Church Workers Pension Fund

Annual Report and Financial Statements
31 December 2021

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 2021.

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.

Board Members (1 January 2021 to 14 July 2022)

Appointed with the approval of the General Synod, by the Archbishops of Canterbury and York
Clive Mather (Chair)

Appointed by the Archbishops of Canterbury and York
Roger Boulton FIA (from July 2021)
Canon Nicolete Fisher (to June 2021)
Canon Emma Osborne (from July 2021)
Ian Wilson (from July 2021)

Appointed by the Archbishops of Canterbury and York after consultation with the representatives of the dioceses
Nikesh Patel (to June 2021)

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
The Revd Caroline Titley (to June 2021)

Elected by the members of the Church Workers Pension Fund
Susan Pope (to June 2021)
Michaela Southworth

Appointed by the members of the clergy pension schemes
The Revd Hugh Lee (from July 2021)
The Revd Eleanor Robertshaw (from July 2021)

Elected by the House of Bishops of the General Synod
The Rt Revd Alan Wilson, Bishop of Buckingham (to June 2021)

Elected by the House of Clergy of the General Synod
The Revd Fr Paul Benfield (to June 2021)
The Revd Nigel Bourne (to June 2021)
The Revd Peter Ould (to June 2021)
The Ven David Stanton (to June 2021)

Elected by the House of Laity of the General Synod
Roger Boulton FIA (to June 2021)
Canon Emma Osborne (to June 2021)
Bill Seddon (to June 2021)

Appointment by the Archbishops of Canterbury and York after Consultation with the Church Commissioners and the representatives of the dioceses
Nikesh Patel (from July 2021)

Appointed by the Archbishops of Canterbury and York after consultation with the Chair of the Church of England Appointments Committee and the Prolocuters of the Convocations of Canterbury and York
The Revd Caroline Titley (from July 2021)

Elected by the members of the Church Administrators Pensions Fund
Maggie Rodger

Elected by the Employers in the Church Workers Pension Funds and the Church Administrators Pensions Fund
Richard Hubbard
Canon Sandra Newton (to June 2021)

Committee Members

Audit and Risk Committee
Maggie Rodger (Chair)
Tony King
Ian Wilson
Helen Ashley Taylor*
Canon Susan Pope*
Caron Bradshaw OBE*

Pensions Committee
Richard Hubbard (Chair)
The Revd Hugh Lee
Maggie Rodger
Michaela Southworth
Ian Wilson

Housing Committee
The Revd Caroline Titley (Chair)
Tony King
The Revd Eleanor Robertshaw
Jonathan Gregory*
Tom Paul*
Lawrence Santcross*
The Rt Revd Alan Wilson*

Investment Committee
Roger Boulton (Chair)
Canon Emma Osbourne
Nikesh Patel
Matthew Beesley*
Jonathan Rodgers*

*Indicates members of committee who kindly give 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)	Acadian Asset Management (until April 2021) Antin Infrastructure Partners Arrowstreet Capital (until May 2922) Audax Group Basalt Infrastructure Partners Blackstone Cambridge Associates CBRE Global Investors Colchester Global Investors DBL Partners DIF Management EQT Infrastructure Partners Igneo (formerly First Sentier) Generation Investment Management LLP GW&K H.I.G. Capital Insight Investment Management I Squared Global Capital KKR & Co. LP Legal & General Northern Trust Global Investors T Rowe Price International Ltd

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 private loans and infrastructure assets, the listed credit pool containing corporate bonds, and the liquidity pool containing cash.

In 2020 the Trustee, after taking investment advice and consultation with employers, has reviewed the Scheme's weighting to each pool and adopted a strategy to ensure the assets held are best suited to the Scheme's long-term interests. See the investment strategy section and the investment risk disclosures in Appendix 2 for more information.

<u>Pension Builder 2014</u>
The Pension Builder 2014 sub-section has been operating since February 2014. There are 411 (2020: 393) 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 162 (2020: 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.

Going Concern
There has been no significant impact on contributions received from employers, as a result of the impact of the COVID-19 pandemic, 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 that COVID-19 and recent geopolitical events 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.

Trustee's report (continued)

Defined Benefit Scheme
The Defined Benefit Scheme currently has 78 (2020: 79) 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 2021. A full copy of the Scheme's rules is available on request.

Financial developments
There were no significant financial developments within the Scheme during the year.

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

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.

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	**172**	**1,587**	**2,161**	**221**	**4,141**
New members joining	5	-	-	-	5
Movement from other Sections	-	-	2	6	8
Movement to other Sections	-	-	(4)	(5)	(9)
Members retiring	(10)	(78)	88	-	-
Members leaving prior to pension age	(26)	26	-	-	-
Full commutation	-	(2)	(2)	-	(4)
Transfers out	-	(2)	-	-	(2)
Deaths	-	(5)	(58)	(18)	(81)
New spouse and dependent pensions	-	-	-	26	26
Adjustments/other	-	-	-	(1)	(1)
Total at 31 December	**141**	**1,526**	**2,187**	**229**	**4,083**

* Included within the above are 1,362 (2020: 1,408) pensioners and 201 (2020: 192) beneficiaries whose benefits are partly provided by an insurance policy.

Pension Builder Classic	**Active**	**Deferred**	**Pensioners**	**Beneficiaries**	**Total**
At 1 January	**1,841**	**2,237**	**1,393**	**111**	**5,582**
New members joining	309	-	-	-	309
Re-entrants from other status	4	(4)	-	-	-
Movement from other Sections	(1)	-	5	5	9
Movement to other Sections	-	-	(2)	(6)	(8)
Members retiring	(29)	(48)	77	-	-
Members leaving with refunds	(4)	(5)	-	-	(9)
Members leaving prior to pension age	(251)	251	-	-	-
Full commutation	(6)	(15)	(2)	-	(23)
Transfers out	(8)	(38)	-	-	(46)
Deaths	-	(4)	(50)	(4)	(58)
New spouse and dependent pensions	-	-	-	8	8
Leaver with no liability	(1)	-	-	-	(1)
Total at 31 December	**1,854**	**2,374**	**1,421**	**114**	**5,763**

Trustee's report (continued)

Pension Builder 2014	**Active**	**Deferred**	**Total**
At 1 January	**2,466**	**1,267**	**3,733**
New members joining	540	-	540
Movement from other Sections	1	-	1
Re-entrants from other status	2	(2)	-
Members retiring	(8)	(10)	(18)
Members retiring – no further liability	(1)	(1)	(2)
Members leaving with refunds	(14)	(22)	(36)
Members leaving prior to pension age	(395)	395	-
Full commutation	(26)	(16)	(42)
Transfers out	(11)	(32)	(43)
Deaths	(7)	(4)	(11)
Group Life only	(1)	-	(1)
Total at 31 December	**2,546**	**1,575**	**4,121**

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 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 2021 was 4.9% (2020: 1.1%). Pensions in payment on 1 January 2022 increased therefore by 4.9% (2021: 1.1%). There were no discretionary increases. Pensions earned in the Pension Builder Classic prior to April 1997 do not increase.

No discretionary bonuses were paid in respect of Pension Builder Classic (2020: none). A discretionary bonus of 10.2% was paid in respect of Pension Builder 2014 (1 April 2020: 6%). Bonuses are not applicable to the Defined Benefit Scheme.

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 2019 which showed at that date:

	Defined Benefit Scheme	Pension Builder Classic	Pension Builder 2014
	£m	£m	£m
Technical provision	437.8	152.6	20.8
Value of assets	426.6	147.8	26.3
(Deficit)/Surplus	(11.2)	(4.8)	5.5

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)	3.70% p.a.
for life risk section (post-retirement)	1.85% p.a. reducing linearly to 1.4% p.a. at 31 December 2034
For PB Classic (pre-retirement)	4.7% p.a.
For PB Classic (post-retirement for pre 1997 pensions)	4.7% p.a.
For PB Classic (post-retirement for post 1997 pensions)	1.7% p.a.
RPI	3.2% p.a.
Pay increases	CPI + 0.5% p.a.
Pension increases:	
Increasing in line with CPI (capped at 3.0%)	2.4% p.a.
Increasing in line with RPI (capped at 2.5%)	2.1% p.a.
Increasing in line with RPI (capped at 5.0%)	3.1% p.a.
Post-retirement mortality	100% of S3NMA and S3NFA mortality tables in line with the CMI 2019 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 and "recovery periods" (the period over which the identified deficit is targeted to be eliminated) with each participating Defined Benefit Scheme employer. The majority of employers agreed a recovery plan of seven years or less from 1 April 2021. For others, deficit contributions are calculated to eliminate the deficit no later than 1 October 2032.

Investment management
At the end of 2021, 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.

	2021 £'000	**2020 £'000**	Nature of investment
Return seeking investments			
CEIFP – Public Equity Pool	**273,108**	266,796	Public equities
CEIFP – Diversified Growth Pool	**61,704**	45,615	Property unit trusts, private equity and emerging markets sovereign debt
CEIFP – Diversified Income Pool	**117,954**	109,168	Private infrastructure equity, private debt
CEIFP – Liquidity Pool	**16,283**	10,853	Cash
Liability matching investments			
CEIFP – Listed Credit Pool (formerly known as Liability Matching Pool	**31,731**	25,312	High quality corporate bonds
Liability Driven Investments ("LDI")	**122,262**	90,439	Pooled investment vehicles investing solely in gilts
Other			
Insurance policy	**92,700**	97,900	
Other investment balances	**3**	3	
Total at 31 December	**715,745**	646,086	

Trustee's report (continued)

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 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.

