Church Workers Pension Fund

Annual Report and Financial Statements
31 December 2023

Contents

Trustee's report

The Church of England Pensions Board (the "Board"), as Trustee of the Church Workers Pension Fund ("CWPF", or the "Scheme") is pleased to present the Scheme's annual report for the year ended 31 December 2023.

Scheme constitution and management
The Scheme was established in 1953 in accordance with the Church of England Pensions Board (Powers) Measure 1952 and operates as a centralised occupational pension scheme.

The CWPF has two distinct sections: the Defined Benefit Scheme and the Pension Builder Scheme. The Pension Builder Scheme is further divided into two sub-sections: Pension Builder Classic and Pension Builder 2014. The two Pension Builder sub-sections are hybrid: part defined benefit, due to guaranteed pension benefits; but also have defined contribution elements, due to the amount of benefit being dependent on accumulated pension contributions. Some employers participate in more than one section. Employers include diocesan boards of finance, cathedral chapters, mission agencies, Parochial Church Councils and other bodies connected with the ministry and mission of the Church of England.

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 2023 to 11 July 2024)

<table>
<tr><td colspan="2">Appointed with the approval of the General Synod, by the Archbishops of Canterbury and York
Clive Mather (Chair)</td></tr>
<tr><td>Appointed by the Archbishops of Canterbury and York
Roger Boulton FIA
Canon Emma Osborne
Ian Wilson</td><td>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</td></tr>
<tr><td>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</td><td>Appointed by the Archbishops of Canterbury and York after consultation with the Church Commissioners and the representatives of the dioceses
Nikesh Patel</td></tr>
<tr><td>Elected by the members of the Church Workers Pensions Fund
Michaela Southworth</td><td>Elected by the members of the Church Administrators Pensions Fund
Maggie Rodger</td></tr>
<tr><td>Elected by the members of the clergy pension schemes
The Revd Hugh Lee
The Revd Canon Eleanor Robertshaw</td><td>Elected by the Employers in the Church Workers Pensions Fund and the Church Administrators Pensions Fund
Richard Hubbard</td></tr>
</table>

Committee Members (1 January 2023 to 11 July 2024)

<table>
<tr><td>Audit and Risk Committee

Maggie Rodger (Chair)
Tony King
Ian Wilson
Helen Ashley Taylor*
Canon Susan Pope*
Caron Bradshaw OBE*</td><td>Pensions Committee

Richard Hubbard (Chair)
The Revd Hugh Lee
Maggie Rodger
Michaela Southworth
Ian Wilson</td></tr>
<tr><td>Housing Committee

The Revd Caroline Titley (Chair)
Tony King
The Revd Canon Eleanor Robertshaw
Jonathan Gregory*
Tom Paul*
Lawrence Santcross* (to December 2023)
The Rt Revd Alan Wilson* (to February 2024)</td><td>Investment Committee

Roger Boulton (Chair)
Hannah Gore-Randall* (from March 2023)
Canon Emma Osborne
Nikesh Patel
Jonathan Rodgers* (to May 2023)
Chris Rule* (from March 2023)
Padmesh Shukla* (from March 2023)</td></tr>
</table>

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

Trustee's report (continued)

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
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 Insight Investment Management I Squared Global Capital KKR & Co. LP Legal & General Investment Management T Rowe (terminated November 2023) Robeco Institutional Asset Management B.V. (appointed November 2023)

Investments
Other than the Scheme's liability driven investments ("LDI"), and the Defined Benefit Scheme's insurance policy (see Management and Custody of Investments section), the Scheme's investments are principally held in a common investment fund, 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 it was established in 1985. The CEIFP pools assets to take advantage of economies of scale and reduce risk through diversification, to which the smaller schemes would not have access on their own. The CEIFP's annual report and financial statements are attached at Appendix 2.

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

<u>Pension Builder 2014</u>
The Pension Builder 2014 sub-section has been operating since February 2014. There are 347 (2022: 427) participating employers. It was set up to help small employers comply with auto-enrolment legislation. It is a scheme that guarantees to pay out at least the value of the contributions paid in plus any bonuses, which are dependent on the investment returns. This guarantee means Pension Builder 2014 is classified as a cash balance scheme both in respect of tax and pensions legislation.

<u>Pension Builder Classic</u>
There are 129 (2022: 162) employers participating in this sub-section. It is a scheme which guarantees pension benefits for its members. The scheme provides guaranteed increases to pensions in line with limited price indexation ("LPI") in respect of contributions paid after 5 April 1997. Discretionary bonuses are applied to all benefits and to all pensions in payment relating to contributions paid before 6 April 1997. Bonuses may be declared by the Trustee, but are dependent on the funding level of the section each year.

<u>Defined Benefit Scheme</u>
The Defined Benefit Scheme currently has 13 (2022: 75) participating employers. Employers have some flexibility as to the benefit structure for members. The Scheme provides a guarantee that pensions will increase in line with LPI.

The section is managed in two parts: an employer section and a life risk section, each section with an investment strategy that reflects its purpose (see note 13 to the financial statements for more detail). The employer section receives contributions and invests in return seeking assets until the point of retirement. At the point of retirement, an amount is transferred to the life risk section, which pays pensions. This section is invested in liability matching assets and return seeking assets and has an insurance policy which pays 70% of pension in payment at the contract date.

Rule changes
There were no changes to the Scheme's rules during 2023. A full copy of the Scheme's rules is available on request.

Trustee's report (continued)

The Global Economy and Financial developments

In the global economy, 2023 marked a decisive break from the long period of relatively low inflation and ultra-low interest rates experienced since the 2008 financial crisis, as central banks increased rates to try and curb surging inflation. The dramatic increase in the cost of living has caused much distress in society and, within pensions, higher short-term interest rates caused a sharp rise in government and corporate bond yields at the start of 2023. More recently, signs that the major monetary authorities were starting to have some success in bringing headline inflation under control has increased market conviction that short-term interest rates have peaked. Although this sparked a sharp recovery in credit and other risk assets towards the end of the year, 2023 was another tough year for investors.

The liability driven investment (LDI) portfolios of the CWPS are held outside the CEIFP. The rise in bond yields depressed the market value of the fixed income securities in these LDI portfolios at the start of the year. However, rising bond 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 section of the scheme being fully funded as at the end of 2023. This gives members and employers greater security for the future. In line with the current longer-term strategy for the defined benefit section of the scheme, the trustees used this increased security to lower holdings in risk assets and increase their holdings of lower risk fixed income assets during the year.

Market sentiment continues to be dominated by the outlook for inflation and whether the major central banks will be able to steer interest rates in a way that avoids a global recession. The coming year will see some 40% of the global populations going to the polls, the war in Ukraine continues and there are mounting geopolitical tensions in the middle east and east Asia. 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.

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.

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

Going Concern
There has been no significant impact on contributions received from employers, as a result of the post pandemic context, geopolitical uncertainty or economic climate, and benefits have continued to be paid when due.

The Scheme is supported by the employer covenant, because this ultimately underwrites investment risk and funding risk. A detailed covenant assessment is undertaken to coincide with each triennial valuation. This includes assessment of financial strength and security and stress testing the ongoing viability of funders under various economic scenarios. Between valuations the Board undertakes pro-active engagement with responsible bodies, encourages all responsible bodies to inform the Board of relevant matters that may affect their covenant, and draws on information available to other NCIs on the financial health of responsible bodies. The Trustee has considered the impact the post pandemic context, 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 for each section of the Scheme is as follows:

Defined Benefit Scheme	Active	Deferred	Pensioners*	Beneficiaries*	Total
At 1 January	**108**	**1,453**	**2,245**	**249**	**4,055**
New members joining	8	-	-	-	8
Movement from other Sections	-	-	2	-	2
Members retiring	(7)	(66)	73	-	-
Members leaving prior to pension age	(24)	24	-	-	-
Full commutation	-	(3)	-	-	(3)
Transfers out	-	(2)	-	-	(2)
Deaths	-	(5)	(59)	(18)	(82)
New spouse and dependent pensions	-	-	-	26	26
Adjustments/other	(1)	-	-	-	(1)
Total at 31 December	**84**	**1,401**	**2,261**	**257**	**4,003**

* Included within the above are 2,068 (2022: 2,119) pensioners and 244 (2022: 238) beneficiaries whose benefits are partly provided by insurance policies.

Trustee's report (continued)

Pension Builder Classic	**Active**	**Deferred**	**Pensioners**	**Beneficiaries**	**Total**
At 1 January	**1,821**	**2,628**	**1,473**	**115**	**6,037**
New members joining	484	-	1	-	485
Re-entrants from other status	1	(1)	-	-	-
Movement from other Sections	1	-	-	-	1
Movement to other Sections	(1)	-	(2)	-	(3)
Members retiring	(31)	(64)	95	-	-
Members leaving with refunds	(8)	(26)	-	-	(34)
Members leaving prior to pension age	(309)	309	-	-	-
Full commutation	(13)	(27)	(2)	-	(42)
Transfers out	(7)	(23)	-	-	(30)
Deaths	(6)	(9)	(44)	(7)	(66)
New spouse and dependent pensions	-	-	-	9	9
Leaver with no liability	(2)	-	-	-	(2)
Total at 31 December	**1,930**	**2,787**	**1,521**	**117**	**6,355**

Pension Builder 2014	**Active**	**Deferred**	**Total**
At 1 January	**2,666**	**1,956**	**4,622**
New members joining	706	-	706
Movement from other Sections	1	-	1
Movement to another Sections	(1)	-	(1)
Re-entrants from other status	8	(8)	-
Members retiring	(4)	(10)	(14)
Members retiring – no further liability	(4)	(3)	(7)
Members leaving with refunds	(19)	(58)	(77)
Members leaving prior to pension age	(511)	511	-
Full commutation	(23)	(25)	(48)
Transfers out	(7)	(39)	(46)
Deaths	(3)	(2)	(5)
Adjustments/other	(5)	-	(5)
Total at 31 December	**2,804**	**2,322**	**5,126**

Pension Increases

Increases to Guaranteed Minimum Pensions in deferment and in the Pensions Builder Classic are increased at statutory rates. Increases to Guaranteed Minimum Pensions in the Defined Benefit Scheme are increased as set out below, which includes a discretionary increase in excess of statutory rates.

Increases to pensions in payment in the CWPF DBS are made in line with the Retail Prices Index ("RPI") up to a limit of 2.5% or 5.0%. The increase in RPI in the year to 30 September 2023 was 8.9% (2022: 12.6%).

Having carefully considered the funding position and other relevant factors, The Trustee decided to exercise its discretion, such that CWPF DBS pensions with 2.5% LPI provision would increase by 5%, i.e. a discretionary increase of 2.5%. This means that all DBS pensions in payment at 1 January 2024 increased by 5%.

Pensions earned in the Pension Builder Classic prior to April 1997 do not increase. Having carefully considered the funding position and other relevant factors, the Trustee decided to award a discretionary increase of 6.7% to all Pension Builder Classic pensions in payment or earned pre 1997, but not yet in payment at 1 January 2024, and a discretionary increase of 5% for those earned post 1997.

No discretionary bonuses were paid in respect of Pension Builder 2014 (1 April 2023: none). No discretionary bonuses were awarded in respect of Pension Builder 2014 (1 April 2023: none).

Bonuses are not applicable to the Defined Benefit Section.

Transfers

As prescribed by statutory regulations, all transfer payments were calculated in accordance with the methods and assumptions approved by the Scheme's Actuary and does not include any discretionary benefits. The Scheme does not accept transfers.

Trustee's report (continued)

Report on actuarial liabilities

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to based on pensionable service to the valuation date. This is assessed using the assumptions determined by the Trustee, after considering actuarial advice and having consulted with the employers, and is set out in the Statement of Funding Principles, which is available to Scheme members on request.

These liabilities are considered by the Scheme'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 valuation was carried out as at 31 December 2022 which showed at that date:

	Defined Benefit Scheme	Pension Builder Classic	Pension Builder 2014
	£m	£m	£m
Technical provision	328.0	114.2	41.0
Value of assets	401.6	149.0	49.5
(Deficit)/Surplus	73.6	34.8	8.5

The method and significant actuarial assumptions used to determine the technical provisions for the Defined Benefit Scheme and the Pension Builder Classic are as follows (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	
for employer pools (pre-retirement)	4.10% p.a.
for life risk section (post-retirement)	4.10% p.a.
For PB Classic (pre-retirement)	7.00% p.a.
For PB Classic (post-retirement for pre 1997 pensions)	7.00% p.a.
For PB Classic (post-retirement for post 1997 pensions)	3.90% p.a.
RPI	3.50% p.a.
Pension increases:	
Increasing in line with CPI (capped at 3.0%)	2.9% p.a.
Increasing in line with RPI (capped at 2.5%)	2.2% p.a.
Increasing in line with RPI (capped at 5.0%)	3.3% p.a.
Post-retirement mortality	100% of S3NMA and S3NFA mortality tables in line with the CMI 2021 extended model with long-term annual rate of improvement of 1.5% p.a. for both males and females, smoothing factor of 7 and an addition to the initial rates of 0.5% p.a.

As a result of the actuarial valuation the Trustee agreed future contribution rates with each participating Defined Benefit Scheme employer. There is no recovery plan for this valuation given the overall surplus in the DBS. For two employers with a deficit in their employers pool, deficit contributions have been set with the aim to recover their deficits by 31 July 2028.

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

Trustee's report (continued)

Investment management

At the end of 2023, the investments of the Scheme were as set out below. Detailed information on the performance, management and investment risks of the CEIFP is set out in Appendix 2.

