

BCF PENSION TRUST (THE "SCHEME")

ANNUAL GOVERNANCE STATEMENT FOR THE YEAR ENDING 31ST MARCH 2022

This statement has been prepared in accordance with Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the "regulations").

A copy of it is available on the Scheme's website at <http://www.bcfpensiontrust.org/admin/corporate-governance>

1. DEFAULT ARRANGEMENT

- 1.1 A copy of the latest Statement of Investment Principles ("SIP") as at the date of signing of this document and prepared in accordance with regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005 is attached (see Appendix 1).
- 1.2 A revision of the SIP in relation to the default fund was last carried out in February 2021 i.e. during the Scheme year prior to the one to which this statement relates. The revision included amending the minimum and maximum limits for different investment classes in line with advice received from the Scheme's investment advisors.
- 1.3 The review considered whether the default fund continued to meet the Trustee's aims and objectives for it, as set out in section 5 of the SIP. There were no changes made to the overall strategic asset allocation, as the same 'restricted' investment opportunities were available to the Trustee, and the default investment performance fell within the stated targets of 1% - 3% over cash. However, the Trustee was able to transfer part of the Scheme's cash (held in traditional bank accounts) to an arrangement with Cazenove Capital, so as to benefit from better interest terms. The Trustee, therefore, agreed that as the 'restricted' investment opportunities had not changed, that the strategy and returns of the default fund continued to be meet the Trustee's aims and objectives, and that it was not appropriate to change the performance expectations for the default fund.
- 1.4 A copy of the Scheme's latest SIP can be found on the BCF website at <http://www.bcfpensiontrust.org/admin/corporate-governance> and there are arrangements in place to signpost this to members via the Annual Benefit Statement and periodically through the Scheme Newsletter.

2. CORE FINANCIAL TRANSACTIONS

- 2.1 The requirements of regulation 24 of the Regulations have been met by the Scheme and the Trustee confirms that the majority of core financial transactions have been processed promptly and accurately by the third-party administrator and in accordance with the SLAs set out in Appendix 2.
- 2.2 Quarterly administration reports were produced by the Scheme's third-party administrator for the Trustee that reported on core financial transactions. This enabled the Trustee to

check that core transactions were being processed promptly. These reports included details of contributions received and processed, funds invested, transfers of member assets both in and out of the Scheme, member payments processed, member quote requests processed, and death benefits processed. To help meet the Scheme’s SLAs, the third-party administrator processed and reconciled all bank transactions on a weekly basis and all payments out of the Scheme were approved by two individuals (to include one Trustee Director).

- 2.3 The Quarterly reports noted the actual performance against the SLAs to assure the Trustee that the transactions were being processed promptly. In addition, the Scheme management have a weekly progress call with the third-party administrator to monitor progress on all outstanding cases.

3. CHARGES AND TRANSACTION COSTS

- 3.1 The level of charges and transaction charges applicable to the Scheme’s investment funds during the year were as follows:

	Default fund	Fund 2
Annual management charge	0.5% of member funds	0.5% of member funds
Fund management charge (Smith & Williamson)	0.5% of assets under management (approx. 0.1% of total fund)	N/A
Fund management charge (Cazenove)	0.05% of assets under management	N/A
Transaction costs	None (see below)	None (see below)
Total Expense Ratio (TER)	0.6%	0.5%

- 3.2 There is no member choice of funds, and there are no other funds within the Scheme besides the two shown above.

- 3.3 There are no transaction costs applicable to the Scheme:
- There are no transaction costs attached to the bank accounts that the Scheme holds
 - Any costs associated with the secured loans are paid by the borrower
 - Any costs relating to the property holding are either met by the tenant or from the Expense Reserve
 - Smith and Williamson Investment Management have confirmed that any implicit transaction charges incurred when buying or selling bonds are incorporated into their explicit fund management charges

- 3.4 There is also a range of at retirement and decumulation charges, depending on member choices, and these are shown in Appendix 3.

- 3.5 The Trustee has assessed the extent to which the member charges set out above represent good value for members by comparing the BCF Scheme to 3 other well-known Master Trust pension schemes – NEST, The People’s Pension and Smart Pensions.

