Church Administrators Pension Fund

Annual Report and Financial Statements
31 December 2024

Contents

Trustee's report

The Church of England Pensions Board ("the Board"), as Trustee of the Church Administrators Pension Fund ("CAPF", or "the Scheme") is pleased to present the Scheme's annual report for the year ended 31 December 2024.

Scheme constitution and management

The Scheme was established in 1985, under the provisions of Section 27 of the Clergy Pensions Measure 1961, to provide pensions for the lay staff of the General Synod and The Central Board of Finance of the Church of England (who transferred to the Archbishops' Council on its establishment in 1999). It was established to provide similar pension benefits to those staff as provided by the Church Commissioners Superannuation Scheme ("CCSS") for employees of the other National Church Institutions. It was approved, from 1 January 1985, as a retirement benefits scheme for the purposes of Chapter 1 Part XIV of the Income and Corporation Taxes Act 1988.

With effect from 1 January 2000, the staff of the national church bodies and episcopal staff who had previously been covered under the CCSS were transferred to this Scheme (the CCSS was established under Section 17 of the Church Commissioners Measure 1947). Benefits arising from service prior to 2000 are wholly funded by the Church Commissioners. The Board administers the CCSS on behalf of the Church Commissioners and from the members' perspective, runs the CAPF and the CCSS, so that those with pension benefits earned from both schemes have a single point of contact and on retirement receive a single lump sum and consequently a single pension payment each month. The CAPF makes these payments on behalf of the Church Commissioners and is fully reimbursed by them in respect of the pre-2000 element of the payment they are responsible for funding. These amounts are not included in the financial statements of the CAPF.

There are two sections of the Scheme: A Defined Benefit section and a Defined Contribution section.

Defined Benefit

The Defined Benefit section was closed to new entrants with effect from 1 July 2006. In 2010, the final salary arrangement was replaced with one based on career average earnings for future service and contracted into the State Second Pension Scheme.

Other than the Scheme's liability driven investments ("LDI") which are held by BlackRock, the Scheme's investments are principally held in The Church of England Investment Fund for Pensions ("CEIFP"). The CEIFP was established in 1985 as a common investment fund for the Board's pension schemes. The Scheme has been a member of the CEIFP since 1985. The CEIFP pools assets to take advantage of economies of scale and reduce risk through diversification, to which the smaller schemes would not have access on their own. The CEIFP's annual report and financial statements are attached at Appendix 2.

The CEIFP has five pools: the public equity pool containing mostly listed equities, the diversified growth pool containing mostly property and private equity assets, the diversified income pool containing mostly infrastructure assets and private loans, the listed credit pool containing corporate bonds, and the liquidity pool containing cash.

Members of the defined benefit scheme can also make additional voluntary contributions. More information is given in the AVC section on page 12 regarding these arrangements.

Defined Contribution

The Defined Contribution section was closed to new entrants with effect from January 2024. The investments are managed by Legal and General Investment Management ("Legal and General") who offer members a range of investment funds depending on their requirements.

Trustee's report (continued)

Rule changes

There were no changes to the Scheme rules during 2024. A full copy of the Scheme rules is available on request.

Scheme management

The Board as Trustee is responsible for setting the overall strategy and managing the Scheme. The Board has established various committees to assist it in this responsibility. The Board has members elected and appointed by various means, which are described below. It delegates some of its business and decision making to sub-committees.

Board Members (1 January 2024 to 10 July 2025)

Appointed with the approval of the General Synod, by the Archbishops of Canterbury and York

Clive Mather (Chair)

Appointed by the Archbishops of Canterbury and York

Roger Boulton
Emma Osborne
Ian Wilson

Appointed by the Archbishops of Canterbury and York after consultation with the Chairs of the Church of England Appointments Committee and the General Synod's House of Laity

Tony King

Appointed by the Archbishops of Canterbury and York after consultation with the Chair of the Church of England Appointments Committee and the Prolocutors of the Convocations of Canterbury and York

The Revd Caroline Titley

Appointed by the Archbishops of Canterbury and York after consultation with the Church Commissioners and the representatives of the dioceses

Nikesh Patel

Elected by the members of the Church Workers Pensions Fund

Canon Michaela Southworth

Elected by the members of the Church Administrators Pensions Fund

Maggie Rodger

Elected by the members of the clergy pension schemes

The Revd Hugh Lee (to 31 December 2024)
The Revd Canon Eleanor Robertshaw
The Revd Trudie Wigley (from 1 January 2025)

Elected by the Employers in the Church Workers Pensions Fund and the Church Administrators Pensions Fund

Richard Hubbard (to 31 December 2024)
Vicky Paramour (from 1 January 2025)

Committee Members (1 January 2024 to 10 July 2025)

Audit and Risk Committee

Maggie Rodger (Chair)
Ebele Akojie* (from 13 March 2025)
Caron Bradshaw OBE* (to 31 December 2024)
Wendy Davis* (from 13 March 2025)
Tony King
Canon Susan Pope*
Helen Ashley Taylor* (to 31 December 2024)
Ian Wilson

Pensions Committee

Richard Hubbard (Chair) (to 31 December 2024)
Vicky Paramour (Chair) (from 1 January 2025)
The Revd Hugh Lee (to 31 December 2024)
Maggie Rodger
Canon Michaela Southworth
Ian Wilson

Trustee's report (continued)

Housing Committee
The Revd Caroline Titley (Chair)
Lloyd Cochrane (from 5 June 2024)
The Rt Revd Anne Hollinghurst (from 5 June 2024)
Tony King
The Revd Canon Eleanor Robertshaw
Jonathan Gregory*
Tom Paul*
The Rt Revd Alan Wilson* (to February 2024

Investment Committee
Roger Boulton (Chair)
Hannah Gore-Randall*
Emma Osborne
Nikesh Patel
Chris Rule*
Padmesh Shukla*
The Revd Trudie Wigley (from 1 January 2025)

*Indicates members of committee who kindly give of their time and experience to the committee but are not Trustees of the Pensions Board.

Employers
The Church Commissioners for England
The Archbishops' Council
The Church of England Pensions Board
The National Society (Church of England and Church in Wales) for the Promotion of Education

Scheme advisors

The Trustee engages the below professional advisors to assist them in their responsibilities.

Actuary	Aaron Punwani, Lane Clark and Peacock LLP	
Independent auditors	Crowe U.K. LLP	
Bankers	Lloyds Bank plc	
Investment Advisors	Mercer Ltd Willis Towers Watson	
Investment Custodians	Northern Trust Company Ltd	
Investment Managers (Scheme)	BlackRock Investment Management (UK) Limited Legal & General Investment Management	
Investment Managers (Common Investment Fund)	Antin Infrastructure Partners Audax Group Basalt Infrastructure Partners Blackstone Cambridge Associates CBRE Global Investors Colchester Global Investors DBL Partners DIF Management EQT Infrastructure Partners NinetytOne (from December 2024)	Igneo Infrastructure Partners Generation Investment Management LLP H.I.G. Capital LLC Insight Investment Management I Squared Global Capital KKR & Co. LP Legal & General Investment Management Robeco Institutional Asset Management B.V.

Trustee's report (continued)

The Global Economy

The UK entered 2024 continuing to face the tail winds of an inflationary spike which, in addition to having a real impact on individuals' costs of living, had led to higher interest rates and a further downward revaluation of interest-rate sensitive assets. Although there were early signs that the rate of inflation had peaked in most developed economies, the resilience of the US economy meant that investors had to push-back expectations of an early easing in US monetary policy. This trend turned in May, as softer inflation figures and a weaker employment market in the US reignited hopes that that the US Federal Reserve would 'pivot' and start to lower short-term interest rates. This caused a sharp fall in US and global bond yields and supported further gains in most equity markets over the summer months.

The US Federal Reserve validated the move in market expectations by cutting its key short-term interest rate by 50 basis points in September, a move mirrored by many other central banks, including the Bank of England and European Central Bank. However, expectations of further cuts in interest rates began to be challenged in October, with US economy proving more resilient and global inflation proving 'stickier' than previously expected. The November US Presidential election created uncertainty about the path of US trade and fiscal policy and inflation expectations. Uncertainty over US fiscal policy and concern over the longer-term outlook for inflation seems to have once again caused the US Federal Reserve to put any further cuts in interest rates on hold and placed upward pressure on US and global yields at the end of the year.

The huge wave of elections across the globe in 2024 added to uncertainty and it is deeply sad to note that there are more active global conflict zones now than at any other time since the Second World War. The period between the end of 2024 and the date of signing these accounts, there has been considerable volatility in global financial markets, attributed mainly to the changes in US trade policy.

Against this backdrop, predicting the near-term performance of markets remains as difficult as ever. The scheme continues to maintain a long-term investment horizon and holds a well-diversified portfolio. However, the Board has sought to manage the risks to the strong funding position in the scheme, notably by effecting an increased allocation to lower risk assets and increasing the inflation and interest rate hedges, while ensuring the potential for future growth and continuing to invest responsibly and prudently on behalf of members.

Financial Developments

The financial statements included in this annual report are the financial statements required by the Pensions Act 1995. They have been prepared and audited in compliance with regulations made under Sections 41(1) and (6) of that Act.

For information about the CEIFP's own financial developments in the year, see its Trustee's Report in Appendix 2.

Going Concern

The participating Employers continue to pay all contributions as they are due.

The Scheme is supported by the participating Employers covenant, because this ultimately underwrites investment risk and funding risk. A detailed covenant assessment is undertaken to coincide with each triennial valuation. This includes assessment of financial strength and security and stress testing the ongoing viability of funders under various economic scenarios. Between valuations the Board undertakes pro-active engagement with Responsible Bodies (employers), encourages all Responsible Bodies to inform the Board of relevant matters that may affect their covenant, and draws on information available to other NCIs (National Church Institutions) on the financial health of Responsible Bodies.

Trustee's report (continued)

Going Concern (continued)

The Trustee has considered the impact that geopolitical uncertainty and the economic climate has had on the responsible bodies and is satisfied that there was no material deterioration in the overall employer covenant and the employers can continue to support the Scheme for the foreseeable future.

Membership

The change in membership during the year is as follows:

Defined Benefit	Active	Deferred	Pensioners	Beneficiaries	Total
At 1 January	**57**	**357**	**804**	**122**	**1,340**
Leavers with deferred pension	(1)	1	-	-	-
Members retiring	(4)	(22)	26	-	-
Deaths	-	(1)	(26)	(12)	(39)
New spouse and dependent pensions	-	-	-	6	6
Total at 31 December	**52**	**335**	**804**	**116**	**1,307**

Note: Total number of pensioners receiving pensions and deferred members in the table above include both CAPF and the CCSS.

Defined Contribution	Active	Deferred	Total
At 1 January	**604**	**877**	**1,481**
New members joining	1	-	1
Leavers with deferred pension	(75)	75	-
Withdrawn from membership (no liability)	(1)	(2)	(3)
Members retiring	(3)	(35)	(38)
Transfers out	(6)	-	(6)
Deaths	(1)	-	(1)
Total at 31 December	**519**	**915**	**1,434**

Pension Increases

Increases to pensions in payment (excluding GMP) in the Defined Benefit section of the CAPF are made in line with the Retail Prices Index ("RPI"), subject to a maximum increase. The changes in RPI for the period September to September is the reference period for pension increases from January or April in the following year. The increase in RPI in the year to 30 September 2024 was 2.7% (2023: 8.9%)

The part that represents Post 1988 Guaranteed Minimum Pension was increased by 1.7%. The part that represents Pre 1988 Guaranteed Minimum Pension was increased by 0%. These increases were applied from 7th April 2025. The part that represents Pre 1997 excess over Guaranteed Minimum Pension was increased by 1.7%. All other elements were increased by 2.7%. These increases were applied from 1st January 2025.

Transfers

As prescribed by statutory regulations, all transfer payments were calculated in accordance with the methods and assumptions approved by the Scheme Actuary. There were no discretionary benefits. With effect from 1 April 2009, the Board ceased accepting transfers into the Defined Benefit section of the Scheme.

Trustee's report (continued)

Report on actuarial liabilities

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. The technical provisions represent the present value of the benefits members are entitled to based on pensionable service to the valuation date. This is assessed using the assumptions determined by the Trustee, after considering actuarial advice and having consulted with the National Church Institutions, and is set out in the Statement of Funding Principles, which is available to Scheme members on request.

These liabilities are considered by the Scheme Actuary who carries out an actuarial valuation of such liabilities every three years. This valuation considers the funding position of the Scheme and the level of contributions payable. The financial statements do not include liabilities in respect of future retirement benefits.

The most recent full actuarial valuation of the Scheme was carried out as at 31 December 2022. This showed that on that date:

- the value of the technical provision was £103.9 million; and
- the value of the net assets of the Defined Benefit section was £102.0 million
- the deficit was £1.9 million

The method and significant actuarial assumptions used to determine the technical provisions are set out below (all assumptions adopted are set out in the Appendix to the Statement of Funding Principles):

Method
The actuarial method to be used in the calculation of the technical provisions is the Projected Unit Method.

Significant actuarial assumptions

Discount rate	4.3% p.a.
RPI	3.5% p.a.
CPI	3.0% p.a.
Pension increases in payment:	
CPI	3.0% p.a.
CPI subject to a maximum of 3% p.a	2.3% p.a.
RPI subject to a maximum of 5% p.a (with CPI underpin)	3.4% p.a.
RPI subject to a maximum of 5% p.a	3.3% p.a.
Post-retirement mortality	100% of S3NMA and S3NFA mortality tables projected from 2013 in line with the CMI 2022 extended model with long-term annual rate of improvement of 1.5% p.a, a smoothing parameter of 7, allowance for 2020/2021/2022 data of 0%/0%/15% respectively and an addition to the initial rates of 0.5% p.a.

As a result of this actuarial valuation as at 31 December 2022, the Trustee set the recovery period (the period over which the identified deficit is targeted to be eliminated) at 1 year. The employer contribution rate remained at 27.6% of pensionable salary between 1 January 2023 and 31 December 2023 at which point these decreased to 16.5% of pensionable salary. In addition to the future service contributions, the employers were paying contributions towards the Scheme deficit of £2,400,000 per annum from 1 January 2023 to 31 December 2023, at which point deficit contributions ceased. This sum was being paid by each employer in proportion to pensionable salaries.

Trustee's report (continued)

Report on actuarial liabilities (continued)

An allowance was made for the cost of adjusting benefits to remove any inequalities arising from Guaranteed Minimum Pensions, although the precise effect of Guaranteed Minimum Pension equalisation is not known at present. Further details are in note 17 to the financial statements.

The Summary of Contributions and certificate are set out on pages 41 and 42.

In reaching its decision on the contribution rate, the key points taken into account by the Trustee were:

- The overall strategy for the scheme, which is to achieve low employer-dependency, given it is closed to new entrants and has a maturing membership;
- The investment strategy, which is low risk but retains some exposure (23% at the time of ascertaining the appropriate contribution rates) to grow assets with the aim of closing the gap to buy-out funding levels over the next 10 or so years, without the need for additional funding;
- The strength of the employer's covenant (rated strong) and the level of contributions the employers can reasonably afford;
- Changes in demographic (principally mortality) and financial conditions (principally interest rates and inflation), both observed and projected.

The next actuarial valuation of the Scheme is due as at 31 December 2025.

Investment management

At the end of 2024, the investments of the Scheme were as set out below. Detailed information on the performance, management and investment risks of the CEIFP is set out in Appendix 2.

	2024 £'000	**2023 £'000**	Nature of investment
Return seeking investments ("RSI")			
CEIFP – Public Equity Pool	14,462	14,061	Public equities
CEIFP – Diversified Income Pool	7,738	7,440	Private infrastructure equity, private debt and EM sovereign debt
CEIFP – Liquidity Pool	510	60	Cash
Total RSI	**22,710**	**21,561**	
Liability matching investments ("LMI")			
CEIFP – Listed Credit Pool	19,147	19,482	High quality corporate bonds
Liability Driven Investments ("LDI")	50,969	59,700	Pooled investment vehicle investing in gilts excluding cash deposits held
Total LMI	**70,116**	**79,182**	
Total at 31 December	**92,826**	**100,743**	

Investment strategy and principles

The Trustee has delegated the responsibility for the management of investments to an Investment Committee, which is supported by professional in-house staff and external investment managers and advisors.

During 2024, the Trustee retendered for investment advisory services for the Defined Benefit Schemes. Willis Towers Watson was appointed with effect from 1 January 2025. Mercer Ltd continues to be retained to advise on investment matters related to the Defined Contribution Scheme.

Trustee's report (continued)

Investment strategy and principles (continued)

The Trustee sets the investment strategy for the Scheme after taking advice from the Scheme's Investment Advisor. The Trustee has put in place investment mandates with its investment managers which implement this strategy.

Following the last triennial valuation, the Trustee concluded that the Scheme could still benefit from maintaining a modest exposure to risk assets with a view to achieving buy-out in the longer term. The investment strategy therefore combines a high level of matching assets (gilts and listed credit) with a small exposure to growth assets. The Trustee has determined that an estimated funding level of 105% on a buy-out basis would trigger a further derisking to a matching portfolio of gilts and investment-grade credit.

In 2023, the Trustee reviewed the liability benchmark portfolios and hedging ratios of the liability driven portfolio with BlackRock. As a result of this review the Trustee was able to adjust the holdings and remove the need for having a 'levered' LDI portfolio. This removes the need to maintain collateral and simplifies the management of these LDI mandates. The Trustee considers that this approach remains appropriate.

Responsible Investment Considerations

The Board invests sustainably and responsibly on behalf of members to pay pension promises across the long term. As good stewards of the funds, and guided by Church teaching, the Board engages with the companies in which it invests. The Board also works with other investors to drive change on key issues that matter most to our members.

The duty to be a good steward of the funds entrusted to the Board underpins the approach to responsible investment. Stewardship is about ensuring members' funds are invested sustainably and for the long term. As pension benefits earned today may not be drawn for 60-80 years, responsible stewardship involves managing systemic risks to how investments will perform over decades and affords the Board, through ownership, the opportunity to have real-world impacts. Moreover, this matters to pension scheme members, with over 89% of respondents to a member survey in 2024 stating that they expect the Board to act as a leader in this space, acting in members' interests.

The details of the Trustee's policies with respect to environmental, social and governance matters are included in Appendix 1 which forms part of the Trustee's Report.

A detailed commentary on Responsible Investment is included within Appendix 2, which forms part of the Trustee's Report.

The Implementation Statement included as Appendix 3 discusses the implementation of the Statement of Investment Principles. Appendix 3 forms part of the Trustee's Report.

In accordance with Section 35 of the Pensions Act 1995, a Statement of Investment Principles ("SIP") has been prepared for the Scheme by the Trustee. This incorporates the investment strategy and is supported by documents that set out how the investment strategy is implemented. The SIP was updated in September 2024. The SIP is detailed on page 43 onwards to this annual report and financial statements. The investment risks and the strategies in place to mitigate them are described in the notes to the financial statements.

Trustee's report (continued)

Responsible Investment Considerations (continued)

The Trustee takes various financially material considerations into account in the selection, retention and realisation of investments. Ethical and responsible investment considerations are central to the Board's work. They reflect our Christian identity and the values of the Board and our beneficiaries, and they inform our aim of achieving a long-term sustainable return on the Board's investments. The Trustee recognises climate change as a major financial and social risk, and one that has potential to impact gravely on the financial well-being of the members of its schemes as well as their standard of living in retirement. Other matters taken into consideration include the risk appetite of the Scheme, strategic asset allocation, opportunities to capture illiquidity premia, diversification within and across asset classes, the potential benefits of active fund management, and the cost of implementation of investment decisions.

The Trustee engages with the employers regularly, including on material non-financial matters. The Trustee recognises that the beneficiaries and the employers of the Scheme are part of the Church of England and that the Scheme's investments should reflect that as far as possible without compromising its objectives.

Investment managers are appointed based on their capabilities and the perceived likelihood of them meeting the Trustee's return and risk expectations. The manager selection process is designed to ensure that appointments are consistent with the Board's ethical, environmental, social and governance policies. As part of this, the Trustee undertakes due diligence ahead of investing to ensure it is aware of the:

- Underlying assets held and how they will allocate between them;
- Risks associated with the underlying mix of assets and the steps the investment manager takes to mitigate them;
- Expected return targeted by the investment manager and details around realisation of the investment; and
- Impact of financial and non-financial factors, including those outlined in the Ethical and responsible investment section, on the investment over the long-term.

Should an investment manager make changes to any of these factors, the Trustee will assess the impact and (where no longer aligned) consider what action to take. The Trustee seeks input from its investment consultant for their forward-looking assessment of the investment managers' abilities to meet their performance objectives over a full market cycle and an assessment of how environmental, social and governance factors are integrated into their investment processes. In addition, the investment team maintains its own independent ESG ratings for the directly appointed listed equity managers. These views assist the Trustee in their ongoing monitoring of the investment managers and are considered when making selection and retention decisions.

Where the Trustee invests via a pooled vehicle (rather than a segregated mandate), it accepts that it has limited ability to specify the investment guidelines, risk profile or return targets of an investment manager. Despite this, the Trustee believes that pooled vehicles can be identified that are aligned with its policies.

The Trustee also values engagement with companies over responsible and ethical investment issues, and it considers that as a more effective means of exercising its stewardship responsibilities than disinvestment in many situations. Company engagement is carried out and monitored for effective change by the Board's investment team. The Trustee regularly reviews the engagement and corporate governance activities of the investment team.

Defined Benefit

Management and custody of investments

The CEIFP's custody arrangements are described in the CEIFP's Trustee's Report in Appendix 2.

The Scheme holds £51m (2023: £60m) of its liability matching assets outside the CEIFP in its own LDI account including cash deposits held in the LDI mandate. The Trustee has appointed The Northern Trust Company Limited ("Northern Trust") to keep custody of the Scheme's investments, other than pooled investment vehicles, where the manager makes its own arrangements for the custody of underlying investments.

Investment performance

The overall return on the Scheme's investment assets, including the LDI portfolio, was -3.52% in 2024 (2023: 2.5%). The negative return reflects movements in gilt yields during the year and matches the movement in liabilities. The investment return excluding the LDI portfolio was 8.05%.

The Trustee has considered the nature, disposition, marketability, security and valuation of the Scheme's investments and consider them to be appropriate relative to the reasons for holding each class of investment. More details about investments are given in the notes to the financial statements.

Additional Voluntary Contributions (AVCs)

AVCs to the Defined Benefit section are paid into one of the following arrangements:

- Church Workers Pension Fund – Pension Builder Classic section, where they are converted into guaranteed pension when they are received;
- CAPF Defined Benefits section – where they purchase added years.

At the end of 2024, 13 (2023: 11) Defined Benefit members were paying AVCs.

Defined Contribution

The Board has appointed Legal and General to manage its Defined Contribution investments. A range of funds are available to the members and there are three main types of investments: mixed investment Target Date Funds, equities; bonds and gilts; and cash.

The current default investment arrangement is a Target Date Fund which invests in a mixture of assets. It initially invests in higher risk assets and moves the investments as the chosen retirement date gets closer into investments suitable to be used either for drawdown, an annuity or to stay invested. The drawdown journey is the default.

The performance of the Defined Contribution section assets will vary depending on each member's units selected. The performance of the default option depends on the length of time that a member has until retirement. The performance of the funds are set out in the Defined Contribution Governance Statement included within the Annual Report.

Trustee's report (continued)

Additional Voluntary Contributions (AVCs)

AVCs are used to purchase units in the investment funds offered by Legal and General.

At the end of 2024, 348 (2023: 367) members were paying AVCs.

Employer-related investments

Details of employer-related investments are given in note 14 to the financial statements.

Further Information

Requests for additional information about the Scheme generally, or queries relating to members' own benefits, should be addressed to:

The Pensions Department
Church of England Pensions Board
PO Box 2026
Pershore
WR10 9BW

Alternatively, enquiries may be made by email to pensions@churchofengland.org, or by telephone to 020 7898 1802.

Approval

The Trustee's Report and the Statement of Trustee's Responsibilities set out on page 25 were approved by the Trustee on 10 July 2025 and signed on its behalf by:

Clive Mather
Chair of the Church of England Pensions Board

Defined Contribution Governance statement for the year ended 31 December 2024

Introduction

The DC Section of the Church Administrators Pension Fund (the "Fund") is an occupational pension scheme providing defined contribution ("DC") benefits (a DC pension scheme is a scheme into which a specified rate of employee and employer contributions are paid, and under which the member chooses their investments (or is defaulted in the case where an active investment decision is not made) and bears the investment risk). Members can also pay Additional Voluntary Contributions ("AVCs") into the Fund.

Governance requirements apply to DC pension arrangements, to help members achieve a good outcome from their pension savings. The Church of England Pensions Board as Trustee of the CAPF (the "Trustee") is required to produce a yearly statement (signed by the Chair of the Trustee) to describe how these governance requirements have been met in relation to:

- the design and oversight of the default investment option (ie where contributions are invested for members that do not wish to choose their own investments);
- processing of core financial transactions (ie administration of the Fund, such as investment of contributions);
- the charges and transaction costs borne by members for the default option and any other investment option members can select or have assets in, such as "legacy" funds;
- an illustration of the cumulative effect of these costs and charges;
- net returns of the investment options;
- how the value members obtain from the Fund is assessed; and
- Trustee knowledge and understanding.

This Statement covers the period from 1 January 2024 to 31 December 2024 (the Fund Year).

After careful consideration, the National Church Institutions ("NCIs"), acting collectively in accordance with their normal decision-making process, made the decision to close the Fund to new members effective from January 1, 2024. New members are now automatically enrolled into the Church Workers Pension Fund Pension Builder 2014 ("PB 14"), which is a hybrid pension scheme. All current active members of the Fund were offered the opportunity to redirect future contributions into the PB 14 Scheme.