	2023 £'000	2022 £'000	Nature of investment
Return seeking investments			
CEIFP – Public Equity Pool	**123,839**	91,197	Public equities
CEIFP – Diversified Growth Pool	**31,877**	72,693	Property unit trusts and private equity
CEIFP – Diversified Income Pool	**53,838**	134,789	Private infrastructure equity, private debt and EM sovereign debt
CEIFP – Liquidity Pool	**9,936**	2,571	Cash
Liability matching investments			
CEIFP – Listed Credit Pool	**78,496**	2,293	High quality corporate bonds
Liability Driven Investments ("LDI")	**144,450**	112,431	Pooled investment vehicles investing solely in gilts
Other			
Insurance policies	**175,400**	179,000	
Other investment balances	**449**	127	
Total at 31 December	**618,285**	595,101	

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.

The Defined Benefit Scheme of the CWPF has a number of sections, largely reflecting the pensionable status of the members. As members take their pensions, they effectively move from the general section to the life risk section of the scheme. These sections also have different investment strategies to reflect the pensionable status of the membership within these sections.

The triennial actuarial valuation of the defined benefit section of the CWPF indicated that it was expected to have a strong funding position. The trustees had already moved to 'de-risk' the life risk section (LRS) and defined benefit section of the scheme in 2022, but expectations of the strong funding position allowed further a reduction in the allocation to the equity and growth pools and an increase in the listed credit and fixed income allocation in the scheme. This allowed a further consolidation of equity managers and resulted in the termination of the emerging market equity mandate with T Rowe Price towards the end of 2023.

The trustees also reviewed the liability benchmark portfolios and hedging ratios of the LDI portfolios with BlackRock. There are three separate LDI portfolio in the CWPF, one for the defined benefit section, one for the life risk section and one for the Pension Builder Classic section of the scheme. Each of these has a slightly different strategy reflecting the different liabilities that are being matched by the gilt and index-linked gilts held within these mandates. As a result of this review, undertaken by our investment and actuarial consultants, the trustees were able to adjust the holdings and remove the need for having a 'levered' LDI portfolio for the DBS and PB Classic sections of the scheme. This removes the need to maintain collateral and simplifies the management of these LDI mandates.

In accordance with Section 35 of the Pensions Act 1995, a Statement of Investment Principles ("SIP") has been prepared for the Scheme by the Trustee. This incorporates the investment strategy and is supported by documents that set out how the investment strategy is implemented. The SIP was updated in June 2023 to reflect changes in the asset allocation that was undertaken in the year to 31 December 2022, and reviewed again in September 2023. Copies of the SIP may be obtained from the contact details listed in shown at the end of this report. The investment risks and the strategies in place to mitigate them are described in the notes to the financial statements.

Responsible Investment Considerations

Responsibly investing the pensions assets in order to pay pension promises remains at the heart of our work. In May 2023, and informed by the Transition Pathway Initiative analysis, we took the decision to disinvest from the last of our oil and gas holdings in line with the commitments made in 2018. In November, the Board published its Climate Action Plan, which sets out our next steps as an investor to tackle the climate emergency. This includes engagement with companies and sectors that are significant users of fossil fuels, a focus on climate solutions and supporting a just transition. The Board is also continuing to advocate for transformation across the mining sector, addressing matters of safety, human rights and social justice, including through leadership of a new Global Investor Commission on the future of the sector.

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

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 quality of life in retirement. Other matters taken into consideration include the risk appetite of the Scheme, strategic asset allocation, opportunities to capture illiquidity premia, diversification within and across asset classes, the potential benefits of active fund management, and the cost of implementation of investment decisions.

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

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

- Underlying assets held and how they will allocate between them;

- Risks associated with the underlying mix of assets and the steps the investment manager takes to mitigate them;

- Expected return targeted by the investment manager and details around realisation of the investment; and

- Impact of financial and non-financial factors, including those outlined in the Ethical and responsible investment section, on the investment over the long-term.

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

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

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

Management and custody of investments

In 2014 the Trustee decided to reduce the defined benefit liability risk by purchasing an insurance contract ("buy in") from Prudential. The contract transferred 70% of the pension risk at the contract date from the employers to the insurer. It removed significant investment risk from the assets backing that part of the payments and the risk associated with longevity too. In 2022 an additional insurance contract ("buy in") was purchased from Aviva for £159.1m to insure the remaining 30% of pensions for members covered by the Prudential, plus all other pensioners in the Defined Benefit Scheme as at 31 August 2021. The economic benefits of the Prudential policy were subsequently transferred to Rothesay Life. The Scheme holds £144.5m (2022: £112.3m) of its liability matching assets outside the CEIFP in its own LDI accounts. Apart from a cash reserve (held to meet the monthly pension commitments), all other assets are held in the CEIFP pools.

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

Investment performance

The overall return on the Scheme's investment assets, including the LDI portfolios, for 2023 was 5.32%

Fears that inflation and the associated tightening in monetary policy could prompt a recession plagued markets for much of the year. However, a slowing in the rate of inflation and signs that short-term interest rates had peaked prompted vigorous recovery in developed market equities and the equity pool in the (CEIFP) was up 14.3% over the previous year.

The impact of rising inflation, higher short-term rates and the crisis in confidence sparked by the UK mini fiscal statement in September 2022, is most readily seen in the negative annual return on the Gilts and LDI accounts, albeit posting a strong recovery towards the end of 2023.

The global and UK macro-economic developments outlined above also raised concern in the credit markets, and a rise in yields combined with a widening in credit spreads weighed on the listed credit pool for much of the year, before signs short-term interest rates had peaked and hopes that the US Federal Reserve would be able to avoid a recession and engineer a 'soft-landing' in the US and global economies saw a fall in yields and a sharp contraction in credit spreads. This caused strong gains in the listed credit portfolio pool (of 10.8%) over the previous year.

The property and private equity portfolios came under pressure in 2023 (falling by 6.7% and 7.0%) but the diversified income pool fared better (6.2%), supported by gains in the emerging market debt portfolio (15.1%) and infrastructure funds (5.2%) outweighing declines in the private debt and alternative income producing assets.

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.

Trustee’s report (continued)

Employer related investments
Details of employer related investments are given in note 15 to the financial statements.

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

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

Alternatively, enquiries may be made by email to pensions@churchofengland.org, or by telephone to 020 7898 1801.

Approval
The Trustee's Report and Statement of Trustee’s Responsibilities on page 10 were approved by the Trustee on 11 July 2024 and signed on its behalf by:

Clive Mather
Chairman

Statement of Trustee's Responsibilities

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

Trustee's responsibilities in respect of the financial statements

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

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

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

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

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

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

Opinion

We have audited the financial statements of the Church Workers Pension Fund ('the Scheme') for the year ended 31 December 2023 which comprise the Fund Account, the Statement of Net Assets and the related notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 December 2023, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The Trustee is responsible for the other information 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

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

In preparing the financial statements, the Trustee is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the Scheme or have no realistic alternative but to do so.

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

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, 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 custodian and fund managers of investments held at the Statement of Net Assets date.
- Diversion of assets through large investment transactions. A sample of transactions are agreed to supporting documentation testing the authorisation of the amount and approval of the payment of the transactions.
- Diversion of amounts receivable relating to the bulk annuity policies. This is addressed by testing the amounts received from the bulk annuity provider to the pensions paid to the pensioners, and where applicable to the fixed amounts due under the contracts.
- 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.

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

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

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Use of our report

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

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor
London

Date
11 July 2024

Fund Account for the year ended 31 December 2023

	Note	Pension Builder 2014	Pension Builder Classic	DBS – Employer section	DBS – Life Risk section	**2023 Total**	**2022 Total**
		£000	£000	£000	£000	**£000**	**£000**
Contributions and other income							
Employer contributions	4	6,125	6,198	1,523	-	**13,846**	**15,682**
Employee contributions	4	2,215	1,815	120	-	**4,150**	**3,694**
Other income	4	369	281	-	36	**686**	**1,120**
Total contributions and other income		8,709	8,294	1,643	36	**18,682**	**20,496**
Benefits							
Benefits paid or payable	5	(828)	(4,992)	(1,642)	(12,464)	**(19,926)**	**(19,398)**
Payments to and on account of leavers	6	(13)	(16)	-	-	**(29)**	**(22)**
Transfers out		(571)	(291)	(110)	-	**(972)**	**(2.020)**
Administrative expenses	7	(703)	(1,308)	-	(1,488)	**(3,499)**	**(3,056)**
Total benefits and other expenses paid		(2,115)	(6,607)	(1,752)	(13,952)	**(24,426)**	**(24,496)**
Net additions/(withdrawals) from dealings with members		6,594	1,687	(109)	(13,916)	**(5,744)**	**(4,000)**
Returns on investments							
Deposit interest		-	-	-	139	**139**	**2**
Income from insurance policies		-	-	-	11,612	**11,612**	**9,913**
Change in market value of investments	11	4,110	9,146	5,610	(1,939)	**16,927**	**(122,967)**
Investment management expenses		-	76	(31)	15	**60**	**(49)**
Net returns on investments		4,110	9,222	5,579	9,827	**28,738**	**(113,101)**
Net (decrease)/increase in fund		10,704	10,909	5,470	(4,089)	**22,994**	**(117,101)**
Transfers between sections	8	-	-	(12,670)	12,670	**-**	**-**
Opening net assets		49,543	148,990	201,149	199,746	**599,428**	**716,529**
Closing net assets		60,247	159,899	193,949	208,327	**622,422**	**599,428**

Notes 1 to 18 form part of these Financial Statements.

Statement of Net Assets available for benefits as at 31 December 2023

	Notes	Pension Builder 2014	Pension Builder Classic	DBS – Employer section	DBS – Life Risk section	**2023 Total**	**2022 Total**
		£000	£000	£000	£000	**£000**	**£000**
Investments							
Pooled investment vehicles (CEIFP)	11	59,631	132,910	92,048	13,397	**297,986**	**303,543**
Pooled investment vehicles (other)	11	-	25,403	102,257	16,790	**144,450**	**112,431**
Insurance policies	11	-	-	-	175,400	**175,400**	**179,000**
Other investment balances	11	-	425	22	2	**449**	**127**
Total investments		**59,631**	**158,738**	**194,327**	**205,589**	**618,285**	**595,101**
Current assets	9	813	1,854	844	4,230	**7,741**	**19,868**
Current liabilities	10	(197)	(693)	(1,222)	(1,492)	**(3,604)**	**(15,541)**
Net current assets		616	1,161	(378)	2,738	**4,137**	**4,327**
Total net assets available for benefits		60,247	159,899	193,949	208,327	**622,422**	**599,428**

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 scheme year. The actuarial position, which does take account of such defined benefit obligations, is dealt with in the report on actuarial liabilities on page 6, and these financial statements should be read in conjunction with this report. Notes 1 to 18 form part of these financial statements. Note 18 shows the full year comparatives.

These financial statements were approved by the Trustee on 11 July 2024 and signed on its behalf by:

Clive Mather
Chairman

Notes to the financial statements

1. Legal status

The Church Workers Pension Fund (the "Scheme") is an occupational pension scheme established under trust on 1 January 1953 by The Church of England Pensions Board (the current Trustee).

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 of financial statements

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

3. Accounting policies

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

a) Contributions

Employer normal contributions are accounted for on the accruals basis in the payroll month to which they relate. Employer deficit funding contributions, administration contributions and contributions for life cover are accounted for on the due dates on which they are payable under the Schedule of Contributions or on receipt if earlier with the agreement of the employer and the Trustee.

Employee contributions are accounted for on the accruals basis in the month deducted from payroll.

Additional voluntary contributions from members are accounted for, on the accruals basis, in the month deducted from payroll.

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, including pensions funded by annuity contracts, are accounted for in the period to which they relate. Other benefits are accounted for on the accruals basis on the date of retirement, death or leaving the Scheme, as appropriate.

c) Transfers to/from other pension schemes

Transfer values represent the capital sums either receivable in respect of members from other pension schemes of previous employers, or payable to the pension schemes of new employers for members who have left the Scheme. They are accounted for on the accruals basis, which is generally when funds are transferred unless the Trustee of the receiving scheme has 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. The costs are split between each section of the Scheme according to each section's use of management and administration time.

e) Income from insurance policies, 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 of all profits and losses realised on sales of investments and unrealised changes in market value, income and expenditure.

Income arising from insurance policies is shown separately in the Fund Account and is accounted for on the accruals basis.

Investment income

Income from cash and short term deposits is accounted for on the accruals basis. Income is shown gross of all withholding taxes, with irrecoverable taxes shown as a separate expense.

Investment expenditure

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

Notes to the financial statements (continued)

3. Accounting policies (continued)

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.

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.

Insurance policies

Insurance policies are valued by the Scheme's Actuary, Lane Clark and Peacock LLP, at the amount of the related obligation using the actuarial method. The mortality assumptions have been updated to reflect the latest projection tables this year, and the basis of the discount rate has also been updated to reflect the latest discussions ongoing as part of the 31 December 2022 actuarial valuation. The updated assumptions are shown in the following table:

Appendix 1: Assumptions used for assessing pensioner buy-in policy asset value

The table below sets out details of the assumptions used to value the buy-in policy as at 31 December 2023 and 31 December 2022.