- 3.5.1 The assessment was undertaken taking account of the Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 and the Pensions Regulator's Code of Practice No.13 (Governance and administration of occupational trust-based schemes providing money purchase benefits). The Trustee reviews all member-borne charges (including transaction costs where available) annually, with the aim of ensuring that members are obtaining value for money given the circumstances of the Scheme. The date of the last review was 17 August 2022. The assessment involves a comparison of reported costs and charges and fund performance (net of charges and transaction costs) with three other schemes, and a consideration of key governance and administration criteria. The Trustee notes that value for members does not necessarily mean the lowest fee, and the overall quality of the service received has also been considered in this assessment.
- 3.5.2 The Trustee's assessment included a review of the performance of the Scheme's investments (net of charges and transaction costs) in the context of the investment objectives. The fund performance (net of charges and transaction costs) during the period covered by this statement have been consistent with the stated investment objectives. The net performance both in the short term (i.e. one-year period) and a longer more sustained period (i.e. 3-year and 5-year periods) for the Scheme year ended 31 March 2022 were positive. The Trustee will not hold investments within the Scheme that infringe the core beliefs of the Brethren. The Trustee is satisfied that within the investment restrictions they have, the Scheme continues to offer good value. The Trustee continues to assess the suitability of various investment opportunities so as to deliver good value for members. The costs and charges are closely comparable with the average for comparator pension schemes, showing that the fund charges are competitive.
- 3.5.3 In carrying out the assessment, the Trustee also considers the other benefits members receive from the Scheme, which include:
- the oversight and governance of the Trustees, including ensuring the Scheme is compliant with relevant legislation, such as the charge cap, and holding regular meetings to monitor the Scheme and address any material issues that may impact members;
 - the quality of communications delivered to members;
 - the quality of support services; and
 - the efficiency of administration processes and the extent to which the administrator met its service level standards for the Scheme year.
- 3.6 Overall, the Trustee believes that members of the Scheme are receiving good value for money for the charges and costs that they incur. The Trustee believes this because of the:
- strong governance and oversight from the Trustee;
 - tailored services provided by a dedicated in-house team; and
 - a default investment strategy designed to account for the beliefs of the members.
- The Trustee has also appointed a third party administrator, and member online access has been introduced as part of this process - access to retirement modelling tools is a further development being worked on. The Trustee has removed the crystallisation/transfer out charges to improve member value in this area.

Net Investment Returns

The net investment returns both in the short term (i.e. one-year period) and a longer more sustained period (i.e. 3-year and 5-year periods) are listed below.

Net Investment Returns of Default Fund up to 31 March 2022	1-year (%)	3-year (%p.a.)	5-year (%p.a.)
BCF	3.6	2.0	2.1

4. CUMULATIVE EFFECT OF COSTS AND CHARGES

4.1 We have prepared illustrations in accordance with regulation 23(1)(ca) of the Administration Regulations, as inserted by the 2018 Regulations to show the potential impact over time, of the costs and charges (as shown above) borne by members on projected values at retirement, in today's money terms.

Table 1 below shows this for the "median" pot size over the period of time to retirement of the youngest scheme member enrolled.

All members are invested in the Scheme default fund and all illustrations assume that this is the case.

Table 1: Illustrations for a member:

- currently age 22 i.e. 43 years from retirement (their normal Scheme Retirement Age being 65) and the youngest enrolled member
- invested in the default fund
- current pension pot £2,000
- current monthly contributions £200

Age	Years to Retirement	Fund value before costs and charges	Fund value after costs and charges
22	43	£2,000	£2,000
23	42	£4,435	£4,418
24	41	£6,880	£6,830
25	40	£9,327	£9,230
30	35	£21,652	£21,088
35	30	£34,264	£32,812
40	25	£47,347	£44,537
45	20	£61,096	£56,395
50	15	£75,712	£68,514
55	10	£91,411	£81,021
60	5	£108,423	£94,043
65	0	£126,996	£107,711

We have used the following assumptions in preparing the illustrations:

- Investment returns = 2.5% pa over inflation and before charges
- Inflation = 2.5% pa
- Salary growth = 0% pa over inflation
- Charges / deductions (TER) = 0.60% of fund values

Other illustrative projections are included as Appendix 4.

We have taken account of relevant statutory guidance in preparing these illustrations.

5. TRUSTEE KNOWLEDGE AND UNDERSTANDING

- 5.1 Section 248 of the Pensions Act 2004 (requirement for knowledge and understanding) requires the Trustee to demonstrate a working knowledge of the Trust Deed and Rules, the current SIP, and the documents setting out the Trustee's current policies. It also requires them to have sufficient knowledge of the law relating to pensions and trusts, and the relevant principles relating to funding and investment of occupational pension schemes.
- 5.2 These requirements have been met during the Scheme year by:
- All Trustee directors ensuring that they complete the Trustee Toolkit from the Pensions Regulator and also completing any new sections that have been added.
 - All Trustee directors carrying out additional learning appropriate to the particular issues that have arisen during the year
 - All Trustee directors have been made aware of and fully involved in the updates to various policies and procedures that have been made to the Scheme documents, as part of the Scheme's Master Trust Supervision
 - All Trustee directors provide the Scheme Secretary with an individual training log on an annual basis
- 5.3 Four new Trustee Directors have been appointed in the year ending 31 March 2022 and have followed the documented Trustee Training Program that is in place.
- 5.4 The Trustee directors have been selected to cover a range of skill sets including accountancy, law and general business and have access to a full complement of professional advisers that they can call on for confirmation of decisions, or for more specialist advice.
- 5.5 The combined knowledge and understanding of the Trustee, together with the advice that is available to it from its professional advisers enables it to properly exercise its function as Trustee by being suitably knowledgeable to make decisions in the best interests of the Scheme and members, or to appropriately question the advice received from the Scheme's professional advisers.
- 5.6 All Trustee directors complete an annual self-evaluation questionnaire which are used to compile a Trustee Board Evaluation and Skills Matrix across all key areas. This allows the Trustee to address any skills gaps and prepare a training program for the year ahead. The Trustee Board Evaluation and Skills Matrix are also measured against the objectives of the Scheme's Business Plan dated 1 April 2021.

