Annual Governance Statement

by the Chair of Trustees
In relation to The Lewis Workplace Pension Trust
(TLWPT or the Scheme)

31st March 2021

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Introduction

As Chair of the Trustees, I need to provide you with an annual statement which explains the steps taken by the trustee board, with help from our professional advisers, to meet governance standards which have been in place since April 2015 and amended broadly annually since then.

This statement relates to the accounting period from 1 April 2020 to 31 March 2021 but includes more recent information where available and appropriate.

I was appointed Chair, representing Capital Cranfield Trustees Limited, with effect from 27 September 2017.

The Trustees are committed to ensuring that the Scheme meets high standards and I welcome this opportunity to explain what we have been doing.

The Scheme focuses on, but is not limited to, pension provision to companies in the South of England which are clients of Lewis & Co (Investment and Pensions Limited) (referred to in the rest of this statement as "Lewis") together with those clients' employees. It also has the ability to provide services to overseas companies with UK employees.

The Trustees held full quarterly meetings during the reporting year with shorter monthly and additional ad hoc meetings as required. During (and between) lockdowns, in order to keep a closer view on all aspects of the operation, we have been holding monthly meetings by video conference as well as formal quarterly meetings. There are also regular Investment Sub Committee meetings, the content of which are reported on at the Trustee meetings.

TLWPT is one of just 35 or so master trusts authorised for business by the Pensions Regulator.

1. Investment arrangements

Default investment arrangement

The default investment arrangement is provided for member who do not choose an investment option for their contributions (although members can also choose to invest in it). At the end of this reporting year (31 March 2021) there were 4,722 active members and 6,947 non- contributing (deferred members) – a total of 11,669. Of these, 10,113 had their contributions invested in the default investment arrangement.

Setting an appropriate investment strategy

The Trustees set the investment strategy for the Scheme's default arrangement. The Trustees know that members have different attitudes to risk and different aims for their retirement saving. When choosing the investment strategy, we have therefore taken into account (amongst other things):

- Kinds of investments to be held
- Balance between different kinds of investments
- Investment risks
- Expected return on investments
- Realisation of investments and liquidity
- Socially Responsible Investment (including Environmental, Social & Governance [ESG] factors), Corporate Governance and Voting Rights

We have chosen a default strategy that changes as the member gets closer to accessing their retirement savings. Whilst the member is a long way off accessing their retirement savings, the strategy focuses on medium to higher risk funds (i.e. investment largely in growth assets) in search of long-term, inflation protected growth, switching progressively to 'protection' assets over the years preceding the member's state pension retirement date so as to protect a member's retirement savings. When close to retirement, the default investment strategy progressively switches into a cash fund in search of capital preservation.

There is one default strategy, which transitions through four Phases over time. The allocations of these Phases as at 31 March 2021 were as follows:

	Lifestyle Default Phase 1	**Lifestyle Default Phase 2**	**Lifestyle Default Phase 3**	**Lifestyle Default Phase 4**
Funds	**Weighting**	**Weighting**	**Weighting**	**Weighting**
L&G UK 100 Index Trust	45.00%	40.00%	20.00%	5.00%
L&G International Index	15.00%	10.00%	10.00%	
L&G US Index Trust	15.00%	10.00%	5.00%	
L&G European Index Trust	7.50%			
L&G Japan Index Trust	7.50%			
L&G Future World ESG Developed	10.00%	10.00%	5.00%	
Cash		30.00%	60.00%	95.00%
	100.00%	**100.00%**	**100.00%**	**100.00%**
Benchmark				

	Lifestyle Default Phase 1	Lifestyle Default Phase 2	Lifestyle Default Phase 3	Lifestyle Default Phase 4
MSCI World Index GBP	100.00%	70.00%	40.00%	5.00%
BlackRock Sterling Liquidity Fund		30.00%	60.00%	95.00%
	100.00%	**100.00%**	**100.00%**	**100.00%**

Alternatives to the default arrangements

If members wish to make their own investment asset allocation decisions it is possible for them to choose to invest in one of the following funds:

	Cautious	**Moderate**	**Speculative**
	% Allocation of the portfolio	**% Allocation of the portfolio**	**% Allocation of the portfolio**
Vanguard UK Inflation Linked Gilt Index	25%	15%	5%
BlackRock UK Gilts All Stocks Tracker	15%		
M&G Global Macro Bond	20%		
Artemis Income	20%	23%	22%
Legal & General US Index	12%	20%	20%
Schroder Asian Alpha Plus		14%	15%
Legal & General European Index Trust		15%	20%
JP Morgan Natural Resources		8%	7%
Legal & General Cash	8%	5%	3%
M&G Japan Smaller Companies			8%
	100%	**100%**	**100%**
Benchmark			
MSCI World Index	50%	80%	90%

	Cautious	Moderate	Speculative
	% Allocation of the portfolio	**% Allocation of the portfolio**	**% Allocation of the portfolio**
BlackRock Sterling Liquidity Fund	50%	20%	10%
	100%	**100%**	**100%**

As a separate, stand-alone option, the HSBC Amanah Fund (a Shariah law compliant fund) was added in March 2020. Negligible funds were invested in it during the year.

Expert advice

The Trustees are advised by Lewis Capital Management Limited, their investment advisors on these matters, whom they deem to be appropriately qualified experts. The day-to-day selection of investments in the default range is delegated to their investment managers, Legal & General. The investment manager is authorised and regulated by the Financial Conduct Authority. Within the (non-default) model portfolios offered to members; the day-to-day selection of investments is delegated to the investment manager where these funds are used.

