

CHAIR'S ANNUAL STATEMENT REGARDING DC GOVERNANCE

1. Introduction

This statement is produced pursuant to Regulation 23 and Regulation 26 of the Occupational Pension Schemes (Scheme Administration) Regulations (Northern Ireland) 1997.¹

The Chair's Statement describes the actions the Trustee Board of Workers Pension Trust (WPT) has taken over the year to comply with statutory governance standards, namely:

- ✓ The default investment arrangement
- ✓ How core financial transactions are processed
- ✓ The assessment of how charges and transaction costs represented good value for members, and the impact of these charges on member savings
- ✓ How the Trustee Board ensures that it maintains the necessary knowledge and understanding to run Workers Pension Trust ("the Scheme")
- ✓ How the Trustee Board remains independent
- ✓ The arrangements to encourage member feedback

This statement covers the period between 1 November 2018 and 31 December 2019, the 2018/19 Scheme Year ("the Scheme Year"). The Scheme Year end was changed from 31 October 2019 to 31 December 2019 to align with calendar quarters and therefore this statement covers a fourteen-month period.

Governance Standards

New regulations came into force on 1 October 2018 to raise standards in master trust pension schemes providing greater security and protection for members. The Trustee Board is pleased to confirm that the Scheme received authorisation from the Pensions Regulator in August 2019. Authorisation creates safeguards by ensuring master trusts are run by fit and proper people, have the right systems and processes in place and are financially sustainable. The Trustee Board is committed to running the Scheme effectively to deliver the best possible outcomes for members.

In addition to being granted authorisation, the Trustee Board continues to meet industry best practice standards through the Master Trust Assurance Framework quality standard. This is a voluntary, independently audited annual assessment of how the Scheme operates against a series of control objectives relating to governance and administration.

2. Default investment arrangement

A default arrangement is the investment fund or funds into which pension contributions are paid where members have not made their own choice ('self-selection') as to where they want to invest their retirement savings.

Our default arrangement has been designed so that members who do not wish to take an active role in the investment process, can be confident in how their contributions are invested. The availability of a well-designed, low-cost default arrangement is an essential part of our investment approach and we keep this under review.

Our default arrangement is a combination of the following three funds: 1. WPT Growth Fund, 2. WPT Volatility Reduction Fund and 3. WPT Capital Protection Fund.

1. **WPT Growth Fund** – The fund invests in the Legal and General Investment Management (LGIM) Global Equity Fixed Weights (50:50) Index Fund. This fund aims to track movements in equity markets around the world.

This fund is expected to produce higher returns than other investments (such as bonds and cash) over the long term. However, the value of equity funds can fluctuate significantly in the short term.

2. **WPT Volatility Reduction Fund** – This fund invests in LGIM's Under 15 Year Index-Linked Gilt Fund and LGIM's All Stocks Index Corporate Bond Fund.

¹ As amended by the Occupational Pension Schemes (Charges and Governance) Regulations (Northern Ireland) 2015

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (CONTINUED)

2. Default investment arrangement (continued)

3. **WPT Capital Protection Fund** –This fund invests in LGIM's Sterling Liquidity Fund, which is designed to protect the value of the money invested and is a suitable investment option for when a member approaches retirement and where the proceeds will be taken as cash.

Structure of the default arrangement

The default Lifestyle Strategy is in place to switch investments from an initial Foundation phase (up to age 31), through to the Growth phase (between the ages of 32 to 49) and finally to the Protection phase (from the age of 50), as a member approaches retirement.

- Foundation Phase - The foundation phase aims to provide both stability and investment growth. A Member's contributions are initially split 50/50 between the WPT Growth Fund and the WPT Capital Protection Fund during this phase.
- Growth Phase - The growth phase aims to maximise the potential for growth through 100% equity investment. The WPT Growth Fund is used for the growth phase.
- Protection Phase - The protection phase is based on the assumption that the member retires at 65 years. From age 50, as a Member approaches Normal Retirement Age, the Member's assets are gradually switched, on a quarterly basis, to a combination of the WPT Growth Fund, the WPT Volatility Reduction Fund and the WPT Capital Protection Fund. At age 65 and beyond, members' funds will be invested 100% in the WPT Capital Protection Fund.

The Trustee Board's main objective is to provide members with an investment strategy aligned to their needs that will optimise the return on investments in order to build up members' retirement savings. In order to achieve this objective, the Trustee Board aims to:

- Provide the opportunity for long term investment growth.
- Include an automatic reduction in investment risk as members approach retirement.
- Reduce volatility in the protection phase.
- Use passive investments to keep investment charges as low as practicable. Investing passively is generally better value than paying a premium for a fund manager to actively select individual funds.
- Target the Scheme's Normal Retirement Age of 65.
- Undertake quarterly switching to give a smooth transition.

Review of the Default Arrangement

The Trustee Board has complied with legal requirements to review both the default strategy and the performance of the default arrangement:

- a) at least every three years; and
- b) without delay after any significant change in investment policy or the demographic profile of relevant members.

The policies and principles that guide Trustee Board decisions about investments for the purposes of the default arrangement is outlined in the Statement of Investment Principles (SIP) and is attached as Appendix 1. It is also available online https://workerspensiontrust.co.uk/img/uploads/20190925_SIP_Signed.pdf.

The SIP includes the Trustee Board's policies on risk, return and other financially material considerations (including responsible investing which considers environmental, social and governance (ESG) factors). It also outlines how the Scheme's default investment strategies are intended to ensure that assets are invested in the best interests of members.

The Trustee Board reviews the SIP annually, in conjunction with its investment consultant, who is appropriately qualified. This annual review commenced at the 26 June 2019 Trustee Board meeting and was concluded on the 25 September 2019 when the current SIP was signed.

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2. Default investment arrangement (continued)

As part of the review of the default arrangement, the Trustee Board considered the following issues:

- the historic performance of the default strategy against the investment objectives which the Trustee Board had set, to align it with the needs of the membership. This included monitoring the factors underlying this performance including asset allocation and transaction costs;
- the performance, in terms of investment returns and investment risk, of the default strategy in comparison to other master trusts' default strategies;
- the performance of the default strategy funds against their benchmarks;
- fund management costs;
- the membership demographics of the Scheme to ensure the default strategy remains appropriate;
- the fund range and whether it remains appropriate;
- the option to include responsible investments, taking into account environmental, social and governance (ESG) factors; and
- a review of other fund managers as an alternative to LGIM, the Scheme's current manager.

The investment consultant reported that in his view, based on the investment objectives that were set as part of the last investment review and based on the demographic information about the membership and the benefits that have been taken by members thus far, the investment approach for the default strategy remains appropriate for now. However, consideration should be given to the inclusion of ESG funds in the default strategy and the Trustee Board should continue to review emerging member data to make sure that any developing trends are factored into the evolution of the default strategy.

Following the view of the Investment Consultant, the Trustee Board was satisfied with the current default strategy arrangement in place and endeavour to undertake further work on the default arrangement and fund range in 2020, for which details will be provided in next year's Chair Statement.

Performance

The Trustee Board monitors the performance of the investment funds offered by the Scheme quarterly, including those funds, which make up the default arrangement through investment reports received from LGIM, the investment manager.

The Trustee Board also considered investment performance with its investment consultant at Trustee meetings in June and August 2019.

Based on the above, the Trustee Board has concluded that funds within the default Lifestyle Strategy and funds outside the default strategy have performed in line with their benchmarks and expectations over the quarterly periods covered by this Statement.

A full explanation of the default Lifestyle Strategy and performance of funds is published on the Scheme website at www.workerspensiontrust.co.uk. Members are also provided with a summary of the default Lifestyle Strategy in their annual benefit statement.

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (CONTINUED)

3. Administration (processing core financial transactions)

The Trustee Board is responsible for ensuring that core financial transactions are processed promptly and accurately, so that members are not put at risk of losing out financially. These core transactions include (but are not limited to):

- Investment of contributions received by the Scheme
- Transfer of member assets into and out of the Scheme
- Transfers of member assets between different investments within the Scheme
- Payments from the Scheme to, or in respect of, members

The Trustee Board delegates the processing of financial transactions to Mercer (third party administrator) and Construction First Limited (in-house administrator). The Trustee Board requires the administrators to meet high standards through service level agreements ("SLAs") which set out the range of services to be delivered and expectations around processing core financial transactions accurately and promptly. Some examples relating to the processing of core financial transactions are set out in the table below.

Service Type	Service Level Agreement Target
Transfer member assets into Scheme	10 working days
Transfer member assets out of Scheme	5 working days
Investment switches and redirection of contributions	5 working days
Retirement benefit payment	5 working days
Short Service payment	5 working days
Death benefit payment	5 working days

The Trustee Board monitors administration services against the SLAs and the extent of which member transactions have been processed on time.

To obtain assurance that the required standards are consistently achieved during the Scheme Year, the Trustee Board receives regular performance reports from the administrators. The reports cover a wide range of issues including (but not limited to) administration performance, the investment of contributions, cash management, transfers in to and out of the Scheme, data validation and record keeping, complaints and retirement requests. This is used by the Trustee Board to assess whether the administrators are meeting the requirements in the SLAs covering, for example, quality, accuracy and timeliness of information.