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. 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.

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.

The Scheme holds £122.3m (2020: £90.4m) 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

Index-linked Gilts posted gains over the year, with the FTSE Over 5-Year Index-linked Gilt index increasing by 4.2% in 2021. The Scheme's LDI gains were 12.61% in 2021 (2020: gains of 12.4%) and 7.7% for the three years ended 31 December 2021.

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 8 were approved by the Trustee on 14 July 2021 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 2021 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 2021, 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 policy. This is addressed by testing the reconciliation of amounts received from the bulk annuity provider to the pensions paid to the pensioners.
- 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 14/07/2022

Fund Account for the year ended 31 December 2021

	Note	Pension Builder 2014	Pension Builder Classic	DBS – Employer section	DBS – Life Risk section	**2021 Total**	**2020 Total**
		£000	£000	£000	£000	**£000**	**£000**
Contributions and other income							
Employer contributions	4	5,201	5,657	5,191	20	**16,069**	**16,378**
Employee contributions	4	1,730	1,591	136	-	**3,457**	**3,264**
Transfers in		-	-	-	-	**-**	**6**
Other income	4	305	249	4	513	**1,071**	**1,018**
Total contributions and other income		7,236	7,497	5,331	533	**20,597**	**20,666**
Benefits							
Benefits paid or payable	5	(758)	(4,524)	(1,563)	(11,008)	**(17,853)**	**(17,175)**
Payments to and on account of leavers	6	(8)	(9)	-	-	**(17)**	**(30)**
Transfers out		(336)	(516)	(290)	-	**(1,142)**	**(1,716)**
Administrative expenses	7	(577)	(896)	-	(1,125)	**(2,598)**	**(2,771)**
Total benefits and other expenses paid		(1,679)	(5,945)	(1,853)	(12,133)	**(21,610)**	**(21,692)**
Net additions/(withdrawals) from dealings with members		5,557	1,552	3,478	(11,600)	**(1,013)**	**(1,026)**
Returns on investments							
Deposit interest		-	-	-	-	**-**	**4**
Income from insurance policies		-	-	-	4,878	**4,878**	**4,946**
Change in market value of investments	11	5,792	20,405	30,655	7,497	**64,349**	**37,784**
Investment management expenses		-	(20)	-	(41)	**(61)**	**(63)**
Net returns on investments		5,792	20,385	30,655	12,334	**69,166**	**42,671**
Net increase/(decrease) in fund		11,349	21,937	34,133	734	**68,153**	**41,645**
Transfers between sections	8	-	-	(20,428)	20,428	**-**	**-**
Opening net assets		34,426	161,198	209,555	243,197	**648,376**	**606,731**
Closing net assets		45,775	183,135	223,260	264,359	**716,529**	**648,376**

Notes 1 to 19 form part of these Financial Statements.

Statement of Net Assets available for benefits as at 31 December 2021

	Notes	Pension Builder 2014	Pension Builder Classic	DBS – Employer section	DBS – Life Risk section	**2021 Total**	**2020 Total**
		£000	£000	£000	£000	**£000**	**£000**
Investments							
Pooled investment vehicles (CEIFP)	11	45,354	151,082	222,935	81,409	**500,780**	**457,744**
Pooled investment vehicles (other)	11	-	31,825	-	90,437	**122,262**	**90,439**
Insurance policies	11	-	-	-	92,700	**92,700**	**97,900**
Other investment balances	11	-	-	-	3	**3**	**3**
Total investments		45,354	182,907	222,935	264,549	**715,745**	**646,086**
Current assets	9	483	590	373	302	**1,748**	**2,746**
Current liabilities	10	(62)	(362)	(48)	(492)	**(964)**	**(456)**
Net current assets		421	228	325	(190)	**784**	**2,290**
Total net assets available for benefits		45,775	183,135	223,260	264,359	**716,529**	**648,376**

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 5, and these financial statements should be read in conjunction with this report. Notes 1 to 19 form part of these financial statements. Note 19 shows the full year comparatives.

These financial statements were approved by the Trustee on 14 July 2021 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. This is determined by the most recent scheme funding valuation assumptions updated for market conditions at the reporting date.

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

g) 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 2021	Pension Builder 2014	Pension Builder Classic	DBS – Employer section	DBS – Life Risk section	**Total**
	£000	£000	£000	£000	**£000**
Employer contributions					
Normal	5,077	5,219	1,705	-	**12,001**
Deficit	-	-	2,953	-	**2,953**
AVC	124	377	-	-	**501**
Cessation liabilities	-	61	533	20	**614**
Total employer contributions	5,201	5,657	5,191	20	**16,069**
Employee contributions					
Normal	974	673	136	-	**1,783**
AVC	756	918	-	-	**1,674**
Total employee contributions	1,730	1,591	136	-	**3,457**
Other income					
Contributions for administration costs	-	-	4	513	**517**
Contributions for life cover	305	249	-	-	**554**
Total other income	305	249	4	513	**1,071**

Year ended 31 December 2020	Pension Builder 2014	Pension Builder Classic	DBS – Employer section	DBS – Life Risk section	**Total**
	£000	£000	£000	£000	**£000**
Employer contributions					
Normal	4,993	5,153	2,087	-	**12,233**
Deficit	-	-	3,558	-	**3,558**
AVC	102	337	-	-	**439**
Cessation liabilities	-	48	-	100	**148**
Total employer contributions	5,095	5,538	5,645	100	**16,378**
Employee contributions					
Normal	986	704	148	-	**1,838**
AVC	644	782	-	-	**1,426**
Total employee contributions	1,630	1,486	148	-	**3,264**
Other income					
Contributions for administration costs	-	-	4	461	**465**
Contributions for life cover	308	245	-	-	**553**
Total other income	308	245	4	461	**1,018**

Deficit funding contributions are payable in respect of the funding shortfalls at different annual lump sum amounts for each employer over varying periods from 1 April 2018 to 30 June 2033.

Cessation liabilities are amounts required to be paid to the Scheme by an employer after a cessation event.

5. Benefits paid or payable

Year ended 31 December 2021	Pension Builder 2014	Pension Builder Classic	DBS – Employer section	DBS – Life Risk section	**Total**
	£000	£000	£000	£000	**£000**
Pensions	-	3,243	-	10,984	**14,227**
Lump sums on retirement	140	850	1,549	-	**2,539**
Lump sums on death	115	298	14	-	**427**
Commutations	503	133	-	24	**660**
Total benefits paid	758	4,524	1,563	11,008	**17,853**

Year ended 31 December 2020	Pension Builder 2014	Pension Builder Classic	DBS – Employer section	DBS – Life Risk section	**Total**
	£000	£000	£000	£000	**£000**
Pensions	-	3,290	-	10,656	**13,946**
Lump sums on retirement	105	711	1,455	-	**2,271**
Lump sums on death	339	186	14	-	**539**
Commutations	172	229	-	18	**419**
Total benefits paid	616	4,416	1,469	10,674	**17,175**

Notes to the financial statements (continued)

6. Payments to and on account of leavers

Year ended 31 December 2021	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	8	9	-	-	**17**
Total payments to and on account of leavers	8	9	-	-	**17**

Year ended 31 December 2020	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	17	13	-	-	**30**
Total payments to and on account of leavers	17	13	-	-	**30**

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 2021	Pension Builder 2014	Pension Builder Classic	DBS – Employer section	DBS – Life Risk section	**Total**
	£000	£000	£000	£000	**£000**
Actuarial fees	109	219	-	328	**656**
Audit fees	-	-	-	34	**34**
Pension levy	7	10	-	50	**67**
Legal advice	85	114	-	112	**311**
Investment services	32	107	-	216	**355**
Administrative expenses	371	536	-	566	**1,473**
VAT rebate	(27)	(90)	-	(181)	**(298)**
Total administrative expenses	577	896	-	1,125	**2,598**

Year ended 31 December 2020	Pension Builder 2014	Pension Builder Classic	DBS – Employer section	DBS – Life Risk section	**Total**
	£000	£000	£000	£000	**£000**
Actuarial fees	114	229	-	342	**685**
Audit fees	-	-	-	35	**35**
Pension levy	11	14	-	38	**63**
Legal advice	11	36	-	61	**108**
Investment services	27	107	-	242	**376**
Administrative expenses	392	573	-	729	**1,694**
VAT rebate	(14)	(54)	-	(122)	**(190)**
Total administrative expenses	541	905	-	1,325	**2,771**

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 employers until the point of retirement. At point of retirement, an amount is transferred to the life risk section, which pays pensions. This is similar to the employer buying an annuity from the Life Risk section.

