DB Section, a key objective of the Trustee is that, over the long-term, the Scheme should generate its target return so that it has adequate assets to meet its liabilities as they fall due. Having purchased a buy-in policy to cover members' guaranteed benefits, the Trustee believes that the risk of inadequate future returns is now very small.

In the DC Plan, as members' benefits are dependent on the investment returns achieved, it is important that investment options are available which can be expected to produce adequate real returns over the longer term. Accordingly, equity and equity-based funds, which are expected to provide positive returns above inflation over the long term, have been made available to members and

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feature in the growth phase of the Ethical Default Lifestyle strategy. To reduce the chance of a sharp deterioration in members' benefits close to retirement, the Trustee has made the main default option a "lifestyle" strategy.

2.2. Risk from lack of diversification

This is the risk that failure of a particular investment, or the general poor performance of a given investment type, could materially adversely affect the Scheme's assets. Given the protections afforded by the buy-in policy, diversification is less important in the DB Section.

The Trustee believes that the Scheme's main DC default strategy is adequately diversified between different asset classes and within each asset class and the DC options provide a suitably diversified range for members to choose from. This was a key consideration when determining the Scheme's investment arrangements and is monitored by the Trustee on a regular basis.

2.3. Investment manager risk

This is the risk that an investment manager fails to meet its investment objectives. Prior to appointing an investment manager, the Trustee receives written advice from a suitably qualified individual and will typically undertake an investment manager selection exercise. The Trustee monitors the investment managers on a regular basis to ensure they remain appropriate for their selected mandates.

2.4. Liquidity/marketability risk

For the DB Section, this is the risk that the Scheme is unable to realise assets to meet benefit cash flows as they fall due, or that the Scheme will become a forced seller of assets in order to meet benefit payments. This risk has been significantly reduced by the purchase of the buy-in policy (with the exception of the illiquid assets yet to be realised).

For the DC Plan, this is the risk that core financial transactions, such as investing members' contributions, are not processed promptly due to lack of liquidity in the investments. The Trustee manages this risk by only using pooled funds with daily dealing within the main default strategy and diversifying the strategy across different types of investment.

2.5. Climate-related risks

Climate change is a source of risk, which could be financially material over both the short and longer term. This risk relates to the transition to a low carbon

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economy, and the physical risks associated with climate change (eg extreme weather). The Trustee seeks to appoint investment managers who will manage this risk appropriately, and from time to time review how this risk is being managed in practice.

2.6. Other environmental, social and governance (ESG) risks

ESG factors are sources of risk to the Scheme's investments, some of which could be financially material, over both the short and longer term. These potentially include risks relating to unsustainable or socially harmful business practices, and unsound corporate governance. The Trustee seeks to appoint investment managers who will manage these risks appropriately on their behalf and from time to time reviews how these risks are being managed in practice.

2.7. Risk from excessive charges

Within the DC Plan, if the investment management charges together with other charges levied on, for example, transfer or early retirement are excessive, then the value of a member's account will be reduced unnecessarily. The Trustee is comfortable that the charges applicable to the Scheme are in line with market practice and assess regularly whether these represent good value for members.

2.8. Equity risk

Within the DC Plan, the Trustee believes that equity risk is a rewarded investment risk, over the long term. It considers exposure to equity risk in the context of the members' investments and believe that the level of exposure to this risk is appropriate.

2.9. 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.

Within the DC Plan, the Scheme invests in pooled funds and is 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, the regulatory environments in which the pooled fund managers operate and diversification of the Scheme's investments across a number of pooled funds. The Trustee, with the help of its advisors, carries out due diligence checks prior to the appointment of any new

investment manager or fund, and monitors for changes in the operating environment of the existing investments.

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The Scheme is indirectly exposed to credit risks arising from the underlying investments held by the pooled funds where they invest in bonds and other assets of a contractual nature (eg property and Ruffer Pacific and Emerging Markets Fund)

The managers of these pooled funds manage credit risk by having a diversified exposure to bond issuers, tenants and derivative counterparties, conducting thorough research on the probability of default of those entities, and having a controlled and carefully considered exposure to counterparties rated below investment grade. The magnitude of credit risk within each fund will vary over time as the managers change the underlying investments in line with their views on markets, asset classes and specific securities.

The Scheme is subject to direct credit risk via its exposure to the bulk annuity provider, although there are a number of mitigating factors that protect against this, including but not limited to the insurance regime, regulatory scrutiny and the Financial Services Compensation Scheme.

2.10. Currency risk

Whilst the majority of the currency exposure of the Scheme's assets is to Sterling, the Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets. The Trustee considers the overseas currency exposure in the context of the overall investment strategy, and believes that the currency exposure that exists diversifies the strategy and is appropriate.