Environmental, Social & Governance (ESG) considerations

The Trustees believe that investing in funds that take into account ESG considerations will add financial value to members' funds in the long term. We have started a long-term transition to a greater focus on ESG this year with a 10% allocation in most default portfolios and will expand this over the next few years. The limiting factors on the speed of such an investment switch includes both market conditions, contribution flows and, importantly, transition costs which we are seeking to minimize.

Outside of specifically ESG focused funds, ESG factors are set by the investment manager, who also exercises the rights attaching to the investment in the funds they manage. The investment manager acts in the best financial interests of the scheme's assets to maximise returns for a given level of risk.

The Trustees expect the investment managers to take steps to ensure environmental, social and corporate governance factors are incorporated into the investment decision-making process. The Trustees also ensure the consideration of environmental, social and corporate governance factors are incorporated into the selection process for new investment managers.

The Trustees do not take into account ethical factors in making its investment decisions, except to the extent set out in this section.

Within the context of its fiduciary responsibility, the Trustees are supportive of the United Nations Framework Convention on Climate Change (UNFCCC) agreement to limit temperature rises to 2 degrees centigrade above pre-industrial levels. In this context, the Trustees:

- Expect our appointed investment managers to be cognisant of climate change risks and opportunities within their investment processes as applied to the assets of the Trustees. Investment managers are further expected to annually report on how these risks and opportunities have been incorporated into the investment process.
- Have a preference for 'Engagement' rather than 'Exclusion' as a method of incorporating climate change risks into an effective fiduciary framework. However, the Trustees expect investment managers to independently consider whether exclusion or engagement is more appropriate within their investment process.
- Encourage the further development of asset classes that are supportive of obtaining the 2 degree target provided they are all based within the primary fiduciary framework.
- Support the further development of effective climate change risk metrics to enhance the ability of all stakeholders in the investment chain to assess and minimise such risks;
- Recognise that 'Climate Change' will be subject to much further analysis and subsequent policy changes in the coming years. The Trustees are supportive of adopting an evolving policy in order to ensure all relevant developments are captured; and
- Is supportive of policy initiatives that, in its opinion, contribute towards achieving the 2-degree target.

The Trustees will support Environment Social & Governance ("ESG") organisations or initiatives where we believe that providing such advocacy will be in the long-term financial interest of the Scheme's members. Where appropriate, the Trustees will also engage with our appointed fund managers to do the same.

The Trustees also have a policy of avoiding investments in controversial weapons manufacturers on grounds of financial risk, as it believes this is in the best interests of the Scheme and its members. The Trustees will therefore avoid funds that invest in controversial weapons manufacture wherever possible and practical. If the Trustees do include a fund that invests in controversial weapons manufacture, it will seek reporting from the fund on an annual basis as to their exposure to controversial weapons manufacturers.

Task Force on Climate Change-related Financial Disclosures (TCFD)

The Task Force on Climate-Related Financial Disclosures (TCFD) was created in 2015 by the Financial Stability Board (FSB) to develop consistent climate-related financial risk disclosures for use by companies, banks, and investors in providing information to stakeholders. TLWPT has believed in and tried to perform to TCFD principles for some years and formally signed up as a supporter of TCFD in September 2021.

We shall be reporting on various metrics in due course once we have the data available from our investment managers.

Monitoring performance

The Trustees monitor the performance of the investment manager against agreed benchmarks. These are considered at both Investment Sub-Committee meetings and in the main trustee meetings. If there were any concerns in relation to deviation from the benchmark, meetings would be held between the Trustees and the investment manager, but the performance monitoring at the meetings during the review period has established that in the reporting period there have been none.

All the Default funds performed positively net of charges during the year to 31 March 2021. However, some marginally underperformed against their benchmarks (which will be adjusted appropriately next year to take account of the asset allocation changes we made during this year). The impact of Covid-19 on global markets during the reporting year resulted in some significant volatility in many markets.

In addition, those members in the Default arrangement and close to retirement also saw an overall increase in values over the year due to the shift to bonds and cash in the Lifestyle portfolio. The Model portfolios have exceeded their benchmarks in the period since the scheme was established and the Default funds fell marginally short of their benchmarks (which, as noted above, need to be updated now we have reached the reporting year-end) but not significantly for it to be of concern.

Our investment advisers report to us in respect of any concerns they have in regard to either our investment strategy or the underlying fund managers. These reviews are proactive and would include concerns not immediately obvious by way of performance, for instance change in staffing, structure or culture at the respective managers. The regular reviews also include consideration of potential future additions or changes to our strategies, for instance the use of Environmental, Social and Governance filters and/or alternative asset allocation strategies.

These reviews are conducted in addition to the annual review of the default investment options.

Further information in relation to the investment strategy and investment objectives

Further details in relation to the investment strategy and investment objectives of the default arrangement are recorded in a document called the Statement of Investment Principles. This document is included as an Appendix (i) to this Statement. This is considered (and managers are monitored to ensure they comply with the SIP at the

Trustee's quarterly meetings). The last formal review of the SIP took place in September 2020. The latest version of the SIP can also be viewed on our website at https://lewismastertrust.co.uk/wp-content/uploads/2021/03/Statement-of-Investment-Principles-Sept-2020-with-Feb-21-Allocations.pdf which will capture any amendments there are between Chair's Statements. The interim 2020/21 review resulted in the introduction of the L&G Future World ESG Fund as indicated in the schedules above (and consequent reductions in regional equity allocations).

The Scheme focuses on provision of automatic enrolment services to small and medium sized enterprises and their employees. In the short to medium term, the Trustees expect members to have relatively small pot sizes at retirement and so the majority of them are anticipated to access their retirement savings in a cash lump sum. Over time, allowing for expected increases in contributions, this may change and we will continue to monitor its appropriateness.