Notes to the financial statements (continued)

9. Current assets

At 31 December 2021	Pension Builder 2014	Pension Builder Classic	DBS – Employer section	DBS – Life Risk section	**Total**
	£000	£000	£000	£000	**£000**
Debtors					
Employer contributions	463	581	373	43	**1,460**
Trustee	-	-	-	137	**137**
Other	20	9	-	-	**29**
Total debtors	483	590	373	180	**1,626**
Cash	-	-	-	122	**122**
Total current assets	483	590	373	302	**1,748**

At 31 December 2020	Pension Builder 2014	Pension Builder Classic	DBS – Employer section	DBS – Life Risk section	**Total**
	£000	£000	£000	£000	**£000**
Debtors					
Employer contributions	464	582	373	3	**1,509**
Trustee	110	14	-	46	**170**
Other	4	11	-	-	**15**
Total debtors	578	607	431	78	**1,694**
Cash	-	-	-	1,052	**1,052**
Total current assets	578	607	431	1,130	**2,746**

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 2021	Pension Builder 2014	Pension Builder Classic	DBS – Employer section	DBS – Life Risk section	**Total**
	£000	£000	£000	£000	**£000**
Unpaid benefits	8	27	21	-	**56**
Tax payable	1	161	-	-	**162**
Other	-	123	24	492	**639**
Trustee	53	51	-	-	**104**
Total creditors	62	362	45	492	**961**
Cash	-	-	3	-	**3**
Total current liabilities	62	362	48	492	**964**

At 31 December 2020	Pension Builder 2014	Pension Builder Classic	DBS – Employer section	DBS – Life Risk section	**Total**
	£000	£000	£000	£000	**£000**
Unpaid benefits	29	42	-	-	**71**
Tax payable	-	157	-	-	**157**
Other	-	105	1	22	**128**
Trustee	-	-	-	-	**-**
Total creditors	29	304	1	22	**356**
Cash	-	100	-	-	**100**
Total current liabilities	29	404	1	22	**456**

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 2021 £000	Purchases at cost £000	Sales proceeds £000	Change in market value £000	At 31 December 2021 £000
Pooled investment vehicles (CEIFP)					
Public equity pool	20,929	1,853	(1,152)	4,020	**25,650**
Diversified growth pool	3,579	1,761	-	870	**6,210**
Diversified income pool	8,542	2,238	-	904	**11,684**
Liquidity pool	827	6,333	(5,348)	(2)	**1,810**
Total investments	33,877	12,185	(6,500)	5,792	**45,354**

Pension Builder Classic:

	At 1 January 2021 £000	Purchases at cost £000	Sales proceeds £000	Change in market value £000	At 31 December 2021 £000
Pooled investment vehicles (CEIFP)					
Public equity pool	75,458	458	(8,460)	13,713	**81,169**
Diversified growth pool	12,905	3,846	(58)	2,776	**19,469**
Diversified income pool	30,879	3,117	-	2,899	**36,895**
Liquidity pool	3,150	17,817	(15,215)	(3)	**5,749**
Listed credit pool	8,020	2	-	(222)	**7,800**
Total pooled investment vehicles	130,412	25,240	(23,733)	19,163	**151,082**
Pooled investment vehicles (other)					
Bonds	30,583	-	-	1,242	**31,825**
Total investments	160,995	25,240	(23,733)	20,405	**182,907**

Defined benefit Scheme – Employer section

	At 1 January 2021 £000	Purchases at cost £000	Sales proceeds £000	Change in market value £000	At 31 December 2021 £000
Pooled investment vehicles (CEIFP)					
Public equity pool	128,329	8,038	(33,629)	21,646	**124,384**
Diversified growth pool	21,945	10,567	(7,224)	4,474	**29,762**
Diversified income pool	52,371	11,059	(10,771)	4,576	**57,235**
Liquidity pool	5,074	25,456	(21,855)	(7)	**8,668**
Listed credit pool	1,406	1,710	(196)	(34)	**2,886**
Total investments	209,125	56,830	(73,675)	30,655	**222,935**

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 2021 £000
Pooled investment vehicles (CEIFP)					
Public equity pool	42,080	370	(7,760)	7,215	**41,905**
Diversified growth pool	7,186	322	(2,151)	906	**6,263**
Diversified income pool	17,376	-	(6,238)	1,002	**12,140**
Liquidity pool	1,802	16,941	(18,685)	(2)	**56**
Listed credit pool	15,886	5,664	-	(505)	**21,045**
Total pooled investment vehicles (CEIFP)	84,330	23,297	(34,834)	8,616	**81,409**
Pooled investment vehicles (other)					
Bonds	59,856	26,500	-	4,081	**90,437**
Insurance policies: Prudential buy-in	97,900	-	-	(5,200)	**92,700**
Other investment balances	3	-	-	-	**3**
Total investments	242,089	49,797	(34,834)	7,497	**264,549**

Notes to the financial statements (continued)

11. Investment assets (continued)

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 2021	**1**	**2**	**3**	**Total**
	£000	**£000**	**£000**	**£000**
Pooled investment vehicles (CEIFP)	28,139	1,487	15,728	**45,354**
Total investments	28,139	1,487	15,728	**45,354**

At 31 December 2020	**1**	**2**	**3**	**Total**
	£000	**£000**	**£000**	**£000**
Pooled investment vehicles (CEIFP)	22,279	1,305	10,293	**33,877**
Total investments	22,279	1,305	10,293	**33,877**

Pension Builder Classic:

At 31 December 2021	**1**	**2**	**3**	**Total**
	£000	**£000**	**£000**	**£000**
Pooled investment vehicles (CEIFP)	89,305	12,233	49,544	**151,082**
Pooled investment vehicles (bonds)	-	31,825	-	**31,025**
Total investments	89,305	44,058	49,544	**182,907**

At 31 December 2020	**1**	**2**	**3**	**Total**
	£000	**£000**	**£000**	**£000**
Pooled investment vehicles (CEIFP)	80,834	12,403	37,175	**130,412**
Pooled investment vehicles (bonds)	-	30,583	-	**30,583**
Total investments	80,834	42,986	37,175	**160,995**

Defined benefit Scheme – Employer section:

At 31 December 2021	**1**	**2**	**3**	**Total**
	£000	**£000**	**£000**	**£000**
Pooled investment vehicles (CEIFP)	136,422	10,063	76,450	**222,935**
Total investments	**136,422**	**10,063**	**76,450**	**222.935**

At 31 December 2020	**1**	**2**	**3**	**Total**
	£000	**£000**	**£000**	**£000**
Pooled investment vehicles (CEIFP)	136,676	9,351	63,098	**209,125**
Total investments	**136,676**	**9,351**	**63,098**	**209,125**

Defined benefit Scheme – Life Risk section:

At 31 December 2021	**1**	**2**	**3**	**Total**
	£000	**£000**	**£000**	**£000**
Pooled investment vehicles (CEIFP)	43,233	21.977	16,199	**81,409**
Pooled investment vehicles (bonds)	-	90,437	-	**90,437**
Insurance policies	-	-	92,700	**92,700**
Other investment balances	3	-	-	**3**
Total investments	43,236	112,414	108,899	**264,549**

Notes to the financial statements (continued)

12. Fair Value of Investment assets (continued)

At 31 December 2020	**1**	**2**	**3**	**Total**
	£000	**£000**	**£000**	**£000**
Pooled investment vehicles (CEIFP)	45,602	17,875	20,853	**84,330**
Pooled investment vehicles (bonds)	-	59,856	-	**59,856**
Insurance policies	-	-	97,900	**97,900**
Other investment balances	3	-	-	**3**
Total investments	45,605	77,731	118,753	**242,089**

Insurance policies are valued by the Scheme Actuary using assumptions consistent with those used in the triennial actuarial valuation as set out on page 5 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.

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	**2021**	**2020**
					£000	**£000**
Pension Builder 2014						
Pooled investment vehicles (CEIFP)	(see Investment Risks for the CEIFP in Appendix 2)				**45,354**	**33,877**
Total Pension Builder 2014 investments					**45,354**	**33,877**
Pension Builder Classic						
Pooled investment vehicles (CEIFP)	(see Investment Risks for the CEIFP in Appendix 2)				**151,083**	**130,412**
Pooled investment vehicles (bonds)	◑	○	◑	◑	**31,825**	**30,583**
Total Pension Builder Classic investments					**182,908**	**160,995**
Defined Benefit Scheme – Employer section						
Pooled investment vehicles (CEIFP)	(see Investment Risks for the CEIFP in Appendix 2)				**222,936**	**209,125**
Total Defined Benefit Scheme - Employer section investments					**222,936**	**209,125**
Defined Benefit Scheme – Life Risk section						
Pooled investment vehicles (CEIFP)	(see Investment Risks for the CEIFP in Appendix 2)				**81,409**	**84,330**
Pooled investment vehicles (bonds)	◑	○	◑	◑	**90,437**	**59,856**
Insurance policies	●	○	●	○	**92,700**	**97,900**
Other investment balances	○	○	○	○	**3**	**3**
Total Defined Benefit Scheme - Life Risk section investments					**264,549**	**242,089**

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.

Notes to the financial statements (continued)

13. Investment risk disclosures (continued)

Investment strategy

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 25% and 75% 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 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 is to hold 100% of the Employer section for non-orphan employers in return seeking assets, which are held wholly in the CEIFP. Assets relating to orphan employers are held 25-30% in return seeking assets and 70-75% in liability matching assets. 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. An insurance contract is held which pays out 70% of the section's pensions in payment at 1 January 2014, and their future increases. This provides a lower risk environment for participating employers. The investment strategy for the Life Risk section is to hold 25-30% in return seeking assets and 70-75% in liability matching assets (liability matching assets include the value of the insurance policy). This strategy ensures that the section's pension payments are matched to the investment returns and risks.