In addition, the processes adopted by the administrators to help meet the SLAs include daily monitoring of bank accounts, a dedicated contribution processing team, and two individuals checking investment and banking transactions. Reporting is received on the completeness and accuracy of common and conditional data by Mercer. Common data includes for example: names, addresses, dates of birth, and national insurance numbers of members. Conditional data includes for example: salaries and details of investments of members. The Trustee Board recognises that quality data is essential to good governance.

The Trustee Board commissions an independent assurance report in accordance with the AAF 02/07 Master Trust Assurance Framework, which provides assurance on the Scheme's overall control framework including the processing of core transactions. Mercer also provides the Trustee Board with an independently audited annual AAF 01/06 report which tests the operational effectiveness of their administration control framework.

The Trustee Board requests additional reporting on any errors and agrees remedial action where required. Regular operational meetings take place with Construction First Limited and Mercer to ensure core financial transactions are being processed promptly and accurately.

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (CONTINUED)

3. Administration (processing core financial transactions)

Overall, 88% of work was issued within the agreed SLA with Mercer during the Scheme Year which was less than the expected target of 95% and above.

The Trustee Board has challenged Mercer to identify the root cause for the missed targets and to agree an improvement plan. Mercer has submitted plans for improving the administration services provided to the Trustee Board, this includes:

- Introducing a revised operating model to ensure the right level of resource and management oversight is provided.
- Work in progress is tracked daily with the intention of clearing all tasks due in line with the SLA on the day. The work in progress report is produced at 5am every day and is available for the teams when they logon in the morning to help them plan the day's activity.
- Increase use of robotics to maximise efficiency.

Teleconferences with Mercer take place fortnightly to ensure that performance against target service levels improve and appropriate resourcing is put in place to see the improvement sustained.

Performance improved during the Scheme Year, with approximately 98% of all work completed within the agreed SLA during 1 August 2019 to 31 December 2019.

The Trustee Board is continuing to keep the agreement with Mercer under review. A new contract for administration services is underway to ensure tighter monitoring of service delivery by defining more clearly the SLA performance measures and introducing a new balanced scorecard to measure performance. This approach will bring clearer focus on the most important tasks and provide a basis for improving the quality of administration reporting by Mercer.

Overall, the Trustee Board has concluded that core financial transactions were carried out accurately during the Scheme Year and the majority of core financial transactions were carried out promptly. Where delays or errors occurred, these have been rectified and there are no unresolved issues in relation to core financial transactions.

4. Member borne charges, costs and expenses

Annual Management Charge (AMC) and Monthly Contribution Charge (MCC)

Workers Pension Trust is run on a not-for-profit basis and for the benefit of its members. This means that we charge only the amount required to meet the Scheme administration and investment management costs. The two categories of membership and related charges are set out below:

A. WPT members

A monthly contribution charge of 1.8% is deducted on each contribution going into a member's retirement savings account.

For example: If £80 is added to a member's retirement savings account each month, the contribution charge would be £1.44 per month or a total of £17.28 per year.

An AMC of 0.3% is deducted from the value of a member's retirement savings account each year.

For example: If the retirement savings is worth £5,000 this means that the AMC for that year would be £15.00.

The combined total equates to an AMC of approximately 0.496% which is significantly lower than the annual charges cap of 0.75% as determined by the Occupational Pension Schemes (Charges and Governance) Regulations (Northern Ireland) 2015.

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (CONTINUED)

4. Member borne charges, costs and expenses (continued)

B. WPT-E members

Former Enhance Construction Pension Scheme Northern Ireland ("Enhance") members, who transferred to WPT on 30 July 2018, currently comprise a separate category of member (WPT-E). An AMC of 0.75% is deducted from the value of these members' retirement savings accounts annually. A monthly contribution charge does not apply.

For example: If the retirement savings is worth £5,000 this means that the AMC for that year would be £37.50.

This complies with the annual charges cap of 0.75% as determined by the Occupational Pension Schemes (Charges and Governance) Regulations (Northern Ireland) 2015. This is the same AMC that members were charged in Enhance.

Investment management charges, costs and expenses

The Investment Manager, LGIM, applies investment management charges, transaction costs and additional expenses for the operation of funds and holding of the underlying assets. The application of these charges, costs and expenses are as follows:

I. Charges covered by AMC and MCC

- The investment management charges are applied by the investment manager for the explicit operation of the funds. They are paid by the Trustee Board out of the deductions outlined in A and B above. For clarity they are not paid by the member in addition to the AMC and MCC.

II. Charges in addition to AMC and MCC

- Transaction costs are incurred internally within the funds in relation to the investment manager's buying and selling of different stocks and securities. Members incur the effects of transaction costs in addition to the AMC and MCC outlined above through a reduction in the unit price. The impact of transaction costs on each member's accumulated fund will depend on their particular investment choices.
- Additional expenses include dividend expenses, bank interest, class action fees, rounding, consultancy fees and custodian fees. These are examples and are not an exhaustive list. Members incur the effects of additional expenses in addition to the AMC and MCC outlined above through a reduction in the unit price. The Trustee Board makes an adjustment to the AMC deduction for members in the default arrangement. This adjustment is determined to offset the effect of the additional expenses applicable to a member's holding in the LGIM Sterling Liquidity Fund.

The additional expenses applicable to a member's holding in the LGIM Global Equity FW 50:50 Index Fund is excluded from the additional expenses that must be taken into account for charge cap comparison purposes. This is because it relates to the holding of the assets in the fund rather than the management of the fund.

WORKERS PENSION TRUST

14 MONTH PERIOD ENDED 31 DECEMBER 2019

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (CONTINUED)

4. Member borne charges, costs and expenses (continued)

A summary of the transaction costs and additional expenses for the funds offered by the Scheme is outlined below:

	Default Arrangement Funds	Underlying Fund	Additional Expenses ¹	Transaction Costs ²
1	WPT Growth Fund	LGIM Global Equity FW 50:50 Index Fund	0.004%	0.000%
2	WPT Capital Protection Fund	LGIM Sterling Liquidity Fund	0.010%	0.000%
3	WPT Volatility Reduction Fund	Composite of the following funds	0.000%	0.000%
		LGIM AAA-AA-A Bonds-All Stocks Index	0.000%	0.000%
		LGIM Under 15 Year Index-Linked Gilts	0.000%	0.000%
	Non-default Funds (self-selection)	Underlying Fund	Additional Expenses ¹	Transaction Costs ²
1	WPT Diversified Fund	LGIM Diversified Fund	0.042%	0.000%
2	WPT Index Linked Gilts Fund	LGIM Over 5 Year Index-Linked Gilts	0.000%	0.065%
3	WPT Annuity Protection Fund	LGIM Pre-Retirement	0.000%	0.002%
4	WPT Growth Fund	LGIM Global Equity FW 50:50 Index Fund	0.004%	0.000%
5	WPT Capital Protection Fund	LGIM Sterling Liquidity Fund	0.010%	0.000%
6	WPT Volatility Reduction Fund	Composite of the following funds	0.000%	0.000%
		LGIM AAA-AA-A Bonds-All Stocks Index	0.000%	0.000%
		LGIM Under 15 Year Index-Linked Gilts	0.000%	0.000%

1. Additional expenses are for the 12 months to 31 December 2019.

2. Transaction costs are for the 12 months to 31 December 2019. Where the transaction costs provided from the investment manager for a particular fund were negative (i.e. would have been a credit to members due to the methodology used by the manager in the calculations), they have been presented as 0.00% in the table above on grounds of prudence.

Source: Based on information provided by LGIM

The Trustee Board reviews investment management charges, costs and expenses received from LGIM quarterly.

The Scheme website www.workerspensiontrust.co.uk/members has relevant information on Scheme charges and members are notified of annual charges in their annual benefit statement.

Cumulative effect of costs and charges

An illustration of the compounding effect of costs and charges on a WPT active member's retirement savings has been produced and is set out in Appendix 2a.

An illustration of the compounding effect of costs and charges on a WPT-E active member's retirement savings has been produced and is set out in Appendix 2b.

These illustrations of the effect of costs and charges on a member's retirement savings follow guidance issued by DWP: Reporting of costs, charges and other information: guidance for trustees and managers of relevant occupational schemes (September 2018).

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (CONTINUED)

4. Member borne charges, costs and expenses (continued)

Value for members

The Trustee Board is committed to providing good value for members.

The Trustee Board considers that the charges detailed above represent good value for members having regard to the objectives and performance of each fund, which it monitors regularly. They are broadly similar to fees charged by other investment providers for similar funds in the market.

During the Scheme Year an investment review was undertaken. Following this the Trustee Board is satisfied that the transaction charges for the funds remain consistent and comply with regulations. The fund charges are considered to be very low in comparison to the charges cap of 0.75%.

The default arrangement, performance and charges applied to the funds are reviewed at regular intervals to enable the Trustee Board to assess value for members. The Trustee Board also ensures, so far as reasonably practicable, that all costs and charges borne by members are transparent and communicated clearly to Scheme members at the point of selection, to enable them to make a value for members assessment. All fund information and factsheets are available on the Scheme website and members are made aware of where to find them via the annual benefit statements.

In making its value for members judgements the Trustee Board appreciates that low costs do not necessarily mean better value and therefore have also considered factors such as: the quality of customer service; member communications and support; scheme design; the efficiency of administrative services; the robustness of scheme governance; fund management and performance of the funds in the context of the investment objectives. A full analysis is set out in the Trustee Board's Value for Members Assessment as at December 2019, which is attached as Appendix 3a and 3b.

