

# Report & Financial Statements

For the year ended 31 August 2025

## **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 2025**

#### **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 2025.

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. 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 of the Joint Investment Committee  
~Deputy Chair*

**Member Nominated Directors**

Revd Dr John Illsley\*  
Revd Sydney Samuel Lake  
Revd Peter Edward Powers (appointed 1 September 2025)  
Revd Eleanor Smith (retired 31 August 2025)  
Revd Andrew Walker

**Secretary to the Trustee / Pensions Manager**

Mr Mike Sarjeant

**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  
Partners Group (Luxembourg) S.A.  
AXA Investment Managers

**Legal Advisers**

Burges Salmon LLP

**AVC Investment Manager**

Epworth Investment Management Limited until 31 July 2025  
Aviva with effect from 31 July 2025

## **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](mailto: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 34. 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 £16,232,374 (2024: £11,496,932) and a net loss on investments, including revaluation, of £7,577,338 (2024: net gain of £27,473,281), the Scheme now has a value of £387,914,571 (2024: £411,724,283).

**MEMBERSHIP AND BENEFITS****Membership**

As at 31 August 2025 there were 3,915 total members of the Scheme. The membership statistics reflect changes due to post year end amendments and can be broken down as follows:

	<b>Active Members</b>	<b>Deferred Members</b>	<b>Pensioner Members</b>
<b>As at 31/08/2024</b>	<b>1,046</b>	<b>260</b>	<b>2,683</b>
Adjustments	17	11	(38)
<b>Restated at 01/09/2024</b>	<b>1,063</b>	<b>271</b>	<b>2,645</b>
New Entrants	21	-	-
Active to Deferred	(7)	7	-
Retirements	(112)	(22)	134
New Dependants	-	-	45
Deaths	(2)	(1)	(125)
Transfers out	-	(1)	-
No Liability	-	(1)	-
<b>As at 31/08/2025</b>	<b>963</b>	<b>253</b>	<b>2,699</b>

**Pension increases**

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 2025 were as follows:

<b>Pensions in relation to service</b>	<b>Increase awarded</b>
Prior to 1 September 2006	3.0% (2024: 4.0%)
From 1 September 2006	2.5% (2024: 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 2025 were as follows:

<b>AVC pensions in payment</b>	<b>Increase awarded</b>
Prior to 1 September 2006	3.6% (2024: 4.9%)
From 1 September 2006 and before 1 September 2018	2.5% (2024: 2.5%)
From 1 September 2018	2.5% (2024: 2.5%)

### 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.

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.

**METHODIST MINISTERS' PENSION SCHEME****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:

<b>Date</b>	<b>Actuarial valuation as at 01/09/2023</b>
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.
Pension increases (AVC pensions):	Derived from the assumption for the relevant future inflation measure allowing for the caps on pension increases and the

**METHODIST MINISTERS' PENSION SCHEME**

	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"> <li>• 100% for male pensioners</li> <li>• 95% for female pensioners and widowers; and</li> <li>• 87.5% for widows</li> </ul> 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 Schedules of Contributions which the Scheme Actuary certified on 29 April 2022 and 8 November 2024. A copy of this certificate is included on page 35 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 36.

**INVESTMENT MANAGEMENT**

## **METHODIST MINISTERS' PENSION SCHEME**

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 September 2024 and it is this SIP which applied at the Scheme Year end on 31 August 2025. 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. 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**

There were no material departures from the SIP during the Scheme Year.

**METHODIST MINISTERS' PENSION SCHEME**

**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.

<b>Asset class</b>	<b>Strategic allocation (%)</b>
Impact investing	15.0%
Corporate bonds	55.0%
Asset-backed securities ("ABS")	15.0%
Short dated credit	15.0%
<b>Total</b>	<b>100.0%</b>

The table above reflects the Scheme's strategic asset allocation in place for the majority of the Scheme Year. Please note that this excludes the Scheme's allocation to Liability Driven Investment ("LDI") and Cash. The allocation to LDI and Cash is intended to be maintained at a sufficient level to support the Scheme's hedging strategy (allowing for the risk that additional capital to support the hedge may be required).

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 likely decrease over time as it has started to distribute capital.

**Material changes to the investments during the year ended 31 August 2025 are set out below:**

- During the previous Scheme Year, the Scheme's Joint Investment Committee ("JIC") agreed a plan to fully disinvest from its Epworth equities allocation over the course of 2024, disinvesting in broadly equal amounts across 3 transfers.
- In November 2024, the Trustee fully disinvested from its remaining Epworth equities allocation with the final tranche of these 3 transfers. Proceeds were invested in the AXA ABS Fund in December 2024. This change was already reflected in the September 2024 SIP update, where the Scheme's target asset allocation above was outlined.