Reviewing the default investment arrangement

The performance of the default is monitored quarterly, and a complete review of the strategy and performance of the standard default arrangement occurred during this scheme year, in 2020. Prior to this, the default was last reviewed in October 2019. A review was carried out as to how the performance of the default was consistent (or otherwise) with the aims and objectives of the default arrangement SIP (which can be found in the appended SIP). In summary the aims and objectives are to focus on, for the default, providing long term positive returns in excess of inflation during the accumulation period (broadly until 6 years prior to a member selected retirement date) and gradually refocusing on reducing the risk of reduction in fund values as members approach retirement. For self-select funds our focus is on providing a reasonable range of choices of asset class and investment objective in funds, with good quality providers of those funds, offering good value in respect of fund charges.

This review was carried out by reference to information and analysis provided by Lewis and specialist external advisers (in respect of performance, charges, transaction costs and security of assets). The findings of the review were positive in regard of security and charges while performance was consistent with the aims and objectives set out for it. Nevertheless, the Trustees and Scheme Funder agree that a further transition toward ESG principles would be of financial benefit to members and this transition will continue into 2021. No further immediate changes were considered necessary as a result of the default review although further transitions including an increase the ESG allocation wil.be considered on a regular basis.

More generally, the Trustees review the investment objectives and the performance of the default arrangement at least once a year and take advice from the Scheme's investment advisers.

The Trustees also monitor members' use of the default investment arrangement (as well as the choices being made by members when benefits come into payment). This helps to inform us about changes which are appropriate in future.

Among other factors, these more regular reviews include consideration of expected future investment growth and risk by asset class, correlation of risks between asset classes, particular issues in relation to specific funds and their managers, member borne fees and transaction costs. In addition, we pay particular attention to the security of members' assets and potential compensation available on the failure of any managers in the context of alternatives and any additional costs or inefficiencies affecting member outcomes.

During the reporting period we have considered reports on member use at our regular meetings. This, together with member feedback on our website, helps to inform us about changes which are appropriate in future. Lewis also conducts site visits to employers and pro-actively solicits feedback from both employers and members on these visits. We welcome any comments you may have, please direct them to Marie Northover at Lewis Workplace Pension Team on 01202 738650 or mnorthover@lewisinvestment.co.uk .

During and following the Covid-19 lockdown, the Trustees have met on-line on a monthly basis to consider investment and other issues and whether any emergency measures needed to be introduced. No such actions have been deemed necessary as at the date of production of this report.

Security of members' investments

The security of members' investments is of paramount importance to the Trustees. The Scheme invests either directly or via an investment platform in funds where the manager is authorised and regulated in the UK. Where investments are held directly with the manager, they are subject to protection by custodian or depositary arrangements and ultimately covered by the Financial Services Compensation Scheme (FSCS). The level of cover depends on the structure of the funds ("life wrapped" funds are covered up to 100% of value without an upper limit). All of the LGIM funds TLWPT uses, including all in its default arrangement, are structured as life wrapped funds and so covered by the FSCS. Some funds used in the model portfolio (those by 7IM) are structured as UCITS. These are covered under the "investments" sub-scheme of the FSCS. We do not consider there to be a significant risk given the managers and nature of the funds.

2. Charges and transaction costs paid by members

We need to explain the charges and transaction costs (i.e. the costs of buying and selling investments in the Scheme) which are paid by members and your employer. We have done this by reference to relevant statutory guidance.

Where information about member costs and charges is not available, we have to make this clear to you together with an explanation of what steps we are taking to obtain the missing information.

The level of charges applicable to the Scheme's default arrangement during the last scheme year depended on where members were within their Lifestyle switching profile but were up to a maximum of:

- 0.57% of assets under management (Default 4, lower in other Defaults)

The level of charges applicable to the funds offered under the Scheme which are not part of the Scheme's default arrangement during the scheme year were up to a maximum of:

- 1.34% assets under management (Speculative Portfolio)

The Total Expense Ratios ("TERs") have been provided by LGIM and calculated in line with statutory guidance. The TER consists principally of the manager's annual charge for management and additional expenses for managing a fund, such as legal costs, registration costs and legal fees. However, they exclude other costs that are member borne and which can therefore have a negative effect on investment performance such as transaction costs.

In addition to ongoing investment management costs represented by the TER, members may also incur transaction costs when buying and selling investments, including when they switch investments between available investment funds.

During the year covered by this Statement the member-borne transaction costs charges for the default arrangement were in a range from 0.15% to 0.26% of the amount invested or put another way, in a range from £1.50 to £2.60 per £1,000 invested:

The individual fund charges for the actual funds were:

Fund	**TER (% pa)**	**Transaction Costs (%)**
Default 1	0.54%	0.2%
Default 2	0.55%	0.2%
Default 3	0.56%	0.2%
Default 4	0.57%	0.2%
Cautious Portfolio	1.23%	Not Available
Moderate Portfolio	1.28%	Not Available
Speculative Portfolio	1.34%	Not Available
HSBC Amanah (Shariah Law) Fund	1.33%	0.03%
Legal & General MSCI World Socially Responsible SRI Index	0.73%	0.14%

It is clear that no part of the TER, including transaction costs, is charged to members above the 0.75% charge cap for the default funds.

The Trustees have ascertained whether and, if so to what extent, there are any additional transaction charges deducted by the investment manager from members' funds. We have obtained this information in regard to all the funds available (including all those used in the Default). From March 2018 the Government has required regulated investment managers to disclose transaction charges in a prescribed format and we therefore report on these costs below.