The decision was primarily motivated by the need for alignment with the Trustee's responsible investment policies. The Trustee determined that the Fund does not fully adhere to these policies and cannot be brought into full alignment. In contrast, the PB 14 Scheme is fully aligned with the Trustee's responsible investment policies and so is thought to be a better vehicle for members' pension provision.

Default arrangements

Effective 1 January 2024, the Fund was closed to new members and as such ceased to be used as a Qualifying Scheme for automatic enrolment purposes.

The Trustee has made available a range of investment options for members. The Trustee recognises that most members do not make active investment decisions and instead invest in the Drawdown Journey TDF (the "Default"). After taking advice, the Trustee decided to make the Default a Target Date Fund ("TDF") strategy, which means that members' assets are switched automatically and gradually to lower risk investments as members approach their target retirement age.

Defined Contribution Governance statement (continued)

Default arrangements (continued)

There is also a legacy default strategy (the "Legacy Default") which is a lifestyle strategy targeting annuity purchase at retirement. This was closed to new entrants and replaced by the current Default strategy in February 2019. Most members in the Legacy Default were transferred to the current Default strategy at that time. However, members who were less than 5 years to their target retirement date were not moved automatically and so remained in the Legacy Default.

The Trustee is responsible for investment governance, which includes setting and monitoring the investment strategy for the Default and Legacy Default.

Details of the objectives and the Trustee's policies regarding the Default and Legacy Default are set out in a document called the 'Statement of Investment Principles' ("SIP"). The Fund's SIP is attached to this Statement.

The aims and objectives of the Default arrangement, as stated in the SIP, are as follows:

- To generate returns in excess of inflation during the earlier part of the strategy whilst managing downside risk;
- To provide a strategy that reduces investment risk relative to the benefits members are likely to take at retirement, as members approach retirement; and
- To provide exposure, at retirement, to assets that are considered suitable for those looking to enter into an income drawdown arrangement at retirement.

The Default and Legacy Default were not reviewed during the Fund Year. The last review of the default arrangements was carried out on 30 March 2022 and 16 July 2020, respectively.

The performance and strategy of the Default and Legacy Default were reviewed to ensure that investment returns (after deduction of any charges) have been consistent with the Trustee's aims and objectives for those arrangements, as stated in the SIP, and to check that it continues to be suitable and appropriate given the Fund's membership profile. This includes an analysis of member demographics and takes into account expectations of how the members will take their pension at retirement.

Following the review of the Default in March 2022, the Trustee concluded that it remained appropriate for the Default to target income drawdown at retirement. In addition, as part of the review the Trustee agreed to proposed changes being made to the Default by L&G, as investment manager for the Fund, which involved a greater level of explicit Environmental, Social and Governance ("ESG") integration and lower fees for Fund members. The changes were implemented in June 2022.

The Trustee formally reviews the default arrangements at least every three years or immediately following any significant change in investment policy or the Fund's member profile. The next review of the Default is intended to take place during 2025.

Regarding the Legacy Default strategy, the Trustee were satisfied that it was appropriate for CAPF members who were within 5 years of their target retirement date at the point the new default was introduced in February 2019. It was expected that by February 2024 all such members should have retired or switched to a different strategy. There remain a small number of members invested in the Legacy Default strategy as at the Fund Year end with the majority of these members being past their retirement age. No further review of the Legacy Default is planned, and the Trustee remains comfortable that the Legacy Default Strategy is suitable for the members that remain invested.

Defined Contribution Governance statement (continued)

Default arrangements (continued)

The Trustee also monitors the performance of the Fund's default arrangements against its objectives for those arrangements, on a quarterly basis. The reviews include analysis of performance to check that the risk and return levels meet expectations. Following each of its reviews during the Fund Year, the Trustee concluded that the Fund's default arrangements were performing broadly as expected given market conditions over the periods assessed.

Asset allocation breakdown

The Trustee is required to show the asset allocation of the default arrangements. In line with DWP's guidance the Trustee has shown this asset allocation for different ages as at the Fund Year end. The asset allocation breakdown assumes a target retirement age of 65.

Default - Drawdown journey[1]

Asset class	Allocation 25 y/o %	Allocation 45 y/o %	Allocation 55 y/o %	Allocation 60 y/o %	Allocation at retirement %
Cash	0.5	0.5	0.5	1.1	1.8
Corporate bonds (UK and overseas)	8.7	8.7	8.7	16.8	24.8
UK government bonds	1.8	1.8	1.8	6.0	10.2
Overseas government bonds	5.3	5.3	5.3	10.0	14.7
Listed equities[2]	82.8	82.8	82.8	58.3	33.3
Private equity	0.2	0.2	0.2	0.0	0.0
Infrastructure (direct)	0.2	0.2	0.2	0.0	0.0
Property (direct)	0.2	0.2	0.2	1.2	2.4
Private debt	0.2	0.2	0.2	6.5	12.9
Other	0.2	0.2	0.2	0.0	0.0

[1]Please note that L&G has discretion to make active asset allocation changes to its TDF range and therefore the glidepath (and underlying asset allocation) might vary between different vintages.

[2]The listed equities allocation includes shares in listed infrastructure and private equity companies and global Real Estate Investment Trusts (REITs).

Legacy Default

Asset class	Allocation 25 y/o %	Allocation 45 y/o %	Allocation 55 y/o %	Allocation 60 y/o %	Allocation at retirement %
Cash	0.0	0.0	0.0	0.0	25.0
UK government bonds	0.0	0.0	0.0	0.0	75.0
Listed equities	100.0	100.0	100.0	100.0	0.0

Defined Contribution Governance statement (continued)

Requirements for processing core financial transactions
The processing of core financial transactions is carried out by the administrator of the Fund, the administration team of the Church of England Pension Board. Core financial transactions include (but are not limited to): the investment of contributions, processing of transfers in and out of the Fund, transfers of assets between different investments within the Fund, and payments to members/beneficiaries.

The Trustee has received assurance from the Fund's administrator that there are adequate internal controls to support prompt and accurate processing of core financial transactions.

The Trustee has a Service Level Agreement ("SLA") in place with the Fund's administrator which covers the accuracy and timeliness of all core financial transactions. The key processes adopted by the administrator to help it meet the SLA are as follows:

- process management within the administration system detailing time outstanding to complete tasks within their assigned SLA;
- weekly reporting to senior managers detailing any SLA failures and reason for failure;
- daily monitoring of emails by an assigned member of staff;
- daily monitoring of bank accounts; and
- checking by two people of investment and banking transactions.

To help the Trustee monitor whether service levels are being met, The Trustee receives quarterly reports about the Fund administrator's performance and compliance with the SLA. Any issues identified by the Trustee as part of its review processes would be raised with the Fund's administrators immediately, and steps would be taken to resolve the issues.

During the Fund Year, the Trustee became aware that a small cohort of members who joined the Fund during the previous Fund Year were erroneously invested in the Legacy Default arrangement (discussed in Section 2 above). The Fund's administration team has undertaken a rectification exercise which was completed during the Fund Year in April 2024. The administration team confirmed that it has reviewed and updated its processes to prevent reoccurrence of such errors (although notes that the Fund is now closed to new entrants).

The Trustee is satisfied that, based on its review processes and over the period covered by this Statement, the following observations hold true regarding the Fund:

- the administrator was operating appropriate procedures, checks and controls, and operating within the agreed SLA;
- there have been no material administration issues in relation to processing core financial transactions; and
- core financial transactions have been processed promptly and accurately to an acceptable level during the Scheme year.

Member-borne charges and transaction costs
The Trustee is required to set out the on-going charges incurred by members over the period covered by this Statement, which are annual fund management charges plus additional fund expenses, such as custody costs, but excluding transaction costs; this is also known as the total expense ratio ("TER"). The TER is paid by the members and is reflected in the unit price of the funds.

Defined Contribution Governance statement (continued)

Member-borne charges and transaction costs (continued)
The stated charges are shown as a per annum ("pa") figure and exclude administration charges, since these are not met by the members.

The Trustee is also required to disclose transaction cost figures. In the context of this Statement, the transaction costs shown are those incurred when the Fund's fund managers buy and sell assets within investment funds but are exclusive of any costs incurred when members invest in and switch between funds. The TER and transaction costs are the only costs borne by members.

The charges and transaction costs have been supplied by the Legal and General ("L&G") who is the Fund's investment manager. When preparing this section of the Statement the Trustee has taken account of the relevant statutory guidance. Under the prescribed way in which transaction costs have been calculated it is possible for figures to be negative, where market movements are favourable between the time a trade is placed and it is executed. The Trustee has shown any negative figures in the tables for the year as provided, but for the costs and charges illustrations the Trustee has used zero where a transaction cost is negative to give a more realistic projection (ie we would not expect transaction costs to be negative over the long term).

Default arrangements
The Default arrangement is a Target Date Fund ("TDF"), the Drawdown Journey, which is for members looking to target income drawdown at retirement at a particular age. The TDF's asset allocation changes over time, similar to a lifestyle arrangement, with members' assets automatically moving between different asset classes as they approach their target retirement age. Whilst the annual management charge component of the fee charged to members for investing in this strategy remains the same regardless of how far members are from their target retirement age, the level of additional expenses (and hence the overall fees) and transaction costs can sometimes vary, depending on how close members are to their target retirement age and what assets they are invested in.

For the period covered by this Statement, annualised charges and transaction costs for all the vintages of the Default TDF with CAPF members invested are set out in the following table.

Default charges and transaction costs (% per annum)

Vintage	TER	Transaction costs
2015-2020	0.25	0.06
2020-2025	0.25	0.07
2025-2030	0.25	0.06
2030-2035	0.25	0.03
2035-2040	0.25	0.03
2040-2045	0.25	0.05
2045-2050	0.25	0.05
2050-2055	0.25	0.05
2055-2060	0.25	0.05
2060-2065	0.25	0.05

Defined Contribution Governance statement (continued)

Legacy Default arrangement

The Legacy Default is a lifestyle strategy, targeting annuity purchase at retirement. The Legacy Default's allocation similarly changes over time, with members' assets automatically moving between different asset classes as they approach their target retirement date. Therefore, fees charged to members for investing in this strategy vary as they move closer to retirement. The level of transaction costs incurred by members in the Legacy Default also varies as members move closer to retirement.

For the period covered by this Statement, annualised charges and transaction costs for the Legacy Default are set out in following table.

Legacy Default charges and transaction costs (% per annum)

Years to target retirement age	TER	Transaction costs
5 or more years to retirement	0.19	0.05
4 years to retirement	0.17	0.05
3 years to retirement	0.16	0.05
2 years to retirement	0.14	0.05
1 year to retirement	0.12	0.05
At retirement	0.11	0.06

The default arrangements do not have any performance based fees associated with them.

Self-select options

In addition to the Default arrangements, members also have the option to invest in one other TDF strategy, the 'Annuity Journey'. There is also an Ethical Lifestyle option and several other self-select funds. However, the Ethical Lifestyle was closed to new members in June 2022 following review as the Trustee no longer deemed the annuity purchase at-retirement target of the lifestyle appropriate. The underlying funds used in the Ethical Lifestyle are still available to self-select by members.

In April 2023, the Trustee carried out a review of the self-select fund range and agreed to add the LGIM Future World Inflation Sensitive Annuity Aware Fund (formerly known as the LGIM Pre-Retirement Inflation Sensitive Fund) to the range. The addition was made during the final quarter of the Fund Year.

For the period covered by this Statement, annualised charges and transaction costs for all the vintages of the Annuity Journey with CAPF members invested are set out in the following table.

Annuity Journey charges and transaction costs (% per annum)

Vintage	TER	Transaction costs
2025-2030	0.25	0.03
2030-2035	0.25	0.00
2035-2040	0.25	0.03
2040-2045	0.25	0.05
2045-2050	0.25	0.05

For the period covered by this Statement, annualised charges and transaction costs for the Ethical lifestyle option are set out in the following table.

Defined Contribution Governance statement (continued)

Ethical Lifestyle option charges and transaction costs (% per annum)

Years to target retirement age	TER	Transaction costs
5 or more years to retirement	0.25	0.01
4 years to retirement	0.22	0.02
3 years to retirement	0.19	0.03
2 years to retirement	0.16	0.04
1 year to retirement	0.14	0.05
At retirement	0.11	0.06

The level of charges for each self-select fund and the transaction costs over the period covered by this Statement are set out in the following table.

Self-select fund charges and transaction costs (% per annum)

Fund name	TER	Transaction costs
L&G Ethical UK Equity Index Fund	0.20	0.02
L&G Ethical Global Equity Index Fund	0.30	0.00
L&G UK Equity Index Fund	0.10	0.02
L&G Global Equity Market Weights (30:70) Index Fund	0.19	0.05
L&G Overseas Equity Consensus Index Fund	0.20	0.02
L&G Over 5 years UK Index-Linked Gilts Fund	0.10	0.05
L&G Over 15 Year Gilts Index Fund	0.10	0.05
L&G AAA-AA-A Corporate Bond All Stocks Index Fund	0.15	0.00
L&G Managed Property Fund	0.70	-0.01
L&G Cash Fund	0.13	0.07
L&G Future World Inflation Sensitive Annuity Aware Fund[1]	0.15	0.00

[1]The fund was made available during the final quarter of the Fund Year. The transaction cost figure represents data for the first quarter of the Fund Year only.

Additional Voluntary Contributions (AVCs)
Members paying AVCs have exactly the same choice of investments for their AVCs as they do for regular contributions. Annualised charges and transaction costs in respect of AVC's are the same as those set out in the tables above.

Illustration of charges and transaction costs

The following table sets out an illustration of the impact of charges and transaction costs on the projection of an example member's pension savings (including AVCs). In preparing this illustration, we had regard to the relevant statutory guidance.

The "before costs" figures represent the savings projection assuming an investment return with no deduction of member borne charges or transaction costs. The "after costs" figures represent the savings projection using the same assumed investment return but after deducting member borne charges and an allowance for transaction costs.

Defined Contribution Governance statement (continued)

Illustration of charges and transaction costs (continued)
The transaction cost figures used in the illustration are those provided by the managers over the past five years, subject to a floor of zero (so the illustration does not assume a negative cost over the long term). The Trustee has used the average annualised transaction costs over the past five years as this is the longest period over which figures were available and should be more indicative of longer-term costs compared to only using figures over the Fund year.

The illustration is shown for the Default (the Drawdown Journey), since this is the arrangement with the most members invested in it, as well as the Legacy Default arrangement and two funds from the Fund's self-select fund range. The two self-select funds shown in the illustration are:

- The fund with highest annual member borne costs (TER plus Scheme Year transaction costs) – this is the L&G Managed Property Fund
- the fund with lowest annual member borne costs – this is the L&G UK Equity Index Fund

Projected pension pot in today's money

	Default option		Legacy Default option		L&G Managed Property Fund		L&G UK Equity Index Fund	
Years invested	Before costs	After costs	Before costs	After costs	Before costs	After costs	Before costs	After costs
1	£16,300	£16,300	£16,400	£16,400	£16,100	£16,000	£16,400	£16,400
3	£25,300	£25,100	£25,600	£25,500	£24,500	£24,100	£25,600	£25,600
5	£34,800	£34,500	£35,500	£35,200	£33,200	£32,400	£35,500	£35,400
10	£61,200	£60,000	£63,500	£62,500	£56,000	£53,600	£63,500	£63,100
15	£91,700	£89,100	£96,700	£94,500	£80,500	£75,700	£96,700	£95,800
20	£126,900	£122,200	£136,100	£132,100	£107,000	£98,600	£136,100	£134,400
25	£167,600	£159,800	£182,900	£176,100	£135,500	£122,500	£182,900	£180,100
30	£214,700	£202,600	£238,500	£227,900	£166,300	£147,400	£238,500	£234,100
35	£264,200	£246,100	£304,500	£288,600	£199,300	£173,300	£304,500	£297,900
40	£311,500	£287,100	£380,300	£358,000	£235,000	£200,200	£383,000	£373,400

Notes

- Values shown are estimates and are not guaranteed. The illustration does not indicate the likely variance and volatility in the possible outcomes from each fund. The numbers shown in the illustration are rounded to the nearest £100 for simplicity.
- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation. The long-term annual inflation assumption used is 2.5%.
- Annual salary growth is assumed to be 2.5%. Salaries could be expected to increase above inflation to reflect members becoming more experienced and being promoted. However, the projections assume salaries increase in line with inflation to allow for prudence in the projected values.
- The starting pot size used is £12,000. This is the approximate average (median) pot size for active (contributing) members aged 30 years and younger (rather than using a whole membership average, we have taken this approach to give a more realistic 40-year projection).
- The projection is for 40 years, being the approximate duration that the youngest scheme member has until they reach the scheme's Normal Pension Age.

- The starting salary is assumed to be £39,000. This is the approximate median salary for active members aged 30 or younger.
- Total contributions (employee plus employer) are assumed to be 10.0% of salary per year. The employer contribution for members under the age of 30 is 8.0% per year, whilst the average member for this age cohort contributes 2.0%.
- The projected before costs annual returns used are as follows:
- Default option: 2.93% above inflation for the initial years, gradually reducing to a return of 1.71% below inflation at the at-retirement allocation of the Target Date Fund.
- Legacy Default option 3.50% above inflation for the initial years, gradually reducing to a return of 3.25% below inflation at the at-retirement allocation of the lifestyle.
  - L&G Managed Property Fund Fund: 1.5% above inflation
  - L&G UK Equity Index Fund Fund: 3.5% above inflation
- No allowance for active management outperformance has been made.

Investment returns
This section shows the annual return, after the deduction of member borne charges and transaction costs, for all investment options in which member assets were invested during the Fund year, over periods to 31 December 2024. Returns for the TDFs, lifestyle arrangements and the self-select fund range are shown over various periods. The Trustee has had regard to the statutory guidance in preparing this Section.

For the TDF arrangements (Default and Annuity Journey), where returns vary with age, returns are shown for members invested in different vintages (determined by their selected retirement age) over the periods shown.

For the lifestyle arrangements (Legacy Default and Ethical Lifestyle), where returns vary with age, the Department of Work and Pensions guidance states that the Trustee should show returns over various periods, for a member aged 25, 45 and 55 at the start of the period that the returns are shown over. This has been shown in the tables below. The Trustee has also included returns for members aged 60 as the allocation to the underlying funds within the two lifestyle arrangements remains static until the last 5 years leading up to retirement. A target retirement age of 65 has been assumed for each of these tables.

Performance has not been provided for the L&G Future World Inflation Sensitive Annuity Aware Fund given it was only added to the self-select range in the final quarter of the Fund Year.

Default net returns over periods to Fund Year end

Vintage	1 year (%)	5 years (% pa)
2060-2065	11.5	6.0
2040-2045	11.3	5.1
2030-2035	6.2	4.0

Defined Contribution Governance statement (continued)

Legacy Default net returns over periods to Fund Year end

Age of the member at the start of the period that the returns are shown over	1 year (%)	5 years (% pa)
25	16.9	9.2
45	16.9	9.2
55	16.9	9.2
60	12.2	-1.4

Ethical Lifestyle net returns over periods to Fund Year end

Age of the member at the start of the period that the returns are shown over	1 year (%)	5 years (% pa)
25	14.8	8.7
45	14.8	8.7
55	14.8	8.7
60	10.4	-1.7

The Annuity Journey net returns over periods to Fund Year end

Vintage	1 year (%)	5 years (% pa)
2045-2050	11.1	5.3
2040-2045	11.1	5.0
2035-2040	9.5	4.7

Self-select fund net returns over periods to Fund Year end

Fund name	1 year (%)	5 year (% pa)
L&G Ethical UK Equity Index Fund	10.0	4.5
L&G Ethical Global Equity Index Fund	19.5	12.6
L&G UK Equity Index Fund	9.3	4.8
L&G Global Equity Market Weights (30:70) Index Fund	16.9	9.2
L&G Overseas Equity Consensus Index Fund	19.5	11.7
L&G Over 5 years UK Index-Linked Gilts Fund	-11.0	-8.3
L&G Over 15 Year Gilts Index Fund	-10.4	-10.5
L&G AAA-AA-A Corporate Bond All Stocks Index Fund	0.9	-1.6
L&G Managed Property Fund	4.8	2.0
L&G Cash Fund	5.2	2.2

Defined Contribution Governance statement (continued)

Value for members assessment

The Trustee is required to assess every year the extent to which member borne charges and transaction costs represent good value for members and to explain that assessment. There is no legal definition of 'good value' which means that determining this is subjective. Our general policy in relation to value for member considerations is set out below.

The Trustee reviews all member-borne charges (including transaction costs where available) annually, with the aim of ensuring that members are obtaining value for money given the circumstances of the Fund. The date of the last review, which covered the Fund Year, was 27 March 2025. The Trustee notes that value for money does not necessarily mean the lowest fee, and the overall quality of the service received has also been considered in this assessment. The Trustee's investment advisers have confirmed that the fund charges are competitive for the types of fund available to members.

The Trustee's assessment included a review of the performance of the Fund's investment funds (after all charges and transaction costs) in the context of their investment objectives. The returns on the investment funds members can choose during the period covered by this Statement have been consistent with their stated investment objectives given the market conditions over the period.

In carrying out the assessment, the Trustee also considers the other benefits members receive from the Fund, which include:

- the oversight and governance, including ensuring the Fund is compliant with relevant legislation, and holding regular meetings to monitor the Fund and address any material issues that may impact members;
- the design of the default arrangements and how this reflects the interests of the membership as a whole;
- the range of investment options and strategies;
- the quality of communications delivered to members;
- the quality of support services, such as the Fund website where members can access fund information online; and
- the efficiency of administration processes and the extent to which the administrator met or exceeded its service level standards.

As detailed in the earlier section covering the processing of core financial transactions, the Trustee is comfortable with the quality and efficiency of the administration processes.

The Trustee believes that the transaction costs provide value for members as the ability to transact forms an integral part of the investment approaches and expect this to lead to greater investment returns net of costs over time.

During the 2024 Fund Year the Trustee concluded the implementation of the action plan put together in the previous Fund Year in response to the identified improvement areas from the externally facilitated effectiveness assessment undertaken in 2022. This included the simplification of elections to the Board via the use of an electronic portal and clearer information provided to electors/candidates. The Trustee also continued to make improvements to the online functionality available to members with benefit statements being loaded onto the member website, Pensions Online, for the first time. In addition, the Trustee also made an addition to the self-select fund range following a recommendation from the investment adviser to add the LGIM Future World Inflation Sensitive Annuity Aware Fund.

Value for members assessment (continued)

Overall, the Trustee believes that the Fund offers sufficient quality of service to members, at reasonable value for money. The assessment contains both areas of strength and areas for improvement. Recognising that maintaining good value is an ongoing process, the Trustee aims to further improve value for members in the future through taking the following actions:

- Relaunching the member website to make the interface more intuative and allow members to more easily access content; and
- Continue to develop the online functionality in order to improve the member experience

Trustee knowledge and understanding

The Trustee is required to maintain appropriate levels of knowledge and understanding to run the Fund effectively. The Trustee has measures in place to comply with the legal and regulatory requirements regarding knowledge and understanding of relevant matters, including investment, pension and trust law. Details of how the knowledge and understanding requirements have been met during the period covered by this Statement are set out below. The Trustee, with the help of its advisers, regularly consider training requirements to identify any knowledge gaps. It maintains a Trustee training log, in line with best practice, to assist with this assessment. The Trustee also receives quarterly updates on topical pension issues from its DC advisers. During the Fund Year the Trustee received training on a variety of topics, including but not limited to:

- Developments in Pensions Law;
- The General Code of Practice; and
- Cyber security.

In addition, individual Trustee board members regularly attend external conferences and participate in peer review exercises.

All of the Trustee Directors have either completed the Pensions Regulator's Trustee Toolkit (an online learning programme, designed to help Trustees of pension schemes meet the minimum level of knowledge and understanding required by law), or an equivalent qualification. Regular training is provided on aspects of the Trustee Knowledge and Understanding requirements. Other training relates to topical items or specific issues under consideration and during the Fund Year.

The Trustee ensures it is familiar with the Fund's Trust Deed and Rules, SIP and all other documents setting out the Trustee's current policies relating to the Fund as appropriate from time to time to ensure it has a good working knowledge of these documents. Further, the Trustee believes that it has sufficient knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the funding and investment of occupational pension schemes to fulfil its duties as Trustee of the Fund.

Taking into account the knowledge and experience of the Trustee with the specialist advice (both in writing and whilst attending meetings) received from the appointed professional advisers (e.g. investment consultants, legal advisers), the Trustee believes that it is well placed to exercise its functions as Trustee of the Fund properly and effectively.

10th July 2025 **Signed by the Chair of the Trustee of the Church Administrators Pension Fund**

Statement of Trustee's Responsibilities

The Church of England Pensions Board is Trustee of the Church Administrators Pension Fund.

Trustee's responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- 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 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging these responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for ensuring that the financial statements are prepared 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 also has a general responsibility for ensuring that 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.

Trustee's responsibilities in respect of contributions

The Trustee is responsible under pensions legislation for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions showing the rates of contributions payable to the Scheme by or on behalf of employers and the active members of the Scheme and the dates on or before which such contributions are to be paid.

The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions that fall due to be paid are paid into the Scheme 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 to members.

Independent Auditor's report to the Trustee of the Church Administrators Pension Fund

Opinion

We have audited the financial statements of the Church Administrators Pension Fund ('the Scheme') for the year ended 31 December 2024 which comprise the fund account, the statement of net assets (available for benefits) and the related notes set out therein.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 2024, 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 Regulations 3 and 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for Opinion

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

Conclusions Relating to Going Concern

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

However, as we cannot predict all future events or conditions, and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Scheme will continue in operation.

