

Report & Financial Statements

For the year ended 31 August 2024

Methodist Ministers' Pension Scheme

Pension Scheme Registry No: 10029514

METHODIST MINISTERS' PENSION SCHEME

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METHODIST MINISTERS' PENSION SCHEME

TRUSTEE'S REPORT FOR THE YEAR ENDED 31 AUGUST 2024

THE TRUSTEE

The Trustee submits the report and audited financial statements of the Methodist Ministers' Pension Scheme ("the Scheme") for the year ended 31 August 2024.

The Trustee of the Scheme is the Methodist Ministers' Pension Trust Limited ("the Trustee Company"), which was formed in 1992 for the sole purpose of providing trustee services to the Scheme. The power of appointing and removing the Trustee is vested in the Methodist Conference.

The Trustee Board of the Scheme ("the Board") noted that there are certain matters which are of common interest both to themselves and to the Trustee Board of the Pension & Assurance Scheme for Lay Employees of the Methodist Church ("PASLEMC") and that there are some common members of the two Trustee Boards. To facilitate the effective management of the Boards it has been resolved that the two Trustee Boards align discussions of any such joint matters as the Board and the PASLEMC Board jointly agree. It was further resolved that from September 2019 any joint matters being discussed in their proceedings should consider each Scheme independently and be recorded in the minutes of each Board.

There are ten directors of the Trustee Company appointed in accordance with the Articles of Association. The Trustee Directors generally meet on a quarterly basis to consider the management of the Scheme and more often if Scheme activity requires. There are six Church Nominated Directors appointed by the Conference. One third of the Church Directors retire by rotation each year and are eligible for reappointment. One of the Directors is an Independent Trustee, namely Capital Cranfield Pension Trustees Limited, represented by Mr Richard Hubbard since 1 September 2022. There are currently four Member-Nominated Directors each of whom serve for three years, and all of whom retire at the end of their term though may stand for re-election. Full details of all of the Directors are shown on page 3.

METHODIST MINISTERS' PENSION SCHEME

TRUSTEE DIRECTORS AND ADVISERS TO THE SCHEME

Trustee Directors

Church Nominated Directors

Ms Anne M Fairchild*~
Mr Richard Hubbard (Chair)* - Representative of
Capital Cranfield Pension Trustees Limited
Mr Fred King
Mr Martin Tingle
Mr Luke Wilcox
Mr Peter G Harris

Member Nominated Directors

Revd Dr John Illsley*
Revd Sydney Samuel Lake
Revd Eleanor Smith
Revd Andrew Walker

** Member of the Joint Investment Committee
~Deputy Chair*

Secretary to the Trustee / Pensions Manager

Mrs Meena Tooray (Resigned 07/07/2024)
Mr Mike Sarjeant (appointed 08/07/2024)

Actuary

Ms Debra Smith FIA

Actuarial Consultant

BWCI Consulting Limited

Auditor

Assure UK

Bankers

HSBC Bank plc
Royal Bank of Scotland plc

Investment Consultant

Lane Clark & Peacock LLP

Investment Managers

Epworth Investment Management Limited
Columbia Threadneedle Investments (previously BMO
Global Asset Management)
Partners Group (Luxembourg) S.A.
AXA Investment Managers

Legal Advisers

Burges Salmon LLP

AVC Investment Manager

Epworth Investment Management Limited

METHODIST MINISTERS' PENSION SCHEME

SPONSORING EMPLOYER

The sponsoring employer for the Scheme is the Conference of the Methodist Church. The Conference is situated at Methodist Church House, 25 Tavistock Place, London, WC1H 9SF.

CONTACT FOR ENQUIRIES

The Scheme's administration is carried out by the Pensions Team of the Methodist Church. Any enquiries either about the Scheme generally or about a member's entitlement to benefits should be addressed to the Pensions Manager at Methodist Church House, 25 Tavistock Place, London, WC1H 9SF, or emailed to pensionshelp@methodistchurch.org.uk

SCHEME CONSTITUTION AND MANAGEMENT

The Scheme was established by the Conference Resolution of 1947 whereby the Supernumerary Ministers' and Ministers' Widows' Fund was renamed the Ministers' Retirement Fund. In accordance with the approval given by Conference in 1994 the name of the Scheme was then changed to the Methodist Ministers' Pension Scheme.

The Scheme is an occupational pension scheme set up under trust to provide retirement benefits of a defined benefit nature for Ministers of the Methodist Church. The Rules dated 1 September 2014 govern the Scheme, with subsequent resolutions made on 2 March 2017 and 1 September 2018. The Resolution dated 2 March 2017 resolved to use the Consumer Prices Index to calculate the annual increase to pensions in payment from 1 September 2018 onwards and the Resolution dated 1 September 2018 added a rule to allow payment of trivial commutation lump sums. A further Resolution dated 28 August 2020 resolved that the Scheme is a single employer scheme. It also resolved to extend the eligibility criteria such that a former Probationer who has been admitted into Full Connexion but who has yet to be ordained remains eligible to join the Scheme.

The Scheme is a registered scheme in accordance with section 153 of the Finance Act 2004. The Trustee knows of no reason why this registration may be prejudiced or withdrawn.

Responsibility for setting the investment strategy and for managing the Scheme rests with the Trustee. The persons who acted as directors to the Trustee Company during the year are listed on page 3. Decisions are passed on a simple majority of those voting.

The Trustee, in conjunction with the PASLEMC Trustee, has set up a Joint Investment Committee to consider fully the investment issues which affect both Schemes and reports to the Trustee Board. The Joint Investment Committee meets at least once a quarter.

The Trustee has appointed professional advisers and other organisations to support it in delivering the Scheme's objectives. These individuals and organisations are listed on page 3. The Trustee has written agreements in place with each of them.

METHODIST MINISTERS' PENSION SCHEME

FINANCIAL STATEMENTS AND DEVELOPMENTS OF THE SCHEME

The annual financial statements and notes to the financial statements are set out on pages 22 to 35. The financial statements have been prepared and audited in accordance with regulations made under Sections 41(1) and (6) of the Pensions Act 1995.

As a result of net withdrawals from the Scheme from dealings with members of £11,496,932 (2023: 10,523,285) and a net gain on investments, including revaluation, of £27,473,281 (2023: net loss of £54,629,124), the Scheme now has a value of £411,724,283 (2022: £395,747,934).

MEMBERSHIP AND BENEFITS

Membership

As at 31 August 2024 there were 3,989 total members of the Scheme. The membership statistics reflect changes due to post year end amendments and can be broken down as follows:

	Active Members	Deferred Members	Pensioner Members
As at 31/08/2023	1,081	269	2,675
Adjustments*	18	11	5
Restated at 01/09/2023	1,099	280	2,680
New Entrants	20	-	-
Re-entrants from deferred	3	(3)	
Retirements	(74)	(11)	85
New Dependants	-	-	35
Deaths	(2)	-	(117)
Transfers out	-	(1)	-
No Liability	-	(5)	-
As at 31/08/2024	1,046	260	2,683

* Notified late / processed after year end

Pension increases - Standard

The Rules of the Scheme provide for increases to pensions in payment to take account of inflation, subject to a cap of:

- 5.0% pa for pensions accrued before 1 September 2006.
- 2.5% pa for pensions accrued from 1 September 2006.

Pension increases for Scheme pensions are based on the Consumer Price Index ("CPI") measure of inflation. The Scheme awards pension increases annually each 1 September and increases are calculated in line with the January CPI.

METHODIST MINISTERS' PENSION SCHEME

The increases applied from 1 September 2024 were as follows:

Pensions in relation to service	Increase awarded
Prior to 1 September 2006	4.0% (2023: 5.0%)
From 1 September 2006	2.5% (2023: 2.5%)

Increases to pensions paid in respect of money purchase Additional Voluntary Contributions (AVCs) depend on the conversion terms dependent on the date of retirement as follows:

- AVC pensions which commenced payment before 1 September 2006 are increased in line with the Retail Prices Index (RPI), capped at 5%;
- AVC pensions which commenced payment between 1 September 2006 and 31 August 2018 increased in line with RPI, capped at 2.5%; and
- AVC pensions which commenced payment on or after 1 September 2018 are increased in line with CPI, capped at 2.5%.

Hence, the increases applied to AVC pensions from 1 September 2023 were as follows:

AVC pensions in payment	Increase awarded
Prior to 1 September 2006	4.0% (2023: 5.0%)
From 1 September 2006 and before 1 September 2018	2.5% (2023: 2.5%)
From 1 September 2018	2.5% (2023: 2.5%)

Pension increases - Discretionary

The Trustee agreed with the Conference of the Methodist Church, that an additional discretionary pension increase of 5% would be provided to all existing pensioners (excluding any pension secured by additional voluntary contributions). This additional increase was paid with effect from 1 September 2024, at the same time as the existing standard pension increases payable set out in the above paragraph.

Deferred pension increases

The Scheme provides a guaranteed increase of not less than the revaluation percentage specified by the Secretary of State in accordance with paragraph 2(1) of Schedule 3 to the Pension Schemes Act 1993 applicable over the period from the date on which the member left pensionable service up to Normal Pension Date. Statutory increases were awarded to deferred pensions over the year to 31 August 2024 by reference to the Consumer Prices Index (CPI).

Transfers out of the Scheme

Transfer values paid during the year in respect of transfers to other pension schemes were cash equivalents calculated and paid in the manner prescribed by the Scheme Actuary in accordance with the Pension Schemes Act 1993. The Trustee, with the advice of the Actuary, has decided to make no allowance for discretionary pension increases in the calculation of transfer values. No transfers were reduced to less than their cash equivalent value.

Going concern

The Trustee has designed and implemented the Scheme's investment strategy taking a long-term view and has built in resilience to withstand short-term fluctuations in the valuation of Scheme assets.

The Trustee actively monitors both the financial security of the Scheme and the suitability of the investment strategy and will continue to do so.

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The Trustee is not aware of any immediate plans to wind up the Scheme and it confirms that, to the best of its knowledge, the Scheme will be continuing for at least 12 months from the date of signing this Report and it is therefore appropriate that the financial statements have been prepared on an 'on-going' basis.