6. NON-AFFILIATION OF TRUSTEES AND MEMBER REPRESENTATION

- 6.1 The requirements of regulation 27(4) of the Regulations for a majority of the Trustee directors (including the Chair) to be independent of any company that provides services to the Scheme ("non-affiliated"), have been met by all Trustee directors being non-affiliated.

As at the date of this document all Trustee Directors, including the Chair, were non-affiliated as defined in regulation 27(8) of the Regulations.

Each Trustee director has completed a Conflict of Interest Declaration in line with the Scheme's documented policies to ensure non-affiliation.

- 6.2 The arrangements the Trustee has put in place to encourage members of the Scheme to make their views on matters relating to the Scheme known to the Trustee comprises:
- A Feedback page on the BCF website (www.bcfpensiontrust.org/memberfeedback) where members can be directed to from the Scheme Newsletters, annual benefit statements and any other communications that go out to members.
 - In addition members are asked for feedback when they log out of their online member portal
- 6.3 Members can also contact the Scheme via email, post or telephone as set out on the Contact us page of the Scheme Website – (www.bcfpensiontrust.org/Contact-Us)
- 6.4 The Trustee considers this approach to be suitable given the size, nature and demographic of the Scheme membership, which is reviewed on a regular basis using data from the Scheme administrator.

Signed for and on behalf of BCF Pension Trustees Ltd by

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Chair of Trustees/Chairman

Date 29 September 2022

**Appendix 1 to BCF Pension Trust Annual
Governance Statement for the year ending 31st
March 2022**

**BCF Pension Trust
Statement of Investment Principles**

Date adopted 9 FEBRUARY 2021

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1 Introduction

- 1.1 The purpose of this Statement of Investment Principles (“**the Statement**”) is to document the principles and policies governing decisions about the investment of the assets of the BCF Pension Trust (“**the Scheme**”).
- 1.2 This statement has been prepared by BCF Pension Trustees Limited (“**the Trustee**”) after considering written advice from a suitably qualified adviser, Redington Ltd.
- 1.3 The Scheme is a registered pension scheme under Section 153 of the Finance Act 2004 that provides benefits for members on a defined contribution (money purchase) basis. Each member has an individual account within the Scheme that will provide their retirement benefits.
- 1.4 The Statement sets out the Trustee’s policy for complying with Section 35 of the Pensions Act 1995 (as amended by Section 244 of the Pensions Act 2004), the Occupational Pension Schemes (Investment) Regulations 2005 as amended by (amongst other regulations) the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010 and the Occupational Pension Schemes (Charges and Governance) Regulations 2015.
- 1.5 The Trustee confirms that, before finalising the Statement, it has consulted with the Scheme’s Principal Employer.
- 1.6 The Scheme membership is open to members of the Plymouth Brethren Christian Church (“**the Brethren**”).

2 Scheme Governance

- 2.1 The Scheme is governed by its Trust Deed and Rules (“**the Deed**”) which sets out all of the benefits in detail and specifies the Trustee’s investment powers.
- 2.2 In accordance with the Deed, the Trustee is responsible for the investment and administration of the Scheme’s assets. The Trustee will refer to this Statement when exercising its investment powers in order to ensure that all decisions are made in accordance with the principles contained herein.

- 2.3 The Trustee takes and critically considers advice from appointed investment advisers in respect of investments, on the question as to whether any particular investment is satisfactory having regard to the requirements of regulations under sub-section (1) of Section 36 of the Pensions Act 1995 so far as relating to the suitability of investments and the principles contained in this Statement.
- 2.4 The Trustee monitors the Scheme's investments each month and will hold formal review meetings once a quarter, as per the Trustee Annual Calendar.
- 2.5 The Trustee provides decumulation options for members in retirement by way of flexi-access drawdown or uncrystallised funds pension lump sums. Members are also able to purchase annuities via an Open Market Option.

