Baptist Pension Scheme

Trustee’s Annual Report and Accounts

31 December 2019

Scheme Registration Number: 10139575

Contents

Trustee and its Advisers

Trustee

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

Trustee Directors

Mr N M Davis		
The Revd P R Dick	(Member-nominated)	
Ms J M Drake		
Mr C D Maggs	(Moderator)	(resigned 31 May 2019)
CM Pensions Limited	(Moderator)	(appointed 1 June 2019)
Mr A J A Pike		
The Revd M R Poole	(Member-nominated)	(retired 12 December 2019)
Mr J G Spiller	(Member-nominated)	(retired 26 June 2019)
Mr P H Chilcott		(appointed 18 September 2019)
Mr S J Glen		(appointed 5 March 2020)
The Revd K Stewart		(appointed 9 March 2020)

Secretary to the Trustee

Mr S D Kaney (appointed 3 April 2019)
Baptist House
129 Broadway
Didcot
OX11 8RT

Mr M Hynes (resigned 3 April 2019)
Baptist House
129 Broadway
Didcot
OX11 8RT

Trustee and its Advisers (continued)

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

Defined Benefit Section

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

Defined Contribution Section

Broadstone Consultants & Actuaries Limited (formerly BBS Consultants & Actuaries Limited)
(appointed 29 April 2019)
BBS House
23-25 St George's Road
Bristol
BS1 5UU

Legal & General Assurance (Pensions Management) Limited (removed 28 April 2019)
One Coleman Street
London
EC2R 5AA

Trustee and its Advisers (continued)

Scheme Consultants

Defined Benefit Section

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

Defined Contribution Section

Broadstone Consultants & Actuaries Limited (formerly BBS Consultants & Actuaries Limited)
BBS House
23-25 St George’s Road
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BS1 5UU

Investment Consultants

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

Investment Managers

Defined Benefit Section

BMO Global Asset Management
Exchange House
Primrose Street
London
EC2A 2NY

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

Trustee and its Advisers (continued)

Investment Managers (continued)

Defined Benefit Section (continued)

JP Morgan Funds Limited
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London
EC4Y 0JP

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

Ruffer LLP
80 Victoria Street
London
SW1E 5JL

Royal London Asset Management Ltd
55 Gracechurch Street
London
EC3V 0RL

Janus Henderson Investors
201 Bishopsgate
London
EC2M 3AE

Defined Contribution Section

Legal & General Investment Management Limited (appointed 29 April 2019)
One Coleman Street
London
EC2R 5AA

Legal & General Assurance (Pensions Management) Limited (removed 28 April 2019)
Brunel House
2 Fitzalan Road
Cardiff
CF24 0EB

Trustee and its Advisers (continued)

Bulk Annuity Provider

Just Retirement
Enterprise House
Bancroft Road
Reigate
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Independent Auditor

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221-227 High Street
Orpington
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BR6 0NZ

Legal Adviser

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

Bank

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

Trustee and its Advisers (continued)

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

The Trustee of the Baptist Pension Scheme

c/o Broadstone Consultants & Actuaries Limited
BBS House
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Email: baptistpensions@broadstone.co.uk

Trustee's Report

Introduction

The Trustee of the Baptist Pension Scheme ("the Scheme") is pleased to present its report together with the financial statements for the year ended 31 December 2019.

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.

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.

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.

Trustee’s Report (continued)

Scheme structure and Rule changes (continued)

- 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 Baptist Union Staff Pension Scheme, and is open to staff members of churches and other employers. 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.

Post balance sheet event

On 11 March 2020 COVID-19 was declared a pandemic by the World Health Organisation. This has resulted in worldwide restrictions on travel, government fiscal stimulus and extreme financial market volatility.

The Trustee considers this to be a non-adjusting post balance sheet event.

The impact on the Scheme is currently unquantifiable at this stage in relation to the effects on the activities of the participating employers, future contributions and the Scheme's investments.

Trustee's Report (continued)

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%. Pensions earned prior to 6 April 2006 benefit from a discretionary increase of up to 1% for three years, starting from the increase given on 1 January 2019, provided that CPI is less than RPI, subject to a 5% cap.

On 1 January 2019 an increase of 3.3% was applied to pre 2006 benefits (2.4% CPI plus 0.9% discretionary increase) (2018: 3.9%), with 2.4% applied to post 2006 benefits (2018: 2.5%).

On 1 January 2020 an increase of 2.4% was applied to pre 2006 benefits (1.7% CPI plus 0.7% discretionary increase), with 1.7% applied to post 2006 benefits.

No increase was applied to Supplementary Benefits accrued prior to 6 April 1997.

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

Supplementary Benefit lump sums (which were all earned after 5 April 2006) were last increased on a discretionary basis in August 2017 by 10%. There were no increases granted in 2019.

Financial development

The financial statements on pages 82 to 113 have been prepared and audited in accordance with the Regulations made under section 41(1) and (6) of the Pensions Act 1995. They show that the value of the fund increased from £295,858,000 at 31 December 2018 to £315,812,000 at 31 December 2019.

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.

Trustee's Report (continued)

Report on actuarial liabilities (continued)

The Scheme's Actuary has reported on the Scheme's actuarial valuation as at 31 December 2016, which included the provision of the relevant actuarial statements and certificates. The results of this valuation were presented in a report dated 13 April 2018. The results indicated that the value of assets of the Scheme at 31 December 2016 were £219m, which was £93m less than the amount necessary to cover the "technical provisions".

The 2016 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:

- very significant additional cash contributions to the Scheme being made by the Union
- no change to the monthly deficit contributions for other employers
- the deficit contributions are scheduled to finish in 2028, 6½ years earlier than previously anticipated
- some agreed changes to benefits for members and their dependants

Trustee's Report (continued)

Report on actuarial liabilities (continued)

The main financial assumptions underlying the valuation calculations were:

Key financial assumptions	% p.a.
Rate of price inflation	
- RPI	3.50
- CPI	2.75
Rate of return from gilts	1.75
Investment returns	
- Pre-retirement (gilt yield plus 1.75% p.a.)	3.50
- Post-retirement (gilt yield plus 0.50% p.a.)	2.25
Rate of increases in Minimum Pensionable Income	
(CPI plus 0.75% pa, subject to a minimum of RPI)	3.50
Deferred pension increases	
- Pre April 2009	3.50
- Post April 2009	2.50
Rate of pension increases	
- Based on RPI with an annual floor of 0% and annual cap of 5%	3.30
- Based on RPI with an annual floor of 0% and annual cap of 2.5%	2.15
- Based on CPI with an annual floor of 0% and annual cap of 5%	2.70
- Based on CPI with an annual floor of 0% and annual cap of 2.5%	2.00

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	93
Higher rate (pre-retirement)	2.00	0.50	89
Higher rate (post-retirement)	1.75	0.75	83
No credit (pre- or post-retirement)	0.00	0.00	153

Trustee's Report (continued)

Report on actuarial liabilities (continued)

1. 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.

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 3% higher.

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. 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 £3m.

2. 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 2016	89.8	91.5
For members aged 65 in 2036	91.8	93.2

3. 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.

Trustee's Report (continued)

Contributions

In order to meet the deficit in the DB Plan of £93m against the technical provisions, the Trustee agreed with the Union the following deficiency contributions from churches and other employers from 1 January 2017:

- During 2017, the level of contributions payable each month is the same as those payable by the relevant DB Employer for December 2016, but adjusted by the following ratio:

  $$\frac{\textit{Minimum Pensionable Income during 2017}}{\textit{Minimum Pensionable Income during 2016}}$$

  The contributions payable in December 2016 are described in the schedule of contributions dated 5 December 2016.

- 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 2018, the contributions payable each month for each DB Employer will be the same as those payable by that DB Employer for December 2017, increased by the following ratio:

  $$\frac{\textit{Minimum Pensionable Income during 2018}}{\textit{Minimum Pensionable Income during 2017}}$$

Based on the assumptions used for the valuation, the monthly contributions from DB Employers are payable until December 2028.

In addition to the monthly contributions for each DB Employer, the BUGB Trustees on behalf of the Union will pay the following additional one-off contributions:

- £33,000,000 to be paid by 31 December 2018; and
- £500,000 to be paid by 31 December 2023.

The Actuary's certification of the Schedule of Contributions is shown on page 114. The next full valuation is to be carried out as at 31 December 2019 and is due to be completed no later than 31 March 2021.

Trustee’s Report (continued)

Summary of contributions

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

	Defined Benefit Section	Defined Contribution Section		Total
	Employer	Employer	Employees	
	£000	£000	£000	
Contributions payable under the Schedule of Contributions				
Normal contributions and AVCs	-	2,436	3,314	**5,750**
Deficit funding contributions	4,621	-	-	**4,621**
Other - life cover and expenses	-	1,086	-	**1,086**
Flexible apportionment arrangement	1,813	-	-	**1,813**
Other - donations	11	-	-	**11**
Contributions paid in the year and reported on by the Scheme auditor	**6,445**	**3,522**	**3,314**	**13,281**

Trustee's Report (continued)

Membership

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

	DB Section	DC Section	DB and DC Sections	**Total**
Active members				
Active members at the start of the year	-	944	656	**1,600**
Adjustments	-	-	(8)	**(8)**
New active members	-	213	-	**213**
Retirements	-	-	(20)	**(20)**
Members leaving with preserved benefits	-	(121)	(18)	**(139)**
Members taking full commutation	-	(1)	-	**(1)**
Refunds and transfers out	-	(26)	-	**(26)**
Deaths	-	(1)	(1)	**(2)**
Active members at the end of the year	-	1,008	609	**1,617**
Pensioners				
Pensioners at the start of the year	920	-	-	**920**
Retirements	59	-	-	**59**
Deaths	(29)	-	-	**(29)**
Pensioners at the end of the year	950	-	-	**950**
Dependants				
Dependant members at the start of the year	213	-	-	**213**
New dependant pensioners	19	-	-	**19**
Deaths / Ceased	(16)	-	-	**(16)**
	216	-	-	**216**

Trustee's Report (continued)

Membership (continued)

	DB Section	DC Section	DB and DC Sections	**Total**
Members with deferred benefits				
Deferred members at the start of the year	322	251	188	**761**
Adjustments	5	10	1	**16**
New leavers with deferred benefits	-	121	18	**139**
Retirements	(31)	-	(8)	**(39)**
Member taking full commutation	-	(9)	-	**(9)**
Transfers out	(3)	(13)	(1)	**(17)**
Deaths	(1)	(1)	-	**(2)**
Exit with no liability	-	(4)	-	**(4)**
Deferred members at the end of the year	292	355	198	**845**
Total membership at the end of the year	1,458	1,363	807	**3,628**

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 Pension Investment Committee ("PIC"), monitors and reviews the investment strategy and funds used by the Scheme. The PIC 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 mandates with its investment managers to implement this strategy. The Scheme's investments are regarded as readily marketable.