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

Independent Auditor’s report to the Trustee of the Church Administrators Pension Fund (continued)

Other Information

The Trustee is responsible for the other information contained within the annual report. 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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

Responsibilities of the Trustee for the Financial Statements

As explained more fully in the Statement of Trustee’s Responsibilities, the Trustee is responsible for the preparation of financial statements, for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines 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 wind up the Scheme or has 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

We set out below the key areas which, in our opinion the financial statements are susceptible to material misstatement by way of irregularities including fraud and the extent to which our procedures are capable of detecting these.

Independent Auditor's report to the Trustee of the Church Administrators Pension Fund (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- Management override of controls. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for bias.
- Misappropriation of investment assets owned by the Scheme. This is addressed by obtaining direct confirmation from the investment manager of investments held at the Statement of Net Assets date.
- Diversion of assets through large investment transactions. Reviewing the AAF 01/20 and ISAE 3402 Assurance Reports on Internal Controls for fund managers and custodian and testing investment transactions to the investment manager and custodian reports.
- Non-receipt of contributions due to the Scheme from the employers. This is addressed by testing contributions due are paid to the Scheme in accordance with the Schedule of Contributions agreed between the employers and the Trustee.
- We have identified relevant laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, as the Pensions Acts 1995 and 2004 (and regulations made thereunder), FRS 102, and the Pensions Statement of Recommended Practice (SORP). We considered the extent to which a material misstatement of the financial statements might arise as a result of non-compliance.
- Reviewing meeting minutes and any correspondence with the Pensions Regulator.
- Discussing whether there are any significant or unusual transactions and known or suspected instances of fraud or non-compliance with applicable laws and regulations.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

Use of our Report

This report is made solely to the Scheme's Trustee, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to them in an auditor's 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's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor
London
Date 10 July 2025

Fund Account for the year ended 31 December 2024

	Notes	Defined Contribution £000	Defined Benefit £000	**2024 Total £000**	Defined Contribution £000	Defined Benefit £000	**2023 Total £000**
Contributions and other income							
Employer contributions	4	3,799	1,137	**4,936**	3,627	3,786	**7,413**
Employee contributions	4	1,168	70	**1,238**	1,010	70	**1,080**
Transfers in		235	-	**235**	378	-	**378**
Other income		186	-	**186**	-	-	**-**
Total contributions and other income		5,388	1,207	**6,595**	5,015	3,856	**8,871**
Benefits							
Benefits paid or payable	5	(656)	(4,261)	**(4,917)**	(251)	(4,174)	**(4,425)**
Transfers out	6	(1,727)	(51)	**(1,778)**	(998)	-	**(998)**
Administrative expenses	7	-	(1,060)	**(1,060)**	-	(1,056)	**(1,056)**
Total benefits and other expenses		(2,383)	(5,372)	**(7,755)**	(1,249)	(5,230)	**(6,479)**
Net (withdrawals) / additions from dealings with members		3,005	(4,165)	**(1,160)**	3,766	(1,374)	**2,392**
Returns on investments							
Deposit interest		-	56	**56**	-	17	**17**
Change in market value of investments	8	4,093	(3,386)	**707**	3,684	2,295	**5,979**
Investment management expenses		-	(37)	**(37)**	-	(73)	**(73)**
Net returns on investments		4,093	(3,367)	**726**	3,684	2,239	**5,923**
Net (decrease)/increase in the fund		7,098	(7,532)	**(434)**	7,450	865	**8,315**
Opening net assets		43,655	102,836	**146,491**	36,205	101,971	**138,176**
Closing net assets		50,753	95,304	**146,057**	43,655	102,836	**146,491**

The notes 1 to 17 form part of these financial statements.

Statement of Net Assets available for benefits as at 31 December 2024

	Notes	Defined Contribution £000	Defined Benefit £000	**2024 Total £000**	Defined Contribution £000	Defined Benefit £000	**2023 Total £000**
Investment assets							
Pooled investment vehicles (CEIFP)	8	-	41,857	**41,857**	-	41,043	**41,043**
Pooled investment vehicles (other)	8	50,165	50,969	**101,134**	43,585	59,700	**103,285**
Total investment assets		50,165	92,826	**142,991**	43,585	100,743	**144,328**
Current assets	9	668	3,427	**4,095**	70	2,406	**2,476**
Current liabilities	10	(80)	(949)	**(1,029)**	-	(313)	**(313)**
Net current assets		588	2,478	**3,066**	70	2,093	**2,163**
Total net assets available for benefits		50,753	95,304	**146,057**	43,655	102,836	**146,491**

The financial statements summarise the transactions of the Scheme and deal with the net assets available for benefits 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 year. The actuarial position of the defined benefit section of the Scheme, which does take into account such obligations, is described in the report on actuarial liabilities on pages 7 and 8, and these financial statements should be read in conjunction with this report.

The notes 1 to 17 form part of these financial statements.

These financial statements were approved by the Trustee on 10 July 2025 and signed on its behalf by:

Clive Mather
Chair of the Church of England Pensions Board

Notes to the financial statements

1. Legal status

The Church Administrators Pension Fund (the "Scheme") is an occupational pension scheme established under trust. The Scheme was established in 1985 under the provisions of Section 27 of the Clergy Pensions Measure 1961, to provide retirement benefits to staff of the General Synod and the Church of England Central Board of Finance (who transferred to the Archbishops' Council on its establishment in 1999), and subsequently most staff of the National Church Institutions.

The Scheme is a registered pension scheme under Chapter 2, Part 4 of the Finance Act 2004. This means that contributions by employers and employees are normally eligible for tax relief, and income and capital gains earned by the Scheme receive preferential tax treatment.

There are two sections of the Scheme: a Defined Benefit section and a Defined Contribution section.

2. Basis of preparation

The individual financial statements of the Scheme have been prepared on a going concern basis in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS) 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes (2018)" (the "SORP").

3. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Contributions

Employer contributions, which consist of both normal and deficit contributions, are accounted for on the accruals basis in the payroll month to which they relate. Employer contributions towards supplementary pension payments are accounted for in accordance with the agreement under which they are paid, or in the absence of an agreement, when received.

Employee contributions are accounted for on the accruals basis in the payroll month to which they relate. Employee contributions for AVCs are accounted for on the accruals basis, in the payroll month to which they relate. Employers contribute an element of matching AVC contributions.

Contributions made by employers to reimburse administration costs and levies payable by the Scheme are accounted for on an accruals basis and in accordance with the Schedule of Contributions.

Insurance claims for death in service claims are accounted for on the accruals basis on the date of death.

b) Benefits

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

Pensions in payment are accounted for in the period to which they relate. Other benefits are accounted for on the accruals basis on the date of retirement, death or leaving the Scheme, as appropriate.

c) Transfers to/from other pension schemes

Transfer values represent the capital sums either receivable in respect of members from other pension schemes of previous employers, or payable to the pension schemes of new employers for members who have left the Scheme. They are accounted for on the accruals basis, which is generally when funds are transferred unless the Trustee of the receiving scheme have agreed to accept the liability in advance of receipt of funds.

d) Administrative and other expenses

Administrative and investment management expenses are accounted for on the accruals basis.

e) Investment income and expenditure

Most of the Scheme's Defined Benefit investments are units in the Church of England Investment Fund for Pensions ("CEIFP"), which is an accumulation fund. The CEIFP's net investment income, after paying management and transaction fees is retained within the fund for reinvestment. The value of the Scheme's holding in CEIFP units consequently is affected by the change in market value of investments, comprising all profits and losses realised on sales of investments and unrealised changes in market value, income and expenditure. The Scheme's Defined Contribution and AVC investments are also invested in accumulation funds, which do not pay out investment income.

Notes to the financial statements (continued)

e) Investment income and expenditure (continued)

Most of the Scheme's Defined Benefit investments are units in the Church of England Investment Fund for Pensions ("CEIFP"), which is an accumulation fund. The CEIFP's net investment income, after paying management and transaction fees is retained within the fund for reinvestment. The value of the Scheme's holding in CEIFP units consequently is affected by the change in market value of investments, comprising all profits and losses realised on sales of investments and unrealised changes in market value, income and expenditure. The Scheme's Defined Contribution and AVC investments are also invested in accumulation funds, which do not pay out investment income.

Income from cash and short-term deposits is accounted for on the accruals basis. Income is shown gross of all withholding taxes, with irrecoverable taxes shown as a separate expense. Transactions costs are included in the cost of purchases and sales proceeds. These include commissions, stamp duty and other fees.

f) Investment valuation

The Scheme values its units in the CEIFP at the unit prices for the pools, provided by the custodian Northern Trust. These prices are calculated using the number of units held and the fair value of the CEIFP's underlying investment assets and liabilities. Where separate bid and offer prices are available for the underlying investment assets and liabilities, the bid price is used for investment assets and offer prices for investment liabilities. Otherwise the closing single price or most recent transaction price is used.

The Scheme's Defined Contribution investments are valued based on prices provided by the investment managers.

Investment assets and liabilities are measured at fair value. Where an active market is unavailable, the Trustee adopts valuation techniques appropriate to the class of investments. The methods for determining fair value for the principal classes of investments are:

Pooled investment vehicles: Unitised investment vehicles which are not traded on an active market are estimated by the Trustee. Where the value of a pooled investment vehicle is primarily driven by the fair value of its underlying assets, the net asset value advised by the fund manager is normally considered a suitable approximation. The net asset value is determined by the fund manager by applying fair value principles to the underlying investments of the pooled arrangement.

The change in market value of investments recognised in the fund account 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 and unrealised changes in market value. In the case of pooled investment vehicles which are accumulation funds, change in market value also includes income, net of withholding tax, which is reinvested in the fund.

g) Foreign currencies

The Scheme's functional currency and presentational currency is pounds sterling.

4. Contributions and other income

Year ended 31 December 2024	Defined Contribution	Defined Benefit	**Total**
	£000	£000	**£000**
Employer contributions			
Normal	3,233	487	**3,720**
Deficit	-	-	**-**
AVC	566	-	**566**
Employer contributions for administration costs	-	650	**650**
Total employer contributions	3,799	1,137	**4,936**
Employee contributions			
Normal	-	46	**46**
AVC	1,168	24	**1,192**
Total employee contributions	1,168	70	**1,238**

Notes to the financial statements (continued)

4. Contributions and other income (continued)

Year ended 31 December 2023	Defined Contribution	Defined Benefit	Total
	£000	**£000**	£000
Employer contributions			
Normal	3,075	886	**3,961**
Deficit	-	2,400	**2,400**
AVC	552	-	**552**
Employer contributions for administration costs	-	500	**500**
Total employer contributions	3,627	3,786	**7,413**
Employee contributions			
Normal	-	47	**47**
AVC	1,010	23	**1,033**
Total employee contributions	1,010	70	**1,080**

Deficit contributions were payable at £2,400,000 per annum from 1 January 2021 to 31 December 2023. Following 31 December 2023, deficit contributions have ceased.

5. Benefits paid or payable

Year ended 31 December 2024	Defined Contribution	Defined Benefit	Total
	£000	£000	**£000**
Pensions	-	3,704	**3,704**
Commutations of pensions and lump sum	462	552	**1,014**
Lump sum death benefits	194	5	**199**
Total benefits paid	656	4,261	**4,917**

Year ended 31 December 2023	Defined Contribution	Defined Benefit	Total
	£000	£000	**£000**
Pensions	-	3,441	**3,441**
Commutations of pensions and lump sum	251	729	**980**
Lump sum death benefits	-	4	**4**
Total benefits paid	251	4,174	**4,425**

6. Transfers out

Year ended 31 December 2024	Defined Contribution	Defined Benefit	Total
	£000	£000	**£000**
Individual transfers out to other arrangements	1,727	51	**1,778**
Individual transfers out to other arrangements	1,727	51	**1,778**

Year ended 31 December 2023	Defined	Defined Benefit	Total
	£000	£000	**£000**
Individual transfers out to other arrangements	998	-	**998**
Individual transfers out to other arrangements	998	-	**998**

Notes to the financial statements (continued)

7. Administrative expenses

All costs relating to the administration of the Scheme are paid by the Board in the first instance and recovered from the Scheme by way of an administration charge. This covers professional fees, staff costs and shared service costs. A breakdown of the costs is shown below:

	2024	2023
	£000	£000
Actuarial fees	338	465
Audit fees	14	13
Pension levy	-	-
Investment services	57	53
Legal advice	38	26
Administration costs	634	523
VAT rebate	(21)	(24)
Total administrative expenses	1,060	1,056

Administrative expenses for both the Defined Benefit and the Defined Contribution sections are borne by the Defined Benefit section. The VAT rebate is the Scheme's share of the VAT reclaimed by the Trustee on fees relating to the administration and investment activities carried out by the Trustee on behalf of the Schemes to which it acts as Trustee. The Pensions Board incurs the administrative expense costs and re-charges these through to the Scheme.

8. Investments

The table below shows the movement in investments in the year:

Defined contribution:	At 1 January	Purchases at cost	Sales proceeds	Change in market	**At 31 December**
	£000	£000	£000	£000	**£000**
Pooled investment vehicles	43,585	5,286	(2,799)	4,093	**50,165**
Total investments	**43,585**	5,286	(2,799)	4,093	**50,165**

The Defined Contribution section's holdings also include AVC investments. Defined Contribution investments are allocated to specific members.

The Defined Contribution section's holdings comprises the following funds:

	2024	2023
	£000	£000
Mixed	35,551	30,146
Equities	10,846	9,441
Bonds	2,683	2,512
Property	243	197
Cash	842	1,289
Total pooled investment vehicles	**50,165**	**43,585**

Notes to the financial statements (continued)

8. Investments (continued)

Defined benefit:	At 1 January 2024	Purchases at cost	Sales proceeds	Change in market value	**At 31 December 2024**
	£000	£000	£000	£000	**£000**
Pooled investment vehicles (CEIFP)					
Public equity pool	14,061	-	(2,120)	2,521	14,462
Diversified income pool	7,440	480	(820)	638	7,738
Listed credit pool	19,482	260	(700)	105	19,147
Liquidity pool	60	5,350	(4,950)	50	510
Total pooled investment vehicles	**41,043**	**6,090**	**(8,590)**	**3,314**	**41,857**
Pooled investment vehicles (other)					
Bonds	54,163	7,900	(7,600)	(6,931)	47,532
Cash	5,537	-	(2,331)	231	3,437
Total LDI investments	**59,700**	**7,900**	**(9,931)**	**(6,700)**	**50,969**
Total investments	**100,743**	**13,990**	**(18,521)**	**(3,386)**	**92,826**

The Trustee has been following a 'trigger based' strategy to manage the relative weighting to return seeking and liability matching investments within the scheme. The tri-annual actuarial valuation of the defined benefit section of the CAPF indicated that, while the funding position had improved, it could still benefit from maintaining a modest exposure to risk assets. The strategic asset allocation review following the actuarial valuation maintained the existing asset allocation and trigger-based approach. However, it also recognised that any future move to derisk the portfolio was likely to lead towards a portfolio comprising solely of gilts and listed credit.

The Trustees considered the annual review of the liability benchmark of the Liability Driven Investment (LDI) portfolio with the Scheme's investment advisor. The was no change in strategy and the scheme maintains an unlevered LDI approach to LDI, but there was a rebalancing within the LDI portfolio to take account of the new liability benchmark.

The Scheme did not directly incur transaction costs. Indirect costs are incurred through the bid-offer spread on pooled investment vehicles and charges made within those vehicles. It has not been possible for the Trustee to quantify such indirect transaction costs. Custody charges are negligible. The Church of England Investment Fund for Pensions ("CEIFP") is a pooled investment vehicle between three pension schemes of which the Church of England Pensions Board is Trustee. See Appendix 2 for detail about the CEIFP.

9. Current assets

At 31 December 2024	Defined Contribution	Defined Benefit	**Total**
	£000	£000	**£000**
Debtors			
Inter section debtor	668	-	**668**
Other	-	34	**34**
Trustee	-	19	**19**
Total debtors	668	53	**721**
Cash	-	3,374	**3,374**
Total current assets	668	3,427	**4,095**

At 31 December 2023	Defined Contribution	Defined Benefit	**Total**
	£000	£000	**£000**
Debtors			
Inter section debtor	70	-	**70**
Other	-	317	**317**
Total debtors	70	317	**387**
Cash	-	2,089	**2,089**
Total current assets	70	2,406	**2,476**

Defined contribution current assets are not allocated to members and arise due to timing differences between event dates, receipt and payment dates. Amounts owed from the Trustee represent money charged by the Board in advance towards the administrative expenses the Board incurs on the Scheme's behalf (see note 7), net of the amount paid by the Pension Scheme to the Board.

Notes to the financial statements (continued)

10. Current liabilities

At 31 December 2024	Defined Contribution	Defined Benefit	**Total**
	£000	£000	**£000**
Creditors			
Tax payable – PAYE and NI	-	148	**148**
Inter section creditor	-	668	**668**
Other	80	133	**213**
Total current liabilities	**80**	**949**	**1,029**

At 31 December 2023	Defined Contribution	Defined Benefit	**Total**
	£000	£000	**£000**
Creditors			
Tax payable – PAYE and NI	-	114	**114**
Inter section creditor	-	70	**70**
Trustee	-	32	**32**
Other	-	97	**97**
Total current liabilities	-	**313**	**313**

Defined contribution current liabilities are not allocated to members and arise due to timing differences between event dates, receipt and payment dates. Amounts owed to the Trustee represent money charged by the Board in advance towards the administrative expenses the Board incurs on the Scheme's behalf (see note 7) , net of the amount paid by the Pension Scheme to the Board.

11. Fair value of investments

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

Level	**Description**
1	Unadjusted quoted price in an active market for identical instruments that the entity can access at the measurement date.
2	Inputs (other than quoted prices) that are observable for the instrument, either directly or indirectly.
3	Inputs are unobservable, i.e. for which market data is unavailable.

The Scheme's investment assets and liabilities have been included at fair value within these levels as follows. The CEIFP's fair value hierarchy is that of the underlying assets held by the Scheme.

Defined contribution:

At 31 December 2024	**1**	**2**	**3**	**Total**
	£000	**£000**	**£000**	**£000**
Pooled investment vehicles	842	49,323	-	50,165
Total investments	**842**	**49,323**	**-**	**50,165**

At 31 December 2023	**1**	**2**	**3**	**Total**
	£000	**£000**	**£000**	**£000**
Pooled investment vehicles	1,289	42,296	-	**43,585**
Total investments	**1,289**	**42,296**	-	**43,585**

Notes to the financial statements (continued)

11. Fair value of investments (continued)

Defined benefit:

At 31 December 2024	**1**	**2**	**3**	**Total**
	£000	**£000**	**£000**	**£000**
Pooled investment vehicles (CEIFP)	15,981	19,386	6,490	**41,857**
Pooled investment vehicles (other)	-	50,969	-	**50,969**
Total investments	15,981	70,355	6,490	**92,826**

At 31 December 2023	**1**	**2**	**3**	**Total**
	£000	**£000**	**£000**	**£000**
Pooled investment vehicles (CEIFP)	15,255	19,157	6,631	**41,043**
Pooled investment vehicles (bonds)	-	59,700	-	**59,700**
Total investments	15,255	78,857	6,631	**100,743**

12. Investment risk disclosures

The investment objective of the Scheme is to maintain an investment portfolio with appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits payable under the Trust Deed and Rules as they fall due. The Trustee sets the investment strategy for the Scheme as detailed in the Statement of Investment Principles (SIP).

The table below summarises the extent to which the various classes of investments are affected by financial risks:

	Credit risk	Market risk			**Total**	**Total**
		Currency	Interest rate	Other price	**2024**	**2023**
					£000	**£000**
Defined Contribution section						
Pooled investment vehicles (mixed investment)	●	◑	●	●	**35,551**	**30,146**
Pooled investment vehicles (equities)	○	◑	○	●	**10,846**	**9,441**
Pooled investment vehicles (bonds)	●	◑	●	○	**2,683**	**2,512**
Pooled investment vehicles (property)	◑	◑	○	●	**243**	**197**
Pooled investment vehicles (cash)	●	◑	○	○	**842**	**1,289**
Total Defined Contribution section					**50,165**	**43,585**
Defined Benefit section						
Pooled investment vehicles: CEIFP	(see Investment Risks for the CEIPF in Appendix 2)				**41,857**	**41,043**
Pooled investment vehicles (other)	●	◑	●	◑	**50,969**	**59,700**
AVCs	(not considered significant in relation to overall Scheme risks)				**-**	**-**
Total Defined Benefit section					**92,826**	**100,743**

In the table above, the risk noted affects the asset class [●] significantly, [◑] partially or [○] hardly / not at all.

The Scheme has exposure to these risks because of the investments it makes to implement its investment strategy described below which is determined after taking advice from professional investment advisors. The Trustee manages the Scheme's investment risks, including credit and market risk, within agreed risk limits. These are set taking into account the Scheme's strategic investment objectives for its directly held investments and through the CEIFP for its pooled CEIFP investments, which are described in Appendix 2.

These investment objectives and risk limits for directly held investments are implemented through the investment management agreement in place with the Scheme's investment manager. The agreement sets out the guidelines for the underlying investments held and the day-to-day management is the responsibility of the manager, including direct management of credit and market risks.

Notes to the financial statements (continued)

12. Investment risk disclosures (continued)

The Trustee monitors the investment manager through day-to-day monitoring of the portfolio, quarterly written updates from the manager and annual meetings. In addition, the Trustee performs due diligence procedures before taking on a new investment manager and the Trustee's Investment Consultant also independently assesses and monitors the fund managers.

The AVC investments are not considered significant in relation to the overall investments of the Scheme. The AVCs are incorporated and included within the defined contribution section pooled investment vehicle assets and are not separately identified.

Defined Benefit section

Investment strategy

The investment objective of the Defined Benefit section is to maintain a portfolio of assets to generate income and capital growth, which together with new contributions from members and their employers, will meet future pension benefits as they become liable. The Defined Benefit section was closed to new members in 2006.

As at the end of 2024, the scheme was fully funded on a technical provisions basis. The Trustee continues to retain an exposure to growth assets because the scheme is open to accrual and to move towards full funding on a buy out basis. The Trustee has set a further trigger for derisking when the scheme is estimated to be 105% funded on an estimated buy out basis.

Most of the liability matching investments are held in a separate LDI account, which is constructed to match future expected beneficiary payments. A small proportion of the liability matching investments remain in the CEIFP. All of the return seeking investments continue to be held wholly within the CEIFP. The investment risks faced by the CEIFP are described in Appendix 2, Note 10.

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.

The section is subject to credit risk through its investment in a pooled investment vehicle gilt fund and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicle.

	2024	**2023**
	£000	£000
Pooled investment vehicles (bonds)	47,532	54,163
Total investments exposed to credit risk	**47,532**	**54,163**

The section's holdings in pooled investment vehicles are unrated, although 100% of the underlying investments are AA rated. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets 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. The Trustee monitors the investment managers through assessing investment performance, as reported by the custodian, and meeting with the managers annually. A summary of pooled investment vehicles by type of arrangement is as follows:

	Defined benefit £000	**Defined contribution £000**	**2024 £000**	**Defined benefit £000**	**Defined contribution £000**	**2023 £000**
Common investment fund	41,857	-	41,857	41,043	-	**41,043**
Domestic commingled fund	50,969	-	50,969	59,700	-	**59,700**
Unit-linked life insurance	-	50,165	50,165	-	43,585	**43,585**
Total pooled investment vehicles	**92,826**	**50,165**	**142,991**	**100,743**	**43,585**	**144,328**

Cash is held with financial institutions which are at least investment grade credit rated.

Credit risk arising on bonds held directly is mitigated by investing in government bonds where the credit risk is minimal, or corporate bonds which at the time of purchased are rated at least investment grade.

12. Investment risk disclosures (continued)

Currency Risk
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.

The section has limited exposure to currency risk as the Liability Driven Investment is largely denominated in Sterling. However, the currency risk associated with some of the residual growth and income assets is mitigated in part by foreign exchange hedging arrangements.

Interest rate risk
The section is subject to interest rate risk due to its investment its bond holdings in the Listed Credit pool in the CEIFP and Liability Driven Investment (LDI) portfolio. If interest rates and bond yields fall, the market value of the bonds will rise, while if interest rates rise the market values of bonds will fall. Changes in interest rates can also influence the value of the actuarial value of the liabilities of the schemes. The increase in value of bonds that arises from a fall in bond yields will often help to 'match' the increase in actuarial liabilities arising from a fall in discount rate. Similarly, if interest rates rise the values of the bonds will fall, this will often match the decline in the actuarial liabilities because of an increase in discount rate being applied to the liabilities. The Scheme does not use leverage in the LDI funds.

Defined Contribution section
Investment strategy
The Trustee's objective is to make an appropriate range of investment options available to members, which are designed to generate income and capital growth, which together with new contributions from members and their employers, will provide a retirement amount which the member can use to provide an income in their retirement.

The Trustee has an investment management agreement in place with Legal and General to provide a variety of funds so members can select an appropriate investment strategy, depending on their personal risk appetite and investment objectives. The funds available include equities, gilts and corporate bonds, property and cash.

Credit Risk
Credit risk depends on the funds the member selects – some funds have no exposure to credit risk whereas one fund has significant exposure to credit risk. Members therefore have the ability to manage their credit risk exposure, in accordance with their risk appetite, through their choice of the funds available.

Currency risk
Currency risk depends on the funds the member selects – some funds have no exposure to currency risk whereas some funds have significant exposure to currency risk, although all funds with currency risk do provide some hedging of currency risk. Members therefore have the ability to manage their currency risk exposure, in accordance with their risk appetite, through their choice of the funds available.