3 Participating employers

- 3.1 The Scheme's participating employers consist solely of Brethren employers.

4 Investment beliefs

- 4.1 The Brethren abide by strong moral beliefs that include avoidance of certain investment classes such as equities and corporate fixed interest securities.
- 4.2 The Trustee acknowledges that such assets may normally be deemed appropriate for long term investment associated with retirement planning, but the Trustee will not hold investments within the Scheme that infringe the core beliefs of the Brethren.
- 4.3 Brethren beliefs do not countenance the pooling of investment funds.

5 Investment objectives

- 5.1 The Trustee's main objectives are to:
- invest the Scheme's assets in a manner that is consistent with the religious, social and ethical considerations of the Brethren;
 - enable Scheme members to maximise their income in retirement, subject to those considerations;
 - hold sufficient cash to meet likely benefit outgoings from time to time; and
 - maintain adequate readily realisable assets to meet unexpected cashflow requirements.
- 5.2 Due to the common beliefs of the Brethren, the Scheme does not provide any investment choice for the members.

6 Investment strategy

- 6.1 The Deed does not specifically exclude any form of investment, although it specifies that the Trustee shall invest in accordance with investment principles as taught and generally accepted among the Brethren. See Appendix 1 for more detail.

6.2 Scheme investments will principally be selected from the following diversified asset classes:

- Cash deposits;
- Fixed interest Government securities;
- Property;
- Brethren community projects and other secured loans to unconnected parties that comply with limitations on employer-related investments; and
- Other asset classes that do not infringe the religious, social and religious beliefs of the Brethren whilst complying with prevailing investment regulations.

6.3 To protect Scheme members from the effect of fluctuations in value of the Scheme's real property assets, the Trustee has created a Property Reserve Fund, details of which are set out in Appendix 2.

6.4 For commercial property investments, the Trustee will principally select investment opportunities where the tenant holds the same community of interest (see Appendix 1) as the Brethren.

6.5 The balance between the different types of investment will be:

	Minimum holding	Maximum holding
Cash deposits	50%	80%
Fixed Interest Government Securities	5%	20%
Property	0%	10%
Brethren community projects and other secured loans	10%	30%
Private Equity	0%	15%

6.6 The Trustee will consider the financial standing of banking institutions with whom they will hold deposits and will take advice from its Investment Adviser on the appropriateness of those institutions from time to time.

6.7 Fixed Interest Government Securities will include conventional Gilts and index-linked Gilts.

6.8 Due to the restricted asset classes that the Trustee will consider for investments, the expected return on investments is likely to mirror returns on cash deposits plus a margin of 1% - 3% per annum.

6.9 The Trustee will diversify investments and ensure there is no undue concentration of assets in a single investment.

6.10 The Trustee is aware of its fiduciary duty in the case of a potential conflict of interest to act in the sole interest of Scheme members and beneficiaries.

6.11 The Trustee's Investment Adviser and Investment Manager will monitor the market on an ongoing basis and will advise the Trustee at the end of each quarter of any

new investment opportunities which they consider suitable (and which would comply with the Investment Beliefs in paragraph 4 above).

7 Realisation of investments

- 7.1 Investments in cash deposits and fixed interest Government securities are liquid assets that may be readily realised, although the Trustee may hold cash on Fixed Term Deposits.
- 7.2 Investments in Property and Brethren community projects are less liquid in nature and there will be delays in realising the value of such assets. The Trustee has, where appropriate, obtained a signed declaration from the borrower confirming that, in appropriate circumstances the loan would be repaid within 12 months of the Trustee's written request.

8 Default investment

- 8.1 The Scheme provides a single investment strategy for all members, so the Scheme's investment strategy represents the default investment.
- 8.2 The Trustee therefore considers that all aspects considered within this Statement apply to the default investment.
- 8.3 The Trustee has regard to the Brethren's Investment Beliefs set out in paragraph 4 above which also reflect the beliefs of the members. In view of the limited types of investment open to the Trustee (which precludes investment in equities and "pooled" funds), the Trustee, after consultation with its advisers reasonably considers that the Default Investment is in the best interests of Scheme members and beneficiaries who share common Brethren beliefs.
- 8.4 The Trustee will review the default strategy and performance of the default investment fund at least once every three years and, in any event, without delay after a significant change in investment policy or Scheme demographics. The Trustee shall review the extent to which the investment performance (after deduction of any charges) is consistent with the aims and objectives of the Trustee in respect of the default investment arrangement.

9 Investment managers

- 9.1 The Trustee will not appoint investment managers to operate pooled investments on behalf of the Scheme due to the religious, social and ethical beliefs of the Brethren.
- 9.2 The Trustee has appointed Smith & Williamson Investment Management Limited (as the "**Investment Manager**") to conduct the direct acquisition of U.K. Government Gilts on the Trustee's behalf.