Impact analysis & statement

Using the charges and transaction cost provided by LGIM, and in accordance with the applicable regulations (Regulation 23(1) (ca)) the Trustees have prepared an illustration dealing with the impact of costs and charges typically paid by a member of the Scheme on their pension pot. The charges that impact on their pot, set out below, include both the TER and the transaction costs then compare these to the pot sizes if no charges or costs had been incurred. The statutory guidance has been considered when providing these illustrations.

The illustrations below have taken into account:

- Savings pot size
- Contributions
- Real terms investment growth net of costs and charges
- Adjustment for the net effect of costs and charges
- Time

To make this representative of our membership the Trustees have produced two sets of illustrations, representing members of the Scheme at different ages, which are reflective of the Scheme's actual demographics. Both illustrations assume salary growth in line with price inflation and with an overall contribution rate of 8% of salaries.

The first illustration is based on an average scheme member aged 40 with an initial pot size of £5,000, starting salary of £34,200 and contribution level of 8%.

Typical Member

	Default Arrangement (Lifestyle)	
Year	**Pot size with no charges applied**	**Pot size with charges applied**
1	**£7,940**	**£7,890**
2	**£10,972**	**£10,873**
3	**£14,098**	**£13,926**
4	**£17,320**	**£17,051**
5	**£20,643**	**£20,248**

	Default Arrangement (Lifestyle)	
Year	**Pot size with no charges applied**	**Pot size with charges applied**
6	**£24,068**	**£23,519**
7	**£27,600**	**£26,867**
8	**£31,241**	**£30,293**
9	**£34,995**	**£33,798**
10	**£38,865**	**£37,385**
11	**£42,855**	**£41,056**
12	**£46,969**	**£44,813**
13	**£51,211**	**£48,657**
14	**£55,584**	**£52,590**
15	**£60,092**	**£56,615**
16	**£64,741**	**£60,734**
17	**£69,533**	**£64,949**
18	**£74,474**	**£69,262**
19	**£79,568**	**£73,675**
20	**£84,820**	**£78,192**
21	**£90,235**	**£82,813**
22	**£95,818**	**£87,543**
23	**£101,574**	**£92,382**
24	**£107,508**	**£97,334**
25	**£113,626**	**£102,402**
26	**£119,934**	**£107,588**
27	**£126,438**	**£112,894**

The second set is based on the youngest member aged 21 with an initial pot size of £0, starting salary of £16,500 and contribution level of 8%. This illustration of costs and charges shows the impact over the longer period.

Youngest Member

	Default Arrangement (Lifestyle)	
Year	**Pot size with no charges applied**	**Pot size with charges applied**
1	**£1,344**	**£1,338**
2	**£2,729**	**£2,720**
3	**£4,158**	**£4,134**
4	**£5,631**	**£5,581**
5	**£7,149**	**£7,062**
6	**£8,715**	**£8,577**
7	**£10,329**	**£10,128**
8	**£11,993**	**£11,715**
9	**£13,708**	**£13,338**
10	**£15,477**	**£15,000**
11	**£17,301**	**£16,700**
12	**£19,181**	**£18,440**
13	**£21,119**	**£20,220**
14	**£23,118**	**£22,042**
15	**£25,179**	**£23,906**
16	**£27,303**	**£25,814**
17	**£29,493**	**£27,767**
18	**£31,751**	**£29,764**
19	**£34,080**	**£31,808**
20	**£36,480**	**£33,900**
21	**£38,955**	**£36,041**
22	**£41,506**	**£38,232**
23	**£44,137**	**£40,473**
24	**£46,849**	**£42,767**
25	**£49,645**	**£45,114**
26	**£52,528**	**£47,516**
27	**£55,500**	**£49,974**
28	**£58,564**	**£52,489**
29	**£61,724**	**£55,063**
30	**£64,981**	**£57,696**
31	**£68,339**	**£60,392**
32	**£71,802**	**£63,149**
33	**£75,371**	**£65,972**

	Default Arrangement (Lifestyle)	
Year	**Pot size with no charges applied**	**Pot size with charges applied**
34	**£79,052**	**£68,859**
35	**£82,846**	**£71,815**
36	**£86,758**	**£74,839**
37	**£90,792**	**£77,933**
38	**£94,950**	**£81,100**
39	**£99,238**	**£84,340**
40	**£103,658**	**£87,656**
41	**£108,215**	**£91,049**
42	**£112,914**	**£94,521**
43	**£117,758**	**£98,075**
44	**£122,752**	**£101,710**
45	**£127,901**	**£105,431**
46	**£133,210**	**£109,238**

Notes

1. Projected Pension pots are shown in today's terms and do not need to be reduced for the effects of inflation.
2. The starting pot size for a typical member is assumed to be £5,000 and zero for the youngest member.
3. Price Inflation is assumed to be 2.5% each year.
4. The pensionable salary is assumed to be £34,200 per annum for a typical member and £16,500 per annum for the youngest member.
5. Contributions are assumed to match the auto enrolment minimum rate of 8% of the member's salary.
6. Contributions are assumed until age 67 with contribution levels noted ahead of each table.
7. Values are estimates and not guaranteed.
8. The projected growth rate for the default fund is 3.1% net of price inflation.
9. Earnings Inflation is assumed to be 3% pa.
10. The transaction costs relate to the actual transaction costs in the scheme year (and assumes that these will continue in future years).
11. Negative transaction costs (which are anomalies but can occur because of market pricing conditions) are assumed as 0% as a measure of prudence.
12. The projected growth rates use broadly the same underlying assumptions as the Statutory Money Purchase Illustrations plus any transaction costs.