5. Trustee Board Knowledge and Understanding

In accordance with sections 247 and 248 of the Pensions Act 2004 and the Pensions Regulator's Code of Practice No. 7, the Trustee Directors have, and will maintain, relevant knowledge and understanding of pensions matters to properly run the Scheme.

The Trustee Board recognises the importance of having the right mix of knowledge, skills and experience to ensure the Scheme is well governed and managed properly.

Induction

A rigorous process is followed for appointments to the Trustee Board to ensure that it comprises people of the right calibre who are suitably qualified to act as Trustee Directors. All Trustee Directors are required to complete the Pensions Regulator's Trustee Toolkit; an online learning programme for Trustee Directors.

This is completed within 6 months of appointment, along with comprehensive induction training. Induction training includes the following topics:

- Overview of the role of a pension Trustee Director
- Trust Law including:
 - Fiduciary duties
 - Professional advice
 - Operation in accordance with trust documentation

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (CONTINUED)

5. Trustee Board Knowledge and Understanding (continued)

- Pensions Law including:
 - Occupational pensions legislation
 - Disputes resolution
 - Internal controls
- Running a Defined Contribution occupational arrangement including:
 - How DC occupational pension arrangements work
 - Master Trust & Member Nominated Director's
 - The role of the employer
- Fund management including:
 - Investment portfolios
 - Investment performance measurement
 - Myner's principles

Trustee Board knowledge and understanding

The Trustee Directors are conversant with the Scheme's Trust Deed and Rules and the current SIP and understand how good administration operates. The Trustee Directors also have a good working knowledge of other Scheme documents.

Over the course of the year the Trustee Board reviewed Scheme documents and policies including, but not limited to:

- Policy for Monitoring Breaches of the Law
- General Data Protection Regulation Policy
- Information Security Policy
- Conflicts of Interest Policy
- Policy for the Appointment of Trustee Directors and the Chair
- Policy for Monitoring Contributions
- Communication Policy
- Business Plan
- Continuity Strategy
- Internal Dispute Resolution Procedures
- Regulatory Compliance Procedure
- Appointing and Monitoring Service Providers Procedure
- Risk Management Plan and Risk Register

The Trustee Directors also have extensive knowledge and understanding of the law relating to pensions and trusts and the principles relating to the investment of Scheme assets, which enables them to properly exercise their functions.

The Trustee Directors understand the Scheme's investment strategy and are aware of the diversification of asset classes and associated risks. The Trustee Directors are also aware of the Pensions Regulator's codes of practice and how they apply to the Scheme.

The Trustee Board is supported on technical matters by professional advisers who assist with Trustee Board decisions in various areas and this includes attendance of professional advisers at relevant Trustee Board meetings during the Scheme Year. The Trustee Board evaluates adviser performance annually.

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (CONTINUED)

5. Trustee Board Knowledge and Understanding (continued)

Trustee Board training

The effectiveness of the Trustee Board is reviewed annually by self-assessment and for the Scheme Year this review was completed in July 2019. This annual review looks into each individual Trustee Director's knowledge and understanding and whether the Trustee Board as a whole has sufficient knowledge and skills. It also reviews steps which need to be taken to address any training gaps.

The Trustee Directors self-assess their skills, knowledge and experience through a Training Needs Analysis Questionnaire, Skills Matrix and Board Evaluation Questionnaire which forms the basis of training provided by the Trustee Board's pension consultant, Mercer. Training Logs are maintained for each individual Trustee Director.

Mercer, provides regular, bespoke training to the Trustee Directors on matters relating to the Scheme and to pensions law, regulation and best practice generally, to ensure the Trustee Directors comply with the standards defined by the Pensions Regulator (TPR) and with good practice. In house training is also provided. The training programme is reviewed regularly to ensure it is up to date and regular training, both internal and external, is provided to the Trustee Directors. The main areas of training completed by the Trustee Directors during the Scheme Year is outlined in the table below.

Training	Date Completed
Business Plan and Strategic Objectives	11-Mar-19
Continuity Strategy	11-Mar-19
Investment Strategy, Environmental, Social and Ethical (ESG) funds and Statement of Investment Principles	26-Jun-19 21-Aug-19 19-Sep-19
General Data Protection Regulations (GDPR)	19-Sep-19
TPR's Code of Practice No. 15: Authorisation and Supervision of Master Trusts	19-Sep-19
Master Trust Supervision regime	19-Sep-19
Other Codes of Practice published by TPR	19-Sep-19
Benpal member portal	19-Sep-19
Risk Management and Risk Register	20-Sep-19 27-Nov-19

The Trustee Directors have also received training and development over the years in relation to the: Trust Deed and Rules; SIP; DC Code of Practice; Scheme documents; law relating to trusts and pensions; cyber-security; administration; improving member outcomes; and principles relating to the funding and investment of occupational schemes. Investment performance is considered at each quarterly Trustee Board meeting and the SIP is reviewed formally once a year.

The Trustee Board receives monthly current pension issue reports from the Trustee Board's pension consultant, Mercer. This provides the Trustee Board with up to date knowledge in order to make informed decisions. A Scheme 'health check' provides a full legislative update twice a year on the Scheme and is reviewed and considered by the Trustee Board.

Trustee Board Skills Matrix

Trustee Directors complete a Skills Matrix annually which records the skills, knowledge, understanding and experience of the whole Trustee Board. This is used to identify any gaps which are addressed by ongoing training and development or through recruiting a new Trustee Director with the essential skills and experience needed. The Skills Matrix was completed in July 2019 for this Scheme Year.

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (CONTINUED)

5. Trustee Board Knowledge and Understanding (continued)

Trustee Board Evaluation

Trustee Directors evaluate how effectively the Board is structured and how effectively it operates in relation to Scheme governance using the Board Evaluation Questionnaire which they complete annually. This is used as a platform for the full Board to review its composition and discuss the expertise that it will need in the future, including expertise required to deliver the Business Plan.

The Board evaluation for the Scheme Year took place in February 2019 which highlighted that the Trustee Board may benefit from a professional Trustee Director. Carole Ryden on behalf of Capital Cranfield Pension Trustees Limited, was appointed to the Board on 13 May 2019.

The combined knowledge of the Trustee Directors, together with the available advice provided to the Trustee Board from a variety of external sources, enables the Trustee Board to properly exercise its functions and to govern the Scheme on an on-going basis.

6. Trustee Board independence

Master Trusts must disclose how the non-affiliated Trustee Director requirements have been met.

The Occupational Pension Schemes (Charges and Governance) Regulations (Northern Ireland) 2015 requires that the majority of Trustee Directors, including the Chair, must be "non-affiliated". In broad terms, "non-affiliated" means independent of the service providers and other commercial parties involved in the Scheme. There is also a requirement that any non-affiliated Trustee Director appointed after 17 July 2015 must have been appointed following an open and transparent process and that their terms of office must not exceed a specified length.

Trustee Board composition

During the Scheme Year, the Trustee Board consisted of five Trustee Directors, with one Trustee Director retiring from the Board on 27 December 2019.

The majority of Trustee Directors, including the Chair, are non-affiliated i.e. they have no affiliation to any undertaking which provides advisory, administration, investment or other services to the Scheme. Three Trustee Directors are non-affiliated to any service providers, two of which are member-nominated Trustee Directors.

Two Trustee Directors are affiliated to Construction First Limited, the Scheme's in-house administrator (and Scheme Funder). Tony Doran and John Armstrong are Board Directors of Construction First Limited. Construction First Limited has previously considered the question of affiliation of these Trustee Directors, a link to the administration services provider is an indication of affiliation but not definitive of the issue.

The Board further acknowledged that the Trustee Directors have many years' experience of running Master Trusts and the business world in general. The Trustee Directors complete regular Trustee training and have completed the Pensions Regulator's Trustee Toolkit. It was agreed that the knowledge base and wealth of experience should be retained.

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14 MONTH PERIOD ENDED 31 DECEMBER 2019

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (CONTINUED)

6. Trustee Board independence (continued)

The Trustee Board composition for this Scheme Year ended 31 December 2019 is outlined in the table below.

Trustee Directors	Status	Date Appointed	Date of expiry of first 5-year term of office for non-affiliated purposes
Tony Reynolds	Non-affiliated	12 June 2012*	16 October 2020
Ciaran Brolly	Non-affiliated	1 July 2018	30 June 2023
Carole Ryden (Capital Cranfield Pension Trustees Limited)	Non-affiliated	13 May 2019	12 May 2024
Michael Mulholland	Non-affiliated	12 June 2012*	N/A (Michael retired on 27 December 2019)
John Armstrong	Affiliated	12 June 2012*	N/A (John is an affiliated Trustee Director)
Tony Doran	Affiliated	12 June 2012*	N/A (Tony is an affiliated Trustee Director)

*Note that Tony Reynolds, John Armstrong, Tony Doran and Michael Mulholland sat on the Trustee Board from 12 June 2012. This was prior to the implementation of the Occupational Pension Schemes (Charges and Governance) Regulations (Northern Ireland) 2015 on 17 July 2015, providing until 17 October 2015 to comply with the requirement for an open and transparent appointment process.

Trustee Director appointment process

Appointments of non-affiliated Trustee Directors are open and transparent and conducted in accordance with the Scheme's documented procedure for appointing Trustee Directors.

In seeking to recruit new Trustee Directors, the Trustee Board considers the expertise required, the balance of skills on the Trustee Board and the fitness and propriety of applicants.