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, which represent the present value of benefits to which members are entitled based on pensionable service to the valuation date. This is assessed at least every 3 years using assumptions agreed between the Trustee and the Conference and set out in the Statement of Funding Principles, a copy of which is available to Scheme members on request.

The latest full actuarial valuation of the Scheme was carried out as at 1 September 2023. The results are summarised in the table below:

Date	Actuarial valuation as at 01/09/2023
Value of technical provisions (£'000)	362,065
Assets available to meet technical provisions (£'000)	395,748
Assets as a percentage of technical provisions	109.3%
Surplus/ (Shortfall) (£'000)	33,683

The value of the technical provisions is based on pensionable service to the valuation date and assumptions about various factors that will influence the Scheme in the future, such as the levels of investment returns and stipend and pension increases, when members will retire and how long members will live. The technical provisions shown in the table include allowance for the discretionary pension increase paid from 1 September 2024. The method and significant actuarial assumptions used in the calculations are as follows:

Method

The actuarial method used in the calculation of the technical provisions is the Projected Unit Method.

Significant actuarial assumptions as at 1 September 2023

The derivation of the significant assumptions is summarised below. Full details are set out in the Statement of Funding Principles that was agreed for the 1 September 2023 valuation.

Discount rate:	Bank of England gilt curve plus 0.5% pa throughout.
Future Retail Price Inflation:	Equal to the Bank of England RPI inflation curve.
Future Consumer Price Inflation:	0.75% pa below the RPI assumption up until 2030, equal to the RPI assumption thereafter.
Stipend increases:	0.5% pa above the future Consumer Price Inflation assumption.
Pension increases (main Scheme pensions):	Derived from the assumption for future Consumer Price Inflation allowing for the caps on pension increases according to the provisions in the Scheme's Rules.

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Pension increases (AVC pensions):	Derived from the assumption for the relevant future inflation measure allowing for the caps on pension increases and the inflation measure agreed at the time the AVC funds were converted to pension.
Mortality:	For the period in retirement, standard SAPS S3 light tables for males and middle tables for females with scaling factors of: <ul style="list-style-type: none">• 100% for male pensioners• 95% for female pensioners and widowers; and• 87.5% for widows together with allowance for future improvements in line with CMI_2022 Core Projections with an initial addition to CMI improvements of 0.25% and incorporating an annual long term rate of improvement in mortality rates of 1.5% pa.
Commutation:	No allowance for members to commute their pensions for a lump sum.
Expenses:	4.0% of stipends.

The calculations of the technical provisions as at 1 September 2023 reflect the Bank of England gilt curve and RPI inflation curve as at the respective valuation date.

Future contributions and Recovery Plan

As the Scheme was in surplus on the technical provisions basis as at 1 September 2023, no recovery plan is required and the previous recovery plan agreed by the Trustee on 19 April 2022 is no longer in force.

The required contribution rate for future service benefits reduced to 24.9% of stipends with effect from 1 November 2024. Members pay 9.3% of stipends and therefore the required Church contribution rate is 15.6% of stipends.

These arrangements were formalised in a schedule of contributions which the Scheme Actuary certified on 8 November 2024. A copy of this certificate is included on page 36 of this annual report.

Next Actuarial Valuation

The next triennial valuation will be performed as at 1 September 2026, following which the calculation of the Scheme's technical provisions and any required Recovery Plan will be agreed by the statutory deadline of 1 December 2027.

Further details

The Trustee of the Scheme produced Summary Funding Statements based on the actuarial valuation. Copies of the Scheme Actuary's 2023 actuarial valuation, and the accompanying Summary Funding Statements are available on request from the contact for enquiries on page 37.

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INVESTMENT MANAGEMENT

The overall management of the Trustee's investments is the responsibility of the Trustee. However, the day-to-day management of the Scheme's asset portfolio is the responsibility of the investment managers, who operate within the guidelines of their specific mandates.

Over the year under review, the investments of the Scheme were managed by Epworth Investment Management Limited ("Epworth") (investing in funds managed by the Central Finance Board of the Methodist Church ("CFB")), Columbia Threadneedle Investments ("CTI"), Partners Group Holdings AG ("Partners Group") and AXA Investment Managers ("AXA").

Statement of Investment Principles

In accordance with section 35 of the Pensions Act 1995, a Statement of Investment Principles ("SIP") has been produced by the Trustee following consultation with the Employer. The main purpose of the SIP is to set out details of the investment strategy that is to be followed, the Trustee's investment objectives and its attitude to risk. The SIP was reviewed and updated in July 2023 and it is this SIP which applied at the Scheme Year end on 31 August 2024. The Trustee reviews the SIP at least once every three years, and after any significant change in investment strategy. The Employer and the appointed Investment Consultant are consulted during the review.

Just after Scheme Year end, in September 2024, the Trustee reviewed and updated the Scheme's SIP to reflect changes to the Scheme's investment strategy outlined below. A copy of the latest SIP will be available online at the following address [MMPS Documents \(methodist.org.uk\)](https://www.methodist.org.uk/mmps-documents).

Custody of assets

The underlying assets are held by a number of custodians who have agreements with the investment manager of the assets. There is no direct relationship between the investment managers' custodians and the Trustee.

Departures from the SIP

In late August 2024, the Trustee appointed AXA to manage the Scheme's asset-backed securities ("ABS") portfolio and funded an investment through a reduction in the Scheme's allocation to equities. This was promptly reflected in an updated SIP after Scheme Year end, in September 2024.

Other than this, there were no material departures from the SIP during the Scheme Year. Any changes to the investment strategy have been reflected in an updated version of the Scheme SIP within a reasonable timeframe.

Investment strategy

The broad investment objectives are agreed by the Trustee, having consulted with the Employer. Within the context of these risk and return objectives, the Trustee, taking advice from the Scheme's Investment Consultant, decides on the overall allocation of assets between the various asset classes, and selects the appropriate managers within each asset class.

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Asset class	Strategic allocation (%)
UK equities	5.0%
Overseas equities	5.0%
Impact investing	10.0%
Corporate bonds	35.0%
Short dated credit	10.0%
Liability Driven Investment ("LDI") and Cash	35.0%
Total	100.0%

As noted above, the table above reflects the Scheme's strategic asset allocation in place for the majority of the Scheme Year. In August 2024, the Scheme made a disinvestment from its remaining equities allocation, investing proceeds in an asset-backed securities (ABS) fund managed by AXA.

Please note for the impact investing mandate, the nature of the drawdown process, being spread over time, means that exposure to the asset class will increase gradually over time and subsequently decrease as it distributes capital.

Material changes to the investments during the year ended 31 August 2024 are set out below:

- In November 2023, the Scheme's Joint Investment Committee ("JIC") agreed a plan to fully disinvest from Epworth equities over the course of 2024, disinvesting in broadly equal amounts across 3 transfers. The first of these trades occurred in January 2024, with proceeds being invested in the CTI LDI Fund. The second tranche of these transfers took place in June 2024, with proceeds being temporarily invested in the CTI LDI Fund.
- In August 2024, the Scheme appointed AXA as its ABS manager. The monies (c£18m) that were disinvested from Epworth in June were used to fund this investment.

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Investment performance

The performance of the investment managers is reviewed periodically at the Trustee's meetings.

Fund	One year (%)		Three years (% pa)	
	Fund	Benchmark	Fund	Benchmark
CFB UK Equity Fund	17.2%	13.4%	4.8%	7.4%
CFB Global Equity Fund	16.8%	20.2%	5.7%	8.8%
AXA Bespoke B&M Fund	10.8%	9.7%	-	-
CFB Deposit Fund	5.2%	5.3%	3.2%	3.3%
CTI Short Dated Credit Fund	8.5%	8.9%	-	-
CTI LDI portfolio*	6.3%	7.4%	-33.7%	-34.3%
Scheme	8.8%	8.8%	-7.1%	-6.7%

Source: Investment managers. LCP calculations.

Please note:

- We have displayed performance over the 1 year and 3 year periods to 30 September 2024;
- Overall performance of the Scheme is calculated by compounding the Scheme and benchmark returns contained in the investment reports provided by the Scheme's investment adviser;
- We have not provided performance information for the AXA ABS Fund as the Scheme has been invested for less than a year;
- We have not provided 3 year performance information for the CTI short-dated credit portfolio and AXA Bespoke Buy & Maintain Fund as the Scheme has been invested for less than that time period in those funds.
- *For the CTI LDI portfolio we have chain linked the performance of the Scheme's previous pooled fund holdings with that of the Scheme's new bespoke LDI holding.

Trustee's policies in relation to voting rights

The following wording reflects the Trustee's policies in its SIP dated July 2023, as this was the SIP in place during the Scheme Year. Wording may be slightly different in the Scheme's updated September 2024 SIP but the overall approach and aims of the policy remain very similar. Wording from this updated SIP will be reflected in next year's annual Report & Accounts.

The Trustee has examined how rights, including voting rights, attached to investments should be exercised. The Trustee recognises its responsibilities as an owner of capital, and believes that good stewardship

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practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments. The Trustee has delegated to its investment managers the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG considerations.

The Trustee does not generally monitor or engage directly with issuers or other holders of debt or equity. It expects the investment managers to exercise ownership rights and undertake monitoring and engagement in line with the managers' general policies on stewardship, as provided to the Trustee from time to time, considering the long-term financial interests of the beneficiaries. The Trustee will consider such policies from which it will determine whether circumstances require them to monitor or engage with investment managers or other holders of debt or equity. The Trustee understands these reflect the recommendations of the UK Stewardship Code issued by the Financial Reporting Council. The Trustee is supportive of the recommendations made by the UK Stewardship Code and expects its investment managers to comply with the principles of the UK Stewardship Code (or to explain any non-compliance).

All of the Scheme's publicly-held shares are managed by Epworth, and the Trustee is able to engage with Epworth on its voting policies should it have a strong view on a particular issue. The Trustee is able to engage with Epworth via the Joint Investment Committee, or via digital or written correspondence with Epworth. The Trustee cannot usually directly influence the policies of the Scheme's other investment managers however it will engage with them and raise concerns where appropriate.