3. Good value for members

When assessing the charges and transaction costs which are payable by members, the Trustees need to think about whether the investments, options and the benefits offered by the Scheme represent good value for members when compared to other options available in the market.

There is no legal definition of "good value" and so the process of determining good value for members is a subjective one. We have received advice on how to assess good value from our advisers and considered regulatory guidance.

We report here on the historic value criteria at the end of the scheme year in the form of "spider graph" charts. We also consider value for members on an ongoing basis as part of our regular Trustee meetings.

We followed the following process:

Step 1: We collected information in relation to the total benefits of scheme membership and the total charges and transaction costs borne by members.

We considered that the benefits of membership included (amongst other things):

- the financial sustainability of the Master Trust Sponsor (Lewis) together with its commitment to the market.
- plan design, that is the structure and flexibility for members to vary contributions.
- investment performance, the design of the default arrangement and how this reflects the interests of members; the range of investment options.
- the efficiency of administration processes and the extent to which administrators meet their service level standards for the scheme year;
- the quality of communications delivered to members.
- at and past retirement services, which are not currently a major priority but are likely to be in the future;
- the quality of scheme governance.

Step 2: Determine criteria for assessing value

We considered that the investment performance delivered to members in the context of the investment objectives was critical. Against this we looked at what we considered that members would value most highly, considering the profile of the membership, pot size, membership status and level of engagement.

In addition, generic research (such as that instigated by Sackers on behalf of insurers IGCs, Corporate Adviser magazine's survey of master trusts, the Pension Administration Standards Association's Guidance report of 2018 and independent surveys such as that produced by Corporate Pensions magazine) has been used to identify key areas of concern.

For areas such as administration we reviewed how well service standards had been met. For communication we reviewed timeliness and accuracy alongside more subjective criteria such as the "readability" of our communications and applied external metrics such as the Flesch-Kincaid reading age to form an objective view.

Step 3: Compare the criteria with other schemes

We sought information in relation to other similar schemes, such as charging structures, investment performance and service provision. In this area we considered both short term and long-term costs borne by members so as to properly contrast the differing market charge structures.

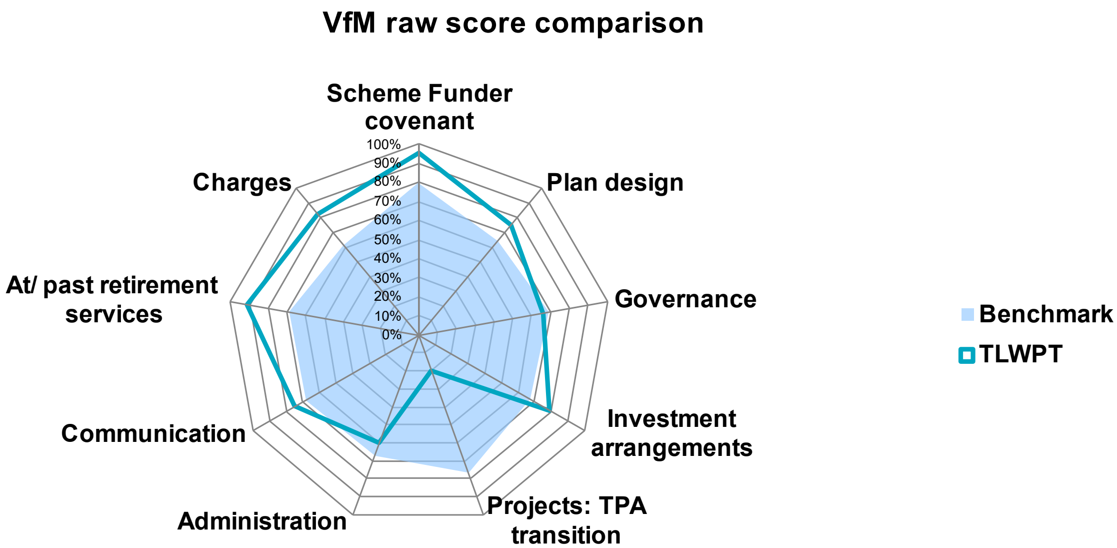
Our analysis considered both "raw" scores and those weighted against our current priorities (as informed by our member research). So, for instance, although Lewis does not currently offer retirement options such as flexible drawdown from the Scheme, we have applied a low weighting to this area as very few of our members are likely to require such flexible option in the short to medium terms. Clearly our weightings, and therefore priorities for review, are likely to change over time.

Equally, we note that some areas such as financial sustainability and plan design are probably more important to employers than members (although still fundamental to the latter), therefore these areas have lower weightings as our aim in this section is to assess value for members.