Carole Ryden, representing Capital Cranfield Pension Trustees Limited was appointed as a non-affiliated Trustee Director on 13 May 2019. The recruitment process was in accordance with the Scheme's documented procedures for appointing Trustee Directors. This involved advertising the role in Northern Ireland electronically and inviting numerous professional Trustees to submit proposals. The professional Trustee Director was appointed based on key criteria including technical capability, expertise, service offering and value for money. The Chair was consulted on the appointment of the new Trustee Director.

Prior to appointment, the Trustee Director was required to complete an individual fit and proper form outlining how they meet the requirements of honesty and integrity, competence, conduct and financial soundness. They were also required to complete a basic criminal record check and declare any potential conflicts of interest. The new Trustee Director also completed the Pensions Regulator's Trustee Toolkit prior to being appointed.

Carole Ryden is independent of any company which provides, or has provided in the last five years, other services to the Scheme and is deemed non-affiliated.

The terms of office for the Trustee Directors were reviewed in August 2019 in line with the legislative requirements.

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (CONTINUED)

7. Member feedback

The Trustee Board is pleased to hear the views of members and encourage them to make their views about the Scheme known.

The following arrangements are in place to allow the Trustee Board to monitor the perceived quality and service that members are receiving and to identify areas for improvement:

- An annual survey is issued to a sample of active members asking them their views on the following areas:
 - Scheme website
 - Scheme online portal
 - Telephone support
 - Overall customer service
- A member survey is issued to retiring members asking them to rate our customer service in the following areas:
 - Written communication
 - Telephone communication
 - Accuracy
 - Timeliness

and asks for suggestions for providing a better service.

- An investment survey was issued to a sample of active members during the Scheme Year asking them their views on responsible investment, including environmental, social and governance (ESG) factors.
- The welcome pack to new entrants includes a paragraph "We welcome your views", which includes the wording:
"The Trustee of the Scheme are interested to hear your views on any aspect of the Scheme. You may contact us via our website, e-mail: info@workerspensiontrust.co.uk, telephone 028 9087 7142 or write to us at the address below."
- The contact section of the Scheme website includes the wording:
"We would be happy to hear from you and would welcome your feedback on any aspect of the Scheme. Send us your comments or questions using the form below."
- Members can send a query or contact us via Benpal, the member online portal.

Feedback from members is reviewed on a weekly basis to identify any recurring themes or new issues that may have arisen.

There is a Communication Plan which is reviewed annually by the Trustee Board. It considers the best way to encourage members to make their views about the Scheme known.

Four workshops with a number of employers took place during the Scheme Year. This provided an opportunity for employers to share their thoughts directly on several topics including an update on communication, customer service, the authorisation process, group life assurance and social media channels.

WORKERS PENSION TRUST

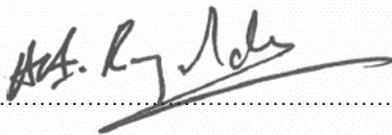
14 MONTH PERIOD ENDED 31 DECEMBER 2019

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (CONTINUED)

8. Further information

Since the outbreak of COVID-19 after the Scheme year-end (31 December 2019), the Trustee Board has taken a number of business continuity measures to ensure the Scheme continues to operate effectively. This is outlined in Appendix 4.

Signed:



Chair of the Trustee Board of Workers Pension Trust

Date: 11 June 2020

WORKERS PENSION TRUST

APPENDIX 1: STATEMENT OF INVESTMENT PRINCIPLES

Workers Pension Trust

Statement of Investment Principles

September 2019

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1. Introduction

This Statement of Investment Principles (“the Statement”) has been prepared by Workers Pension Trust Ltd (hereinafter referred to as the “Trustee”) as Trustee of the Workers Pension Trust (“the Trust”) in accordance with Section 35 of the Pensions Act 1995, as amended, and its attendant Regulations.

The Statement outlines the principles governing the investment policy of the Trust and the activities undertaken by the Trustee to ensure the effective implementation of these principles. It is the **sixth** such Statement prepared for the Trust.

In preparing the Statement, the Trustee has:

- Obtained and considered written advice from a suitably qualified individual, employed by its investment consultants, Mercer a trading name of JLT Benefit Solutions Limited, whom it believes to have a degree of knowledge and experience that is appropriate for the management of the Trust’s investments; and
- Consulted with the Principal Employer, although the Trustee affirms that no aspect of this strategy is restricted by any requirement to obtain the consent of Construction First Ltd, as Principal Employer.

The advice and the consultation process considered the suitability of the Trustee’s investment policy for the Trust.

The Trustee will review the Statement formally at least every three years to ensure its ongoing suitability. Furthermore, the Trustee will review the Statement following any significant change in investment policy. Any changes made to the Statement will be based on written advice from a suitably qualified individual and will follow consultation with the Principal Employer.

2. Investment Responsibilities

2.1 Trustee's duties and responsibilities

The Trustee is responsible for setting the investment objectives and determining the strategy to achieve the objectives. The Trustee carries out its duties and fulfils its responsibilities as a single body. It has considered establishing an investment sub-committee but has decided not to do so, as each of the Trustee Directors wish to contribute directly to the formulation of investment policy and to the monitoring of the Trust's investment managers. Moreover, the trustee body is not so large as to be unwieldy in its operations. Sub-committees may be formed from time to time to examine specific issues.

The duties and responsibilities of the Trustee include, but are not limited to, the following tasks and activities:

- Setting of investment objectives and formulating investment strategy
- Selecting member fund choices
- The regular approval of the content of the Statement
- The appointment and review of the investment managers and investment advisers
- The compliance of the investment arrangements with the principles set out in the Statement

2.2 Investment adviser's duties and responsibilities

The Trustee has appointed Mercer as the independent investment adviser to the Trust. Mercer provides investment advice as required by the Trustee, as well as raising any investment-related issues, of which it believes the Trustee should be aware. Matters on which Mercer expects to provide advice to the Trustee include the following:

- Setting of investment objectives
- Determining investment strategy, asset allocation and structure
- Advising on appropriate member fund choices
- Framing manager mandates
- Selecting and replacing investment managers

The Trustee may seek advice from Mercer with regard to tactical investment decisions (such as deviating temporarily from the strategic asset allocation and may require the timing of entry into, or exit from, an investment market). However, the Trustee recognises that it retains responsibility for all such decisions and notes that it does not expect to take tactical investment decisions in the normal course of events.

Mercer monitors the performance of the Trust's investment managers against their benchmarks. In addition, Mercer is responsible for reviewing the information on total fund costs provided by the investment manager on a quarterly basis and communicating any changes to the Trustee.

Mercer will also advise the Trustee of any significant developments of which it is aware relating to the investment managers, or funds managed by the investment managers in which the Trust is invested, such that in its view there exists a significant concern that any of these funds will not be able to meet its long term objectives. If the investment manager and fund are not covered by Mercer's manager research process, Mercer will advise the Trustee accordingly.

Mercer is remunerated on a fee basis for the investment advice it provides and does not receive any commission in relation to the Trust. The Trustee is satisfied that the investment arrangements, including the charging structure, are clear and transparent.

Both Mercer and the individual investment consultants who advise the Trustee are authorised and regulated by the Financial Conduct Authority ("FCA").

2.3 Investment managers' duties and responsibilities

The Trustee, after considering appropriate investment advice, has appointed a professional, authorised investment manager to manage the assets of the Trust.

Details of the manager's mandate and annual management charges applied by the investment manager are set out in Appendix 2.

The Trustee has decided to offer pooled funds to members to simplify governance and administration. Further, having regards to the size of the Trust, pooled funds provide greater diversification than would be possible using segregated funds.

The Trustee considered a range of active and passive approaches to investment management and assessed these against its investment objectives. The Trustee selected an investment manager having regard to its ability to provide one or more of the identified fund types and its potential to meet the investment objectives of the fund. Before selecting any investment manager, the Trustee ensures that appropriate due diligence is carried out.

The investment manager is responsible for all decisions concerning the selection and de-selection of the individual stocks within the portfolio it manages. The investment manager is also responsible for providing information on the total cost of each investment fund to the investment adviser and the Trustee on a quarterly basis.

In the case of multi-asset and multi-manager mandates, the investment manager is responsible for all decisions concerning the allocation to individual asset classes and to the underlying investment manager, as well as changes in the allocations to individual asset classes and to the underlying investment managers.

The investment manager engaged by the Trustee is authorised and regulated by the FCA.

The investment manager is remunerated by ad valorem charges based on the value of the assets that it manages on behalf of the Trust. These charges are set out in Appendix 2. The Trustee believes that this is the most appropriate basis for remunerating the manager.

2.4 Summary of responsibilities

A summary of the responsibilities of all relevant parties, in so far as they relate to the Trust's investments, is set out at Appendix 4.

3. Investment Objectives

3.1 Overall Investment Objectives

The Trustee's main objective is to provide members with an investment strategy aligned to their needs that will optimise the return on investments in order to build up a savings pot which will be used in retirement.

The Trustee is mindful of its responsibility to provide members with an appropriate range of investment funds and a suitable default strategy. It recognises that in a defined contribution arrangement, members assume the investment risks themselves and that members are exposed to different types of risk at different stages of their working lifetimes.

Details of the approach the Trustee has taken to meet these investment objectives are set out in Section 4.

The Trustee has determined its investment policy in such a way as to address the risks set out in Section 7 of this Statement. To help mitigate the most significant of these risks, the Trustee has:

- Made a lifestyle strategy available as a default option, which transitions members' investment from higher risk investments to lower risk investments as members approach retirement, and
- Offered a range of self-select fund across asset classes.