13. Concentration of investments
The following investments account for more than 5% of the Scheme's net assets at the year end:

		2024		2023
	£000	**%**	**£000**	**%**
Defined Benefit section:				
Blackrock 2040 index-linked gilt fund	21,450	14.7	17,487	11.9
CEIFP listed credit pool	19,147	13.1	19,482	13.3
CEIFP public equity pool	14,462	9.9	14,061	9.6
Blackrock 2050 index-linked gilt fund	13,038	8.9	13,505	9.2
CEIFP diversified income pool	7,738	5.3	7,440	5.1
Blackrock 2062 index-linked gilt fund	5,814	4.0	8,109	5.5
Blackrock 2032 index-linked gilt fund	1,956	1.3	8,880	6.1

14. Employer related investments
There were no employer-related investments during the year (2023: nil).

Notes to the financial statements (continued)

15. Additional voluntary contributions (AVC) investments

AVCs are paid by members into the Church Workers Pension Fund – Pension Builder Classic section. AVCs for members purchasing Added Years are paid directly into the CAPF Defined Benefit section and are not separately distinguishable.

AVCs by members of the Defined Contribution section are co-invested with other Defined Contribution assets with Legal and General Investment Management and are not separately distinguishable.

16. Related party transactions

One Board member (2023: one) who has retired from service under the Scheme is in receipt of a pension on normal terms.

As disclosed in note 9, £19,000 is owed to the Scheme from the Trustee (2023: £32,000 owed by the Scheme to the Trustee as disclosed in note 10), representing money charged by the Board towards the administrative expenses the Board incurs on the Scheme's behalf (see note 7).

17. Guaranteed Minimum Pension equalisation

In October 2018, the High Court determined that Guaranteed Minimum Pension benefits provided to members who had contracted out of the State Earnings Related Pension Scheme must be recalculated to reflect the equalisation of state pension ages between May 1990 and April 1997 for both men and women. Additionally, in November 2020, the High Court determined that Guaranteed Minimum Pension shortfalls also apply to past transfers. The Trustee is now reviewing, with their advisors, the implication of these rulings on the Scheme and the equalisation of guaranteed minimum pensions between men and women in the context of the rules of the Scheme and the value of any liability. When this review is finalised and any liability quantified, members will receive further communication and any impact on financial reporting will be considered by the Trustee. The Trustee has estimated the total cost of equalisation to be £0.5m, although this estimate covers both amounts underpaid in previous periods and the future cost of providing any uplift. The financial statements do not include a liability due to the immateriality of the total estimated cost of equalisation.

Independent Auditors' statement about contributions to the Trustee of the Church Administrators Pension Fund

Statement about contributions

Opinion

In our opinion, the contributions required by the Schedules of Contributions for the Scheme year ended 31 December 2024 as reported in the Church Administrators Pension Fund's summary of contributions have, in all material respects, been paid in accordance with the Schedules of Contributions certified by the Scheme Actuary on 28 November 2023.

We have examined the Church Administrators Pension Fund's summary of contributions for the Scheme year ended 31 December 2024 which is set out on the following page.

Basis for opinion

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

Responsibilities for the statement about contributions

Responsibilities of the Trustee in respect of contributions

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 employers in accordance with relevant requirements.

Auditors' responsibilities in respect of the statement about contributions

It is our responsibility to provide a statement about contributions and to report our opinion to you.

Use of this report

This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Crowe U.K. LLP
Chartered Accountants and Statutory Auditors
London
10 July 2025

Summary of Contributions
for the year ended 31 December 2024

During the year, the contributions payable by the employers and the employees were as follows:

Contributions required by the schedules of contributions	Employer contributions £000	Employee contributions £000	Total £000
Defined Contribution – normal	3,233	-	**3,233**
Defined Benefit – normal	487	46	**533**
Defined Benefit – for administration costs	650	-	**650**
Total contributions required by the schedules of contributions	4,370	46	**4,416**
Other contributions			
Defined Contribution - AVC	566	1,168	**1,734**
Defined benefit - AVC	-	24	**24**
Total other contributions	566	1,192	**1,758**
Total contributions	4,936	1,238	**6,174**

This summary of contributions has been prepared by, and is the responsibility of, the Trustee. It sets out the employer and member contributions payable to the Scheme under the Schedules of Contributions certified by the Scheme Actuary on 28 November 2023 in respect of the Scheme year ended 31 December 2024. The Scheme Auditor reports on contributions payable under the Schedule in the Auditors' Statement about Contributions.

Approved by the Trustee of the Church Administrators Pensions Fund and signed on its behalf by:

Clive Mather
Chair
10 July 2025

Church Administrators Pension Fund
Adequacy of rates of contribution

Actuary's certification of schedule of contributions

Church Administrators Pensions Fund

This certificate is provided for the purpose of Section 227(5) of the Pensions Act 2004 and Regulation 10(6) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Name of scheme: **Church Administrators Pension Fund**

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 December 2022 to be met by the end of the period specified in the recovery plan dated 21 November 2023.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 21 November 2023.

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

Signature: Date: 28 November 2023

Name: *Aaron Punwani FIA*
Appointed Scheme Actuary
Fellow of the Institute and Faculty of Actuaries

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

Statement of Investment Principles
Church Administrators Pension Fund (CAPF) 2024

1. Introduction

This Statement of Investment Principles ("SIP," or "Statement") sets out how the assets of the Church Administrators Pension Fund (referred to as the "CAPF" or the "Scheme" in the rest of this document) are invested. It has been prepared by the Church of England Pensions Board (referred to as the "Board" or "Trustee" in the rest of this document), which is the corporate Trustee of the Scheme, with advice from its Investment Consultant.

The Church Administrators Pension Fund is for staff employed by National Church Institutions (NCIs) and episcopal staff.

It has two sections:

- Defined Benefit section (CAPF DB) - for those who joined before 1 July 2006
- Defined Contribution section (CAPF DC) - for those who joined on or after 1 July 2006

This Statement has been discussed with the sponsors of the Scheme.

The Trustee will review this Statement every year and without delay after any significant change in investment policy or, if required, following a formal investment strategy review.

Any change to this Statement will only be made after having obtained and considered the written advice of someone who the Trustee reasonably believes to be qualified by their ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of pension scheme investments.

The Trustee receives written advice from its Investment Consultant on any investments prior to them being implemented. This Statement complies with the requirements of the Pensions Act 1995 (as amended) and the Occupational Pension Schemes (Investment) Regulations 2005 (as amended).

2. Objectives

For the Defined Benefit section:

The Trustee is responsible for the stewardship of the Scheme's assets. It has three main objectives in relation to the defined benefit section (the "DB Section") of the Scheme, which are to ensure that:

(1) All beneficiaries receive the benefits to which they are entitled under the Rules of the Scheme;
(2) There are sufficient assets to meet the Scheme's liabilities as they fall due; and
(3) Through the process of meeting the Scheme's liabilities that the Scheme's investments do not work against beneficiaries' interests and the world into which they will retire.

The Trustee has agreed a long-term objective for the DB Section of the Scheme with the sponsors to have sufficient assets to secure an eventual buy-out. In the meantime, the Trustee's objective is to maintain full funding on a low risk basis (gilts +0.4% pa), which in turn means there's a low risk the Scheme's sponsors will need to make additional contributions. The funding gap to buy-out is expected to close over time through actual investment returns exceeding their prudent estimate in the funding basis, and a natural maturing of the Scheme.

For the Defined Contribution section:

The Trustee's objectives for the defined contribution section ("DC Section") of the Scheme are:

(1) To provide a range of investment funds that cater for various risk appetites and objectives which enable members to save effectively for their retirement needs; and

(2) To provide a prudent default arrangement for those that do not wish to make their own investment choices under the Scheme.

The Trustee periodically reviews the suitability of the options provided and from time to time will change or introduce additional investment funds as appropriate.

3. Defined Contribution default option (Defined Contribution section only)

The DC Section's default option is a target date fund strategy called the "Drawdown Journey." Legal & General have been appointed as investment platform provider. The default option is well diversified in terms of the assets that the strategy is invested in. The asset classes, and the managers of them, are listed on the Board's website.[1] The Trustee takes advice to ensure that the asset classes invested in by the DC Section are appropriate.

Taking into account the demographics of the DC Section's membership and the Trustee's views of how the membership will take their benefits at retirement, the Trustee believes that the current default investment option is appropriate and will continue to review this over time, at least triennially, or after significant changes to the DC Section's demographic or investment policy, if sooner.

The aims and objectives of the default option are below. How the Trustee seeks to achieve these objectives is shown in *italic*:

(1) To generate returns in excess of inflation during the earlier part of the strategy, whilst managing downside risk.

For members further away from target retirement, assets are invested in the "Growth" stage which has a higher allocation to equities and other return seeking assets than other parts of the strategy. There is a gradual risk reduction as members get closer to retirement, with the "Approaching Retirement" phase taking full effect as members are 10 years before target retirement.

(2) To provide a strategy that reduces investment risk relative to the benefits members

[1] https://www.churchofengland.org/about/pensions/capf-defined-contribution-scheme

are likely to take at retirement, as members approach retirement.

As a member's pot grows, investment risk will have a greater impact on member outcomes. Therefore, the Trustee believes that a strategy that seeks to reduce investment risk relative to the expected retirement benefit choice as the member approaches retirement is appropriate. At 10 years before target retirement, assets are gradually de-risked to reduce the exposure to return seeking assets in favour of more capital preservation and lower risk investments. This de-risking continues into retirement.

(3) To provide exposure, at retirement, to assets that are considered suitable for those looking to enter into an income drawdown arrangement at retirement.

The allocation at retirement predominantly consists of investment grade corporate bonds and inflation-linked UK government bonds to reduce risk. It also maintains a smaller allocation to equity and return seeking investments, with the aim of combining stability with an opportunity for the pot to continue to grow.

The Trustee's policies in relation to the default option are detailed below:

i. The default option manages investment risks through a diversified strategic asset allocation consisting of different types of traditional assets. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. More detail on how the Trustee measures and manages risk for the Scheme as a whole, which is consistent with the default, is provided in the risk section.

ii. In designing the default option, the Trustee has explicitly considered the trade-off between risk and expected returns.

iii. The Trustee considers both the kinds of investments to be held and the balance of investments in the default option. This includes the characteristics of particular asset classes and the balance between the use of active and passive investments where appropriate.

iv. Assets in the default option are invested in daily traded pooled funds which hold highly liquid assets. The pooled funds are investment vehicles which are managed by an investment manager. The Trustee is comfortable with a target date fund strategy which is pre-built by Legal & General Investment Managers ("LGIM").

v. Assets in the default option are invested in a manner which aims to ensure the security, quality, liquidity, and profitability of a member's portfolio as a whole. Assets are also invested mainly on regulated markets (and those that are not, are kept to prudent levels).

vi. Members do not have to take their retirement benefits in line with those targeted by the default option: the target benefits are merely used to determine the investment strategy held pre-retirement and at the point of retirement.

vii. Assets in the default option are invested funds where the underlying fund is a long-term insurance contract. Members do not hold any assets directly. The insurance contracts have assets underlying them which generate the returns that are passed on to members who are invested in the funds.

viii. The Trustee's policies in relation to financially material considerations, non-financial matters, exercise of rights/engagement and arrangements with asset managers in relation to the default are consistent with the Trustee's policies in these areas for the scheme. These policies are in the sections titled "Ethical and Responsible Investment" and "Investment management".

ix. The performance of the default option is reviewed on at least an annual basis by the Trustee.

The Trustee keeps the default option under regular review, at least every three years and without delay after any significant change in investment policy or the demographic profile of members, to ensure they remain appropriate for meeting the Scheme's objectives and controlling risks.

In addition to the Trustee's objectives and beliefs, the Trustee believes the combination of aims and objectives, and policies for the default above combine sufficiently rigorous governance, oversight, expertise, and action to meet the intention of ensuring assets are invested in the best interests of relevant members and beneficiaries.

4. Investment Policy

For both the Defined Benefit and Defined Contribution sections

The Trustee is responsible for how the Scheme's assets are invested. It takes advice from the Investment Consultant and the Scheme Actuary where appropriate, and it is supported by an in-house investment team. The Trustee has established an Investment Committee, which has relevant professional investment experience through a mix of members of the Board and co-opted members.

Ethical and responsible investment considerations are central to the Trustee's work. They reflect the Christian identity and the values of the Board and its beneficiaries, and they inform its aim of achieving a long-term sustainable return on the Scheme's investments.

Day to day investment decisions are delegated to the external investment managers. They are appropriately qualified and their activities are defined by legally binding agreements.

For the Defined Benefit section

The Board determines investment strategy for the Scheme, which is the split in the Scheme's assets between assets invested for growth (return seeking assets) and investments that seek to match the liabilities.

The Investment Committee selects the asset classes for investment, appoints managers for them, monitors the managers' performance and removes them when necessary. It also directs the Scheme's cash flows, between asset classes and investment mandates.

The Trustee monitors the covenant of the Scheme's sponsors in order to assess their ability to support the Scheme. The Trustee believes the Scheme's sponsors are willing and able to underwrite its liabilities.

For the Defined Contribution section

The Board determines the investment strategy for the Scheme, which is the design of the default option and the range of self-select options.

The Pensions Committee makes recommendations to the Trustee Board in relation to design and implementation of the Defined Contribution section, including scheme design, manager selection and asset allocation. The Trustee receives specific DC advice from its Investment Consultant.

Policies in relation to illiquid assets

The Trustee considers illiquid assets as assets of a type which cannot easily or quickly be sold or exchanged for cash; including where such assets are invested as a component of a daily-dealing multi-asset fund. The Trustee recognises investment in illiquid assets comes with a higher governance burden and charging structure. The Scheme's default lifestyle arrangement includes no direct allocation to illiquid investments or to investments via a collective investment scheme; if the manager proposed changing this, the Trustee would give it due consideration.

The Trustee understands the potential for higher returns and benefits of diversification relative to more traditional asset classes (such as bonds or equities) that illiquid assets can offer. While these potential benefits are recognised by the Trustee, they are also aware of the risks of illiquid assets to members and the higher charges. Given the potential for valuations of illiquid assets to not reflect their accurate value at a given time, as well as concerns over liquidity management and platform compatibility, and the higher governance burden, the Trustee considers including illiquid assets in the self-select fund range not currently viable. The Trustee remains comfortable with the funds used in the default, and annually assess whether the funds used provide value for members.

In selecting investments for the default lifestyle arrangement, the Trustee uses both qualitative and quantitative analysis to consider the expected impact of different strategic allocation mixes. When making investment decisions the Trustee carefully considers whether the investment is expected to provide value for members, taking account of the return potential and associated risks. It is the Trustee's policy to review the allocation of the default lifestyle arrangement on at least a triennial basis. Such reviews will include whether the incorporation of illiquid asset investments is appropriate.

5. Investment Beliefs

The Trustee has developed a set of investment beliefs, which underpin how the investments are made. The beliefs are set out in Appendix 1 to this statement. Environmental, Social and Governance ("ESG") considerations, including climate change and other systemic risks and opportunities are central to the Trustee's investment beliefs.

6. Investment Management

For the Defined Benefit section

The Board operates a common investment fund, The Church of England Investment Fund for Pensions, (or "CEIFP"), comprising a Public Equity Pool, Diversified Growth Pool, Diversified Income Pool, Listed Credit Pool and Liquidity Pool (together "the pools"). The common investment fund allows the Board's pension schemes, including the CAPF, to pool their assets for greater efficiency and diversification than they would be able to achieve if investing on their own. The investment powers of the common investment fund are set out in the Schedule of

Regulations of the CEIFP's Trust Deed and are in accordance with the investment powers of the Board as set out in the Church of England Pensions Measure 2018 (as amended).[2]

The CEIFP accounts for all the return seeking investments of the CAPF and some of its liability matching assets. The Scheme may from time to time have assets that are invested outside the common investment fund. In particular, so called Liability Driven Investment ("LDI") assets are held to back pensions in payment and to hedge against inflation and changes in interest rates (with physical Gilts and Index-linked Gilts).

The Scheme's investment managers are listed in the Scheme's Annual Report which also carries information on investment performance, asset allocation and the main investment decisions taken during the year. The Scheme's Annual Report is published on the Church of England website.

The in-house investment team regularly meets with each of the Scheme's investment managers to discuss performance and other related matters (including climate change and other ESG topics) and reports its findings to the Trustee. As part of this process, the investment team will challenge decisions that appear inconsistent with the Scheme's stated objectives and/or policies. Portfolio turnover costs and manager fees are monitored by the investment team, in absolute terms and relative to what might be reasonably expected given the underlying asset class and investment style of each investment manager and reported to the Trustee periodically.

For the Defined Contribution section

The funds available to members are managed by the investment manager LGIM. Voting rights are exercised by LGIM in accordance with their policies rather than those of the Trustee.

The Trustee's policy is to:

(1) Make a range of options available that gives a broad choice of investments funds to members including responsible investment options;
(2) Make options available which, under normal circumstances are readily realizable;
(3) Reduce risk and cost to members, by offering passively managed fund options, wherever possible; and
(4) Regularly review the arrangements offered to DC members to ensure they are fit for purpose.

As part of the annual Value for Members ("VfM") assessment, the Trustee reviews the investment manager fees levied to members and considers portfolio turnover costs.

The Trustee considers the objectives and policies listed in this document when choosing investments either for the self-select range or for inclusion within the default investment option.

7. Aligning Manager Appointments with Investment Strategy

For both the Defined Benefit and Defined Contribution sections

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[2] The current version of the Measure is on the government website at https://www.legislation.gov.uk/ukcm/2018/9/contents

As the Trustee is a long-term investor, it does not expect to make investment manager changes on a frequent basis. Investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected. These characteristics will differ for each asset class.

A detailed assessment of the investment managers capabilities in relation to ESG and from a responsible investment perspective is undertaken prior to appointment and on an ongoing basis as part of the manager monitoring framework.

The Trustee will seek guidance from its Investment Consultant, where appropriate, for their forward-looking assessment of the investment managers' ability to outperform over a full market cycle. This view will be based on the Investment Consultant's assessment of each manager's idea generation, portfolio construction, implementation, and business management, in relation to the particular investment fund that the Scheme offers to its members. The Investment Consultant's manager research ratings assist with due diligence and are used in decisions around selection, and retention of manager appointments. The manager ratings are incorporated into the Trustee's monitoring reports.

Where the Scheme invests in an open-ended vehicle, or segregated mandate, with an investment manager, there is no set duration for the manager appointments. The Trustee expects to retain them unless:

- There is a change to the overall strategy that no longer requires exposure to that asset class or manager; or
- The investment manager has been reviewed and the Trustee has decided to terminate the mandate.

A review of a manager's appointment may be triggered by one or a combination of the non-exhaustive scenarios below:

- Sustained periods of under-performance;
- Change in the portfolio manager or team responsible;
- Change in underlying objectives or process of the investment manager;
- Concern over their ability to meet operational or ESG considerations, or
- Significant change to the Investment Consultant's rating of the manager.

For holdings in closed-ended vehicles, the Scheme would expect to be invested for the lifetime of the strategy (which is disclosed to the Trustee at point of investment), although secondary market sales could be considered under certain circumstances.

The Trustee reviews the performance of the investment managers on a regular basis versus agreed benchmarks and targets, over multiple periods, with an emphasis on the long term. This includes how the investment managers make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity, as well as how they engage with issuers of debt and equity in order to improve performance in the medium to long-term.

The Investment managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage. If the Trustee is dissatisfied, then it will look to replace the manager. Investment management fees are charged as a proportion of the value of assets being managed and, in some instances (DB section only), include an element based on investment performance. The fees are set on appointment and reviewed regularly thereafter. The Trustee takes advice to ensure the fees are appropriate.

8. Types of Investment

For the Defined Benefit section

The common investment fund, the CEIFP, is well diversified in terms of the assets it holds and the range of investment managers employed to manage those assets. The asset classes invested in by the CAPF, and the managers of them, are listed on the Board's website.

The Trustee takes advice to ensure that the asset classes invested in by the Scheme are appropriate for it.

The split between the pools is determined by the characteristics of the Scheme, in particular its demographic profile, the spread of time over which its liabilities fall due, its long-term funding target, strength of sponsor covenant and the appetite for risk of the Trustee and the Scheme's sponsors.

The Trustee has set a strategic asset allocation to maintain full funding on a gilts + 0.4% p.a. basis but also to close the gap to buy-out over a period of 10 or so years. The Trustee's current policy is to maintain a high level of interest rate and inflation hedging on the Technical Provisions basis using physical gilts and index-linked gilts.

The Scheme may use synthetic instruments in a segregated fund (or via a pooled fund) to reduce risk or to improve operational efficiency.

The Scheme's allocation to specific assets is shown in its Annual Report.

For the Defined Contribution section

More detail about the default option is contained in the DC default option section.

In addition to the default investment option, the Trustee makes available a self-select investment range which aims to meet the varying investment needs, risk tolerances, return objectives and time horizons for Scheme members to choose as they see fit. The risks of these options are not considered in isolation but in conjunction with expected investment returns and anticipated retirement outcomes for members.

The self-select options consist of one alternative target date fund strategy (the annuity targeting journey), and a range of individual funds.

The Trustee believes that the self-select options available offer varying risk/return profiles catering for various member risk appetites and objectives. In designing the available fund range, the Trustee has explicitly considered the trade-off between risk and expected returns.

Members determine the balance between different kinds of investments they hold. This balance will determine the expected return on members' assets and should be related to the members' own risk appetite and tolerances.

For both the Defined Benefit and Defined Contribution sections

Investment managers are appointed based on their capabilities and the perceived likelihood of them meeting the Trustee's return and risk expectations. The manager selection process is designed to ensure that appointments are consistent with the Board's responsible investment policies. As part of this, the Trustee undertakes due diligence ahead of investing to ensure it is aware of the:

- Underlying assets held and how they will allocate between them;
- Risks associated with the underlying mix of assets and the steps the investment manager takes to mitigate them;
- Expected return targeted by the investment manager and details around realisation of the investment; and the
- Impact of financial and non-financial factors, including those outlined in the Ethical and Responsible Investment section of this statement, on the investment over the long-term (and including how those matters are taken into account in the selection, retention and realisation of investments).

Should an investment manager make changes to any of these factors, the Trustee will assess the impact and (where no longer aligned) consider what action to take.

The Trustee seeks input from its Investment Consultant for their forward-looking assessment of the investment managers' abilities to meet their performance objectives over a full market cycle and an assessment of how environmental, social and governance factors are integrated into their investment processes. In addition, in relation to the Defined Benefit section, the investment team maintains its own independent ESG ratings for the appointed investment managers. These views assist the Trustee in its ongoing monitoring of the investment managers and are considered when making selection and retention decisions.

Where the Trustee invests via a pooled vehicle (rather than a segregated mandate), it accepts that it has limited ability to specify the investment guidelines, risk profile or return targets of an investment manager. Despite this, the Trustee believes that pooled vehicles can be identified that are aligned with its policies.

9. Realisation of Investments

For the Defined Benefit section

The Defined Benefit section of the Scheme is closed to new members, but still open to the future accrual of benefits. The Scheme is cash-flow negative and so the Trustee ensures the Scheme assets are managed to provide sufficient liquidity to meet all benefit payments when they fall due.

For the Defined Benefit section, the Trustee does not directly consider the views of beneficiaries with regard to the selection, retention and realisation of investments. However, its investment beliefs reflect the Christian identity and values of the Scheme's beneficiaries, and these are central to how the Scheme is invested, and the Trustee receives advice from the Ethical Investment Advisory Group ("EIAG")[3] on Christian ethics and responsible investment, which the Trustee draws upon to determine its investment policies.

For the Defined Contribution section

The pooled investment vehicles used in the DC section are daily dealt, with assets mainly invested in regulated markets and therefore should be realisable at short notice, based on either Trustee's or member demand. The selection, retention and realisation of investments within the pooled investment vehicles is the responsibility of the relevant investment manager.

10. Ethical and Responsible Investment

For the Defined Benefit and Defined Contribution sections

The Trustee recognises that the beneficiaries and the sponsors of the Scheme are part of the Church of England, and that the Scheme's investments should reflect that as far as possible without compromising its objectives. The Trustee wishes to exercise its responsibilities as an asset owner fully.

The Trustee recognises climate change as a major financial, social, and ethical risk, and one that has potential to impact gravely on the financial well-being of the members of its schemes as well as their quality of life in retirement.

For the Defined Benefit section

The Trustee regularly receives advice on the ethical implication of investments from the EIAG, which informs the Board's investment policies.

The Trustee also values engagement with companies over responsible and ethical investment issues, and it considers engagement as a more effective means of exercising its stewardship responsibilities than disinvestment in many situations. Company engagement is carried out and monitored for effective change by the Board's investment team. The Trustee regularly reviews the engagement and corporate governance activities of the investment team. The Trustee produces an annual Stewardship Report summarising its activities, which is available on the Board's website.

The investment team produces a list of restricted investments, and maintains a list of excluded companies based on the Board's ethical investment screens that reflect the ethical policies approved by the Trustee. Investment managers appointed by the Trustee are instructed to exclude these investments from their portfolios.

The Trustee expects companies in which the Scheme invests to demonstrate responsible employment and corporate governance practices; to be conscientious with regard to environmental performance and human rights; and to deal fairly with customers and suppliers and act with sensitivity to the communities in which they operate. When appointing its investment managers, the Trustee takes into consideration how they incorporate analysis of companies' performance on ESG issues into their stock selection.

[3] See the Church of England website for further details on the work of the EIAG.

Before an investment is made in a pooled vehicle, where the Trustee cannot directly influence the selection of individual investments, the Trustee will satisfy itself that the proportion of restricted investments (as shown on the Board's restricted list) in the pooled fund is not material.

The Trustee intends that the Scheme should vote at all company meetings held by its investee companies and therefore maintains full discretion over voting activity. This is administered by the in-house team using a platform provided by Institutional Shareholder Services ("ISS"), with input from the EIAG, and a responsible proxy voting template developed with reference to other members of the Church Investors Group. The Trustee takes its own voting decisions and is not bound by any other investor in doing so.