Trustee’s Report (continued)

Investment management (continued)

The investments of the Scheme are managed on behalf of the Trustee by the Scheme's investment managers:

1. Defined Benefit Section

- BMO Global Asset Management ("BMO")
- CBRE Global Investment Partners ("CBRE")
- JPMorgan Funds Limited (“JP Morgan”)
- Legal & General Investment Management Limited ("L&G")
- Ruffer LLP ("Ruffer")
- Royal London Asset Management Ltd ("RLAM")
- Janus Henderson Investors (“Janus Henderson”)

2. Defined Contribution Section

- Legal & General Investment Management Limited ("Legal and General")
- Standard Life Investments
- BMO Global Asset Management
- Newton Investment Management Limited

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 September 2019 SIP is included as Appendix 3 to the DC Chair's Statement in this report.

Trustee's Report (continued)

Investment strategy – DB Plan (continued)

As at 31 December 2019, the Scheme's target allocation was as follows:

Asset class	Investment manager	Fund	Target allocation
Global Equities	Legal and General Investment Management	Ethical Global Equity Index Fund (GBP Hedged)	13%
		Ethical Global Equity Index Fund	7%
Diversified Growth Fund (DGF)	Ruffer LLP	Segregated mandate	10%
Infrastructure	JP Morgan Funds Limited	Infrastructure Investments Fund	10%
Property	CBRE	OSIRIS Property Fund	10%
Multi-Asset Credit	Janus Henderson	Multi-Asset Credit Fund	10%
Bonds/LDI	Royal London Asset Management	Ethical Bond Fund	40% (designed to hedge 100% of the funding level)
	BMO Global Asset Management	A combination of Real and Nominal Dynamic LDI Funds	

Given the long-term nature of a pension scheme's liabilities, the investment objectives have been to maximise the overall return from income and capital appreciation, without resorting to a high risk profile. Since the cessation of DB accrual in 2012, the PIC and the Trustee have been working with the investment advisers and investment managers to review the Scheme's investment policy.

The Trustee has implemented a number of "de-risking" changes over recent years and has agreed a policy aiming to conduct further de-risking changes when appropriate.

Over the year the Trustee invested in a bulk-annuity insurance policy that matches the pensions payable to a sub-section of the Scheme's members (a "buy-in"). The Trustee selected JUST as the provider for the buy-in.

In preparation for the buy-in, the Trustee temporarily invested in fixed interest, index-linked government bonds and cash (in a portfolio that is designed to broadly match changes in buy-in pricing) with Legal and General Investment Management ("LGIM"). In December 2019, the Scheme completed its pensioner buy-in with JUST, which involved transferring c£125m from a combination of LGIM, Ruffer, RLAM and BMO funds to the insurer.

Trustee's Report (continued)

Investment strategy – DB Plan (continued)

This "buy-in" annuity policy is a Scheme asset and therefore it remains the Trustee's responsibility to pay members' benefits (which the buy-in income goes towards).

Investment strategy – DC Plan

The Trustee has appointed Legal & General (L&G) to manage the investments within the DC Plan. Members select how their individual pension accounts are to be invested, using a range of funds and a lifestyle strategy selected by the Trustee after taking appropriate professional advice. This range includes funds operated by other investment management organisations, together with funds and a lifestyle strategy which are managed by reference to ethical criteria.

A number of changes were made to the DC Plan's investment arrangements during 2019, as detailed below.

A new default strategy was implemented, namely the Ethical Default Lifestyle. This lifestyle option follows a pre-agreed investment strategy and provides an automated investment switching facility, which will move members' funds from higher risk/return investments into lower risk/return investments as retirement approaches. The asset allocation of the default strategy is detailed in the table below.

Trustee's Report (continued)

Investment strategy – DC Plan (continued)

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. Their underlying composition is shown in the table below.

Fund	Composition
Ethical Growth Fund	70% L&G Ethical Global Equity 30% L&G Dynamic Diversified Fund
Ethical Diversified Fund	30% L&G Ethical Global Equity 30% L&G Dynamic 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
At Retirement Fund	40% L&G Dynamic Diversified Fund 30% L&G Cash 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

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

Trustee’s Report (continued)

Investment strategy – DC Plan (continued)

The Trustee also made a couple of changes to the self-select fund range that members can choose to invest in:

- the L&G Global Equity Fixed Weights 50:50 Fund was replaced with the L&G Global Equity Market Weights (30:70) Index Fund – GBP 75% Currency Hedged;
- the Standard Life Global Absolute Return Strategies was replaced by the L&G Dynamic Diversified Fund; and
- the L&G World Emerging Markets Equity Index Fund was added as an option.

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

	1 Year %	3 Years % p.a.
Scheme	11.0	5.6
Benchmark	10.6	6.0

The Scheme's benchmark is a composite benchmark (i.e. a weighted-average of the underlying managers' benchmarks).

The Scheme delivered positive performance over the year to 31 December 2019, with a return of 11.0%.

This return has been driven by positive performance across most asset classes, particularly the Scheme’s LDI and equity portfolios. The Scheme has outperformed its benchmark (+0.4%) over this period, which can be partially attributed to Ruffer and RLAM outperforming their respective indices over the year.

Equities performed strongly over 2019, reflecting investors’ response to easier monetary conditions and hopes for improvements in the trading and fiscal outlook.

Trustee's Report (continued)

Performance of the DB Plan (continued)

Over the year to 31 December 2019, the L&G Ethical Global Equity Index fund (GBP hedged) returned +28.1% (before fees). The L&G Ethical Global Equity Index fund (which is not currency hedged) returned +25.0% (before fees), which was hampered by sterling strength. Both funds tracked their benchmarks within an acceptable margin of error.

The Scheme's LDI and gilt holdings performed strongly over the year to 31 December 2019. The overall backdrop for bonds was supportive, with the Bank of England maintaining the base rate at 0.75% and Brexit-induced uncertainty for much of the year pushing back the likely timing of any future rate rises. These factors, coupled with falling global growth expectations as well as continued high demand from risk-averse investors for safe haven assets, caused both nominal and inflation-linked gilt yields to fall and consequently prices to rise. The BMO Dynamic LDI funds, which invest in both derivatives (interest rate and inflation swaps) and gilts all lagged their gilt-based benchmarks over the period, outperformed the equivalent swap benchmarks and outperformed the average of their dual benchmarks.

Sterling corporate bonds also performed strongly, aided by the fall in both government bond yields and in investment grade credit spreads over the period. The RLAM Ethical Bond fund returned +10.1% (after fees) over the 12-month period to 31 December 2019, outperforming its benchmark (+9.3%).

The Ruffer DGF mandate returned +7.7% (after fees) over the year, significantly outperforming its cash-based target. Its positive performance was partially due to the strong performance of its equity allocation, while its gold and government bond holdings also produced positive returns as investors increased this demand for safe-haven assets. Ruffer continued to hold option protection strategies, designed to benefit during periods of volatility in investment markets. These strategies detracted from performance as equity markets increased in value.

At the aggregate level, UK property posted modest gains over the year to 31 December 2019, with healthy rental income managing to offset the fall in capital values seen in some sectors. Sectoral performance dispersion was high. While the retail sector struggled, as shopping centre and high street valuations continued to fall, industrial property strengthened further, with demand for warehousing remaining high.

Trustee’s Report (continued)

Performance of the DB Plan (continued)

The CBRE property fund delivered positive returns of +0.4% (before fees), underperforming its benchmark (+1.6%) over the year to 31 December 2019.

The JP Morgan infrastructure fund delivered positive returns of 8.2% (in local currency terms), outperforming its benchmark (+7.6%). This is mainly down to JP Morgan’s ability to pay a steady income stream across a diverse array of assets. Sterling strength hampered returns over 2019, as the holding is not currency hedged.

The Janus Henderson Multi Asset Credit Fund returned +5.9% (before fees), marginally outperforming its benchmark (+5.8%). The positive return was driven by strong performance of its high yield bond allocation.

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

With the exception of the infrastructure and property holdings, the assets of the Scheme are relatively liquid, either consisting of pooled investment vehicles which deal at least monthly or of direct holdings in readily realisable securities (within the Ruffer mandate).

The JP Morgan Infrastructure holding is an illiquid investment. Redemptions can be made on a semi-annual basis, subject to JP Morgan’s approval. In the first 3 years of investment (until 30 June 2021) redemptions are subject to a 4% discount. Redemptions from the Janus Henderson Multi Asset Credit are possible on a monthly basis.

Legal & General Investment Management (“L&G”) – Passive Equities

The Scheme invests in passive equities through pooled funds called the Ethical Global Equity Index Fund and the Ethical Global Equity Index Fund (GBP Hedged) managed by L&G. The objective of these funds is to track the sterling total returns of the FTSE4Good Global Equity Index, and the corresponding GBP hedged index (including re-invested income, less withholding tax) to within +/- 0.5% per annum for two years in three. The funds are priced weekly, are open ended and unlisted.

Trustee's Report (continued)

Ruffer LLP - Diversified Growth Fund

The Scheme invests in diversified growth through a segregated account which seeks to mirror Ruffer's Charity Assets Trust. Ruffer's objective is to achieve a consistent return (after the deduction of fees) significantly greater than the Bank of England Bank Rate, and to preserve capital over twelve month rolling periods. The majority of the holdings within the segregated mandate have daily liquidity. The direct equity and bond holdings within the segregated mandate are all listed. Through the segregated mandate the Scheme has holdings in a number of funds managed by Ruffer, these are listed below:

- LF Ruffer European: open ended and unlisted
- LF Ruffer Japanese: open ended and unlisted
- LF Ruffer Pacific & Emerging Markets: open ended and unlisted
- LF Ruffer Gold: open ended and unlisted
- Ruffer Illiquid Multi Strategies Fund: closed ended and listed
- Ruffer Protection Strategies International: open ended and unlisted
- Ruffer SICAV UK Mid & Smaller Companies: open ended and unlisted

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% p.a. over rolling three year periods (before CBRE fees but after fees for the underlying property funds). As at 31 December 2019, the fund was open ended (subject to maximum deferral of 24 months for redemptions at the manager's discretion). However, in March 2020, following a majority vote by the investors in the fund, the fund transition to be closed ended and is currently in wind-down (with the initial expectation that all monies will be returned to investors within 24 months, although it is likely the COVID crisis will result in an extension). The fund is not listed on any stock exchange.

Royal London Asset Management ("RLAM") – Corporate bonds

The Scheme invests in corporate bonds through a pooled fund called the RLAM Ethical Bond Fund. The Fund's objective is to outperform the iBoxx Sterling Non-Gilt All Maturities Index by 0.5% p.a.

over rolling three-year periods (before the deduction of fees). The fund is open ended and is not listed on any stock exchange.Trustee's Report (continued)

BMO Global Asset Management EMEA ("BMO") – Dynamic LDI

The Trustee has selected BMO as the manager for the Scheme's LDI portfolio. The Scheme invests in the BMO Real, Short-Profile Real, Nominal and Short-Profile Nominal Dynamic LDI Funds. The objective of these funds is to provide liability hedging by offering interest rate and inflation protection which replicates the liability profile of a typical UK defined benefit pension scheme. The Scheme can also invest in the BMO Sterling Liquidity Fund. The objective of this fund is to maintain high levels of liquidity, preserve capital and generate a return in line with the GBP 7-Day LIBID.