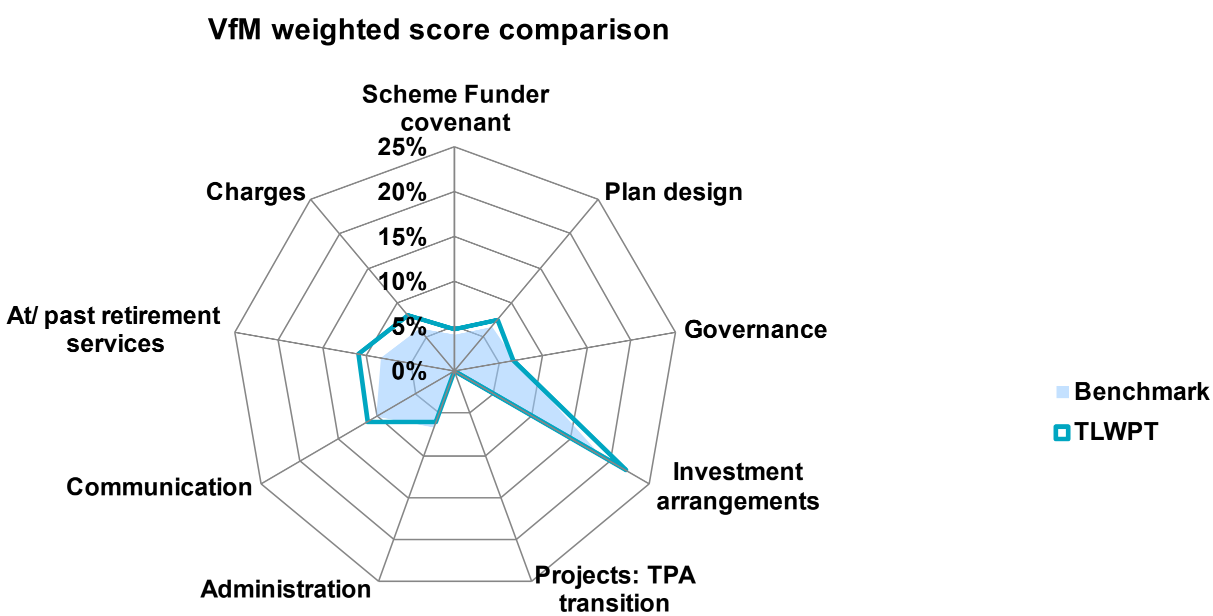
The descriptions in step 4, "Evaluate and act", reflect the position for the Scheme year ending 31 March 2021. Our latest high-level analysis (each of the areas considered has its own detailed sub-analysis) for the reporting year is as follows:

2021 Scheme Year Scores

Basic “raw” score review



Weighted score review



Step 4: Evaluate and act

Finally, we evaluated the total benefits of membership and the total costs to members against what members valued most and compared that to what was available from other schemes.

Overall, our scores are relatively stable compared with last year, even taking account of Covid issues. However, we did experience a number of administration related issues. We took particular note of the following –

Investment

- We have assessed members' investment returns and overall fund performance to ensure that the costs borne by the members are reasonable for each fund we offer under the Scheme taking into account the outcomes expected from investment.
- The use of passive (index-tracking) funds reduces manager risk for members.

Administration

- We experienced a number of operational reporting issues with our administrators (options) during the reporting year, these continue to be actively monitored via weekly update calls and progress was made by Options in transitioning to a new platform (ITM) which should provide a much more robust infrastructure for future years. We are confident that we can, and do, identify any issues quickly before they might lead to member detriment.
- We again obtained Master Trust Assurance Framework certification (externally audited approval of our administration standards) during the year.
- However, we believe there will always be improvements that we can make to the efficiency of our management reporting functions and we will continue to monitor these.
- We continued work during the year to ensure that we complied with General Data Protection Regulations 2016/679 ("GDPR") from their introduction in May 2018.

Scheme governance

- The Scheme has the advantage of independent trustees, a professional scheme secretary and good professional advisers. During the reporting year there were only three trustees (of whom two were non-affiliated). We reported last year that we believed an expansion of the trustee board would improve governance and had decided to increase the board to four during the year. The introduction of the Covid-19 lockdown has delayed this process; however we anticipate an appointment during the Q4 of 2021.
- The Trustees have arranged for the Scheme to be audited in accordance with the Master Trust Assurance Framework which has given further reassurance as to

the high standards of scheme governance.

Communications and member support

- Scheme communications are well-written in plain English with a reading age for most material of between 13 and 16.
- The Trustees are not authorised to provide members with investment advice, but advice is available via Lewis & Co (Investments and Pensions) Ltd.
- A member portal allows on-line access to recent pension pot value and is a valuable tool for members.
- Member contribution rates are monitored by Lewis and increases facilitated where members wish to do so.

Based on our assessment, we have concluded that the Scheme provides (taking account of member-borne charges and transaction costs) good value for members. We nonetheless see areas for improvement, particularly as members' needs change over time and we are working to implement these over 2021/22.

Value comparisons

From next year, all schemes with assets under £100 million are required to review whether they continue to offer members good value for money and compare themselves with at least three alternative providers that might accept a transfer of members and assets. The Trustees nevertheless conducted such an analysis this year so as to establish a benchmark and process for the future and share the outcome of that review below. The analysis above shows that TLWPT continues to offer excellent value to members respective the fees they pay.

We have considered leading competitor master trusts which would, in other circumstances, be suitable vehicles for a transfer of our responsibilities. Those included: Creative, Nest, NOW Pensions, Options, Scottish Widows, Smart Pension, The Peoples Pension, True Potential. Of these: Nest, NOW Pensions, Smart Pension and The Peoples Pension are specialist auto-enrolment providers open to all, or at least, most employers. We have included Now Pensions in our comparison as the closest match to our client portfolio "shape". We also included Options as they are our current administration provider. Finally, we selected Creative for comparison as they appear to be a close match.

For the avoidance of doubt, none of the wider list of potential providers offered what we thought was a compellingly better overall level of service, investment range and charges.

Of the three providers on which we conducted more detailed analysis:

- Creative AutoEnrolment Pension Plan charge a member administration fee of £2 per month on top of an investment management charge (on default funds) of 0.40%.

- Options charge a member administration fee of £1.50 per month year on top of an investment management charge (on default funds) of 0.50%
- Now Pensions charge a member administration fee of £1.50 per month on top of an investment management charge (on default funds) of 0.30%.