When deciding on the investment options available to members, the Trustee took into account the expected return on such investments and was mindful to offer a range of funds with varying levels of expected returns for members to choose from.

When it comes to realisation of investments, the Trustee considers the impact of transaction costs before making any changes.

The Trustee will review the investment approach from time to time, and make changes as and when it is considered to be appropriate.

In considering appropriate investments for the Trust, the Trustee will obtain and consider written advice from Mercer, whom the Trustee believes to be suitability qualified to provide such advice. The advice received and arrangements implemented are, in the Trustee's opinion, consistent with the requirements of Section 36 of the Pensions Act 1995, as amended.

The items set out in this Statement are in relation to what the Trustee deems as 'financially material considerations' both for the self-select fund choices of the Trust and the default strategy. The Trustee believes the appropriate time horizon over which to assess these considerations should be based on an individual member's expected membership period. This would be dependent on the members' age and when they expect to retire. It is for this reason that the default is a lifestyle strategy.

3.2 Self-Select Fund Choices

Members can opt out of the default option and can choose to invest in self-select funds instead. The range of investment options covers multiple asset classes and allows members to achieve adequate diversification, and provides appropriate strategic choices for members' different savings objectives, risk profiles and time horizons.

When self-selecting, the balance between funds and asset classes is the member's decision. This balance will determine the expected return on a member's assets and should be related to the member's own risk appetite and tolerance.

Further information on the self-select funds available to members is set out in Section 5.

The Trustee will continue to keep the fund range under review, and will make changes if appropriate.

3.3 Types of investments to be held

The Trustee is permitted to invest across a wide range of asset classes. All of the funds in which the Trust invests are pooled and unitised. Details of each fund can be found in Appendix 2.

3.4 Additional Contributions

The Trust provides a facility for members to pay additional contributions to enhance their benefits at retirement. Members are offered the opportunity to invest additional contributions in the same way as the main scheme investments.

4. Default Investment Strategy

The default option for the Trust will be the WPT Lifestyle Strategy.

Members can opt out of the WPT Lifestyle Strategy and alternative options are described in Section 5.

In determining the investment strategy for the WPT Lifestyle Strategy, the Trustee undertook extensive investigations and has received formal written investment advice from Mercer.

In order to deal with the risks identified in Sections 7 of this Statement, the Trustee has structured the investments of the WPT Lifestyle Strategy as follows:

Type of risk	Investment vehicle	Approach
Investment return	WPT Growth Fund	Global Equity fund
Market volatility risk	WPT/ WPT - E Volatility Reduction Fund	Bond fund
Lump sum	WPT Capital Protection Fund	Liquidity fund
Market switching	All above	15 yearly transition with quarterly switching

Further information is set out below.

4.1 Lifestyle Transition Strategy

The Trustee has set the Trust's investment strategy taking into consideration the requirements of the 2014 Budget and the Finance Act 2014. Changes that came into force in April 2015 removed the requirement for members of Defined Contribution schemes to purchase an annuity at retirement.

Members are able to buy an annuity at retirement, should they so wish, and also have an option of taking up to 100% of their funds as cash, part of which would be subject to their marginal tax rate. Members are also able to take a transfer value of their fund in order to benefit from further flexibilities such as the ability to be able to drawdown their investments over a period of time.

The Trustee has assumed responsibility for setting an investment strategy that provides a broad level of protection against the key risks identified above. To do this requires a transition of investments from growth assets into protection assets as a member approaches Normal Retirement Age – this is known as a lifestyle transition strategy.

An initial 'Foundation phase' is utilised for members below the age of 30. The use of a Foundation stage was driven by the desire to encourage a savings habit for younger members, and the view that saving could be discouraged if significant losses were experienced in early years. Equally, the size of members' accumulated funds is relatively small at young ages and therefore the amount of investment risk taken has a relatively limited impact on the final size of the accumulated fund.

From the age of 30 the member's assets are invested in the WPT Growth Fund.

From the age of 50, the member's assets are then gradually switched to a combination of the WPT Volatility Reduction Fund and the WPT Capital Protection Fund as a member approaches Normal Retirement Age.

The WPT Volatility Reduction Fund for WPT members aims to provide some form of investment growth with lower volatility compared to equities. As a member approaches retirement a larger proportion of their assets are invested into the WPT Capital Protection Fund to protect the nominal value of the member's assets.

The use of a lifestyling strategy, helps to reduce Market Switching Risk. In particular, the transition from growth assets to protection assets is undertaken on a quarterly basis over a fifteen year period so that little reliance is placed on market conditions on any one transition date.

Furthermore, no negative switching is permitted during the transition period – for example during the period from age 50, the transition approach does not permit the sale of protection assets and re-purchase of growth assets if the value of growth assets has fallen relative to the value of protection assets.

More details of the asset transition process are set out in Appendix 1.

In summary, by investing in the manner outlined above, the Trustee expects to deliver growth over the member's lifetime within the Trust without excessive risk taking, with an increased focus in the final fifteen years of reducing volatility to enable members approaching retirement to make financial plans for the period after retirement. The Trustee considers this approach to be in the best interests of relevant members and relevant beneficiaries.

The objectives set out above and the risks and other factors referenced in this Statement are those that the Trustee considers to be financially material considerations in relation to the default investment strategy. The Trustee believes that the appropriate time horizon over which to assess these considerations should be based on an individual member's expected membership period. This would be dependent on the members' age and when they expect to retire.

Taking into account the demographics of the Trust membership and the Trustee's views of the benefits members will take at retirement, the Trustee believes that the current default is appropriate. The Trustee will continue to review this over time, at least triennially, or after any significant changes to the Trust's demographic, if sooner. A list of triggers has been compiled, which will instigate a review of the Trusts' investments at regular intervals. The list is as follows:

- Over / Under performance of funds
- Introduction of new investment vehicles
- Changes to any Fund Manager
- Changes to, or new information in relation to fund charges
- Changing retirement trends
- Trends in retirement decisions
- Ad-hoc external factors e.g. budget changes

The above list is indicative, not exhaustive.

4.2 WPT Growth Fund

In determining appropriate investments for the WPT Growth Fund, the Trustee has set an objective to maximise the potential for investment growth, subject to an appropriate level of investment charge.

The WPT Growth Fund currently invests solely in LGIM's Global Equity Fixed Weights (50:50) Index Fund. This fund has a 50% UK allocation, with the 50% overseas allocation being broadly split in equal thirds between US, Europe and Asia Pacific.

The Trustee notes that a 50% allocation to the UK reflects the currency of the members' benefits, whilst the equal allocation to the overseas markets provides a reasonable level of diversification away from the UK, but not biased towards one particular region.

The Trustee will continue to monitor the suitability of this approach and the use of LGIM's Global Equity Fixed Weights (50:50) Index Fund and will make changes if appropriate.

4.3 WPT Volatility Reduction Fund

In determining appropriate investments for the WPT and WPTE Volatility Reduction Funds, the Trustee has set an objective to provide some form of investment growth with lower volatility compared to equities. The latter fund was transferred from the Construction Pension Scheme Northern Ireland and is available to former members of that scheme.

The Trustee has agreed to invest both the WPT and WPTE Volatility Reduction Fund assets split equally between LGIM's Under 15 Year Index Linked Gilt Fund and LGIM's All Stocks 6A Corporate Bond Fund.

The use of the Under 15 Year Index Linked Gilt Fund provides some protection against higher than expected inflation, whilst the All Stocks 6A Corporate Bond Fund should over the long term provide a higher return than investing in cash or Government securities.

The Trustee will review the use of the WPT Volatility Reduction Fund from time to time and make changes if appropriate.

4.4 WPT Capital Protection Fund

In determining appropriate investments for the WPT Capital Protection Fund, the Trustee has set an objective to reduce the risk of falls in the capital value of a member's investments.

The Trustee has agreed to invest the WPT Capital Protection Fund's assets in LGIM's Sterling Liquidity Fund.

This fund invests across a range of high quality money market instruments. These will largely be invested in commercial banks and therefore the capital value cannot be guaranteed. However, because of the conservative manner in which the fund is managed by LGIM, the diversification within the fund and the high quality of the investments, the risk of capital reduction is relatively low.

The principal investment objective of the Sterling Liquidity Fund is to provide capital stability, liquidity and diversification while providing a competitive level of return and it is measured against the 7 Day LIBID rate. This type of fund helps to protect members against "lump sum" risk.

4.5 Members' Best Interests

The Trustee will carry out an investment review triennially or following any significant change in membership, covering not only the performance of the default strategy, but also its design to ensure that it continues to remain appropriate for the membership profile. This is in addition to more regular performance monitoring, which takes place quarterly. The Trustee will evolve the strategy in line with the Trust membership characteristics so that assets are invested in the best interests of the members in the default investment strategy.

5. Self-Select Fund Choices

Members can opt out of the WPT Lifestyle Fund and have the option to invest in the WPT Growth Fund, the WPT Volatility Reduction Fund and the WPT Capital Protection Fund on a stand-alone basis.

The Trustee has also made available the WPT Annuity Protection Fund and the WPT Diversified Fund. WPT members also have the option of investing in the WPT Index Linked Gilt Fund.

The WPT Annuity Protection Fund exists to reduce the annuity rate risk for members wishing to purchase an annuity at retirement.