The overall allocation to the pooled LDI funds has been designed to have a similar sensitivity to changes in interest rates and inflation expectations as that of the Scheme's technical provisions. The portfolio as a whole is designed to be approximately three-times leveraged so that each unit of investment in the portfolio has sensitivity to interest rates and inflation of around three units of the Scheme's technical provisions.

The funds are typically priced daily, open-ended and unlisted.

JPMorgan Funds Limited ("JP Morgan") – Infrastructure

The Scheme invests in global infrastructure through a pooled fund called the Infrastructure Investments Fund. The Fund's objective is to produce an internal rate of return of 8-12% per annum (before any relevant taxes but after fees) over a horizon of five to seven years, in local currency terms, by seeking to take controlling positions in investments and effecting an active management strategy. The fund is open ended and is not listed on any stock exchange. Redemptions can be made on a semi-annual basis, subject to JP Morgan's approval. Redemptions prior to 30 June 2021 are subject to a 4% discount.

Janus Henderson Investors ("Janus Henderson") – Multi-Asset Credit

The Scheme invests in multi-asset credit through a pooled fund called the Multi-Asset Credit Fund. The Fund's objective is to achieve a total return greater than 3-month Euribor over an investment horizon of three to five years. The fund is open ended and is not listed on any stock exchange. Redemptions can be made on a monthly basis.

Trustee’s Report (continued)

The performance objectives for the Scheme’s investment managers were effective from 30 January 2007 for Royal London Asset Management Limited, from 24 January 2013 for BMO Global Asset Management, from 31 October 2014 for Ruffer LLP, from 30 November 2014 for Legal & General, from 31 March 2015 for CBRE Global Investors, from 30 June 2017 for JPMorgan Funds Limited and from 28 September 2018 for Janus Henderson Investors.

JUST retirement (“JUST”) – Buy-in policy

The Scheme invests in a bulk-annuity insurance policy that matches the pensions payable to a sub-section of the Scheme’s members (a “buy-in”). The Trustee selected JUST as the provider for the buy-in.

This “buy-in” annuity policy is a Scheme asset and therefore it remains the Trustee’s responsibility to pay members’ benefits (which the buy-in income goes towards).

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 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, in the investment of the DB Section’s assets, the investment managers should adopt ethical guidelines 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.

Trustee’s Report (continued)

Policy on social, environmental and ethical factors (continued)

The Trustee will take its ethical guidelines into account when appointing and reviewing the DB Section’s investment managers. 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 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. Outside of the default strategy, the DC Plan offers actively managed equity funds which invest in ESG and ethically screened equities. At this time, it does not believe there are any ESG-focused investment options available that meet its needs in other asset classes but will keep this under review.

Stewardship

The Trustee recognises its responsibility as the owner of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments. The Trustee has delegated to its investment managers the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, risks and ESG considerations.

The Trustee does not monitor or engage directly with issuers or other holders of debt or equity. It expects the investment managers to exercise ownership rights and undertake monitoring and engagement in line with the managers’ 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 investment options available to members of the DC Plan include access to an ethical lifestyle strategy, which is now the default strategy for the Plan, as well as access to three self-select ethical funds to cater for members who wish to invest accordingly.

Trustee's Report (continued)

Departures from the investment principles

In December 2019, the Trustee completed a pensioner buy-in with the insurer JUST retirement. A portion of the Scheme assets had temporarily been invested in L&G gilt funds in order to help minimise the risk that the buy-in premium would react to market conditions differently to the Scheme's assets (as far as possible).

However this was not a departure from the SIP, which reads: 'From time to time the Trustee may purchase an annuity from an insurer that matches the pensions payable to a sub-section of the Scheme's members (a "buy-in"). In preparation for undertaking a buy-in, the Trustee may temporarily invest in (for example) fixed and index-linked gilts (in a portfolio that is designed to broadly match changes in buy-in pricing).'

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.

Derivatives

The derivatives that the Scheme invests in, used as part of the Ruffer portfolio and as part of the Dynamic LDI portfolio, are all either risk-reducing investments or used for efficient portfolio management.

The derivatives within the LDI portfolios are used to help the assets in the portfolio better track movements in the Scheme's liabilities. Thus, the derivatives in this portfolio help reduce the Scheme's funding level risk.

The options in the Ruffer Protection Strategies International sub-fund and Ruffer Illiquid Multi Strategies sub-fund are used to protect the value of the portfolio from events that would cause severe losses to the other investments that Ruffer holds in its portfolio. These options also reduce the risk faced by the portfolio. The two sub-funds are pooled investment vehicles, but the options contained within the sub-funds are derivatives.

Trustee's Report (continued)

Further information

Further information is set out on pages 115 and 116.

Signed for and on behalf

of the Trustee:

Date: 31 July 2020

Statement of Trustee's Responsibilities

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

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

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

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

Statement of Trustee’s Responsibilities (continued)

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.

DC Chair's Annual Statement for the Baptist Pension Scheme as at 31 December 2019

Introduction

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

- the default arrangement
- the range of self-select investment options and legacy funds
- the requirements for processing financial transactions
- charges and transaction costs borne by members
- a Value for Members assessment
- Trustee knowledge and understanding
- the constitution of the trustee board

This is the Trustee's 2019 annual report covering the period from 1 January 2019 to 31 December 2019. For the period to 31 May 2019 Chris Maggs acted as Moderator (Chair of Trustees), he was removed and replaced by CM Pensions Limited from 1 June 2019. CM Pensions Limited acted as Moderator (Chair of Trustees) for the period 1 June 2019 to 31 December 2019 and this Statement has been signed by Chris Maggs, representing CM Pensions Limited in its capacity as Moderator, on behalf of the Baptist Pension Trust Limited (the Trustee). This Statement is available to view and download from the member access website https://www.4myplan.co.uk/BPS as well as from the Baptist Pension Scheme website https://www.baptistpensions.org.uk/dc-governance/chairs-governance-statement/.

The Trustee is pleased to confirm that the DC Plan has been authorised by the Pensions Regulator ('tPR') as a Master Trust arrangement. By achieving Master Trust authorisation, the DC Plan has satisfied 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.

DC Chair's Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

Introduction (continued)

This Statement should be read in conjunction with the Scheme's 26 September 2019 Statement of Investment Principles (SIP), which is shown as Appendix 3. The SIP was updated in September 2019 to comply with the 2018 and 2019 investment regulations and to incorporate the changes to the DC Plan default investment strategy and self-select options, implemented in May 2019.

The default investment strategy

The Scheme is used as a Qualifying Scheme for auto-enrolment. Within the DC Plan there is a default arrangement for members who choose not to use the other options available, this is called the Ethical Default Lifestyle Fund ("the Default fund"). Approximately 80% of the DC Plan's membership uses the Default fund.

Two other funds are also classified as legacy default arrangements for some members following past investment changes, where members' funds were transferred in the absence of the members expressing a choice. These changes were in relation to the self select funds which were considered as part of the review of the DC Plan's investment strategy, which took place at an Investment Committee meeting on 24 May 2018 and was ratified at the Trustee Board meeting on 6 June 2018. The Trustee identified two self select funds, the Standard Life Global Absolute Return Strategies Fund and the L&G Global Equity Fixed Weights (50:50) Index Fund as being no longer suitable for members of the DC Plan and automatically moved members' assets into the L&G Dynamic Diversified Fund and the L&G Global Equity Market Weights (30:70) Index Fund respectively. These two receiving funds then became legacy default arrangements for the members who were automatically moved into them. The Trustee believes these funds to be appropriate default arrangements for these members, but they will not be considered as default arrangements for the rest of the DC Plan's membership. Neither of these legacy default arrangements have any life-styling or automatic de-risking in place.

DC Chair's Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

The default investment strategy (continued)

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 a document called the 'Statement of Investment Principles' ("SIP"). The Scheme's SIP, dated 26 September 2019, 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 investment 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 significantly 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 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;

DC Chair's Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

The default investment strategy (continued)

- the Trustee's ethical policy, which the Trustee believes reflects the wishes of the Scheme's members and is not expected to undermine the long-term objectives of the members; and
- the Trustee's investment beliefs about how investment markets work, and which factors are most likely to impact investment outcomes.

The default strategy was last reviewed by the Investment Committee on 24 May 2018 and ratified at the Trustee Board meeting on 6 June 2018. A formal strategy and performance review takes place at least every three years with the next review scheduled to take place during May 2021 or immediately following any significant change in investment policy or the Scheme's member profile.

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. The Trustee's performance reviews that took place during the Scheme year concluded that the default arrangements were performing broadly as expected and remain consistent with the aims and objectives of the default arrangements as stated in the SIP.

The investment profiles of the lifestyle strategies in place during the period covered by this Statement are shown in the SIP in Appendix 3.

Requirements 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 administrators of the Scheme, Broadstone Consultants & Actuaries (formerly BBS Consultants & Actuaries).

DC Chair's Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

Requirements for processing core financial transactions (continued)

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 are processed promptly and accurately, based on the members' chosen investments or the default investment strategy in place at the time (as appropriate). In particular:

- the Governance and Risk Committee review the administrator's AAF 01/06 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 actively questions the relevant administration team to find out why, in order that the Trustee can identify possible shortfalls in the administration function for the DC Plan;
- the administration team has adopted the following processes to help satisfy the Trustee in relation to the good running of the administration functions:
    - appointing a named senior member of staff for the Scheme and adopting clear reporting lines within the team;
    - agreed checking and review procedures reflecting the size of a particular transaction or payment;
- the administration team reports quarterly to the Trustee including information such as:
    - detailed performance statistics, work processed, and major events over the quarter.
    - details of contribution receipts and investments such that the Trustees can monitor compliance with statutory and regulatory guidelines.
    - details of the usage of 4myplan, the member access website.
    - a summary of any investment decisions effected by the members.

DC Chair's Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

Requirements for processing core financial transactions (continued)

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

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

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

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

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

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

DC Chair's Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

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 administration of the DC Plan as these are met by the employers directly.

In the Default fund the charges over the period covered by this statement ranged from 0.36% p.a. (for members 15 or more years from retirement) to 0.26% p.a. (for members at retirement age).

For the legacy default arrangements the charges over the period amounted to 0.50% p.a. for the L&G Dynamic Diversified Fund and 0.20% p.a. for the L&G Global Equity Market Weights (30:70) Index Fund.

The Trustee, subsequent to the date of this statement, has negotiated a further reduction to the TER associated with the L&G Dynamic Diversified Fund, one of the underlying holdings in the Default fund and also used as a legacy default arrangement. This is currently in the implementation stage and will be reflected in the next annual statement.

Charges for all funds are listed in Appendix 1.

The Member borne charges in Appendix 1 do not include transaction costs which arise when investments are bought and sold, for example stamp duty (tax) and foreign exchange costs, which are incurred by the investment providers on behalf of members when trading.