10 Investment advisers and valuers

- 10.1 The Trustee seeks written advice from a qualified property surveyor in respect of commercial property investments.
- 10.2 The Trustee seeks written advice from Redington Ltd (as the “**Investment Adviser**”) in respect of the investments in the Scheme. Their policies are set out in more detail in Appendix 3.
- 10.3 The Trustee will monitor the development of other potentially suitable investments and will seek advice from time to time from a qualified person in respect of such investments.

11 Responsible investing – financially material considerations

- 11.1 The Trustee recognises that environmental, social and governance (“ESG”) factors, such as climate change, may have a material impact on certain investments that may be held as assets of a pension scheme. The Trustee, with its Investment Adviser, seeks to identify, consider, understand, and then address all relevant financially material considerations when buying, selling or retaining investments. Such matters are assessed for materiality and impact within a broader risk-management framework. Day-to-day responsibility for ESG matters (including climate change) is conducted by the Trustee and the underlying asset’s longer term financial sustainability is taken into account in the selection of the investment and will form a part of the Trustee’s quarterly monitoring of the investment. Each investment shall be evaluated by reference to the extent to which its ESG factors complement or correspond with the Trustee’s investment objectives.
- 11.2 The Trustee will not invest in equities or corporate bonds of any type due to the investment beliefs of the Brethren, nor will the Trustee invest in any pooled funds, but it will take ESG factors into account when considering the Scheme’s investments.
- 11.3 The Trustee will take ESG factors into account when considering investment in Brethren community projects, new secured loans, or investing in other asset classes that do not infringe Brethren beliefs.

12 Responsible investing – non-financial matters

- 12.1 The Trustee considers that the religious, social and ethical beliefs of the Brethren and the Scheme’s membership have priority in determining investment strategy and, as confirmed throughout this statement, the Trustee will seek to take those beliefs into account in the selection, retention and realisation of the Scheme’s investments
- 12.2 Membership of the Scheme is intended for members of the Plymouth Brethren Christian Church and the Trustee considers that all Scheme members will share core Brethren beliefs for investment of the Scheme’s assets.
- 12.3 The Trustees do not have an active policy of soliciting members’ views on non-financial investment matters, although they will consider any views made known to them. However, the annual Chair’s Statement clarifies the various avenues made available for members to share their views on matters relating to the Scheme.

13 Stewardship and Engagement policy

- 13.1 The Trustee will not invest in equities due to the religious, social and ethical beliefs of the Brethren and the Scheme’s members and, as a consequence, will not be in a position to exercise the voting rights normally attached to such investments.
- 13.2 The majority of the Scheme’s assets are held across Fixed Interest Government Securities and Cash deposits, whereby stewardship and engagement are less applicable.

- 13.3 The Trustee chooses an Investment Manager who are able to provide investment solutions that are aligned with the Trustee's beliefs and expects the Investment Manager to practice good stewardship.

14 Interaction with Investment Adviser and the Investment Manager

- 14.1 The Scheme's Investment Adviser ensure the investment objective and guidelines of the manager are consistent with that of the Trustee.
- 14.2 Where the Trustee utilises the services of an Investment Manager, the terms of the long-term relationship between the Trustee and the manager are set out in a separate Investment Management Agreement (IMA). These document the Trustee's expectations of their managers; alongside the investment guidelines they are required to operate under.
- 14.3 Where relevant, the Trustee requires the Investment Manager to invest with a medium to long-term time horizon. For some investments, the Trustee does not expect the respective Investment Manager to make decisions based on long-term performance. These may include investments that provide risk reduction through hedging, consistent with the Trustee's strategic asset allocation.
- 14.4 The Trustee appoints its Investment Manager with an expectation of a long-term partnerships. When assessing a manager's performance, the focus is on longer-term outcomes, and the manager is assessed over a medium to longer-term timeframe.
- 14.5 The Trustee would not expect to terminate a manager's appointment based purely on short-term performance. However, a manager's appointment could be terminated within a shorter timeframe than three years due to other factors, such as a significant change in business structure, the investment team, or changes in the strategic needs of the Scheme.
- 14.6 The investment manager is paid a fee for a defined set of services based on the size of assets managed on behalf of the Scheme. The Trustee reviews the fees periodically to confirm they are in line with market prices.
- 14.7 Due to the nature of the Scheme's investments, transaction costs are not applicable to the Scheme.

15 Risks

- 15.1 The Scheme is a defined contribution scheme and the risk of investment underperformance lies with the individual members of the Scheme.
- 15.2 The Trustee recognises that the Scheme is exposed to investment risk and pursues appropriate investment strategies to address those risks within the boundaries of the Brethren's investment beliefs. Appendix 3 details the Investment Manager's approach on behalf of the Trustee to balancing, measuring and managing investment risk.