Assumption	31 December 2023	31 December 2022
Financial assumptions (single equivalents)		
Gilt yield	3.9% pa	4.0% pa[1]
Discount rate	4.1% pa	4.2% pa
RPI inflation	3.4% pa	3.5% pa
RPI volatility	1.75% pa	1.75% pa
Pension increases (RPI capped at 5%)	3.2% pa	3.3% pa
Pension increases (RPI capped at 2.5%)	2.2% pa	2.2% pa
Demographic assumptions		
Mortality base table	100% of the S3NMA and S3NFA tables	
Allowance for mortality improvements	Improvements from 2013 in line with the CMI 2021 projections with long term improvement rate of 1.5%, smoothing parameter of 7.0, initial adjustment parameter (A) of 0.50% and an allowance for Covid-19 with a weighting of 0% for 2020 and 10% for 2021.	
Proportions married	80% of members are assumed to be married or have a spouse/civil partner/dependant at retirement or earlier death.	
Spouse's age difference	Wives are assumed to be 3 years younger than husbands	

The change in market value of investments recognised in the fund account during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value. In the case of pooled investment vehicles which are accumulation funds, change in market value also includes income, net of withholding tax, which is reinvested in the fund.

g) Foreign currencies

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

Notes to the financial statements (continued)

4. Contributions and other income

Year ended 31 December 2023	Pension Builder 2014	Pension Builder Classic	DBS – Employer section	DBS – Life Risk section	**Total**
	£000	£000	£000	£000	**£000**
Employer contributions					
Normal	5,766	5,734	1,137	-	**12,637**
Deficit	-	-	386	-	**386**
AVC	359	416	-	-	**775**
Augmentation	-	48	-	-	**48**
Total employer contributions	6,125	6,198	1,523	-	**13,846**
Employee contributions					
Normal	1,252	746	119	-	**2,117**
AVC	963	1,069	1	-	**2,033**
Total employee contributions	2,215	1,815	120	-	**4,150**
Other income					
Contributions for administration costs	-	-	-	36	**36**
Contributions for life cover	369	281	-	-	**650**
Total other income	369	281	-	36	**686**

Year ended 31 December 2022	Pension Builder 2014	Pension Builder Classic	DBS – Employer section	DBS – Life Risk section	**Total**
	£000	£000	£000	£000	**£000**
Employer contributions					
Normal	5,549	5,455	1,404	-	**12,328**
Deficit	-	-	2,572	-	**2,572**
AVC	218	380	-	-	**598**
Cessation liabilities	-	184	-	-	**184**
Total employer contributions	5,687	6,019	3,976	-	**15,682**
Employee contributions					
Normal	1,098	699	121	-	**1,918**
AVC	817	959	-	-	**1,776**
Total employee contributions	1,915	1,658	121	-	**3,694**
Other income					
Contributions for administration costs	-	-	5	519	**524**
Contributions for life cover	337	259	-	-	**596**
Total other income	337	259	5	519	**1,120**

Deficit funding contributions are payable monthly in respect of each employer's funding shortfall. Following the 2022 actuarial valuation, there is no recovery plan given the overall surplus in the DBS. For two employers with a deficit in their employers pool, deficit contributions have been set with the aim to recover their deficits by 31 December 2024 and 31 July 2028 respectively. Cessation liabilities are amounts required to be paid to the Scheme by an employer after a cessation event in accordance with the legal agreement in place.

5. Benefits paid or payable

Year ended 31 December 2023	Pension Builder 2014	Pension Builder Classic	DBS – Employer section	DBS – Life Risk section	**Total**
	£000	£000	£000	£000	**£000**
Pensions	-	3,679	-	12,401	**16,080**
Lump sums on retirement	114	710	1,587	-	**2,411**
Lump sums on death	211	296	55	-	**562**
Commutations	503	307	-	63	**873**
Total benefits paid	828	4,992	1,642	12,464	**19,926**

Year ended 31 December 2022	Pension Builder 2014	Pension Builder Classic	DBS – Employer section	DBS – Life Risk section	**Total**
	£000	£000	£000	£000	**£000**
Pensions	-	3,345	-	11,667	**15,012**
Lump sums on retirement	157	708	2,367	-	**3,232**
Lump sums on death	218	129	49	-	**396**
Commutations	476	277	-	5	**758**
Total benefits paid	851	4,459	2,416	11,672	**19,398**

Notes to the financial statements (continued)

6. Payments to and on account of leavers

Year ended 31 December 2023	Pension Builder 2014	Pension Builder Classic	DBS – Employer section	DBS – Life Risk section	**Total**
	£000	£000	£000	£000	**£000**
Refunds of contributions in respect of non-vested leavers	13	16	-	-	**29**
Total payments to and on account of leavers	13	16	-	-	**29**

Year ended 31 December 2022	Pension Builder 2014	Pension Builder Classic	DBS – Employer section	DBS – Life Risk section	**Total**
	£000	£000	£000	£000	**£000**
Refunds of contributions in respect of non-vested leavers	10	12	-	-	**22**
Total payments to and on account of leavers	10	12	-	-	**22**

7. Administrative expenses

The administrative expenses comprise a recharge from the Board for costs it bears on the Scheme's behalf. A breakdown of the costs which make up this recharge is listed below:

Year ended 31 December 2023	Pension Builder 2014	Pension Builder Classic	DBS – Employer section	DBS – Life Risk section	**Total**
	£000	£000	£000	£000	**£000**
Actuarial fees	196	419	-	719	**1,334**
Audit fees	-	-	-	40	**40**
Pension levy	11	18	-	57	**86**
Legal advice	17	29	-	105	**151**
Investment services	77	171	-	135	**383**
Administrative expenses	437	748	-	493	**1,678**
VAT rebate	(35)	(77)	-	(61)	**(173)**
Total administrative expenses	703	1,308	-	1,488	**3,499**

Year ended 31 December 2022	Pension Builder 2014	Pension Builder Classic	DBS – Employer section	DBS – Life Risk section	**Total**
	£000	£000	£000	£000	**£000**
Actuarial fees	224	273	-	342	**839**
Audit fees	-	-	-	41	**41**
Pension levy	8	12	-	58	**78**
Legal advice	(38)	(41)	-	101	**22**
Investment services	42	131	-	133	**306**
Administrative expenses	444	627	-	860	**1,931**
VAT rebate	(22)	(69)	-	(70)	**(161)**
Total administrative expenses	658	933	-	1,465	**3,056**

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.

8. Transfers between sections

The Defined Benefit section is managed in two parts: an employer section and a life risk section. The employer section receives contributions and holds investments for individual members until the point of retirement. At point of retirement, an amount is transferred to the life risk section, which pays pensions.

Notes to the financial statements (continued)

9. Current assets

At 31 December 2023	Pension Builder 2014	Pension Builder Classic	DBS – Employer section	DBS – Life Risk section	**Total**
	£000	£000	£000	£000	**£000**
Debtors					
Employer contributions	515	673	171	9	**1,368**
Trustee	8	1,076	-	2,341	**3,425**
Inter section debtor	215	52	580	-	**847**
Other	75	53	93	319	**540**
Total debtors	813	1,854	844	2,669	**6,180**
Cash	-	-	-	1,561	**1,561**
Total current assets	813	1,854	844	4,230	**7,741**

At 31 December 2022	Pension Builder 2014	Pension Builder Classic	DBS – Employer section	DBS – Life Risk section	**Total**
	£000	£000	£000	£000	**£000**
Debtors					
Employer contributions	484	598	323	47	**1,452**
Trustee	-	-	-	592	**592**
Inter section debtor	7,005	31	2,756	2,047	**11,839**
Other	114	37	24	-	**175**
Total debtors	7,603	666	3,103	2,686	**14,058**
Cash	-	-	-	5,810	**5,810**
Total current assets	7,603	666	3,103	8,496	**19,868**

Amounts owed from the Trustee represents money paid in advance towards the administrative expenses the Board incurs on the Scheme's behalf (see note 7).

10. Current liabilities

At 31 December 2023	Pension Builder 2014	Pension Builder Classic	DBS – Employer section	DBS – Life Risk section	**Total**
	£000	£000	£000	£000	**£000**
Unpaid benefits	55	51	61	-	**167**
Tax payable	1	221	-	-	**222**
Inter section creditor	-	-	-	847	**847**
Inter scheme creditor	-	-	-	-	**-**
Other	19	242	110	636	**1,007**
Trustee	122	179	1,051	9	**1,361**
Total creditors	197	693	1,222	1,492	**3,604**
Cash	-	-	-	-	**-**
Total current liabilities	197	693	1,222	1,492	**3,604**

At 31 December 2022	Pension Builder 2014	Pension Builder Classic	DBS – Employer section	DBS – Life Risk section	**Total**
	£000	£000	£000	£000	**£000**
Unpaid benefits	9	211	77	-	**297**
Tax payable	-	-	-	-	**-**
Inter section creditor	-	7,000	2,083	2,756	**11,839**
Inter scheme creditor	-	-	-	2,300	**2,300**
Other	11	179	1	433	**624**
Trustee	207	274	-	-	**481**
Total creditors	227	7,664	2,161	5,489	**15,541**
Cash	-	-	-	-	**-**
Total current liabilities	227	7,664	2,161	5,489	**15,541**

Amounts owed to the Trustee represent money charged by the Board towards the administrative expenses the Board incurs on the Scheme's behalf (see note 7).

Notes to the financial statements (continued)

11. Investment assets

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

Pension Builder 2014:

	At 1 January 2023 £000	Purchases at cost £000	Sales proceeds £000	Change in market value £000	At 31 December 2023 £000
Pooled investment vehicles (CEIFP)					
Public equity pool	17,099	36,077	(16,941)	3,529	**39,764**
Diversified growth pool	9,228	3,022	(5,502)	(363)	**6,385**
Diversified income pool	15,690	12,076	(15,150)	828	**13,444**
Liquidity pool	150	30,686	(30,914)	116	**38**
Total investments	42,167	81,861	(68,507)	4,110	**59,631**

Pension Builder Classic:

	At 1 January 2023 £000	Purchases at cost £000	Sales proceeds £000	Change in market value £000	At 31 December 2023 £000
Pooled investment vehicles (CEIFP)					
Public equity pool	56,576	66,814	(47,028)	7,601	**83,963**
Diversified growth pool	25,496	1,522	(12,650)	(935)	**13,433**
Diversified income pool	47,693	20,500	(41,960)	2,067	**28,300**
Liquidity pool	233	35,821	(36,052)	120	**122**
Listed credit pool	-	8,450	(1,840)	482	**7,092**
Total pooled investment vehicles	129,998	133,107	(139,530)	9,335	132,910
Pooled investment vehicles (other)					
Bonds	17,090	2,224	-	(547)	**18,767**
Cash	8,833	27	(2,224)	-	**6,636**
Other investment balances	67	-	-	358	**425**
Total investments	155,988	135,358	(141,754)	9,146	**158,738**

Defined benefit Scheme – Employer section:

	At 1 January 2023 £000	Purchases at cost £000	Sales proceeds £000	Change in market value £000	At 31 December 2022 £000
Pooled investment vehicles (CEIFP)					
Public equity pool	14,419	29,897	(46,315)	2,111	**112**
Diversified growth pool	36,987	2,377	(26,489)	(816)	**12,059**
Diversified income pool	70,144	19,318	(78,178)	810	**12,094**
Liquidity pool	1,286	75,034	(67,048)	433	**9,705**
Listed credit pool	1,749	59,796	(6,784)	3,317	**58,078**
Total pooled investment vehicles	124,585	186,422	(224,814)	5,855	**92,048**
Pooled investment vehicles (other)					
Bonds	75,563	74,979	(48,077)	(208)	**102,257**
Other investment balances	59	-	-	(37)	**22**
Total investments	200,207	261,401	(272,891)	5,610	**194,327**

Defined benefit Scheme – Life risk section:

	At 1 January £000	Purchases at cost £000	Sales proceeds £000	Change in market value £000	At 31 December 2023 £000
Pooled investment vehicles (CEIFP)					
Public equity pool	3,103	1,637	(4,956)	216	-
Diversified growth pool	982	1,615	(2,590)	(7)	-
Diversified income pool	1,262	2,333	(3,612)	17	-
Liquidity pool	902	22,368	(23,394)	195	**71**
Listed credit pool	544	17,728	(5,940)	994	**13,326**
Total pooled investment vehicles (CEIFP)	6,793	45,681	(40,492)	1,415	**13,397**
Pooled investment vehicles (other)					
Bonds	10,945	5,600	-	245	**16,790**
Other investment balances	1	-	-	1	**2**
Insurance policies - Rothesay Life/Aviva	179,000	-	-	(3,600)	**175,400**
Total investments	196,739	51,281	(40,492)	(1,939)	**205,589**

Notes to the financial statements (continued)

11. Investment assets (continued)

There has been no change in either the objectives or investment policy of the Pension Builder 14 or Pension Builder Classic (as outlined in Note 13) and the moves in the portfolio largely reflect a market and modest movements over the course of the year.

Following the improvement in funding position seen in 2022, confirmed by the actuarial valuation, the Trustees have been undertaking a phased derisking of both the life risk section and the general fund of the defined benefit section of the scheme. Market developments at the start of 2023 caused the trustees to further de-risk the defined befit section by selling down all the equity and investing in listed credit and a separate liability driven investment portfolio for the defined benefit section of the portfolio.

The Trustees updated the Statement of investment Principles (SIP) to reflect the new investment strategy for the Scheme in June 2023 and the SIP was reviewed again in September 2023.

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 Trustees to quantify such indirect transaction costs. Custody charges are negligible. See Appendix 2 for detail about the CEIFP. 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.