The Trustee has selected some priority ESG themes to provide a focus for its monitoring of investment managers' voting and engagement activities. The Trustee reviews the themes regularly and updates them if appropriate. The Trustee communicates these stewardship priorities to its managers, details them within its Responsible Investment Policy document, and also outlines its more general expectations in relation to ESG factors, voting and engagement.

If its monitoring identifies areas of concern, the Trustee will engage with the relevant manager to encourage improvements. The Trustee will set objectives and target dates for each formal engagement, review progress, and have an escalation process which it will follow if progress is unsatisfactory.

Trustee's policies on environmental, social and governance and ethical factors

The following wording reflects the Trustee's policies in its SIP dated July 2023, as this was the SIP in place during the Scheme Year. The Trustee's policy has since been updated, in the Scheme's updated September 2024 SIP. Wording from this updated SIP will be reflected in next year's annual Report & Accounts.

The Trustee has considered how environmental, social, governance ("ESG") and ethical factors should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Scheme and its members. The Trustee recognises that it has an important influence on the Scheme's approach to ESG, ethics, and other financially material considerations through its investment strategy and manager selection decisions. The Trustee has formulated a Responsible Investment Policy which describes its approach in this area in more detail. The Trustee believes that this Policy is consistent with the views of members and will not be financially detrimental to the Scheme.

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The Trustee expects its investment managers to take account of financially material considerations (including climate change and other ESG considerations) as an integral part of their investment processes. The Trustee seeks to appoint managers that have appropriate skills and processes to do this, and regularly reviews how its managers are taking account of these issues in practice.

The Trustee also takes into account some non-financial matters (i.e. matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments.

The Trustee believes that Scheme members would support action in respect of these non-financial factors and does not expect taking account of these factors to pose a risk of material financial detriment to the assets of the Scheme. Where exposure is deemed material, assets exposed to the following non-financial factors are excluded:

- Nuclear weapons
- Cluster munitions

Where exposure is deemed material, the following factors are considered strong grounds for exclusion from investment:

- Alcohol
- Tobacco
- Gambling
- Pornography
- Arms and firms supplying military and security services

Where adverse exposure is material, the following factors are considered grounds for engagement and possible exclusion:

- Human rights (including caste discrimination)
- Children's issues
- Farm animal welfare
- Health and nutrition within the food and beverages industry
- Prison management
- Violence in media
- Issues related to Israel and Palestine

However, responsibility for the selection of individual assets is delegated to the Scheme's investment managers and the Trustee accepts that it may not be possible to find investment funds for all asset classes which take into account all factors which the Trustee consider important, or which exclude all investments which the Trustee would prefer to avoid. In this situation the Trustee adopts a pragmatic approach, seeking to find investment funds in which the allocations to such holdings are not material – with analysis being conducted before any new investment. The Trustee has limited influence over managers' investment practices, other than Epworth, in this area but it encourages its managers to improve their practices where appropriate.

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Trustee's policy on the implementation of asset manager arrangements

The following wording reflects the Trustee's policies in its SIP dated July 2023, as this was the SIP in place during the Scheme Year. The wording remains the almost entirely the same in the Scheme's September 2024 SIP.

Before investing in any manner, the Trustee obtains and considers proper written advice from its investment adviser on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments.

During the retention of any investment, the Trustee regularly considers at what intervals the circumstances and nature of the investment make it desirable to obtain such advice from its investment adviser and obtains and considers such advice accordingly.

The Trustee has signed agreements with the investment managers setting out in detail the terms on which the portfolios are to be managed and investment powers delegated. The investment managers' primary role is the day-to-day investment management of the Scheme's investments. The managers are either authorised or (where applicable) not required to be authorised under the Financial Services and Markets Act 2000 (as amended) to carry out such activities.

The Trustee has limited influence over managers' investment practices because all of the Scheme's assets are held in pooled funds, but it encourages its managers to improve their practices within the parameters of the fund or mandate they are managing.

The Trustee's view is that the fees paid to the investment managers, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high quality service that meets the stated objectives, guidelines and restrictions of the fund. However, in practice managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover.

It is the Trustee's responsibility to ensure that the managers' investment approaches are consistent with its policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies. The Trustee expects investment managers, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/equity issuers, and to engage with issuers to improve their performance (or where this is not appropriate to explain why). It assesses this when selecting and monitoring managers.

The Trustee evaluates investment manager performance by considering performance over both shorter and longer-term periods as available. Except in closed-ended funds where the duration of the investment is determined by the fund's terms, the duration of a manager's appointment will depend on strategic considerations and the outlook for future performance. The Trustee's policy is not to fix the duration of any mandate in advance, instead it aims to monitor managers on an ongoing basis based on performance and other key indicators (including but not limited to the views of their advisers). If serious concerns arise termination of the mandate will be considered. Generally, the Trustee would be unlikely to terminate a mandate on short-term performance grounds alone. If a manager is not meeting its performance objectives the Trustee will consider alternative arrangements.

The Trustee's policy is to evaluate each of its investment managers by reference to the manager's individual performance as well the role it plays in helping the Scheme meet its overall long-term objectives,

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taking account of risk, the need for diversification and liquidity. Each manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

The Trustee recognises that portfolio turnover and associated transaction costs are a necessary part of investment management and that the impact of portfolio turnover costs is reflected in performance figures provided by the investment managers. The Trustee expects its investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Scheme's investment mandates, to enable it to factor such costs into its decisions.

Employer related investments

As at 31 August 2024 there were no Employer-related investments in the Scheme, within the meaning of Section 40(2) of the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005.

SCHEME GOVERNANCE

Scheme governance is a key priority for the Trustee Directors who operate practices and procedures to ensure that they meet their statutory duties. The Trustee considers the guidance as laid down by the Pensions Regulator when establishing and developing the governance arrangements. A summary of the main governance arrangements is detailed below.

Business plan

The Trustee has established a Business Plan which outlines the expected tasks that require completion during the year and at which meeting the items will be discussed. The Trustee receives a copy of the current Business Plan at every Trustee Board meeting.

Trustee meetings

There were four meetings of the Trustee Board for the Scheme and four meetings of the Joint Investment Committee. Over the Scheme year to 31 August 2024, attendance by the Trustee Directors at the Board meetings was 88% (2023: 88%).

Risk management

The Trustee maintains a Risk Register which identifies the key risks faced and prioritises them on a combination of potential impact and likelihood of occurrence in line with the guidance issued by the Pensions Regulator. The Risk Register includes a record of the key controls in place and action that could be taken to mitigate the risks identified. The Risk Register is reviewed annually in line with the Business Plan, and at each Trustee meeting during the year.

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Conflicts of interest policy

The Trustee maintains a policy for managing potential conflicts of interest. Any conflict identified is recorded in the minutes of the Trustee meeting. The Scheme Secretary also maintains a register of the Trustee Directors' interests.

Employer covenant

The Trustee considers the strength of the employer covenant on an ongoing basis. For the most recent assessment, which was completed in the run up to the 2020 actuarial valuation, the Trustee commissioned an external adviser, PricewaterhouseCoopers LLP ("PwC"), to undertake the covenant review. The PwC review concluded that the overall strength of the employer covenant available to the Scheme was 'Tending to Strong'. Following that review a Framework Agreement was entered into (see the section 'Report on Actuarial Liabilities') on 29 April 2022 to improve the strength of the covenant support for the Scheme. In light of the significantly improved funding position achieved before commencing the 2023 actuarial valuation the Trustee decided to commission a light touch review of the covenant which concluded there was no material change in the strength.

SUMMARY OF CONTRIBUTIONS PAYABLE FOR THE YEAR ENDED 31 AUGUST 2024

During the year ended 31 August 2024, the contributions payable to the Scheme were as follows:

	£
CONTRIBUTIONS PAYABLE UNDER THE SCHEDULE OF CONTRIBUTIONS	
Conference normal contributions	8,161,049
Conference expense contributions	856,404
Member normal contributions	2,827,393
	<hr/>
Total contributions payable under the Schedule of Contributions	11,844,846
	<hr/>
OTHER CONTRIBUTIONS PAYABLE	
Member Additional Voluntary Contributions	470,300
	<hr/>
Total other contributions	470,300
	<hr/>
TOTAL CONTRIBUTIONS REPORTED IN THE FINANCIAL STATEMENTS	12,315,146
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STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (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 that year of the 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 a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

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 adequate accounting records are kept and for taking such steps as are reasonably open to them 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.

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary, revising a schedule of contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the scheme and for adopting risk-based processes to monitor whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions. Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

This report was approved by the Trustee on 03/26/2025

and signed on its behalf by:



Anne Fairchild

Deputy Chair of Trustee Board



Fred King

METHODIST MINISTERS' PENSION SCHEME

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE METHODIST MINISTERS' PENSION SCHEME

Opinion

We have audited the financial statements of the Methodist Ministers' Pension Scheme ('the Scheme') for the year ended 31 August 2024 which comprise the Fund Account, the Statement of Net Assets and 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 Methodist Ministers' Pension Scheme financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 August 2024, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon and our auditor's statement about contributions. The Trustee is responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

METHODIST MINISTERS' PENSION SCHEME

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE METHODIST MINISTERS' PENSION SCHEME (continued)

Other information (continued)

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 set out on page 17, the Trustee is responsible for the preparation of the financial statements and 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 intends to wind up the Scheme, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Capability of the audit in detecting irregularities, including fraud irregularities

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. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

Based on our discussions with the Trustee, we considered the laws and regulations that have a direct impact on the preparation of the financial statements such as 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.

During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity. The engagement team remained alert to non-compliance throughout the audit from planning to completion.

METHODIST MINISTERS' PENSION SCHEME

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE METHODIST MINISTERS' PENSION SCHEME (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of:

- enquiries of management and the Trustee as to whether the entity complies with such laws and regulations;
- enquiries with the same concerning any actual or potential litigation or claims and whether they have knowledge of any actual, suspected or alleged fraud;
- inspection of relevant legal correspondence;
- review of Trustee meeting minutes;
- testing the appropriateness of journal entries; and
- the performance of analytical review to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of the audit 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.