The Trustee has entered into an additional insurance policy during 2022 in order to further reduce the risk in this section (see Note 18). In the light of this, the Trustee will review the investment strategy of the section as part of the next actuarial valuation.

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

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

The insurance policy counterparty, Prudential, is responsible for making payments to the Scheme in line with the contract 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 contract before it was signed and on an on-going basis monitor any changes to the operating environment of the counterparty.

Interest rate risk
The Scheme is subject to interest rate risk due to its buy in insurance policy. The insurance policy 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 policy changes at the same rate to match the obligation.

Notes to the financial statements (continued)

14. Concentration of investments

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

	2021 £000	%	2020 £000	%
Pension Builder 2014:				
CEIFP public equity pool	**25,650**	56.6	**20,929**	60.8
CEIFP diversified growth pool	**6,210**	13.7	**3,579**	10.4
CEIFP diversified income pool	**11,684**	25.8	**8,542**	24.8
Pension Builder Classic:				
CEIFP public equity pool	**81,169**	44.4	**75,458**	46.8
CEIFP diversified growth pool	**19,470**	10.6	**12,905**	8.0
CEIFP diversified income pool	**36,895**	20.2	**30,879**	19.2
Aquila Life over 5 years Index Linked Fund	**31,825**	17.4	**30,583**	19.0
CEIFP listed credit pool	**7,800**	4.3	**8,020**	5.0
Defined Benefit Scheme – Employer section:				
CEIFP public equity pool	**124,385**	55.8	**128,329**	61.2
CEIFP diversified growth pool	**29,762**	13.4	**21,945**	10.5
CEIFP diversified income pool	**57,235**	25.7	**52,371**	25.0
Defined Benefit Scheme – Life Risk section:				
Prudential buy-in	**92,700**	35.0	**97,900**	40.3
Aquila Life over 5 years Index Linked Fund	**90,437**	34.2	**59,856**	24.6
CEIFP public equity pool	**41,905**	15.8	**42,080**	17.3
CEIFP diversified income pool	**12,140**	4.6	**17,376**	7.1
CEIFP listed credit pool	**21,045**	8.0	**15,886**	6.5

The Blackrock managed *Aquila Life over 5 years Index Linked Fund* is registered in the UK.

15. Employer related investments

There were no direct employer-related investments during the year. Within debtors is £nil (2020: £nil) of late employer contributions, which represent nil% (2020: nil%) of total net assets

16. Related party transactions

One Board member (2020: one) who has retired from service under the Scheme is in a receipt of a pension on normal terms.

As disclosed in note 9, £137,000 is owed by the Trustee to the Scheme (2020: £170,000 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.

18. Post balance sheet event

Subsequent to the year end, the Trustees entered into an annuity buy-in contract with Aviva Life & Pensions UK Limited to insure the liabilities of the uninsured pensioner members of the Life Risk Section. The cost of this policy was £159.1m.

Notes to the financial statements (continued)

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

Fund Account for the year ended 31 December 2020

	Note	Pension Builder 2014	Pension Builder Classic	DBS – Employer section	DBS – Life Risk section	**2020 Total**
		£000	£000	£000	£000	**£000**
Contributions and other income						
Employer contributions	4	5,095	5,538	5,645	100	**16,378**
Employee contributions	4	1,630	1,486	148	-	**3,264**
Transfers in		6	-	-	-	**6**
Other income	4	308	245	4	461	**1,018**
Total contributions and other income		7,039	7,269	5,797	561	**20,666**
Benefits						
Benefits paid or payable	5	(616)	(4,416)	(1,469)	(10,674)	**(17,175)**
Payments to and on account of leavers	6	(17)	(13)	-	-	**(30)**
Transfers out		(307)	(1,291)	(118)	-	**(1,716)**
Administrative expenses	7	(541)	(905)	-	(1,325)	**(2,771)**
Total benefits and other expenses paid		(1,481)	(6,625)	(1,587)	(11,999)	**(21,692)**
Net additions/(withdrawals) from		5,558	644	4,210	(11,438)	**(1,026)**
Returns on investments						
Deposit interest		-	-	-	4	**4**
Income from insurance policies		-	-	-	4,946	**4,946**
Change in market value of investments	11	2,565	12,733	14,790	7,696	**37,784**
Investment management expenses		-	(23)	-	(40)	**(63)**
Net returns on investments		2,565	12,710	14,790	12,606	**42,671**
Net increase/(decrease) in fund		8,123	13,354	19,000	1,168	**41,645**
Transfers between sections	8	-	-	(13,037)	13,037	**-**
Opening net assets		26,303	147,844	203,592	228,992	**606,731**
Closing net assets		34,426	161,198	209,555	243,197	**648,376**

Statement of Net Assets available for benefits as at 31 December 2020

	Notes	Pension Builder 2014	Pension Builder Classic	DBS – Employer section	DBS – Life Risk section	**2020 Total**
		£000	£000	£000	£000	**£000**
Investments						
Pooled investment vehicles (CEIFP)	11	33,877	130,412	209,125	84,330	**457,744**
Pooled investment vehicles (other)	11	-	30,583	-	59,856	**90,439**
Insurance policies	11	-	-	-	97,900	**97,900**
Other investment balances	11	-	-	-	3	**3**
Total investments		33,877	160,995	209,125	242,089	**646,086**
Current assets	9	578	607	431	1,130	**2,746**
Current liabilities	10	(29)	(404)	(1)	(22)	**(456)**
Net current assets		549	203	430	1,108	**2,290**
Total net assets available for benefits		34,426	161,198	209,555	243,197	**648,376**

Actuary's Certificate

Actuary's certification of schedule of contributions

Church Workers Pension Fund

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

Name of scheme: **Church 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 could have been expected on 31 December 2019 to be met by the end of the period specified in the recovery plan dated 25 March 2021.

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 2021.

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: 30 March 2021

Name: Aaron Punwani

Qualification: FIA

Address: 95 Wigmore Street, London
W1U 1DQ

Name of employer: Lane Clark & Peacock LLP

Appendix 1

Ethical Investment Approach of the Church of England Pensions Board

The Church of England has three National Investing Bodies (NIBs): the Church of England Pensions Board, the Church Commissioners for England and the CBF Church of England Funds. The NIBs are asset owners who invest on behalf of many beneficiaries. The way in which they invest forms part of the Church of England's witness and mission.

The NIBs receive Advice and support on ethical investment from the Church's Ethical Investment Advisory Group (EIAG). The purpose of the EIAG is to enable the NIBs to act as distinctively Christian – and Anglican – institutional investors. The EIAG develops ethical investment advice, and the NIBs develop investment policies based on this advice. EIAG advice and NIB policies are published on the Church of England website and implemented by the NIBs.

The EIAG consists of a representative of each NIB, 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 NIBs operate within the legal framework for investment by charities and pension funds. They owe certain fiduciary and other duties to their beneficiaries. Christian stewardship provides the context within which the NIBs invest, and informs the manner in which these duties are performed. The Pensions Board has published a Stewardship Report 2021, which has been submitted to the FRC, in accordance with the FRC Stewardship Code 2020. In 2021 the FRC accepted the Board's 2020 Stewardship Report, and the Board became a signatory to the Stewardship Code. The Code encourages institutional investors to act as good stewards of their investments through active ownership (monitoring, engagement and voting).

The NIBs are signatories 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 NIBs recognise climate change as a distinct ethical investment issue and invest in line with a climate change policy.

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 specialists, who undertake engagement with companies in which the Board is invested, including voting at shareholder meetings.

The NIBs expect companies in which they invest 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 (as outlined in the Statement of Ethical Investment). The engagement team engages with investee companies to seek improvements in standards in these areas.

Policies adopted by the NIBs 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 NIBs do 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 their 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 on ethical grounds. 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 NIBs will determine individually whether to disinvest if they hold securities issued by the company. The NIBs expect 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

The way the NIBs invest forms part of the Church of England's witness and mission and their ethical policies and practice are shaped by expert advice from the Church's Ethical Investment Advisory Group (EIAG).

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.

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.

2021 highlights

The Board has published a full Stewardship Report for 2021 on its website, which is designed to provide an accessible account of the Board's stewardship activity, record significant votes, provide reporting aligned to the high level TCFD (Taskforce on Climate Related Financial Disclosures) principles, and the FRC Stewardship Code. Key highlights in 2020 are shown below. For more details, please see the information provided in the Stewardship Report.

