

The Church of England Funded Pensions Scheme

Annual Report and Financial Statements
31 December 2024

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Trustee's report

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

Scheme constitution and relationship to the Church of England Pensions Scheme

The Scheme was established in accordance with the Pensions Measure 1997 and commenced on 1 January 1998 to provide defined benefit pensions for clergy and others in the stipendiary ministry.

Benefits arising from service prior to 1998 are the liability of The Church of England Pensions Scheme ("CEPS"), which is wholly funded by the Church Commissioners. The Board administers the CEPS on behalf of the Church Commissioners and, from the members' perspective, runs the CEFPS and the CEPS. 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 CEFPS makes these payments on behalf of the Church Commissioners and is fully reimbursed by them for the pre-1998 element they are responsible for funding. These amounts are not included in the financial statements of the CEFPS.

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)

Trustee's report (continued)

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

Housing Committee

The Revd Caroline Tittley (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.

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	
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 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. Ninety One UK Limited (appointed October 2024)

Trustee's report (continued)

Investments

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 1998. The CEIFP pools assets to take advantage of economies of scale and reduce risk through diversification, to which the smaller schemes that are also managed by the Board 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 listed equities, the diversified growth pool containing mostly property and private equity, 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 can make additional voluntary contributions to secure additional benefits. These are invested in a segregated pool of investments and managed separately.

Rule changes

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

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 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. This 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. In the period between the end of 2024 and the date of signing these accounts, there has been considerable volatility in global financial markets, mainly attributed 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.

Trustee's report (continued)

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. In accordance with the amendment to the Audited Accounts Regulations effective from 1 April 2016, an auditor's statement about contributions is not required for the Scheme as it is a multi-employer scheme with more than 20 participating employers.

Going Concern

The Responsible Bodies (Employers) continue to meet contributions on time and in full.

The Scheme is supported by the Responsible Bodies (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 Responsible Bodies under various economic scenarios. Between valuations the Board undertakes pro-active engagement with responsible bodies, 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. The Trustee has considered the impact of 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:

	Active	Deferred	Pensioners	Beneficiaries	Total
At 1 January	7,606	2,679	10,792	3,784	24,861
Prior period adjustment	-	-	-	(2)	(2)
New members joining	351	-	-	269	620
Members retiring	(338)	(173)	511	-	-
Members leaving prior to pension age	(249)	249	-	-	-
Deaths	(10)	(2)	(464)	(247)	(723)
Re-entrants (*)	93	(91)	-	(1)	1
Members retiring with full commutation	(1)	-	-	-	(1)
Ceased (e.g. dependent children turning 18/23)	-	-	-	(6)	(6)
Transfers out	-	(7)	-	-	(7)
Members withdrawn with no liability	(1)	(1)	-	-	(2)
Total at 31 December	7,451	2,654	10,839	3,797	24,741

Trustee's report (continued)

Membership (continued)

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

(*) Re-entrants are those members who have re-entered the scheme, having previously ceased to be an active member of the scheme.

Pension Increases

The CEFPS rules state that increases will be at the rate of the change in the Retail Prices Index ("RPI") up to 5% in respect of benefits from service prior to 1 January 2008 and RPI up to 3.5% in respect of benefits from service from 1 January 2008 onwards. The change in RPI for the period September to September is the reference period for increases in the CEFPS from 1 April in the following year.

The increase in RPI in the year to 30 September 2024 was 2.7% (2023: 8.9%), pensions in payment increased by 2.7% from 1 April 2025.

Member benefit augmentation

At the point of retirement, the benefits payable to certain pensioners are enhanced on grounds of ill-health.

Transfers

As prescribed by statutory regulations, all transfer payments were calculated in accordance with the methods and assumptions approved by the Scheme's Actuary. No discretionary benefits are included.

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 following actuarial advice and having consulted with the responsible bodies (see note 1), and set out in the Statement of Funding Principles, which is available to Scheme members on request.

These liabilities are considered by the Scheme's Actuary who carries out a full 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 2021. This showed that on that date:

- the value of the Technical Provisions was £2,160 million; and
- the value of the net assets (excluding AVCs) was £2,720 million; and
- the projected value of the surplus on an asset lead funding (ALF) basis was £560 million.

The next valuation is due to be carried as at 31 December 2024 and work on this is currently underway. As noted above there has been a significant improvement in the funding of the Scheme, and the Scheme's Actuary has estimated the surplus had increased to £840m as at 31 December 2023 on a technical provisions basis.