2.11. Interest rate and inflation risk

The buy-in policy held in the DB Section is subject to interest rate and inflation risk. However, the interest rate inflation exposure of the buy-in policy hedges the corresponding risks associated with the Scheme's liabilities. The net effect is to very substantially reduce the volatility of the funding level.

2.12. Valuation risk

Some of the Scheme's assets (such as listed equities) can be valued regularly based upon observable market prices. For other assets (such as property/infrastructure), prices may only be estimated relatively infrequently using one or more of a range of approximate methods – eg mathematical models or recent sales prices achieved for equivalents.

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At times of market stress, there is a risk for all assets that the valuations provided by investment managers do not reflect the actual sale proceeds which could be achieved if the assets were liquidated at short notice. This risk is particularly relevant for assets such as property.

The Trustee considers exposure to valuation risk in the context of the Scheme's overall investment strategy and believe that the level of exposure to this risk is appropriate.

2.13. Other non-investment risks

The Trustee recognises that there are other, non-investment, risks faced by the Scheme, and takes these into consideration as far as practical in setting the Scheme's investment arrangements as part of its assessment of the other aspects of the Scheme's Integrated Risk Management framework.

Examples for the DB Section include:

- longevity risk (the risk that members live, on average, longer than expected); and
- sponsor covenant risk (the risk that, for whatever reason, the sponsoring employers are unable to support the Scheme as anticipated).

The purchase of the buy-in policy in December 2019 and June 2022 effectively extinguished these risks.

By understanding, considering and monitoring the key risks that contribute to funding risk, the Trustee believes that it has appropriately addressed and is positioned to manage this general risk.

Appendix 3

Monitoring and engaging with managers on voting and engagement

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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 – ie ESG considerations, climate change, voting and engagement.

2. Manager selection

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.

When selecting new managers, we consider our investment consultant's assessment of potential managers' capabilities in this area. If we meet prospective managers, we usually ask questions about responsible investment, focusing on our stewardship priorities.

3. Manager monitoring

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.

4. 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.

5. 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.

6. Implementation statement including most significant votes

Appendix 3 (cont)

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Following the end of each Scheme year, we prepare a statement which explains how we have implemented our Statement of Investment Principles during the year. We publish it online for our members to read.

In the statement, we describe how our managers have voted on our behalf during the year, including the most significant votes cast. The Investments Committee selects these votes from a set of significant votes compiled by our investment consultant from those provided by our managers. In doing so, we have regard to:

- whether it relates to one of our stewardship priorities;
- the potential financial impact of the vote;
- any potential impact of the vote on our investor rights or influence;
- the size of our holding; and
- whether the vote was high-profile or controversial.

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 Statement of Investment Principles (SIP) dated January 2023 have been implemented. The SIP provides further background details on investment arrangements and should be read in conjunction with the Trustee's Chair Statement for 2023.

It also includes the Trustee's voting and engagement policies, as well as details of any review of the SIP 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 2023 to 31 December 2023.

Investment Objectives of the Scheme

DB Section

The Trustee's objectives for setting the investment strategy of the DB Section of the Scheme have been set broadly with regard to the Scheme's Statutory Funding Objective set out in the Statement of Funding Principles.

The primary objective for the DB Section is to ensure that the Scheme should be able to meet benefit payments as they fall due.

After purchasing a second bulk annuity policy in June 2022, the Trustee's secondary investment objective for the DB Section is to realise the remaining illiquid assets in a timely fashion, and maintain surplus assets in cash until the buy-in policy can be assigned to the individual members and the Section can be wound up.

DC Section

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

- An appropriate range of investment options, reflecting the membership profile of the DC Section 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 SIP

The SIP was last reviewed in November 2022, with the revision formally adopted in January 2023. The Trustee updated the SIP to incorporate changes to the DB Section's investment strategy. This SIP has been made available to members to view online and can be found at https://www.engage-members.broadstone.co.uk/BPS.cshtml.

The Trustee has a policy on financially material considerations relating to 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 SIP.

In March 2023, the Trustee updated its Ethical Investment Policy. Otherwise, there has been no other change to the Trustee's policies on financially and non-financially material considerations, or on engagement and voting activities. Further details on how the Trustee implements its engagement and voting policy is set out in the latest SIP.

Investment managers and funds in use

Details of the investment strategies and funds used for both the DB Section and DC Section are set out in the January 2023 SIP and the accompanying Investment Policy Implementation Document (IPID).

DB Section

For the DB Section, the Trustee purchased a second bulk annuity ('buy-in') policy with Just in June 2022, which combined with the first bulk annuity policy in December 2019 covers all DB Section members' guaranteed benefits. The Trustee met Just to discuss its views on environmental, social and governance issues prior to the purchase of the second buy-in policy.