Assure UK
Chartered Accountants and Statutory Auditor
London

Date: 03/26/2025

METHODIST MINISTERS' PENSION SCHEME

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEE OF THE METHODIST MINISTERS' PENSION SCHEME

We have examined the Summary of Contributions to the Methodist Ministers' Pension Scheme for the Scheme year ended 31 August 2024, which is set out on page 16.

The Schedule of Contributions in place during the year, certified by the Scheme Actuary on 29 April 2022 states that the Employer will pay 2.6% of annual Stipends each August. The contribution of £790,934 was paid in December 2024.

Qualified Statement about contributions payable under the Schedule of Contributions

In our opinion, except for the late contributions set out above, contributions for the Section year ended 31 August 2024 as reported in the Summary of Contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedules of Contributions certified by the Scheme Actuary on 29 April 2022.

Scope of work on Statement about Contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the Summary of Contributions on page 16 have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedule of Contributions.

Respective responsibilities of Trustee and the Auditor

As explained more fully in the Statement of Trustee's Responsibilities, the Scheme's Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a Schedule of Contributions.

It is our responsibility to provide a Statement about Contributions paid under the Schedule of Contributions and to report our opinion to you.

Use of the audit report

This statement is made solely to the Scheme's Trustee, as a body, in accordance with Regulation 4 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 work on contributions 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 statement about contributions 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 work on contributions, for this statement, or for the opinion we have formed.

Assure UK

Assure UK

Chartered Accountants and Statutory Auditor
London

Date: 03/26/2025

METHODIST MINISTERS' PENSION SCHEME

FUND ACCOUNT

For the year ended 31 August 2024

	Note	2024 £	2023 £
Contributions and Benefits			
Conference contributions	5	9,017,453	8,807,191
Membership contributions	5	<u>3,297,693</u>	<u>3,140,264</u>
Total contributions		<u>12,315,146</u>	<u>11,947,455</u>
Transfers in	6	64,195	15,975
Other income	7	-	464
		<u>12,379,341</u>	<u>11,963,894</u>
Benefits paid or payable	8	(22,627,161)	(21,335,570)
Payments to and on account of leavers	9	(129,772)	(1,747)
Administrative expenses	10	<u>(1,119,340)</u>	<u>(1,149,862)</u>
		<u>23,876,273</u>	<u>22,487,179</u>
Net withdrawals from dealing with members		<u>(11,496,932)</u>	<u>(10,523,285)</u>
Returns on investments			
Investment income	11	9,158,728	10,057,469
Change in market value of investments	12	20,016,330	(62,192,332)
Investment management expenses	13	<u>(1,701,777)</u>	<u>(2,494,261)</u>
Net return on investments		<u>27,473,281</u>	<u>(54,629,124)</u>
Net increase/(decrease) in the fund during the year		15,976,349	(65,152,409)
Net assets of the Scheme			
At 1 September		<u>395,747,934</u>	<u>460,900,343</u>
At 31 August		<u>411,724,283</u>	<u>395,747,934</u>

The notes on pages 24 to 35 form an integral part of these financial statements.

METHODIST MINISTERS' PENSION SCHEME

STATEMENT OF NET ASSETS (available for benefits) at 31 August 2024

	Note	2024 £	2023 £
Investment assets	12		
Pooled investment vehicles		67,232,423	85,361,706
AXA Bespoke Buy & Maintain Credit Fund		168,084,270	144,203,312
CTI LDI Private Sub-Fund		169,061,123	157,438,363
AVC investments		3,260,485	2,844,245
Unquoted Equities		29,353	29,353
Accrued interest		132,581	1,134,337
Cash		1,404,047	1,535,352
Total net investments		<u>409,204,282</u>	<u>392,546,668</u>
Current assets	19	5,551,792	5,323,944
Current liabilities	20	(3,031,791)	(2,122,678)
Net assets of the Scheme at 31 August		<u>411,724,283</u>	<u>395,747,934</u>

The financial statements summarise the transactions of the Scheme and deal with the net assets 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 of the Scheme, which takes into account such obligations, is dealt with in the Report of Actuarial Liabilities on pages 7 and 8 of the Annual Report and these financial statements should be read in conjunction with this report.

The notes on pages 24 to 35 form an integral part of these financial statements.

Approved by the Trustee on 03/26/2025

and signed on its behalf by:



Anne Fairchild

Deputy Chair of Trustee Board



Fred King

METHODIST MINISTERS' PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Methodist Ministers' Pension Scheme ("the Scheme") is an occupational pension scheme established under trust. The Scheme was established to provide retirement benefits to the Ministers of the Methodist Church. The registered address of the Scheme is Methodist Church House, 25 Tavistock Place, London, WC1H 9SF.

The Scheme is a defined benefit scheme which remains open to new members and future accrual.

The Scheme is a registered pension scheme under Chapter 2, Part 4 of the Finance Act 2004. This means that contributions made by the Church and members are normally eligible for tax relief, and income and capital gains earned by the Scheme receive preferential tax treatment.

2. STATEMENT OF COMPLIANCE

The financial statements of the Scheme have been prepared 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" (Revised 2018) ("the SORP").

3. IDENTIFICATION OF THE FINANCIAL STATEMENTS

The Scheme is established as a trust under English law. The address for enquiries to the Scheme is included in the Trustee's Report.

4. ACCOUNTING POLICIES

The principal accounting policies which the Trustee has adopted are set out below. These policies have been consistently applied to both years presented, unless otherwise stated.

(a) Valuation of investments

Investment assets are included in the financial statements at fair value. Investments are stated as follows:

- Epworth assets are stated at bid price.
- Threadneedle Property Fund is stated at net asset value (NAV) and Mayfair Capital Fund is stated at bid price.
- The Partners Group fund is stated at Net Asset Value (NAV).
- The pooled LDI assets are stated at Net Asset Value (NAV).

The value of the unquoted equity investment involves examining ratios of the underlying company's performance.

METHODIST MINISTERS' PENSION SCHEME

4. ACCOUNTING POLICIES (continued)

(b) Investment income and expenditure

Investment income is accounted for on an accruals basis applied on a consistent basis.

Dividends within the pooled funds are accrued on an ex-div basis. Dividends from the unquoted equity are accounted for when the dividend is declared. Income from fixed interest securities, index-linked securities, cash and short term deposits is accounted for on an accruals basis. The change in market value of investments during the year comprises all increases and decreases in 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, where income is reinvested within the fund without issue of further units, change in market value also includes such income.

The majority of the Scheme funds are invested in managed pooled investment funds and the underlying investment manager fees are deducted from the net asset value of the pooled investments.

Transaction costs are included in the cost of purchases and deducted from sales proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other duties.

(c) Other income

Legacies and donations are only included as income in the Fund Account on a receipts basis.

(d) Contributions and benefits

Member contributions

Member contributions, including AVCs, are accounted for when deducted from members' stipend. However, contributions in respect of members in the first 30 days following auto-enrolment are accounted for when their right to opt out has expired, unless remitted to the Scheme earlier.

Conference contributions

Normal contributions are accounted for on the same basis as member contributions.

Deficit funding and other contributions by Conference are accounted for on the due dates set out in the Schedule of Contributions, or on receipt if earlier, with the agreement of Conference and the Trustee.

Benefits and payments to leavers

Benefits and payments to leavers are accounted for in the period they fall due for payment.

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 an accruals basis on the later of the date of retirement and the date the option is exercised.

METHODIST MINISTERS' PENSION SCHEME

4. ACCOUNTING POLICIES (continued)

(e) Transfers to / from other pension schemes

Transfer values are accounted for at values calculated in accordance with the advice of the Actuary. Individual transfers are accounted for when the transfer has been agreed by both parties and the receiving scheme has accepted liability for the transfer.

(f) Currency

The Scheme's functional currency and presentational currency is pounds sterling (GBP). Monetary assets and liabilities in foreign currencies are translated into sterling at the exchange rate ruling at the balance sheet date. Other transactions are translated into sterling at the rate ruling on the date of the transaction.

Gains and losses arising on conversion or translation are dealt with as part of the change in market value of investments.

(g) Additional Voluntary Contributions

AVCs are accounted for on an accruals basis and the resulting investments are included in the net asset statement.

(h) Administration Expenses

Administration expenses are accounted for on an accruals basis. For significant consultation projects, the proportion of work completed by the year end is accounted for.

(i) Cash

Cash at bank not held within the investment portfolio is treated as a current asset.

(j) Critical accounting judgements and estimation uncertainty

The preparation of the financial statements requires the Trustee to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Given the nature of the transactions and balances held by the Scheme, the Trustee is of the view that there are no critical accounting judgements nor estimation uncertainty.