- 15.3 Property management risks apply but the Trustee will take advice from suitably qualified advisers and valuers.
- 15.4 The liquidity risk that the Scheme might be forced to sell investments in poor markets will be addressed by the Trustee measuring cashflow requirements and retaining appropriate levels of cash.
- 15.5 Inflation risk will be mitigated to some extent by (a) holding some real property assets that increase in value and; (b) by setting the terms for interest on secured loans at 3.5% above Bank of England Base Rate.
- 15.6 On retirement, members use their accumulated savings to provide an income in the form of periodic withdrawals from their individual account.
- 15.7 The Trustee recognises that the members are exposed to the risk of reductions in retirement income if the Scheme's net investment returns do not keep pace with the level of withdrawals.
- 15.8 The Trustee monitors these risks in the Scheme's Risk Register.

16 Review

- 16.1 The Trustee will review the Statement at least annually and without delay upon a material change to relevant legislation, the Scheme or to the participating employers.

This Statement of Investment Principles was agreed by the Trustee on 9 February 2021 and replaces any previous statements.

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For and on behalf of BCF Pension Trustees Ltd

Appendix 2 to BCF Pension Trust Annual Governance Statement for the year ending 31st March 2022

BCF Pension Trust Administration Service Level Agreement (SLA)

The main items covered by the SLA included:

Member detail change	16 working days
Address change	15 working days
Active leaver	16 working days
Leaver preserved	26 working days
Leaver refund	100 working days
Death	81 working days
Leaver retirement	59 working days
Transfer In	55 working days
Transfer Out	61 working days
DC Fund Value Quotation	6 working days
Contribution Rate Change	16 working days
Request copy statement	20 working days
General Enquiry	20 working days
Complaints	30 working days

Appendix 3 to BCF Pension Trust Annual Governance Statement for the year ending 31st March 2022

Further illustrations of the impact of costs and charges on members projected fund values

The following tables show the potential impact over time of the costs and charges (as shown in section 3) borne by members on projected values at retirement in today's money for "average" members of the Scheme based on the Scheme's membership data. We have prepared the illustrations in accordance with regulation 23(1)(ca) of the Administration Regulations, as inserted by the 2018 Regulations.

All members are invested in the Scheme default fund and the illustrations below assume that this is the case.

We have taken account of relevant statutory guidance in preparing these illustrations.

Table 2 : Illustrations for a member:

- currently age 25 i.e. 40 years from retirement (their Normal Pension Age being 65)
- invested in the default fund
- current pension pot £2,000
- current monthly contributions £195

Age	Years to Retirement	Fund value <u>before</u> costs and charges	Fund value <u>after</u> costs and charges
25	40	£2,000	£2,000
30	35	£13,935	£13,703
35	30	£26,049	£25,201
40	25	£38,515	£36,622
45	20	£51,517	£48,098
50	15	£65,247	£59,753
55	10	£79,905	£71,713
60	5	£95,709	£84,102
65	0	£112,889	£97,044

Table 3 : Illustrations for a member:

- currently age 40 i.e. 25 years from retirement (their Normal Pension Age being 65)
- invested in the default fund
- current pension pot £40,000
- current monthly contributions £293.52

Age	Years to Retirement	Fund value <u>before</u> costs and charges	Fund value <u>after</u> costs and charges
40	25	£40,000	£40,000
45	20	£62,532	£61,028
50	15	£86,088	£82,221
55	10	£110,855	£103,673
60	5	£137,197	£125,615
65	0	£165,501	£148,278

We have used the following assumptions in preparing the illustrations:

- Investment returns = 2.5% pa over inflation
- Inflation = 2.5% pa
- Salary growth = 0% pa over inflation
- Charges / deductions = 0.60% of fund values

Appendix 4 to BCF Pension Trust Annual Governance Statement for the year ending 31st March 2022

SIP Implementation Statement

This SIP Implementation Statement (“the Statement”) has been prepared by BCF Pension Trustees Limited (“the Trustee”) and relates to the BCF Pension Trust (“BCF” or “the Scheme”).

This is the second Statement produced by the Trustee as required by the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

The regulations state that the Statement must:

- Set out how, and the extent to which, in the opinion of the trustees, the SIP has been followed during the year; and
- Describe the voting behaviour by, or on behalf of, trustees (including the most significant votes cast by trustees or on their behalf) during the year and state any use of the services of a proxy voter during that year.

Based on regulatory requirements, the Statement will cover the period from 1st April 2021 to the end of the Scheme’s financial year on 31st March 2022.