Trustee's report (continued)

Report on actuarial liabilities (continued)

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	2.7% p.a.
RPI	3.6% p.a.
Pension increases:	
Increasing in line with RPI (capped at 5%)	3.4% p.a.
Increasing in line with RPI (capped at 3.5%)	2.9% p.a.
Rate of increase of pensionable stipends	3.4% p.a.
Post-retirement mortality	90% of the S3NA_LV tables projected from 2020 in line with the CMI 2020 extended model with a long-term annual rate of improvement of 1.5% for both males and females

The future service contribution rate calculated to be sufficient to meet the increase in the technical provisions arising from the accrual of additional pensionable service was 38.8% of pensionable stipend. However, given the substantial surplus in the scheme, and taking into account the assessment of the covenant available to the Scheme, the Board had agreed that contributions from January 2023 would be at the rate of 28% of pensionable stipends – i.e., in line with the future service cost calculated using “best estimate” financial assumptions, and deficit contributions were to cease from 1 January 2023. This was reduced to 25% from 1 April 2024 and further reduced to 22% in April 2025. The contribution rates of pensionable stipend were set as shown in the table below:

	From 1 January 2023 to 31 March 2024 %	From 1 April 2024 to 31 March 2025 %	From 1 April 2025 %
Normal contributions	26.5	23.5	20.5
Deficit contributions	-	-	-
Contributions towards administration expenses	*1.5	*1.5	*1.5
Total contribution	28.0	25.0	22.0

* The allowance for expenses is 1.2% of pensionable stipends for the Church Commissioners and the Dioceses, with additional contributions of 0.3% of pensionable stipends paid to the Board towards the expenses of administering the Church of England Pensions Measures scheme. For the other Responsible Bodies, the allowance for expenses is 1.5% of pensionable stipends less an annual rebate calculated as £70 p.a. per full-time member in active service each 31 December.

Trustee's report (continued)

Investment management

At the end of 2024, the investments of the Scheme were as set out below.

	2024 £'000	2023 £'000	Nature of investment
<i>Return seeking investments</i>			
CEIFP – Public Equity Pool	536,280	561,745	Public equities
CEIFP – Diversified Growth Pool	380,060	361,692	Property unit trusts and private equity
CEIFP – Diversified Income Pool	957,515	761,925	Private infrastructure, private debt and emerging market sovereign debt
CEIFP – Liquidity Pool	77,232	95,431	Cash
<i>Liability matching investments</i>			
CEIFP – Listed Credit Pool	161,982	228,410	High quality corporate bonds
Liability Driven Investments ("LDI")	456,785	498,571	Gilts and cash held for reinvestment into gilts
<i>Additional Voluntary Contributions ("AVCs")</i>			
AVCs	44,120	39,345	Unit trusts
Total at 31 December	2,613,974	2,547,119	

Detailed information on the performance, management and investment risks of the CEIFP is set out in Appendix 2.

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.

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.

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 the Additional Voluntary Contribution Funds.

The continued improvement in the funding position caused the Trustees to lower the allocation to growth assets and increase the allocation to diversified income assets over the course of the year. In particular, the termination of the emerging market equity mandate with T Rowe Price at the end of 2023, allowed the funding of a new global high yield credit portfolio with Robeco in the diversified income pool early in 2024. This was followed by the termination of the global developed market equity portfolio with Generation and the funding of a new emerging market equity mandate with Ninety-One late in 2024.

The annual review of the liability benchmark in the Liability Driven Investment (LDI) portfolio with BlackRock, provided an opportunity for the trustees to rebalance the LDI portfolio and achieve a slightly higher interest and inflation hedging on these liability matching assets. Recognising the potential increase in market volatility following the election of President Trump and uncertainties surrounding the trade policies of the new US administration, the Trustees decided to further increase the interest and inflation hedge within the LDI portfolios towards the end of the 2024.

Trustee's report (continued)

Investment strategy and principles (continued)

The LDI portfolio uses leverage to achieve the desired level of hedging, and the internal team continue to monitor the LDI mandate to ensure it continues to meet all necessary regulatory and market related collateral requirements.

The investment strategy will be reviewed again during 2025 as part of the triennial valuation. The annual review of the liability benchmark portfolio of the LDI mandate with Blackrock, to take account of the influence that movements in interest rates and inflation have on the liabilities, led to a further increase in the level of interest rate and inflation hedging employed in the liability driven investment portfolio.

Investment performance

The overall return on the Scheme's investment assets, including the LDI portfolio, for 2024 was 3.46%. Investment returns excluding the LDI portfolio were 9.34% for the year.

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.

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 and Appendix 1 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.

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. Copies of the SIP may be obtained from the contact details shown at the end of this report, or via the Board's website. The investment risks and the strategies in place to mitigate them are described in the notes to the financial statements.

The annual review of the Statement of Investment Principles (SIP) to take account of regulatory developments allowed the Trustee to acknowledge the increase in the Schemes interest rate and inflation hedge ratios of the Scheme.

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 sponsors regularly, including on material non-financial matters. 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.

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 on 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.

Trustee's report (continued)

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 a portfolio of Gilts outside the CEIFP in its own LDI account. The gross value of the LDI assets is £1,101m (2023: £705.1m), with net repurchase agreements of £-644.5m (2023: -£291.8m). An additional £0.4m (2023: £0.1m) is held within the LDI account as cash for reinvestment.