The Trustee has agreed to invest the WPT Annuity Protection Fund assets in the Pre-Retirement Fund (PRF) managed by Legal and General Investment Management (LGIM). The PRF aims to invest in assets that reflect the investments underlying a typical non-inflation linked pension annuity product and its investments are regularly reviewed by LGIM. The Trustee will review the use of the PRF from time to time and make changes if appropriate.

The WPT Index Linked Gilt Fund currently invests in LGIM's over 5 Year Index Linked Gilt Fund and is available to former members of the Construction Pension Scheme Northern Ireland.

In making available the WPT Diversified Fund, the Trustee is aware that DC members carry investment risk themselves and that the use of Diversified Growth Funds (DGFs) would give greater protection against capital falls than equities and can be very beneficial to the member's investment experience.

DGFs typically aim to provide equity like returns (typically taken as LIBOR plus around 3.5% to 4.0% net of fees) over the long term, but with a lower volatility than an investment in equities. That is, DGFs are trying to achieve a similar long term target return to equities but with lower fluctuations in value along the way.

The Trustee has agreed to invest the assets of the WPT Diversified Fund into the LGIM Diversified Fund. The Trustee considered a range of approaches, and decided that this fund met its investment objectives.

The LGIM Diversified Fund is a type of DGF, holding between 20% and 50% in bonds and the remaining 50% to 80% is held in a range of assets which may include equities, bonds, property, commodities and listed infrastructure, private equity and global real estate companies. The exposure to each asset class will primarily be through investing in passively managed funds, although active management may be used for some asset classes where LGIM believes there is an advantage in doing so. The Fund aims to provide long-term investment growth through exposure to a diversified range of asset classes.

The Trustee will continue to keep the fund range under review, and also the suitability of this type of investment approach for the WPT Diversified Fund and make changes to this approach if appropriate.

6. Responsible Investing

6.1 Financially Material Considerations

The Trustee considers many risks which it anticipates could impact the financial performance of the Trust's investments. In considering the appropriate time horizon over which such issues should be considered, the Trustee believes these should be viewed at a member level. Such risks are set out in the next section of this statement.

The Trustee recognises that environmental, social and corporate governance ("ESG") factors, such as climate change, can have a financially material impact over the investment risk and return outcomes of the Trust's portfolio and it is therefore in members' best interests that these factors are taken into account within the investment process.

The Trustee further recognises that investing with a manager who approaches investments in a responsible way and takes account of ESG related risks may lead to better risk adjusted performance results as omitting these risks in investment analysis could skew the results and underestimate the level of overall risk being taken. Therefore, other factors being equal, the Trustee would seek to invest in funds which incorporate ESG principles.

The Trustee notes that the Trust's assets are currently held with Legal and General Investment Management. The Trustee is satisfied that the manager takes an active approach to voting and engaging with the companies in which it invests, to encourage long term, responsible corporate behaviour.

The Trustee is in the process of reviewing the investment strategy for the Trust, and as part of this review is considering how to further incorporate ESG principles within both the WPT Lifestyle Strategy and the optional funds available to members.

The Trustee aims to complete the review of investment strategy within three to six months. Once the review is completed, the Trustee will communicate the outcome of the review to members, and will also update this Statement.

The Trustee also undertakes a review of the SIP on an annual basis, and as part of that review will include an annual review of ESG considerations to make sure that its policy evolves in line with emerging trends and developments.

The Trustee is therefore satisfied that ESG factors are appropriately reflected in the overall investment approach.

6.2 Non-Financial Matters

The Trustee has determined that the financial interests of the Trust's members are the first priority when choosing investments.

They have sought members' views on ESG issues, and as part of the ongoing strategy review, will consider non-financial matters, such as ethical views, and whether to actively seek members' preferences on non-financial matters when setting the investment strategy for the Trust.

The Trustee will also review the policy on non-financial matters at future reviews of this Statement.

6.3 Stewardship Policy

The Trust is invested solely in pooled investment funds. The Trustee's policy is to delegate responsibility for engaging with, monitoring investee companies and exercising voting rights to the pooled fund investment manager and expects the investment manager to use its discretion to act in the long term financial interests of investors.

If the Trustee is specifically invited to vote on a matter relating to corporate policy, the Trustee would exercise its right in accordance with what it believes to be in the best interests of the majority of the Trust's membership.

7. Risk

The Trustee is aware, and seeks to take account, of a number of risks in relation to the Trust's investments, including those set out below. Under the Pensions Act 2004, the Trustee is required to state its policy regarding the ways in which risks are to be measured and managed. These are also set out below.

Solvency risk and mismatching risk

- Solvency risk is not directly relevant to a DC scheme.
- Mismatching risk is addressed by the use of Protection Funds as described within this Statement as a member nears Normal Retirement Age.

Manager risk

- This is assessed as the expected deviation of the prospective risk and return, as set out in the managers' objectives, relative to the investment policy.
- It is measured by investing the majority of the Trust's assets with a passive investment manager whose aim is to track the benchmark, by monitoring the actual deviation of returns relative to the objective and factors supporting the managers' investment process through the quarterly performance updates received by the Trustee, together with information and explanation from the investment manager and from Mercer if performance is not in line with expectations.

Investment Return Risk

- The risk is that a member is not invested in those asset classes that are expected to generate the highest returns over the long run.
- To manage this risk the Trustees make available a range of funds across various asset classes, and within the default strategy make use of the WPT Growth Fund, which is an equity based fund, for the accumulation phase.

Pension Conversion Risk

- This is the risk that a member is invested in a strategy that does not reflect the way in which they intend to access their savings at retirement.
- The Trustee makes available a range of funds which enable members to manage this risk.
- The Trustee will review the default strategy at least triennially to assess whether the targeted destination remains appropriate.

Lump Sum Risk

- The risk is that, when close to retirement, a member has invested the part of his/her fund that will be used to provide a lump sum in those asset classes (every type except cash), which are subject to volatility in capital-value terms.
- To manage this risk the investments within the default lifestyle strategy transition to the WPT Capital Protection Fund as a member approaches their normal retirement age.

Market Switching Risk

- The risk arises if there is to be switching between investment vehicles. The risk is that large investment switches are made at one point in time, thereby unnecessarily exposing members to unfavourable market pricing on a particular day.
- This risk is managed by de-risking switches being undertaken on a quarterly basis over a 15 year transition period within the default lifestyle strategy.

Inflation Risk

- This is the risk that a member's investments will not grow quickly enough to sufficiently outpace inflation (the cost of living).
- To manage this risk the Trustees make available a range of funds across various asset classes, with the majority expected to keep pace with inflation.

Currency Risk

- This is the risk that occurs when the price of one currency moves relative to another (reference) currency. In the context of a UK pension scheme, the scheme may be invested in overseas stocks or assets, which are either directly or indirectly linked to a currency other than Sterling. There is a risk that the price of that overseas currency will move in such a way that devalues that currency relative to Sterling, thus negatively impacting the overall investment return.
- The members have exposure to currency risk through the WPT Growth Fund. This exposure is managed by reducing and removing the WPT Growth Fund allocation towards a member's chosen retirement age and by making available a range of alternative funds for members to choose to invest in.

Credit Risk

- This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- The assessment of credit risk on individual debt instruments is the responsibility of the investment manager.
- The Trust invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.
- The Trust's holdings in pooled investment vehicles are unrated. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager and the regulatory environments in which the investment manager operates.

Liquidity risk

- This is monitored according to the level of cash flows required by the Trust over a specified period.
- It is managed by investing only in readily realisable pooled funds that can be bought and sold on a daily basis.

Political risk

- This is measured by the level of concentration of any one market leading to the risk of an adverse influence on investment values arising from political intervention.
- It is managed by regular reviews of the investments and through investing in funds which give a wide degree of diversification.

Corporate governance risk

- This is assessed by reviewing the Trust's investment managers' policies regarding corporate governance.
- It is managed by delegating the exercise of voting rights to the managers, who exercise this right in accordance with their published corporate governance policies. Summaries of these policies are provided to the Trustee from time to time.

Sponsor risk

- This is not directly relevant for a DC scheme in relation to the benefits of individual members, as these are derived from the value of the member's accumulated fund.
- However, it is relevant in terms of the level of ability and degree of willingness of the sponsor to support the continuation of the Trust.
- This risk is mitigated by the Trustee maintaining a reserve account, which can be used to manage the Trust's orderly wind up in the event of the Sponsor being unable to provide continued support.

Other price risk

- This is the risk that principally arises in relation to the return seeking assets such as equities.
- The members have exposure to other price risk through the WPT Growth Fund within the default strategy. This exposure is managed by reducing and removing the WPT Growth Fund allocation towards a member's chosen retirement age and by making available a range of alternative funds for members to choose to invest in.

ESG Risk

- This is the risk that Environmental, Social or Corporate Governance concerns, including climate change, have a financially material impact on the return of the Trust's assets.
- The Trustee manages this risk by investing with a well-respected investment manager which takes an active approach to engaging with and influencing its investee companies and by a regular review of ESG considerations to make sure that the Trustee's policy evolves with emerging trends and developments.

8. Monitoring of Investment Adviser and Manager

8.1 Investment adviser

The Trustee continually assesses and reviews the performance of its adviser in a qualitative way.

8.2 Investment manager

The Trustee receives quarterly information from the investment manager to assess whether the Trust's investments are performing in line with expectations.

