

ANNUAL GOVERNANCE STATEMENT 2020

This Statement has been prepared by LTG Pension Trustees Limited (“the Trustee”) in relation to the Westgate GMP Section of the Lewis Trust Group Supplemental Pension Plan (‘WGMP’) in accordance with regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended). It sets out how the Trustee has met the statutory defined contribution (DC) governance standards during WGMP year ended 30 June 2020.

The Trustee continually reviews and assesses systems, processes and controls across key governance functions to determine whether these are consistent with those set out in the Pensions Regulator’s:

- Code of practice 13: Governance and administration of occupational trust-based schemes providing money purchase benefits;
- Regulatory guidance for defined contribution schemes.

Additionally, the Trustee is reviewing the new Regulations that were released in 2018 and the Pension Regulator’s self-assessment template to ensure it is working towards meeting the highest standards expected of it.

The template sets out the key quality features that underpin both the code of practice and regulatory guidance which The Pensions Regulator considers should be present in well-governed pension schemes.

During the year the Trustee self-reviewed WGMP’s governance, investment performance, value for money and assessed the default investment strategy, and considered that no changes were necessary in the light of the long-term nature of the strategy and strength of the employer covenant. The Trustee will review the investment strategy and statement of investment principles during 2019 and 2020 to take account of forthcoming regulatory changes.

Sufficient Knowledge and Understanding

The Trustee is required to possess or have access to sufficient knowledge and understanding to run WGMP effectively.

The Trustee board has three members, all professionally experienced in relevant fields, who between them have a range of appropriate knowledge and skills including investment management, legal, banking, risk management and the technical aspects of pension scheme management. In addition they have a wide general knowledge and active participation in financial and general business management.

In the light of the combined depth and breadth of relevant experience and professional skills, together with the external professional advice available to the Trustee, the Trustee is properly able to exercise its fiduciary duties. Meetings are held as required and also by conference call.

The Trustee, together with assistance from its professional advisers, uses its combined knowledge and understanding of Pension Law, specific WGMP documentation, legal requirements and the Pensions Regulator’s guidance to ensure that WGMP is run effectively, members’ benefits are paid in accordance with WGMP rules and to carry out the fiduciary duties required of it.

Administration Standards

- The Trustee has appointed professional advisers although the administration of WGMP is run in-house.
- The Trustee is aware that the responsibility of the running of WGMP remains with it.
- The Trustee has recently reviewed all its data management procedures and those of its service providers and has a post 25 May 2018 data protection policy in place, which was circulated to all members.
- Any errors are resolved immediately.
- Core financial transactions include the receipt of employer contributions, the investment of those contributions, the transfer of members' assets into and out of WGMP and the payment of Guaranteed Minimum Pensions (GMPs) to qualifying members.
- The in-house pension scheme administrator has ensured that all core transactions have been promptly and accurately processed (including within certain regulatory time limits) and this is verified by monitoring of bank accounts and as part of WGMP's independent annual audit.
- All financial transactions are subject to annual audit requirements as part the Trustee's Annual Report and Accounts.

Costs and Charges borne by members

In accordance with regulation 25(1)(a) of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended), the Trustee is required to calculate the charges and transaction costs paid by members.

No administration costs are paid by the members as all running costs and levies are met by the Employer.

The investment managers are remunerated on a fee basis which is reviewed annually. The present fee is 0.25% of the value of the cash and any direct stock exchange investments held by WGMP, as at the last day of each calendar quarter. This fee is paid from the assets held in WGMP and members' funds do not directly incur these costs. During the year WGMP held no direct stock exchange investments and only moderate cash balances, as a result of which the investment manager's fee was £720.

Apart from cash, WGMP's single investment was in an Open Ended Investment Company fund (OEIC), which fund itself invests in international stock exchange investments. Within the OEIC its investment manager makes a charge of 0.67% per annum and in addition there are transaction costs (such as stamp duty and dealing costs). These charges/costs are paid by the OEIC fund and therefore reflect upon the performance of the fund and the overall return received by WGMP members.

The transaction costs paid during the year within the OEIC on its individual stock exchange investments relating to WGMP amounted to approximately £2,383 (0.06% of the value of the fund).

The Trustee considers the investment fund management charges and transaction costs which are in line with similar OEIC funds in the market represent good value for an actively managed fund achieving its investment objective.

An appendix shows illustrations of projected fund values under a scenario where no charges apply as well as under a scenario where total charges of 0.73% (i.e. manager charge of 0.67% pa and transaction charges of 0.06% pa) were to apply. It should be noted that these are only illustrations and actual fund values will depend on actual investment returns achieved on investments, the time under investment, the amounts invested and the total charges applied.

Default arrangement

WGMP is closed to new members and its purpose in the main is to meet the members' GMPs, and members do not have a choice on investment funds. The existing investment fund is the only fund available, and is therefore the default fund.

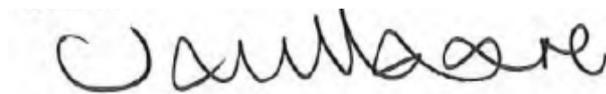
A copy of the latest Statement of Investment Principles prepared in accordance with Regulation 2A of the Occupational Pension Schemes (Investment) Regulations is attached as an appendix to this Statement.

Communicating with members

- The Trustee endeavours to provide WGMP communication that is accurate, clear, understandable and engaging.
- The Trustee, with its advisers, carefully considers all member communications and reviews common communications periodically. The Trustee works closely with WGMP advisers to try to ensure member interests are understood and represented in all decision making.
- Ad hoc announcements are sent periodically as the Trustee deems necessary.
- The Trustee has recently issued its privacy notice covering General Data Protection Regulation requirements to all members.

This Statement along with its appendices will be made publicly available on a website.

Signed



Chair of LTG Pension Trustees Limited

28 January 2021