**METHODIST MINISTERS' PENSION SCHEME**

**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
AXA Bespoke B&M Fund	2.7%	3.7%	7.4%	6.9%
CFB Deposit Fund	4.5%	4.5%	4.5%	4.6%
CTI Short Dated Credit Fund	5.5%	4.7%	-	-
CTI LDI portfolio*	-17.4%	-17.6%	-11.5%	-12.8%
AXA ABS Fund	6.3%	4.5%	-	-
<b>Scheme</b>	<b>-0.5%</b>	<b>-2.1%</b>	<b>2.1%</b>	<b>1.2%</b>

Source: Investment managers. LCP calculations.

Please note:

- The table displays performance over the 1 year and 3 year periods to 30 September 2025;
- Overall performance of the Scheme is calculated by compounding the Scheme and benchmark returns;
- 3 year performance information for the CTI short-dated credit portfolio and AXA ABS Fund is not available as the Scheme has been invested for less than 3 years.

**Trustee's policies in relation to voting rights**

The Trustee recognises its responsibilities as an owner of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protects and enhances the long-term value of investments and is in the best interests of its members.

Before deciding which manager to appoint, the Trustee reviews the manager's voting/stewardship activities and outcomes to determine how well they align with the Scheme's stewardship themes and priorities. The Trustee also expresses its preferences regarding ESG and stewardship approaches with prospective managers, to check alignment.

As all the Trustee's investments are held through investment managers, the Trustee does not monitor or engage directly with issuers or other holders of debt or equity. The Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement with relevant persons such as issuers of debt and equity, stakeholders and other investors about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG factors. The Trustee expects the managers to undertake voting and engagement in line with their stewardship policies, considering the long-term financial interests of investors.

## **METHODIST MINISTERS' PENSION SCHEME**

The Trustee will consider such policies, from which it will determine whether circumstances require it to monitor or engage with investment managers or other holders of debt or equity. 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).

The Trustee monitors managers' activities in relation to ESG factors, voting and engagement on a regular basis. The Trustee seeks to understand how the managers are implementing their stewardship policies in practice to check that their stewardship is effective and aligned with the Trustee's expectations. The factors the Trustee considers in monitoring its investment managers are listed in the Addendum to the SIP.

The Trustee has selected some priority ESG themes and Stewardship Priorities, to provide a focus for its monitoring of investment managers' voting and engagement activities. The Scheme's ESG Sub-Committee reviews the Stewardship Priorities on an annual basis having received advice from its ESG advisor to ensure consistency with Methodist beliefs and priorities. Changes, if necessary, will be recommended to the Joint Investment Committee for approval by the Trustee Boards. The Trustee communicates its stewardship priorities to its managers and outlines its more general expectations in relation to ESG factors, voting and engagement.

If the Trustee's monitoring identifies areas of concern, it 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 Trustee considers how environmental, social, governance ("ESG") and ethical factors should be addressed 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 factors 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. This will be reviewed annually by the Scheme's ESG Sub-Committee, with changes, if necessary, being recommended to the Joint Investment Committee.

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

The Trustee encourages its managers to improve their ESG practices, although acknowledges that it has limited influence over managers' investment practices where assets are held in pooled funds and that the parameters of some pooled funds may limit the scope for significant incorporation of ESG factors.

The Trustee's ambition is to align its assets with net zero greenhouse gas emissions through selecting managers, and investing in funds, with credible net zero targets.

The Trustee also does consider matters that are purely non-financial in nature (eg 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.

## **METHODIST MINISTERS' PENSION SCHEME**

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.

The Trustee maintains a list of non-financial factors and tolerance levels defined in terms of percentage revenue exposures: Where revenue exposure for a non-financial factor is above the tolerance level and the parameters of the investment manager mandate allow for such an approach, assets exposed to these non-financial factors are excluded. For pooled funds the revenue exposures to these non-financial factors are monitored from time to time. If the proportion of the net asset value of a pooled fund invested in companies which fail the defined revenue thresholds exceeds an agreed level (the "Pooled Fund Breach Tolerance Level"), then this is considered grounds for engagement with the investment manager and possible disinvestment.

The specific non-financial factors, revenue tolerance levels and Pooled Fund Breach Tolerance Level are listed in the Trustee's Responsible Investment Policy that is reviewed and updated from time to time.

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 considers 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 in this area but it encourages its managers to improve their practices where appropriate.

### **Trustee's policy on the implementation of asset manager arrangements**

Before investing in any manner, the Trustee obtains and considers proper written advice from its investment adviser as to 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.

Details of the investment managers are set out in the separate SIP addendum.