12. Fair Value of Investment assets

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

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

The Scheme's investment assets and liabilities, other than its investment in CEIFP units, have been included at fair value within these levels as follows:

Pension Builder 2014:

At 31 December 2023	**1**	**2**	**3**	**Total**
	£000	**£000**	**£000**	**£000**
Pooled investment vehicles (CEIFP)	40,558	1,171	17,902	**59,631**
Total investments	40,558	1,171	17,902	**59,631**

At 31 December 2022	**1**	**2**	**3**	**Total**
	£000	**£000**	**£000**	**£000**
Pooled investment vehicles (CEIFP)	19,440	1,150	21,577	**42,167**
Total investments	19,440	1,150	**21,577**	**42,167**

Pension Builder Classic:

At 31 December 2023	**1**	**2**	**3**	**Total**
	£000	**£000**	**£000**	**£000**
Pooled investment vehicles (CEIFP)	86,023	9,208	37,679	**132,910**
Pooled investment vehicles (bonds)	-	25,403	-	**25,403**
Other investment balances	425	-	-	**425**
Total investments	86,448	34,611	37,679	**158,738**

At 31 December 2022	**1**	**2**	**3**	**Total**
	£000	**£000**	**£000**	**£000**
Pooled investment vehicles (CEIFP)	63,212	3,478	63,308	**129,998**
Pooled investment vehicles (bonds)	-	25,923	-	**25,923**
Other investment balances	67	-	-	**67**
Total investments	63,279	29,401	63,308	**155,988**

Notes to the financial statements (continued)

12. Fair Value of Investment assets (continued)

Defined benefit Scheme – Employer section:

At 31 December 2023	**1**	**2**	**3**	**Total**
	£000	**£000**	**£000**	**£000**
Pooled investment vehicles (CEIFP)	13,823	56,257	21,968	**92,048**
Pooled investment vehicles (bonds)	-	102,257	-	**102,257**
Other investment balances	22	-	-	**22**
Total investments	13,845	158,514	21,968	**194,327**

At 31 December 2022	**1**	**2**	**3**	**Total**
	£000	**£000**	**£000**	**£000**
Pooled investment vehicles (CEIFP)	24,720	7,227	92,638	**124,585**
Pooled investment vehicles (bonds)	-	75,563	-	**75,563**
Other investment balances	59	-	-	**59**
Total investments	24,779	82,790	92,638	**200,207**

Defined benefit Scheme – Life Risk section:

At 31 December 2023	**1**	**2**	**3**	**Total**
	£000	**£000**	**£000**	**£000**
Pooled investment vehicles (CEIFP)	727	12,667	3	**13,397**
Pooled investment vehicles (bonds)	-	16,790	-	**16,790**
Insurance policies	-	-	175,400	**175,400**
Other investment balances	2	-	-	**2**
Total investments	729	29,457	175,403	**205,589**

At 31 December 2022	**1**	**2**	**3**	**Total**
	£000	**£000**	**£000**	**£000**
Pooled investment vehicles (CEIFP)	4,220	617	1,956	**6,793**
Pooled investment vehicles (bonds)	-	10,945	-	**10,945**
Insurance policies	-	-	179,000	**179,000**
Other investment balances	1	-	-	**1**
Total investments	4,221	11,562	180,956	**196,739**

Insurance policies are valued by the Scheme Actuary using assumptions consistent with those used in the triennial actuarial valuation as set out on page 6 and updated for market conditions at the reporting date.

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. The investment strategy will be reviewed through the valuation.

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**	**Total**
		Currency	Interest rate	Other price	**2023**	**2022**
					£000	**£000**
Pension Builder 2014						
Pooled investment vehicles (CEIFP)	(see Investment Risks for the CEIFP in Appendix 2)				**59,631**	**42,167**
Total Pension Builder 2014 investments					**59,631**	**42,167**
Pension Builder Classic						
Pooled investment vehicles (CEIFP)	(see Investment Risks for the CEIFP in Appendix 2)				**132,910**	**129,998**
Pooled investment vehicles (bonds)	◑	◑	●	○	**25,403**	**25,923**
Other investment balances	○	○	○	○	**425**	**67**
Total Pension Builder Classic investments					**158,738**	**155,988**
Defined Benefit Scheme – Employer section						
Pooled investment vehicles (CEIFP)	(see Investment Risks for the CEIFP in Appendix 2)				**92,048**	**124,585**
Pooled investment vehicles (bonds)	◑	◑	●	○	**102,257**	**75,563**
Other investment balances	○	○	○	○	**22**	**59**
Total Defined Benefit Scheme – Employer section investments					**194,327**	**200,207**

Notes to the financial statements (continued)

13. Investment risk disclosures (continued)

Defined Benefit Scheme – Life Risk section						
Pooled investment vehicles (CEIFP)	(see Investment Risks for the CEIFP in Appendix 2)				**13,397**	**6,793**
Pooled investment vehicles (bonds)	◑	◑	●	○	**16,790**	**10,945**
Insurance policies	●	○	●	○	**175,400**	**179,000**
Other investment balances	○	○	○	○	**2**	**1**
Total Defined Benefit Scheme - Life Risk section investments					**205,589**	**196,739**

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 which are set taking into account the Scheme's strategic investment objectives for its directly held investments and through the CEIFP for its pooled CEIFP investments, which are described in Appendix 2, Note 10.

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

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 investment strategy has been reviewed for all sections following the finalisation of the 2022 valuation.

Pension Builder 2014
The investment strategy for the Pension Builder 2014 is to wholly invest in the CEIFP return seeking pool. The Trustee takes advice as to the level of bonus it can award members, ensuring sufficient, but not excessive, reserves are held to meet the cost of the investment guarantee. The investment risks faced by the CEIFP are described in Appendix 2, Note 10.

Pension Builder Classic
The investment strategy for the Pension Builder Classic is to hold investments split 20% and 80% between liability matching and return seeking assets. The weighting has been chosen by the Trustee after seeking advice from its investment advisors to ensure sufficiency of assets in the future whilst also ensuring there is sufficient liquidity to meet current pension obligations. Most of the liability matching investments are held in a separate LDI account, which is constructed to match future expected beneficiary payments. A small proportion of the liability matching investments remain in the listed credit pool of the CEIFP. All of the return seeking investments continue to be held wholly within the CEIFP. The investment risks faced by the CEIFP are described in Appendix 2, Note 10.

Defined Benefit Scheme - Employer section
The employer section holds funds for members before their retirement and is nominally divided into employer pools. On retirement, an amount for each member is transferred to the Life Risk section. The investment strategy for the Employer non-orphan section is to hold investments split 64% and 36% between liability matching and return seeking assets. Assets relating to orphan employers are held primarily in the listed credit pool of the CEIFP. Orphan employers are those where there are no active members, but there are deferred members yet to retire.

Defined Benefit Scheme – Life Risk section
The life risk section holds funds for pensioners and funds their payments. Two insurance contracts are held which pay out 100% of the section's pensions in payment, and their future increases. This provides a lower risk environment for participating employers. The investment strategy for the Life Risk section is to hold its investment assets in liability matching assets (liability matching assets include the value of the insurance policies). This strategy ensures that the section's pension payments are matched to the investment returns and risks.

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

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

Notes to the financial statements (continued)

13. Investment risk disclosures (continued)

The insurance policy counterparties, Rothesay Life and Aviva, are responsible for making payments to the Scheme in line with the contracts and there is a risk they default on their obligations. The Trustee has mitigated this risk by carrying out suitably rigorous due diligence on the contracts before they were signed.

The Scheme is also subject to credit risk through its investments in bonds, repurchase agreements, short term borrowings within the pooled investment funds 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.

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 Defined Benefit Scheme has limited exposure to currency risk as the 'buy-in' policies and Liability Driven Investment are largely denominated in Sterling. However, the currency risk associated with some of the residual growth and income assets is mitigated in part by foreign exchange hedging arrangements.

Interest rate risk
The Scheme is subject to interest rate risk due to its buy in insurance policies. The insurance policies will increase in value as interest rates fall and decrease in value as interest rates rise. The nature of the arrangement however is such that as the value of obligation to pay future benefits to members changes, the value of the insurance policies changes at the same rate to match the obligation. The Actuary performs a formal valuation of the policies at each year end.

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. If interest rates and bond yields fall, the market value of the bonds will rise, while if interest rates rise the market values of bonds will fall. Changes in interest rates can also influence the value of the actuarial value of the liabilities of the schemes. The increase in value of bonds that arises from a fall in bond yields will often help to 'match' the increase in actuarial liabilities arising from a fall in discount rate. Similarly, if interest rates rise the values of the bonds will fall (as they did in 2022), this will often match the decline in the actuarial liabilities because of an increase in discount rate being applied to the liabilities.

The main problem identified by the so-called gilt crisis of 2022 was primarily to do with leveraged LDI positions, where the magnitude and speed of the move in gilt yields caused some pension funds to struggle to meet their collateral requirements that need to be held to back such positions. Although the CWPF schemes managed by the Trustees were able to meet all their collateral requirements in 2022, the improved funding position of the DB schemes allowed the Trustees to adopt unlevered LDI strategies for the CWPF when these strategies were reviewed following the tri-annual actuarial review. This removes the need to maintain collateral and simplifies the management of these LDI mandates.

Notes to the financial statements (continued)

14. Concentration of investments

The following investments account for more than 5% of the net assets at the year-end:

	2023 £000	%	2022 £000	%
Pension Builder 2014:				
CEIFP public equity pool	**39,764**	6.4	**-**	-
Pension Builder Classic:				
CEIFP public equity pool	**83,963**	13.5	**56,576**	9.4
CEIFP diversified income pool	**-**	-	**47,693**	8.0
Defined Benefit Scheme – Employer section:				
CEIFP listed credit pool	**58,078**	9.3	**-**	-
CEIFP diversified growth pool	**-**	-	**36,987**	6.2
CEIFP diversified income pool	**-**	-	**70,144**	11.7
Defined Benefit Scheme – Life Risk section:				
Aviva buy-in	**113,200**	18.2	**112,600**	18.8
Rothesay Life buy-in	**62,200**	10.0	**66,400**	11.1

15. Employer related investments

There were no direct employer-related investments during the year.

16. Related party transactions

One Board member (2022: one) who has retired from service under the Scheme is in a receipt of a pension on normal terms.

As disclosed in notes 9 and 10, £2,064,000 (net) is owed by the Trustee to the Scheme (2022: £111,000 (net) owed by the Trustee to the Scheme), representing money charged by the Board in advance towards the administrative expenses the Board incurs on the Scheme's behalf (see note 7).

17. Guaranteed Minimum Pension equalisation

In October 2018, the High Court determined that Guaranteed Minimum Pension benefits provided to members who had contracted out of the State Earnings Related Pension Scheme must be recalculated to reflect the equalisation of state pension ages between May 1990 and April 1997 for both men and women. Additionally, in November 2020, the High Court determined that Guaranteed Minimum Pension shortfalls also apply to past transfers. The Trustee is now reviewing, with their advisors, the implication of these rulings on the Scheme and the equalisation of guaranteed minimum pensions between men and women; in the context of the rules of the Scheme and the value of any liability. When this review is finalised and any liability quantified, members will receive further communication and any impact on financial reporting will be considered by the Trustee. The Trustee has estimated the total cost of equalisation to be £5.9m, although this estimate covers both amounts underpaid in previous periods and the future cost of providing any uplift. The financial statements do not include a liability due to the immateriality of the total estimated cost of equalisation.

Notes to the financial statements (continued)

18. Prior year Fund Account and Statement of Net Assets Available for Beneficiaries

Fund Account for the year ended 31 December 2022

	Note	Pension Builder 2014	Pension Builder Classic	DBS – Employer section	DBS – Life Risk section	**2022 Total**
		£000	£000	£000	£000	**£000**
Contributions and other income						
Employer contributions	4	5,687	6,019	3,976	-	**15,682**
Employee contributions	4	1,915	1,658	121	-	**3,694**
Transfers in		-	-	-	-	**-**
Other income	4	337	259	5	519	**1,120**
Total contributions and other income		7,939	7,936	4,102	519	**20,496**
Benefits						
Benefits paid or payable	5	(851)	(4,459)	(2,416)	(11,672)	**(19,398)**
Payments to and on account of leavers	6	(10)	(12)	-	-	**(22)**
Transfers out		(694)	(333)	(993)	-	**(2,020)**
Administrative expenses	7	(658)	(933)	-	(1,465)	**(3,056)**
Total benefits and other expenses paid		(2,213)	(5,737)	(3,409)	(13,137)	**(24,496)**
Net additions/(withdrawals) from		5,726	2,199	693	(12,618)	**(4,000)**
Returns on investments						
Deposit interest		-	-	-	2	**2**
Income from insurance policies		-	-	-	9,913	**9,913**
Change in market value of investments	11	(1,958)	(36,320)	(5,610)	(79,079)	**(122,967)**
Investment management expenses		-	(24)	-	(25)	**(49)**
Net returns on investments		(1,958)	(36,344)	(5,610)	(69,189)	**(113,101)**
Net increase/(decrease) in fund		3,768	(34,145)	(4,917)	(81,807)	**(117,101)**
Transfers between sections	8	-	-	(17,194)	17,194	**-**
Opening net assets		45,775	183,135	223,260	264,359	**716,529**
Closing net assets		49,543	148,990	201,149	199,746	**599,428**

Statement of Net Assets available for benefits as at 31 December 2022

	Notes	Pension Builder 2014	Pension Builder Classic	DBS – Employer section	DBS – Life Risk section	**2022 Total**
		£000	£000	£000	£000	**£000**
Investments						
Pooled investment vehicles (CEIFP)	11	42,167	129,998	124,585	6,793	**303,543**
Pooled investment vehicles (other)	11	-	25,923	75,563	10,945	**112.431**
Insurance policies	11	-	-	-	179,000	**179,000**
Other investment balances	11	-	67	59	1	**127**
Total investments		42,167	155,988	200,207	196,739	**595,101**
Current assets	9	7,603	666	3,103	8,496	**19,868**
Current liabilities	10	(227)	(7,664)	(2,161)	(5,489)	**(15,541)**
Net current assets		7,376	(6,998)	942	3,007	**4,327**
Total net assets available for benefits		49,543	148,990	201,149	199,746	**599,428**

Actuary's Certificate

Actuary's certification of schedule of contributions

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

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

Adequacy of rates of contributions

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

I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 25 March 2024.