The Scheme, via the Church of England Pensions Board, is a signatory to the UNPRI and has signatory status of the Financial Reporting Council's UK Stewardship Code. It is also a member of the IIGCC (Institutional Investors Group on Climate Change), a co-founder of the Transition Pathway Initiative ("TPI"), and heavily involved in various other collective engagement initiatives detailed in the Trustee's Stewardship Report.

For the Defined Contribution section

The Trustee offers ethical and conventional funds, recognising that members may not wish to have their investments bound by ethics. It is not currently possible to offer funds that are run on the basis of Church of England ethics/direct application of the Pension Board's policies for the DB funds, but the ethical funds are regularly reviewed by the Trustee to ensure they are as close as can currently be found. The Trustee has also made the employer aware of its other pension offerings through the Church Workers Pension Fund, which could be selected to offer full alignment.

The Trustee considers how ESG, climate change and stewardship are integrated within investment processes of new investment managers and monitoring of existing investment managers.

The Trustee notes that each investment manager of the underlying pooled funds offered on the platform has an investment management agreement or re-assurance agreement with the platform provider. The investment managers are responsible for managing the portfolios of assets within the investment guidelines, objectives, risk parameters and restrictions set out in the respective agreements but, subject to that, exercise discretion as appropriate when investing the portfolio.

As there is no direct relationship between the Trustee and the investment manager and due to the pooled fund structure, the Trustee believes the level of engagement and influence it can exert on the funds and companies invested is relatively low.

However, the Trustee considers its investment adviser's assessment of how each investment manager embeds ESG into its investment process and how the investment manager's responsible investment philosophy aligns with the Trustee's responsible investment policy. This includes consideration of the underlying investment managers' policy on voting and engagement and compliance with the Stewardship Code. The Trustee will use this assessment as part of their considerations when taking decisions around selection, retention, and realisation of investment manager appointments.

The policies in this section are applicable to both the default investment option and the self-select fund range options.

The Trustee considers non-financial matters, specifically ethics (as advised by the EIAG) and more generally in the selection and retention of funds, while balancing its fiduciary responsibility to achieve its investment objectives.

The Trustee considers which areas would constitute 'significant' when it comes to company engagement by their fund managers. To consider the extent to which voting behaviour is consistent with the Scheme's investment objectives and stewardship priorities, the Trustee has classified 'significant votes' as those which consider any one of the following factors with relevant (but not exhaustive) examples:

- Climate change
- Pollution & natural resource degradation
- Human rights
- Diversity, equity, and inclusion

These stewardship priorities have been selected by the Trustee following a review and consideration of key priorities which the Trustee believes to be in members' best interests in light of the Trustee's investment beliefs and specifics of the Scheme. Ultimately voting decisions are made by the Trustee's fund manager LGIM.

The Trustee considers how ESG, climate change and stewardship is integrated within LGIM's investment processes in the monitoring process. The Trustee has requested key voting activities from LGIM during the Scheme year in order to consider this.

The Trustee has delegated voting rights to the investment manager, LGIM, and expect their investment managers to engage with the investee companies on their behalf. There has been no change in this policy during the year and the policy reflects best practice. The Trustee has requested information on voting records from the investment managers. Investment managers are expected to take into account current best practice, including UK Corporate Governance Code and the UK Stewardship Code. The Trustee considers investment managers policy on voting and engagement and use these assessments in the selection, retention and realisation of manager appointments.

The Trustee believes that the investment manager, LGIM, has the necessary expertise and framework in place to effectively manage and monitor investments in line with these areas, and this is implemented through their stewardship approach. The LGIM Investment Stewardship team focuses on client outcomes and broader societal and environmental impacts in its engagements with companies and policymakers. This spans consideration of systemic risks and macro developments through to company specific issues, implemented by LGIM using the following six step approach:

1. Identify the most material ESG issues
2. Enhance the power of engagement e.g. through public statements
3. Vote

4. Formulate a strategy
5. Collaborate with other shareholders and policy makers
6. Report to stakeholders

LGIM is expected to provide reporting on a regular basis, at least annually, on ESG integration progress, stewardship monitoring results, and climate-related metrics such as carbon foot printing for equities and/or climate scenario analysis for diversified portfolios.

A summary of the LGIM Stewardship themes and priorities can be found at:
https://www.lgim.com/uk/en/capabilities/investment-stewardship/

A copy of LGIM's Responsible and Sustainable investment report can be found at:
https://group.legalandgeneral.com/en/sustainability/responsible-investing

The Scheme also maintains a Stewardship Implementation Framework document, which summarises how the Trustee implements its commitment to ethical and responsible investment. (Stewardship and responsible investment | The Church of England)

11. Risk

For the Defined Benefit section

The Trustee recognises that it is possible to select investments for the Scheme that are similar to its estimated liability cash flows. However, in order to meet the Scheme's objectives within a level of contributions that its sponsors have indicated they are able and willing to make, the Trustee has agreed to take investment risk. This seeks to target a greater return than the matching assets would provide, whilst maintaining a prudent approach to meeting the Scheme's liabilities.

The primary risk upon which the Trustee focuses is that arising through a mismatch between the Scheme's assets and its liabilities. The Trustee recognises that whilst increasing investment risk increases potential return over the longer term, it also increases the risk of a shortfall in return relative to that required to cover the Scheme's liabilities, as well as producing more short-term volatility in the Scheme's funding position.

Whilst taking investment risk may lead to volatility in the funding levels of the Scheme, the Trustee feels that this risk is acceptable in view of the potential benefits of the expected extra return. The additional return should work through ultimately to greater security for the members of the Scheme and lower costs for its sponsors over the long term.

The Trustee considers a wide range of specific risks, including, but not limited to, those set out in Appendix 2 to this statement (which includes a range of financial and non-financial risks). Some of these risks are more quantifiable than others, but the Trustee has tried to allow for the relative importance and magnitude of each one.

The Trustee will from time-to-time use derivatives to manage risk and for efficient portfolio management. These will primarily be in the risk areas of currency, inflation, interest rates and longevity, and within the allocation to equities for efficient portfolio management purposes.

For the Defined Contribution section

The Trustee considers a wide range of specific risks, including, but not limited to, those set out in Appendix 2. The key DC specific risks considered by the Trustee and mitigated through the design of the default or self-select options (as shown in *italics*) are as follows:

(1) **Risk of capital loss in nominal terms**. The protection of capital is fundamental in supporting the long-term growth of the members' individual accounts. However, members who have some time until retirement may be more prepared to accept a capital fall in order to obtain a higher long-term return.

The Trustee has provided a default option which has an explicit allocation to assets that are expected to provide growth over the long term. The default reduces risk as members approach retirement, reducing the likelihood of falls.

(2) **Risk of erosion by inflation**. If investment returns lag inflation over the period of membership, the real (i.e., post inflation) value of members' individual accounts will decrease.

The Trustee has provided a default option which has an explicit allocation to assets that are expected to outperform inflation over the long term. Members are also able to self-select funds, most of which are expected to outperform inflation over the long term.

(3) **Conversion risk**. The costs of converting a member's accumulated defined contribution account into pension benefits at retirement is influenced by a number of factors and depends on how the member intends to take their benefits at retirement.

The Trustee has provided two journey strategies, one of which is the default option which invests in a way considered suitable for those members looking to take income drawdown in retirement.

Members may also self-select an annuity targeting journey, as well as a range self-select funds. The Trustee believes the range of options is suitable in meeting members' needs for different ways of taking benefits at retirement.

(4) Environmental, Social and Corporate Governance risk. The risk that environmental, social or corporate governance concerns, including climate change, have a financially material impact on the return of the Scheme's assets.

The management of ESG related risks is delegated to LGIM.

See Section 10, above, for the Trustee's responsible investment and corporate governance statement.

The Trustee reviews the LGIM Stewardship Monitoring Report on an annual basis.

(5) Investment Manager risk. The risk that the investment manager underperforms its objectives, fails to carry out operational tasks, does not ensure safe-keeping of assets or breaches agreed guidelines.

The Trustee regularly reviews performance of investment funds.

(6) Liquidity risk. The risk that the Scheme's assets cannot be realised at short notice in line with member demand.

The Scheme is invested in daily dealt and daily priced pooled funds.

12. Additional Voluntary Contributions

For the Defined Benefit section

DB Section members' Additional Voluntary Contributions ("AVCs") are invested in the Pension Builder Classic section of the Church Workers Pensions Fund.

For the Defined Contribution section

DC Section members have the same range funds available for their AVCs as for their main contributions.

Signed: Clive Mather, Chair
Date: 19 September 2024.

APPENDIX 1

Investment Beliefs

1. Ethical and responsible investment considerations are central to the Board's work. They reflect our Christian identity and the values of the Board and our beneficiaries, and they inform our aim of achieving a long-term sustainable return on the Board's investments.

2. Climate change presents a key investment risk and an opportunity.

3. Our various pension schemes differ from each other and require their own approaches to risk and return.

4. Strategic Asset Allocation has a greater impact on our ability to meet liabilities than manager or stock selection.

5. Over the long term, achieving a higher investment return requires taking more investment risk. Taking additional risk does not guarantee a higher return.

6. The amount of investment risk taken should not give rise to potential adverse consequences that cannot be met by the sponsoring employers.

7. Opportunities to capture illiquidity premia, which are frequently rewarded, are considered where appropriate.

8. Diversification reduces the volatility of returns, within and across asset classes.

9. Active fund management can generate additional return, because investor behaviour can result in market inefficiencies and opportunities for long-term investors.

10. The cost of implementation is important.

11. Good trustee governance improves the quality of investment allocation decisions.

APPENDIX 2

Financial Risks

Risk	Description	Mitigation
Active management	The risk that an active manager may underperform its benchmark and therefore that the return from the assets being managed will be less than could be achieved more cheaply using passive tracking management.	The Trustee takes advice on manager appointments, has expertise of its own and ensures that the monitoring of managers is conducted on an ongoing basis. The Trustee ensures that appropriate benchmarks are chosen for active managers.
Counterparty	The risk that a counterparty to a financial transaction fails and the value of the transaction is not received at all or only partially by the other party.	Many of the investment transactions undertaken by the Trustee on behalf of the scheme(s) are in stocks that settle contractually on recognised exchanges and where the exchange is the counterparty. When dealing in synthetic instruments, the Trustee will use exchange traded instruments where possible. If it cannot, it will use one of a range of carefully chosen direct counterparties, the list of which is advised by the relevant fund manager and reviewed by the Board's Investment Consultant.
Concentration	The risk that a high proportion of the Scheme's assets are invested in securities, whether debt or equity, of the same or related issuers, and that individual fund managers may from time to time hold the same stock.	To the extent that is cost effective, the Trustee ensures that the Scheme's investments are diversified across asset classes and managers.
Climate change	The risk that rising Global temperatures and severe weather events will negatively impact the value of specific investments.	The Trustee has developed policies for engaging on climate change issues with investee companies. It is a founder and leader of a key investor coalition on climate change (TPI), and it is an active member of other investor groups actively engaging on these issues (PRI, IIGCC, CDP, CIG). It also uses investment restrictions/exclusions, which include oil and gas companies. The Trustee undertakes periodic climate scenario analysis to inform investment decisions. The Trustee also views climate change as an opportunity for generating return from investment in businesses that are facilitating the transition to a low-carbon economy.
Credit	The risk that the payments due under a credit instrument might not be made by the issuer. There is also the possibility that a company or investment fund in which the scheme is invested might fail.	The Scheme's investments are diversified, thereby limiting the effect of a credit failure. The Trustee selects credit managers that have a strong focus on borrowers' ability to repay debt. The Scheme's active equity managers are appointed for their expertise in selecting individual company investments.

Risk	Description	Mitigation
Currency	The risk that changes in exchange rates will have an impact on the relative value of the assets and liabilities, through investment in non-sterling assets, given that the Scheme's liabilities are denominated in sterling.	The Trustee has put a passively managed currency hedging programme in place that covers approximately half the currency risk of the scheme.
Inflation	The risk that the projected cash flows from the assets have different linkages to inflation from those of the projected liabilities.	The Trustee monitors the Scheme's inflation risk closely, advised by the Actuary and the Investment Consultant. The Scheme invests in index-linked bonds, derivatives and other instruments.
Interest rate	The risk that interest rates can fall, causing estimated scheme liabilities to rise and that the assets do not rise in value commensurately.	The Trustee monitors the Scheme's interest risk closely, advised by the Actuary and the Investment Consultant. The Scheme invests in government bonds, derivatives and other instruments.
Liquidity	The risk the assets held are not readily marketable and realisable.	The Trustee takes advice on the extent to which each scheme it administers can hold illiquid assets, bearing in mind the in and out flows for each scheme.
Longevity	The risk that longevity experience may differ from expectations, and that expectations may change over time. The chief risk that concerns the Trustee is that an increase in life expectancy will increase the Scheme's liabilities.	The Trustee takes advice from the Actuary on mortality, the assumptions for which are made prudently. The Trustee has considered and will continue to consider appropriate strategies for hedging longevity risks.
Operational	The risk that the Board's custodian and fund managers may not be able to operate due to the risk of cyber security attacks or other technology related issues.	The custodian and fund managers have security defences and business continuity plans in place, including backing up data on remote servers and alternative working locations.
Pooled fund	The risk that the actions of other asset owners participating in a pooled fund may affect the Board's investments.	The Trustee takes advice from the Investment Consultant and relevant investment manager, and where possible, seeks to avoid leveraged pooled funds. The Trustee recognises that pooled funds per se can assist the efficient management of the fund.
Regulatory & Political	The risk that the regulatory or political regime in a given market environment may change. Regulatory risk may be compounded by political risk in those environments, especially	Global fund managers are appointed at least in part for their expertise in avoiding or mitigating such risks.

Risk	Description	Mitigation
	those subject to unstable regimes.	
Volatility	The risk that the value of assets, such as equities, whose prices are set with reference to highly liquid public markets may be particularly affected by short termsentiment.	The Trustee considers volatility of pricing in its assessment of future returns.

Non-Financial Risks

Risk	Description	Mitigation
Operational	The risk that the Pensions Board may not be able to operate due to the temporary or permanent loss of premises, access to premises, IT systems, telephone connections or Web access.	The Board's Business Continuity Plan makes provisions for these key services. Additionally, electronic data is backed up on remote servers; staff can work away from their offices for extended periods; the Board's advisers have premises that can be used for meetings. The Trustee's technology services provider is Cyber Essentials Plus accredited.
Regulatory	The risk that the Board fails to comply with pension regulation or regulatory guidance.	The Board has access to a broad range of expert support from its Investment Consultant, Actuary, Covenant Adviser and Legal Adviser.
Reputational	The risk that the Board's reputation is damaged through a real or perceived failure to fulfil its duties in pension administration, or investment, or in the parts of its business associated with providing housing for retired clergy.	The key mitigation is the effort made to avoid failure in the first place, noted elsewhere in this document. The Board has a professional and experienced media and communications team, and a robust plan for tackling PR and communications issues as they arise.
Staffing	The risk that key staff cannot be retained or cannot fulfil their duties due to ill-health.	Staff remuneration is set in relation to comparable roles outside the Board. HR policies focus on employee well-being and work-life balance. The executive team has a succession plan for itself and key staff. Senior staffing has also expanded, so that the importance of key individuals has been lessened.

The Church of England Pensions Board's approach to risk management is summarised in its Annual Report and Financial Statements which include disclosures on the key strategic risks.

APPENDIX 1

Ethical Investment Approach of the Pensions Board

Ethical Investment

When investing and based on the advice of the Ethical Investment Advisory Group (EIAG), the Board applies exclusions to companies involved in indiscriminate weaponry, conventional weaponry, pornography, tobacco, gambling, non-military firearms, and high interest rate lending. The EIAG provides non-binding advice to the Board that is timely and practical to enable us to invest in a way that is distinctly Christian and Anglican. Topics under discussion in 2024 included horizon scanning, artificial intelligence and executive remuneration.

Details of all of the EIAG's ethical investment advisory work is available on the EIAG's webpages, and a summary of the Board's ethical investment policies and approach was approved and published in 2024 (available here cepb-ethical-policy-update-2024.pdf).

As a result of the Climate Change Policy and as outlined in the Climate Action Plan (published in 2023) a screen has been introduced that excludes companies that derive more than 10% of their total revenue from mining thermal coal and the production of oil from tar sands. In 2023 the Board also took the decision to restrict investments in oil and gas companies, on the basis of a combination of third party and in-house transition assessment, after a 5 year intensive programme of engagement.

However, ethical investment is also about in what and how the Board invests. It is for this reason the Pensions Board's approach is to:

- Take a long-term view.
- Select investment managers who are able to analyse and act on the environmental, social and governance issues relevant to their strategies.
- Act as good stewards of its investments including through voting at company general meetings and engaging actively with companies in which the Board invests.
- Promote ethical behaviour, corporate responsibility and sustainability in interactions with investment managers, companies and government.
- Maintain internal stewardship capacity, and programmatically engage on responsible investment themes both with our asset managers and underlying holdings. (e.g. in relation to responsible mining practices.)

Implementation of ethical investment policies

The Board has published its Implementation Statement in Appendix 3, showing how the Board has implemented the Scheme's Statement of Investment Principles (SIP), including in respect to stewardship and engagement matters. The Board will publish a full Stewardship Report for 2024 on its website, which is intended to provide an accessible account of the Board's stewardship activity, record significant votes, and the ways in which the Board meets the recommendations of the Financial Reporting Council's Stewardship Code.

A separate report aligned to the Taskforce on Climate Related Financial Disclosure (TCFD) has been published for the Clergy scheme (CEFPS, available here) which also contains detail relevant to the Board's other schemes. Relevant summaries are contained in the implementation statements for each scheme.

Key future focus areas in 2025, building on previous year's work:

- Through the Global Investor Commission on Mining 2030 develop an investor vision for socially and environmentally responsible mining.
- Develop a responsible investor response to conflict and extraction including supporting the creation of a Global Centre for Peacebuilding, Reconciliation and Business with an initial focus on conflicts in five countries.
- Develop our focus on human rights related engagement, including in relation to conflict.
- Open the Global Tailings Institute in South Africa.
- Retain stewardship as an active part of our investment process, including; manager monitoring and selection, assessment of risks, due diligence, voting and screening.
- Develop the Board's approach on biodiversity aligned with TNFD that includes portfolio analysis, reporting and stewardship.
- Implement commitments made within the Climate Action Plan, meet TCFD requirements and ensure alignment of the portfolio with the Net Zero Investment Framework.
- To continue to lead the Emerging Markets Just Transition Initiative and integrate the Initiative Principles into Board approach and manager selection related to emerging markets.
- Lead 'demand' side fossil fuel engagement approach and advocate for greater focus on demand by CA100+.
- Continue to support adoption and implementation of the Asset Owner Diversity Charter.
- Continue to lead the development of the Fair Reward Framework.

Appendix 2
The Church of England Investment Fund for Pensions

Annual Report and Financial Statements
31 December 2024

Contents

Trustee's report

The Church of England Pensions Board (the "Board"), as Trustee of The Church of England Investment Fund for Pensions ("CEIFP", or the "Fund") is pleased to present its annual report for the year ended 31 December 2024.

Scheme constitution and management

The Fund was originally established in 1985 as a common investment fund for pension schemes administered by the Trustee. It is not a pension scheme nor a corporate body in its own right, but is a vehicle to pool the investments of the Board's three pension schemes (the "schemes") in order to diversify the schemes' investments, particularly for the smaller schemes which would not be able to benefit from the breadth of investments available when the assets are pooled. It is a bare trust that operates under a Trust Deed between the member schemes:

- The Church of England Funded Pensions Scheme ("CEFPS");
- Church Workers Pension Fund ("CWPF"); and
- Church Administrators Pension Fund ("CAPF").

The Board as Trustee is responsible for setting the overall strategy and managing the schemes. The Board has established various committees to assist it in this responsibility.

The CEIFP has five pools: the public equity pool containing mostly listed equities, the diversified growth pool containing mostly property and private equity assets, the diversified income pool containing mostly private loans and infrastructure assets, the listed credit pool containing corporate bonds, and the liquidity pool containing cash.

Each pool has different risk and return characteristics, which enables each pension scheme to be able to invest in the pools in proportions that match its maturity and cash flow needs.

Unitisation

The pools are unitised, where each investing pension scheme is allocated a number of units, according to the amount it has invested. The number of units and value of the units is recalculated on a monthly basis to reflect the changing fair value of the underlying net assets, and the investment or disinvestment of each scheme.

Commentary on each scheme's strategy in holding different proportions of return seeking and liability matching units can be found in their respective annual reports.

Commentary on the performance of these pools is set out in this report. Further information on investment strategy and risk is shown in the notes to the financial statements.

Commentary on the Global Economy and Markets

We entered 2024 continuing to face the tail winds of an inflationary spike which, in addition to having a real impact on individuals' costs of living, had led to higher interest rates and a further downward revaluation of interest-rate sensitive assets. Although there were early signs that the rate of inflation had peaked in most developed economies, the resilience of the US economy meant that investors had to push-back expectations of an early easing in US monetary policy. This trend turned in May, as softer inflation figures and a weaker employment market in the US reignited hopes that that the US Federal Reserve would 'pivot' and start to lower short-term interest rates. This caused a sharp fall in US and global bond yields and supported further gains in most equity markets over the summer months.

Trustee's report (continued)

Commentary on the Global Economy and Markets (continued)

The US Federal Reserve validated the move in market expectations by cutting its key short-term interest rate by 50 basis points in September, a move mirrored by many other central banks, including the Bank of England and European Central Bank. However, expectations of further cuts in interest rates began to be challenged in October, with US economy proving more resilient and global inflation proving 'stickier' than previously expected. The November US Presidential election created uncertainty about the path of US trade and fiscal policy and inflation expectations. It should be noted that in the period between the end of 2024 and the date of signing these accounts, there has been considerable volatility in global financial markets, attributed to the changes in US trade policy.

The huge wave of elections across the globe in 2024 added to uncertainty and it is deeply sad to note that there are more active global conflict zones now than at any other time since the Second World War.

Against this backdrop, predicting the near-term performance of markets remains as difficult as ever and the schemes continue to maintain a long-term investment horizon and hold a well-diversified portfolio. However, the Board has sought to manage the risks to the good funding positions of our pension schemes, by lowering the holdings in high risk assets and increasing holdings in lower risk assets, while ensuring the potential for future growth and continuing to invest responsibly and prudently on behalf of members.

Strategic Asset Allocation and Composition of the Church of England Investment Fund for Pensions (CEIFP)

The Board pools most of the individual pension scheme assets for investment purposes in the CEIFP. This allows our smaller schemes to access economies of scale and investment opportunities that might not be available to them otherwise.

The key exception to this is the Liability Driven Investment (LDI) portfolios for each of the schemes (which sit outside of the CEIFP with BlackRock) and allow the schemes to take explicit account of the maturity and interest and inflation sensitivity of their specific liability profiles.

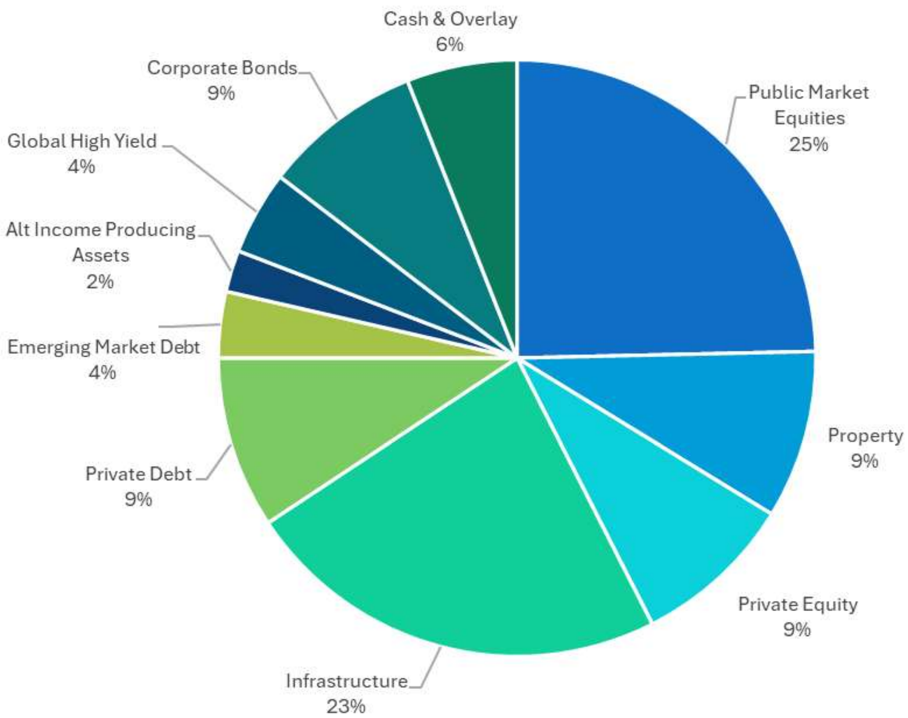
Although the schemes' LDI portfolios are held outside the CEIFP, it is worth noting that the rise in bond yields towards the end of the year, combined with concern as to whether the new UK government will be able to keep the UK public finances under control, has continued to depressed the market value of UK gilt-edged securities ('gilts'). However, rising gilt yields also benefits scheme funding, by reducing the future value of liabilities (or the lifetime cost of paying pensions). The reduced future value of liabilities and sustained investment returns over the past decade, has resulted in the Defined Benefit (DB) schemes being fully funded as at the end of 2024.

The improvement in the funding position of the schemes gives members and employers greater security for the future and the Trustees of the schemes has used this increased security to lower holdings in risk assets and increase their holdings of lower risk assets. This shift in portfolio allocation at the scheme level is also reflected in the movements and compositions of the assets held within the CEIFP over the course of the year.

Trustee’s report (continued)

Total Assets in the CEIFP (excluding-LDI holdings)

The chart below shows how our assets were invested in the CEIFP at the end of 2024.