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 Trustee has limited influence over managers' investment practices where the Scheme's assets are held in pooled funds with multiple investors, but it encourages its managers to improve their practices within the parameters of the fund 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 their 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.

## **METHODIST MINISTERS' PENSION SCHEME**

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 arrangements that appear to be investing contrary to those policies. The Trustee expects investment managers to make decisions based on assessments of the longer-term performance of debt /equity issuers, and to engage with issuers to improve their performance (or where this is not appropriate to explain why). The Trustee assesses this when selecting and monitoring managers.

The Trustee evaluates investment manager 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 considering performance, the role it plays in helping to meet its overall long-term objectives, 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. Since the impact of these costs is reflected in performance figures used in the Trustee's assessment of the investment managers, it does not explicitly monitor portfolio turnover. 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 the Trustee to factor such costs into its decisions.

### **Employer related investments**

As at 31 August 2025 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 (2024: none).

## **METHODIST MINISTERS' PENSION SCHEME**

### **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 2025, attendance by the Trustee Directors at the Board meetings was 83% (2024: 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.

#### **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 2024 by PricewaterhouseCoopers LLP ("PwC"), their review concluded there was no material change in the employer covenant (from 2022) at 'Tending to Strong'.

**METHODIST MINISTERS' PENSION SCHEME****SUMMARY OF CONTRIBUTIONS PAYABLE FOR THE YEAR ENDED 31 AUGUST 2025**

During the year ended 31 August 2025, the contributions payable to the Scheme were as follows:

	£
CONTRIBUTIONS PAYABLE UNDER THE SCHEDULES OF CONTRIBUTIONS	
Conference normal contributions	3,683,872
Conference expense contributions	1,106,745
Member normal contributions	2,842,656
	<hr/>
Total contributions payable under the Schedules of Contributions	7,633,273
	<hr/>
OTHER CONTRIBUTIONS PAYABLE	
Member Additional Voluntary Contributions	433,205
	<hr/>
Total other contributions	433,205
	<hr/>
<b>TOTAL CONTRIBUTIONS REPORTED IN THE FINANCIAL STATEMENTS</b>	<b>8,066,478</b>
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## METHODIST MINISTERS' PENSION SCHEME

### 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 Schedules 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 17-03-2026 | 5:52:00 PM GMT and signed on its behalf by:

*Richard Hubbard*

**Richard Hubbard**  
Representing Capital Cranfield Pension Trustees Ltd

**Chair of Trustee Board**

*Fred King*

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 2025 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 2025, 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 16, 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*

**Assure UK**  
**Chartered Accountants and Statutory Auditor**  
London

Date: 17-03-2026 | 7:04:54 PM GMT

## **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 2025, which is set out on page 15.

In our opinion contributions for the Scheme year ended 31 August 2025 as reported in the Summary of Contributions and payable under the Schedules 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 and 8 November 2024.

#### **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 15 have in all material respects been paid at least in accordance with the Schedules 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 Schedules 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 Schedules of Contributions.

It is our responsibility to provide a Statement about Contributions paid under the Schedules 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: 17-03-2026 | 7:04:54 PM GMT

**METHODIST MINISTERS' PENSION SCHEME****FUND ACCOUNT**

For the year ended 31 August 2025

	Note	2025 £	2024 £
<b>Contributions and Benefits</b>			
Conference contributions	5	4,790,617	9,017,453
Membership contributions	5	<u>3,275,861</u>	<u>3,297,693</u>
<b>Total contributions</b>		<u>8,066,478</u>	<u>12,315,146</u>
Transfers in	6	499,487	64,195
Other income	7	<u>1,358</u>	<u>-</u>
		<u>8,567,323</u>	<u>12,379,341</u>
Benefits paid or payable	8	(23,516,886)	(22,627,161)
Payments to and on account of leavers	9	(19,645)	(129,772)
Administrative expenses	10	<u>(1,263,166)</u>	<u>(1,119,340)</u>
		<u>(24,799,697)</u>	<u>(23,876,273)</u>
<b>Net withdrawals from dealing with members</b>		<u>(16,232,374)</u>	<u>(11,496,932)</u>
<b>Returns on investments</b>			
Investment income	11	18,159,939	9,158,728
Change in market value of investments	12	(23,365,246)	20,016,330
Investment management expenses	13	<u>(2,372,031)</u>	<u>(1,701,777)</u>
<b>Net return on investments</b>		<u>(7,577,338)</u>	<u>27,473,281</u>
<b>Net (decrease)/increase in the fund during the year</b>		(23,809,712)	15,976,349
<b>Net assets of the Scheme</b>			
<b>At 1 September</b>		<u>411,724,283</u>	<u>395,747,934</u>
<b>At 31 August</b>		<u>387,914,571</u>	<u>411,724,283</u>

The notes on pages 23 to 34 form an integral part of these financial statements.