The Board has prioritised Climate Change and stewardship with the mining industry. Together with the Environment Agency's pension scheme, the London School of Economics and FTSE Russell, the Board established the Transition Pathway Initiative (TPI) in 2017, and the Board continues to act as Chair of TPI. The TPI provides a tool that allows asset owners and investors to monitor the public disclosures made by companies and to assess how they are aligned with the goals of the Paris climate agreement. The extraordinary success of the TPI continues. It has grown to be supported by 120 funds with over $40trn in assets under management (AUM). 2021 marked a "coming of age" for TPI, with the announcement of a TPI Global Climate Transition Centre, which will significantly scale the depth and breadth of TPI's coverage to over 10,000 companies, as well as assess Government Sovereign Bonds. The Centre will be based at the London School of Economics' Grantham Research Institute, with multimillion-pound funding secured to support it. We were delighted that the world's largest fund manager, BlackRock, also announced it would join TPI as a supporter

Within Europe we are active in the Institutional Investors Group on Climate Change (IIGCC) (we hold a Board seat), and the US$53trn backed Climate Action 100+ (CA100+). CA100+ is the global climate engagement initiative supported by 540 different investors that targets the world's 167 most carbon-intensive companies. This group of companies alone represent some 70% of the carbon emissions of companies listed on the global stock markets.. The Board continues to lead engagements with target companies on behalf of the broader CA100+ coalition.

Together with IIGCC and TPI, more than 20 leading global investors with collective assets of $10.4trn have led the engagement with leading oil and gas companies – including BP, Shell and TotalEnergies – to inform the creation of the first Net Zero Standard for the oil and gas sector. The Pensions Board chaired the process to develop the Standard, which stresses the need for comprehensive absolute and intensity emissions targets (covering all material emissions), as well as alignment of capital expenditure and production plans with a net zero target. It acknowledges "winding-down" as a legitimate strategy, as well as diversifying energy offerings or working through a company's value chain to reshape demand. Published in September 2021, the Net Zero Standard outlines the actions that oil and gas companies should be taking and how they should be reporting on those actions so that investors have a level playing field to evaluate their progress effectively.

In January 2019, in response to the tragic failure of a tailings storage facility at Brumadinho, Brazil, that claimed the lives of 270 people, the Pensions Board issued a call for there to be a global standard and classification system for tailings facilities. Since 2019, the Board and the Council on Ethics of the Swedish Public Pension Funds have acted on behalf of the Principles for Responsible Investment (PRI) as co-convenors of a Global Tailings Review. In this, we have worked alongside the International Council on Mining and Metals (ICMM) and the UN Environment Programme. This Review commissioned the development of a Global Industry Standard on Tailings Management under an independent chair and expert panel. August 2020 saw the launch of a Global Industry Standard on Tailings Management at an online event attended by 2,000 participants. In 2021 and via corporate engagement, we secured commitments from 78 mining companies to adopt or scope the adoption of the GISTM. We plan in 2022 to announce our intention to vote against the Chairs of any mining company that has not committed to adopting the GISTM. In relation to institutional support for the GISTM, in 2021 we partnered with the UN Environment Programme to recruit a senior consultant and convene a multistakeholder advisory council to develop the Global Tailings Management Institute. During 2021, this group met to discuss and agree terms of reference, organisational objectives, operating models/plans, and funding. We intend to announce the launch of the Global Institute later in 2022.

Our Stewardship Report contains details of other engagements: promoting diversity in the finance sector and wider economy, engaging on land rights in relation to the mining industry, encouraging living wage and living hours contracts, human rights and workers rights, just transition, on social housing, and responsible corporate climate lobbying, among others.

The Board has outlined a range of future priorities of the stewardship team. This is not an exhaustive list of all of the planned engagement activities to be undertaken in the interests of our members (and their employers as scheme funders), but it outlines significant developments for the Board's work on stewardship.

For further details please see the Stewardship Report 2021 on the Board's website.

• Develop the first framework to assess government sovereign bonds on climate criteria through the ASCOR project

• Develop and supporting a partnership between companies and asset owners for a reformed mining sector by 2030 (Mining 2030);

• Establish, together with the UN, an independent Global Institute on Tailings dams;

• Launch a new Global Standard on Corporate Climate Lobbying and lead engagement on alignment with the Standard.

• Advocate for climate engagement (for example, CA100+) to address the demand side.

• Undertake a 'deep dive' into systemic risk and systemic stewardship.

•Develop an engagement programme following the publication of Advice form the EIAG on Big Tech.

Appendix 2
The Church of England Investment Fund for Pensions

Annual Report and Financial Statements
31 December 2021

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 2021.

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 Scheme. 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.

Financial developments

The majority of financial markets generated strong returns over the course of 2021, as the development and roll-out of Covid vaccines and supportive monetary and fiscal policies from the major central banks and governments, fuelled a sharp bounce in economic activity in most developed economies.

More recently, mounting concern that a rise in inflation due to the strength of economic activity and supply chain issues could become structural in nature and cause a policy mistake in the US and China has weighed on market sentiment. The increase in geo-political tensions, with the build-up of Russian military forces and subsequent invasion of Ukraine, has exacerbated these inflationary pressures and fuelled expectations that interest rates will now have to rise sharply over the remainder of the year.

As a longer-term investor, it is difficult to adjust the portfolio in response to shorter-term developments. However, we have been lowering the level of equity market weightings over the course of the year and increasing the allocation to potentially more stable income generative assets in order to lower the level of market risk in the fund.

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

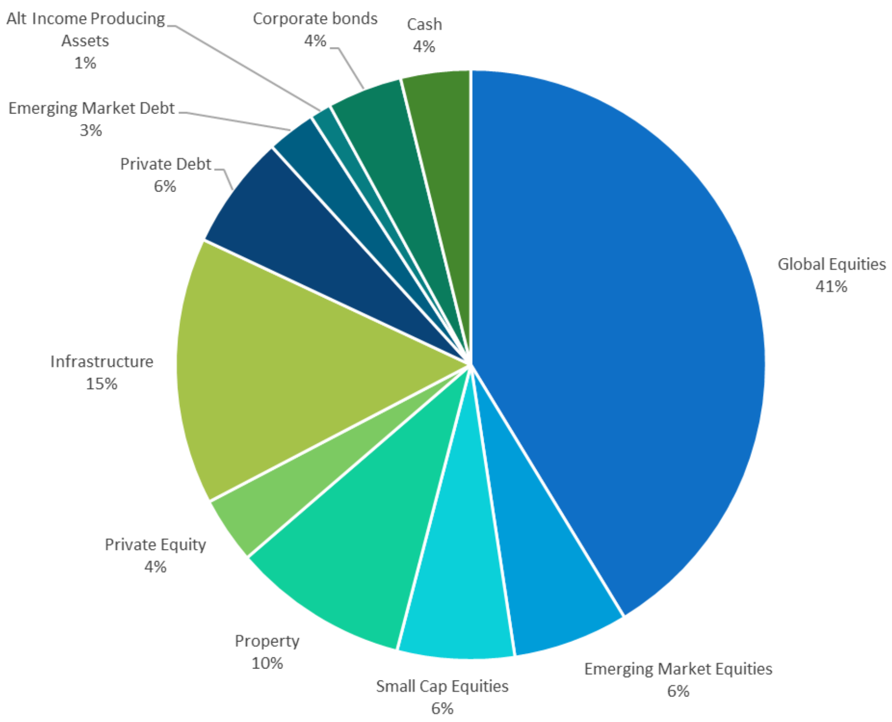
We pool most of the individual pension scheme assets for investment purposes in the CEIFP. This allows our smaller schemes to access economies of scale and investment opportunities that might not be available to them otherwise.

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 2021.



Our long-term investment plan envisages both a reduction and restructuring of public equity investments as a share of the total, with further investments in private markets and other asset classes that provide more contractual income such as infrastructure, various forms of debt and private equity. This is appropriate because our schemes are continuing to grow and are some years from maturity.

This will further diversify our growth portfolio and directly supports our ethical investment agenda, by allowing us to invest in areas such as renewable energy, energy efficiency, environmental wellbeing and technology.

This is also likely to lead to a further evolution in the type and number of investment managers used within the scheme. At the end of 2021, the Fund's assets within the CEIFP were managed by 20 managers.

Fund manager	Description
Antin Infrastructure Partners	Pooled infrastructure fund
Arrowstreet Capital (Until May 2022)	Small company equities
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 (formerly First Sentier)	Pooled infrastructure fund
Generation Investment Management LLP	Global equities
GW&K	Emerging market equities
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
T Rowe Price	Emerging market equities

Trustee’s report (continued)

Investment Performance

As a pension fund, some of our assets are invested for growth, and others are invested in a lower risk way to back pensions in payment. Despite a volatile year for markets, this diversified investment strategy continued to serve us well and our investments generated a creditable performance for the year as whole.

Total assets of the three schemes for which the Church of England Pension Board (CEPB) is trustee returned 13.0% over 2021 while the assets within the CEIFP (which excludes the Liability Driven Investment portfolio) returned 14.9%.

The longer-term returns to 31 December 2021 for each of the broad asset classes are set out below. All figures are net of fund management fees and asset class returns are shown in Sterling terms.