Higher UK Gilt yields, together with cost savings and sustained investment returns over time have driven improvements in the funding level of the pension schemes investing in the CEIFP. As a result, we have progressively reallocated investments away from so called “growth assets” (like developed and emerging equities) into alternative, diversified and traditionally less volatile fixed income assets, with a focus on delivering income streams more closely ‘matching’ the future expected flow of pension payments.

The Trustee has considered the nature, disposition, marketability, security and valuation of the Fund’s investments and considers them to be appropriate relative to the reasons for holding each class of investment. More details about investments are given in the notes to the financial statements.

Investment Managers

The reduction in public equity investments has allowed the Board to further simplify and consolidate the number of asset managers, delivering recurring cost savings to members and employers (who bear the cost of scheme administration). At the end of 2024, the Fund’s assets within the CEIFP were managed by 19 investment managers (having terminated the developed equity mandate with Generation in September 2024 and appointed Ninety One UK Limited as an emerging market equity manager in October 2024 and Robeco International Asset Management B.V. in January 2024 to manage a high yield bond portfolio).

Investment Managers (continued)

Fund manager	Description
Antin Infrastructure Partners	Pooled infrastructure fund
Audax Group	Portfolio of private loans in the US
Basalt Infrastructure Partners	Pooled infrastructure fund
Blackstone	Alternative income
Cambridge Associates	Private equity
CBRE Global Investors	Property unit trusts
Colchester Global Investors	Emerging market debt
DBL Partners	Venture capital
DIF Management	Pooled infrastructure fund
EQT Infrastructure Partners	Pooled infrastructure fund
Igneo Infrastructure Partners	Pooled infrastructure fund
Generation Investment Management LLP	Private equity
H.I.G Capital LLC	Portfolio of private loans in the US
I Squared Global Capital	Pooled infrastructure fund
Insight	High quality corporate bonds
KKR & Co. L.P.	Pooled infrastructure fund
Legal & General Investment Management	Global equities passively tracking the FTSE TPI Climate Transition Index
Ninety One UK Limited	Emerging market equities
Robeco Institutional Asset Management B.V.	High yield bonds

Investment Performance

Total assets of the three Schemes for which the Church of England Pensions Board (CEPB) is Trustee returned 3.3%. The assets within the CEIFP (which excludes the Liability Driven Investment portfolio) returned 9.4% in 2024. The LDI portfolios are held outside the CEIFP by each pension scheme to match scheme-specific liabilities and are not intended to be return-seeking.

The longer-term annualised returns to 31 December 2024 for each of the broad asset classes are set out below, including Inception to Date ("ITD") All figures are net of fund management fees and asset class returns are shown in Sterling terms.

Investment Performance (continued)

Investment returns to 31st December 2024	£m	3 Mos.	1 Yr.	3 Yrs.	5 Yrs.	10 Yrs.	ITD
CEPB Total Assets New	**2,978**	**0.1**	**3.3**	**-1.8**	**3.2**	**5.9**	**7.3**
CEPB Total Assets ex LDI*	**2,430**	**3.3**	**9.4**	**4.1**	**6.9**	**7.9**	**8.1**
Public Equity Pool	**676**	**4.7**	**18.9**	**5.6**	**9.1**	**9.9**	**9.1**
Global Developed Market Equities	575	6.5	18.8	8.0	10.9	11.7	9.6
Emerging Market Equities	101	-0.3	-0.3	-5.7	-2.5	4.3	3.7
Public Equity Cash	01	-2.4	-0.1	1.4	0.1	--	0.1
Public Equity Hedge	-02	-4.7	0.5	-1.9	-0.9	--	0.4
Diversified Growth Pool	**421**	**4.6**	**3.6**	**0.3**	**3.8**	**5.8**	**3.6**
Property	213	7.9	3.7	1.0	3.4	5.5	3.4
Private Equity	205	4.6	5.0	0.8	4.8	--	0.2
Diversified Growth Cash	05	1.1	4.4	0.7	-1.7	--	--
Diversified Growth Hedge	-01	-6.8	-2.4	-3.7	-2.1	--	-0.8
Diversified Income Pool	**1,031**	**3.4**	**8.6**	**9.6**	**8.7**	**8.5**	**8.0**
Infrastructure	541	5.8	8.4	13.3	12.4	11.6	10.3
Private Debt	217	9.2	13.2	8.7	6.1	--	5.8
Emerging Market Debt	84	-3.3	-4.8	5.5	1.8	3.4	3.4
Alt Income Producing Assets	53	19.5	25.8	5.5	-9.7	--	-9.9
Global High Yield	106	0.4	--	--	--	--	6.4
Diversified Income Cash	34	0.8	3.1	0.1	-0.6	--	-0.6
Diversified Income Hedge	-05	-5.0	-0.4	-2.3	-1.2	--	-0.1
Listed Credit Pool	**201**	**-1.5**	**0.3**	**-3.7**	**-1.4**	**1.5**	**5.2**
Liquidity Pool (Cash)	**101**	**1.6**	**5.1**	**3.7**	**2.0**	**0.1**	**0.6**
Gilts & LDI	**548**	**-12.8**	**-17.7**	**-23.0**	**-10.9**	**--**	**-11.5**

While the main component pools of the CEIFP have generated reasonable returns in 2024, there has been an elevated level of volatility, as markets consistently over-estimated the rate at which interest rates would be eased and global equity markets have been dominated by the fortunes of a small number of US technology stocks.

The portfolio of developed and emerging market equity returned 18.8%. Although we have reduced the exposure to property assets (where the market continues to perform poorly), we still believe that it remains important to operate a diversified portfolio, particularly given risks such as equity concentration, and our portfolio of diversified growth investments in property and private equity returned 3.6%.

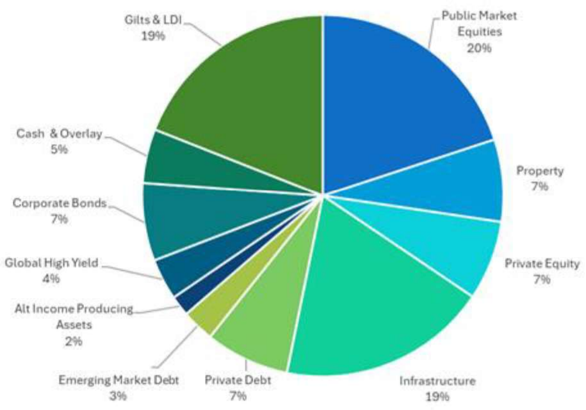
We saw a return of 8.4% from our diversified income pool, which covers investments in infrastructure, private debt, emerging market bonds and high yield debt. During the year we appointed new managers for emerging market equities and high-yield debt, in both cases selecting managers which could offer good performance and strong responsible investment credentials.

The chart below shows the distribution of the overall asset allocation for the total assets for which the Church of England Pensions Board is Trustee as at the 31 December 2024 and how the position compares to that as at 31 December 2023.

Trustee’s report (continued)

Investment Performance (continued)

Asset Allocation of Total Assets
(31 December 2024)



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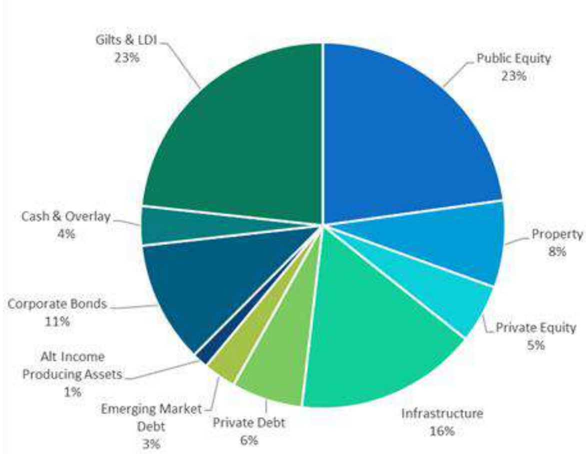

Responsible Investment Considerations

The Board invests sustainably and responsibly on behalf of members to pay pension promises across the long term. As good stewards of the funds, and guided by Church teaching, the Board engages with the companies in which it invests. The Board also works with other investors to drive change on key issues that matter most to our members.

The duty to be a good steward of the funds entrusted to the Board underpins the approach to responsible investment. Stewardship is about ensuring members’ funds are invested sustainably and for the long term. As pension benefits earned today may not be drawn for 60-80 years, responsible stewardship involves managing systemic risks to how investments will perform over decades and affords the Board, through ownership, the opportunity to have real-world impacts. Moreover, this matters to pension scheme members, with over 89% of respondents to a member survey in 2024 stating that they expect the Board to act as a leader in this space, acting in members’ interests.

Responsible Investment Considerations (continued)

Investment stewardship for the Long Term

With the Schemes' youngest members likely to be still drawing their pensions into the next century, the Board takes seriously its responsibility to steward the funds entrusted to us for the long term.

Long-term stewardship requires consideration of systemic risks which are too big for any one actor to address – but which have real-world, long-lasting impacts. A key feature of the work is therefore building partnerships with other pension funds and investors. The Board also works with policymakers, industry and regulators, using our voice as the Trustee of the Church of England's pension fund to drive action on climate change, responsible mining, biodiversity and other issues.

The Board is guided in its approach to responsible investment by advice from the Church's Ethical Investment Advisory Group (EIAG). Informed by the EIAG's work, the Board develops policies on investment and engagement, including exclusions on certain areas of investments such as tobacco, gambling and high-rate lending. The Board is unique in offering pension schemes which fully comply with a Church of England ethical investment approach.

Climate change and biodiversity

The Board has a strong record in convening and leading investor interventions to address the climate emergency. It co-founded the Transition Pathway Initiative (TPI), an independent tool to help investors assess companies' readiness for climate transition, and applied a similar method to sovereign (government) bonds through the Assessing Sovereign Climate-related Opportunities and Risks (ASCOR) initiative. In 2024, ASCOR released its first assessment, tracking national climate action across 70 sovereign nations. Collectively this group of countries account for more than 85% of global greenhouse gas (GHG) emissions and 90% of global GDP. This analysis will help shape the Board's ongoing engagement in this area.

The Board also co-chairs the Paris Aligned Asset Owners Initiative, which supports asset owners to align their funds to net zero by 2050, if not before, using the Net Zero Investment Framework. Engagement work also continues to include challenging companies to align their corporate lobbying activities to their stated climate commitments. As a result of the Board's efforts, further companies disclosed details about their political lobbying practices. Through the Emerging Markets Just Transition Initiative, supported by 12 UK pension funds which collectively manage $400bn in assets, we are highlighting the importance of emerging investment markets in the transition to the low-carbon economy.

Mining and extractive industries

The mining industry is critical to the net zero transition, as it produces the minerals needed for green technologies, such as electric car batteries and wind turbines as well as the materials needed in everyday life. The Board established the Global Investor Commission on Mining 2030 to catalyse a global response from investors with US$14trn assets under management and growing, and to develop a bold agenda to deliver a reformed environmentally and socially responsible mining sector by 2030.

Mining activities and critical resources all too often overlap with conflicts and human rights violations in communities around the world. As the Board has been working with colleagues across the Anglican Communion to define what investors can do to support peacebuilding in five such locations. Following visits to the Democratic Republic of the Congo and Mozambique, in October 2024, representatives from the Board were privileged to join the consecration, led by the Most Reverend Thabo Makgoba, Archbishop of Cape Town, of a new Global Centre for Peacebuilding and Reconciliation. This new centre, headquartered in South Africa, will help shape the investor and wider Anglican Church response to conflict, and to supporting peace.

Trustee's report (continued)

Responsible Investment Considerations (continued)

Active ownership

The Board, working with other asset owners, launched the Fair Reward Framework. Launched in September, it now covers nearly two-thirds of the FTSE100 companies, enabling more transparency of corporate reward practices. This helps shareholders have more informed discussions on issues of fair pay and executive remuneration, particularly at company AGMs.

The Board continues to represent our members by exercising votes at the AGMs of the companies in which the funds are invested. Last year the Board voted in 99.8% of shareholder ballots, voting against company management recommendations 18.4% of the time where these did not align with the Board's policies, including on executive pay. These votes can be extremely effective in voicing dissent or signalling approval for improvements, leading to further engagement opportunities to encourage change to corporate practices and standards.

The Board continues to report in detail on its responsible investment activities through the Annual Stewardship Report and Task Force on Climate Related Financial Disclosures (TCFD) reporting, and maintained its signatory status under the UK Stewardship Code under the auspices of the Financial Reporting Council.

Investment management

The Trustee has delegated the responsibility for the management of investments to an Investment Committee, which is supported by professional in-house staff and external investment managers and advisors. The Trustee sets the investment strategy for the assets of the underlying schemes held within the CEIPF after taking advice from the Fund's Investment Advisor. The Trustee has put in place investment mandates with its investment managers which implement these strategies.

In accordance with Section 35 of the Pensions Act 1995, a Statement of Investment Principles ("SIP") has been prepared for each of the schemes participating in the CEIFP by the Trustee. These incorporate the investment strategy for each scheme and are supported by documents that set out how the investment strategy is implemented. Copies of the SIPs may be obtained from the contact details listed in Appendix 1. The investment risks and the strategies in place to mitigate them are described in the notes to the financial statements.

Management and custody of investments

The Trustee has appointed The Northern Trust Company Limited ("Northern Trust") to keep custody of the Fund's investments, other than pooled investment vehicles, where the manager makes its own arrangements for the custody of underlying investments.

Management charges

Each manager charges fees based on the value of the funds it is managing. In 2024 these fees (including those charged by Northern Trust as custodian) were £5.4m (2023: £5.6m). This equated to 0.22% (2023: 0.24%) of the average value of the funds under management. Indirect costs are incurred through the bid-offer spread on pooled investment vehicles and charges made within those vehicles.

Approval

The Trustee's Report and Statement of Trustee's Responsibilities set out on page 10 were approved by the Trustee on 10 July 2025 and signed on its behalf by:

Clive Mather
Chair

Statement of Trustee's Responsibilities

In respect of the financial statements

The Church of England Pensions Board is Trustee of The Church of England Investment Fund for Pensions ("CEIFP", or the "Fund").

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), are the responsibility of the Trustee. The Trustee is responsible for ensuring that those financial statements:

- give a true and fair view of the financial transactions of the Fund during the year and of the amount and disposition at the end of the year of its assets and liabilities;
- state whether applicable United Kingdom Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- comply with the requirements of the Trust Deed dated 18 September 1985 (as amended).

In discharging these responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the Fund will continue as a going concern.

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

Independent Auditor's report to the Trustee of The Church of England Investment Fund for Pensions of the Church of England

Opinion

We have audited the financial statements of The Church of England Investment Fund for Pensions ("the Fund") for the year ended 31 December 2024 which comprise the statement of total return, the statement of changes in net assets attributable to unit holders, the statement of Net Assets and the related 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 Fund during the year ended 31 December 2024 and of the amount and disposition at that date of its assets and liabilities; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for Opinion

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

Conclusions Relating to Going Concern

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

However, as we cannot predict all future events or conditions, and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Scheme will continue in operation.

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

Other Information

The Trustee is responsible for the other information contained within the annual report. 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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

Independent Auditor's report to the Trustee of The Church of England Investment Fund for Pensions of the Church of England (continued)

Other Information (continued)

We have nothing to report in this regard.

Responsibilities of the Trustee for the Financial Statements

As explained more fully in the Statement of Trustee's Responsibilities, the Trustee is responsible for the preparation of financial statements, for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines 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 wind up the Scheme or has 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

We set out below the key areas which, in our opinion the financial statements are susceptible to material misstatement by way of irregularities including fraud and the extent to which our procedures are capable of detecting these.

- Management override of controls. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, agreement of transactions and balances to custodian records and reviewing accounting estimates for bias.
- Misappropriation of investment assets owned by the Scheme. This is addressed by obtaining direct confirmation from the investment manager of investments held at the Statement of Net Assets date.
- Diversion of assets through large investment transactions. Reviewing the AAF 01/20 and ISAE 3402 Assurance Reports on Internal Controls for fund managers and custodian and testing investment transactions to the custodian reports.
- We have identified relevant laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, as FRS 102. We considered the extent to which a material misstatement of the financial statements might arise as a result of non-compliance.
- Discussing whether there are any significant or unusual transactions and known or suspected instances of fraud or non-compliance with applicable laws and regulations.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and

performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

Independent Auditor’s report to the Trustee of The Church of England Investment Fund for Pensions of the Church of England (continued)

Auditor's Responsibilities for the Audit of the 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Use of our Report

This report is made solely to the Trustee, as a body, in accordance with the Clergy Pensions Measure 1961 and the General Synod. Our audit work has been undertaken so that we might state those matters we are required in an auditor’s 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 Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Crowe U.K. LLP

Statutory Auditor

London

Date 10 July 2025

Statement of total return for the year ended 31 December 2024

	Notes	2024 £000	2023 £000
Change in market value of investments	6	154,468	95,202
Change in market value of investment cash and other investment balances	6	(2,152)	11,403
Total change in market value		152,316	106,605
Income	4	71,935	63,749
Expenses	5	(5,412)	(5,898)
Changes in net assets attributable to unit holders from investment activities		218,839	164,456

Statement of changes in net assets attributable to unit holders for the year ended 31 December 2024

	Notes	2024 £000	2023 £000
Opening net assets attributable to unit holders		2,348,231	2,303,168
Amounts receivable on issue of units	11	862,315	1,045,892
Amounts payable on cancellation of units	11	(1,000,260)	(1,165,285)
Net assets before change from investment activities		2,210,286	2,183,775
Changes in net assets attributable to unit holders from investment activities	11	218,839	164,456
Closing net assets attributable to unit holders		2,429,125	2,348,231

Statement of net assets attributable to unit holders as at 31 December 2024

	Notes	2024 £000	2023 £000
Investment assets			
Equities	6	668,952	676,103
Bonds	6	369,330	386,786
Pooled investment vehicles	6	1,210,367	1,092,624
Derivative contracts	8	5,025	12,122
Other investments	6	4,234	40
Investment cash	6	170,911	170,612
Other investment balances	6	17,711	16,845
Total assets		2,446,530	2,355,132
Investment liabilities			
Derivative contracts	8	(16,379)	(6,867)
Other investments	6	(570)	
Investment cash	6	(150)	(3)
Other investment balances	6	(306)	(31)
Total investment liabilities		(17,405)	(6,901)
Total net assets attributable to unit holders	11	2,429,125	2,348,231
Participants' funds	11		
The Church of England Funded Pensions Scheme		2,113,073	2,009,203
The Church Workers Pensions Fund		274,197	297,986
The Church Administrators Pensions Fund		41,855	41,042
Total participants' funds		2,429,125	2,348,231

The notes 1 to 13 form part of these financial statements.

These financial statements were approved by the Trustee on 10 July 2025 and signed on its behalf by:

Clive Mather
Chair

Notes to the financial statements

1. Legal status

The Church of England Investment Fund for Pensions ("CEIFP" or the "Fund") is not a pension scheme nor a corporate body in its own right. It was established in 1985 by the Church of England Pensions Board as a vehicle to pool the investments of the three pension schemes of which it is also Trustee, in order to diversify the schemes' investments, particularly for the smaller schemes which would not be able to benefit from the breadth of investments available when the assets are pooled.

2. Basis of preparation

The individual financial statements of the Fund have been prepared on a going concern basis in accordance Financial Reporting Standard (FRS) 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (2018) (the "SORP") insofar as they relate to common investment funds.

3. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Income and expenditure

Income from equities and any pooled investment vehicles which distribute income, is accounted for on the date stocks are quoted ex-dividend/interest. Income from bonds, cash and short-term deposits is accounted for on the accruals basis and includes income bought and sold on purchases and sales of bonds. Income is shown gross of all withholding taxes, with irrecoverable taxes shown as a separate expense.

Where the Fund can separately identify investment managers' fees, these are accounted for on a cash basis. Fees on pooled funds are not separately identifiable and so are not shown within expenditure.

The change in market value of investments during the year comprises all profits and losses realised on sales of investments and unrealised changes in market value.

Transaction costs are included in the cost of purchases and sales proceeds. These include fees, commissions, stamp duty and other fees.

b) Investment valuation

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

Where an active market is unavailable, the Trustee adopts valuation techniques appropriate to the class of investments. The methods for determining fair value for the principal classes of investments are:

- **Equities**
  - Quoted equities which are trading on an active market are included at the quoted price which is usually bid price.
  - Unquoted equities are valued with reference to the latest dealing prices, valuations from reliable sources or net asset values.

- **Bonds** are included at the 'clean' price i.e., excluding any accrued income. Any accrued income is included in current assets.

- **Pooled investment vehicles** which are not traded on an active market have their fair value estimated by Northern Trust using the methodology set out below. Where the value of a pooled investment vehicle is primarily driven by the fair value of its underlying assets, the net asset value advised by the fund manager is normally considered a suitable approximation. The net asset value is determined by the fund manager by applying fair value principles to the underlying investments of the pooled arrangement. 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 single price, single dealing price or most recent transaction price is used. For investments in vehicles where the Fund's Trustee is the sole ultimate beneficial owner and which are held for the purpose of resale, no consolidated accounts have been prepared as the statutory framework for pension schemes financial reporting does not require consolidation.

- **Derivatives**
  - **Forward contracts** are valued based on the gain or loss that would arise if the outstanding contract was closed out at the year-end date by entering into an equal and opposite contract at that date.
  - **Futures contracts** are valued at the difference between exchange settlement prices and inception prices.

c) Foreign currencies

The Fund's functional currency and presentational currency is pounds sterling.

Assets and liabilities in foreign currencies are translated into 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 the market value of investments.

Notes to the financial statements (continued)

d) Unitisation

The pools are revalued at the end of each month. The fund value is allocated between the unit holders according to their net accumulated unit holdings. New units are allocated on receipt of cash from unit holders at the unit price at the end of the preceding month. Units are cancelled on withdrawal of cash by unit holders at the unit price at the end of the preceding month.

4 Income

	2024 £000	2023 £000
Equities	11,097	15,517
Bonds	26,540	18,679
Pooled investment vehicles	28,775	23,353
Cash and cash equivalents	5,523	6,200
Total income	71,935	63,749

5 Expenses

	2024 £000	2023 £000
Investment managers' fees	5,412	5,898
Total expenditure	5,412	5,898

The Fund bears investment management expenses charged by the investment managers and custodians. Administration costs (including external audit fees) incurred by the Church of England Pensions Board in relation to the CEIFP are borne by the member schemes and are included in the administration expenses in the schemes' own financial statements. The investment managers' fees that the fund pays are a combination of the amount of assets under management and, for a few managers, the performance fee that they can earn on the funds they manage.

6 Investments

	At 1 January £000	Purchases and derivative payments £000	Disposals and derivative receipts £000	Change in market value £000	At 31 December £000
Equities	676,103	574,021	(688,084)	106,912	668,952
Bonds	386,786	194,708	(194,135)	(18,029)	369,330
Pooled investment vehicles	1,092,624	234,231	(182,752)	66,264	1,210,367
Other investments	9	48,615	(44,955)	(5)	3,664
Net derivative contracts (note 8)	5,255	73,283	(89,218)	(674)	(11,354)
	2,160,777	1,124,858	(1,199,144)	154,468	2,240,959
Investment cash	170,609			(2,152)	170,761
Other investment balances	16,845			-	17,405
Total investments	2,348,231			152,316	2,429,125

Analysed between:

	At 1 January	At 31 December
Investment assets	2,355,132	2,446,530
Investment liabilities	(6,901)	(17,405)
Total investments	2,348,231	2,429,125

Other investment balances include the following balances

	2024 £000	2023 £000
Accrued income	11,951	12,151
Variation margin	5,454	4,694
Total other investment balances	17,405	16,845

Robeco was selected as a new High Yield Credit manager in 2023, an initial investment in Robeco of £100m was made in January 2024. Ninety One was selected as a new Emerging Markets Equity manager in 2024, an initial investment of £101m was made in December 2024. Transfers were also made between the CEIFP and the LDI portfolios, £80m was transferred from the CEIFP to the LDI funds and £136m was transferred from the LDI funds to CEIPF over the course of the year.

Notes to the financial statements (continued)

a) Transaction costs

Transaction costs are included in the costs of purchases and deducted from sales proceeds in the reconciliation above. Direct transaction costs incurred attributable to key asset classes are analysed as follows:

	2024			2023		
	Commission	Other charges	**Total**	Commission	Other charges	**Total**
	£000	£000	**£000**	£000	£000	**£000**
Equities	182	86	**268**	251	277	**528**
	182	86	**268**	251	277	**528**

Indirect transaction costs are also borne by the Fund through the bid-offer spread on pooled investment vehicles and charges made within these vehicles. It is not possible for the Trustee to quantify such indirect transaction costs.

b) Pooled investment vehicles

	2024	**2023**
	£000	**£000**
Equities	87,997	80,401
Property	210,863	228,065
Cash	126	13,106
Private equity	158,437	109,460
Infrastructure	535,464	471,236
Private debt	217,480	190,356
Total pooled investment vehicles	1,210,367	1,092,624

Private debt is the Fund's investment in the Thorney Island Limited Partnership (number LP017097), of which the Church of England Pensions Board is the sole Limited Partner as Trustee for the Church of England Investment Fund for Pensions. A summary of the assets and liabilities of the Limited Partnership are below.

	2024	**2024**	**2023**	**2023**
	$000	**£000**	**$000**	**£000**
Investments	263,889	207,016	239,825	177,152
Current assets	30,403	23,851	30,675	22,659
Current liabilities	(17,078)	(13,397)	(12,800)	(9,455)
Total net assets	277,214	217,470	257,700	190,356

7 **Investment analysis**

Investments of over 5% of net assets

The Fund holds two investments of over 5% of net assets, representing 15.4% of net assets (2023: two assets representing 14.9% of net assets).