**METHODIST MINISTERS' PENSION SCHEME****STATEMENT OF NET ASSETS  
(available for benefits) at 31 August 2025**

	Note	2025 £	2024 £
<b>Investment assets</b>	12		
Pooled investment vehicles		47,841,818	67,232,423
AXA Bespoke Buy & Maintain Credit Fund		182,195,080	168,084,270
CTI LDI Private Sub-Fund		150,021,886	169,061,123
AVC investments		3,591,572	3,260,485
Unquoted Equities		29,585	29,353
Accrued interest		5,000	132,581
Cash		1,026,570	1,404,047
<b>Total net investments</b>		<u>384,711,511</u>	<u>409,204,282</u>
<b>Current assets</b>	19	5,284,504	5,551,792
<b>Current liabilities</b>	20	(2,081,444)	(3,031,791)
<b>Net assets of the Scheme at 31 August</b>		<u>387,914,571</u>	<u>411,724,283</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 34 form an integral part of these financial statements.

Approved by the Trustee on 17-03-2026 | 5:52:00 PM GMT and signed on its behalf by:

*Richard Hubbard*

**Richard Hubbard**  
Representing Capital Cranfield Pension Trustees Ltd

**Chair of Trustee Board**

*Fred King*

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**

	<b>2025</b>	<b>2024</b>
	<b>£</b>	<b>£</b>
<u>Conference</u>		
Normal contributions	3,683,872	8,161,049
Expense contributions	1,106,745	856,404
	<u><b>4,790,617</b></u>	<u><b>9,017,453</b></u>
<u>Membership</u>		
Normal contributions	2,842,656	2,827,393
Additional voluntary contributions	433,205	470,300
	<u><b>3,275,861</b></u>	<u><b>3,297,693</b></u>
	<u><b>8,066,478</b></u>	<u><b>12,315,146</b></u>

**6. TRANSFERS IN**

	<b>2025</b>	<b>2024</b>
	<b>£</b>	<b>£</b>
Individual transfers in from other schemes	<u><b>499,487</b></u>	<u><b>64,195</b></u>

**7. OTHER INCOME**

	<b>2025</b>	<b>2024</b>
	<b>£</b>	<b>£</b>
Donations	<u><b>1,358</b></u>	<u><b>-</b></u>

**8. BENEFITS PAID OR PAYABLE**

	<b>2025</b>	<b>2024</b>
	<b>£</b>	<b>£</b>
Pensions payable	21,303,072	19,797,754
Retirement grants and lump sums	2,033,634	2,712,647
Death in service grants	180,180	87,120
Grants in respect of members who died within 5 years of retirement	-	29,640
	<u><b>23,516,886</b></u>	<u><b>22,627,161</b></u>

**9. PAYMENTS TO AND ON ACCOUNT OF LEAVERS**

	<b>2025</b>	<b>2024</b>
	<b>£</b>	<b>£</b>
Individual transfers out	<u><b>19,645</b></u>	<u><b>129,772</b></u>

**METHODIST MINISTERS' PENSION SCHEME****10. ADMINISTRATION EXPENSES**

	<b>2025</b>	<b>2024</b>
	<b>£</b>	<b>£</b>
Management and accountancy	371,957	247,705
Audit fees	22,290	22,290
Actuarial and consultancy fees	244,800	240,600
Legal fees	49,154	67,673
Investment consultancy	400,012	399,338
PPF levy	38,200	38,179
Bank charges	6,378	6,462
Trustee remuneration	54,002	35,361
Other	76,373	61,732
	<b><u>1,263,166</u></b>	<b><u>1,119,340</u></b>

**11. INVESTMENT INCOME**

	<b>2025</b>	<b>2024</b>
	<b>£</b>	<b>£</b>
Income from pooled investment vehicles	8,447,436	1,120,608
Distributions on unquoted equity	6,033	6,000
Distributions on AXA Bespoke Buy & Maintain Credit Fund	9,600,000	7,900,000
Exchange gains / losses	(41,696)	-
Interest on cash deposits	148,166	132,120
	<b><u>18,159,939</u></b>	<b><u>9,158,728</u></b>