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: 27 March 2024

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

Notes not forming part of the certification

In giving the above opinion I have interpreted the phrase "can be expected to continue to be met" as being satisfied by consideration of the proposed contributions under the economic and demographic scenario implied by the trustees' funding assumptions as set out in their statement of funding principles dated 25 March 2024 and without any further allowance for adverse contingencies. My opinion does not necessarily hold in any other scenarios.

I have taken account of contributions that are payable to the Fund between the effective date of the valuation and the date that I have certified this Schedule as documented in the Schedules of Contributions dated 3 April 2023, 10 July 2023, 10 October 2023 and 8 March 2024.

I have had regard to the agreed transfer of assets from the DBS General Fund to the Pension Builder section in lieu of employer contributions (up to a maximum of £14.43m).

APPENDIX 1

Ethical Investment Approach of the Church of England Pensions Board

The Pensions Board receives ethical investment advice from the Church's Ethical Investment Advisory Group (EIAG). The purpose of the EIAG is to support the Board to act as a distinctively Christian – and Anglican – institutional investor. The EIAG develops ethical investment advice, and the Board develops and approves investment policies based on this advice. EIAG advice and Board's policies are published on the Church of England website.

The EIAG consists of a representative of each National Investing Body of the Church of England (the "NIBs": the Church Commissioners, the CBF Church of England Funds, and the Pensions Board), and six independent members appointed by the Nominations Committee of the EIAG (which itself includes representatives of General Synod, the Archbishops' Council, the Mission and Public Affairs Council, the Church Investors Group and the NIBs).

The EIAG is supported by a small Secretariat hosted by the Pensions Board and jointly funded by the NIBs. Formal responsibility for all investment decisions rests solely with the NIBs. The Pensions Board has also resourced its own Responsible Investment function within and integrated into its Investment Team to implement the Board's approach to stewardship which embraces various stewardship strategies and priorities, engagement and investment exclusions.

Stewardship

The Pensions Board has published a Stewardship Report 2023 available here which has been submitted to the FRC, in accordance with the FRC Stewardship Code 2020. In 2021, 2022 and 2023, the FRC accepted the Board's stewardship reporting and the Board has been a signatory to the Stewardship Code since the first cohort of signatories. The Code encourages institutional investors to act as good stewards of their investments through active ownership (monitoring, engagement and voting). The Board is a signatory to the United Nations Principles for Responsible Investment (PRI) under which institutional investors pledge to incorporate environmental, social and governance (ESG) issues into investment analysis and decision-making processes, and to be active owners, across all asset classes. The Board recognises climate change as a distinct ethical and responsible investment issue and invests in line with a climate change policy, and a Climate Action Plan, published in November 2023. The Board has also published a TCFD report [available here] for the Clergy scheme (CEFPS), which also contains relevant information for the Board's other schemes. The Pensions Board has developed a Stewardship Implementation Framework that guides its active ownership practices, including its approach to engaging with asset managers.

Engagement

The Pensions Board's investment team includes ethical and responsible investment specialists, who undertake engagement with companies in which the Board is invested, inclu

ding voting at shareholder meetings. In general, the Board expects companies in which it invests to pay proper attention to human rights, responsible employment practices, sustainable environmental practice, fair treatment of customers and suppliers, sensitivity towards the communities in which they operate and best corporate governance practice. The engagement team engages with investee companies to seek improvements in standards in these areas, and other areas defined by the suite of ethical investment policies. Policies adopted by the Board are listed on the EIAG website and they include specific policies on Executive Remuneration, Business and Engagement, Climate Change and Extractive Industries, among others.

Investment exclusions

The Pensions Board does not wish directly to profit from, or provide capital to, activities that are materially inconsistent with Christian values, and are also mindful of the danger of undermining the credibility, effectiveness and unity of the Church's witness were they to do so. A range of investment exclusions based on ethical investment policies is therefore maintained and updated quarterly to reflect changes in markets. Individual company engagements may exceptionally lead to a recommendation to Trustee Committees to implement a specific exclusion in any line of business. Such recommendations and exclusions will normally only occur after sustained dialogue and if the company does not respond positively to concerns about its practices. In such cases the Board determines whether to disinvest. The Board expects a recognition of responsibility and action within a clear timescale to improve, rather than perfection.

Ethical Investment Approach of the National Church Institutions

Ethical Investment

When investing, and based on the advice of the EIAG, the Board applies exclusions to companies involved in indiscriminate weaponry, conventional weaponry, pornography, tobacco, gambling, non-military firearms, and high interest rate lending. Details of all of the policies are available on the EIAG's webpages. As a result of the Climate Change Policy 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. This is outlined in the

Board's Climate Action Plan (published November 2023), along with details of a change in our climate stewardship to focus on demand side companies, rather than supply.

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.

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, including in respect to stewardship and engagement matters.

The Board has published a full Stewardship Report for 2023 on its website, which is designed to provide an accessible account of the Board's stewardship activity, record significant votes, and the FRC 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, and for more details, please see the information provided in the Stewardship Report.

Key future focus areas in 2024, building on previous year's work

Systemic stewardship:

• 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.

• Open the Global Tailings Institute in South Africa, launch the first global database of tailings dams together with ICOLD and develop an investor position on legacy/lost tailings facilities.

• Establish an asset owner dialogue on the future role of pension funds investing in the UK water industry.

• Retain stewardship as an active part of our investment process, including manager monitoring and selection, assessment of risks, due diligence, voting, screening, etc.

Climate & Biodiversity:

• 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+.

• Pilot new net zero standard on diversified mining.

Social & Governance:

• Develop and implement a Social Action Plan.

• Launch the Fair Reward Framework and use this to inform proxy voting at company AGMs.

• Continue to support adoption and implementation of the Asset Owner Diversity Charter.

Appendix 2

The Church of England Investment Fund for Pensions

Annual Report and Financial Statements
31 December 2023

Contents

Trustee's report

The Church of England Pensions Board (the "Board"), as Trustee of The Church of England Investment Fund for Pensions ("CEIFP", or the "Fund") is pleased to present its annual report for the year ended 31 December 2023.

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.

The Global Economy and Financial developments

In the global economy, 2023 marked a decisive break from the long period of relatively low inflation and ultra-low interest rates experienced since the 2008 financial crisis, as central banks increased rates to try and curb surging inflation. The dramatic increase in the cost of living has caused much distress in society and, within pensions, higher short term interest rates caused a sharp rise in government and corporate bond yields. Signs that the monetary authorities were starting to have some success in bringing headline inflation under control, has increased market conviction that short term interest rates have peaked, and sparked a sharp recovery in credit and other risk assets towards the end of the year. Nevertheless, 2023 was another tough year for investors.

Although the schemes Liability Driven Investment (LDI) portfolios are held outside the CEIFP, the earlier rise bond yields depressed the market value of these fixed income securities. However, rising bond 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 2023. This gives members and employers greater security for the future. The trustees of the schemes used this increase security to lower holdings in risk assets and increase their holdings of lower risk fixed income assets during the course of the year and this is reflected in movements in the CEIFP assets.

Market sentiment continues to be dominated by the outlook for inflation and whether the major central banks be able to steer interest rates in a way that avoids a global recession. The coming year will see some 40% of the global populations going to the polls, the war in Ukraine has entered its third year and there are mounting geopolitical tensions in the middle east and in east Asia. 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.

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

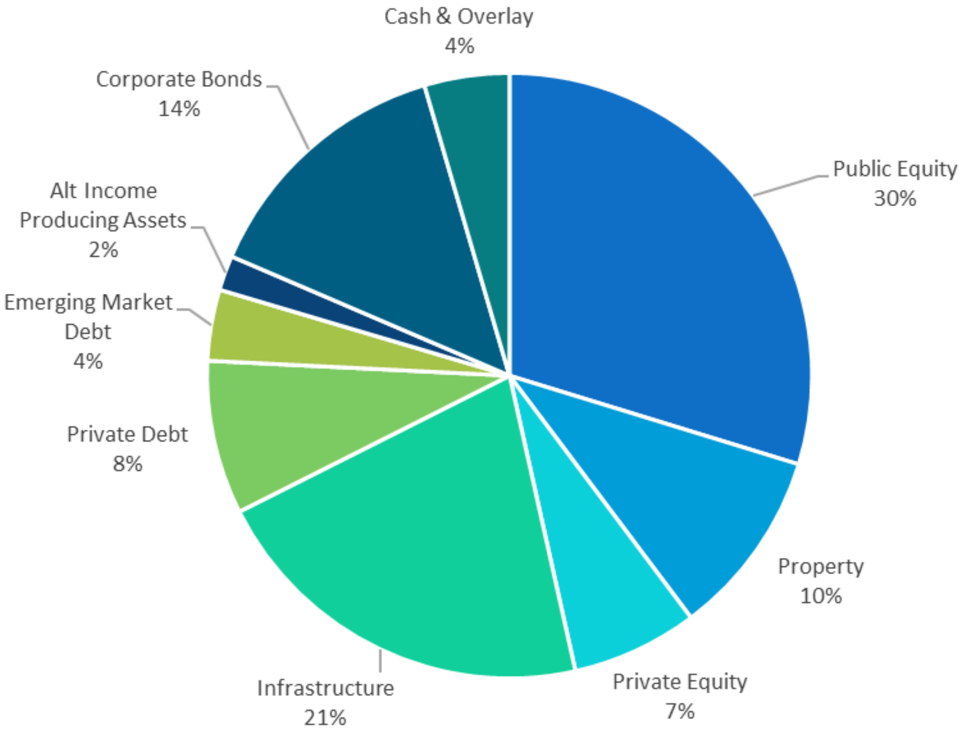
We pool most of the individual pension scheme assets for investment purposes in the CEIFP. This allows our smaller schemes to access economies of scale and investment opportunities that might not be available to them otherwise.

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

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.

Total Assets in the CEIFP (excluding-LDI holdings)

The chart below shows how our assets were invested in the CEIFP at the end of 2023.



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 reduction in public equity investments has allowed us to further simplify and consolidate the number of asset managers we work with, delivering recurring cost savings to members and employers (who bear the cost of scheme administration). At the end of 2023, the Fund's assets within the CEIFP were managed by 17 investment managers (having terminated the emerging market equity mandate with T Rowe Price in December 2023).

Fund manager	**Description**
Antin Infrastructure Partners	Pooled infrastructure fund
Audax Group	Portfolio of private loans in the US
Basalt Infrastructure Partners	Pooled infrastructure fund
Blackstone	Alternative income
Cambridge Associates	Private equity
CBRE Global Investors	Property unit trusts
Colchester Global Investors	Emerging market debt
DBL Partners	Venture capital
DIF Management	Pooled infrastructure fund
EQT Infrastructure Partners	Pooled infrastructure fund
Igneo Infrastructure Partners	Pooled infrastructure fund
Generation Investment Management LLP	Global equities and 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

Investment Performance

Total assets of the three schemes for which the Church of England Pension Board (CEPB) is trustee returned 5.4%, while the assets within the CEIFP (which excludes the Liability Driven Investment portfolio) returned 7.3% in 2023.

The longer-term annualised returns to 31 December 2023 for each of the broad asset classes are set out below, including Inception to Date ("ITD") All figures are net of fund management fees and asset class returns are shown in Sterling terms.

Investment returns to 31st December 2023	£m	3 Mos.	1 Yr.	3 Yrs.	5 Yrs.	10 Yrs.	ITD
CEPB Total Assets New	**3,054**	**5.8**	**5.4**	**1.1**	**5.5**	**6.6**	**7.5**
CEPB Total Assets ex LDI*	**2,350**	**3.6**	**7.3**	**5.8**	**8.0**	**7.8**	**8.1**
Public Equity Pool	**700**	**7.2**	**14.3**	**5.5**	**10.2**	**8.8**	**8.7**
Global Equities	690	8.3	17.4	9.4	11.5	11.0	9.1
Emerging Market Equities	00	-3.6	-7.8	-8.6	1.1	5.0	4.1
Public Equity Cash	10	1.2	4.0	0.9	--	--	0.2
Public Equity Hedge	00	2.9	5.1	-1.9	--	--	0.3
Diversified Growth Pool	**394**	**-3.6**	**-5.4**	**4.8**	**3.6**	**7.0**	**3.6**
Property	232	-4.7	-6.7	4.2	2.8	6.6	3.4
Private Equity	157	-4.5	-7.0	8.5	--	--	-0.8
Diversified Growth Cash	04	0.7	2.9	-3.4	--	--	--
Diversifed Growth Hedge	01	4.2	4.7	-3.4	--	--	-0.4
Diversified Income Pool	**823**	**1.8**	**6.2**	**9.7**	**8.6**	**7.6**	**8.0**
Infrastructure	489	0.6	5.2	14.7	12.0	10.5	10.5
Private Debt	190	-2.8	-1.1	6.4	3.5	--	4.9
Emerging Market Debt	88	5.8	15.1	3.8	4.2	--	4.3
Alt Income Producing Assets	43	-2.7	-8.4	4.5	--	--	-17.0
Diversified Income Cash	11	0.8	2.0	-1.9	--	--	-1.5
Diversified Income Hedge	02	3.3	4.5	-1.8	--	--	0.0
Listed Credit Pool	**327**	**10.0**	**10.8**	**-4.7**	**0.3**	**3.2**	**5.5**
Liquidity Pool (Cash)	**105**	**1.4**	**4.1**	**1.9**	**0.6**	**-0.6**	**0.3**
Gilts & LDI	**704**	**14.7**	**-2.6**	**-16.8**	**--**	**--**	**-9.9**

Fears that inflation and associated tightening in monetary policy could prompt a recession plagued markets for much of the year. However, a slowing in the rate of inflation and signs that short-term interest rates had peaked prompted vigorous recovery in developed market equities and the equity pool in the (CEIFP) recorded gains of 7.2% in the final quarter of 2023 and was up 14.3% over the previous year. US shares fared the best, with the with the Nasdaq returning 14% and the S&P 500 ending the quarter near its all-time high. Equity performance was extremely concentrated with the so called 'magnificent seven' generating much of the gains in the developed equity markets. A poor performance from Chinese equities meant that emerging market equities tends to lag developed equity markets.