In respect of investment range and member services, we do not believe any of these offer any significant potential advantages to our members.

We will therefore continue to offer TLWPT services to our existing (and new) members over the next year.

4. Core financial transactions

The Trustees are required to report to you about the processes and controls in place in relation to the “core financial transactions”. The law specifies that these include the following:

- investing contributions paid into the Scheme;
- transferring assets related to members into or out of the Scheme;
- transferring assets between different investments within the Scheme; and
- making payments from the Scheme to or on behalf of members.

We must ensure that these important financial transactions are processed promptly and accurately. In practice we delegate responsibility for this to the Scheme administrators. Our Scheme administration during the reporting period has been delivered by Options Pensions. We have service level agreements in place with the administrators which cover the accuracy and timeliness of all core financial transactions. The SLA specifies target timescales within which the administrator aims to complete requests from members ranging between 24 hours and 10 working days. The key processes adopted by the administrator to help it meet the SLA include:

- work management systems with built in controls to ensure a high level of quality through checking processes for the day to day administration of the Plan;
- systems to restrict acceptance of incorrect data at source;
- a task logging system which is reviewed regularly for forthcoming workloads with tasks allocated on a daily basis;
- internal audit processes to ensure processing controls are in place and adhered to.

The Scheme administrators provide weekly reports to the Trustees which allow us to monitor the SLAs and assess how quickly and effectively the core scheme financial transactions are completed. These include details of bank accounts, contribution processing timescales, and two individuals checking all investment and banking transactions.

Any mistakes or delays are investigated thoroughly and action is taken to put things right as quickly as possible.

In the reporting period we have considered the scheme administrator reports at our regular meetings under two broad headings: firstly enrolment, member transactions and member communication. Unfortunately, during the last scheme year there have been some administration service issues affecting members in regard to these. They have been monitored by reference to the various service standards in place together with spot checks and by considering both member and employer feedback. We have ensured that there has been no member financial detriment where these administration issues occurred.

For completeness we should say that there had been some delays and inaccuracies in some communications and some inaccurate reporting, but we resolved these within short timescales. For example, issues continue to be encountered with delays in setting up member records. On identifying these issues, TLWPT investigated with Options, a root cause analysis was undertaken to identify how the error occurred, how it could be corrected, how we could avoid it occurring again. This was discussed by the Trustees at a quarterly meeting, and we continue to monitor the process to avoid repetition. As indicated above, we believe the transition to a new ITM platform at Options will significantly improve standards and reduce risks.

The second area includes accounting matters together with initial investments, switching and rebalancing of funds. Our fund administrators had standard accounting controls in place, including daily balancing. Again, I am pleased that the transition to the ITM platform will limit material administration service issues affecting members in regard to these. In the meantime, any identified have been resolved within short timescales.

We are confident that the processes and controls in place with the administrators will be sufficiently robust so as to ensure that the financial transactions which are important to members are dealt with promptly and accurately. In addition, noting that we need accurate member data to process contributions and payments correctly, we take steps to review and correct any problems with the member data which is held by the Scheme administrators.

We are currently monitoring unresolved issues that need to be addressed by meeting with Options on a weekly basis.

5. Trustee knowledge and understanding

The law requires the Trustee board to possess, or have access to, sufficient knowledge and understanding to run the Scheme effectively. This includes a full understanding of the Trust Deed and Rules, Statement of Investment Principles, and all other Scheme process and policy documents. The Trustee board must also have sufficient knowledge and understanding of the law relating to pensions and trusts, and the principles relating to the funding and investment of occupational schemes. These are continuously referenced during meetings and any amendments to the Scheme process and policy documents are considered as specific agenda items.

The Trustees have demonstrated knowledge of the trust deed and rules by annual review of the contents and checking operational details against the terms of the trust with legal advisers. Similarly, the Trustees have demonstrated knowledge of the SIP by detailed review for the purposes of mandatory changes and the formal review in 2020. The Trustees have a thorough knowledge of their current policies following comprehensive review for the purposes of authorization in 2018 and 2019 these are regularly discussed in Trustee meetings to ensure compliance and appropriateness. Advisers and Lewis also attend Trustee meetings to support an understanding of the law and the principles of funding and investment.

We take our training and development responsibilities seriously and keep a record of the training completed by each member of the board. Our training log is updated at each Trustee meeting and requirements are reviewed at least quarterly (and prior to any significant decision) to identify any gaps in the knowledge and understanding across the board as a whole. This allows us to work with our professional advisers to fill in any gaps. As a result, training subjects in the scheme year include administration requirements and ITM's capabilities and investment platform capabilities.

All of the Trustees have completed the Trustee Toolkit made available by the Pensions Regulator. Further background in relation to each of the Trustees is set out at the end of this statement, including their particular areas of expertise.

During the reporting period, specific consideration has been given to a full understanding of the Scheme's Trust Deed and Rules, together with other scheme documentation, including but not limited to, processes for ensuring "fit and proper" status for trustees, potential conflicts of interests, complaints and death benefit procedures.

Each trustee meeting includes a period of training where we are updated on legislation by external advisers. The subject matter of this training has been driven by a combination of actual and prospective changes in regulation, changes in the member demographic as we grow and regular review of our effectiveness and training needs. To supplement the extensive investment experience of the trustees, external investment advisors provide appropriate training and context when scheme investments are considered at board meetings. We expect this training to continue with further input from external advisers in respect of the effectiveness of our trustee group.