DC Chair's Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

Member borne charges and transaction costs (continued)

The Trustee's advisers, on behalf of the Trustee, 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 (Default fund)	0.0212%
Baptist Ethical Diversified Fund (Default fund)	0.0212%
Baptist At Retirement Fund (Default fund)	0.0184%
L&G Cash Fund	0.0031%
L&G Dynamic Diversified Fund (legacy default arrangement)	0.0535%
L&G AAA-AA-A Corporate Bond All Stocks Fund	-0.0333%
Standard Life GARS	0.0009%
L&G All Stocks Index-Linked Gilt Fund	0.0599%
L&G All Stocks Fixed-Interest Gilt Fund	0.0112%
L&G Global Equity Fixed Weights 50:50 Fund	0.0016%
L&G Over 5 Year Index-linked Gilt Fund	0.0653%
L&G Global Equity Market Weights (30:70) Index 75% Currency Hedged Fund (legacy default arrangement)	0.0259%
L&G Ethical Global Equity Fund	0.0013%
BMO Responsible Global Equity Fund	0.1939%
BMO Responsible UK Income Fund	0.1675%
Newton Real Return Fund	0.0773%
L&G World Emerging Markets Equity Index Fund	0.0074%

DC Chair's Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

Member borne charges and transaction costs (continued)

These illustrate the implicit cost of the difference between the execution price of a deal and the arrival 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.

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 DC Plan's Default fund, are included in Appendix 2. Consideration of the statutory guidance provided by the DWP has been taken into account in the production of these examples.

Value for members assessment

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

An independent assessment was completed on 17 December 2018 and a further assessment on 3 June 2020 in line with the Pensions Regulator's Code of Practice No.13. There is no legal definition of "good value" and so the process of determining good value for members is a subjective one. The general policy of the Trustee in relation to value for member considerations is set out below.

The Trustee notes that value does not necessarily mean the lowest fee, and the overall quality of the service received has been considered in the 'value for members' assessments 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.

DC Chair's Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

Value for members assessment (continued)

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

- the design of the Default arrangement 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. In the December 2018 review there were two specific areas where the Trustee noted that the arrangements required review:

- Investment Governance - Strategy Design and Management
    - Position as at 31 December 2018 - The investment approaches provided to members had been reviewed between 24 May 2018 and 6 June 2018 to ensure they remained appropriate for the membership of the DC Plan. The implementation of the new strategy took place during April and May 2019 alongside a change in administration provider.
    - With effect from 14 May 2019, the Trustee consolidated the three previous lifestyle approaches offered to members into one lifestyle approach, which now forms the Default fund. The Trustee has also expanded the range of asset classes made available to members who wish to make their own investment choices to include emerging market equities, as well as replacing the equity component of the Default fund with an ethically managed equity component.

DC Chair's Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

Value for members assessment (continued)

- Administration – Processing Members' Benefits
  - Position as at 31 December 2018 - Any costs in processing members' benefits were met by the participating employers for active members, whereas deferred members paid 0.23% per annum of their invested assets to meet these costs. These cost arrangements were believed to be justifiable as there was broad equivalence between the charges and the employers were effectively subsidising the 0.23% per annum charge for their employees. However, there remained some inequality, in that this approach treated deferred members differently from active members.
  - With effect from April 2019, a flat charging structure was introduced, with all administrative expenses borne by the employers.

Details of the June 2020 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	Good
Scheme Governance	Professional Advice	Strong
Scheme Governance	Audit & Internal Controls	Strong
Scheme Governance	Risk Mitigation	Strong
Investment Governance	Strategy Design & Management	Strong
Investment Governance	Security & Liquidity	Strong
Investment Governance	Default Investment Option	Strong
Investment Governance	Self-select Investment Options	Strong
Administration	Processing Members' Benefits	Strong
Administration	Maintaining Members' Records	Strong
Administration	Customer Service	Strong
Administration	Benefit Flexibility	Good
Communications	Communications	Good
Communications	Guidance	Good

DC Chair's Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

Value for members assessment (continued)

There were two specific areas where the Trustee noted that the arrangements required review:

- Communications
    - The Trustee is currently reviewing the member communications strategy following the change of administrator in May 2019. The review will encompass routine communications throughout a member's lifetime in the DC Plan, as well as a review of the mechanisms through which member feedback is obtained and the opportunities through which members are able to provide their views on the suitability of the current arrangement.
- Benefit Flexibility
    - The Trustee, in conjunction with the Principal Employer (BUGB), is currently considering the introduction of flexi-access drawdown within the DC Plan as an additional option for members at retirement.

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, in line with the changes agreed to the administration expenses, the charges represent good value for members. The Trustee believes that members of the DC Plan are receiving good value for money based on the costs and charges paid, the range of options available and the service they receive.

DC Chair's Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

Scheme Governance

The Trustee Board is made up of people either appointed by 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 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 is 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 active members and pensioners, inviting suitable nominations and appointing by election if necessary.

The table below shows the make-up of the current Trustee Board and those who were on the Board during 2019.

Trustee Director	Appointed by	Date of Original Appointment	Date of Resignation
CM Pensions Limited (Moderator)	BUGB	1 June 2019	
C Maggs	BUGB	4 March 2014	31 May 2019
N Davis	BUGB	15 March 2016	
P Dick	Member election	1 January 2015	
J Drake	BUGB	15 March 2016	
A Pike	BUGB	15 March 2016	
M Poole	Member election	1 January 2005	12 November 2019
P Chilcott	BUGB	18 September 2019	
J Spiller	Member election	1 January 2012	26 June 2019
S Glen	Member election	5 March 2020	
K Stewart	Member election	9 March 2020	

* With effect from 1 June 2019, BUGB amended the appointment of C Maggs such that he is now engaged as the representative of CM Pensions Limited.

DC Chair's Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

Scheme Governance (continued)

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

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

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

The Trustee has scheduled a review of member communications and member feedback mechanisms for 2020.

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 of the Directors of the Trustee Board

The Trustee Directors are required to maintain appropriate levels of knowledge and understanding. The Trustee has measures in place to secure compliance with the legal and regulatory requirements regarding its knowledge and understanding including investment matters, pension regulation and trust law. This, together with the advice available from the appointed professional advisors (e.g. investment consultants, legal advisors), means the Trustee is well placed to properly exercise its functions and run the Scheme effectively.

DC Chair's Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

Knowledge and understanding of the Directors of the Trustee Board (continued)

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 (or will do so within six months of appointment), and the Trustee Directors continue to receive training on a regular basis. The Trustee is undertaking a self-assessment analysis to identify any skills gaps on the Trustee Board and develop an on-going, structured training programme.

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 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 lawyer 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.

DC training was included within the Trustee meeting held on 18 September 2019, this covered operation of the DC Plan as a Master Trust and included an update on tPR authorisation and the ongoing supervisory regime.

DC Chair's Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

Signed

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

Dated: 23 July 2020

Attachments

- Appendix 1 - Charges for investment options
- Appendix 2 - Projections illustrating impact of costs and charges on member funds
- Appendix 3 - Statement of Investment Principles (September 2019)

DC Chair's Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

Appendix 1 - 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 2019:

Fund Name	31 December 2019 Ongoing Charge (p.a.)
BMO Responsible Global Equity Fund	0.75%
BMO Responsible UK Income Fund	0.75%
L&G AAA-AA-A Corporate Bond All Stocks Fund	0.12%
L&G All Stocks Fixed-interest Gilt Fund	0.08%
L&G All Stocks Index-Linked Gilt Fund	0.08%
L&G Cash Fund	0.10%
L&G Dynamic Diversified Fund **	0.50%*
L&G Ethical Global Equity Fund	0.30%
L&G Global Equity 30:70 Currency Hedged Fund **	0.20%
L&G Global Equity Fixed Weights (50:50) Index Fund	0.10%
L&G Over 5 Year Index-Linked Gilts Index Fund	0.08%
L&G World Emerging Markets Equity Index Fund	0.45%
Newton Real Return Fund	0.85%
Standard Life Global Absolute Return Strategies Fund ***	0.80%

*The Trustee is currently implementing a fee reduction to 0.45% p.a. for the L&G Dynamic Diversified Fund

**Used as both as self-select option and also classified as a legacy default arrangement for certain members

***No longer available for investment, these are legacy funds and are only available to those members who remained invested as they were close to retirement, following the changes to the self select options in 2019.

DC Chair's Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

Appendix 1 - Summary of Investment Charges (continued)

The following table illustrates the charges applicable to the Ethical Default Lifestyle Fund applicable from April 2019:

Blended white-label fund	Underlying funds	Allocation	Ongoing charges (p.a.)
Ethical Growth Fund	L&G Ethical Global Equity Fund	70%	0.30%
(>15 years to retirement)	L&G Dynamic Diversified Fund	30%	0.50%
		Total	**0.36%**
Ethical Diversified Fund	L&G Ethical Global Equity Fund	30%	0.30%
(15-5 years to retirement**)**	L&G Dynamic Diversified Fund	30%	0.50%
	L&G All Stocks Fixed-interest Gilt Fund	16%	0.08%
	L&G AAA-AA-A Corporate Bond All Stocks Fund	16%	0.12%
	L&G All Stocks Index-Linked Gilt Fund	8%	0.08%
		Total	**0.28%**
At Retirement Fund	L&G Dynamic Diversified Fund	40%	0.50%
(<5 years to retirement)	L&G Cash Fund	30%	0.10%
	L&G All Stocks Fixed-interest Gilt Fund	12%	0.08%
	L&G AAA-AA-A Corporate Bond All Stocks Fund	12%	0.12%
	L&G All Stocks Index-Linked Gilt Fund	6%	0.08%
		Total	**0.26%**

DC Chair's Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

Appendix 2 -Illustration of impact of costs on member funds

Projected pension pot in today's money
Current Age: 40 Target Retirement Age: 65
Initial pension pot: £20,000

	Ethical Default Lifestyle Fund	
Age	Before charges	After all charges + costs deducted
40	£20,000	£20,000
45	£35,966	£35,463
50	£54,148	£52,774
55	£73,661	£71,067
58	£85,137	£81,714
60	£92,504	£88,509
62	£99,418	£94,849
64	£105,648	£100,512
65	£108,472	£103,060

Projected pension pot in today's money
Current Age: 50 Target Retirement Age: 65
Initial pension pot: £20,000

	Ethical Default Lifestyle Fund	
Age	Before charges	After all charges + costs deducted
50	£20,000	£20,000
55	£35,430	£34,964
58	£44,893	£44,044
60	£51,143	£50,008
62	£57,196	£55,754
64	£62,890	£61,126
65	£65,572	£63,643

Important note: The above figures 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. Self-select options are subject to different charges and are not represented by these projections.

1. Notes on life-style 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.

DC Chair's Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

Appendix 2 -Illustration of impact of costs on member funds (continued)

1. Assumptions:

- A starting pot of £20,000. This is approximately based on the average fund value invested in the Default Arrangement.
- Initial Qualifying Earnings of £25,000.
- Contributions from the Employee and Employer totalling 10% of Qualifying Earnings; contributions are assumed to continue up to the future ages at which the projected pension pots are shown.
- Any investments held in the Ethical Growth Fund will increase by 5.20% each year before allowing for charges.
- Any investments held in the Ethical Diversified Fund will increase by 3.77% each year before allowing for charges.
- Any investments held in the At Retirement Fund will increase by 2.74% each year before allowing for charges.
- Any regular charges deducted from the funds will remain at current level.
- Transaction costs have been excluded.
- 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 'today's money'.