**12. RECONCILIATION OF INVESTMENTS**

	<b>Value at</b>	<b>Purchases</b>	<b>Sales</b>	<b>Change in</b>	<b>Value at</b>
	<b>1 September</b>	<b>at cost</b>	<b>proceeds</b>	<b>market value</b>	<b>31 August</b>
	<b>2024</b>				<b>2025</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Pooled investment vehicles	67,232,423	-	(22,566,709)	3,176,104	47,841,818
AVC investments	3,260,485	4,037,250	(3,783,008)	76,845	3,591,572
AXA Bespoke Buy & Maintain Credit Fund	168,084,270	18,690,000	-	(4,579,190)	182,195,080
CTI LDI Private Sub-Fund	169,061,123	7,000,000	(4,000,000)	(22,039,237)	150,021,886
Unquoted equities	29,353	-	-	232	29,585
	<u>407,667,654</u>	<u>29,727,250</u>	<u>(30,349,717)</u>	<u>(23,365,246)</u>	<u>383,679,941</u>
Accrued interest	132,581				5,000
Deposit fund	1,404,047				1,026,570
<b>Total investments</b>	<b><u>409,204,282</u></b>				<b><u>384,711,511</u></b>

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

	2025 £	2024 £
Investment managers' fees	2,396,430	1,726,580
Investment managers' rebate	(24,399)	(24,803)
	<u>2,372,031</u>	<u>1,701,777</u>

### 14. POOLED INVESTMENT VEHICLES

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

	2025 £	2024 £
Equity	-	19,823,059
Multi Asset	47,841,818	47,409,364
	<u>47,841,818</u>	<u>67,232,423</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 2025			
	Level 1 £	Level 2 £	Level 3 £	Total £
Pooled investment vehicles	-	47,841,818	-	47,841,818
AVC investments	-	3,591,572	-	3,591,572
AXA Bespoke Buy & Maintain Credit Fund	-	182,195,080	-	182,195,080
CTI LDI Private Sub-Fund	-	150,021,886	-	150,021,886
Unquoted equities	-	-	29,585	29,585
Accrued interest	5,000	-	-	5,000
Deposit Fund	-	1,026,570	-	1,026,570
	<u>5,000</u>	<u>384,676,926</u>	<u>29,585</u>	<u>384,711,511</u>

**METHODIST MINISTERS' PENSION SCHEME****16. FAIR VALUE HIERARCHY (continued)**

	At 31 August 2024			Total £
	Level 1 £	Level 2 £	Level 3 £	
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
	<b>132,581</b>	<b>409,042,348</b>	<b>29,353</b>	<b>409,204,282</b>

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 determined 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, which is described in section 5 of the Trustee's report. 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.

Further information on these risks and the Trustee's approach to risk management is set out below. This does not include the AVC investments or unquoted equities, as these are not considered significant in relation to the overall investments of the Scheme.

### 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
<b>CFB UK Equity Fund</b>	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)
<b>CFB Global Equity Fund</b>	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)
<b>Partners Group - PG LIFE I</b>	S.C.A., SICAV-RAIF
<b>AXA - Bespoke B&amp;M Fund</b>	Qualifying Investor Alternative Investment Fund (QIAIF)
<b>CFB Deposit Fund</b>	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)
<b>CTI Short Dated Credit Fund</b>	Luxembourg Fonds Commun de Placements
<b>CTI LDI Private Sub-Fund</b>	Luxembourg Fonds Commun de Placements
<b>AXA ABS Fund</b>	Qualifying Investor Alternative Investment Fund (QIAIF)

## **METHODIST MINISTERS' PENSION SCHEME**

### **Indirect credit risk – Bonds, Term Deposits and Money Market Instruments**

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, term deposits and money market instruments. The indirect exposure to credit risk 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, or were, exposed to unhedged indirect currency risk during the year include the Partners Group PG LIFE I fund, the CFB Global Equity Fund and (a small proportion of) the CFB UK Equity Fund, which has investments that are not currency hedged back to Sterling. The overseas currency exposure within the CFB UK Equity Fund was c12% so we do not believe this fund has a material exposure to currency risk (the Scheme also made a full redemption from this fund and the CFB Global Equity Fund in November 2024, so it is no longer exposed to currency risk from these mandates).

## 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 (noting the Scheme has now made a full redemption from its Epworth equity holdings).