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

Additional Voluntary Contributions ("AVCs")

AVCs are invested separately in vehicles chosen in the light of professional advice with particular regard being given to investment performance and the level of administration costs as well as the financial strength of the provider.

Since 1 April 2011, Legal and General Investment Management ("Legal and General") have been the sole AVC provider for contributions received after this date.

Members are provided a wider range of investment choices with Legal and General:

- a core lifestyle arrangement with two options including ethically invested funds; and
- a menu consisting of a more comprehensive range of UK and global passively managed funds including both UK and global ethically invested funds, balanced equity funds, corporate bond funds, gilts funds, and a cash fund.

At the end of 2024 1,762 members (2023: 1,755) had contributions invested under the voluntary arrangements of whom 1,222 (2023: 1,213) were current contributors.

Employer related investments

Details of employer related investments are given in note 16 to the financial statements.

Trustee's report (continued)

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 Statement of Trustee's Responsibilities set out on page 14 were approved by the Trustee on 10 July 2025 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Clive Mather', with a horizontal line underneath.

Clive Mather
Chair

Statement of Trustee's Responsibilities

The Church of England Pensions Board is Trustee of The Church of England Funded Pensions Scheme.

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.

Independent Auditors' report to the Trustee of The Church of England Funded Pensions Scheme

Opinion

We have audited the financial statements of the Church of England Funded Pensions Scheme ('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 Auditors' report to the Trustee of The Church of England Funded Pensions Scheme (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 Auditors' report to the Trustee of The Church of England Funded Pensions Scheme (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.

Independent Auditors' report to the Trustee of The Church of England Funded Pensions Scheme (continued)

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

Statutory Auditor

London

Date 10 July 2025

Fund Account for the year ended 31 December 2024

	Notes	2024 £000	2023 £000
Contributions and other income			
Employer contributions	4	47,253	50,754
Employee contributions	4	4,181	3,863
Transfers in	4	1,827	1,226
Other income	4	2,326	2,285
Total contributions and other income		55,587	58,128
Benefits			
Benefits paid or payable	5	(75,761)	(68,791)
Transfers out		(1,011)	(2,320)
Administrative expenses	6	(6,101)	(4,318)
Total benefits and other expenses paid		(82,873)	(75,429)
Net (withdrawals) from dealings with members		(27,286)	(17,301)
Returns on investments			
Investment income	7	(9,041)	(8,466)
Change in market value of investments	10	103,839	148,844
Investment management expenses		(531)	(998)
Net returns on investments		94,267	139,380
Net increase in fund		66,981	122,079
Opening net assets		2,548,198	2,426,119
Closing net assets		2,615,179	2,548,198

Notes 1 to 18 form part of these financial statements.

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

	Notes	2024 £000	2023 £000
Investment assets			
Pooled investment vehicles	10	2,114,775	2,112,258
Bonds	10	1,103,527	705,095
AVC investments	10	44,120	39,345
Amounts receivable under reverse repurchase agreements	10	1,771	36,557
Total investment assets		3,264,193	2,893,255
Investment liabilities			
Derivatives	10,11	(1,234)	(1,375)
Other investment balances	10	(2,673)	(7,497)
Amounts payable on repurchase agreements	10	(646,312)	(337,264)
Total investment liabilities		(650,219)	(346,136)
Total net investments		2,613,974	2,547,119
Current assets	8	5,395	4,861
Current liabilities	9	(4,190)	(3,782)
Net current assets		1,205	1,079
Total net assets available for benefits		2,615,179	2,548,198

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 Scheme, which does take into account such obligations, is described in the report on actuarial liabilities on pages 7-8, and these financial statements should be read in conjunction with this report.

Notes 1 to 18 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 Funded Pensions Scheme (the "Scheme") is an occupational pension scheme established under trust. The Scheme was established in accordance with the Pensions Measure 1997 to provide retirement benefits to the clergy and others in the stipendiary ministry.

Many clergy (e.g., parish priests) are office holders rather than employees so those organisations responsible for paying their stipends and pension contributions are known as 'Responsible Bodies.' For consistency with the Pensions SORP and comparability with the financial statements of other pension schemes, these financial statements use the term 'employer' for both actual employers as well as for the 'responsible bodies'. Likewise, the term 'employee' in these financial statements means actual employees as well as office holders and other stipendiary clergy who are members of the Scheme.

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.

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 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland the Church of England Funded Pensions Scheme 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, and administration costs 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 for AVCs are accounted for on the accruals basis in the payroll month to which they relate.

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 trustees 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 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 AVC investments are also in accumulation funds, which do not pay out investment income.

Notes to the financial statements (continued)

3. Accounting policies (continued)

Investment income

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.

Investment expenditure

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 AVC investments are valued based on prices reported by the AVC providers.

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.

Bonds

Bonds are included at the 'clean' price i.e. excluding any accrued income. Any accrued income is included in other investment balances.