At the end of the year, the Trustee's investment policy was to primarily invest in a buy-in policy managed by Just, as well as holdings in the CBRE Property Fund and surplus assets held in cash with LGIM. The Scheme's holdings in the CBRE UK Osiris Property Fund are in the process of being wound down and the Trustee is currently waiting on the remaining proceeds from this fund.

DC Section

The funds available to members under the DC Section are summarised in the table below:

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

There were no longer any members invested in the LGIM Global Equity Fixed Weights 50:50 Fund as at the end of the Scheme year. The fund formed part of the legacy lifestyle for members two or more years from retirement but has not been a self-select option since 2019. The Trustee has agreed to remove the fund from the self-select range.

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 a review 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 LCP, 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 2022. The next review is due by December 2025. 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.

In addition, the Trustee regularly reviews its advisers (including LCP as their investment consultant) on an ongoing basis, with the next formal review of LCP's appointment expected in 2025 following after the review of the Scheme's defined contribution arrangements and buy-out of the defined benefit section.

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.	No deviation from this policy over the year to 31 December 2023.
	The considerations the Trustee takes into account for both sections of the Scheme are outlined on pages 5 and 6 of the SIP.	
Implementation of the investment arrangements	The Trustee's policy on the implementation of the investment arrangements is set out on pages 6 and 7 of the SIP.	No deviation from this policy over the year to 31 December 2023.
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.	No deviation from this policy over the year to 31 December 2023.
	For the DB Section, the buy-in provider is obliged to deliver the cash flow stipulated in the contract, which is designed to pay member benefits in full and on time.	
	For the DC Section the Trustee's policy is to invest in funds that offer daily dealing to enable members to readily realise and change their investments.	
Financially and Non-Financially Material Considerations	The Trustee's policy on financially and non-financially material considerations is set out on page 8 of the SIP and in full below.	No deviation from this policy over the year to 31 December 2023 (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.	No deviation from this policy over the year to 31 December 2023 (see below).
	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.	

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 DC Section of the Scheme, as well as confirming that the Trustee will consider the sponsoring employer's ethical policies when reviewing/updating the investment strategy of both Sections of the Scheme. 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 the investment managers, and for the DC Section 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.

Within the DC Section, 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 DC Section offers an actively managed equity fund which invest 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.

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 DC Section, where these funds have a focus on ESG factors:
		• The LGIM Ethical Global Equity Index Fund is available to members, primarily through the Ethical Default Lifestyle. 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.
		• 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 LGIM 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 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 LGIM'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.

Asset Class	Active or passively managed?	Comments
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 redevelop 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 expect 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.
Buy-in policy	Active	The Trustee expects the insurer to take financially material ESG factors into account, given the underlying assets held by the insurer are actively managed and the ability of the insurer to use its discretion to generate higher risk adjusted returns. The Trustee also expects the insurer to engage with investee companies, where applicable, although it appreciates that fixed income assets (which make up a large proportion of the buy-in policy) do not typically attract voting rights.

Voting rights and engagement activities

The Trustee currently invests in pooled investment funds with the investment managers, and it acknowledges that this limits the ability to directly influence the investment managers.

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.

DB Section

None of the assets held by the DB Section at the year-end hold any public listed equities or voting rights.

DC Section

The LGIM assets held in the DC Section 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 LGIM, where LGIM sets its own voting policy.

All of the DC Section's assets are invested in pooled funds held with LGIM. LGIM do not use a proxy-voting service and voting is performed in-house. Where the underlying fund is managed by Columbia Threadneedle or Newton, both managers use ISS to assist with implementing any voting decisions made internally by the manager.

A summary of the votes made by the underlying investment managers from 1 January 2023 to 31 December 2023 on behalf of the Trustee for each fund made available by the Trustee under the DC Section during the year was requested from the investment managers. LGIM have been asked to provide voting data broken down into Environmental, Social and Governance categories. However, LGIM has confirmed that the data is not yet available in this format. The Trustee will continue to request the breakdown of this data in future periods. The data in the table below is therefore provided at total fund level.

Manager	Fund	Resolutions Voted On	Resolutions Voted:		
Managen			For	Against	Abstained
LGIM	Ethical Growth Fund*	95,463	76.3%	23.4%	0.3%
LGIM	Ethical Diversified Fund*	95,463	76.3%	23.4%	0.3%
LGIM	At Retirement Fund*	94,231	76.3%	23.4%	0.3%
LGIM	Dynamic Diversified Fund	101,131	76.6%	23.1%	0.3%
LGIM	Diversified Fund*	94,231	76.3%	23.4%	0.3%
LGIM	Ethical Global Equity Fund	16,786	81.3%	18.5%	0.2%
LGIM	World Emerging Markets Equity Index Fund	33,998	80.5%	18.6%	0.9%
Columbia Threadneedle Investments	Columbia Threadneedle Responsible Global Equity Fund	734	93.8%	5.6%	0.6%
LGIM	Low Carbon UK Transition Fund	1,981	95.9%	4.1%	-
LGIM	Global Equity Mixed Weights (30:70) Index Fund (GBP Hedged)	72,845	81.0%	18.5%	0.5%
Newton Investment Management	Newton Real Return Fund	1,378**	74.6%	24.8%	0.6%

^{*} Composed of various underlying funds.