DC Chair's Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

Appendix 3 - Statement of Investment Principles

1. Introduction

This Statement of Investment Principles ("SIP") sets out the policy of the Trustee of the Baptist Pension Scheme ("the Trustee") on various matters governing decisions about the investments of the Baptist Pension Scheme ("the Scheme"), a 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 February 2016.

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.

DC Chair's Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

Appendix 3 - Statement of Investment Principles (continued)

1. Introduction (continued)

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

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. In addition to this primary objective, the Trustee has additional objectives. These are as follows:

- that the expected return on the Scheme's assets is maximised while maintaining investment risk at an appropriate level. What the Trustee determines to be an appropriate level of risk is set out in Appendix 2.
- that the Scheme should be fully funded on a technical provisions basis (i.e. the asset value should be at least that of its liabilities on this basis) as soon as possible. The Trustee is aware that there are various measures of funding, and has given due weight to those considered most relevant to the Scheme.
- that the Scheme has a long-term journey plan in place (developed with representatives from BUGB and the Employers' Group) which is designed to help it achieve full funding by 31 December 2028 on a gilts-flat basis. Progress against this long-term journey plan is regularly reviewed.

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

DC Chair’s Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

Appendix 3 - Statement of Investment Principles (continued)

2. Investment objectives (continued)

- a 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 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, reviewed the investment strategy for the DB Section and DC Plan in 2018, taking into account the objectives described in Section 2 above.

The result of the review for the DB Section was that the Trustee agreed to allocate assets between equities, property, infrastructure, diversified growth funds ("DGFs"), multi-asset credit, corporate bonds, cash and liability-driven investment ("LDI") products.

From time to time the Trustee may purchase an annuity from an insurer that matches the pensions payable to a sub-section of the Scheme's members (a "buy-in"). In preparation tor undertaking a buy-in, the Trustee may temporarily invest in (for example) fixed and index- linked gilts (in a portfolio that is designed to broadly match changes in buy-in pricing).

The full details of the DB Section's asset distribution are contained in a separate document called the Investment Policy Implementation Document ("IPID").

The allocation between asset classes will be reviewed over time, taking into account the funding level of the Scheme and de-risking opportunities.

The Trustee monitors the asset allocation from time to time. If material deviations from the strategic allocation occur, the Trustee will consider, with its advisers, whether to rebalance the assets, taking into account factors such as market conditions and anticipated future cash flows.

DC Chair’s Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

Appendix 3 - Statement of Investment Principles (continued)

1. Investment strategy (continued)

The Trustee has agreed an approach to de-risk the DB section's investment strategy following improvements in the required investment return - to reach full funding on a gilts-flat basis by 31 December 2028. The objective of this approach is to identify opportunities to "lock in" funding gains following better than expected investment experience through purchasing a buy- in. The Trustee reviews the de-risking approach on a regular basis.

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 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 default option was 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.

To help manage the volatility that members' assets experience in the growth phase of the 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.

In addition to the default option, the DC Plan also offers two funds which became default strategies 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.

DC Chair's Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

Appendix 3 - Statement of Investment Principles (continued)

3. *Investment strategy (continued)*

The Trustee identified the Standard Life Global Absolute Return Strategies Fund and the L&G Global Equity Fixed Weights (50:50) Index Fund as being no longer suitable for members of the DC Plan and automatically moved member's assets into the L&G Dynamic Diversified Fund and the L&G Global Equity Market Weights (30:70) Index Fund respectively. These funds became default strategies for the members that were mapped into them. The Trustee believes these funds to be appropriate default strategies for these members, but the funds will not be offered as default strategies to the rest of the DC Plan's membership.

4. *Considerations made in determining 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.

The Trustee considered a wide range of asset classes for investment, taking account of the expected returns and key individual risks associated with those asset classes as well as how these risks can be mitigated where appropriate. The key financial assumptions made by the Trustee in determining the investment arrangements are that over the long term they will outperform gilts by the following amounts p.a.:

- equity-type investments: 5.0%;
- UK property: 3.3%;
- DGFs: 3.0%;
- UK corporate bonds: 0.9%;
- multi asset credit: 2.3%;
- global Infrastructure 3.9%; and
- dynamic LDI funds 0%.

DC Chair’s Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

Appendix 3 - Statement of Investment Principles (continued)

1. Considerations made in determining the investment arrangements

In setting the strategy for the DB Section the Trustee took into account:

- 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.

DC Chair's Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

Appendix 3 - Statement of Investment Principles (continued)

1. Considerations made in determining the investment arrangements

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 strategy to ensure that both the overall level of investment risk and the balance of individual asset risks are appropriate;
- the need for appropriate diversification within the other investment options offered to members;
- any other considerations which the Trustee considers financially material over the periods until members' retirement, or any other timeframe which the Trustee believes to be appropriate (such as those detailed in Section 7);
- the Trustee's ethical policy, which the Trustee believes reflects the wishes of the Scheme's members and is not expected to undermine the long-term objectives of the members; and
- the Trustee's investment beliefs about how investment markets work, and which factors are most likely to impact investment outcomes.

The Trustee's key investment beliefs, which influenced the setting of the investment arrangements for 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;

DC Chair's Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

Appendix 3 - Statement of Investment Principles (continued)

1. Considerations made in determining the investment arrangements

- 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 default lifestyle and in the range of other funds made available to members.

2. Implementation of the investment arrangements

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

Details of the investment managers for the DB Section and the DC Section 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.

DC Chair's Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

Appendix 3 - Statement of Investment Principles (continued)

1. Implementation of the investment arrangements (continued)

The Trustee, and investment managers to whom discretion has been delegated, exercise their powers to give effect to the principles in this Statement of Investment Principles, so far as is reasonably practicable.

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 by considering 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. Generally, the Trustee would be unlikely to terminate a mandate on short-term performance grounds alone.

DC Chair's Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

Appendix 3 - Statement of Investment Principles (continued)

1. Implementation of the investment arrangements (continued)

The Trustee's policy is to evaluate each of its investment managers by reference to the manager's individual 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 and that the impact of portfolio turnover costs is reflected in performance figures provided by the investment managers. 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.

2. 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, when appropriate, the Trustee, on the administrators' recommendation, decides on the amount of cash required for benefit payments and other outgoings and informs the investment managers of any liquidity requirements. The Trustee's preference is for investments that are readily realisable, but recognises that achieving a well-diversified portfolio may mean holding some investments that are less liquid (e.g. property and infrastructure).

In general, the Trustee's policy is to use cash flows to rebalance the Scheme's assets towards the strategic asset allocation, and also receive income from some of the portfolios where appropriate.

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.

DC Chair's Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

Appendix 3 - Statement of Investment Principles (continued)

7. Consideration of financially material and non-financial matters

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 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, in the investment of the DB Section's assets, the investment managers should adopt ethical guidelines 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 will take its ethical guidelines into account when appointing and reviewing the DB Section's investment managers. 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 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. Outside of the default strategy, the DC Plan offers actively managed equity funds which invest in ESG and ethically screened equities. At this time, it does not believe there are any ESG-focused investment options available that meet its needs in other asset classes but will keep this under review.

DC Chair's Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

Appendix 3 - Statement of Investment Principles (continued)

8. Stewardship

The Trustee recognises its responsibility as the owner of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments. The Trustee has delegated to its investment managers the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, risks and ESG considerations.

The Trustee does not monitor or engage directly with issuers or other holders of debt or equity. It expects the investment managers to exercise ownership rights and undertake monitoring and engagement in line with the managers' 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.

SIP signed for and on behalf of the Trustee of the Baptist Pension Scheme:

Steven D Kaney (Secretary)

DC Chair's Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

Appendix 3 - Statement of Investment Principles (continued)

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

1. Trustee

The Trustee is responsible in respect of investment matters for:

- developing a mutual understanding of investment and risk issues with the employers;
- setting the investment strategy, in consultation with the employers;
- formulating a policy in relation to financially material considerations, 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;
- appointing (and, when necessary, dismissing) 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 content of this SIP from time to time and modifying it if deemed appropriate; and

DC Chair's Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

Appendix 3 - Statement of Investment Principles (continued)

Appendix 1 - Investment governance, responsibilities, decision-making and fees (continued)

1. Trustee (continued)

- consulting with the employers when reviewing the SIP.

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

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

- providing access to a range of funds managed by various investment managers; and
- providing the Trustee with regular information concerning the management and performance of the assets.

3. Investment managers

The investment managers will be responsible for:

- managing the portfolios of assets according to their stated objectives, and within the guidelines and restrictions set out in their respective investment manager agreements and/or other relevant governing documentation;
- taking account of financially material considerations (including climate change and other ESG considerations) as appropriate when managing the portfolios of assets;
- exercising rights (including voting rights) attaching to investments and undertaking engagement activities in respect of investments;
- providing the Trustee/investment platform provider with regular information concerning the management and performance of their respective portfolios; and

DC Chair's Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

Appendix 3 - Statement of Investment Principles (continued)

Appendix 1 - Investment governance, responsibilities, decision-making and fees (continued)

1. Investment managers (continued)

- having regard to the provisions of Section 36 of the Act insofar as it is necessary to do so.

The custodians of the portfolios (whether there is a direct relationship between the custodian and the Trustee or not) are responsible for safe keeping of the assets and facilitating all transactions within the portfolios.

2. 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;
- advising on the selection, and review, of the investment managers; and
- participating with the Trustee in reviews of this SIP.

3. 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.

DC Chair’s Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

Appendix 3 - Statement of Investment Principles (continued)

Appendix 1 - Investment governance, responsibilities, decision-making and fees (continued)

1. Fee structures (continued)

The investment managers 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.

2. 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.

3. 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.

DC Chair's Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

Appendix 3 - Statement of Investment Principles (continued)

Appendix 2 – Policy towards risk

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.

DC Chair's Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

Appendix 3 - Statement of Investment Principles (continued)

Appendix 2 – Policy towards risk (continued)

1. Approach to managing and monitoring investment risks

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

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. The Trustee therefore invests the assets of the Scheme to produce a sufficient long-term return in excess of the liabilities. There is also a risk that the performance of the Scheme's assets and liabilities diverges in certain financial and economic conditions in the short term. This risk has been taken into account in setting the investment strategy and is monitored by the Trustee on a regular basis.

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 feature in the growth phase of the default strategy. To reduce the chance of a sharp deterioration in members' benefits close to retirement, the Trustee has made the 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. 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 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.

DC Chair's Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

Appendix 3 - Statement of Investment Principles (continued)

Appendix 2 – Policy towards risk (continued)

1. Approach to managing and monitoring investment risks (continued)

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. The Trustee is aware of the Scheme's cash flow requirements and believes that this risk is managed by maintaining an appropriate degree of liquidity across the Scheme's investments and by investing in income generating assets, where appropriate.

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 default strategy and diversifying the strategy across different types of investment.

2.5. Environmental, social and governance (ESG) risks

Environmental, social and corporate governance (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 factors such as climate change, unsustainable 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.

DC Chair's Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

Appendix 3 - Statement of Investment Principles (continued)

Appendix 2 – Policy towards risk (continued)

1. Approach to managing and monitoring investment risks (continued)

2.6. Collateral adequacy risk

The Scheme is invested in leveraged Liability Driven Investment ("LDI") arrangements to provide protection ("hedging") against adverse changes in interest rates and inflation expectations. The LDI manager may from time to time call for additional cash to be paid to the LDI portfolio in order to support a given level of leverage.