Swaps

Over the counter ("OTC") swaps are stated at the current value of future cash flows arising from the swap determined using discounted cash flow models and market data at the reporting date.

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) Repurchase agreements

Under repurchase (repo) agreements - the Scheme continues to recognise and value the securities that are delivered out as collateral and includes them in the Financial Statements. The cash received is recognised as an asset and the obligation to pay it back is recognised as a liability. Cash delivered under reverse repurchase contracts is recognised as an investment receivable in the financial statements. Securities received in exchange are not included as scheme assets.

h) Foreign currencies

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

Notes to the financial statements (continued)

4. Contributions and other income

	2024 £000	2023 £000
Employer contributions		
Normal	46,877	50,474
Augmentations	324	217
Other	52	63
Total employer contributions	47,253	50,754
Employee contributions		
AVC	4,181	3,863
Total employee contributions	4,181	3,863
Transfers in		
Individual transfers in from other schemes	1,827	1,226
	1,827	1,226
Other income		
Contribution for administration costs	2,326	2,285
	2,326	2,285

No deficit contributions are required from 1 January 2023 under the current Schedule of Contributions.

5. Benefits paid or payable

	2024 £000	2023 £000
Benefits		
Pensions	55,720	49,346
Retirement lump sums	19,060	18,408
Lump sum death benefits	880	971
Commutations	101	66
Total benefits	75,761	68,791

Notes to the financial statements (continued)

6. 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	1,376	631
Audit fees	53	51
Pension levy	113	113
Investment services	3,000	2,579
Legal advice	292	84
Administration costs	2,364	2,028
VAT rebate	(1,097)	(1,168)
Total administrative expenses	6,101	4,318

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.

7. Investment income

	2024	2023
	£000	£000
Bonds	9,120	6,109
Pooled funds	863	-
Deposit interest	86	63
Amounts payable on repurchase agreements	(19,110)	(14,638)
Total net investment income	(9,041)	(8,466)

8. Current assets

	2024	2023
	£000	£000
Debtors		
Employer contributions	20	4,576
Inter scheme debtor	4	-
Trustee	41	-
Other debtors	113	205
Total debtors	178	4,781
Cash	5,217	80
Total current assets	5,395	4,861

Amounts owed from the Trustee represent money paid in advance to the Board towards the administrative expenses the Board incurs on the Scheme's behalf (see note 6). All contributions due to the scheme relate to the month of December 2024 and were paid in full to the scheme within the timescale required under the current Schedule of Contributions.

9. Current liabilities

	2024	2023
	£000	£000
Unpaid benefits	809	749
Tax payable – PAYE and NI	2,597	2,288
Other creditors	783	745
Total current liabilities	4,189	3,782

Notes to the financial statements (continued)

10. Investments

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

	At 1 January £000	Purchases at cost £000	Sales proceeds £000	Change in market £000	At 31 December £000
Pooled investment vehicles (CEIFP)					
Public equity pool	561,745	6,642	(125,935)	93,828	536,280
Diversified growth pool	361,692	14,600	(9,550)	13,318	380,060
Diversified income pool	761,925	140,300	(20,482)	75,772	957,515
Listed credit pool	228,410	59,085	(128,460)	2,947	161,982
Liquidity pool	95,431	304,218	(323,638)	1,221	77,232
Total pooled investment vehicles (CEIFP)	2,009,203	524,845	(608,065)	187,086	2,113,069
Pooled investment vehicles (cash)	103,055	288,235	(389,584)	-	1,706
Bonds	705,095	541,676	(55,616)	(87,628)	1,103,527
Derivatives	(1,375)	11	-	130	(1,234)
AVC investments					
Legal & General Group AVC scheme	35,375	6,227	(5,194)	3,995	40,403
Re-assure Company sponsored	2,519	-	(338)	195	2,376
Prudential	1,451	-	(171)	61	1,341
Total AVC investments	39,345	6,227	(5,703)	4,251	44,120
	2,855,323	1,360,994	(1,058,968)	103,839	3,261,188
Other investment balances	(7,497)				(2,673)
Amounts receivable on reverse repurchase agreements	36,557				1,771
Amounts payable on repurchase	(337,264)				(646,312)
Total net investments	2,547,119			103,839	2,613,974

Repurchase agreements

At the year-end, amounts payable under repurchase agreements amounted to £646m (2023: £337.3m) and amounts receivable under reverse repurchase agreements amounted to £2m (2023: £37m). Within Bonds reported in Scheme assets, £629m (2023: £362.4m) are held by counterparties under repurchase agreements. There is collateral posted at 31 December 2024 with a value of £31.3m (2023: £15.4m) which is comprised of £0.4m (2023: £ Nil) pledged to counterparties and £31.7m (2023: £15.4m) pledged from counterparties. At 31 December 2024 there is accrued interest of £7.9m on the repurchase agreements.