The impact of rising inflation, higher short-term rates and the crisis in confidence sparked by the UK mini fiscal statement in September, is most readily seen in the negative annual return on the Gilts and LDI accounts, albeit posting a strong recovery towards the end of 2023.

The global and UK developments outlined above also raised concern in the credit markets, and the rise in yields combined with a widening in credit spreads weighing on the listed credit pool for much of the year, before signs of a peak in short term rates and hopes that the US federal Reserve would be able to engineer a soft-landing in the US and global economies saw a fall in yields and a sharp construction in credit spreads, causing gains in the listed credit portfolio pool (of 10.8%).

The property and private equity portfolios came under pressure in 2023 (falling by 6.7% and 7.0%) but the diversified income pool fared better (6.2%) supported by gains in our emerging market debt portfolio (15.1%) and infrastructure funds (5.2%) outweighing declines in our private debt and alternative income producing assets.

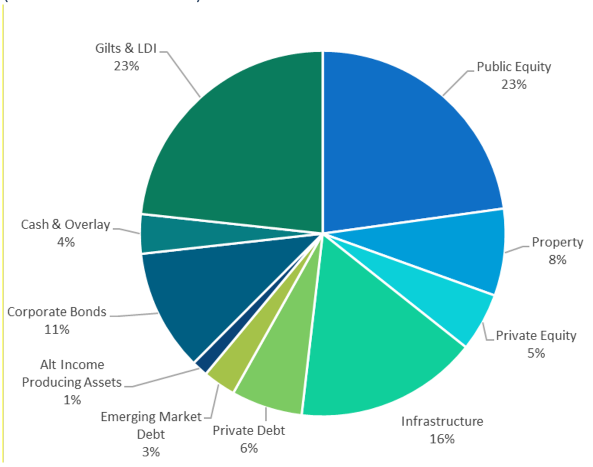
Responsible Investment Considerations

Responsibly investing the pensions assets under the stewardship of the schemes in order to pay pension promises remains at the heart of our work. In May 2023, and informed by the Transition Pathway Initiative analysis, we took the decision to disinvest from the last of our oil and gas holdings in line with the commitments made in 2018. In November, the Board published its Climate Action Plan, which sets out our next steps as an investor to tackle the climate emergency. This includes engagement with companies and sectors that are significant users of fossil fuels, a focus on climate solutions and supporting a just transition. The Board is also continuing to advocate for transformation across the mining sector, addressing matters of safety, human rights and social justice, including through leadership of a new Global Investor Commission on the future of the sector.

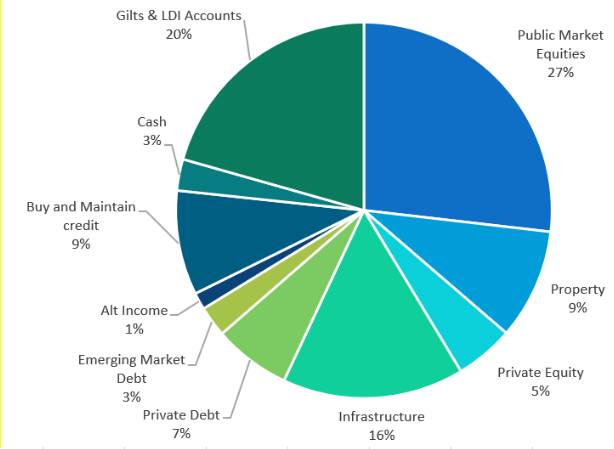
Trustee's report (continued)

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 2023 and how the position compares to that as at 31 December 2022.

Asset Allocation of Total Assets
(at 31 December 2023)



Asset Allocation of Total Assets
(at 31 December 2022)



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

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

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

Management charges
Each manager charges fees based on the value of the funds it is managing. In 2023 these fees (including those charged by Northern Trust as custodian) were £5.6m (2022: £5.9m). This equated to 0.24% (2022: 0.26%) 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 6 were approved by the Trustee on 11 July 2024 and signed on its behalf by:

Clive Mather
Chairman

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 2023 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 2023 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 Fund 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 Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Trustee

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

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

Independent Auditors' 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

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 Fund. This is addressed by obtaining direct confirmation from the investment custodian and fund managers of investments held at the Statement of Net Assets date.
- Diversion of assets through large investment transactions. A sample of transactions are agreed to supporting documentation testing the authorisation of the amount and approval of the payment of the transactions.

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

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

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Trustee, as a body, in accordance with the Clergy Pensions Measure 1961 and the General Synod. Our audit work has been undertaken so that we might state those matters we are required in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor
London

11 July 2024

Statement of total return for the year ended 31 December 2023

	Notes	2023 £000	2022 £000
Change in market value of investments	6	95,202	(145,665)
Change in market value of investment cash and other investment balances	6	11,403	(18,242)
Total change in market value		106,605	(163,907)
Income	4	63,749	66,350
Expenses	5	(5,898)	(9,468)
Changes in net assets attributable to unit holders from investment activities		164,456	(107,025)

Statement of changes in net assets attributable to unit holders for the year ended 31 December 2023

	Notes	2023 £000	2022 £000
Opening net assets attributable to unit holders		2,303,168	2,729,043
Amounts receivable on issue of units	11	1,045,892	909,022
Amounts payable on cancellation of units	11	(1,165,285)	(1,227,872)
Net assets before change from investment activities		2,183,775	2,410,193
Changes in net assets attributable to unit holders from investment activities	11	164,456	(107,025)
Closing net assets attributable to unit holders		2,348,231	2,303,168

Statement of net assets attributable to unit holders as at 31 December 2023

	Notes	2023 £000	2022 £000
Investment assets			
Equities	6	676,103	803,969
Bonds	6	386,786	270,758
Pooled investment vehicles	6	1,092,624	1,091,145
Derivative contracts	8	12,122	3,333
Other investments	6	40	320
Investment cash	6	170,612	134,534
Other investment balances	6	16,845	18,751
Total assets		2,355,132	2,322,810
Investment liabilities			
Derivative contracts	8	(6,867)	(17,417)
Investment cash	6	(3)	-
Other investment balances	6	(31)	(2,225)
Total investment liabilities		(6,901)	(19,642)
Total net assets attributable to unit holders	11	2,348,231	2,303,168
Participants' funds	11		
The Church of England Funded Pensions Scheme		2,009,203	1,975,029
The Church Workers Pensions Fund		297,986	303,544
The Church Administrators Pensions Fund		41,042	24,595
Total participants' funds		2,348,231	2,303,168

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

These financial statements were approved by the Trustee on 11 July 2024 and signed on its behalf by:

Clive Mather
Chairman

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 four 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 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. 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.

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.

Notes to the financial statements (continued)

4 Income

	2023 £000	2022 £000
Equities	15,517	24,866
Bonds	18,679	9,869
Pooled investment vehicles	23,353	29,504
Cash and cash equivalents	6,200	2,111
Total income	63,749	66,350

5 Expenses

	2023 £000	2022 £000
Investment managers' fees	5,898	9,468
Total expenditure	5,898	9,468

The Fund bears investment management expenses charged by the investment managers and custodians. Administration costs (including external audit fees) incurred by the Church of England Pensions Board in relation to the CEIFP are borne by the member schemes and are included in the administration expenses in the schemes' own financial statements. The investment managers' fees that we pay 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	803,969	226,199	(436,165)	82,100	676,103
Bonds	270,758	119,417	(15,566)	12,177	386,786
Pooled investment vehicles	1,091,145	126,068	(84,788)	(39,801)	1,092,624
Other investments	(395)	23,380	(22,981)	5	9
Net derivative contracts (note 8)	(14,085)	118,340	(139,721)	40,721	5,255
	2,151,392	613,404	(699,221)	95,202	2,160,777
Investment cash	134,535			2,037	170,609
Other investment balances	17,241			9,366	16,845
Total investments	2,303,168			106,605	2,348,231

Analysed between:

	At 1 January	At 31 December
Investment assets	2,322,810	2,355,132
Investment liabilities	(19,642)	(6,901)
Total investments	2,303,168	2,348,231

Other investment balances include the following balances

	2023 £000	2022 £000
Accrued income	12,151	9,943
Pending trade sales	-	284
Pending trade purchases	-	(311)
Variation margin	4,694	7,325
Total other investment balances	16,845	17,241

During the year investments in the emerging market equity portfolio with T Rowe Price were terminated for a total of £138.1m. In addition, there were dis-investments from the LGIM equity portfolio as part of the de-risking strategy. Proceeds were used to meet margin and collateral requirements for our FX hedges and LDI portfolios, fund investments in the Listed Credit pool with Insight and LDI portfolios with BlackRock. A selection process for a High Yield Credit manager was undertaken during 2023, with Robeco selected as the chosen manager, and implementation to commence in 2024.

Notes to the financial statements (continued)

6 Investments (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:

	2023			2022		
	Commission	Other charges	**Total**	Commission	Other charges	**Total**
	£000	£000	**£000**	£000	£000	**£000**
Equities	251	277	**528**	323	235	**558**
	251	277	**528**	323	235	**558**

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

	2023	**2022**
	£000	**£000**
Equities	80,401	92,777
Property	228,065	259,186
Cash	13,106	13,074
Private equity	109,460	92,790
Infrastructure	471,236	440,890
Private debt	190,356	192,428
Total pooled investment vehicles	1,092,624	1,091,145

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.

	2023	**2023**	**2022**	**2022**
	$000	**£000**	**$000**	**£000**
Investments	239,825	177,152	225,813	186,504
Current assets	30,675	22,659	20,584	17,000
Current liabilities	(12,800)	(9,455)	(13,410)	(11,076)
Total net assets	257,700	190,356	232,987	192,428

7 Investment analysis

Investments of over 5% of net assets

The Fund holds two investments of over 5% of net assets, representing 14.9% of net assets (2022: two assets representing 16.2% of net assets).

	2023	**2022**
	£000	**£000**
CBRE GIP GA Fund	158,413	180,518
Thorney Island Limited Partnership	190,356	192,428
Total	348,769	372,946

Employer related investments

There were no employer related investments as at 31 December 2023 (2022: none).

Notes to the financial statements (continued)

8 Derivatives

	2023			2022		
	Assets	**Liabilities**	**Total**	**Assets**	**Liabilities**	**Total**
	£'000	£'000	**£'000**	£'000	£'000	**£'000**
Futures – equities	82	-	**82**	-	(72)	**(72)**
Futures – bonds	3,929	(3,827)	**102**	563	(2,759)	**(2,196)**
Forward foreign currency contracts	8,111	(3,040)	**5,071**	2,769	(14,586)	**(11,817)**
Total derivatives	12,122	(6,867)	**5,255**	3,332	(17,417)	**(14,085)**

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*. Forwards are used to mitigate currency risk by hedging 50% of equities assets denominated in US Dollar, Japanese Yen and Euro. They are also used actively in the emerging market sovereign debt portfolio to enhance returns.

a) Futures

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

	2023			2022		
Type of future	***Exposure Value***	**Assets**	**Liabilities**	***Exposure Value***	**Assets**	**Liabilities**
	£000	£000	£000	*£000*	£000	£000
Equities futures: UK	-	-	-	-	-	-
Equities futures: Overseas	*3,362*	82	-	*2,563*	-	(72)
Total equities futures	***3,362***	**82**	**-**	***2,563***	**-**	**(72)**
Bonds: UK	*76,987*	3,929	-	*46,753*	-	(2,739)
Bonds: Overseas	*(73,991)*	-	(3,827)	*(61,510)*	563	(20)
Total bonds futures	***2,996***	**3,929**	**(3,827)**	***(14,757)***	**563**	**(2,759)**

All contracts have expiry dates between 7 March 2024 and 28 March 2024. Included within other investment balances is an asset of £4,694,000 (2022: £7,325,000) 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:

Contract	**Nominal value**	**Assets at 31 December 2023**	**Liabilities at 31 December 2023**
		£000	**£000**
US Dollar			
Forward to buy US Dollars	$109,344,789	-	(1,308)
Forward to sell US Dollars	$890,834,949/$11,281,264	7,610	(19)
Euros			
Forward to buy Euros	€2,462,798	11	-
Forward to sell Euros	€6,122,000/€146,219,362	39	(624)
Japanese Yen			
Forward to buy Japanese Yen	¥38,080,160	8	-
Forward to sell Japanese Yen	¥2,882,257,260	-	(590)
Other currencies			
Forward to buy other currencies		379	(79)
Forward to sell other currencies		64	(420)
		8,111	(3,040)

All contracts had maturity dates falling between 4 January 2024 and 11 March 2024.