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 25 £
CFB UK Equity Fund	○	○	○	●	-
CFB Global Equity Fund	○	●	○	●	-
Partners Group PG LIFE I	●	●	○	●	47,798,306
AXA Bespoke B&M Fund	●	○	●	○	144,230,114
CFB Deposit Fund	●	○	○	○	1,026,570
CTI Short Dated Credit Fund	●	○	●	○	45,604,276
CTI LDI Private Sub-Fund	●	○	●	○	104,417,611
AXA ABS Fund	●	○	○	●	37,757,056
<b>Total</b>					<b>380,833,933</b>

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:

	<b>2025</b>		<b>2024</b>	
	£	%	£	%
CTI LDI Private Sub-Fund	150,021,886	38.7	169,061,123	41.1
Partners Group LIFE I S.C.A., SICAV-RAIF	47,841,818	12.3	47,409,363	11.5
AXA Bespoke Buy & Maintain Credit Fund	182,195,080	47.0	168,084,270	40.8

**19. CURRENT ASSETS**

	<b>2025</b>	<b>2024</b>
	£	£
Cash at bank	5,265,431	1,331,336
Other	19,073	3,409,262
Employer contributions due	-	811,194
	<u><b>5,284,504</b></u>	<u><b>5,551,792</b></u>

**20. CURRENT LIABILITES**

	<b>2025</b>	<b>2024</b>
	£	£
Other liabilities	300,505	655,714
Unpaid benefits	1,780,939	2,376,077
	<u><b>2,081,444</b></u>	<u><b>3,031,791</b></u>

**21. EMPLOYER-RELATED INVESTMENTS**

As at 31 August 2025 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 (2024: none).

**22. RELATED PARTY TRANSACTIONS**

During the year, the Scheme paid £443,353 (2024: £301,111) to the Methodist Church Fund (MCF), for staff and overhead costs incurred in running the Scheme. This consisted of accountancy fees of £85,000 (2024: £72,336) and amounts paid via the MCF as paying agent totalling £358,353 (2024: £228,775).

During the year, the Scheme charged the Pensions & Assurance Scheme for Lay Employees of the Methodist Church £71,765 (2024: £56,781) 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 £51,464 (2024: £33,325) are due to Capital Cranfield Pension Trustees Limited with £6,937 (2024: £5,881) being outstanding at the year end. Other Directors of the Trustee Board are not remunerated.

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

## **METHODIST MINISTERS' PENSION SCHEME**

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.

<b>Signature</b>	Debra Smith	<b>Date</b>	8 November 2024
<b>Name</b>	Debra Smith (Scheme Actuary)	<b>Qualification</b>	Fellow of the Institute and Faculty of Actuaries
<b>Address</b>	PO Box 68 Albert House South Esplanade St Peter Port Guernsey GY1 3BY	<b>Name of Employer</b>	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](mailto:pensionshelp@methodistchurch.org.uk)

Website: [www.methodist.org.uk/for-churches/finance/pensions/](http://www.methodist.org.uk/for-churches/finance/pensions/)

### MONEY HELPER

MoneyHelper is available to assist members and beneficiaries of the Scheme in connection with all sorts of money and pension matters. This includes guidance on any UK pension whether it is the state, public sector, company or a private pension. It is an independent non-profit organisation, backed by the UK government with specialists who are experts in pension matters. MoneyHelper can also help with more general money matters such as bereavement, benefits, debt, mortgages and travel insurance for example. MoneyHelper can be contacted in a variety of ways at:

☎ 0800 011 3797

Website: [www.moneyhelper.org.uk](http://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](mailto:enquiries@pensions-ombudsman.org.uk)

Website: [www.pensions-ombudsman.org.uk](http://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](http://www.gov.uk/find-pension-contact-details)

[Web Form](#)

**METHODIST MINISTERS' PENSION SCHEME****APPENDIX 1: IMPLEMENTATION STATEMENT**

# *Implementation Statement, covering the Methodist Ministers' Pension Scheme Year from 1 September 2024 to 31 August 2025*

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**

The voting and engagement policies in the SIP were reviewed and updated during the Scheme Year on 26 September 2024 to reflect the DWP's guidance on Reporting on Stewardship and Other Topics through the SIP and Implementation Statement which expects Trustees to take a more active role in relation to monitoring and engaging with investment managers on stewardship.

Further detail and the reasons for these changes are set out in Section 2. As part of this SIP update, the employer was consulted and confirmed it was comfortable with the changes.

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.
- Epworth votes in line with the Church Investors Group policy on voting. This is implemented by Institutional Shareholder Services (ISS). Epworth utilises ISS to enact the Church Investors Policy on its behalf.

However, 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).

As part of the SIP update in September 2024, the Trustee set an ambition to align its assets with net zero greenhouse gas emissions through selecting managers, and investing in funds, with credible net zero targets.

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

## METHODIST MINISTERS' PENSION SCHEME

### 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)

### 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 overlayed 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 straight forward. The Trustee has communicated its priorities to each of its investment managers. These priorities were reviewed and retained for the Scheme Year this Statement reports on.

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

In 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 (as outlined above).