Investment returns to 31st December 2021	Last Month End	3 Mos.	1 Yr.	3 Yrs.	5 Yrs.	10 Yrs.	15 Yrs.	ITD
CEPB Total Assets New	**3,514**	**4.8**	**13.0**	**12.6**	**8.7**	**10.1**	**7.1**	**8.9**
CEPB Total Assets ex LDI	**2,730**	**4.6**	**14.9**	**12.5**	**9.1**	**10.4**	**6.9**	**8.8**
Public Equity Pool	1,481	6.0	18.5	17.9	12.1	12.5	8.3	9.7
Global Equities	1,107	8.0	23.4	17.6	12.3	14.1	--	10.0
Emerging Market Equities	169	-3.7	-9.2	7.9	7.9	--	--	6.9
Small Cap Equities	172	0.8	23.2	23.1	13.7	--	--	16.8
Diversified Growth Pool	359	7.2	18.3	7.0	7.3	8.7	3.9	4.3
Property	259	1.9	13.8	4.9	6.1	8.0	3.5	3.9
Private Equity	98	24.3	31.0	--	--	--	--	-0.5
Diversified Income Pool	677	1.3	8.8	7.6	6.7	--	--	7.5
Infrastructure	392	1.4	12.4	9.6	9.1	--	--	9.4
Private Debt	168	0.8	6.4	1.6	2.3	--	--	4.4
Emerging Market Debt	71	-2.8	-9.3	-0.1	1.4	--	--	2.5
Alt Income Producing Assets	31	0.9	22.5	--	--	--	--	-28.2
Listed Credit Pool	110	0.4	-2.8	4.5	3.2	4.5	6.6	6.7
Liquidity Pool	103	0.0	-0.1	-0.3	-0.6	-0.7	--	0.1
Gilts & LDI Accounts	784	5.7	3.9	--	--	--	--	8.2

The aggregate fund returns across all asset classes of 13.0% in 2021, compares well to the average of 8.7% p.a. over the past five years and longer terms return of c. 10.1% over the past ten and fifteen years, respectively.

Our public equity pool generated returns of over 18.5% over the course of the year, with strong returns from our global equity 23.4% and small capitalisation equity 23.2% helping to offset a decline in our Emerging equity market portfolio -9.2%.

Our other growth assets also performed well returning 18.3%, with the returns on our property portfolio 13.8% being bolstered by strong gains from the private equity portfolio 31.0%.

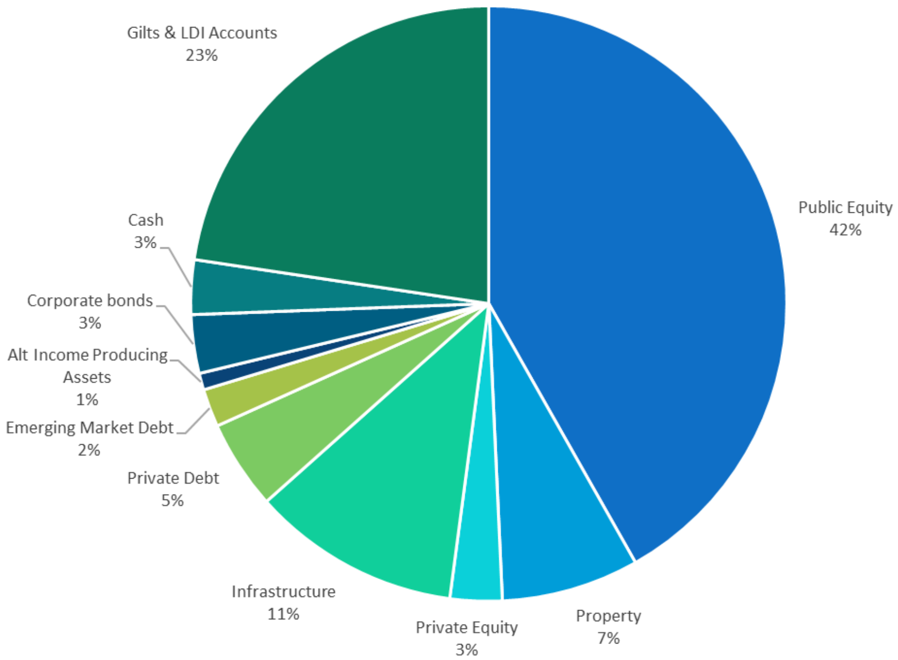
Diversifying and more stable assets also posted reasonable returns. Our diversified income pool of infrastructure and private debt recorded returns of 8.8%. While our listed credit pool suffered modest losses of -2.8%, our Liability Driven Investment portfolio, which sits outside the CEIFP, generated returns of 3,9%.

Although these returns are extremely pleasing, they have meant that many markets have moved to a point where we believe valuations are starting to look a little stretched. We have therefore taken the opportunity to reduce our market weighting to higher risk equities and in favour of potentially more stable return profiles and assets that provide a more explicit element of inflation protection. We continue to look to move the portfolio to a more diversified and environmentally sustainable structure.

Further development of our asset allocation will continue throughout 2022, supported by ongoing risk analysis.

Trustee's report (continued)

The distribution of the overall asset allocation for the total assets for which the Church of England Pensions Board is Trustee.



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

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 2021 these fees (including those charged by Northern Trust as custodian) were £6.9m (2020: £6.7m). This equated to 0.25% (2020: 0.28%) 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 14 July 2022 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.

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 2021 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 2021 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, sample testing on the posting of journals 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

14/07/2022

Statement of total return for the year ended 31 December 2021

	Notes	2021 £000	2020 £000
Change in market value of investments	6	310,771	153,247
Change in market value of investment cash and other investment balances	6	(13)	(17,377)
Total change in market value		310,758	135,870
Income	4	59,831	53,855
Expenses	5	(11,789)	(6,707)
Changes in net assets attributable to unit holders from investment activities		358,800	183,018

Statement of changes in net assets attributable to unit holders for the year ended 31 December 2021

	Notes	2021 £000	2020 £000
Opening net assets attributable to unit holders		2,540,057	2,329,657
Amounts receivable on issue of units	11	513,469	289,769
Amounts payable on cancellation of units	11	(683,283)	(262,387)
Net assets before change from investment activities		2,370,243	2,357,039
Changes in net assets attributable to unit holders from investment activities	11	358,800	183,018
Closing net assets attributable to unit holders		2,729,043	2,540,057

Statement of net assets attributable to unit holders as at 31 December 2021

	Notes	2021 £000	2020 £000
Investment assets			
Equities	6	1,417,306	1,439,739
Bonds	6	174,820	159,196
Pooled investment vehicles	6	928,036	763,801
Derivative contracts	8	18,895	56,142
Other investments	6	172	59
Investment cash	6	182,620	150,234
Other investment balances	6	12,012	14,260
Total assets		2,733,861	2,583,431
Investment liabilities			
Derivative contracts	8	(1,776)	(36,114)
Investment cash	6	(13)	(1)
Other investment balances	6	(3,029)	(7,259)
Total investment liabilities		(4,818)	(43,374)
Total net assets attributable to unit holders	11	2,729,043	2,540,057
Participants' funds	11		
The Church of England Funded Pensions Scheme		2,159,654	2,003,054
The Church Workers Pensions Fund		500,781	457,744
The Church Administrators Pensions Fund		68,608	79,259
Total participants' funds		2,729,043	2,540,057

The notes 1 to 14 form part of these financial statements.

These financial statements were approved by the Trustee on 14 July 2022 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

	2021 £000	2020 £000
Equities	27,525	28,863
Bonds	8,520	8,214
Pooled investment vehicles	23,674	16,283
Cash and cash equivalents	112	495
Total income	59,831	53,855

5 Expenses

	2021 £000	2020 £000
Investment managers' fees	11,789	6,707
Total expenditure	11,789	6,707

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. The rise in investment management fees reflects both a modest increase in assets under management and more notably the very strong performance of a few managers relative to the market related benchmarks that they have been set.

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	1,439,739	760,261	(1,012,931)	230,237	1,417,306
Bonds	159,196	52,732	(21,780)	(15,328)	174,820
Pooled investment vehicles	763,801	205,772	(129,705)	88,168	928,036
Other investments	59	5,861	(5,738)	(10)	172
Net derivative contracts (note 8)	20,028	111,227	(121,840)	7,704	17,119
	2,382,823	1,135,853	(1,291,994)	310,771	2,537,453
Investment cash	150,233			-	182,607
Other investment balances	7,001			(13)	8,983
Total investments	2,540,057			310,758	2,729,043

Analysed between:

	At 1 January	At 31 December
Investment assets	2,583,431	2,733,861
Investment liabilities	(43,374)	(4,818)
Total investments	2,540,057	2,729,043

Other investment balances include the following balances

	2021 £000	2020 £000
Accrued income	8,654	8,166
Pending trade sales	1,489	4,320
Pending trade purchases	(1,951)	(6,033)
Variation margin	791	548
Total other investment balances	8,983	7,001

The investment portfolio saw redemptions from the segregated mandate with Arcadian and pooled equity investments with LGIM to simplify the portfolio, reduce fees and facilitate a rebalancing of the portfolio into Lability Driven Investments (LDI) pools with BlackRock.

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:

	2021			2020		
	Commission £000	Other charges £000	**Total** **£000**	Commission £000	Other charges £000	**Total** **£000**
Equities	318	213	**531**	454	225	**679**
	318	213	**531**	454	225	**679**

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.

Notes to the financial statements (continued)

6 Investments (continued)

b) Pooled investment vehicles

	2021	2020
	£000	£000
Equities	84,201	31,028
Property	242,386	214,273
Cash	12,476	13,629
Private equity	43,955	9,131
Infrastructure	377,092	345,380
Private debt	167,926	150,360
Total pooled investment vehicles	928,036	763,801

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. The valuation difference between the figures quoted above and the sterling equivalents below is due to timing differences in the provision of information to the Fund.