Collateral adequacy risk is the risk that the Trustee, when requested to do so, will not be able to post additional cash to the LDI fund within the required timeframe. A potential consequence of this risk is that the Scheme's interest rate and inflation hedging could be reduced and that the Scheme's funding level could suffer subsequently as a result. To manage this risk, the Trustee ensures that the Scheme has a sufficient allocation to cash and other highly liquid assets which can be readily realised, so that cash can be posted to the LDI manager at short notice.

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. 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.

DC Chair's Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

Appendix 3 - Statement of Investment Principles (continued)

Appendix 2 – Policy towards risk (continued)

1. Approach to managing and monitoring investment risks (continued)

2.8. Credit risk (continued)

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.

The Scheme is directly exposed to credit risk through its segregated diversified growth fund mandate managed by Ruffer. As the Ruffer portfolio forms part of the return-seeking assets of the Scheme, credit risk exposure of investments is actively managed in order to optimise the risk/ return profile of the portfolio.

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 (e.g. multi asset credit, property, LDI, etc.).

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.

DC Chair's Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

Appendix 3 - Statement of Investment Principles (continued)

Appendix 2 – Policy towards risk (continued)

1. Approach to managing and monitoring investment risks (continued)

2.8. Credit risk (continued)

Under its de-risking policy, the Trustee may from time to time insure member benefits by purchasing annuity policies (ie buy-ins). Any buy-in would be subject to credit risk, due to the potential for the counterparty to default on its contractual payments. 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.

2.9. 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.

2.10. Interest rate and inflation risk

The DB Section's assets are subject to interest rate and inflation risk because some of the assets are held (directly and indirectly) in bonds, inflation linked bonds, and other assets of a contractual nature where payments are linked to interest rates or inflation. However, the interest rate and inflation exposure of the DB Section's assets hedges part of the corresponding risks associated with the DB Section's liabilities.

The Trustee considers interest rate and inflation and risks to be generally unrewarded investment risks.

DC Chair's Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

Appendix 3 - Statement of Investment Principles (continued)

Appendix 2 – Policy towards risk (continued)

1. Approach to managing and monitoring investment risks (continued)

2.10. Interest rate and inflation risk (continued)

As a result, the Trustee aims to partially hedge the DB Section's exposure to interest rate and inflation risk. In practice, this involves hedging the portion of interest rate and inflation risk that corresponds to the Scheme's funding level, by investing in a mixture of bonds as well as leveraged LDI arrangements. The Trustee reviews the interest rate and inflation hedge on a regular basis and will amend the hedge to reflect improvement the Scheme's funding position.

The net effect of the Trustee's approach to interest and inflation risk will be to reduce the volatility of the funding level, and so the Trustee believes that it is appropriate to manage exposures to these risks in this manner.

2.11. 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).

Together, the investment and non-investment risks give rise generally to funding risk. This is the risk that the Scheme's funding position falls below what is considered an appropriate level. The Trustee regularly reviews progress towards the Scheme's funding target, both in the longer-term as well as against short-term milestones, comparing the actual versus the expected funding level.

DC Chair's Annual Statement for the Baptist Pension Scheme as at 31 December 2019 (continued)

Appendix 3 - Statement of Investment Principles (continued)

Appendix 2 – Policy towards risk (continued)

2. Approach to managing and monitoring investment risks (continued)

2.11. Other non-investment risks (continued)

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.

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 2019 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 2019, 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.

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustee has not disclosed in the financial statements any identifiable material uncertainties that may cast significant doubt about the Scheme's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We draw attention to the disclosures relating to the impact of COVID-19 since the year end set out in note 28. Our Opinion is not modified in respect of this matter.

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.

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

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.

Wilkins Kennedy Audit Services
Statutory Auditor
Greytown House
221-227 High Street
Orpington
BR6 0NZ

Date: 31 July 2020

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 2019 which is set out in the Trustees' Report on page 14.

Statement about contributions payable under the Schedule of Contributions

In our opinion contributions for the Scheme year ended 31 December 2019 as reported in the Summary of Contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of certified by the Scheme Actuary on 18 December 2018.

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.

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

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.

Wilkins Kennedy Audit Services
Statutory Auditor
Greytown House
221-227 High Street
Orpington
BR6 0NZ

Date: 31 July 2020

Fund Account

	Note	Defined Benefit Section £000	Defined Contribution Section £000	2019 Total £000	2018 Total £000
Contributions and benefits					
Employer contributions		6,445	3,522	9,967	42,770
Employee contributions		-	3,314	3,314	3,146
Total contributions	5	6,445	6,836	13,281	45,916
Transfers in	6	-	67	67	80
Other income	7	31	789	820	1,012
		6,476	7,692	14,168	47,008
Benefits payable	8	(9,048)	(1,205)	(10,253)	(11,134)
Payments to and on account of leavers	9	(671)	(244)	(915)	(1,608)
Administrative expenses	10	(1,953)	(394)	(2,347)	(2,265)
Other payments	11	-	(449)	(449)	(465)
		(11,672)	(2,292)	(13,964)	(15,472)
Net (withdrawals)/additions from dealings with members		(5,196)	5,400	204	31,536
Returns on investments					
Investment income	12	3,732	-	3,732	3,245
Change in market value of investments	13	10,092	6,577	16,669	(8,965)
Investment management expenses	16	(649)	(2)	(651)	(763)
Net returns on investments		13,175	6,575	19,750	(6,483)

Fund Account (continued)

	Note	Defined Benefit Section £000	Defined Contribution Section £000	2019 Total £000	2018 Total £000
Net increase in the value of the fund during the year		**7,979**	**11,975**	**19,954**	25,053
Transfer between sections	25	**473**	**(473)**	**-**	-
Net assets of the Scheme at start of year		**258,160**	**37,698**	**295,858**	270,805
Net assets of the Scheme at end of year		**266,61261 2**	**49,200200**	**315,812,812**	295,858

The notes on pages 85 to 113 form part of these financial statements.

Statement of Net Assets

	Note	Defined Benefit Section £000	Defined Contribution Section £000	2019 Total £000	2018 Total £000
Investment assets	13				
Equities		4,169	-	4,169	9,519
Bonds		4,250	-	4,250	12,959
Pooled investment vehicles	18	137,052	48,098	185,150	238,239
Derivatives	19	31	-	31	22
Insurance policies		120,100	-	120,100	-
Cash		112	-	112	854
Other investment balances		120	-	120	193
		265,834	48,098	313,932	261,786
Investment liabilities					
Derivatives	19	(3)	-	(3)	(65)
Total net investments		265,831	48,098	313,929	261,721
Current assets	23	1,723	1,138	2,861	34,858
Current liabilities	24	(942)	(36)	(978)	(721)
Net assets of the Scheme at end of year		266,612612	49,200200	315,812	295,858

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 9 to 12 of this Annual Report and these financial statements should be read in conjunction with them.

The notes on pages 85 to 113 form part of these financial statements.

These financial statements were approved by the Trustee on 23 July 2020.

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 issued by the Financial Reporting Council (“FRS102”) and the guidance set out in the Statement of Recommended Practice “Financial Reports of Pension Schemes” (revised 2018) (“the SORP”).

The COVID-19 outbreak was declared a pandemic by the World Health Organisation on 11 March 2020, which may affect the activities of the participating employers, future contributions and the Scheme's investments. Although the Trustee considers there to be a material uncertainty which exists, that may have some impact on the Scheme’s ability to continue as a going concern, there is no expectation that the Scheme will not remain a going concern for the 12 months subsequent to the signing of these financial statements. Therefore, the financial statements have been prepared on a going concern basis.

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 6.

Notes to the Financial Statements (continued)

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

Fund Account

	Note	Defined Benefit Section £000	Defined Contribution Section £000	2018 Total £000
Contributions and benefits				
Employer contributions		39,402	3,368	42,770
Employee contributions		-	3,146	3,146
Total contributions	5	39,402	6,514	45,916
Transfers in	6	-	80	80
Other income	7	2	1,010	1,012
		39,404	7,604	47,008
Benefits payable	8	(9,815)	(1,319)	(11,134)
Payments to and on account of leavers	9	(1,320)	(288)	(1,608)
Administrative expenses	10	(1,815)	(450)	(2,265)
Other payments	11	-	(465)	(465)
		(12,950)	(2,522)	(15,472)
Net additions from dealings with members		26,454	5,082	31,536
Returns on investments				
Investment income	12	3,245	-	3,245
Change in market value of investments	13	(7,906)	(1,059)	3,245
Investment management expenses	16	(758)	(5)	(763)
Net returns on investments		(4,661)	(1,059)	6,490
Net increase in the value of the fund during the year		21,035	4,018	25,053
Transfer between sections	25	821	(821)	-
Net assets of the Scheme at start of year		236,304	34,501	270,805
Net assets of the Scheme at end of year		258,160	37,698	295,858

Notes to the Financial Statements (continued)

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

Statement of Net Assets

	Note	Defined Benefit Section £000	Defined Contribution Section £000	2018 Total £000
Investment assets	13			
Equities		9,519	-	9,519
Bonds		12,959	-	12,959
Pooled investment vehicles	18	200,939	37,300	238,239
Derivatives	19	22	-	22
Cash		854	-	854
Other investment balances		193	-	193
		224,486	37,300	261,786
Investment liabilities				
Derivatives	19	(65)	-	(65)
Total net investments		224,421	37,300	261,721
Current assets	23	34,372	486	34,858
Current liabilities	24	(633)	(88)	(721)
Net assets of the Scheme at end of year		258,160	37,698	295,858

4. Accounting policies

The principal accounting policies of the Scheme are as follows:

4.1 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.

Notes to the Financial Statements (continued)

4. Accounting policies (continued)

4.2 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.

4.3 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.

4.4 Other income

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

4.5 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.

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

4.6 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.

4.7 Administrative and other payments

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

4.8 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.

4.9 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.

Notes to the Financial Statements (continued)

4. Accounting policies (continued)

4.10 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.

Fixed interest securities are stated at their clean prices. Accrued interest is excluded from the market value of fixed income securities and is included in investment income receivable.

Equities, bonds and certain pooled investment vehicles which are traded on an active market are included at the quoted price, which is normally the bid price.

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.

Derivatives are stated at fair value.

Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.