Transaction expenses

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.

The Scheme incurred £462,000 (2023: £369,000) in fees from Blackrock and £160,000 (2023: £627,000) in relation to specific repurchase activity. Custody charges are negligible.

The Scheme's directly held investments are registered in the UK. 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.

The strength of the equity markets and associated improvement in funding position of the Scheme caused the Trustees to lower the holding of equities in favour of income generating listed credit securities, the funding of a new global high yield portfolio within the Diversified income pool in the CEIFP and an increase in the interest rate and inflation hedge ratios within the LDI portfolios managed by BlackRock outside the CEIFP. There was also a restructuring of the equity holdings following the termination of the global developed equity mandate with Generation and appointment of Ninety-One to manage a new emerging market equity mandate.

Notes to the financial statements (continued)

11. Derivatives

The Trustee has authorised the use of derivatives by their investment managers as part of their investment strategy as follows:

Swaps – The Trustee's aim is to match as far as possible the Liability Driven Investment (LDI) portfolio and the Scheme's long term liabilities, in particular in relation to movements in the rate of inflation. Due to the lack of long dated bonds the Trustee has entered into OTC inflation swaps during the year that extend the duration of the fixed income portfolio to better match the long term liabilities of the Scheme.

The Fund had OTC swaps at year end, as summarised below:

Nature	2024			2023		
	Notional amounts £000	Assets £000	Liabilities £000	Notional amounts £000	Assets £000	Liabilities £000
Inflation swaps	133,362	231	1,465	35,260	10,710	(12,085)
Total inflation swaps	133,362	231	1,465	35,260	10,710	(12,085)

The inflation swaps have an expiration date of between 15 January 2029 and 15 December 2034. There is no collateral on the swap contracts at the year end.

12. Fair value of investments

The fair value of investments has been determined using the following fair value 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 31 December at fair value within these levels as follows. The CEIFP's fair value hierarchy is that of the underlying assets held by the Scheme.

	1 £000	2 £000	3 £000	Total £000
At 31 December 2024				
Pooled investment vehicles	684,471	313,877	1,116,427	2,114,775
Bonds	-	1,103,527	-	1,103,527
AVC investments	-	42,779	1,341	44,120
Cash and cash equivalents	(2,673)	-	-	(2,673)
Derivatives	-	(1,234)	-	(1,234)
Amounts receivable on reverse repurchase agreements	-	1,771	-	1,771
Amounts payable on repurchase agreements	-	(646,312)	-	(646,312)
Total investments	681,798	814,408	1,117,768	2,613,974

	1 £000	2 £000	3 £000	Total £000
At 31 December 2023				
Pooled investment vehicles	813,312	282,718	1,016,228	2,112,258
Bonds	-	705,095	-	705,095
AVC investments	-	38,907	438	39,345
Cash and cash equivalents	(7,497)	-	-	(7,497)
Derivatives	-	(1,375)	-	(1,375)
Amounts receivable on reverse repurchase agreements	-	36,557	-	36,557
Amounts payable on repurchase agreements	-	(337,264)	-	(337,264)
Total investments	805,815	724,638	1,016,666	2,547,119

Pooled investment vehicles includes the fair value levels of the underlying investments in the Church of England Investment Fund for Pensions. For more details, see Appendix 2, Note 9.

Notes to the financial statements (continued)

13. 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 2024 £000	Total 2023 £000
		Currency	Interest rate	Other price		
Pooled investment vehicles (CEIFP)	(see Investment Risks for the CEIFP in Appendix 2)				2,113,069	2,009,203
Pooled investment vehicles (cash)	●	○	○	○	1,706	103,055
Bonds	●	○	●	○	1,103,527	705,095
Total					3,218,302	2,817,353
AVCs	(not considered significant in relation to overall Scheme risks)				44,120	39,345
Cash and cash equivalents	●	○	○	○	(2,673)	(7,497)
Derivatives	●	○	○	○	(1,234)	(1,375)
Amounts receivable on reverse repurchase agreements	○	○	●	○	1,771	36,557
Amounts repayable on repurchase agreements	○	○	●	○	(646,312)	(337,264)
Total investments					2,613,974	2,547,119

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 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.

These investment objectives and risk limits for directly held investments are implemented through the investment management agreement in place with the Scheme's investment managers. 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.

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.

Investment strategy

The split between return seeking and liability matching assets is determined by the characteristics of the Scheme, in particular its demographic profile, the spread of time over which its liabilities fall due, its funding level and the appetite for risk of the Trustee and the Scheme's sponsors.

Most of the liability matching investments are held in a separate LDI account, which is constructed to reflect the profile of future expected beneficiary payments. A small proportion of the liability matching investments remain in the CEIFP in the Listed Credit portfolio. All of the return seeking investments continue to be held wholly within the CEIFP.

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 Scheme is subject to credit risk through its investments in bonds, OTC derivatives, repurchase agreements, short term borrowings and cash balances. The Scheme 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.