	2021	2021	2020	2020
	$000	£000	$000	£000
Investments	218,262	160,424	202,025	148,439
Current assets	20,847	15,323	13,203	9,701
Current liabilities	(10,641)	(7,821)	(9,865)	(7,248)
Total net assets	228,468	167,926	205,363	150,892

7 Investment analysis

Investments of over 5% of net assets

The Fund holds two investments of over 5% of net assets, representing 11.61% of net assets (2020: one asset representing 5.92% of net assets).

	2021	2020
	£000	£000
CBRE GIP GA Fund	145,855	-
Thorney Island Limited Partnership	171,195	150,360
	317,050	150,360

Employer related investments

There were no employer related investments as at 31 December 2021 (2020: none).

8 Derivatives

	2021			2020		
	Assets	Liabilities	Total	Assets	Liabilities	Total
	£'000	£'000	**£'000**	£'000	£'000	**£'000**
Futures – equities	104	(6)	**98**	102	(2)	**100**
Futures – bonds	49	(109)	**(60)**	91	(64)	**27**
Forward foreign currency contracts	18,742	(1,661)	**17,081**	55,949	(36,048)	**19,901**
Total derivatives	18,895	(1,776)	**17,119**	56,142	(36,114)	**20,028**

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:

	2021			2020		
Type of future	***Exposure Value***	**Assets**	**Liabilities**	***Exposure Value***	**Assets**	**Liabilities**
	£000	£000	£000	*£000*	£000	£000
Equities futures: UK	*513*	7	-	*193*	-	(2)
Equities futures: Overseas	*5,398*	97	(6)	*4,174*	102	-
Total equities futures	***5,911***	**104**	**(6)**	***4,367***	**102**	**(2)**
Bonds: UK	*11,866*	-	(48)	*6,777*	72	-
Bonds: Overseas	*(9,817)*	49	(61)	*(5,987)*	28	(5)
Total bonds futures	***2,049***	**49**	**(109)**	***790***	**100**	**(5)**

All contracts have expiry dates between 8 March 2022 and 31 March 2022. Included within other investment balances is an asset of £791,000 (2020: £548,000) in respect of initial and variation margins arising on futures contract open at the year end.

Notes to the financial statements (continued)

8 Derivatives (continued)

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 2021	Liabilities at 31 December 2021
		£000	£000
US Dollar			
Forward to buy US Dollars	$12,067,482/$66,694,198	373	(868)
Forward to sell US Dollars	$1,154,738/$7,919,000	13,608	(90)
Euros			
Forward to buy Euros	€9,621,693	-	(135)
Forward to sell Euros	€218,903,961	2,256	-
Japanese Yen			
Forward to buy Japanese Yen	¥584,005,480	-	(127)
Forward to sell Japanese Yen	¥8,676,731	1,822	-
Other currencies			
Forward to buy other currencies		29	(441)
Forward to sell other currencies		654	-
		18,742	(1,661)

All contracts had maturity dates falling between 3 January 2021 and 16 March 2021.

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 2021:

Level	**1**	**2**	**3**	**Total 2021**
Investments	**£000**	**£000**	**£000**	**£000**
Equities	1,416,978	-	328	**1,417,306**
Bonds	-	174,820	-	**174,820**
Pooled investment vehicles	18,123	-	909,913	**928,036**
Other investments	-	-	172	**172**
Derivatives contracts	38	17,081	-	**17,119**
Investment cash	182,607	-	-	**182,607**
Other investment balances	8,654	329	-	**8,983**
Total investments	1,626,400	192,230	910,413	**2,729,043**

Analysed by pool:

Level	**1**	**2**	**3**	**Total 2021**
	£000	**£000**	**£000**	**£000**
Public equity pool	1,470,572	9,642	569	**1,480,783**
Diversified growth pool	35,708	1,789	321,187	**358,684**
Diversified income pool	13,920	74,726	588,447	**677,093**
Liquidity pool	102,610	-	88	**102,698**
Listed credit pool	3,590	106,073	122	**109,785**
Total investments	1,626,400	192,230	910,413	**2,729,043**

Notes to the financial statements (continued)

9 Fair value hierarchy (continued)

The Fund's investment assets and liabilities have been included at fair value within these levels as follows as at 31 December 2020:

Level	**1**	**2**	**3**	**Total 2020**
Investments	**£000**	**£000**	**£000**	**£000**
Equities	1,438,549	43	1,147	1,439,739
Bonds	-	159,196	-	159,196
Pooled investment vehicles	19,807	-	743,994	763,801
Other investments	-	-	59	59
Derivatives contracts	185	19,843	-	20,028
Investment cash	150,233	-	-	150,233
Other investment balances	8,164	(1,163)	-	7,001
Total investments	1,616,938	177,919	745,200	2,540,057

Analysed by pool:

Level	**1**	**2**	**3**	**Total 2020**
	£000	**£000**	**£000**	**£000**
Public equity pool	1,503,177	10,874	1,473	1,515,524
Diversified growth pool	33,027	1,674	224,470	259,171
Diversified income pool	17,319	81,973	519,195	618,487
Liquidity pool	59,787	-	62	59,849
Listed credit pool	3,628	83,398	-	87,026
Total investments	1,616,938	177,919	745,200	2,540,057

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

10 Investment risk disclosures

The Trustee 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	**2021**	**2020**
					£000	**£000**
Equities	○	◑	○	●	1,417,306	1,439,739
Bonds	●	◑	●	●	174,820	159,196
Pooled investment vehicles	◑	◑	◑	◑	928,036	763,801
Other investments (net)	●	◑	○	○	172	59
Derivatives contracts (net)	●	◑	◑	◑	17,119	20,028
Investment cash	●	◑	○	○	182,607	150,233
Other investment balances	●	◑	○	○	8,983	7,001
Total investments					2,729,043	2,540,057

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

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.

	2021	2020
	£000	£000
Bonds	174,820	159,196
Pooled investment vehicles	928,036	763,801
Derivatives: forwards	18,742	55,949
Investment cash	182,607	150,233
Total investments exposed to credit risk	1,304,205	1,129,179

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. There are currently no investments held below investment grade.

Credit risk arising on bonds held directly is mitigated by investing in corporate bonds which are rated at least investment grade. Cash is held with financial institutions which are at least investment grade credit rated.

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:

	2021	2020
	£000	£000
Limited Partnerships	608,683	467,542
SICAVs (*)	12,476	13,629
Exchange Traded Funds	6,320	6,361
Cooperatief U.A (**)	56,043	41,198
FCP (**)	172,348	153,542
Property Authorised Investment Fund	7,198	10,116
Property Unit Trusts	30,059	33,892
Other funds	34,909	37,521
Total pooled investment vehicles	928,036	763,801

(*) 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 over 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 2021 £000**	**Net exposure 2020 £000**
Pounds sterling	401,490	1,111,280	**1,512,770**	1,384,270
US Dollars	1,519,408	(821,982)	**697,426**	619,286
Euros	358,370	(175,722)	**182,648**	173,302
Japanese Yen	108,408	(51,867)	**56,541**	56,782
Other currencies	324,287	(61,709)	**262,578**	286,575
Total investments (excluding forwards)	2,711,963	-	**2,711,963**	2,520,215
Forwards	17,080	-	**17,080**	19,842
Total investments	2,729,043	-	**2,729,043**	2,540,057

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 Public equity pool and, primarily, Listed credit pool. If interest rates fall, the value of the bonds will rise to help 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 will the actuarial liabilities because of an increase in discount rate.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Fund's return seeking portfolio is subject to price risk which principally relates to direct and indirect equity holdings, bonds, 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 veto over such transactions.

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 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:

Listed credit pool:

	At 1 January 2021 £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 2021 £000**
The Church of England Funded Pensions Scheme	49,607	20,060	(20,896)	(972)	**47,799**
The Church Workers Pension Fund					
Pension Builder Classic	8,020	2	-	(222)	**7,800**
Defined Benefit Scheme – Employer section	1,406	1,710	(196)	(34)	**2,886**
Defined Benefit Scheme – Life Risk section	15,886	5,664	-	(505)	**21,045**
The Church Workers Pension Fund	25,312	7,376	(196)	(761)	**31,731**
The Church Administrators Pension Fund	12,107	18,657	-	(509)	**30,255**
Total Listed credit pool	87,026	46,093	(21,092)	(2,242)	**109,785**

Notes to the financial statements (continued)

11. Member schemes' participation (continued)

Public equity pool:

	At 1 January 2021 £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 2021 £000
The Church of England Funded Pensions Scheme	1,206,419	12,000	(235,392)	201,732	**1,184,759**
The Church Workers Pension Fund					
Pension Builder 2014	20,929	1,853	(1,152)	4,020	**25,650**
Pension Builder Classic	75,458	458	(8,460)	13,713	**81,169**
Defined Benefit Scheme – Employer section	128,329	8,038	(33,629)	21,646	**124,384**
Defined Benefit Scheme – Life Risk section	42,080	370	(7,760)	7,215	**41,905**
The Church Workers Pension Fund	266,796	10,719	(51,001)	46,594	**273,108**
The Church Administrators Pension Fund	42,309	-	(23,553)	4,160	**22,916**
Total public equity pool	1,515,524	22,719	(309.946)	252,486	**1,480,783**

Diversified growth pool:

	At 1 January 2021 £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 2021 £000
The Church of England Funded Pensions Scheme	206,748	46,783	-	43,449	**296,980**
The Church Workers Pension Fund					
Pension Builder 2014	3,579	1,761	-	870	**6,210**
Pension Builder Classic	12,905	3,846	(58)	2,776	**19,469**
Defined Benefit Scheme – Employer section	21,945	10,567	(7,224)	4,474	**29,762**
Defined Benefit Scheme – Life Risk section	7,186	322	(2,151)	906	**6,263**
The Church Workers Pension Fund	45,615	16,496	(9,433)	9,026	**61,704**
The Church Administrators Pension Fund	6,808	-	(6,847)	39	**-**
Total diversified growth pool	259,171	63,279	(16,280)	52,514	**358,684**

Diversified income pool:

	At 1 January 2021 £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 2021 £000
The Church of England Funded Pensions Scheme	492,825	14,620	(6,609)	45,663	**546,499**
The Church Workers Pension Fund					
Pension Builder 2014	8,542	2,238	-	904	**11,684**
Pension Builder Classic	30,879	3,117	-	2,899	**36,895**
Defined Benefit Scheme – Employer section	52,371	11,059	(10,771)	4,576	**57,235**
Defined Benefit Scheme – Life Risk section	17,376	-	(6,238)	1,002	**12,140**
The Church Workers Pension Fund	109,168	16,414	(17,009)	9,381	**117,954**
The Church Administrators Pension Fund	16,494	-	(4,916)	1.062	**12,640**
Total diversified income pool	618,487	31,034	(28,534)	56,106	**677,093**

Liquidity pool:

	At 1 January 2021 £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 2021 £000
The Church of England Funded Pensions Scheme	47,455	264,829	(228,618)	(48)	**83,618**
The Church Workers Pension Fund					
Pension Builder 2014	827	6,333	(5,348)	(2)	**1,810**
Pension Builder Classic	3,150	17,817	(15,215)	(3)	**5,749**
Defined Benefit Scheme – Employer section	5,074	25,456	(21,855)	(7)	**8,668**
Defined Benefit Scheme – Life Risk section	1,802	16,941	(18,685)	(2)	**56**
The Church Workers Pension Fund	10,853	66,547	(61,103)	(14)	**16,283**
The Church Administrators Pension Fund	1,541	18,968	(17,710)	(2)	**2,797**
Total liquidity pool	59,849	350,344	(307,431)	(64)	**102,698**

Notes to the financial statements (continued)

12. Contingencies and commitments

In the opinion of the Trustee, the Fund had no contingent liabilities at 31 December 2021 (2020: nil).

As at 31 December 2021, the Board had made the following commitments

	2021	2020
	£m	£m
Pooled investment vehicles (equity)	8.2	22.5
Pooled investment vehicles (private equity)	286.3	338.7
Pooled investment vehicles (property)	-	-
Pooled investment vehicles (infrastructure)	113.3	156.2
Pooled investment vehicles (private debt)	6.3	18.8
Total commitments	414.1	536.2

13. Related party transactions

Two Board members (2020: 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.

14. Post balance sheet event

In May 2022 Arrowstreet Capital were terminated as an investment manager. Proceeds of $186m have been received to date, and a further $3.7m is estimated to be received to complete the disposal.

Appendix 3 2021 Engagement Policy Implementation Statement

Church Workers Pensions Fund

1. Introduction

This is the Church of England Pension Board's engagement policy implementation statement in respect of the Church Workers Pension Fund (the "**Scheme**"). This statement has been prepared in accordance with the requirements of regulations 12(1) and 12(5)(b) of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (as amended), taking account of guidance published by the Pensions Regulator. The Church of England Pension Board has prepared this statement in its capacity as trustee of the Scheme and is referred to as the "**Trustee**" in the rest of this document.

This statement:

- sets out how, and the extent to which, in the Trustee's opinion, the Scheme's engagement policy has been followed during the year to 31 December 2021 (the "**Scheme Year**");
- describes any voting behavior by, or on behalf of, the Trustee in respect of the Scheme during the Scheme Year.

The SIP is prepared by the Trustee with advice from its investment consultant, Mercer. A full copy of the SIP is available on the Trustee's website here.

2. Investment Objectives of the Scheme

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

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

The Trustee therefore has a long-term objective for the Defined Benefit Scheme to be fully funded on a basis that incorporates gradual de-risking from the current strategy, to reduce the reliance on the Scheme's sponsors for additional contributions. The Trustee's current target is to be fully funded on a gilts plus 0.2% basis by the end of 2034. The current recovery plan has a date of 1 October 2032.

3. Policy on ESG, Stewardship and Climate Change

The Scheme's SIP includes the Trustee's policy on Environmental, Social and Governance ("ESG") factors, stewardship and climate change, under the section entitled Ethical and Responsible Investment. 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. The SIP was last reviewed and updated in October 2021. The Trustee keeps the policies under regular review with the SIP reviewed at least triennially. 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, and a suite of ethical investment policies, which outline for example restricted categories of investments.
The following two sections summarise the work undertaken during the year relating to the Trustee's policy on ESG factors, stewardship and climate change, and sets out how the Trustee's engagement and voting policies were followed and implemented during the year.

4. Assessment of how the engagement policy in the SIP has been followed for Scheme Year

Engagement activity is carried out and monitored by the in-house investment team on behalf of the Trustee. During the Scheme Year there were a significant number of engagement activities, particularly in respect of the Board's priority areas of climate change, extractives and other initiatives for a just and sustainable world. The Board continued its involvement with various collective engagement initiatives, including the Transition Pathway Initiative, Climate Action 100+ and the Mining and Tailings Safety Initiative. At a company level, key engagements included Shell, Johnson & Johnson, Alphabet and Amazon. Full details of the engagement activity is set-out in the Trustee's 2021 Stewardship Report.

- The Trustee maintains a list of excluded companies which derive a certain level of revenue from business activities which are incompatible with the Church of England's values. As at 31 October 2021, the list comprised 467 companies on ethical/responsible investment grounds covering a range of themes including gambling, alcohol, defence, climate change and tobacco (including 28 new exclusions related to climate change). The revenue screen is monitored by the in-house team and refreshed every 3 months.

- Over the Scheme Year, the Trustee has assessed the ongoing suitability of the appointed investment managers. Its strategy, decisions, financial and ESG/ethical performance are monitored by the Trustee's investment committee on a quarterly basis. As part of this process, it was AGREED to terminate the following three investment mandates:

    - Terminate the low volatility equity mandates with Acadian and Robeco, with proceeds being moved to the FTSE TPI mandate managed by LGIM.
    - Terminate the emerging market equity mandate with GW&K with proceeds to be transferred to T. Rowe Price managers.

- The Investment Committee implemented these changes for a variety of reasons including reducing the complexity and fees of the investment arrangements and managing the risks relating to climate change.

- During the Scheme Year, the in-house team expanded its proprietary responsible investment assessment to cover 70% of the Board's appointed investment managers. The Board's assessment complements Mercer's ESG assessment (which covers 90% of the managers).

- The Trustee considered a number of proposals from Lane Clark & Peacock (LCP) relating to the de-risking options for the PC Classic Section of the Scheme and sought investment advice from their investment consultant, Mercer. The Trustee agree to the implementation of:
    - An LDI capability with BlackRock pooled funds, with x2.5 leverage to achieve a hedging ratio of c.55% using a simplified LDI benchmark, that is;
    - Funded by the sale of Index-Linked securities and collateralised by the establishment of a cash pool funded by the traditional credit portfolio.

- The Trustee believes that the appointments of its remaining investment managers are consistent with its long-term objectives and no further changes were made over the Scheme Year.

5. Voting Activity over the Scheme Year

- In respect of the relevant voting assets (equities) held within the Scheme, the Trustee maintains full discretion over voting activity. This is administered by the in-house team using a platform provided by Institutional Shareholder Services ("ISS"), with input from the Board's Ethical Investment Advisory Group ("EIAG"), and a responsible proxy voting template developed in collaboration with other members of the Church Investors Group.

- In 2021, 26,520 votes were cast, 17.2% of which were cast against management's recommendation (or support was withheld). Full details of the votes, along with the rationales, can be found here.

- Particularly notable votes over the year are summarised in the table below:

Company	Summary of Resolution	Scheme vote
Johnson & Johnson	Report on Government Financial Support and Access to COVID-19 Vaccines	We believe that the company could provide better disclosure on how its pricing and other future decision will take account the public funding received for the development of Covid-19 products. The resolution received 31.8% support from shareholders.
Alphabet	Elect Director Ann Mather	The Board did not support the re-election of Ann Mather because the Board considered the director "over-boarded", that is, the director serves too many boards to be an effective director. Although the resolution passed, the Board noted an unusually high level of dissent (21.5%) when considering the company's voting structure.
Amazon	Report on Lobbying Payments and Policy	We have supported the resolution because we would like further disclosure on state-level lobbying, indirect lobbying related expenditures and related board oversight mechanisms. Although the resolution did not pass, it received a high level of support (34.9%).

Further details, including the voting template and examples of significant votes can be found in the Trustee's Stewardship Report 2021 here.

CWPF Annual Report and Accounts 2021

Final Audit Report 2022-07-14

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