Notes to the Financial Statements (continued)

5. Contributions

	Defined Benefit Section £000	Defined Contribution Section £000	Total £000
2019			
Employer contributions			
Normal	**-**	**2,436**	**2,436**
Deficit funding	**4,621**	**-**	**4,621**
Other – life cover and expenses	**-**	**1,086**	**1,086**
Other - flexible apportionment arrangements / employer debt	**1,813**	**-**	**1,813**
Other – donations	**11**	**-**	**11**
	6,445	**3,522**	**9,967**
Employee contributions			
Normal	**-**	**3,148**	**3,148**
Additional voluntary contributions	**-**	**166**	**166**
	-	**3,314**	**3,314**
	6,445	**6,836**	**13,281**
2018			
Employer contributions			
Normal	-	2,323	2,323
Deficit funding	38,011	-	38,011
Other – life cover and expenses	-	1,045	1,045
Other - flexible apportionment arrangements / employer debt	1,391	-	1,391
	39,402	3,368	42,770
Employee contributions			
Normal	-	2,998	2,998
Additional voluntary contributions	-	148	148
	-	3,146	3,146
	39,402	6,514	45,916

Notes to the Financial Statements (continued)

6. Transfers in

	Defined Benefit Section £000	Defined Contribution Section £000	Total £000
2019			
Individual transfers in from other schemes	-	67	67
2018			
Individual transfers in from other schemes	-	80	80

7. Other income

	Defined Benefit Section £000	Defined Contribution Section £000	Total £000
2019			
Claims on life insurance policies	-	789	789
Sundry income	31	-	31
	31	789	820
2018			
Claims on life insurance policies	-	1,010	1,010
Sundry income	2	-	2
	2	1,010	1,012

8. Benefits payable

	Defined Benefit Section £000	Defined Contribution Section £000	Total £000
2019			
Pensions	7,178	-	7,178
Commutations and lump sum pension benefits	1,800	491	2,291
Lump sum death benefits	70	714	784
	9,048	1,205	10,253

Notes to the Financial Statements (continued)

8. Benefits payable (continued)

	Defined Benefit Section £000	Defined Contribution Section £000	Total £000
2018			
Pensions	7,447	-	7,447
Commutations and lump sum pension benefits	1,276	1,132	2,408
Lump sum death benefits	1,092	162	1,254
Purchase of annuities	-	25	25
	9,815	1,319	11,134

9. Payments to and on account of leavers

	Defined Benefit Section £000	Defined Contribution Section £000	Total £000
2019			
Refunds of contributions	**-**	**1**	**1**
Individual transfers out to other schemes	**671**	**243**	**914**
	671	**244**	**915**
2018			
Refunds of contributions	-	6	6
Individual transfers out to other schemes	1,320	282	1,602
	1,320	288	1,608

Notes to the Financial Statements (continued)

10. Administrative expenses

	Defined Benefit Section £000	Defined Contribution Section £000	Total £000
2019			
Administration	**557**	**116**	**673**
Actuarial and consulting	**1,124**	**181**	**1,305**
Audit	**8**	**2**	**10**
Legal	**182**	**40**	**222**
Other professional fees	**56**	**14**	**70**
Regulatory fees	**16**	**41**	**57**
Bank and sundry charges	**10**	**-**	**10**
	1,953	**394**	**2,347**
2018			
Administration	639	231	870
Actuarial and consulting	780	179	959
Audit	13	4	17
Legal	286	16	302
Other professional fees	81	20	101
Regulatory fees	15	-	15
Bank and sundry charges	1	-	1
	1,815	450	2,265

Legal fees incurred during both years 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 which they relate. Indirect costs are allocated between sections based on an allocation methodology agreed by the Trustee.

11. Other payments

	Defined Benefit Section £000	Defined Contribution Section £000	Total £000
2019			
Group life assurance premiums	**-**	**449**	**449**

Notes to the Financial Statements (continued)

11. Other payments (continued)

	Defined Benefit Section £000	Defined Contribution Section £000	Total £000
2018			
Group life assurance premiums	-	465	465

12. Investment income

	Defined Benefit Section £000	Defined Contribution Section £000	Total £000
2019			
Dividends from equities	**140**	**-**	**140**
Income from bonds	**40**	**-**	**40**
Income from pooled investment vehicles	**3,541**	**-**	**3,541**
Interest on cash deposits	**11**	**-**	**11**
	3,732	**-**	**3,732**
2018			
Dividends from equities	217	-	217
Income from bonds	79	-	79
Income from pooled investment vehicles	2,937	-	2,937
Interest on cash deposits	12	-	12
	3,245	-	3,245

Notes to the Financial Statements (continued)

13. Reconciliation of investments

Defined Benefit Section

	Value as at 1 January 2019	Purchases at cost and derivative payments	Sales Proceeds and derivative receipts	Change in market value	**Value as at 31 December 2019**
	£000	£000	£000	£000	**£000**
Equities	9,519	7,508	(14,032)	1,174	**4,169**
Bonds	12,959	8,755	(17,545)	81	**4,250**
Pooled investment vehicles	200,939	242,716	(329,518)	22,915	**137,052**
Derivatives	(43)	290	(665)	446	**28**
Insurance policies	-	134,624	-	(14,524)	**120,100**
	223,374	393,893	(361,760)	10,092	**265,599**
Cash deposits	854				**112**
Other investment balances	193				**120**
	224,421				**265,831**

Defined Contribution Section

	Value as at 1 January 2019	Purchases at cost	Sales Proceeds	Change in market value	**Value as at 31 December 2019**
	£000	£000	£000	£000	**£000**
Pooled investment vehicles	37,300	83,588	(79,367)	6,577	**48,098**

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.

Notes to the Financial Statements (continued)

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 that relate to members leaving the Scheme prior to vesting.

Defined contribution investment assets are all allocated to the members as follows:

	2019	2018
	£000	£000
Members	**47,742**	37,300

16. Investment management expenses

	Defined Benefit Section	Defined Contribution Section	Total
	£000	£000	£000
2019			
Administration, management and custody	**735**	**2**	**737**
Rebates	**(86)**	**-**	**(86)**
	649	**2**	**651**
2018			
Administration, management and custody	761	5	766
Rebates	(3)	-	(3)
	758	5	763

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.

Notes to the Financial Statements (continued)

18. Pooled investment vehicles

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

Defined Benefit Section

	2019	2018
	£000	£000
Equity	26,758	53,312
Bonds	1,946	12,638
Liability Driven Investments	47,676	75,221
Infrastructure funds	21,419	23,037
Multi-asset funds	21,522	20,999
Property	12,832	13,455
Cash	3,547	11
Other	1,352	2,266
	137,052	200,939

Defined Contribution Section

	2019	2018
	£000	£000
Equity	1,841	19,229
Bonds	3,067	7,249
Diversified growth	2,579	9,288
Multi-asset	38,804	-
Cash	1,807	1,534
	48,098	37,300

19. Derivatives

The Trustee has authorised the use of derivatives by its investment managers as part of its investment strategy for the Scheme. The only directly-held derivatives are within the Ruffer mandate.

Notes to the Financial Statements (continued)

19. Derivatives (continued)

In order to maintain appropriate diversification of investments within the portfolio and take advantage of overseas investment returns, a proportion of the underlying investment portfolio is invested overseas. To balance the risk of investing in foreign currencies whilst having an obligation to settle benefits in GBP, a currency hedging programme, using forward foreign exchange contracts, has been put in place to reduce the currency exposure of these overseas investment to the targeted level.

At the year-end the Scheme had the following directly-held derivatives within the Ruffer mandate:

Forward FX

Contract	Settlement date	Currency bought	Currency sold	Asset value at year end £000	Liability at year end £000
Forward (OTC)	13/03/2020	£87,691	€103,700	-	-
Forward (OTC)	13/03/2020	£295,548	¥42,970,300	-	(3)
Forward (OTC)	13/03/2020	£4,550,999	$6,006,500	31	-
Total 2019				**31**	**(3)**
Total 2018				22	(65)

20. Concentration of investments

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

	2019 £000	2019 %	2018 £000	2018 %
BMO Real Dynamic LDI Fund	**29,278**	**9.3**	48,408	16.4
L&G Baptist Ethical Growth Fund	**25,570**	**8.1**	-	-
Janus Henderson Multi-Asset Credit Fund	**21,522**	**6.8**	20,999	7.1
JP Morgan Infrastructure Investment Fund	**21,419**	**6.8**	23,037	7.8
L&G Ethical Global Equity Index - Hedged	**16,659**	**5.3**	32,790	11.1
L&G Ethical Global Equity Index	**8,176**	**2.6**	16,996	5.7

Notes to the Financial Statements (continued)

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 are unobservable, i.e. for which market data is unavailable.

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

Defined Benefit Section 2019	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Equities	4,169	-	-	4,169
Bonds	4,250	-	-	4,250
Pooled investment vehicles	-	114,281	22,771	137,052
Derivatives	-	28	-	28
Insurance policies	-	-	134,624	134,624
Cash deposits	112	-	-	112
Other investment balances	120	-	-	120
	8,651	114,309	157,395	280,355

Defined Contribution Section 2019	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Pooled investment vehicles	-	48,098	-	48,098

Defined Benefit Section 2018	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Equities	9,519	-	-	9,519
Bonds	12,959	-	-	12,959
Pooled investment vehicles	-	176,255	24,684	200,939
Derivatives	-	(43)	-	(43)
Cash deposits	854	-	-	854
Other investment balances	193	-	-	193
	23,525	176,212	24,684	224,421

Notes to the Financial Statements (continued)

21. Fair value of investments (continued)

Defined Contribution Section 2018	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Pooled investment vehicles	-	37,300	-	37,300

22. Investment risks

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.

Notes to the Financial Statements (continued)

22. Investment risks (continued)

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 mostly 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.

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

The DB Plan is indirectly exposed to credit risks arising from the underlying investments held by the pooled funds, where they invest in bond-like assets. The indirect exposure to credit risk arises from the DB Plan's investments in the RLAM ethical bond fund, the CBRE property fund, the JP Morgan infrastructure fund, Janus Henderson multi asset credit fund, the buy-in with JUST, the dynamic LDI funds managed by BMO and the Ruffer underlying pooled funds held within the segregated mandate.

Notes to the Financial Statements (continued)

22. Investment risks (continued)

Credit risk (continued)

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 terms under which the LDI portfolio is managed include provisions to manage the exposure to credit risk, such as limits on the exposure to any single counterparty and minimum credit ratings that all counterparties must meet. In addition, the derivative positions are collateralised daily, so as to aim to limit credit risk to one day’s market movements. The magnitude of credit risk within each fund will vary over time, as the manager changes the underlying investments in line with its views on markets, asset classes and specific counterparties.

The DB Plan’s portfolio with Ruffer is a segregated mandate and therefore results in direct credit risk for the Scheme. As the Ruffer portfolio forms part of the return-seeking assets of the DB Plan, credit risk exposure of investments is actively managed in order to optimise the risk / return profile of the portfolio. Over the year, credit risk arising from directly held bonds has been mitigated by investing in highly credit worthy (e.g. G7) government bonds where the credit risk is minimal. Ruffer has made this assessment using a combination of both an in-house credit assessment and the use of credit ratings.

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 Standard Life. 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.

Notes to the Financial Statements (continued)

22. Investment risks (continued)

Credit risk (continued)

Direct credit arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. Trustees carry out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitor any changes to the operating environment of the pooled manager.