In September 2024, CT presented to the JIC, where it explained that the Scheme's short-dated credit portfolio now has an explicit objective to align with a net zero carbon emissions pathway and meet minimum standards of sustainability and governance in its holdings. Following the meeting, CT provided some further data to illustrate that the Fund's emissions compares favourably to its benchmark comparator. CT also provided some specific engagement examples and highlighted an instance where its LDI team ceased trading with a counterparty bank as a result of CT's ESG monitoring (albeit there were also wider issues with the stability of the business which were also key to the decision).

AXA presented to the JIC in November 2024. The team discussed the role of ESG in investment decisions and AXA assured the JIC that ESG forms an essential part of its decision-making for the ABS and credit portfolios. The JIC asked for more clarification on the aims of AXA's engagement examples. Post-meeting, AXA provided updated slides on its engagement examples, providing the desired level of detail for the JIC.

In February 2025, Partners Group presented to the JIC. Partners Group provided some examples of engagement. For instance, Partners Group carried out workshops with the CEO of one of its holdings on climate and physical risks within its operations. Partners Group also ensured the company developed a decarbonisation strategy and worked with the company to publish its first sustainability report in 2021. However, the JIC noted that Partners Group's reporting contained little detail on the impact its engagement and level of control that underlying firms had on its ESG practices. Following the meeting, Partners Group followed up with more detail on outcomes from its engagement.

In August 2025, CT presented to the JIC, discussing its integration of ESG factors in its LDI and short-dated credit portfolios. The JIC asked several questions in relation to CT's portfolios and alignment to Net Zero, while also engaging with the manager on its LDI climate policy advocacy. CT provided some case studies to demonstrate how companies that it has engaged with have reduced their carbon emissions.

The JIC (and ESG Sub-Committee) also reviewed reports from its managers on voting and engagement activities undertaken on its behalf.

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

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-

**METHODIST MINISTERS' PENSION SCHEME**

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 during the Scheme Year were held within pooled funds. The Trustee has delegated to its investment managers the exercise of voting rights. Therefore, the Trustee was not able to direct how votes were 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 held equities as follows:

CFB UK Equity Fund; and

CFB Global Equity Fund (formerly the CFB Overseas Fund)

In November 2024, the Trustee instructed a full disinvestment from both the CFB UK Equity Fund and Global Equity Fund. Therefore, the information provided in relation to the CFB UK Equity and CFB Global Equity Funds will only be applicable to the period of 1 September 2024 to 29 November 2024.

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 Scheme Year. The impact, corporate bond, ABS 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.

**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 votes 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 publishes 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.

**3.2 Summary of voting behaviour**

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

This table covers the period from 1 September 2024 to 29 November 2024 when the Scheme disinvested fully from the Epworth funds.

	Fund 1	Fund 2
Manager name	Epworth Investment Management Limited	Epworth Investment Management Limited
Fund name	CFB UK Equity Fund	CFB Global Equity Fund

**METHODIST MINISTERS' PENSION SCHEME**

Total size of fund at end of the Scheme Year	£42m	£134m
Value of Scheme assets at end of the Scheme Year (£ / % of total assets) <sup>1</sup>	-	-
Number of equity holdings at end of the Scheme Year	61	119
Number of meetings eligible to vote	7	7
Number of resolutions eligible to vote	132	97
% of resolutions voted	100%	95%
Of the resolutions on which voted, % voted with management	83%	71%
Of the resolutions on which voted, % voted against management	17%	29%
Of the resolutions on which voted, % abstained from voting	0%	0%
Of the meetings in which the manager voted, % with at least one vote against management	100%	86%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	0%	0%

<sup>1</sup> Full disinvestment of Epworth equity portfolio during the Scheme Year.

**3.3 Most significant votes**

Commentary on the most significant votes over the Scheme Year from the Scheme's asset manager that held listed equities 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 criteria<sup>1</sup> for creating this shortlist. 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 for the CFB UK Equity Fund and only one for the CFB Global Equity Fund (as that is what the manager provided) as the most significant votes. If members wish to obtain more investment manager voting information, this is available upon request from the Trustee.

**Epworth Investment Management Limited, CFB UK Equity Fund****Berkeley Group, 6 September 2024**

**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:** 1.59%

<sup>1</sup> 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**

**Why this vote is considered to be most significant:** Voting action was aligned with the Trustee's stewardship priority on (Worker's rights) Safe Work for All.

**Company management recommendation:** For **Fund manager vote:** Against

**Rationale:** The company is not living wage accredited.

**Was the vote communicated to the company ahead of the vote:** Yes

**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.

**Auto Trader Group, 19 September 2024**

**Summary of resolution:** Accept Financial Statements and Statutory Reports

**Relevant stewardship priority:** (Worker's rights) Safe Work for All.

**Approx size of the holding at the date of the vote:** 1.54%

**Why this vote is considered to be most significant:** Voting action was aligned with Trustee's stewardship priority on (Worker's rights) Safe Work for All.