Notes to the financial statements (continued)

13. Investment risk disclosures (continued)

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 government bonds where the credit risk is minimal, or corporate bonds which at the time of purchased are rated at least investment grade. Collateral is also in place in respect of Repurchase Agreements to mitigate credit risk.

The Scheme'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.

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

	2024	2023
	£000	£000
UCITS	1,706	103,055
Common Investment Fund	2,113,069	2,009,203
Total pooled investment vehicles	2,114,775	2,112,258

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

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 Scheme is subject to currency risk because some of the Scheme's investments in the CEIFP are held in overseas markets. The Trustee has decided to partly mitigate this risk by using a currency hedging strategy using forward currency contracts.

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 Scheme is subject to interest rate risk due to its bond holdings in the Listed Credit pool in the CEIFP and Liability Driven Investment (LDI) portfolio and because the discount rate used to measure the Scheme's actuarial liabilities is in part derived from prevailing interest rates.

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 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.

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

Notes to the financial statements (continued)

14. 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	%
CEIFP public equity pool	536,280	20.5	561,744	22.0
CEIFP diversified growth pool	380,060	14.5	361,692	14.2
CEIFP diversified income pool	957,515	36.6	761,925	29.9
CEIFP listed credit pool	161,982	6.2	228,410	9.0
UK Treasury 0.125% 2029 Index Linked	119,883	4.6	151,484	5.9
UK Treasury 2037 Index Linked	190,590	7.3	63,522	2.5

15. AVC investments

AVCs are invested separately from the main defined benefit investments to secure additional benefits on a money purchase basis for those members electing to pay AVCs. Most AVCs are invested in a Group AVC Scheme with Legal and General Investment Management which provides wide investment choice and a single administration platform. The value of this AVC arrangement is £40,403,000 (2023: £35,375,000). Prior to this, AVC contributions were invested with Prudential and another Legal & General fund in with-profits investments totalling £3,717,000 at 31 December 2024 (2023: £3,971,000).

16. Employer related investments

There were no employer-related investments at the year end except for £20,000 (2023: £4,576,000) employer contributions due, which represent 0.0% (2023: 1.8%) of total net assets (see Note 9).

17. Related party transactions

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

18. 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 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. The financial statements do not include a liability due to the immateriality of the total estimated costs.

Actuary's certification of schedule of contributions

The Church of England Funded Pensions Scheme

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: **The Church of England Funded Pensions Scheme**

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 can be expected to continue to be met for the period for which the schedule is to be in force.

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 1 December 2022.

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:

13 March 2025

Name:

Aaron Punwani
Appointed Scheme Actuary
Fellow of the Institute and Faculty of Actuaries

Address:

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

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APPENDIX 1

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

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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 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.

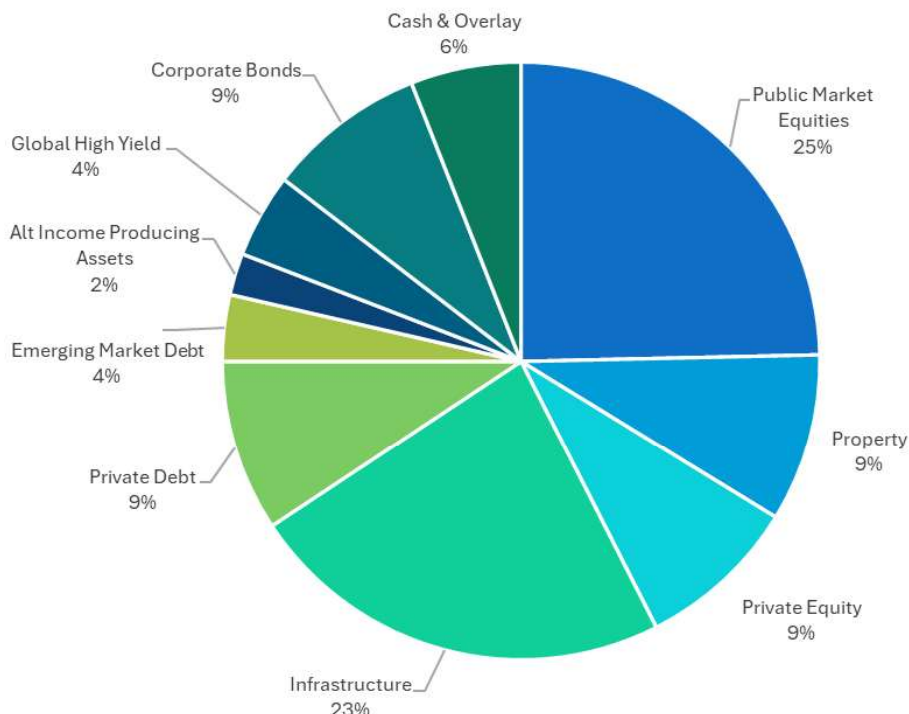
Although the schemes' LDI portfolios are held outside the CEIFP, it is worth noting that the rise in bond yields towards the end of the year, combined with concern as to whether the new UK government will be able to keep the UK public finances under control, has continued to depressed the market value 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).