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

Fund	Legal Structure
BMO Real Dynamic LDI Fund	Fonds Commun de Placement-Fonds d'Investissement Spécialisé
BMO Nominal Dynamic LDI Fund	Fonds Commun de Placement-Fonds d'Investissement Spécialisé
BMO Short Profile Real Dynamic LDI Fund	Fonds Commun de Placement-Fonds d'Investissement Spécialisé
BMO Short Profile Nominal Dynamic LDI Fund	Fonds Commun de Placement-Fonds d'Investissement Spécialisé
BMO Sterling Liquidity Fund	Fonds Commun de Placement-Fonds d'Investissement Spécialisé
CBRE OSIRIS UK Property Fund	UK Pension Pooling Scheme
L&G Ethical Global Equity Index Fund	Unit-Linked Insurance policies
L&G Ethical Global Equity Index Fund (GBP hedged)	Unit-Linked Insurance policies
Royal London Ethical Bond Fund	Open ended investment company
JPMorgan Infrastructure Investment Funds	Open ended private placement fund
Janus Henderson Multi Asset Credit Fund	Unit Trust
Ruffer Illiquid Multi Strategies Fund 2015	Guernsey domiciled, closed-ended investment company
Ruffer SICAV UK Mid & Smaller Companies Fund	Sub-fund of Ruffer SICAV, a Luxembourg domiciled UCITS SICAV
Ruffer European Fund	Sub-fund of LF Ruffer Investment Funds (OEIC), UK domiciled UCITS
Ruffer Japanese Fund	Sub-fund of LF Ruffer Investment Funds (OEIC), UK domiciled UCITS

Notes to the Financial Statements (continued)

23. Investment risks (continued)

Credit risk (continued)

Fund	Legal Structure
Ruffer Pacific & Emerging Markets Fund	Sub-fund of LF Ruffer Investment Funds (OEIC), UK domiciled UCITS
Ruffer Gold Fund	Sub-fund of LF Ruffer Investment Funds (OEIC), UK domiciled UCITS
Ruffer Protection Strategies International	Open-ended investment fund in umbrella form with separate subfunds incorporated in Luxembourg as a Société D'investissement À Capital Variable (SICAV) – Fonds D'Investissement Spécialisé (FIS)
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.

Whilst the majority of the currency exposure of the DB Plan's assets is to sterling, the DB Plan is subject to currency risk because some of the 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.

The DB Plan is exposed to direct currency risk through its investment in the JP Morgan Infrastructure Investment Fund, which is US dollar denominated.

The Ruffer portfolio is also subject to direct currency risk derived from the underlying investments in overseas asset markets. Ruffer is cognisant of the Scheme's base currency of Sterling, and foreign currency exposure is only sought when it fulfils an empirical and qualitative assessment suggesting its inclusion is beneficial to the overall risk / return profile of the portfolio.

Notes to the Financial Statements (continued)

22. Investment risks (continued)

Currency risk (continued)

The DB Plan also has indirect exposure to currency risk through its pooled fund holdings where the managers invest in non-sterling assets. This includes the L&G Ethical Global Equity Index Fund (non-GBP hedged) and the Royal London Ethical Bond Fund (although overseas currency exposure within the RLAM fund is expected to be small). In particular, the Trustee has made the strategic decision to hedge around two thirds of the L&G equity funds' currency exposure, which partially mitigates the currency risk to which the DB Plan is exposed. The Janus Henderson Multi Asset Credit Fund has exposure to indirect currency risk however the Trustee has made the strategic decision to invest in the sterling hedged share class, which mitigates this risk.

The exposure to foreign currencies within the pooled funds will vary over time as the manager changes the underlying investments, but is not expected to be a material driver of returns over the longer term. Decisions about the exposure to foreign currencies within the pooled funds held are at the discretion of the appointed fund managers.

The majority of the DC Plan's pooled investment offerings are accessed via Sterling share classes but may invest in non-Sterling investments on an unhedged basis, for example the Newton Real Return Fund. The only exception is the L&G (PMC) Global Equity Market Weights (30:70) Index Fund that has recently been implemented by the Trustee as a self-select option, which currency hedges 75% of the overseas equity allocation. Members of the DC Plan are able to choose their investments from a range of funds and are therefore well-equipped to manage their currency risk through diversification of investments.

Notes to the Financial Statements (continued)

22. Investment risks (continued)

1. Interest rate risk

Interest rates and inflation are significant 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 believe 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 corporate bond investments with RLAM, multi asset credit fund with Janus Henderson, the buy-in with JUST and the dynamic LDI funds managed by BMO. The Ruffer portfolio may also have some sensitivity to changing interest rates, but this sensitivity will vary over time as the underlying investments change, and it is not expected to be a significant driver of returns due to the Ruffer’s investment approach.

The DC Plan’s assets held in pooled bond funds are also subject to interest rate risk. A number of bond funds are included in the DC Plan’s current default lifestyle strategy. The Trustee believes that including exposure to bond funds in the de-risking phase before retirement is appropriate, since this adds diversification and reduces the volatility of 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.

2. 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.

Notes to the Financial Statements (continued)

22. Investment risks (continued)

1. Other price risk (continued)

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 exposure to other price risk within the Ruffer portfolio will vary over time depending on how the manager changes the underlying asset allocation to reflect its’ market views.

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 also offered a default lifestyle option if they do not wish to actively choose their investments.

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	2019 £000	2018 £000
BMO Real Dynamic LDI Fund	●	●	○	○	●	●	**29,278**	48,408
BMO Nominal Dynamic LDI Fund	●	●	○	○	●	○	**14,730**	9,489
BMO Short Profile Real Dynamic LDI Fund	●	●	○	○	●	●	**3,638**	13,514
BMO Short Profile Nominal Dynamic LDI Fund	●	●	○	○	●	○	**30**	3,811
CBRE GIP UK Osiris Property Fund	●	●	○	○	○	●	**12,831**	13,455
JP Morgan Infrastructure Investments Fund	●	●	●	○	○	●	**21,419**	23,037
L&G Ethical Global Equity Index	●	○	○	●	○	●	**8,176**	16,996
L&G Ethical Global Equity Index – GBP Hedged	●	○	○	○	○	●	**16,659**	32,790
Ruffer / DGF Absolute Return Strategy	●	●	●	●	●	●	**11,721**	28,228
RLAM Ethical Bond Fund	●	●	○	○	●	○	**1,946**	12,638
Janus Henderson Multi-Asset Credit Fund	●	●	○	○	●	○	**21,522**	20,999
Buy-in contract – Just Retirement	●	●	○	○	●	○	**120,100**	-

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

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	2019 £000	2018 £000
L&G Global Equity Fixed Weights 50:50 Index	●	○	○	●	○	●	**444**	12,672
Global Equity Market Weights (30:70) Index Fund	●	○	○	●	○	●	**408**	-
L&G Standard Life Global Absolute Return Strategies Fund	●	●	○	●	●	●	**1,018**	6,153
L&G (PMC) All Stocks Gilts Index Fund	●	○	○	○	●	○	**645**	1,504
L&G (PMC) AAA-AA-A Corporate Bond All Stocks Index Fund	●	●	○	○	●	○	**1,149**	2,982
L&G F&C Responsible UK Income Fund	●	○	○	○	○	●	**309**	2,243
L&G (PMC) Responsible Global Equity Fund	●	○	○	●	○	●	**301**	2,166
L&G (PMC) Ethical Global Equity Index Fund	●	○	○	●	○	●	**356**	2,148
L&G Dynamic Diversified Fund	●	●	○	●	●	●	**1,420**	2,016
L&G Newton Real Return Fund	●	●	○	●	●	●	**141**	1,099
L&G (PMC) World Emerging Markets Equity Index Fund	●	○	○	●	○	●	**23**	-
L&G Over 5 Year Index Linked Gilts Index Fund	●	○	○	○	●	○	**325**	2,121

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	2019 £000	2018 £000
L&G (PMC) All Stocks Index Linked Gilts Index Fund	●	○	○	○	●	○	**947**	643
L&G Cash Fund	●	○	○	○	●	○	**1,807**	1,534
L&G Baptist Ethical Growth Fund	●	●	○	●	●	●	**25,570**	-
L&G Baptist Ethical Diversified Fund	●	●	○	●	●	●	**12,225**	-
L&G Baptist At Retirement Fund	●	●	○	●	●	●	**1,008**	-

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

23. Current assets

	Defined Benefit Section £000	Defined Contribution Section £000	Total £000
2019			
Cash balances	**1,723**	**1,138**	**2,861**
2018			
Sundry debtor	1	-	1
Cash balances	34,371	486	34,857
	34,372	486	34,858

Notes to the Financial Statements (continued)

24. Current liabilities

	Defined Benefit Section £000	Defined Contribution Section £000	Total £000
2019			
Unpaid benefits	**52**	**-**	**52**
Taxation	**84**	**-**	**84**
Accrued expenses	**804**	**30**	**834**
Overpaid employer contributions	**2**	**4**	**6**
Overpaid member contributions	**-**	**2**	**2**
	942	**36**	**978**
2018			
Unpaid benefits	86	34	120
Taxation	85	-	85
Accrued expenses	460	48	508
Overpaid employer contributions	2	4	6
Overpaid member contributions	-	2	2
	633	88	721

25. Transfers between sections

The amount disclosed as transfer between sections comprises the following items:

	Defined Benefit Section £000	Defined Contribution Section £000	Total £000
2019			
DC life cover and expense contributions attributable to the DB Section	**331**	**(331)**	**-**
Life assurance claims to fund DB pensions	**142**	**(142)**	**-**
	473	**(473)**	**-**
2018			
DC life cover and expense contributions attributable to the DB Section	316	(316)	-
Life assurance claims to fund DB pensions	505	(505)	-
	821	(821)	-

Notes to the Financial Statements (continued)

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 £154,210 (2018: £236,885).

The Baptist Pension Scheme owed the following amount to:

- Baptist Union of Great Britain £nil (2018: £19,069).

The Baptist Pension Scheme was owed the following amount by:

- Baptist Union Staff Pension Scheme £nil (2018: £1,539).

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 (2018: Nil) within the meaning of section 40(2) of the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005.

28. Non-adjusting balance sheet event

On 11 March 2020, COVID-19 was declared a pandemic by the World Health Organisation. This has resulted in worldwide restrictions on travel, government fiscal stimulus and extreme financial market volatility. Restrictions on church activities have also been significant.

The impact on the Scheme is currently unquantifiable at this stage in relation to the effects on the activities of the participating employers, future contributions and the Scheme's investments.

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 2016 to be met by the end of the period specified in the recovery plan dated 16 December 2018.

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 13 April 2018.

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:	18 December 2018
Name:	Richard Soldan	Qualification:	FIA
Address:	95 Wigmore Street London W1U 1DQ	Name of employer: (if applicable)	Lane Clark & Peacock LLP

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
Napier House
Trafalgar Place
Brighton
BN1 4DW

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 Tracing Service
The Pension Service 9
Mail Handling Site A
Wolverhampton
WV98 1LU

Telephone: 0800 731 0193

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

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

Further Information (continued)

1. Money and Pensions Service

Pension Wise, The Pensions Advisory Service and The Money Advice Service have joined forces under the above name to streamline and simplify access to financial information.

The Money and Pensions Service 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 Money and Pension Service website at:

www.moneyandpensionsservice.org.uk

You can also book a free face-to-face or telephone appointment through the website or by calling 0800 138 3944. Please note that the Money and Pensions Service does not provide advice but will provide guidance to help you understand your options.

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 6. 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:

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

Telephone: 0800 917 4487

Email: helpline@pensions-ombudsman.org.uk

Website: www.pensions-ombudsman.org.uk