	2024	**2023**
	£000	**£000**
CBRE GIP GA Fund	156,537	158,413
Thorney Island Limited Partnership	217,480	190,356
Total	374,017	348,769

Employer related investments

There were no employer related investments as at 31 December 2024 (2023: none)

Notes to the financial statements (continued)

8 Derivatives

	2024			2023		
	Assets	**Liabilities**	**Total**	**Assets**	**Liabilities**	**Total**
	£'000	£'000	**£'000**	£'000	£'000	**£'000**
Futures – equities	2	(9)	**(7)**	82	-	**82**
Futures – bonds	1,324	(1,366)	**(42)**	3,929	(3,827)	**102**
Forward foreign currency contracts	3,699	(15,004)	**(11,305)**	8,111	(3,040)	**5,071**
Total derivatives	5,025	(16,379)	**(11,354)**	12,122	(6,867)	**5,255**

Objectives and policies for holding derivatives

The Trustee has authorised its investment managers to use derivative financial instruments in line with the investment strategy as outlined in the Trustee's report: *Futures are used where the Fund has high cash reserves and are measured against the strategic asset allocation. Futures are used to take short term exposures in markets or asset classes where it is more efficient than transacting in the underlying physical assets. Investment managers may take short or long positions to achieve their objectives*. The Trustee uses currency forwards to help mitigate the currency risk associated with holding overseas assets.

a) Futures

The Fund had open futures contracts at year end, as summarised below:

	2024			2023		
Type of future	**Exposure Value**	**Assets**	**Liabilities**	**Exposure Value**	**Assets**	**Liabilities**
	£000	£000	£000	£000	£000	£000
Equities futures: UK	-	-	-	-	-	-
Equities futures: Overseas	379	2	(9)	3,362	82	-
Total equities futures	**379**	**2**	**(9)**	**3,362**	**82**	**-**
Bonds: UK	55,446	-	(1,314)	76,987	3,929	-
Bonds: Overseas	(53,042)	1,324	(52)	(73,991)	-	(3,827)
Total bonds futures	**2,404**	**1,324**	**(1,366)**	**2,996**	**3,929**	**(3,827)**

All contracts have expiry dates of March 2025. Included within other investment balances is an asset of £5,452,000 (2023: £4,694,000) in respect of initial and variation margins arising on futures contract open at the year end.

b) Forwards foreign currency contracts

The Fund holds investments in a number of foreign currencies and its policy is to hedge within agreed limits, to offset the impact of foreign currency fluctuations.

At the end of the year, the Fund had the following open forward contracts in place:

Notes to the financial statements (continued)

c) Forwards foreign currency contracts

The Fund holds investments in a number of foreign currencies and its policy is to hedge within agreed limits, to offset the impact of foreign currency fluctuations.

At the end of the year, the Fund had the following open forward contracts in place:

Contract	Nominal value	Assets at 31 December 2024 £000	Liabilities at 31 December 2024 £000
US Dollar			
Forward to buy US Dollars	$200,576,188	2,444	(6)
Forward to sell US Dollars	$1,084,285,550	1	(14,018)
Euros			
Forward to buy Euros	€6,722,506	-	(38)
Forward to sell Euros	€218,271,362	379	-
Japanese Yen			
Forward to sell Japanese Yen	¥3,016,901,259	547	-
Other currencies			
Forward to buy other currencies		28	(912)
Forward to sell other currencies		300	(30)
		3,699	(15,004)

All contracts had maturity dates falling between 6 January 2025 and 10 March 2025.

9 Fair value hierarchy

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 Fund's investment assets and liabilities have been included at fair value within these levels as follows as at 31 December 2024:

Level	**1**	**2**	**3**	**Total 2024**
Investments	**£000**	**£000**	**£000**	**£000**
Equities	667,186	-	1,766	668,952
Bonds	-	368,415	915	369,330
Pooled investment vehicles	2,933	126	1,207,308	1,210,367
Other investments	-	-	3,664	3,664
Derivatives contracts	(49)	(11,305)	-	(11,354)
Investment cash	170,761	-	-	170,761
Other investment balances	11,953	5,452	-	17,405
Total investments	852,784	362,688	1,213,653	2,429,125

Notes to the financial statements (continued)

9 Fair value hierarchy (continued)

Analysed by pool:

Level	**1**	**2**	**3**	**Total 2024**
	£000	**£000**	**£000**	**£000**
Public equity pool	675,181	(1,622)	1,822	**675,381**
Diversified growth pool	20,617	(1,356)	401,898	**421,159**
Diversified income pool	48,825	175,657	805,834	**1,030,316**
Liquidity pool	101,388	-	39	**101,427**
Listed credit pool	6,773	190,009	4,060	**200,842**
Total investments	852,784	362,688	1,213,653	**2,429,125**

The Fund's investment assets and liabilities have been included at fair value within these levels as follows as at 31 December 2023:

Level	**1**	**2**	**3**	**Total 2023**
Investments	**£000**	**£000**	**£000**	**£000**
Equities	676,045	-	58	**676,103**
Bonds	-	371,469	15,317	**386,786**
Pooled investment vehicles	9,815	-	1,082,809	**1,092,624**
Other investments	-	-	9	**9**
Derivatives contracts	185	5,070	-	**5,255**
Investment cash	170,609	-	-	**170,609**
Other investment balances	12,151	4,694	-	**16,845**
Total investments	868,805	381,233	1,098,193	**2,348,231**

Analysed by pool:

Level	**1**	**2**	**3**	**Total 2023**
	£000	**£000**	**£000**	**£000**
Public equity pool	699,137	302	206	**699,645**
Diversified growth pool	27,730	694	365,145	**393,569**
Diversified income pool	20,488	69,978	732,736	**823,202**
Liquidity pool	105,377	-	50	**105,427**
Listed credit pool	16,073	310,259	56	**326,388**
Total investments	868,805	381,233	1,098,193	**2,348,231**

Infrastructure, Private debt and Hedge funds included in Level 3 are fair valued based on values estimated by underlying fund managers using accepted valuation methodologies and use of market information in the absence of observable market data.

10 Investment risk disclosures

The Trustee is responsible for determining the investment strategy and the investment strategy is established after taking advice from a professional investment advisor. The Fund has exposure to a number of investment risks because of the investments it makes to implement its investment strategy as described in the Trustee's Report. The Trustee manages investment risks, including credit and market risk, within agreed risk limits which are set taking into account the Fund's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements that are put in place with the appointment of the Fund's investment managers.

The Trustee has investment management agreements in place with a range of managers, detailed in the professional advisors list in the Annual Report. The agreements set out the guidelines for the underlying investments held and the day to day management is the responsibility of the manager, including direct management of credit and market risks.

The Trustee monitors the investment managers through day to day monitoring of the portfolios and annual meetings. In addition, the Trustee performs due diligence procedures before taking on a new investment manager.

The Fund's investment pools are unitised. The proportion of units held by each member scheme is dependent on the individual requirements of each of the schemes. Investment risks are discussed in more detail in each Scheme's annual report and financial statements.

Notes to the financial statements (continued)

10. Investment risk disclosures (continued)

The table below summarises the extent to which the various classes of investments are affected by financial risks:

	Credit	Market risk			Total	Total
		Currency	Interest	Other	2024	2023
					£000	£000
Equities	○	◑	○	●	668,952	676,103
Bonds	●	◑	●	○	369,330	386,786
Pooled investment vehicles	◑	◑	◑	◑	1,210,367	1,092,624
Other investments (net)	●	◑	○	○	3,664	9
Derivatives contracts (net)	●	◑	◑	◑	(11,354)	5,255
Investment cash	●	◑	○	○	170,761	170,609
Other investment balances	●	◑	○	○	17,405	16,845
Total investments					2,429,125	2,348,231

In the table above, the risk noted affects the asset class [[●] significantly, [◑] partially or [O]] hardly / not at all.

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.

The Fund is subject to credit risk through its investments in bonds, forward currency contracts, and cash balances. The Fund also invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.

	2024	2023
	£000	£000
Bonds	369,330	386,786
Pooled investment vehicles	1,210,367	1,092,624
Derivatives: forwards	3,699	8,111
Investment cash	170,761	170,609
Total investments exposed to credit risk	1,754,157	1,658,130

The Trustee considers financial instruments or counterparties to be of investment grade if they are rated at BBB- or higher by Standard & Poor's or Fitch, or rated at Baa3 or higher by Moody's.

Credit risk arising on bonds held directly is mitigated by investing in corporate bonds which at the time of purchase are rated at least investment grade. Cash is also held with financial institutions which have an investment grade credit rating.

The Trustee manages the associated risk by requesting the investment manager to diversify the portfolio to minimise the impact of default by one issuer. Credit risk is mitigated on other investments by engaging with counterparties which are at least investment grade.

Credit risk arises on over the counter derivatives as they are not guaranteed by a regulated exchange and therefore the Fund is subject to risk of failure of the counterparty. All counterparties must be at least investment grade.

The Fund's holdings in pooled investment vehicles are unrated. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets 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. The Trustee monitors the investment managers through assessing investment performance, as reported by the custodian, and meeting with the managers annually.

Notes to the financial statements (continued)

10. Investment risk disclosures (continued)

Credit Risk (continued)

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

	2024	**2023**
	£000	**£000**
Limited Partnerships	935,480	786,003
SICAVs (*)	126	13,106
Cooperatief U.A (**)	81,675	78,032
FCP (**)	156,692	161,663
Property Authorised Investment Fund	4,092	5,992
Property Unit Trusts	24,844	23,713
Other funds	7,458	24,115
Total pooled investment vehicles	1,210,367	1,092,624

(*) A Société d'investissement à Capital Variable (SICAV) fund is an open-ended investment fund structure offered by European financial companies.

(**) A Cooperateif U.A is a Dutch Cooperative.

(***) A FCP- Fond commun de placement is a type of specialised investment fund used by European financial institutions.

Currency Risk

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.

The Fund is subject to currency risk because some of the Fund's investments are held in overseas markets, either as segregated investments or via pooled investment vehicles. The Trustee uses currency forwards to help mitigate the currency risk associated with holding overseas assets

The Fund's total net exposure by major currency at the year end was as follows:

	Gross exposure	Hedged exposure	**Net exposure 2024**	Net exposure 2023
	£000	£000	**£000**	£000
Pounds sterling	385,298	910,902	**1,296,200**	1,287,532
US Dollars	1,355,841	(705,652)	**650,189**	650,027
Euros	429,268	(174,969)	**254,299**	232,051
Japanese Yen	43,962	(15,335)	**28,627**	28,037
Other currencies	226,061	(14,946)	**211,115**	145,514
Total investments (excluding forwards)	2,440,430	-	**2,440,430**	2,343,161
Forwards	(11,305)	-	**(11,305)**	5,070
Total investments	2,429,125	-	**2,429,125**	2,348,231

Notes to the financial statements (continued)

10. Investment risk disclosures (continued)

Interest rate risk

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.

The Fund is subject to interest rate risk due to its bond investments in the Listed Credit pool and Liability Driven Investment (LDI) portfolios held outside the CEIFP. If interest rates and bond yields fall, the market value of the bonds will rise, while if interest rates rise the values of bonds will fall. Changes in interest rate can also influence the value of the actuarial value of the liabilities of the schemes. The increase in value of bonds that arises from a fall in bond yields will often help to 'match' the increase in actuarial liabilities arising from a fall in discount rate. Similarly, if interest rates rise the values of the bonds will fall, this will often match the decline in the actuarial liabilities because of an increase in discount rate.

Other price risk

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 Fund's return seeking portfolio is subject to price risk which principally relates to direct and indirect equity holdings, infrastructure equity, equity futures and investment properties. The Fund manages this exposure to other price risk by constructing a diverse portfolio of investments across various markets.

Property and infrastructure pooled investment vehicles are illiquid and that is reflected in the structures and liquidity of funds that invest in them. Some of the funds held by the Fund are open-ended, where the manager will redeem within shorter pre-agreed timeframes, but most are closed-end and redemption will normally only happen when the funds are wound up at the end of their pre-agreed lives. The Fund's closed-end funds have a range of maturities. Units in both types of fund can be traded between investors privately, but this is rare and managers generally have a say over whether such transactions can take place.

Private debt is illiquid, with funds becoming available when the underlying debt instruments mature. The instruments vary in maturity date, but usually mature within the next five years, giving access to the funds within a reasonable timeframe. There is unlikely to be a liquid secondary market for these private debt instruments.

Notes to the financial statements (continued)

11. Member schemes' participation

The Fund has five pools: the public equity pool containing mostly listed equities, the diversified growth pool containing mostly property and private equity assets, the diversified income pool containing mostly private loans and infrastructure assets, the listed credit pool containing corporate bonds and the liquidity pool containing cash.

Unitisation is the process of allocating units in the CEIFP to its participant member. The participant pension schemes purchase or dispose of CEIFP units in accordance with their operational requirements. The pricing of units is carried out by Northern Trust who also prepare monthly unitisation reports showing each participant's holdings in the CEIFP and transactions during the period.

The tables below show the movements in participants' holding in each of the pools:

Listed credit pool:

	At 1 January 2024 £000	**Amounts receivable on issue of units £000**	**Amounts payable on cancellation of units £000**	**Change in net assets from investment activities £000**	**At 31 December 2024 £000**
The Church of England Funded Pensions Scheme	228,410	59,085	(128,460)	2,947	**161,982**
The Church Workers Pension Fund					
Pension Builder Classic	7,092	7,063	(4,745)	88	**9,498**
Defined Benefit Scheme – Employer section	58,078	198	(48,507)	446	**10,215**
Defined Benefit Scheme – Life Risk section	13,326	5,050	(18,445)	69	**-**
The Church Workers Pension Fund	78,496	12,311	(71,697)	603	**19,713**
The Church Administrators Pension Fund	19,482	260	(700)	105	**19,147**
Total Listed credit pool	326,388	71,656	(200,857)	3,655	**200,842**

Public equity pool:

	At 1 January 2024 £000	**Amounts receivable on issue of units £000**	**Amounts payable on cancellation of units £000**	**Change in net assets from investment activities £000**	**At 31 December 2024 £000**
The Church of England Funded Pensions Scheme	561,745	6,642	(125,935)	93,829	**536,281**
The Church Workers Pension Fund					
Pension Builder 2014	39,764	3,330	(300)	7,606	**50,400**
Pension Builder Classic	83,963	2,000	(25,400)	13,654	**74,217**
Defined Benefit Scheme – Employer section	112	-	(100)	9	**21**
Defined Benefit Scheme – Life Risk section	-	-	-	-	**-**
The Church Workers Pension Fund	123,839	5,330	(25,800)	21,269	**124,638**
The Church Administrators Pension Fund	14,061	-	(2,120)	2,521	14,462
Total public equity pool	699,645	11,972	(153,855)	117,619	**675,381**

Notes to the financial statements (continued)

11. Member schemes' participation (continued)

Diversified growth pool:

	At 1 January 2024 £000	Amounts receivable on issue of units £000	Amounts payable on cancellation of units £000	Change in net assets from investment activities £000	At 31 December 2024 £000
The Church of England Funded Pensions Scheme	361,692	14,600	(9,550)	13,318	**380,060**
The Church Workers Pension Fund					
Pension Builder 2014	6,385	1,700	-	284	**8,369**
Pension Builder Classic	13,433	1,500	(1,000)	495	**14,428**
Defined Benefit Scheme – Employer section	12,059	8,600	(2,850)	493	**18,302**
Defined Benefit Scheme – Life Risk section	-	-	-	-	**-**
The Church Workers Pension Fund	31,877	11,800	(3,850)	1,272	**41,099**
The Church Administrators Pension Fund	-	-	-	-	**-**
Total diversified growth pool	393,569	26,400	(13,400)	14,590	**421,159**

Diversified income pool:

	At 1 January 2024 £000	Amounts receivable on issue of units £000	Amounts payable on cancellation of units £000	Change in net assets from investment activities £000	At 31 December 2024 £000
The Church of England Funded Pensions Scheme	761,925	140,300	(20,482)	75,774	**957,517**
The Church Workers Pension Fund					
Pension Builder 2014	13,444	2,470	-	1,322	**17,236**
Pension Builder Classic	28,300	2,250	(3,200)	2,477	**29,827**
Defined Benefit Scheme – Employer section	12,094	18,000	(12,700)	605	**17,999**
Defined Benefit Scheme – Life Risk section	-	-	-	-	**-**
The Church Workers Pension Fund	53,838	22,720	(15,900)	4,404	**65,062**
The Church Administrators Pension Fund	7,439	480	(820)	638	**7,737**
Total diversified income pool	823,202	163,500	(37,202)	80,816	**1,030,316**

Liquidity pool:

	At 1 January 2024 £000	Amounts receivable on issue of units £000	Amounts payable on cancellation of units £000	Change in net assets from investment activities £000	At 31 December 2024 £000
The Church of England Funded Pensions Scheme	95,431	304,218	(323,637)	1,221	**77,233**
The Church Workers Pension Fund					
Pension Builder 2014	38	8,073	(7,209)	56	**958**
Pension Builder Classic	122	38,882	(36,001)	80	**3,083**
Defined Benefit Scheme – Employer section	9,705	154,941	(148,065)	483	**17,064**
Defined Benefit Scheme – Life Risk section	71	77,323	(75,084)	270	**2,580**
The Church Workers Pension Fund	9,936	279,219	(266,359)	889	**23,685**
The Church Administrators Pension Fund	60	5,350	(4,950)	49	**509**
Total liquidity pool	105,427	588,787	(594,946)	2,159	**101,427**

Notes to the financial statements (continued)

12. Contingencies and commitments

In the opinion of the Trustee, the Fund had no contingent liabilities at 31 December 2024 (2023: nil).

As at 31 December 2024, the Board had made the following commitments:

	2024	2023
	£m	£m
Pooled investment vehicles (equity)	2.9	2.8
Pooled investment vehicles (private equity)	138.9	113.5
Pooled investment vehicles (property)	-	-
Pooled investment vehicles (infrastructure)	129.9	199.3
Pooled investment vehicles (private debt)	13.6	10.2
Total commitments	285.5	325.8

13. Related party transactions

Two Board members (2023: two) who have retired from the schemes under normal service are in receipt of pensions from the schemes.

Certain private debt investments are made through Thorney Island Limited Partnership (number LP017097), of which the Church of England Pensions Board is the Limited Partner as Trustee for the Church of England Investment Fund for Pensions.

APPENDIX 3

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Church Administrators Pension Fund

Annual Implementation Statement – year ending 31 December 2024

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Section 1: Introduction

This document is the Annual Implementation Statement ("the statement") prepared by the Church of England Pensions Board in its capacity as Trustee in relation to the Church Administrators Pension Fund ("the Scheme") covering the scheme year ("the year") to 31 December 2024.

The Scheme has two sections:

- Defined Benefit ('DB') section (for those who joined before 1 July 2006)
- Defined Contribution ('DC') section (for those who joined on or after 1 July 2006)

The purpose of this statement is to:

- Detail any reviews of the SIP that the Trustee has undertaken, and any changes made to the SIP over the year as a result of the review.
- Set out the extent to which, in the opinion of the Trustee, the Scheme's Statement of Investment Principles ("SIP") required under section 35 of the Pensions Act 1995 (s35) has been followed during the scheme year; including policies on engagement and voting.

The Scheme makes use of a wide range of investments; therefore, the principles and policies in the SIP are intended to be applied in aggregate and proportionately, focussing on areas of maximum impact. The Trustee confirms that the investments which the Scheme holds were chosen in line with the requirements of section 36 of the Pensions Act 1995 (s36).

A copy of the SIP is available at: https://www.churchofengland.org/sites/default/files/2024-09/capf-statement-of-investment-principles-2024_final-draft.pdf

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Section 2: Statement of Investment Principles

Objectives

The Trustee believes it is important to consider the policies in place in the context of the objectives they have set.

DB Section

For the DB section of the Scheme, The Trustee is responsible for the stewardship of the Scheme's assets. It has three main objectives, which are to ensure that:

1) All beneficiaries receive the benefits to which they are entitled under the Rules of the Scheme.
2) There are sufficient assets to meet the Scheme's liabilities as they fall due, and
3) Through the process of meeting the Scheme's liabilities that the Scheme's investments do not work against beneficiaries' interests and the world into which they will retire.

The Trustee has a long-term objective for the DB Section to have sufficient assets to secure an eventual buy-out. In the meantime, the Trustee's objective is to maintain full funding on a low-risk basis which in turn means there is a low risk that the scheme's sponsors will need to make additional contributions.

DC Section

The Trustee's objectives for the defined contribution section ("DC Section") of the Scheme are:

1) To provide a range of investment funds that cater for various risk appetites and objectives which enable members to save effectively for their retirement needs; and
2) To provide a prudent default arrangement for those that do not wish to make their own investment choices under the Scheme.

The Trustee periodically reviews the suitability of the options provided and from time to time will change or introduce additional investment funds as appropriate.

Review of the SIP

The SIP was reviewed and updated once in the year. The versions in place were dated

- 28 September 2023
- 19 September 2024

The key changes in the update of 2024 were:

- For the DB Section, revised the strategic asset allocation target to maintain full funding on a Gilts +0.4% p.a. basis and closing the gap to buy-out over 10 years, replacing the previous target of being fully funded on a Gilts +1.1%/0.25% p.a. pre/post-retirement basis by 2030.

- In respect of the DC Section, the Trustee added its policy relating to investment in illiquid assets.

For the purpose of assessing how the Scheme's SIP has been followed, the remainder of this statement specifically focusses on the SIP agreed in September 2024.

Section 3: Adherence to the SIP

The information provided in this section highlights examples of work undertaken by the Trustee during the year and sets out how this work followed the Trustee's policies in the SIP (dated 19 September 2024), relating to the DB Section and DC Section of the Scheme.

The first two sections of the SIP provide relevant introductory and background comments rather than setting out any policies. Section 3 of the SIP relates only to the DC Section of the Scheme and adherence to this policy appears in the DC table below.

The Trustee is satisfied that the SIP policies have been adhered to over the year. Examples of how this was done can be found in the tables below.

DB Section	
Policy	**Evidence of adherence to the policy**
Section 4 – Investment Policy	**Ethical Policies Review:** The Board reviewed their Ethical Investment Policy Statement to ensure the roles of the Board and the Ethical Investment Advisory Group (EIAG) were more clearly defined.
Section 5 – Investment Beliefs	Copies of the Scheme SIPs are available here: *How we invest | The Church of England*, which include policies and principles relating to ESG (including ethical and responsible investment). See for example sections 3 and 8. During the reporting year, the Pensions Board published an updated summary of our ethical investment policies (*cepb-ethical-policy-update-2024.pdf*) which should be read in conjunction with the advisory papers of the Ethical Investment Advisory Group (*EIAG Advice and Annual Reviews | The Church of England*). A more comprehensive selection of the Board's stewardship activities will be published in our Stewardship Report. A sentiment survey of 2,500 scheme members across the Church of England Pension Schemes showed strong support for the Board's investment approach, with 93% expecting long-term investment to deliver pension promises, 89% expecting leadership in ethical and responsible investment, and 83% expecting the Board to reflect the Church of England's mission and ethos.
Section 6 – Investment Management	**Church of England Investment Fund for Pensions ('CEIFP'):** The Scheme continued to utilise the 'pools' within the CEIFP for the majority of its investments during the year. The Scheme retained a separate allocation for its Liability Driven Investment assets. **Manager Monitoring:** The in-house investment team continued to meet regularly with the Scheme's investments managers throughout the year and provided regular reporting on their views of the managers to the Board in conjunction with the Scheme's investment advisors. On top of this, the in-house team undertook a review of the Scheme's custody arrangements during the Scheme year. **Manager costs and turnover** are considered, where appropriate, in the routine monitoring undertaken by the investments team. No concerns were identified in 2024
Section 7 – Aligning Manager Appointments with Investment Strategy	**Selection of Emerging Market Equity Manager:** During 2024 the Board made the decision to appoint an Emerging Market Equity (EME) manager. Prior to the selection of a manager, the decision was taken to exclude China equities following a thorough consideration of potential benefits and risks from economic, financial market, geo-political and responsible investment perspectives. The selection process incorporated consideration of the shortlisted managers' responsible investment related capabilities, policies, and performance. **Framework for Future Mandate Selection:** The investment team developed a framework based on the Climate Action Plan, drawing on insights from ASCOR (Assessing Sovereign Climate Opportunities and Risks) and the Emerging Markets Just Transition Investing

	Initiative (EMJTII). This framework is intended to guide future mandate selection for emerging markets. **Review of manager appointments:** The in-house team have continued to monitor the Scheme's investment managers throughout the year.
Section 8 – Types of Investment	**Asset Allocation:** During the Scheme year, the allocation to listed credit and equities was increased, funded from cash, in order to reflect the updated funding objective of the Scheme. **Manager selection:** During the selection of the new EME manager, the Board undertook due diligence by considering the underlying assets held, the risks associated with the mix of assets and the steps the manager takes to mitigate these risks, the expected return targeted by the manager, details regarding the realisation of the investment and the impact of financial and non-financial factors on the investment over the long-term. The Board also looked at establishing a Global High Yield mandate, to be incorporated in the Diversified Income pool of the CEIFP. The Board also considered responsible investment related capacities, policies and performance of the shortlisted offerings.
Section 9 – Realisation of Investments	**Liquidity:** The Board continued to manage the liquidity of the Scheme to ensure benefits payments would be met as they fell due. A formal review of the cash requirements and 'liquidity waterfall' was undertaken and discussed at the investment committee of the Board. Updates were also made to the reporting and monitoring of liquidity requirements to ensure that the Scheme could continue to meet cash flow requirements as they fall due. In 2025 the Board is working with its newly appointed Investment Consultant to consider an updated liquidity management framework across the Schemes.
Section 10 – Ethical and Responsible Investment	The Board has continued to incorporate ethical and responsible investment considerations in all of their investment decisions during the Scheme year, with a dedicated Responsible Investment item at each investment committee meeting. Some examples of the work done during the year are set out below. **Global Investor Commission on Mining 2030:** The Board has continued its sustained and wide-ranging engagement with the mining sector, recognising that it is a systemically important industry, including for the transition to a low carbon economy. In 2024 the investor led multistakeholder process that the Board chairs reached significant milestones, including the publication in October 2024 of a 'Landscape Report' on responsible mining. **Assessing Sovereign Climate Opportunity and Risk (ASCOR):** The Board established ASCOR in 2022 together with other investors to develop a publicly available, independent, and open-source investor framework and database assessing the climate-related opportunities and risks of sovereign bond issuers. In 2024 ASCOR released country 70 assessments. **Development and launch of the Fair Reward Framework:** The Fair Reward Framework (FRF) [*Company pay policies and practices | Fair Reward Framework*] was initially convened by the Church of England Pensions Board and Brunel Pension Partnership, in partnership with the High Pay Centre, which now acts as the FRF Secretariat. It has been developed with the input and support of a group of UK Asset Owners, which also includes Friends Provident Foundation, Local Pensions Partnership Investments, Nest, People's Partnership, Railpen, and Scottish Widows. Together, this group of asset owners and civil society identified that there was a significant gap to address in being able to freely access clear, comparable data on how value creation is rewarded across different corporate stakeholders.