Due to various lockdown restrictions, the Trustees have been unable to meet in person over the last year, so training has continued "virtually". These have included training to avoid scams, in respect of ESG factors in investments and regulatory changes. We expect that we will be able to meet physically next year sand plans are in place for "Away Day" training involving our various advisers and third party specialists, particularly in respect of administration monitoring and governance.

As you can see from the background information on the Trustees, the Trustee board comprises individuals with different areas of expertise, such as governance, investment, communications, and wide experience of pension schemes and DC benefits. Having a wide spread of experience through the Trustee board, together with the ongoing training and development that has been undertaken and the use of appointed third party advisers on matters such as investment and legal matters, enables the Trustees to exercise properly our functions as the trustee of the Scheme. The Trustees also have Scheme advisers that are able to provide support, where required.

Nonetheless there is always room for improvement and when we expand the trustee numbers to four in number (expected in the 2020/21 scheme year) we intend to widen our knowledge and skill set further with appointment of those with legal and actuarial experience. The induction process for any new trustee includes completion of the Trustee Toolkit, introductory discussions with advisers and Lewis and any appropriate training relative to skill sets. No new trustee was appointed in the relevant scheme year so more detail will be provided (as appropriate) in subsequent statement(s)).

6. Areas of governance specific to Master Trusts

Member and employer engagement

Members (and employers) can contact the Scheme to express their views on priorities. However, it our evidence is that it is not typical for them to do so and so, taking account of the size, nature and wide demographic of the membership, Lewis pro-actively canvasses opinions for the Trustees through member meetings. In the scheme year, feedback meetings with both employers and members were undertaken. Contact details are provided in all communications that are sent through to members, to encourage members to let the Trustees know their views about the Scheme. Considering the size, nature and wide demographic of the membership of the Scheme, it is possible to contact the Scheme in writing, by phone, or online, as the member is most comfortable with.

We monitor on-line usage to keep us informed about what our members are most interested in.

We would be happy to address any queries or suggestions you may have. Please direct them to Marie Northover at Lewis Workplace Pension Team on 01202 738650 or mnorthover@lewisinvestment.co.uk.

Appointment of non-affiliated trustees

The legislative requirement for the majority of the Trustees to be non-affiliated has been met during the reporting period by the Trustee board being made up of three trustees, with a minimum of two non-affiliated trustees who are independent of Lewis and all other undertakings which provide advisory, administration, investment or other services in respect of the Scheme. During the reporting period, the non-affiliated trustees were Capital Cranfield Trustees Limited, and Richard Sheppard. No services or payments (other than relating to trustee services) are provided or made in relation to these individuals to ensure continued non-affiliation.

Capital Cranfield Trustees Limited (CCTL), as Chair of the Trustees, has remained an independent (non-affiliated) trustee director throughout 2017 to 2020, however I replaced Claire Altman as its representative and Chair of Trustees in September 2017. I was appointed by Lewis following consideration of a number of CV's prepared by CCTL and interviews of a short list of candidates with a particular focus on DC skills and experience.

No trustees were appointed during the reporting period of the year to 31 March 2020.

Please see Appendix (iii) the attached CVs of the Trustee Directors for more details.

Andrew Cheseldine

Capital Cranfield Pension Trustees Ltd

Chair of Trustees

Trustee Board during the year covered by this report

Andrew Cheseldine, professional independent trustee, Capital Cranfield Pension Trustees Ltd

Andy joined Capital Cranfield Trustees in 2017. Before that, Andy acted as adviser to trustees and employers at consulting actuaries Watson Wyatt, Hewitt Bacon & Woodrow and latterly as a partner at Lane Clark & Peacock LLP.

Andy has a long and successful record of advising on regulatory, governance, change management, investment, provider selection and communication issues.

He was elected to the DC Council of the Pension and Lifetime Savings Association in 2013 and re-elected in 2016 until the Council was wound up in December 2018. In 2019 he became a member of the Pensions Quality Mark Standards Committee and Chair in 2020.

He was appointed as independent (non-affiliated) Chair of Trustees to the Lewis Master Trust in November 2017, the Autoenrolment.co.uk Master Trust in September 2017, and Chair of the Mizuho International Retirement Benefit Scheme in December 2017. In 2018 he was appointed a trustee of the Pensions Management Institute Retirement Benefits

Scheme (Chair in 2020) and in 2019 he was appointed as a trustee of the Vodafone DC Plan and the HSBC master trust.

In early 2021 he was asked to chair the joint industry (and government) Small Pots Coordination Group looking for solutions to the millions of very small pension pots in the UK created by auto-enrolment.

On the introduction of the qualification, Andy became an Accredited Professional Pension Trustee in August 2020.

Richard Sheppard, independent trustee

Richard has over 35 years of experience as a financial professional and acts as an independent (non-affiliated) trustee to The Lewis Workplace Pension Trust. He holds the Diploma in Financial Services qualification and lectures on pension matters with The Personal Finance Society, the professional body for financial advisers within the UK. He was invited to assist with the initial establishment of the automatic enrolment regulations as an adviser to the DWP and continues to actively participate in the issues facing the aging population in the UK.

Lee van Hoyland, Employer Nominated Trustee, Lewis Investment

Lee is a Chartered Financial Planner with 15 years' experience advising both individuals and corporate clients. Lee is a director of Lewis & Co, the scheme sponsor. He holds the position of the scheme funder's head of Auto Enrolment and plays an integral part in the investment committee that oversees all of the scheme portfolios to include the default funds.

Appendix (i) - Statement of Investment Principles dated September 2020

Appendix (ii) - Member Nominated Trustee Pack

Appendix (iii) - Trustee CV's

Andrew Cheseldine

Richard Sheppard

Lee van Hoyland