METHODIST MINISTERS' PENSION SCHEME

5. CONTRIBUTIONS

	2024 £	2023 £
<u>Conference</u>		
Normal contributions	8,161,049	7,970,398
Expense contributions	856,404	836,793
	<u>9,017,453</u>	<u>8,807,191</u>
<u>Membership</u>		
Normal contributions	2,827,393	2,767,188
Additional voluntary contributions	470,300	373,076
	<u>3,297,693</u>	<u>3,140,264</u>
	<u>12,315,146</u>	<u>11,947,455</u>

6. TRANSFERS IN

	2024 £	2023 £
Individual transfers in from other schemes	<u>64,195</u>	<u>15,975</u>

7. OTHER INCOME

	2024 £	2023 £
Donations	<u>-</u>	<u>464</u>

8. BENEFITS PAID OR PAYABLE

	2024 £	2023 £
Pensions payable	19,797,754	19,080,298
Retirement grants and lump sums	2,712,647	2,053,417
Death in service grants	87,120	104,644
Grants in respect of members who died within 5 years of retirement	29,640	97,211
	<u>22,627,161</u>	<u>21,335,570</u>

9. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	2024 £	2023 £
Individual transfers out	<u>129,772</u>	<u>1,747</u>

METHODIST MINISTERS' PENSION SCHEME

10. ADMINISTRATION EXPENSES

	2024 £	2023 £
Management and accountancy	247,705	281,590
Audit fees	22,290	20,399
Actuarial and consultancy fees	240,600	285,975
Legal fees	67,673	18,048
Investment consultancy	399,338	380,783
PPF levy	38,179	67,830
Bank charges	6,462	5,409
Trustee remuneration	35,361	30,481
Other	61,732	59,347
	<u>1,119,340</u>	<u>1,149,862</u>

11. INVESTMENT INCOME

	2024 £	2023 £
Distributions on CFB / Epworth funds	1,120,608	1,592,024
Distributions on property funds	-	1,273,067
Distributions on unquoted equity	6,000	3,815
Distributions on AXA Bespoke Buy & Maintain Credit Fund	7,900,000	7,066,666
Exchange gains / losses	-	1,425
Interest on cash deposits	132,120	120,472
	<u>9,158,728</u>	<u>10,057,469</u>

12. RECONCILIATION OF INVESTMENTS

	Value at 1 September 2023 £	Purchases at cost £	Sales proceeds £	Change in market value £	Value at 31 August 2024 £
Pooled investment vehicles	85,361,706	9,434,060	(36,993,339)	9,429,996	67,232,423
AVC investments	2,844,245	1,255,287	(1,161,663)	322,616	3,260,485
AXA Bespoke Buy & Maintain Credit Fund	144,203,312	18,000,000	-	5,880,958	168,084,270
CTI LDI Private Sub-Fund	157,438,363	34,240,000	(27,000,000)	4,382,760	169,061,123
Unquoted equities	29,353	-	-	-	29,353
	<u>389,876,979</u>	<u>62,929,347</u>	<u>(65,155,002)</u>	<u>20,016,330</u>	<u>407,667,654</u>
Accrued interest	1,134,337				132,581
Deposit fund	1,535,352				1,404,047
Total investments	<u>392,546,668</u>				<u>409,204,282</u>

The change in market value of investments during the year comprises all the increases and decreases in the market value of investments held at any time during the year.

Transaction costs are included in the cost of purchases and deducted from sales proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees. The amount of indirect costs is not separately provided to the Scheme.

METHODIST MINISTERS' PENSION SCHEME

13. INVESTMENT MANAGEMENT EXPENSES

	2024 £	2023 £
Investment managers' fees	1,726,580	2,519,307
Investment managers' rebate	(24,803)	(25,046)
	<u>1,701,777</u>	<u>2,494,261</u>

14. POOLED INVESTMENT VEHICLES

The Scheme's investment in pooled investment vehicles at the year-end comprised:

	2024 £	2023 £
Equity	19,823,059	48,733,269
Multi Asset	47,409,364	36,628,437
	<u>67,232,423</u>	<u>85,361,706</u>

15. AVC INVESTMENTS

The investments separately identified as relating to AVCs are held for contributions made to the post 2006 money purchase AVC scheme. They are invested as an integral part of the Scheme's assets. Included within the main investments above are assets securing additional benefits on a money purchase basis for those members who had elected to pay AVCs under the previous AVC Scheme.

16. FAIR VALUE HIERARCHY

The fair value of financial instruments has been estimated using the following fair value hierarchy:

Level	Valuation basis
1	The unadjusted quoted price in an active market for identical assets which the entity can access at the assessment date
2	Inputs other than the quoted prices included within Level 1 which are observable (i.e. developed for the asset either directly or indirectly)
3	Inputs which are unobservable (i.e. for which market data is unavailable) for the asset

The Scheme's investment assets and liabilities fall within the above hierarchy as follows:

	At 31 August 2024			
	Level 1 £	Level 2 £	Level 3 £	Total £
Pooled investment vehicles	-	67,232,423	-	67,232,423
AVC investments	-	3,260,485	-	3,260,485
AXA Bespoke Buy & Maintain Credit Fund	-	168,084,270	-	168,084,270
CTI LDI Private Sub-Fund	-	169,061,123	-	169,061,123
Unquoted equities	-	-	29,353	29,353
Accrued interest	132,581	-	-	132,581
Deposit Fund	-	1,404,047	-	1,404,047
	<u>132,581</u>	<u>409,042,348</u>	<u>29,353</u>	<u>409,204,282</u>

METHODIST MINISTERS' PENSION SCHEME

16. FAIR VALUE HIERARCHY (continued)

	At 31 August 2023			Total £
	Level 1 £	Level 2 £	Level 3 £	
Pooled investment vehicles	-	85,361,706	-	85,361,706
AVC investments	-	2,844,245	-	2,844,245
AXA Bespoke Buy & Maintain Credit Fund	-	144,203,312	-	144,203,312
CTI LDI Private Sub-Fund	-	157,438,363	-	157,438,363
Unquoted equities	-	-	29,353	29,353
Accrued interest	1,134,337	-	-	1,134,337
Deposit Fund	-	1,535,352	-	1,535,352
	1,134,337	391,382,978	29,353	392,546,668

The investments above separately identified as relating to AVCs are held for contributions made to the post 2006 money purchase AVC scheme. Included within the main investments above are assets securing additional benefits on a money purchase basis for those members who had elected to pay AVCs under the previous AVC scheme.

17. INVESTMENT RISK DISCLOSURES

When deciding how to invest the Scheme's assets, the Trustee considers a wide range of risks, including credit risk and market risk, as defined below.

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.

Market risk: this comprises currency risk, interest rate and inflation rate risk and other price risk, defined as follows:

- Currency risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- Interest rate risk and inflation rate risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates or expected inflation rates.
- Other price risk: this 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 and inflation 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 Trustee determines the Scheme's investment strategy after obtaining written professional advice from its professional investment adviser. The Scheme has exposure to the aforementioned risks because of the investments held to implement the investment strategy. The Trustee manages investment risks, including credit risk and market risk, considering the Scheme's investment objectives and strategy, and the advice of its investment advisers.

METHODIST MINISTERS' PENSION SCHEME

Within each investment portfolio, investment objectives and restrictions to manage risk are implemented through the legal agreements in place with the Scheme's investment managers. The Trustee monitors the performance of the strategy and associated risks, and each investment manager against its objectives and restrictions, on a regular basis.

The table below summarises the Scheme's investments that have significant exposure to indirect credit and market risks.

Credit risk

Direct credit risk – Pooled funds

The Scheme is subject to credit risk through its investments in pooled investment vehicles and sole investor arrangements. It is directly exposed to credit risk in relation to the solvency of the custodians of those funds.

The Scheme's holdings in pooled investment vehicles are 'unrated' from a credit perspective. Direct credit risk arising from pooled investment vehicles is mitigated by: the underlying assets of the pooled arrangements being ring-fenced from the assets of the custodian and the investment manager; the regulatory environments in which the pooled fund managers operate; and diversification of the Scheme's investments across a number of pooled funds. Therefore, this risk is minimal.

The Trustee carries out due diligence checks on investments into new pooled funds and on an ongoing basis monitors any changes to the operating environment of those pooled funds. The Trustee also carries out due diligence checks on new appointments of investment managers and custodians for sole investor arrangements and on an ongoing basis monitors any changes to the operating environment of these entities.

The role of a custodian is to ensure the safe-keeping of the assets and facilitate all transactions entered into by the appointed investment managers. The Trustee is not responsible for the appointment of the custodian of the assets contained within the various pooled fund investments. The pooled investment vehicle's governing body is responsible for appointing its own custodian for the safe-keeping, monitoring and reconciliation of documentation relating to these securities.

A summary of the type of pooled investment vehicle arrangements used over the period is as follows:

Fund	Fund vehicle
CFB UK Equity Fund	Unregulated investment fund set up under the Methodist Church Funds Act 1960 (in practice this fund is invested in underlying Epworth funds structured as CAIFs)
CFB Global Equity Fund	Unregulated investment fund set up under the Methodist Church Funds Act 1960 (in practice this fund is invested in underlying Epworth funds structured as CAIFs)
Partners Group - PG LIFE I	S.C.A., SICAV-RAIF
AXA - Bespoke B&M Fund	Qualifying Investor Alternative Investment Fund (QIAIF)
CFB Deposit Fund	Unregulated investment fund set up under the Methodist Church Funds Act 1960 (in practice this fund invested in underlying Epworth funds structured as a Common Deposit Fund)
CTI Short Dated Credit Fund	Luxembourg Fonds Commun de Placements
CTI LDI Private Sub-Fund	Luxembourg Fonds Commun de Placements
AXA ABS Fund	Qualifying Investor Alternative Investment Fund (QIAIF)

METHODIST MINISTERS' PENSION SCHEME

Indirect credit risk – Bonds

The Scheme is indirectly exposed to credit risks arising from the underlying investments held by the pooled funds, for example where they invest in bonds or fixed term deposits. The indirect exposure to credit risk on bonds or deposits arises from the Scheme's investments in the CTI LDI Private-Sub Fund, the CFB Deposit Fund, the AXA Bespoke B&M Fund, CTI Short Dated Credit Fund and AXA ABS Fund. The amount invested in each of these mandates is shown in the table at the end of this section.

The managers of the pooled funds that invest in fixed income manage credit risk by having a diversified exposure to issuers, conducting thorough research on the probability of default of those issuers, and having only a limited exposure to securities rated below investment grade. The magnitude of credit risk within each fund will vary over time, as the manager changes the underlying investments in line with its views on markets, asset classes and specific securities.

The LDI fund only invests in UK government bonds, therefore there is little credit risk associated with the underlying assets.

Indirect credit risk – Derivatives and repurchase agreements

Within the CTI LDI portfolio, there is exposure to credit risk as the LDI portfolio manager uses derivative instruments and repurchase agreements to match the Scheme's liabilities. The terms under which the LDI portfolio is managed include provisions to manage the exposure to credit risk, such as limits on the exposure to any single counterparty and minimum credit ratings that all counterparties must meet. In addition, the derivative positions are collateralised daily so as to aim to limit credit risk to one day's market movements.

