

# Appendix 5 to BCF Pension Trust Annual Governance Statement for the year ending 31st March 2023

## 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 third 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 1<sup>st</sup> April 2022 to the end of the Scheme’s financial year on 31<sup>st</sup> March 2023.

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

- The overall strategic asset allocation fund range is updated in SIP over the reporting year. The overall strategic asset allocation parameters were changed by increasing cash deposit and private equity, offset by reducing property and secured loans.

#### 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
<b>Scheme Governance</b>		
<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 13 June.</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>
<b>Investment Beliefs</b>		
<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>

<b>Investment Objectives</b>		
Invest the Scheme's assets in a manner that is consistent with the religious, social and ethical considerations of the Brethren.	Yes, the Trustee is satisfied that this policy has been followed.	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.
<b>Investment Strategy</b>		
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 property investment which the Scheme invests in is leased to the Rapid Relief Team ("RRT") which share the same interest of Brethren.
The balance between the different types of investments will be: a) Cash deposits : 20%<x<80%; b) Fixed Interest Government Securities: 5%<x<20%; c) Private Equity: 0%<x<15% c) Property: 0%<x<15%; d) Brethren community projects and other secured loans: 10%<x<30%.	Yes, the Trustee is satisfied that this policy has been followed.	During the Scheme year, the investment holdings continue to fall within the stated targets for each of the respective investment classes.
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.	The Trustee added new minimum and maximum limits for different investment classes since the last default review. 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 has signed declarations in place with their current investment in Property and Brethren community projects.

### Default Investments

The Scheme provides a single investment strategy for all members, so the Scheme's investment strategy represents the default investment.

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

The Trustee continues to provide a single default investment strategy for all members.

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.

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

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>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>
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**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.

<p>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.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee continues to take ESG factors into consideration when considering new investments.</p>
<p><b>Responsible Investing – Non-financial matters</b></p>		
<p>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.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee continues to consider the religious, social and ethical beliefs of the Brethren in determining the investment strategy.</p>
<p><b>Stewardship and Engagement</b></p>		
<p>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.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>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.</p>
<p>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.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>No new investment manager was added during the financial year. However, ESG factors will be taken into account when considering new investments.</p>



### 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.
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### 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 has taken advice from qualified advisers.
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### 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 reviewed in October 2022.
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### 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.