The Statement is split into two sections:

- a) an overview of the Trustee’s actions and highlights during the period covered; and
- b) the policies set out in the Scheme’s SIP and the extent to which they have been followed in the reporting period.

There is no voting behaviour to report as the Scheme does not hold assets that have voting rights attached to them.

Appendix 5a

Overview of Trustee Actions

SIP Updates

- No SIP updates were made over the reporting year.

Investment Beliefs

- The investment beliefs of ensure the Scheme’s investments are aligned with the investment restrictions of the Brethren continues to be one of the key decision-making drivers for investments in the Scheme.
- During the reporting period the Trustee ensured that the Scheme’s investments continue to satisfy these beliefs.

Voting Behaviour

- The Trustee did not undertake any voting action during the Scheme year as the Scheme did not hold any assets with voting rights.

Appendix 5b
Review of SIP Policies

Policy	Has the policy been followed?	Evidence
Scheme Governance		
<p>The Trustee monitors the Scheme's investments each month and will hold formal review meetings once a quarter, as per the Trustee Annual Calendar.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee continues to monitor the Scheme's investments each month and hold formal review meetings once a quarter. The next meeting is due to be held on the 6th December</p> <p>The Trustee is provided with a monthly Trustee Report by the Scheme administrator that included a reconciliation of contributions received against the contributions invested, together with a summary of the Scheme's investments. The Trustee provides the annual equivalent investment growth calculated monthly performance on their website.</p>
<p>The Trustee provides decumulation options for members in retirement by way of flexi-access drawdown or uncrystallised funds pension lump sums. Members are also able to purchase annuities via an Open Market Option.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>There is a range of at retirement and decumulation options for members.</p>
Investment Beliefs		
<p>The Trustee acknowledges that [equities and corporate bonds] may normally be deemed appropriate for long term investment associated with retirement planning, but the Trustee will not hold investments within the Scheme that infringe the core beliefs of the Brethren.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Scheme's default investment strategy has not been changed in the Scheme year and continues to only utilise assets that are aligned with the core beliefs of the Brethren.</p>
Investment Objectives		
<p>Invest the Scheme's assets in a manner that is consistent with the religious, social and ethical considerations of the Brethren.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Scheme's default investment strategy has not been changed in the Scheme year and continues to only utilise assets that are aligned with the core beliefs of the Brethren.</p>

Investment Strategy		
For commercial property investments, the Trustee will principally select investment opportunities where the tenant holds the same community of interest as the Brethren.	Yes, the Trustee is satisfied that this policy has been followed.	The Scheme did not hold any property investment for the scheme year ended 31 st March 2022.
The balance between the different types of investments will be: a) Cash deposits : 10%<x<45%; b) Fixed Interest Government Securities: 10%<x<20%; c) Property: 0%<x<30%; d) Brethren community projects and other secured loans: 30%<x<50%.	No, the Trustee is aware of this policy has not been followed.	During the Scheme year, the Scheme held more cash than the target range and below-target secured loans. The Scheme continued to seek suitable investments in property, community projects and other secured loans which aligned with the core beliefs of the Brethren, to bring the balance back to within the target ranges.
The Trustee will consider the financial standing of banking institutions with whom they will hold deposits and will take advice from its Investment Adviser on the appropriateness of those institutions from time to time.	Yes, the Trustee is satisfied that this policy has been followed.	The banks/building societies on the Counterparty List are selected based on the Trustee's Credit Review Committee's internal assessment of their credit standing and their Fitch and Moody's credit rating. They are reviewed at least annually and monitored daily.
The Trustee will diversify investment and ensure there is not undue concentration of assets in a single investment.	Yes, the Trustee is satisfied that this policy has been followed.	Following a default review, the Trustee added new minimum and maximum limits for different investment classes. These did not alter the investment mix in place but will help in ensuring there is not undue concentration of assets in a single investment.
Realisation of Investments		
Investments in Property and Brethren community projects are less liquid in nature and there will be delays in realising the value of such assets. The Trustee has, where appropriate, obtained a signed declaration from the borrower confirming that, in appropriate circumstances the loan would be repaid within 12 months of the Trustee's written request.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee no longer hold a Property investment. They do have signed declarations in place with their current investment in Brethren community projects.