**Company management recommendation:** For **Fund manager vote:** Against

**Rationale:** Concern over the company's actions in addressing modern slavery.

**Was the vote communicated to the company ahead of the vote:** Yes.

**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**

**The Procter & Gamble Company, 8 October 2024**

**Summary of resolution:** Elect director

**Relevant stewardship priority:** (Climate emergency) A Just Transition for All.

**Approx size of the holding at the date of the vote:** 0.64%

**Why this vote is considered to be most significant:** Voting action was aligned with the Trustee's stewardship priority on (Climate emergency) A Just Transition for All.

**Company Management Recommendation:** For **Fund manager vote:** Against.

**Rationale:** Concerns over the company's approach to climate change.

**Was the vote communicated to the company ahead of the vote:** Yes.

**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.

**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:

**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, recording 18 investment-related engagement activities over the Scheme Year. This includes:

- Under Partners Group's ownership, Rovensa has accelerated its transformation into a leading biosolutions provider, with 80% of EBITDA now derived from biological products. As of 2025, the company has reduced the overall risk of its crop protection products by 50% since 2019 and cut active substance use per hectare by 45.2%. Through innovation and responsible practices, Rovensa continues to contribute to resilient

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agriculture and ecosystem preservation. **This aligns with the Trustee's stewardship priority on Quality Living for All as it relates to enabling sustainable food production.**

- Under Partners Group's ownership, Confluent has scaled its operations significantly, treating over 630,000 patients by 2025, and it maintains strong quality metrics, including an 85% average patient satisfaction score and a 57% Medicare MIPS Quality Score, underscoring its commitment to delivering effective, affordable care and improving health outcomes. **This aligns with the Trustee's stewardship priority on Quality Living for All as it relates to good health and wellbeing.**

### Columbia Threadneedle

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

- Columbia Threadneedle engaged with BMW to release its first anti-deforestation policy, which is one of the most advanced policies that Columbia Threadneedle has seen in the automotive sector. The policy includes explicit targets for traceability on deforestation risk leather and outlines an advanced due diligence approach. This is a topic Columbia Threadneedle has consistently engaged with BMW on over the past 2 years, and it is encouraged by this step forward. **This aligns with the Trustee's stewardship priority on (Climate emergency) A Just Transition for All.**

### AXA Buy & Maintain Credit

Some examples of engagement activities within the AXA Buy & Maintain credit holding over the Scheme Year include:

- AXA engaged with Deere & Company ("Deere") on its climate policies. Deere's near-term SBTi targets are validated (1.5°C for scopes 1 & 2; below 2°C for scope 3), with a long-term net zero ambition focused on fuel efficiency, renewable fuels, and hydrogen engines, though infrastructure remains a challenge. The company is also engaging with policymakers to promote renewable fuels and maintains a transparent diversity policy despite political headwinds. **This aligns with the Trustee stewardship priority on (Climate Emergency) A Just Transition for All.**
- AXA has engaged with Vinci over several years to strengthen its biodiversity strategy, which now includes updated act4nature commitments focused on reducing pressures and restoring ecosystems and earning recognition from the Now for Nature campaign. Vinci is also progressing on decarbonisation through airport initiatives, SAF and hydrogen projects, and lifecycle analysis, while maintaining its zero net land take goal and increasing material reuse, such as 40% recycled asphalt. Additionally, Vinci is developing ecological engineering solutions for urban heat islands and exploring low-carbon technologies for construction and fleets. AXA considers this engagement successful as Vinci has enhanced its biodiversity approach and demonstrated tangible progress on key sustainability priorities. **This aligns with the Trustee stewardship priorities on Quality Living for All as it relates to responsible production processes and (Climate Emergency) A Just Transition for All.**

### AXA (ABS Fund)

- AXA met with Stellantis' IR and Compensation & Benefits teams ahead of the 2025 AGM, in a context of searching for the new CEO and settlement agreements with the former CEO. The AXA ABS fund is indirectly exposed to Stellantis through a tranche backed by a portfolio of auto-loans originated by Stellantis Group. AXA shared its concerns with respect to the outgoing CEO's settlement agreement, in particular the treatment of the Shareholder Return Incentive vesting, as well as the new remuneration policy proposed in the backdrop of CEO succession. AXA also discussed at length the evolution in employee representation on the Board, with the company implementing new communication channels to ensure dialogue between employees, unions, and the director tasked with employee representation. In a follow-up meeting held a couple of days later, AXA communicated its decision to oppose the outgoing CEO's remuneration report. **This aligns with the Trustee stewardship priorities on (Worker's rights) Safe Work for All.**

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