Notes to the financial statements (continued)

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 2023:

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

Analysed by pool:

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

The Fund's investment assets and liabilities have been included at fair value within these levels as follows as at 31 December 2022:

Level	1	2	3	Total 2022
Investments	**£000**	**£000**	**£000**	**£000**
Equities	803,910	-	59	**803,969**
Bonds	-	270,758	-	**270,758**
Pooled investment vehicles	18,982	-	1,072,163	**1,091,145**
Other investments	-	(395)	-	**(395)**
Derivatives contracts	(2,268)	(11,817)	-	**(14,085)**
Investment cash	134,535	-	-	**134,535**
Other investment balances	9,943	7,298	-	**17,241**
Total investments	965,102	265,844	1,072,222	**2,303,168**

Analysed by pool:

Level	1	2	3	Total 2022
	£000	**£000**	**£000**	**£000**
Public equity pool	849,133	(4,810)	329	**844,652**
Diversified growth pool	47,636	(1,356)	383,749	**430,029**
Diversified income pool	55,616	65,796	687,378	**808,790**
Liquidity pool	9,600	-	51	**9,651**
Listed credit pool	3,117	206,609	320	**210,046**
Total investments	965,102	266,239	1,071,827	**2,303,168**

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.

Notes to the financial statements (continued)

10 Investment risk disclosures

The Trustee are 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.

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

	Credit risk	Market risk			**Total**	**Total**
		Currency	Interest rate	Other price	**2023**	**2022**
					£000	**£000**
Equities	○	◑	○	●	676,103	803,969
Bonds	●	◑	●	○	386,786	270,758
Pooled investment vehicles	◑	◑	◑	◑	1,092,624[1]	1,091,145
Other investments (net)	●	◑	○	○	9	(395)
Derivatives contracts (net)	●	◑	◑	◑	5,255	(14,085)
Investment cash	●	◑	○	○	170,609	134,535
Other investment balances	●	◑	○	○	16,845	17,241
Total investments					2,348,231	2,303,168

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

[1] An analysis of Pooled Investment Vehicles is set out in Note 6

Notes to the financial statements (continued)

10. Investment risk disclosures (continued)

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.

	2023	2022
	£000	£000
Bonds	386,786	270,758
Pooled investment vehicles	1,092,624	1,091,145
Derivatives: forwards	8,111	2,769
Investment cash	170,609	134,535
Total investments exposed to credit risk	1,658,130	1,499,207

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 manager annually.

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

	2023	2022
	£000	£000
Limited Partnerships	786,003	735,829
SICAVs (*)	13,106	13,074
Exchange Traded Funds	-	8,864
Cooperatief U.A (**)	78,032	72,093
FCP (**)	161,663	202,563
Property Authorised Investment Fund	5,992	6,320
Property Unit Trusts	23,713	25,169
Other funds	24,115	27,233
Total pooled investment vehicles	1,092,624	1,091,145

(*) 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 has decided to partly mitigate this risk by using a currency hedging strategy of roughly half the exposure to the USD, Japanese Yen and Euro equities, and all the US Dollar exposure of private debt, using forward currency contracts.

Notes to the financial statements (continued)

10. Investment risk disclosures (continued)

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

	Gross exposure £000	Hedged exposure £000	**Net exposure 2023 £000**	Net exposure 2022 £000
Pounds sterling	480,705	806,827	**1,287,532**	1,224,247
US Dollars	1,291,829	(641,802)	**650,027**	627,176
Euros	361,939	(129,888)	**232,051**	206,067
Japanese Yen	43,867	(15,830)	**28,037**	28,688
Other currencies	164,821	(19,307)	**145,514**	228,806
Total investments (excluding forwards)	2,343,161	-	**2,343,161**	2,314,984
Forwards	5,070	-	**5,070**	(11,816)
Total investments	2,348,231	-	**2,348,231**	2,303,168

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 (as they did in 2022), this will often match the decline in the actuarial liabilities because of an increase in discount rate.

Following the so-called UK Gilt crisis in September 2022 the Pension Regulator has announced new guidance and measures for LDI strategies. As we have noted the LDI strategies managed for the schemes by BlackRock sit outside the CEIPF. However, the Trustees continue to adopt a prudent approach in the LDI strategies to ensure these measures continue to be met.

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.

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:

Notes to the financial statements (continued)

11. Member schemes' participation (continued)

Listed credit pool:

	At 1 January 2023 £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 2023 £000
The Church of England Funded Pensions Scheme	195,066	80,785	(69,877)	22,436	**228,410**
The Church Workers Pension Fund					
Pension Builder Classic	-	8,450	(1,840)	482	**7,092**
Defined Benefit Scheme – Employer section	1,749	59,796	(6,784)	3,317	**58,078**
Defined Benefit Scheme – Life Risk section	544	17,728	(5,940)	994	**13,326**
The Church Workers Pension Fund	2,293	85,974	(14,564)	4,793	**78,496**
The Church Administrators Pension Fund	12,687	8,704	(3,700)	1,791	**19,482**
Total Listed credit pool	210,046	175,463	(88,141)	29,020	**326,388**

Public equity pool:

	At 1 January 2023 £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 2023 £000
The Church of England Funded Pensions Scheme	747,690	53,173	(333,174)	94,056	**561,745**
The Church Workers Pension Fund					
Pension Builder 2014	17,099	36,077	(16,941)	3,529	**39,764**
Pension Builder Classic	56,576	66,814	(47,028)	7,601	**83,963**
Defined Benefit Scheme – Employer section	14,419	29,897	(46,315)	2,111	**112**
Defined Benefit Scheme – Life Risk section	3,103	1,637	(4,956)	216	-
The Church Workers Pension Fund	91,197	134,425	(115,240)	13,457	**123,839**
The Church Administrators Pension Fund	5,765	13,980	(7,033)	1,349	**14,061**
Total public equity pool	844,652	201,578	(455,447)	108,862	**699,645**

Diversified growth pool:

	At 1 January 2023 £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 2023 £000
The Church of England Funded Pensions Scheme	357,336	34,645	(9,755)	(20,534)	**361,692**
The Church Workers Pension Fund					
Pension Builder 2014	9,228	3,022	(5,502)	(363)	**6,385**
Pension Builder Classic	25,496	1,522	(12,650)	(935)	**13,433**
Defined Benefit Scheme – Employer section	36,987	2,377	(26,489)	(816)	**12,059**
Defined Benefit Scheme – Life Risk section	982	1,615	(2,590)	(7)	-
The Church Workers Pension Fund	72,693	8,536	(47,231)	(2,121)	**31,877**
The Church Administrators Pension Fund	-	-	-	-	-
Total diversified growth pool	430,029	43,181	(56,986)	(22,655)	**393,569**

Diversified income pool:

	At 1 January 2023 £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 2023 £000
The Church of England Funded Pensions Scheme	667,897	95,546	(45,182)	43,664	**761,925**
The Church Workers Pension Fund					
Pension Builder 2014	15,690	12,076	(15,150)	828	**13,444**
Pension Builder Classic	47,693	20,500	(41,960)	2,067	**28,300**
Defined Benefit Scheme – Employer section	70,144	19,318	(78,178)	810	**12,094**
Defined Benefit Scheme – Life Risk section	1,262	2,333	(3,612)	17	-
The Church Workers Pension Fund	134,789	54,227	(138,900)	3,722	**53,838**
The Church Administrators Pension Fund	6,104	1,800	(900)	435	**7,439**
Total diversified income pool	808,790	151,573	(184,982)	47,821	**823,202**

Notes to the financial statements (continued)

11. Member schemes' participation (continued)

Liquidity pool:

	At 1 January 2023	Amounts receivable on issue of units	Amounts payable on cancellation of units	Change in net assets from investment activities	At 31 December 2023
	£000	£000	£000	£000	£000
The Church of England Funded Pensions Scheme	7,040	294,746	(206,887)	532	**95,431**
The Church Workers Pension Fund					
Pension Builder 2014	150	30,686	(30,914)	116	**38**
Pension Builder Classic	233	35,821	(36,052)	120	**122**
Defined Benefit Scheme – Employer section	1,286	75,034	(67,048)	433	**9,705**
Defined Benefit Scheme – Life Risk section	902	22,368	(23,394)	195	**71**
The Church Workers Pension Fund	2,571	163,909	(157,408)	864	**9,936**
The Church Administrators Pension Fund	40	15,442	(15,434)	12	**60**
Total liquidity pool	9,651	474,097	(379,729)	1,408	**105,427**

12. Contingencies and commitments

In the opinion of the Trustee, the Fund had no contingent liabilities at 31 December 2023 (2022: nil).

As at 31 December 2023, the Board had made the following commitments:

	2023	**2022**
	£m	£m
Pooled investment vehicles (equity)	2.8	4.2
Pooled investment vehicles (private equity)	113.5	151.7
Pooled investment vehicles (property)	-	-
Pooled investment vehicles (infrastructure)	199.3	256.1
Pooled investment vehicles (private debt)	10.2	10.1
Total commitments	325.8	422.1

13. Related party transactions

Two Board members (2022: two) who have retired from the schemes under normal service are in receipt of pensions from the schemes.

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

Appendix 3

2023 Engagement Policy Implementation Statement

Church Workers Pensions Fund

Section 1: Introduction

This statement sets out how, and the extent to which, the Scheme's Engagement Policy in the Statement of Investment Principles ("SIP") produced by the Church of England Pensions Board in its capacity as Trustee of the Scheme, has been followed during the year running from 1 January 2023 to 31 December 2023 (the "Scheme Year"). This statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, the subsequent amendment in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the statutory guidance on reporting on stewardship in the implementation statement dated 17 June 2022.

The statement is based on, and should be read in conjunction with the relevant version of the Scheme's SIP that was in place for the Scheme Year, which was the SIP dated 29 September 2022 covering the period between 1 January 2023 and 27 September 2023, and the SIP dated 28 September 2023 covering the period between 28 September 2023 and 31 December 2023.
The Scheme has three distinct sections:

- The Defined Benefit Scheme;
- Pension Builder Classic; and
- Pension Builder 2014

The Defined Benefit Scheme provides final salary defined benefit pensions. The two Pension Builder sections are also defined benefit due to the generation of guaranteed pension benefits. There is no defined contribution section in the Scheme.

Sections 2.1 and 2.2 of this statement set out the investment objectives of the Scheme and changes which have been made to the Engagement Policy during the Scheme Year, respectively.

A copy of the SIP containing the Engagement Policy is available at:
https://www.churchofengland.org/sites/default/files/2023-09/cwpf-sip-2023_0.pdf
Section 3 of this statement provides some highlights of the activity undertaken by the Trustee in relation to Responsible Investment and Environmental, Social and Governance ("ESG") over the Scheme Year.

Sections 4 and 5 include information on the engagement and key voting activities of the underlying investment managers of the Scheme, and also sets out how the Scheme's engagement and voting policy has been followed during the Scheme Year in respect of the Scheme's DB assets. The Trustee can confirm that all policies in the SIP on engagement in relation to the Scheme's defined benefit assets have been followed during the Scheme Year.

Section 2: Statement of Investment Principles

2.1 Investment Objectives of the Scheme

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's objective is to keep the Defined Benefit Scheme fully funded on a de-risked basis (gilts plus 0.25% p.a.). The Scheme's assets and liabilities are notionally segregated by employer, so an employer's section can be in deficit and a recovery plan required even when the Scheme overall is fully funded. The current recovery plan has an end date of 1 October 2032.

The Trustee's objective for Pension Builder Classic and Pension Builder 2014 is to deliver stable bonuses (or discretionary increases) for members and to hedge inflation and interest rate risk where appropriate.

2.2 Review of the SIP

During the year, the Trustee reviewed and amended the Scheme's SIP, taking formal advice from its Investment Consultant (Mercer Limited ("Mercer")). A revised SIP was signed on 28 September 2023 as part of the annual review the Trustee undertakes. Changes made to the SIP included updating the information in regards to the Scheme's interest rate and inflation hedging strategy.

Section 3: Environmental, Social and Governance ("ESG")

Policy

The Scheme's SIP outlines the Trustee's beliefs on ESG considerations (including stewardship and climate change). This policy sets out the Trustee's beliefs on ESG and climate change and 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. In addition to the SIP, the Scheme also maintains a Stewardship Implementation Framework document, which summarises how the Trustee implements its commitment to ethical and responsible investment.

How has this policy been met over the Scheme Year?

The Trustee uses an in-house investment team to carry out engagement and voting activity (as detailed in Section 4 and 5 below).

The Trustee is heavily involved in various collective engagement initiatives, a number of which the Trustee was instrumental in setting-up. Significant engagement initiatives include the Transition Pathway Initiative, Climate Action 100+, Assessing Sovereign Climate-related Opportunities and Risks ("ASCOR") and the Investor Commission on Mining 2030. Over the Scheme Year the Trustee helped to establish a new initiative, the Sustainability Principles Charter for the Bulk Annuity Process. These principles seek to align expectations around sustainability within the bulk annuity process, and the Trustee became one of the founding signatories. An additional collaboration of note saw the Trustee as part of the Investor Commission on Mining 2030 convene the Commission for the first time over 2023, with its aim to work collaboratively towards establishing consensus on the role finance has in realising a vision of a socially and environmentally responsible mining sector. Further details of these collaborations as well as additional collaborations are detailed in the Trustee's Stewardship Report.