Similarly credit risk arises from the derivative positions in the AXA Bespoke B&M Fund, AXA ABS Fund and PG LIFE I holdings as these funds also hold derivative positions for currency hedging, and in the case of the AXA Bespoke B&M fund, for hedging overseas interest rate exposure.

Currency risk

As the Scheme's liabilities are denominated in Sterling, any non-Sterling currency exposure within the assets presents additional currency risk.

Whilst the majority of the currency exposure of the Scheme's assets is to Sterling, the Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets. The Trustee considers the overseas currency exposure in the context of the overall investment strategy, and believes that the currency exposure that exists diversifies the strategy and is appropriate. Furthermore, the Trustee manages the amount of currency risk by investing in pooled funds that hedge some or all of their currency exposure, or implement separate currency hedging arrangements.

The majority of the Scheme's pooled funds are accessed via a Sterling share class. The Scheme's investment with Partners Group, which is invested via a Euro share class, is subject to direct currency risk. The Scheme's assets that are exposed to unhedged indirect currency risk during the year include the Partners Group PG LIFE I fund, the CFB Global Equity Fund and (a very small proportion of) the CFB UK Equity Fund, which had investments that are not currency hedged back to Sterling. Given the overseas currency exposure within the CFB UK Equity Fund was <5% we do not believe this fund has a material exposure to currency risk.

METHODIST MINISTERS' PENSION SCHEME

The exposure to foreign currencies within the pooled funds will vary over time as the manager changes the underlying investments but is not expected to be a material driver of returns over the longer term. Decisions about the exposure to foreign currencies within the pooled funds held are at the discretion of the appointed fund managers.

Interest rate and inflation rate risk

Interest rate risk and inflation risk is a material risk for the Scheme given that movements in interest rates and inflation are a material influence on the value of the liabilities assessed in present day terms. Some of the Scheme's assets are subject to interest rate risk (both nominal and real interest rates). However, the overall interest rate exposure of the Scheme's assets hedges part of the corresponding risks associated with the Scheme's liabilities. The net effect will be to reduce the volatility of the funding level, and therefore the Trustee believes that it is appropriate to have exposure to interest rate risk in this manner.

The only assets the Scheme invests in with material exposure to changes in interest rates are the AXA Bespoke B&M Fund, CTI Short Dated Credit Fund and CTI LDI Private Sub-Fund. The amount invested in each of these mandates is shown in the table at the end of this section.

Other price risk

The Scheme's assets are exposed to risks of market prices other than currencies and interest rates, such as the pooled funds that hold equities being subject to movements in equity prices.

The Trustee monitors this risk on a regular basis, looking at the performance of the Scheme as a whole as well as each individual portfolio. The Trustee believes that the Scheme's assets are adequately diversified between different asset classes and within each asset class to manage this risk.

The table below summarises the Scheme's investments that have significant exposure to indirect credit and market risks.

Fund	Credit risk	Currency risk	Interest rate risk	Other price risk	31 Aug 24 £
CFB UK Equity Fund	○	○	○	●	9,886,068
CFB Global Equity Fund	○	●	○	●	9,958,844
Partners Group PG LIFE I	●	●	○	●	47,374,725
AXA Bespoke B&M Fund	●	○	●	○	150,085,475
CFB Deposit Fund	●	○	○	○	200,665
CTI Short Dated Credit Fund	●	○	●	○	43,052,455
CTI LDI Private Sub-Fund	●	○	●	○	126,008,668
AXA ABS Fund	●	○	○	●	17,998,726
Total					404,565,625

Key: The risk noted affects the fund significantly (●) or hardly/ not at all (○).

METHODIST MINISTERS' PENSION SCHEME

18. CONCENTRATION OF INVESTMENTS

The investments at the year-end which are 5% or more of the total value of the net assets of the Scheme comprise:

	2024		2023	
	£	%	£	%
CFB UK Equity	-	-	23,030,674	5.8
CFB Global Equity	-	-	25,702,595	6.5
CTI LDI Private Sub-Fund	169,061,123	41.1	157,438,363	39.8
Partners Group LIFE I S.C.A., SICAV-RAIF	47,409,363	11.5	36,628,437	9.3
AXA Bespoke Buy & Maintain Credit Fund	168,084,270	40.8	144,203,312	36.4

19. CURRENT ASSETS

	2024	2023
	£	£
Cash at bank	1,331,336	5,277,520
Other	3,409,262	46,424
Employer contributions due	811,194	-
	<u>5,551,792</u>	<u>5,323,944</u>

20. CURRENT LIABILITIES

	2024	2023
	£	£
Other liabilities	655,714	270,361
Unpaid benefits	2,376,077	1,852,317
	<u>3,031,791</u>	<u>2,122,678</u>

21. EMPLOYER-RELATED INVESTMENTS

As at 31 August 2024 there were no Employer-related investments in the Scheme, within the meaning of Section 40(2) of the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005.

22. RELATED PARTY TRANSACTIONS

During the year, the Scheme paid £301,111 (2023: £324,515) to the Methodist Church Fund (MCF), for staff and overhead costs incurred in running the Scheme. This consisted of accountancy fees of £72,336 (2023: £67,306) and amounts paid via the MCF as paying agent totalling £228,775 (2023: £257,209) and rent service charges were £nil (2023: £11,944).

During the year, the Scheme charged the Pensions & Assurance Scheme for Lay Employees of the Methodist Church £56,781 (2023: £51,199) for costs incurred in running that scheme.

Capital Cranfield Pension Trustees Limited (represented by Mr Richard Hubbard) is remunerated under the terms of the agreement signed in December 2022. During the year fees of £33,325 (2023: £28,249) are due to Capital Cranfield Pension Trustees Limited with £5,881 (2023: £4,900) being outstanding at the year end. Other Directors of the Trustee Board are not remunerated.

METHODIST MINISTERS' PENSION SCHEME

There are four Member Nominated Directors each of whom serve for a period of three years and who may stand for re-election. Revd Sydney Samuel Lake, Revd Eleanor Smith and Revd Andrew Walker served on the Board during the year representing active members of the Scheme. Each paid contributions during the Scheme year in accordance with the Scheme rules. Revd Dr John Illsley served on the Board as representative of the retired members.

During the year Epworth levied management and administration charges to the Epworth Investment and Deposit Funds.

METHODIST MINISTERS' PENSION SCHEME

ACTUARIAL CERTIFICATE OF THE SCHEDULE OF CONTRIBUTIONS

Name of scheme: **Methodist Ministers' Pension Scheme**

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 1 September 2023 to continue to be met for the period for which the schedule is to be in force.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles agreed on 5 November 2024.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were to be wound up.

Signature	Debra Smith	Date	8 November 2024
Name	Debra Smith (Scheme Actuary)	Qualification	Fellow of the Institute and Faculty of Actuaries
Address	PO Box 68 Albert House South Esplanade St Peter Port Guernsey GY1 3BY	Name of Employer	BWCI Consulting Limited

METHODIST MINISTERS' PENSION SCHEME

HELP AND ADVICE

Any queries about the Scheme generally, or about individual's entitlement to benefit, or any request for further information about the Scheme, should be addressed to the Pensions Manager at:

Methodist Church House
25 Tavistock Place
London
WC1H 9SF

☎ 020 7467 5287

✉ pensionshelp@methodistchurch.org.uk

Website: www.methodist.org.uk/for-churches/finance/pensions/

MONEY HELPER

Money Helper is available to assist members and beneficiaries of the Scheme in connection with difficulties that they have failed to resolve with the trustees or the Scheme administrators. Money Helper can also provide free information and guidance on pensions. It is an independent non-profit organisation, with volunteer advisers who are experts in pension matters. Money Helper can be contacted at:

☎ 0800 011 3797

Website: www.moneyhelper.org.uk

[Web Form](#)

THE PENSIONS OMBUDSMAN

The Pensions Ombudsman will investigate and determine any complaint or dispute of fact or law in relation to an Occupational Pension Scheme. A completely independent impartial adjudicator where there is no charge for the service. The Pensions Ombudsman can be contacted at:

Pensions Ombudsman Service
10 South Colonnade
London
E14 4PU

☎ 0800 917 4487

✉ enquiries@pensions-ombudsman.org.uk

Website: www.pensions-ombudsman.org.uk

PENSION TRACING

The Pension Tracing Service is a free government service set up to help find missing pensions. You can also find contact details for workplace or personal pension schemes. The Pension Tracing Service can be contacted at:

The Pension Service
Post Handling Site A
Wolverhampton
WV98 1AF

☎ 0800 731 0193

Website: www.gov.uk/find-pension-contact-details

[Web Form](#)

APPENDIX 1: IMPLEMENTATION STATEMENT

Implementation Statement, covering the Methodist Ministers' Pension Scheme Year from 1 September 2023 to 31 August 2024

The Trustee of the Methodist Ministers' Pension Scheme (the "Scheme") is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the voting and engagement policies in its Statement of Investment Principles ("SIP") during the Scheme Year. This is provided in Section 1 below.

The Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, the Trustee (including the most significant votes cast by or on behalf of the Trustee) and state any use of the services of a proxy voter during that year. This is provided in Section 3 below.

In preparing the Statement, the Trustee has had regard to the [guidance](#) on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions ("DWP's guidance") in June 2022.

Introduction – Last review of the voting and engagement policies

No changes were made to the voting and engagement policies in the SIP during the Scheme Year, with the last formal review taking place in July 2023.

Shortly after Scheme Year end, the Trustee finalised its process for monitoring and engaging with managers on ESG issues. This was reflected in the Scheme's SIP which was updated in September 2024, just after Scheme Year End, and will be reported against in next year's Statement.

The Trustee has, in its opinion, followed the Scheme's voting and engagement policies during the Scheme Year.

Voting and engagement

The Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. These policies are:

Epworth:

- Epworth votes according to a template it agrees and helps construct each year, as members of the Church Investors Group (CIG). This template is available to clients, and Epworth reports on its implementation regularly to the Trustee. Moving forward, reporting will be through the Trustee's ESG Sub-Committee.
- The CIG template is implemented by Institutional Shareholder Services (ISS).