The Trustee reviews investment manager performance at each Trustee meeting, and requests advice from Mercer where there are questions or concerns.

Mercer will advise the Trustee of any significant developments of which it is aware relating to the investment manager, or funds managed by the investment manager in which the assets of the Trust are invested, such that in Mercer's view there exists a significant concern that these funds will not be able to meet their long term objectives.

9. Code of Best Practice

The Pensions Regulator's code on standards for DC schemes came into effect in November 2013 as part of a wider initiative to improve governance and member outcomes for DC schemes. This was updated further on 28 July 2016 and this revised version is shorter and simpler than its predecessor and has been updated to include the DC flexibilities and governance legislation introduced from April 2015.

The Code of Practice 13 on the governance and administration of occupational DC trust based schemes places a greater emphasis on good quality investment arrangements and stricter requirements for reviewing these on the Trustee. Particular attention has to be paid to the design of default strategies and on-going monitoring of their continuing suitability for scheme membership. The Code can be found here:

<https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-13-governance-and-administration-of-occupational-trust-based-schemes-providing-money-purchase>

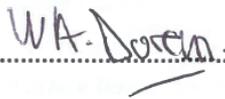
When formulating their investment policy, the Trustee has acted in line with the Code of Practice 13.

10. Compliance

The Trust's Statement of Investment Principles is available on its website: <https://workerspensiontrust.co.uk/>. The annual report and accounts is available to members on request.

A copy of the Trust's current Statement plus Appendices is also supplied to the Principal Employer, the Trust's auditors and administrators.

This Statement of Investment Principles, taken as a whole with the Appendices was approved by the Trustee on

Signed on behalf of the Workers Pension Trust Limited		
On	<u>25-09-2019</u>	<u>25-09-2019</u>
Full Name	<u>WILLIAM A DORAN</u>	<u>JOHN R ARMSTRONG</u>
Position	<u>TRUSTEE DIRECTOR</u>	<u>TRUSTEE DIRECTOR</u>

Appendix 1: Lifestyle Transition Strategy

The table below sets out some of the key stages of the lifestyling transition for the WPT Lifestyle Strategy.

Age	WPT Growth Fund	WPT/ WPT- E Volatility Reduction Fund*	WPT Capital Protection Fund
30 and below	50.0%	0.0%	50.0%
31	75.0%	0.0%	25.0%
32 to 49	100.0%	0.0%	0.0%
50	100.0%	0.0%	0.0%
51	96.0%	4.0%	0.0%
52	92.0%	8.0%	0.0%
53	88.0%	12.0%	0.0%
54	84.0%	16.0%	0.0%
55	80.0%	20.0%	0.0%
56	69.0%	26.0%	5.0%
57	58.0%	32.0%	10.0%
58	47.0%	38.0%	15.0%
59	36.0%	44.0%	20.0%
60	25.0%	50.0%	25.0%
61	20.0%	40.0%	40.0%
62	15.0%	30.0%	55.0%
63	10.0%	20.0%	70.0%
64	5.0%	10.0%	85.0%
65	0.0%	0.0%	100.0%

* The WPTE Volatility Reduction Fund was transferred from the Construction Pension Scheme Northern Ireland and is used for former members of that scheme.

It has also been agreed that:

- Switches will be implemented on a quarterly basis
- No negative switching will be permitted

The Trustee will review the suitability of the above and will make changes if appropriate.

Appendix 2: Investment Manager Information

The Trust invests with Legal and General Investment Management ("LGIM").

The Trustee monitors the suitability of the funds used on an ongoing basis and make changes as they consider appropriate.

The table below shows the details of the mandate(s) with the manager:

Investment funds

Investment manager/ fund	Fund benchmark	Objective	Dealing frequency	Annual investment management fees ¹	Additional Ongoing charges ⁵
WPT Growth Fund					
LGIM Global Equity (50:50) Index Fund	Composite Index of 50% UK equities and 50% overseas equities	To track the benchmark	Daily	0.145% p.a.	0.02% p.a.
WPT/ WPT-E Volatility Reduction Fund²					
50% LGIM Under 15 Year Index Linked Gilt Fund and 50% LGIM All Stocks 6A Corporate Bond Fund	50% FTSE A Index-Linked (Under 15 Year) Index and 50% Markit iBoxx £ Non-Gilts (ex-BBB) Index	To track the benchmark	Daily	0.125%p.a.	nil
WPT Capital Protection Fund					
LGIM Sterling Liquidity Fund	7 Day LIBID	The principal investment objective of the Sterling Liquidity Fund is to provide capital stability, liquidity and diversification while providing a competitive level of return	Daily	0.110% p.a. (Discount Applied)	0.01% p.a.
Additional Freestyle Funds					
WPT Diversified Fund					
LGIM Diversified Fund	FTSE Developed World Index (50% hedged to GBP),	To provide long-term investment growth through exposure to a diversified range of asset classes.	Daily	0.30% p.a.	0.03% p.a.
WPT Annuity Protection Fund					
LGIM Pre-Retirement Fund ³	A composite of gilts and corporate bond funds that will vary	The Fund aims to provide diversified exposure to assets that reflect the	Daily	0.15% p.a.	nil

over time according to the appropriate asset mix. investments underlying a typical traditional level annuity product.

WPT Index Linked Gilt Fund⁴

Index Linked Gilts Fund - LGIM Over 5 Year Index-Linked Gilt Fund	FTSE A Index-Linked (over 5 year) Index	To track the benchmark	Daily	0.10% p.a.	nil
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¹ These are LGIM's Annual Management Charges, which are met by the Trustee from the scheme administration charges paid by members.

² The WPTE Volatility Reduction Fund was transferred from the Construction Pension Scheme Northern Ireland and is available to former members of that scheme.

³ The PRF aims to invest in assets that reflect the investments underlying a typical non-inflation linked pension annuity product. The benchmark is the current position, which will be reviewed from time to time by LGIM and may be subject to change.

⁴ The WPT Index Linked Gilt Fund is available to former members of the Construction Pension Scheme Northern Ireland.

⁵ Additional ongoing charges may vary from time to time.

The figures above exclude fund transaction costs, which will vary from year to year. Details of these are included in the Chair's annual statement.

Appendix 3: Responsibilities of Parties

Trustee

The Trustee's responsibilities include the following:

- Reviewing at least triennially and more frequently if necessary, the content of this Statement in consultation with the Investment Adviser and modifying it if deemed appropriate
- Appointing the Investment Managers
- Assessing the quality of the performance and processes of the Investment Managers by means of regular reviews of investment returns and other relevant information, in consultation with the Investment Adviser
- Consulting with the Principal Employer regarding any proposed amendments to this Statement
- Monitoring compliance of the investment arrangements with this Statement on a continuing basis

Investment adviser

The Investment Adviser's responsibilities include the following:

- Participating with the Trustee in reviews of the Statement of Investment Principles
- Production of quarterly independent performance monitoring reports
- Advising of any significant developments of which it is aware relating to the investment managers, or funds managed by the investment managers in which the Trust is invested, such that in its view there exists a significant concern that any of these funds will not be able to meet its long term objectives. If the investment manager and fund are not covered by Mercer's manager research process, Mercer will advise the Trustee accordingly
- Updating the Trustee on changes in the investment environment, and advising the Trustee, at its request, on how such changes could present either opportunities or problems for the Trust
- Undertaking project work, as requested, including:
 - » Reviews of asset allocation policy and fund range; and
 - » Research into and reviews of Investment Managers.
- Advising on the selection of new managers and/or custodian
- Reviewing the information on total fund costs provided by the investment manager on a quarterly basis and communicating any changes to the Trustee

Investment manager

The Investment Manager's responsibilities include the following:

- Providing the Trustee on a quarterly basis (or as frequently as required) with a statement and valuation of the assets and a report on their actions and future intentions, and any changes to the processes applied to their portfolios
- Informing the Trustee of any changes in the internal performance objectives and guidelines of any pooled fund in which the Trust is directly invested as and when they occur
- Having regard to the need for diversification of investments, so far as appropriate for the particular mandate, and to the suitability of investments
- Providing information on the total cost of each investment fund to the investment adviser and the Trustee on a quarterly basis.