Default Investments

<p>The Scheme provides a single investment strategy for all members, so the Scheme's investment strategy represents the default investment.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee continues to provide a single default investment strategy for all members.</p>
<p>The Trustee has regard to the Brethren's Investment Beliefs, which also reflect the beliefs of the members, In view of the limited types of investment open to the Trustee (which precludes investment in equities and "pooled" funds), the Trustee, after consultation its advisers reasonable considers that the Default Investment is in the best interests of Scheme members and beneficiaries who share common Brethren beliefs.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee are assured that members continue to share common Brethren beliefs and has put in place arrangements to encourage members of the Scheme to make their views on matters relating to the Scheme known to the Trustee. They include a feedback page and they are able to contact the Scheme via email, post or telephone.</p>
<p>The Trustee will review the default strategy and performance of the default investment fund at least once every three years and, in any event, without delay after a significant change in investment policy or Scheme demographics. The Trustee shall review the extent to which the investment performance (after deduction of any charges) is consistent with the aims and objective of the Trustee in respect of the default investment arrangement.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>A review of the default was completed in February 2021. The review considered whether the default fund continued to meet the Trustee's aims and objectives for it. There were no changes made to the overall investment strategy, as the same 'restricted' investment opportunities were available to the Trustee, but the Trustee added new minimum and maximum limits for different investment classes.</p>

Investment Advisers and Valuers

<p>The Trustee will monitor the development of other potentially suitable investments and will seek advice from time to time from a qualified person in respect of such investments.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Scheme's investment adviser has continued to assist the Trustee in monitoring the development of other potentially suitable investments.</p>
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Responsible Investing – Financially Material Considerations

The Trustee, with its Investment Adviser, seeks to identify, consider, understand, and then address all relevant financially material considerations when buying, selling or retaining investments. Such matters are assessed for materiality and impact within a broader risk-management framework. Day-to-day responsibility for ESG matters (including climate change) is conducted by the Trustee and the underlying asset's longer term financial sustainability is taken into account in the selection of the investment and will form a part of the Trustee's quarterly monitoring of the investment. Each investment shall be evaluated by reference to the extent to which its ESG factors complement or correspond with the Trustee's investment objectives.

Yes, the Trustee is satisfied that this policy has been followed.

The Trustee continues to receive written advice in relation to the buying, selling and retention of investments, which will detail all relevant financially material considerations.

The Trustee has received regular reporting in relation to the longer-term financial sustainability of assets is taken into account.

The Trustee will not invest in equities or corporate bonds of any type due to the investment beliefs of the Brethren, nor will the Trustee invest in any pooled funds, but it will take ESG factors into account when considering the Scheme's investments.

Yes, the Trustee is satisfied that this policy has been followed.

The Scheme continues to not invest in equities, corporate bonds, or pooled funds. However, the potential financially material impact of ESG factors are less relevant for the Scheme's existing assets.

The Trustee will take ESG factors into account when considering investment in Brethren community projects, new secured loans, or investing in other asset classes that do not infringe Brethren beliefs.

Yes, the Trustee is satisfied that this policy has been followed.

The Trustee continues to take ESG factors into consideration when considering new investments.

Responsible Investing – Non-financial matters

The Trustee considers that the religious, social and ethical beliefs of the Brethren and the Scheme's membership have priority in determining investment strategy and, as confirmed throughout this statement, the Trustee will seek to take those beliefs into account in the selection, retention and realisation of the Scheme's investments.

Yes, the Trustee is satisfied that this policy has been followed.

The Trustee continues to consider the religious, social and ethical beliefs of the Brethren in determining the investment strategy.

Stewardship and Engagement

The Trustee will not invest in equities due to the religious, social and ethical beliefs of the Brethren and the Scheme's members and, as a consequence, will not be in a position to exercise the voting rights normally attached to such investments.

Yes, the Trustee is satisfied that this policy has been followed.

The Scheme continues to not invest in equities, corporate bonds, or pooled funds. However, the potential financially material impact of ESG factors are less relevant for the Scheme's existing assets.

The Trustee chooses an Investment Manager who are able to provide investment solutions that are aligned with the Trustee's beliefs and expects the Investment Manager to practice good stewardship.

Yes, the Trustee is satisfied that this policy has been followed.

No new investment were made during the financial year. However, ESG factors will be taken into account when considering new investments.

Interaction with Investment Adviser and the Investment Manager

The Scheme's Investment Adviser ensure the investment objective and guidelines of the manager are consistent with that of the Trustee.

Yes, the Trustee is satisfied that this policy has been followed.

The Investment Adviser ensures that all recommendations are in line with the Scheme's beliefs.

Risks

Property management risks apply but the Trustee will take advice from suitably qualified advisers and valuers.

Yes, the Trustee is satisfied that this policy has been followed.

The Trustee no longer holds an investment within property.

Review

The Trustee will review the Statement at least annually and without delay upon a material change to relevant legislation, the Scheme or to the participating employers.

Yes, the Trustee is satisfied that this policy has been followed.

The SIP was updated prior to 1st October 2020 to reflect the Trustee's view on stewardship and financially material risks such as ESG, including climate change.

Appendix 5c Voting Behaviour

No additional reporting is provided on voting as none of the Scheme's assets during the reporting period had voting rights.