The Trustee takes ownership of the Scheme's stewardship by monitoring and engaging with managers as detailed below.

As part of its advice on the selection and ongoing review of the investment managers, the Scheme's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to voting and engagement and to financially material ESG considerations (including climate change).

Following the introduction of DWP's guidance, the Trustee agreed to set stewardship priorities to focus monitoring and engagement with their investment managers on specific ESG factors. The Trustee discussed and agreed stewardship priorities for the Scheme, which are:

1. **(Climate emergency) A Just Transition for All**
Corresponding UN SDGs: 8 (Decent work and economic growth); 11 (Sustainable cities and communities); 12 (Responsible consumption and production); 13 (Climate action)

METHODIST MINISTERS' PENSION SCHEME

2. **Quality Living for All**

Corresponding UN SDGs: 2 (Zero hunger); 3 (Good health and wellbeing); 12 (Responsible consumption and production)

3. **(Worker's rights) Safe Work for All.**

Corresponding UN SDGs: 5 (Gender equality); 8 (Decent work and economic growth); 10 (Reduced inequalities)

These priorities were selected noting the results of a Priority Matrix Survey, where constituents of the Methodist Church were contacted on their ethical priorities before the results were overlaid on the investment exposures to assess scope for impact. A matrix of priority and scope for impact was then created to guide the prioritisation of issues. Each stewardship priority was also associated with a selection of the UN's Sustainable Development Goals (SDGs) to make communication of the priorities to third parties more straightforward. The priorities were also recently re-confirmed for the coming year following a review by the ESG Sub-Committee. The Trustee has communicated its priorities to each of its investment managers.

The Trustee regularly invites the Scheme's investment managers to present at Joint Investment Committee ("JIC") meetings.

In September 2023, CT presented to the JIC to explain that the Global Low Duration Credit Fund, subject to regulatory approval, was looking to add additional ESG objectives. This included carbon emissions reduction aligned to a global Net Zero pathway, minimum standards of sustainability and minimum standards of good governance. The changes were expected to have negligible impact on the strategy as most of CT's holdings were already aligned. This was formally implemented in Q1 2024, with the fund now named the Net Zero Transition Low Duration Credit Fund.

In November 2023, AXA presented to the JIC to discuss its approach to engagement in relation to the Scheme's credit mandate, explaining that engagement is done in collaboration with industry peers in areas it feels like it can have the largest impact. AXA provided examples of collaborative initiatives in climate action, responsible consumption and production and other areas. The JIC encouraged AXA to seek engagement with companies at senior levels (both on the AXA and the underlying company sides) to achieve the largest impact. The JIC also asked several questions about AXA's engagement practices to check alignment with its own preferences.

In February 2024, AXA presented to the JIC on a potential allocation to asset-backed securities (ABS) for the Scheme – this was later implemented in August 2024. The JIC asked AXA to provide information to learn more about the carbon intensity and emissions of the AXA ABS portfolio, and trend over time (as well as any net zero aspirations). AXA followed up with some information on this shortly after the meeting.

In May 2024, Partners Group presented to the JIC on the Scheme's Impact Investing mandate. Partners Group provided some specific examples of engagement and explained its impact assessment scores are conducted externally. Partners Group also provided some figures on its Principal Adverse Impact (PAI) and Taskforce on Climate Related Financial Disclosures (TCFD) metrics.

In early September 2024, Epworth presented to the ESG Sub-Committee on the listed equity portfolios, providing specific examples of voting and other engagement aligned with the Trustee's stewardship priorities. Epworth also provided updated Priority Matrix Survey information, allowing the Trustee (with help from the ESG Sub-Committee and the JIC) to re-confirm its stewardship priorities would remain the same moving forward.

The Methodist Church Joint Advisory Committee on the Ethics of Investment ("JACEI") performed an independent review of the Epworth investments managed by the Central Finance Board of the Methodist Church ("CFB"), covering their voting and engagement activities. This review confirmed that "The Committee judges that the CFB (Epworth) has managed the funds under its control in support of an ethical stance which is in accordance with the aims of the Methodist Church". Epworth also performed an independent review of the non-CFB elements of the Scheme's portfolios during the Scheme Year, assessing the holdings against an ethical stance consistent with the aims of the Methodist Church. It was confirmed that none of the Scheme's fund holdings raised concerns.

The JIC also reviewed reports from its managers on voting and engagement activities undertaken on its behalf.

The Trustee invested in a new pooled fund, the AXA ABS Fund, towards the end of the Scheme Year in August 2024. In selecting and appointing this manager, the Trustee reviewed LCP's RI assessments of AXA and in particular its approach for the ABS fund.

The Trustee is supportive of the UK Stewardship Code. All of the Scheme's managers are signatories of the Code.

METHODIST MINISTERS' PENSION SCHEME

The Trustee is conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the Trustee aims to have an ongoing dialogue with managers to clarify expectations and encourage improvements. The Scheme's ESG Sub-Committee acts as a forum for oversight and assists the JIC in engaging with managers on matters of stewardship, where appropriate.

Description of voting behaviour during the Scheme Year

All of the Trustee's holdings in listed equities are within pooled funds and the Trustee has delegated to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the Scheme Year. However, the Trustee monitors managers' voting and engagement behaviour regularly and challenges managers where their activity has not been in line with the Trustee's expectations.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP's guidance, on the Scheme's funds that hold equities as follows:

- CFB UK Equity Fund; and
- CFB Global Equity Fund (formerly the CFB Overseas Fund)

In addition, the Trustee contacted the Scheme's other asset managers that do not hold listed equities, to ask if any of the assets held by the Scheme had voting opportunities over the Year. The impact, corporate bond and LDI managers confirmed that no such opportunities were available. The Trustee did however ask for examples of significant engagement with companies which these managers may have had over the Year, which are detailed below.

In August 2024, the Trustee appointed AXA to manage the Scheme's ABS mandate. Given the Scheme's allocation to the Fund was made very close to the Scheme Year end, we have omitted information on the AXA ABS mandate.

3.1 Description of the voting processes

For assets with voting rights, the Trustee relies on the voting policies which its managers have in place.

Below is a description of Epworth Investment Management Limited voting process:

- Epworth supports the Principles set out in the UK Corporate Governance Code 1 (as revised) and the UK Stewardship Code. Epworth vote proxies in the UK and Europe in accordance with these Codes and in keeping with the overarching objectives set out in their Policy Statement.
- Epworth is a founding member of the CIG proxy voting coalition that has adopted a common voting template for its supporting members. These members of the CIG seek to promote best practice standards of corporate governance at investee companies by leveraging their combined voting rights in a collective approach.
- The voting template that governs how the CIG coalition votes at each company meeting is updated and refreshed annually. The template is administered by ISS on a global basis, executing ballots in a timely way so as to register the voting intentions of CIG members by the due deadline.
- In keeping with their commitments under the UK Stewardship Code, Epworth publish a quarterly summary of voting activity which is available on their website; a full report of votes registered at each investee meeting in the UK and Europe, is available on request.

METHODIST MINISTERS' PENSION SCHEME

3.2 Summary of voting behaviour

A summary of voting behaviour over the Scheme Year is provided in the table below.

	Fund 1	Fund 2
Manager name	Epworth Investment Management Limited	Epworth Investment Management Limited
Fund name	CFB UK Equity Fund	CFB Global Equity Fund
Total size of fund at end of the Scheme Year	£50.9m	£138.1m
Value of Scheme assets at end of the Scheme Year (£ of total assets)	£9.8m	£10.0m
Number of equity holdings at end of the Scheme Year	62	131
Number of meetings eligible to vote	70	133
Number of resolutions eligible to vote	1,306	2,321
% of resolutions voted	100%	97%
Of the resolutions on which voted, % voted with management	89%	73%
Of the resolutions on which voted, % voted against management	11%	26%
Of the resolutions on which voted, % abstained from voting	0%	1%
Of the meetings in which the manager voted, % with at least one vote against management	69%	87%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	11%	20%

3.3 Most significant votes

Commentary on the most significant votes over the Scheme Year, is set out below.

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustee did not identify significant voting ahead of the reporting period.

Instead, the Trustee has retrospectively created a shortlist of most significant votes by requesting each manager provide a shortlist of votes, which comprises a minimum of ten most significant votes, and suggested the managers could use the PLSA's criteria¹ for creating this shortlist. Going forward, by informing its managers of its stewardship priorities and through its regular interactions with the managers, the Trustee believes that its managers will understand how it expects them to vote on issues for the companies they invest in on its behalf.

The Trustee has interpreted "significant votes" to mean those that align with the Trustee's stewardship priorities.

The Trustee has reported on two of these significant votes per fund only as the most significant votes. If members wish to obtain more investment manager voting information, this is available upon request from the Trustee.

¹ Vote reporting template for pension scheme implementation statement – Guidance for Trustees (plsa.co.uk). Trustees are expected to select "most significant votes" from the long-list of significant votes provided by their investment managers.

METHODIST MINISTERS' PENSION SCHEME

Epworth Investment Management Limited, CFB UK Equity Fund

Ashtead Group, 6 September 2023

- **Summary of resolution:** Approve Remuneration Report.
- **Relevant stewardship priority:** (Worker's rights) Safe Work for All.
- **Approx size of the holding at the date of the vote (as a % of CFB UK Equity Fund):** 2.46%
- **Why this vote is considered to be most significant:** Voting action was aligned with Trustee priorities on (Worker's rights) Safe Work for All.
- **Vote:** Against.
- **Rationale:** The company is not living wage accredited.
- **Was the vote communicated to the company ahead of the vote:** No
- **Outcome of the vote and next steps:** For resolution. Epworth Investment Management Limited will continue to vote in line with its policy in matters related to this resolution.

Anglo American Plc, 30 April 2024

- **Summary of resolution:** Re-elect director
- **Relevant stewardship priority:** (Climate emergency) A Just Transition for All
- **Approx size of the holding at the date of the vote (as a % of CFB UK Equity Fund):** 1.66%
- **Why this vote is considered to be most significant:** Voting action was aligned with Trustee priorities on (Climate emergency) A Just Transition for All
- **Vote:** Against.
- **Rationale:** Concern over the company's actions in addressing climate change.
- **Was the vote communicated to the company ahead of the vote:** No
- **Outcome of the vote and next steps:** For resolution. Epworth Investment Management Limited will continue to vote in line with its policy in matters related to this resolution.