	Over the year the Fair Reward Framework (FRF) published pilot assessments of the pay governance processes and reward outcomes of the UK's FTSE 100 companies, based on research by the FRF Secretariat and data partner Minerva Analytics. All data included in the FRF assessments is based on information that is made available through company reporting and other public sources. This process has involved engagement with FTSE 100 companies on the detail of their assessments, and approximately half have engaged in dialogue. The Board's intention is to incorporate this analysis into their stewardship and proxy voting practices in due course.
Section 11 – Risk	**Liability Benchmark Portfolio (LBP):** The Liability Benchmark Portfolio (LBP) aims to maintain an interest and inflation hedge of 90% in the Church Administrators Pension Fund (CAPF). This investment mitigates the primary risk of the DB Section which is a mismatch between the Scheme's assets and liabilities.
Section 12 - AVCs	AVCs were managed in line with the Scheme's objectives and policies. The Trustee's adherence to ethical and responsible investment practices supports the effective management of AVCs. A range of investment options was available for AVCs, catering to different risk appetites and retirement needs.

DC Section	
Policy	**Evidence of adherence to the policy**
Section 3 – Defined Contribution default option	In April 2024, the Trustee carried out a review of the proposed changes by LGIM to the default investment strategy. The proposed changes related to further diversification in the Target Date Fund (TDF) strategy, specifically through the introduction of an illiquid asset class, an increased equity allocation during the growth phase, and an extension into the high growth phase, will enhance long-term returns for members. This approach will effectively manage risk through a 10-year de-risking period. Additionally, the enhancement of the fund's ESG credentials is expected to yield positive outcomes over the long term. The adjustments to the glide-path will also align the strategy more closely with the timing and manner in which members access their retirement benefits.
Section 4 – Investment Policy	The Scheme's investment funds are monitored on a quarterly basis. The Trustee reviewed the investment dashboard reports at the Trustee meeting to ensure the Scheme default and non-default funds met their performance objectives. No new investments were implemented over the year to 31 December 2024. During 2024 the Trustee added policy wording in relation to investment in illiquid assets to the SIP.
Section 5 – Investment Beliefs	The Trustee has delegated voting rights to the investment managers and expect their investment managers to engage with the investee companies on their behalf and there has been no change in this policy during the year, and the policy reflects best practice. The Trustee has requested information on voting records from the investment managers and investment managers are expected to consider current best practice, including UK Corporate Governance Code and the UK Stewardship Code.
Section 6 – Investment Management	The Trustee reviews the performance of the manager on a quarterly basis and may invite the manager (LGIM) to present to the Trustee if there are any concerns on the performance or management team. However, no issues warranted a change in investments / managers over the year to 31 December 2024.

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Section 7 – Aligning Manager Appointments with Investment Strategy	**Incentivising asset managers to align their investment strategies and decisions with the Trustee's policies** In the year to 31 December 2024, the Trustee discussed the continued appointment of LGIM and are happy that the contractual arrangements in place continue to incentivise the manager to make decisions based on medium to long term financial and non-financial performance. Over the period the Trustee believed that the appointments with its investment manager was consistent with its long-term objectives and no changes were made. **Evaluation of asset managers' performance and remuneration for asset management services** Over the year to 31 December 2024, the Trustee has reviewed the performance of the Scheme's investment managers on a regular basis. The review considers the performance of the investment managers versus agreed benchmarks and targets, over multiple periods, with an emphasis on the long term. **Monitoring portfolio turnover costs** The Trustee considers the levels of transaction costs as part of their annual Value for Members (VfM) assessment. Where appropriate with help from their advisor, the Trustee would challenge the level of costs incurred if they were assessed to be too high relative to expectations as this may indicate excessive turnover. This was not the case during the Scheme year. **The duration of the arrangements with asset managers** The Trustee will retain an investment manager unless there is a strategic change to the overall strategy that no longer requires exposure to that asset class, or the manager appointed has been reviewed and the Trustee has decided to terminate the mandate. The investment performance of all funds was reviewed at the annual Trustee Board meeting but also on a quarterly basis. This includes how the default and non-default funds are delivering against their specific targets. There remains no set duration for manager appointments. Furthermore, there were no appointments were terminated during the year.
Section 8 – Types of Investment	There were no changes during the year to 31 December 2024 to the fund range.
Section 9 – Realisation of Investments	No changes during the year to the liquidity of the funds used by the Scheme. All assets are daily-dealt pooled investment arrangements, with assets mainly invested in regulated markets, and therefore should be realisable at short notice, based on member demand.
Section 10 – Ethical and	The Trustee considers investment managers policy on voting and engagement and use these assessments in the selection, retention, and realisation of manager appointments. The Trustee has also considered which areas would constitute 'significant' when it comes to

Responsible Investment	company engagement by their fund managers. To ensure voting behaviour is consistent with the Schemes' investment objectives and stewardship priorities, the Trustee has classified 'significant votes' as those which consider any one of the following factors: Climate change Pollution & natural resource degradation Human rights Diversity, equity, and inclusion A vote could also be significant for other reasons, e.g. due to the size of holding.
Section 11 – Risk	There were no changes made to the key DC specific risks during the Scheme year. As detailed in the risk policy in the SIP, the Trustee considers both quantitative and qualitative measures for risks when deciding investment policies, strategic asset allocation, the choice of delegated investment manager / fund managers / funds / asset classes.
Section 12 - AVCs	N/A

Section 4: Voting and Engagement

DB Section

The Trustee's policy is to fully exercise its responsibilities as an asset owner, so the Trustee maintains full discretion over voting activity in respect of the relevant voting assets (equities). This is administered by the in-house team using a platform provided by Institutional Shareholder Services, with case-by-case assessment undertaken by the in-house team.

As an active voter the Trustee exercises its voting rights in line with its comprehensive voting policy and according to its stewardship priorities. Further details are set out in Section 8 ("Ethical and Responsible Investment") of the SIP.

During the year 15,902 votes have been cast in regard to the Scheme's holdings. Voting was conducted in line with the Scheme's comprehensive voting policy and according to its stewardship priorities.

The Trustee has the following key stewardship priorities (the Stewardship Report provides a detailed overview of the Trustee's stewardship activities):

- Climate Change (in particular relating to corporate lobbying, and the TPI framework & Management)
- Diversity (in particular ethnic representation and gender)
- Modern slavery
- Tax transparency
- Mining & extractives
- Living wage

Climate Change is one of the key areas of engagement for the Scheme. Over the year, the Board acted on this priority in the following ways:

- Undertook 67 company engagements on climate change in 2024 and 2 on nature.
- Supported 63% shareholder resolutions on climate change at company Annual General Meetings in 2024.
- Attended and/or spoke at 10 Annual General Meetings in 2024 with a climate focus, including Anglo American, National Grid, and BMW.
- Publicly pre-declared votes on climate change topics before the Bank of America, Goldman Sachs, Morgan Stanley, and Toyota Annual General Meetings.
- Voted against management resolutions at 16 Climate Action 100+ focus companies due to a lack of lobbying disclosure, consistent with our commitment in our Climate Action Plan.
- Led a collaborative engagement on methane emissions from metallurgical coal mines with Anglo American, supported by 16 investors, and BHP, supported by 19 investors. Following this, Anglo committed to developing a methane abatement plan and BHP to conducting pilot assessments of the methane at its open cut mines.
- Continued to co-Chair the IIGCC's lobbying workstream, which saw 5 companies produce lobbying reviews in 2024, bringing this to a total of 36.5% (or 62) of the 170 CA100+ companies that have produced at least one review.
- Continued to co-lead engagements with Anglo American, BMW, Mercedes, National Grid, Renault, and VW through the Climate Action 100+ initiative.

- Established three engagements under Nature Action 100+ with Anglo American, BHP and Associated British Foods.

The table below outlines the key voting statistics for the year. *Note: numbers may not sum to 100% due to rounding.*

Data	Value
Voted at company meetings	**1,046**
Votable ballots voted	**15,902**
Proposals voted	**99.8%**
Shareholder proposals voted	**639**
Votes with management	**81.6%**
Votes against management	**18.3%**
Abstentions	**0.2%**
Unvoted	**0.0%**

The Trustee has classified a significant vote as any vote against management on the basis of one of the Trustee's voting policies. The Trustee is required to report on all votes they believe are the 'most significant'.

The tables below outline these significant votes.

Vote 1	
Company	Tesla Inc
Date of Vote	13/06/2024
Why was vote considered significant	Vote went against one of the Board's voting policies
Approximate size of holding at date of vote (as a % of portfolio)	0.0004%
Summary of resolution	Executive Remuneration & Director Elections
How Trustee voted	Against proposal 1a, 1b, 2 and 4
If the vote was against management, did the Trustee communicate their intent to the company ahead of the vote?	The company was informed via a collaborative letter which the Board signed.
Rationale for the voting decision	CEO Musk's compensation package had already been challenged by shareholders; a Delaware court ruled that the directors of Tesla breached their fiduciary duties when awarding CEO Elon Musk's pay package. A committee of one was asked to consider whether the compensation plan should be put to a shareholder vote, without even reevaluating the quantum, terms of the plan, or whether the plan was even fair. This raised concerns to the independence of the board, governance and risk oversight. The remuneration reward remained overtly excessive and was challenged in line with the policy of the Pension Board.
Outcome of the vote	The proposals passed with the following levels of support: 1a) 67.9%, 1b) 78.5%, 2) 79.4% and 4) 76.2%.
Next Steps	The Church of England Pensions Board has devoted significant resource and worked with other UK asset owners, in partnership with civil society organisation the High Pay Centre, to develop the

	Fair Reward Framework (www.fairreward.org). This has been developed as a response to the long-standing debates around corporate pay, and what can be frequent tensions between companies, shareholders and wider stakeholders about who and what within a company contributes to creating value and how that is rewarded. For its pilot year, the FRF's assessment will initially cover the UK's largest listed companies, but in due course we anticipate its assessments will also extend to companies listed in other jurisdictions.

Vote 2	
Company	Toyota Motor Corp.
Date of Vote	18/06/2024
Why was vote considered significant	The Church of England Pensions Board has a longstanding commitment to act on corporate climate lobbying, given the significant influence that companies and their industry associations can have on public policy outcomes related to climate change.
Approximate size of holding at date of vote (as a % of portfolio)	0.003%
Summary of resolution	Report on Corporate Climate Lobbying Aligned with Paris Agreement
How Trustee voted	For report
If the vote was against management, did the Trustee communicate their intent to the company ahead of the vote?	We pre-declared our vote, communicated with the company in advance and offered a meeting.
Rationale for the voting decision	The Board supported the resolution because we were concerned that Toyota's direct lobbying and that of its industry associations may be undermining the goals of the Paris agreement. While we welcomed the fact Toyota has produced previous disclosures related to climate lobbying, we believed we required additional depth and detail to be able to properly understand Toyota's approach on these important matters. The resolution filed by fellow shareholders calls for a greater level of detail and an assessment of misalignment against the goals of the Paris Agreement. This is aligned with the Global Standard for Corporate Climate Lobbying, which we urge all companies we invest in to align with.
Outcome of the vote	9.2% of shareholder supported the proposal
Next Steps	The Pensions Board has been calling on companies like Toyota to align with the Global Standard on Responsible Climate Lobbying which includes: - Producing a standalone report to cover its climate lobbying and public policy activities including a review of its industry associations. - Including all policy activities, commitments, and governance of these processes. - Assessing alignment of all material industry associations, using clear and transparent criteria, against with the goal of restricting global temperature rise to 1.5C above pre-industrial levels. - A framework to address misalignments including clear actions where misalignments continue.

	The Board continues to engage with companies on the importance of lobbying transparency.

Vote 3	
Company	Bank of America, Goldman Sachs, and Morgan Stanley
Date of Vote	24/04/2024, 24/04/2024, 23/05/2024
Why was vote considered significant	The Church of England Pensions Board has a longstanding commitment to act on corporate climate lobbying, given the significant influence that companies and their industry associations can have on public policy outcomes related to climate change.
Approximate size of holding at date of vote (as a % of portfolio)	0.0009%,0.001%, 0.0007%
Summary of resolution	Report on Clean Energy Supply Financing Ratio
How Trustee voted	For report
If the vote was against management, did the Trustee communicate their intent to the company ahead of the vote?	We pre-declared our vote and added banks to the climate engagement focus list.
Rationale for the voting decision	The production of a report on clean energy supply financing ratio would help us assess the transition plans, strategy, and resilience of these banks. Banks are key to the transition to net-zero – and we are concerned they're simply not transitioning away from fossil fuel financing quickly enough. Despite all the risks inherent in a disorderly transition to net zero, fossil fuel lending from these three banks remains among the highest in the banking sector. We also supported proposals at all three banks seeking a report on lobbying, in line with our engagement and policy.
Outcome of the vote	Shareholder support in favour of the report was, 26%, 29%, and 23%
Next Steps	The Church of England Pensions Board added twelve global banks to its climate change focus company list and is engaging with them on a range of topics material to the bank's role in addressing climate change and the energy transition.

	Vote 4
Company	The Mosaic Company
Date of Vote	05/06/2024
Why was vote considered significant	Escalation of engagement though the investor mining and tailings safety initiative
Approximate size of holding at date of vote (as a % of portfolio)	0.003%
Summary of resolution	Re-elect Chair
How Trustee voted	Against re-election of Chair of Board
If the vote was against management, did the Trustee communicate their	The Church of England Pensions Board has been engaging with mining companies through the Investor Mining and Tailings Safety Initiative.

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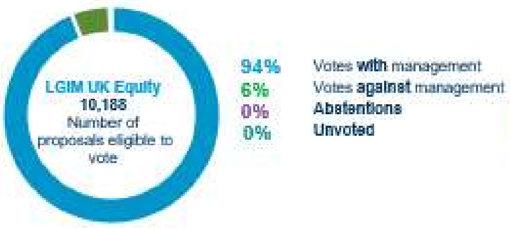
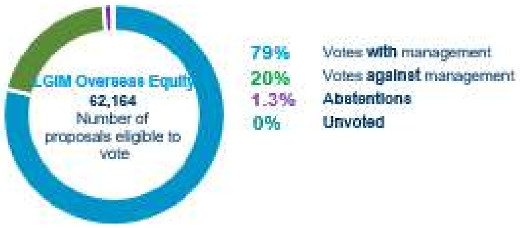
intent to the company ahead of the vote?	
Rationale for the voting decision	The companies have not responded to the disclosure request made by the Investor Mining and Tailings Safety Initiative.
Outcome of the vote	Shareholder support in favour of Chair re-elections was 94%.
Next Steps	In January 2023 we announced a new Independent Global Tailings Management Institute to continue to drive mining industry safety standard. We recognise the mining industry's important role in society and aim to ensure the sector leaves a positive legacy by addressing key systemic risks holistically. We have engaged with all companies to seek commitments to operate to the new Global Industry Standard on Tailings Management and where we have holdings have said we would vote against the Chair. We have continued to engage with the sector and are working closely with other investors.

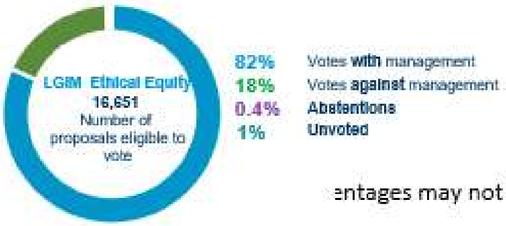
	Vote 5
Company	Centrica Plc
Date of Vote	05/06/2024
Why was vote considered significant	Vote went against one of the Board's voting policies on the real living wage
Approximate size of holding at date of vote (as a % of portfolio)	0.003%
Summary of resolution	Re-elect Chair
How Trustee voted	Against re-election of Chair of Board
If the vote was against management, did the Trustee communicate their intent to the company ahead of the vote?	The Church of England Pensions Board has been engaging with companies on the real living wage through the good work coalition.
Rationale for the voting decision	People's terms of employment and levels of pay have a significant impact on business continuity and risk management. The company is not accredited as paying its staff a real living wage.
Outcome of the vote	Shareholder support in favour of Chair re-elections was 94%
Next Steps	Within the Pensions Board's investments, engagements in this area are long-standing and embedded within our voting policy. The scope of our focus on Living Wage accreditation-related voting expanded in 2023 to cover the breadth of the UK's 350 largest companies (the FTSE 350). Next year we will be exploring shareholder resolutions and pre declaring our votes.

DC Section

Set out below is a summary of voting activity for this reporting period relating to the relevant strategies in the DC Section of the Scheme.







entages may not sum to 100% due to rounding

Most significant votes

The Trustee has set their stewardship priorities as follows:

1. Climate change
2. Pollution & natural resource degradation
3. Human rights
4. Diversity, equity, and inclusion

The following table provides examples of voting issues that arose within each one of the Scheme's funds (those that hold equities with voting rights), that is considered significant. We have included the two largest holdings in each fund that had a vote that relates to one of the Trustees stewardship priorities; we note that not all of the Trustees stewardship priorities are represented in the table below.

Please note, if the manager voted against management, LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with its investee companies in the three weeks prior to an Annual General Meeting (AGM) as the company engagement is not limited to shareholder meeting topics. In some cases, LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting.

✗ Resolution not passed ✓ Resolution passed

Vote 1	
Fund	UK Equity
Portion of the fund (%)	7.7
Company	Shell Plc[1]
Date of vote	21 May 2024
Resolution	Approve the Shell Energy Transition Strategy
How the Manager Voted	Against
Rationale of Manager Vote	Climate change: A vote against the proposal has been applied. The company has made significant progress in climate-related disclosures in recent years. However, due to revisions to the Net Carbon Intensity (NCI) targets and plans to expand its gas and LNG business this decade, there is an expectation for the company to better demonstrate how these strategies align with a smooth transition to net-zero emissions by 2050. Clarity is sought regarding the expected lifespan of the assets Shell intends to develop further, the flexibility in adjusting production levels across various scenarios, and concrete actions taken throughout the value chain to achieve customer decarbonisation. Additionally, there is a need for greater transparency concerning lobbying activities in regions where hydrocarbon production is anticipated to be significant, guidance on capital expenditure for low carbon initiatives beyond 2025, and the principles of responsible divestment in asset sales, as these factors are crucial to Shell's decarbonisation strategy.
Final outcome following the vote	✓
Significant Vote Theme	Climate Changes
Why Vote is Significant	Relates to climate change, which is one of the Trustee's stewardship priorities.

Vote 2	
Fund	UK Equity
Portion of the fund (%)	4.22
Company	Unilever Plc
Date of vote	1 May 2024
Resolution	Approve Climate Transition Action Plan
How the Manager Voted	For
Rationale of Manager Vote	

[1] This oil and gas holding is found in the CAPF DC investments, in which funds are selected by scheme members, rather than the trustee on behalf of members. The Pensions Board's approach to climate change (and recent divestments of oil and gas holdings) applies to the common investment fund (used by the CEFPS, CWPF, CAPF DB schemes).

	Climate change: A vote in favour of the Climate Transition Action Plan (CTAP) is supported as it meets LGIM's minimum expectations, which include disclosing scope 1, 2, and material scope 3 greenhouse gas (GHG) emissions, along with setting short, medium, and long-term GHG reduction targets aligned with the 1.5°C Paris Agreement goal. Although the Science Based Targets initiative (SBTi) has recently withdrawn its approval of the company's long-term scope 3 target, the company has submitted near-term, 1.5°C aligned scope 3 targets for validation. Consequently, the company's ambition is considered adequate, and support for its net-zero trajectory is maintained at this time.
Final outcome following the vote	✓
Significant Vote Theme	Climate Changes
Why Vote is Significant	Relates to climate change, which is one of the Trustee's stewardship priorities.

Vote 3	
Fund	Ethical UK Equity
Portion of the fund (%)	2.33
Company	National Grid Plc
Date of vote	10 July 2024
Resolution	Approve Climate Transition Plan
How the Manager Voted	For
Rationale of Manager Vote	Climate Change: LGIM is voting in favour of the National Grid Climate Transition plan, commending the company's commitment to achieving net-zero emissions across all scopes by 2050 and establishing near-term science-based targets aligned with a 1.5°C goal. They also appreciate the clarity offered in the 'Delivering for 2035 report' and anticipate the outcomes of National Grid's engagement with the Science Based Targets initiative (SBTi) concerning the decarbonisation of heating.
Final outcome following the vote	✓
Significant Vote Theme	Climate Changes
Why Vote is Significant	Relates to climate change, which is one of the Trustee's stewardship priorities.

Vote 4	
Fund	Ethical UK Equity
Portion of the fund (%)	1.07
Company	SSE Plc
Date of vote	18 July 2024
Resolution	Approve Net Zero Transition Report
How the Manager Voted	For
Rationale of Manager Vote	

	Climate Change: LGIM is voting in favour of the SSE Net Zero Transition Report, praising the company's commitment to achieving net-zero emissions across all scopes by 2050. They particularly commend the establishment of short and medium-term targets, especially the absolute scope 3 targets for the mid-term.
Final outcome following the vote	✓
Significant Vote Theme	Climate Changes
Why Vote is Significant	Relates to climate change, which is one of the Trustee's stewardship priorities.

Vote 5	
Fund	Ethical Global Equity
Portion of the fund (%)	2.60
Company	Apple Inc.
Date of vote	29 February 2024
Resolution	Report on Risks of Omitting Viewpoint and Ideological Diversity from EEO Policy
How the Manager Voted	Against
Rationale of Manager Vote	Diversity: A vote AGAINST this proposal is warranted, as the company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and non-discrimination policies, and including viewpoint and ideology in EEO policies does not appear to be a standard industry practice.
Final outcome following the vote	✗
Significant Vote Theme	Diversity
Why Vote is Significant	Relates to Diversity, equity, and inclusion, which is one of the Trustee's stewardship priorities.

Vote 6	
Fund	Ethical Global Equity
Portion of the fund (%)	2.43
Company	Alphabet Inc.
Date of vote	7 June 2024
Resolution	Elect Director John L. Hennessy
How the Manager Voted	Against
Rationale of Manager Vote	Diversity: A vote against is applied as LGIM expects a company to have at least one-third women on the board.

Final outcome following the vote	✓
Significant Vote Theme	Diversity
Why Vote is Significant	Relates to Diversity, equity, and inclusion, which is one of the Trustee's stewardship priorities.

Vote 7	
Fund	Global Equity
Portion of the fund (%)	1.07
Company	Meta Platforms, Inc.
Date of vote	29 May 2024
Resolution	Elect Director Peggy Alford
How the Manager Voted	Against
Rationale of Manager Vote	Diversity: A vote against is applied as LGIM expects a company to have at least one-third women on the board.
Final outcome following the vote	✓
Significant Vote Theme	Diversity
Why Vote is Significant	Relates to Diversity, equity, and inclusion which is one of the Trustee's stewardship priorities.

Vote 8	
Fund	Global Equity
Portion of the fund (%)	0.71
Company	Glencore Plc
Date of vote	29 May 2024
Resolution	Approve 2024-2026 Climate Action Transition Plan
How the Manager Voted	Against
Rationale of Manager Vote	Climate Change: A vote against the proposal has been applied as LGIM expects companies to implement credible transition plans that align with the Paris Agreement's goal of limiting global temperature rise to 1.5°C. Although the company has made progress in disclosure, concerns persist regarding its thermal coal activities, particularly the lack of clarity on how planned thermal coal production aligns with global demand under a 1.5°C scenario.
Final outcome following the vote	✓
Significant Vote Theme	Climate Changes

Why Vote is Significant	Relates to climate change, which is one of the Trustee's stewardship priorities.

Vote 9	
Fund	Overseas Equity
Portion of the fund (%)	0.82
Company	Broadcom Inc.
Date of vote	22 April 2024
Resolution	Elect Director Henry Samueli
How the Manager Voted	Against
Rationale of Manager Vote	Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management.
Final outcome following the vote	✓
Significant Vote Theme	Climate Changes
Why Vote is Significant	Relates to climate change, which is one of the Trustee's stewardship priorities.

Vote 10	
Fund	Overseas Equity
Portion of the fund (%)	0.69
Company	Exxon Mobil Corporation
Date of vote	29 May 2024
Resolution	Revisit Executive Pay Incentives for GHG Emission Reductions
How the Manager Voted	Against
Rationale of Manager Vote	Climate change: A vote against is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.
Final outcome following the vote	✓
Significant Vote Theme	Climate Changes
Why Vote is Significant	Relates to climate change, which is one of the Trustee's stewardship priorities.

Source: LGIM

Next steps for all above votes: LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.

Section 5: Conclusion

The Trustee considers that all SIP policies and principles were adhered to during the year.