The Trustee maintains a list of excluded companies based on the Trustee's ethical investment screens and restrictions based on the escalation of engagement/stewardship review. As at 31 December 2023, the list comprised of 447 companies covering a range of themes including gambling, alcohol, and thermal coal and tar sands. The revenue screen for ethical exclusions is monitored by the in-house team and refreshed every 3 months. In June 2023, the Trustee announced its disinvestment from Shell plc and other remaining oil and gas holdings, which were as a result added to its list of excluded companies. This decision was made following prolonged engagement with the sector, including a focused period of engagement from 2019-2023, where companies needed to meet specific hurdles in order to remain investible. The engagement programme aimed to bring companies' emissions reduction targets and transition plans in alignment with 1.5ºC pathways as independently assessed by the Transition Pathway Initiative. In 2023, unfortunately no company met this expectation and the decision was made to divest remaining holdings.

Over the Scheme Year, the Trustee has assessed the ongoing suitability of the appointed investment managers. Each manager's strategy, decisions, financial and ESG/ethical performance are monitored by the Trustee's Investment Committee on a quarterly basis.

In December 2023, the Trustee released its inaugural Climate Action Plan ("CAP"), which sets out its approach to managing climate risks and its approach to using stewardship as a key lever to accelerate climate action. The CAP details the Trustee's ambition to reach net-zero in its investment portfolio by 2050.

Section 4: Engagement Activity

Engagement activity is carried out and monitored by the in-house investment team on behalf of the Trustee. Areas of particular focus in regards to engagements for the Trustee include: climate change, mining safety, nature/biodiversity, modern slavery, 'Big Tech', executive remuneration and sewage leaks into UK waterways.

See section 5 for more details on how the Trustee's policies on engagement have been implemented, as well as its policies on the exercise of investment rights (including voting).

The following are examples of significant engagement activities undertaken over the Scheme Year:

Mining Sector

Engaging with the mining sector has been a major stewardship priority of the Trustee since the Ethical Investment Advisory Group ("EIAG") published extractive industries advice in 2017.

As part of its engagement efforts the Trustee established and has led an investor coalition of $24 trillion of assets under management to ask for novel disclosures of waste storage sites (tailings storage facilities) across the mining sector. The outcome of this engagement has been that a very significant proportion of the mining sector responded with itemised disclosures. The Trustee subsequently partnered with the UN Environment Programme and GRID Arendal (a Norwegian NGO) to collate/standardise the responses and present them to the public through an accessible platform. The Trustee then convened an independently chaired Global Tailings Review, and the development of the Global Industry Standard on Tailings Management.

Over the Scheme Year the Trustee saw the first company disclosures against the new standard by the world largest mining companies, covering the facilities that would have 'Very High' or 'Extreme' consequences if they were to fail. All 25 International Council on Mining and Metals ("ICMM") companies published statements, showing further detail on the management of 113 'Extreme' and 125 'Very High' consequence facilities. Approximately 60% of the facilities were reported as 'in conformance' with the global standard, and about 40% were reported as not-yet-in-conformance. The Trustee has continued its engagement with the non-ICMM members, encouraging conformance to the global standard.

Corporate Climate Lobbying

Over the Scheme Year, the Trustee continued its focus on corporate climate lobbying following the publication of the Global Standard on Responsible Climate Lobbying in 2023. The Trustee believes such engagement is important given the advocacy and lobbying undertaken by companies and sectors in the Scheme's portfolio can delay or block effective climate policy in jurisdictions around the world. Such lobbying slows down the transition, makes it more likely that we will fail to meet the temperature goals of the Paris Agreement globally, and is a poorer outcome for the Trustee's portfolio and Scheme Members.

The Trustee over 2023 led significant advocacy within the responsible investment sector on lobbying including speaking at events including RI Europe, the Interfaith Centre on Corporate Responsibility, Institutional Investors Group on Climate Change working groups for the autos, utilities and industrials sectors, and a ChapterZero event. The Trustee also publicly pre-declared its intention to vote against management at three companies on lobbying – National Grid, Toyota and Volkswagen.

In the area of corporate climate lobbying the Trustee saw significant engagement with National Grid over 2023, after they identified the company was yet to publish a public disclosure of their corporate climate lobbying approach, public policy positions and industry associations. In part prompted by the Trustee's own leadership on this issue, these disclosures have become a mainstay of good climate governance. As a key operator of energy infrastructure in the UK and an important electricity and gas retailer on the east coast of the United States, the company will play an important role in the transition to net-zero in both countries.

The Trustee engaged intensively with National Grid during the first months of 2023, but were unable to secure a clear commitment from the company in the lead up to their July Annual General Meeting. In late June, two weeks prior to the National Grid AGM, the Trustee pre-declared its intention to vote against the Chair and CEO, based on this lack of commitment. Following some media attention after this public declaration the company agreed to reverse their position, and is due to publish its first lobbying review which is expected to be released in April 2024.

Section 5: Voting and Engagement Disclosures

The exercise of the rights (including voting rights) attaching to the investments and undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, the Trustee's would monitor and engage with relevant persons about relevant matters).

Policy

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. 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.

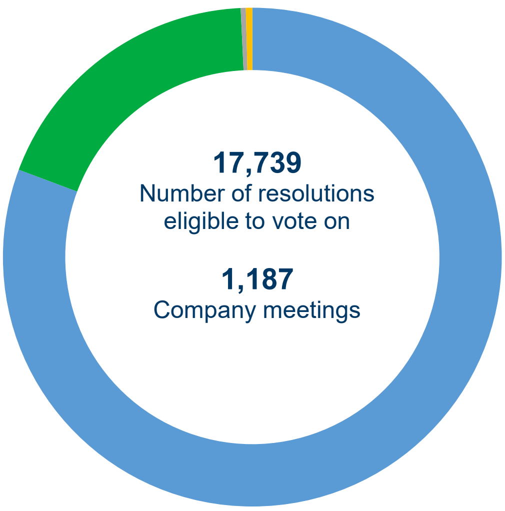
How has this policy been met over the Scheme Year?

During the Scheme Year 17,623 votes have been cast in regards to the Scheme's holdings, with a full disclosure of this voting information available (along with rationales) on the Trustee's website. 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 lobbying, and the TPI framework & Management)
- Diversity (in particular ethnic representation and gender)
- Modern slavery
- Tax transparency
- Mining & extractives
- Living wage

Set out below is a summary of voting activity for this reporting period relating to the Scheme. Funds where voting is not applicable (i.e. non-equity funds) are not included in the list below.



81% Votes **with** management

19% Votes **against** management

0% **Abstentions**

0% **Unvoted**

Most significant votes

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', and these are shown overleaf.

Further details including further examples of voting activity over the Scheme Year can be found in the Trustee's Stewardship Report.

	Vote 1	Vote 2	Vote 3
Company	Shell Plc	Apple Inc	Danske Bank A/S
Date of Vote	23/05/2023	10/03/2023	16/03/2023
Why was vote considered significant	Escalation following relentless engagement and a lack of progress towards an orderly climate transition	Vote went against one of the Board's voting policies	
Approximate size of holding at date of vote (as a % of portfolio)	0.001%	0.002%	0.001%
Summary of resolution	Re-Elect Board Directors	Report on Median Gender/Racial Pay Gap	Climate Action Plan: Direct lending; and Climate Action Plan: Asset Management
How Trustee voted	Against all reappointments	For report	For climate action plan, For direct lending and asset management policy
If the vote was against management, did the Trustee communicate their intent to the company ahead of the vote?	The Trustee have had longstanding engagement with Shell and had been communicating with them ahead and after the AGM.	No, however, the Trustee votes consistently year on year, and follow up votes against management with engagement for our top 50 equity holdings.	
Rationale for the voting decision	Shell has failed to adequately address its climate risks in the latest report. Since signing the Paris Agreement, Shell has shown a lack of adequate targets, including Scope 3 targets which relate to intensity reduction rather than absolute emission reduction. Furthermore, though Shell has short and medium-term targets, there is concern that these are not completely aligned with the Paris Agreement, which is focused on 1.5d. The absence of adequate targets can only be viewed as an indicator of governance shortcomings.	The Trustee has consistently voted for this type of proposal which has been put forward at some of US largest corporation (American Express, Morgan Stanley, Facebook). Given the CIG effort to bring pay fairness into their voting, the Trustee are normally supportive of this type of proposal.	Revisiting the company's policy for direct lending in its "Climate Action Plan" and "Position Statement on Fossil Fuels" will allow it to examine whether the short-term loans, loans to upstream service companies and ring-fenced loans, mentioned above, are necessary for the bank's business model. It will also strengthen the companies commitment to their progressive Climate Action Plan.
Outcome of the vote	Shareholders supported director re-elections with individual support ranging between 93%-99%	66% of shareholders voted against the resolution	94% of shareholders voted against the direct lending and asset management policy climate action plan

Next Steps	In June 2023, the Church of England Pensions Board announced its disinvestment from Shell plc and other remaining oil and gas holdings. This decision followed more than a decade of engagement with the sector, including a focussed period of engagement from 2019-2023, where companies needed to meet specific hurdles in order to remain investible. The engagement programme aimed to bring companies emissions reduction targets and transition plans in alignment with 1.5C pathways as independently assessed by the Transition Pathway Initiative. In 2023, unfortunately no company met this expectation and the decision was made to divest remaining holdings.	On gender diversity more broadly, the Trustee continues to act to improve standards in the boardroom and industry through the Asset Owner Diversity Charter, of which they were a founding signatory. The charter "is a commitment by firms to work together to build an industry which represents a more balanced and fair representation of diverse societies. "The charter reflects both the Board and other "asset owners' aspirations to see diversity balance at all levels across financial firms". A balanced workforce is good for business, consumers, profitability and culture.	The Trustee has joined the Institutional Investor Group on Climate Change ("IIGCC") banks working group and taking a lead on several of the engagements. The Net Zero Standards for banks, developed by the group in consultation with the Transition Pathway Initiative, works alongside TPI's banking assessment framework to support investor engagement with banks. The trustee will be using the TPI framework as an input when reviewing are votes at banks AGM's this year.

	Vote 4	Vote 5	Vote 6
Company	Nippon Steel Corp.	Amazon.com	Tyson Foods
Date of Vote	23/06/2023	24/05/2023	09/02/2023
Why was vote considered significant	Escalation of engagement though the investor mining and tailings safety initiative	Vote went against one of the Board's voting policies	
Approximate size of holding at date of vote (as a % of portfolio)	0.003%	0.002%	0.001%
Summary of resolution	Re-elect Chair	Commission Third Party Assessment on Company's Commitment to Freedom of Association and Collective Bargaining	Comply with World Health Organization Guidelines on Antimicrobial Use Throughout Supply Chains
How Trustee voted	Against re-election of Chair of Board	For	For
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 have been engaging with mining companies through the Investor Mining and Tailings Safety Initiative.	No, however, the Trustee votes consistently year on year, and follow up votes against management with engagement for their top 50 equity holdings.	

Rationale for the voting decision	The company have not responded to the disclosure request made by the Investor Mining and Tailings Safety Initiative.	The provision of a report on these matters is seen as an enhancement to shareholders understanding of the company's role in these matters.	The provision of a report on these matters is seen as an enhancement to shareholders understanding of the company's role in these matters.
Outcome of the vote	Shareholder support in favour of Chair re-elections was 88%.	65% of shareholders voted against the resolution	95% of shareholders voted against the resolution
Next Steps	In January 2023 the Trustee announced a new Independent Global Tailings Management Institute to continue to drive mining industry safety standard. The Trustee recognises the mining industry's important role in society and aim to ensure the sector leaves a positive legacy by addressing key systemic risks holistically. They have engaged with all companies to seek commitments to operate to the new Global Industry Standard on Tailings Management and where they have holdings have said they would vote against the Chair. The Trustee has continued to engage with the sector and are now working closely with other investors and are considering filing a shareholder resolution.	The Trustee continues to monitor developments at the company.	The Trustee has been participating in an asset owner working group on antimicrobial resistance ("AMR") since 2023, building on their involvement with the Cambridge Universal Owners Initiative that identified AMR and Biodiversity as two systemic priorities for attention among asset owners. The Trustee continues to work with group chair HESTA (an Australian pension fund), and other investors in order to raise awareness and identify where their efforts might add value to addressing these risks.

	Vote 7
Company	National Grid
Date of Vote	10/07/2023
Why was vote considered significant	The Trustee had been engaging with National Grid to secure a commitment to publish a public disclosure of their corporate climate lobbying approach.
Approximate size of holding at date of vote (as a % of portfolio)	0.001%
Summary of resolution	To undertake and publish a review of direct and indirect climate lobbying activity
How Trustee voted	Reappointment of Chair and CEO
If the vote was against management, did the Trustee communicate their intent to the company ahead of the vote?	Regarding the Chair and CEO, the Church of England Pensions Board had been engaging directly with National Grid. Two weeks prior to the National Grid AGM, the Trustee pre-declared its intention to vote against the Chair and CEO, based on a lack of commitment to publish their approach to corporate climate lobbying. This attracted considerable media attention.

Rationale for the voting decision	Within a week of pre-declaring our voting intention the company agreed to reverse their position on producing a lobbying report. As a result we supported the reappointment of the Chair and CEO. The lobbying review is due to be published April 2024
Outcome of the vote	99% of shareholders voted FOR the reappointment of the CEO and 96% For the Chair
Next Steps	We have continued to engage with National Grid on lobbying and its transition plan and maintain a positive, constructive and two-way dialogue with the company. We await publication of the lobbying report in April 2024