Epworth Investment Management Limited, CFB Global Equity Fund

Amazon, 22 May 2024

- **Summary of resolution:** Report on efforts to reduce plastic usage
- **Relevant stewardship priority:** Quality living for all and (Climate emergency) A Just Transition for All.
- **Approx size of the holding at the date of the vote (as a % of CFB Global Equity Fund):** 2.49%
- **Why this vote is considered to be most significant:** Voting action was aligned with Trustee priorities on Quality living for all and (Climate emergency) A Just Transition for All.
- **Vote:** For.
- **Rationale:** Support items which seek better reporting on sustainability and climate.
- **Was the vote communicated to the company ahead of the vote:** No.
- **Outcome of the vote and next steps:** Against resolution. Epworth Investment Management Limited will continue to vote in line with its policy in matters related to this resolution.

Eli Lilly and Company, 6 May 2024

- **Summary of resolution:** Report on Effectiveness of Diversity, Equity, and Inclusion Efforts.
- **Relevant stewardship priority:** (Worker's rights) Safe Work for All.
- **Approx size of the holding at the date of the vote (as a % of CFB Global Equity Fund):** 1.07%
- **Why this vote is considered to be most significant:** Voting action was aligned with Trustee priorities on (Worker's rights) Safe Work for All.
- **Vote:** For.
- **Rationale:** Support items which seek better reporting on equality.
- **Was the vote communicated to the company ahead of the vote:** No.
- **Outcome of the vote and next steps:** Against resolution. Epworth Investment Management Limited will continue to vote in line with its policy in matters related to this resolution.

3.4 Engagement in relation to assets other than listed equity

The following comments were provided by the Scheme's asset managers which don't hold listed equities, but invest in assets that had voting opportunities during the Scheme Year:

METHODIST MINISTERS' PENSION SCHEME

Partners Group

Partners Group confirmed that the Impact Investment mandate does not include listed equities and there are no "voting" opportunities within the fund. Partners Group does however have significant control and influence over the underlying companies and has provided examples of its activity.

Partners Group produces engagement data on a semi-annual basis. As of 30 June 2024, Partners Group recorded 3 engagement activities with assets in the fund over the Scheme Year. Examples of engagement include:

- Encouraging an underlying company to reduce GHG emissions by at least 50% by 2035, with the aim of working towards 100% sustainably sourced biomass by 2025. **This aligns with the Trustee stewardship priorities on (Climate emergency) A Just Transition for All and Quality Living for All.**
- Encouraging an underlying company to offer a safe and attractive working environment with various training and development opportunities, with a view to have a positive impact on individuals and society. The company is working on improving customer satisfaction, developing solutions for green and smart buildings in collaboration with partners, and engaging in social activities with positive impacts on individuals and society. **This aligns with the Trustee stewardship priorities on (Worker's rights) Safe Work for All.**

AXA

Some examples of engagement activities within the AXA holdings over the Scheme Year include:

- AXA met with John Deere Investor Relations to discuss their precision and smart agriculture solutions. John Deere explained how important leveraging connectivity of their machines is to them, and how much they invest in the development of these solutions, including engagement with suppliers. AXA encouraged John Deere to promote sustainable farming practices to their customers and improve the affordability of their solutions, for example through preferential financing options. John Deere were responsive to the idea and explained that they are also lowering costs for customers through the transition to a 'Solutions-as-a-Service' model, and by enabling the upgrading of existing machines. **This aligns with the Trustee stewardship priority on Quality Living for All as it relates to responsible production processes.**
- AXA had the opportunity to meet with the chief sustainability officer of Saint Gobain at a sustainability forum. AXA met with the issuer several times over the past 5 years. The company provided an update on its progress to decarbonize its flat glass furnaces, reduce its water footprint, access PPAS and the way it handles scope 3 and avoided emissions. Saint Gobain continues to implement its SBTi validated decarbonization roadmap. AXA will continue to follow the company's progress. **This aligns with the Trustee stewardship priority on (Climate emergency) A Just Transition for All**

Columbia Threadneedle

CT provided examples of engagement with the underlying funds within the Global Low Duration Credit Fund. This includes:

- Columbia Threadneedle engaged numerous times with Barclays on their management of climate risks as they viewed the company's policies as being looser than its UK peers. Barclays revised their position on fossil fuel financing, no longer providing financing to oil sands exploration and production companies, or financing focused on the construction of new oil sands exploration assets, production, pipelines and processing infrastructure. More recently, Barclays has provided evidence of significantly enhanced climate risk management in their latest climate updates. The company introduced additional financed emissions targets for agriculture, commercial real estate, and aviation. They also provided updates to their residential real estate target. The company became the first UK bank to publish a transition finance framework. They also updated their climate change statement introducing restrictions and tightened conditions for financing to the oil and gas sector. **This aligns with the Trustee stewardship priorities on (Climate emergency) A Just Transition for All and Quality Living for All as it relates to responsible production processes.**

SIGNATURE CERTIFICATE



REFERENCE NUMBER

5C6761A9-1BD8-4140-84D2-602AB18230E9

TRANSACTION DETAILS

Reference Number

5C6761A9-1BD8-4140-84D2-602AB18230E9

Transaction Type

Signature Request

Sent At

03/26/2025 11:15 EDT

Executed At

03/27/2025 05:45 EDT

Identity Method

email

Distribution Method

email

Signed Checksum

97c25e8169e5e6f5f6d5cd01643e5a150a1957b98ad36af35876cfba5445535f

Signer Sequencing

Enabled

Document Passcode

Disabled

DOCUMENT DETAILS

Document Name

MMPS Accounts LOR 2024 for signing

Filename

MMPS_Accounts_LOR_2024_for_signing.pdf

Pages

47 pages

Content Type

application/pdf



File Size


546 KB

Original Checksum

48a6d72121406634e24da839ffc6abb5661817e019da784d134f94d162f01e77

SIGNERS

SIGNER	E-SIGNATURE	EVENTS
<p>Name Gareth Burton</p> <p>Email gareth.burton@assureuk.co.uk</p> <p>Signer Sequence 2</p> <p>Components 4</p>	<p>Status signed</p> <p>Multi-factor Digital Fingerprint Checksum c03bc5fc785e61c7115a03dc6f05577245142bf94251c845bd023c04abee8f45</p> <p>IP Address 85.255.237.125</p> <p>Device Chrome Mobile iOS via iOS</p> <p>Typed Signature </p> <p>Signature Reference ID F4D44A1A</p>	<p>Viewed At 03/27/2025 05:45 EDT</p> <p>Identity Authenticated At 03/27/2025 05:45 EDT</p> <p>Signed At 03/27/2025 05:45 EDT</p>
<p>Name Anne Fairchild</p> <p>Email anne.m.fairchild@gmail.com</p> <p>Signer Sequence 1</p> <p>Components 5</p>	<p>Status signed</p> <p>Multi-factor Digital Fingerprint Checksum bb8eb03fdc3d543a0d5cf4a053570576e141b326a81d78d2516e3beb10c7c3c4</p> <p>IP Address 90.214.96.204</p> <p>Device Mobile Safari via iOS</p> <p>Drawn Signature </p> <p>Signature Reference ID 65B513DB</p> <p>Signature Biometric Count 1</p>	<p>Viewed At 03/26/2025 15:09 EDT</p> <p>Identity Authenticated At 03/26/2025 15:11 EDT</p> <p>Signed At 03/26/2025 15:11 EDT</p>

SIGNER	E-SIGNATURE	EVENTS
Name Fred King	Status signed	Viewed At 03/26/2025 11:20 EDT
Email fred.kingfamily@gmail.com	Multi-factor Digital Fingerprint Checksum 0bb134cf62b2bf4b6c53df3ed67070274919853ed74916a053d41813a33130ca	Identity Authenticated At 03/26/2025 11:23 EDT
Signer Sequence 0	IP Address 146.198.123.218	Signed At 03/26/2025 11:23 EDT
Components 4	Device Microsoft Edge via Windows	
	Typed Signature 	
	Signature Reference ID B82945B6	

AUDITS

TIMESTAMP	AUDIT
03/26/2025 11:15 EDT	Luke Bosch (luke.bosch@assureuk.co.uk) created document 'MMPS_Accounts_LOR_2024_for_signing.pdf' on Chrome via Windows from 86.148.218.159.
03/26/2025 11:15 EDT	Fred King (fred.kingfamily@gmail.com) was emailed a link to sign.
03/26/2025 11:20 EDT	Fred King (fred.kingfamily@gmail.com) viewed the document on Microsoft Edge via Windows from 146.198.123.218.
03/26/2025 11:23 EDT	Fred King (fred.kingfamily@gmail.com) authenticated via email on Microsoft Edge via Windows from 146.198.123.218.
03/26/2025 11:23 EDT	Fred King (fred.kingfamily@gmail.com) signed the document on Microsoft Edge via Windows from 146.198.123.218.
03/26/2025 11:23 EDT	Anne Fairchild (anne.m.fairchild@googlemail.com) was emailed a link to sign.
03/26/2025 15:09 EDT	Anne Fairchild (anne.m.fairchild@googlemail.com) viewed the document on Mobile Safari via iOS from 90.214.96.204.
03/26/2025 15:11 EDT	Anne Fairchild (anne.m.fairchild@googlemail.com) authenticated via email on Mobile Safari via iOS from 90.214.96.204.
03/26/2025 15:11 EDT	Anne Fairchild (anne.m.fairchild@googlemail.com) signed the document on Mobile Safari via iOS from 90.214.96.204.
03/26/2025 15:11 EDT	Gareth Burton (gareth.burton@assureuk.co.uk) was emailed a link to sign.
03/27/2025 05:45 EDT	Gareth Burton (gareth.burton@assureuk.co.uk) viewed the document on Chrome Mobile iOS via iOS from 85.255.237.125.
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