Trustee's report (continued)

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
Ignio 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.

Trustee's report (continued)

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%.

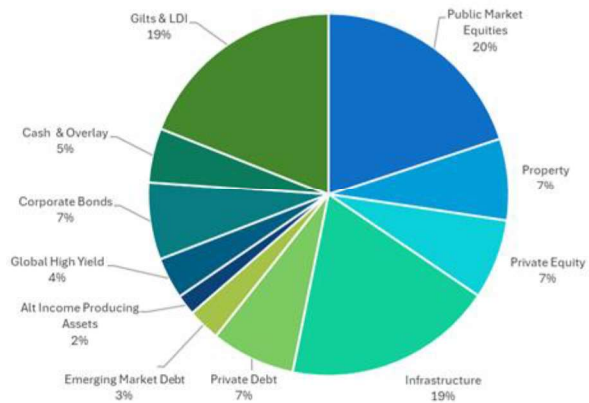
We saw a return of 8.4% from our diversified income pool, which covers investments in infrastructure, private debt, emerging market bonds and high yield debt. During the year we appointed new managers for emerging market equities and high-yield debt, in both cases selecting managers which could offer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

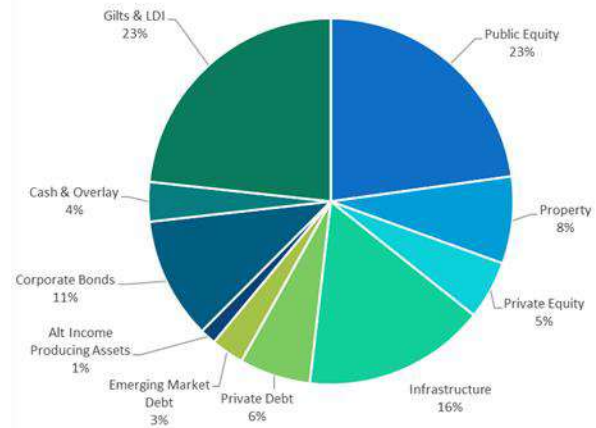
Trustee's report (continued)

Investment Performance (continued)

Asset Allocation of Total Assets
(31 December 2024)



Asset Allocation of Total Assets
(31 December 2023)



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.

Trustee's report (continued)

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 CEIPF 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

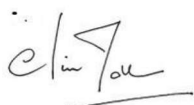
The Trustee has appointed The Northern Trust Company Limited ("Northern Trust") to keep custody of the Fund's investments, other than pooled investment vehicles, where the manager makes its own arrangements for the custody of underlying investments.

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.

A handwritten signature in black ink, appearing to read "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 CEIPF 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:

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 CEIPF and the LDI portfolios, £80m was transferred from the CEIPF 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 £000	Other charges £000	Total £000	Commission £000	Other charges £000	Total £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 £000	2023 £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 \$000	2024 £000	2023 \$000	2023 £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 £000	2023 £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 £'000	Liabilities £'000	Total £'000	Assets £'000	Liabilities £'000	Total £'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:

Type of future	2024			2023		
	Exposure Value £000	Assets £000	Liabilities £000	Exposure Value £000	Assets £000	Liabilities £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
Investments	£000	£000	£000	2024 £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
	£000	£000	£000	2024 £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
Investments	£000	£000	£000	2023 £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
	£000	£000	£000	2023 £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 [(○)] 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	Net exposure
			2024	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.



Church of England Funded Pensions Scheme

Annual Implementation Statement
– year ending 31 December 2024

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 of England Funded Pensions Scheme (“the Scheme”) covering the scheme year (“the year”) to 31 December 2024.

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 policies in relation to Environmental, Social and Governance (ESG) in the Scheme’s Statement of Investment Principles (“SIP”) required under section 35 of the Pensions Act 1995 (s35) have 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/cefps-statement-of-investment-principles-2024.pdf>

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. 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 an objective for the Scheme to be fully funded on a basis that reflects the asset holdings that the Scheme is expected to hold as a Scheme open to new entrants in the long term. The Trustee also monitors the Scheme's funding position on a low dependency basis, in line with the Pension Regulator's guidance.

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:

- **Change in Hedge Ratios:** In January 2024, the Trustee increased the hedge ratios, resulting in 60% of the Scheme's interest rate and inflation risk being hedged, up from 50% in 2023. This was reflected in the SIP.
- **Additional Voluntary Contributions (AVC):** The 2024 SIP included a note that AVC options should reasonably reflect the Board's positions on ethical and responsible investment matters.

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](#)).

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 the work undertaken by the Trustee during the year and sets out how this work followed the Trustee's policies in the SIP. References to the SIP sections refer to the SIP signed on 19 September 2024 (linked in the introduction).