Since 1 April 2023, Newton have started to provide voting at the fund level, whereas the numbers in the table above are provided at the manager level. Over the period from 1 April 2023 to 31 December 2023, Newton voted on 1,033 proposals in respect of holdings in the Newton Real Return Fund, of which Newton voted 90.9% in favour and 9.0% against with the manager abstaining on the remaining 0.1% of proposals. The Implementation Statement for the year to 31 December 2024 will provide voting information for the Newton Real Return Fund for the full year.

^{**} Number of meetings attended where votes were made by the investment manager.

Significant votes

The Trustee has requested details of the significant votes made on behalf of the Trustee by LGIM in respect of a fund in which the DC Section invests and has voting rights. In determining significant votes, LGIM'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 vote as a result of a direct or collaborative engagement;
- Vote linked to an any manager engagement campaign, for example in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

The Trustee believes the following are the most significant votes undertaken on their behalf over the scheme year:

SIGNIFICANT VOTE 1	
Investment Manager	LGIM
Company	Shell Plc
Date of vote	23 May 2023
Resolution	Approve Shell Energy Transition Progress
Why significant	LGIM expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5°C temperate increase scenario. Given the high-profile of such votes, LGIM deem such votes to be significant particularly when LGIM votes against the transition plan.
Voting decision	Against
Manager comments	"LGIM acknowledge the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low carbon products. However, LGIM remain concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations."
Vote outcome	Resolution Passed

SIGNIFICANT VOTE 2	
Investment Manager	LGIM
Company	Eversource Energy
Date of vote	3 May 2023
Resolution	Elect Director Joseph R. Nolan Jr.
Why significant	LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO.
Voting decision	Against
Manager comments	"A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns."
Vote outcome	Resolution Passed

Engagement activities

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

• **LGIM** met with the management team of Heidelberg Cement, a large international cement producer, during the year to discuss the progress and economic viability of the company's planned carbon capture and storage (CCS) projects. LGIM note that cement production is responsible for around 8% of global carbon emissions each year, and therefore believe the cement industry needs to decarbonise significantly for the world to reach net zero carbon emissions. As a result, the sector is designated as 'climate critical' by LGIM.

Heidelberg believes it has an industry leading decarbonisation policy as well as the first-mover advantage in CCS. LGIM raised questions regarding the relative costs and economics of CCS, external factors affecting viability of CSS projects (such as possible regulation or government subsidisation), and expectations of demand for 'carbon-free' cement.

LGIM will continue to engage with Heidelberg Cement as well as other competitors in the cement industry on their decarbonisation targets and trajectory. For Heidelberg Cement, LGIM believe CCS will only become economical when met with either an increase in the price of permits for generating carbon emissions, or if customers are willing to pay a premium for carbon-free cement. LGIM will continue to monitor these dynamics and discuss with management going forwards.

• CBRE requested that all the underlying managers of the fund complete CBRE's annual ESG due diligence questionnaire (DDQ) during the year. Following CBRE's review of the results from the DDQ, in conjunction with data from the 2023 Global Real Estate Sustainability Benchmark (GRESB) assessments, the sustainability scorecard for each holding was fully updated. Through the scorecard CBRE identified potential areas of improvement, which led to engagement with each manager to understand how they intend to improve ESG performance relating to key areas such as building certifications, net zero carbon emission targets, and utility data coverage.

For the buy-in policy held under the DB Section, Just have put in place targets to reduce the carbon emission across its bulk annuity policies, as well as making a positive impact (in line with the United Nations' Sustainability Development Goals). These targets and policies are set out in Just's Responsible Investment Framework and reported on each year. Some of the key highlights are summarised below:

- Just have raised debt via green bonds and sustainability bonds to target investment of £825 million in green and social assets by 2025.
- Carbon emissions were reduced by 42% over 2023 across the investments held by Just.
- Just have partnered with EcoTree to plant 50,000 trees each year.
- Just have met their target to have women in 33% of senior leader positions in 2023.

Just's ESG and sustainability insight and reports can be found at the following web address https://www.justgroupplc.co.uk/sustainability.

The Trustee is comfortable with the approach used by investment managers and insurer 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 or insurer's policies on stewardship and engagement when selecting and reviewing investment managers or insurers.

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 LCP on a quarterly basis to ensure the investment objectives set out in their SIP are being met.

Signed:

Date: 25 June 2024

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