The Scheme's SIP outlines the Trustee's beliefs on ESG and responsible investment considerations (including stewardship and climate change). It also sets out the processes followed by the Trustee in relation to voting rights and stewardship, as well as collaborations the Trustee has been involved in.

Further details are included in Section 8 of the SIP entitled 'Ethical and Responsible Investment'. The Trustee keeps its policies under regular review with the SIP reviewed every year and without delay after any significant change in investment policy, or if required, following a formal strategy review.

The Board is involved in several collective engagement initiatives, such as the Global Investor Commission on Mining 2030 ('GICM 2030'), Assessing Sovereign Climate-related Opportunities and Risks ('ASCOR'), the Transition Pathway Initiative (TPI) and Climate Action 100+ (CA100+). These efforts align with the Scheme's SIP and demonstrate the Trustees' commitment to addressing global systemic risks and managing climate-related financial risks.

A more comprehensive selection of the Board's stewardship activities will be published in the annual Stewardship Report. Below is a selection of examples of how the Board's policies have been adhered to over the year.

Policy adherence

Initiative Case Study: 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 chair reached significant milestones, including the publication in October 2024 of a 'Landscape Report' on responsible mining.

The Commission is a collaborative initiative with the mission to develop a consensus around the role of finance in realising the vision of a socially and environmentally responsible mining sector by 2030. It recognises the mining industry's important role in society and the transition to a low carbon economy and aims to ensure the sector leaves a positive legacy by addressing key systemic risks holistically.

The Commission follows investors' response to the Brumadinho disaster. This resulted in wider company disclosures of their tailings facilities, a global industry standard developed together with industry and the UN, and the formation of an independent Global Institute to support the auditing of individual companies conformance with the Standard.

The Commission landscape report identified six strategic priority areas for investors, and Commission workstreams have been convened to take the work forward into 2025.



Initiative Case Study: 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.

Key findings from the initial assessment included:

- 40 of the 70 countries assessed have reduced their emissions over the past five years and almost all have established medium-term targets.
- Not a single country has a historical emissions trend or 2030 target that aligns with its national 1.5°C benchmark. Only a few are aligned with their '1.5°C fair share' (an allocation based on equity principles) in their emissions trends or 2030 targets.
- 40 out of the 70 assessed countries have established a legal framework for national climate policy through a climate framework law.
- Countries perform poorly on commitments to phase out fossil fuel subsidies and production, making finance flows inconsistent with a 1.5°C future.
- Most of the developed countries (81%) assessed fail to contribute or commit to their proportional share of the US\$100 billion international climate finance goal.
- Only one-third of the developing countries assessed have been transparent about the costs of their mitigation and adaptation measures. This may constrain public and private finance flows towards these objectives.

It is anticipated that ASCOR will further its research capability in the future and will also be incorporated into sovereign engagement initiatives on climate change being undertaken by institutional investors globally. This will help support better understandings of the risks and opportunities presented by sovereign bond investors and provide a platform for richer dialogue between issuing countries and investors.

Thematic stewardship summary – Social Themes

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.

Ethical-based Restricted Investments Summary

In order to ensure, as far as reasonably practicable, that the Scheme is not exposed to companies that materially breach their ethical and responsible investment policy commitments, the Board has implemented a number of restrictions on the assets that can be held.

These restrictions limit the % of revenues that any underlying holding can have from various sources, such as tobacco, gambling, high interest rate lending and alcohol. The list of restricted issuers is reviewed quarterly and at the end of the Scheme year included 482 companies.

Appointment of a new Emerging Market Equity ('EME') 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.

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 considered the responsible investment related capabilities, policies, and performance of the shortlisted managers.

Manager costs and turnover are considered, where appropriate, in the routine monitoring undertaken by the investments team. No concerns were identified in 2024.

Section 4: Voting and Engagement

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	Proposal fell under the Board's proxy voting policy on executive remuneration.
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 overly 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.
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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	<p>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.</p> <p>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.</p>
Outcome of the vote	9.2% of shareholder supported the proposal
Next Steps	<p>The Pensions Board has been calling on companies like Toyota to align with the Global Standard on Responsible Climate Lobbying which includes:</p> <ul style="list-style-type: none"> • 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.
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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	<p>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.</p> <p>We also supported proposals at all three banks seeking a report on lobbying, in line with our engagement and policy.</p>
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 through 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 intent to the company ahead of the vote?	The Church of England Pensions Board has been engaging with mining companies through the Investor Mining and Tailings Safety Initiative.
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	<p>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.</p> <p>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.</p>

	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	<p>People's terms of employment and levels of pay have a significant impact on business continuity and risk management.</p> <p>The company is not accredited as paying its staff a real living wage.</p>
Outcome of the vote	Shareholder support in favour of Chair re-elections was 94%
Next Steps	<p>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.</p>

Section 5: Conclusion

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