Administrator

The Administrator's responsibilities include the following:

- Ensure members' contributions are invested/disinvested appropriately, including ensuring that the Lifestyle Transition Strategy is implemented in accordance with the Trustee's instructions
- Drawing down funds appropriately and paying benefits to members in accordance with instructions

Custodian

The Custodian's responsibilities within the pooled funds include the following:

- The safekeeping of the assets of the Trust
- Undertaking all appropriate administration relating to the Trust's assets
- Processing all dividends and tax reclaims in a timely manner
- Dealing with corporate actions

WORKERS PENSION TRUST

APPENDIX 2a: CUMULATIVE EFFECT OF CHARGES (WPT)

Appendix 2a Cumulative effect of charges

The compounding effect of charges on a WPT active member's retirement savings account can be illustrated as follows:

Illustrations for an "Average" WPT member				
Years from now	WPT Lifestyle Strategy		WPT Growth Fund	
	Retirement Savings Account: Before Charges	Retirement Savings Account: After Charges and costs deducted	Retirement Savings Account: Before Charges	Retirement Savings Account: After Charges and costs deducted
1	£3,236	£3,199	£3,236	£3,199
3	£6,885	£6,752	£6,885	£6,752
5	£10,825	£10,564	£10,825	£10,564
10	£22,099	£21,354	£22,099	£21,354
15	£35,418	£33,900	£35,753	£34,219
20	£48,613	£46,093	£52,286	£49,557
25	£57,324	£53,862	£72,308	£67,845
26	£58,515	£54,884	£76,793	£71,905
Total Fees	£3,093		£3,342	
Assumptions				
<p>The above illustrations have been produced for an "average" member of the Scheme based on the Scheme's membership data. The majority of members are invested in the WPT Lifestyle Strategy, which is the "Default Strategy" for members who do not make an investment decision. The WPT Lifestyle Strategy comprises the WPT Growth Fund, the WPT Capital Protection Fund and WPT Volatility Reduction Fund. Further details are set out in section 1 of the Chair's Statement.</p> <p>The illustration for the WPT Lifestyle Strategy assumes the member's asset allocation remains fully invested in the current default strategy.</p> <p>An illustration is also shown for the WPT Growth Fund, which is the most popular self-select fund chosen by members who have opted out of the WPT Lifestyle Strategy. The illustration for the WPT Growth Fund assumes 100% of the member's retirement savings is invested in that fund up to age 65. The results are presented in real terms, i.e. in today's money, to help members have a better understanding of what their retirement savings could buy in today's terms, should they invest in the funds above as shown.</p> <p>You will note that the total fee figure is lower than the difference between the retirement savings account size before and after fees. The total fee reflects what has actually been taken from the retirement savings account to pay for the management of assets and other expenses, whereas the difference between before and after retirement savings account fee values reflects the effect of the lost investment returns on the fees charged.</p> <p>You will note that the figures for the WPT Lifestyle Strategy for the first 10 years are the same as the WPT Growth Fund. This is because a member would be fully invested in the WPT Growth Fund as part of the WPT Lifestyle Strategy from the age of 32 to 49.</p> <p>The lower projected fund value for the WPT- E Lifestyle Strategy reflects the automatic reduction in investment risk as a member approaches age 65. This is to protect the value of the retirement savings against the falls that can be experienced in stock markets.</p>				
Age	39 (the average age of the Scheme's membership)			
Scheme Retirement Age	65			

WORKERS PENSION TRUST

APPENDIX 2a: CUMULATIVE EFFECT OF CHARGES (WPT)

Starting Retirement Savings Account Size	£1,514 <i>(the average retirement savings account size of the Scheme's membership)</i>
Starting Salary	£20,137 <i>(the average salary of the Scheme's membership)</i>
Fund Charges allowed for	0.3% Annual Management Charge 1.8% Contribution based charge Plus transaction costs and on-going expenses based on information from the current Scheme year
Inflation	2.5% p.a.
Rate of Salary Growth	2.5% p.a. <i>(i.e. inflation)</i>
Employer annual contributions	3% p.a. <i>(auto-enrolment minimums from April 2019)</i>
Employee annual contributions	5% p.a. <i>(auto-enrolment minimums from April 2019)</i>
Expected future nominal returns on investment:	
<ul style="list-style-type: none"> • Default Strategy <ol style="list-style-type: none"> 1. WPT Growth Fund 6.5% p.a. 2. WPT Volatility Reduction Fund 2.1% p.a. 3. WPT Capital Protection Fund 1.4% p.a. • WPT Growth Fund 6.5% p.a. 	

APPENDIX 2b: CUMULATIVE EFFECT OF CHARGES (WPT-E)

Appendix 2b Cumulative effect of charges

The compounding effect of charges on a WPT-E active member's retirement savings account can be illustrated as follows:

Illustrations for an "Average" WPT-E member				
	WPT-E Lifestyle Strategy		WPT-E Growth Fund	
Years from now	Retirement Savings Account: Before Charges	Retirement Savings Account: After Charges and costs deducted	Retirement Savings Account: Before Charges	Retirement Savings Account: After Charges and costs deducted
1	£7,642	£7,593	£7,642	£7,593
3	£12,869	£12,659	£12,869	£12,659
5	£18,512	£18,047	£18,512	£18,047
10	£34,150	£32,575	£34,663	£33,061
15	£49,328	£46,047	£54,222	£50,575
20	£60,029	£54,887	£77,906	£71,003
Total Fees	£4,794		£5,308	
Assumptions				
<p>The above illustrations have been produced for an "average" member of the Scheme based on the Scheme's membership data. The majority of members are invested in the WPT-E Lifestyle Strategy, which is the "Default Strategy" for members who do not make an investment decision. The WPT-E Lifestyle Strategy comprises the WPT Growth Fund, the WPT Capital Protection Fund and WPT Volatility Reduction Fund. Further details are set out in section 1 of the Chair's Statement.</p> <p>The illustration for the WPT-E Lifestyle Strategy assumes the member's asset allocation remains fully invested in the current default strategy.</p> <p>An illustration is also shown for the WPT Growth Fund, which is the most popular self-select fund chosen by members who have opted out of the WPT-E Lifestyle Strategy. The illustration for the WPT Growth Fund assumes 100% of the member's assets are invested in that fund up to age 65. The results are presented in real terms, i.e. in today's money, to help members have a better understanding of what their retirement savings could buy in today's terms, should they invest in the funds above as shown.</p> <p>You will note that the total fee figure is lower than the difference between the retirement savings account size before and after fees. The total fee reflects what has actually been taken from the retirement savings account to pay for the management of assets and other expenses, whereas the difference between before and after fee retirement savings account values reflects the effect of the lost investment returns on the fees charged.</p> <p>You will note that the figures for the WPT-E Lifestyle Strategy for the first 5 years are the same as the WPT-E Growth Fund. This is because a member would be fully invested in the WPT-E Growth Fund as part of the WPT-E Lifestyle Strategy from the age of 32 to 49.</p> <p>The lower projected fund value for the WPT-E Lifestyle Strategy reflects the automatic reduction in investment risk as a member approaches age 65. This is to protect the value of the retirement savings account against the falls that can be experienced in stock markets.</p>				
Age	45 (<i>the average age of the Scheme's membership</i>)			
Scheme Retirement Age	65			

WORKERS PENSION TRUST

APPENDIX 2b: CUMULATIVE EFFECT OF CHARGES (WPT-E)

Starting Retirement Savings Account Size	£5,175 <i>(the average retirement savings account size of the Scheme's membership)</i>
Starting Salary	£24,378 <i>(the average salary of the Scheme's membership)</i>
Fund Charges allowed for	0.75% Annual Management Charge Plus transaction costs and on-going expenses based on information from the current Scheme year
Inflation	2.5% p.a.
Rate of Salary Growth	2.5% p.a. <i>(i.e. inflation)</i>
Employer annual contributions	4% p.a.
Employee annual contributions	5% p.a.
Expected future nominal returns on investment:	
• Default Strategy	
3. WPT Growth Fund	6.5% p.a.
4. WPT Volatility Reduction Fund	2.1% p.a.
4. WPT Capital Protection Fund	1.4% p.a.
• WPT Growth Fund	6.5% p.a.



Value for Members' Report

December 2019





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Members' Summary

Dear Member

Welcome

This document is important to you because it confirms how your scheme, Workers Pension Trust ('WPT' or 'the Scheme' for short), provides value for its members in return for the charges they pay to the Scheme.

The Trustee Board, the people who look after the Scheme, is responsible for putting together this document.

What do we mean by Value for Members?

In providing evidence that WPT provides value for members, the Trustee Board appreciates that low costs do not in themselves mean better value and therefore has also considered other aspects such as:

- the quality of customer service
- member communications and support
- scheme design
- the efficiency of administrative services
- the robustness of scheme governance
- fund management and performance of the funds in the context of the investment objectives

WPT operates on a not-for-profit basis which means that any income or reserves of the company may only be used for the benefit of members. The Scheme, therefore, only takes the costs needed to manage your retirement savings. The charges paid by members are as follows:

1. Contribution Charge

A monthly contribution charge of 1.8% is deducted on each contribution going into a member's retirement savings.

For example: if £80 is added to your savings each month, the contribution charge would be £1.44 per month or a total of £17.28 per year.

2. Annual Management Charge (AMC)

An AMC of 0.3% is deducted from the value of your retirement savings each year.

For example: if your retirement savings are worth £5,000 this means that the AMC for that year would be £15.00.

The combined total of the above charges is equal to approximately 0.496%, well below the annual charges cap determined by legislation which is currently 0.75%.

This report outlines the value members receive for paying these charges.



A summary of how WPT delivers value for members, in return for the charges they pay, is as follows:

1. How we run the Scheme (governance)

- ✓ The Scheme is set up under Trust law to ensure that members' retirement savings are protected
- ✓ WPT is run by a Trustee Board which is accountable for all Scheme functions
- ✓ The Trustee Board maintains quality standards through Master Trust Assurance and Master Trust Authorisation
- ✓ The Trustee Board is supported by the expertise and experience of several advisers and service providers
- ✓ Advisers and service providers are monitored and reviewed to ensure they deliver to high standards

Further details can be found in section 1.

2. How we meet members' needs (design)

- ✓ Open to all
- ✓ Flexible contributions
- ✓ Optional group life assurance

Further details can be found in section 2.

3. How we grow and protect your money (investments)

- ✓ The Trustee Board considers professional investment advice from its Investment Consultant
- ✓ The investment strategy / plan is reviewed each year
- ✓ A 'default lifestyle strategy / plan' is in place for members who do not wish to make their own investment decisions
- ✓ Investment performance is reviewed to ensure it has been in line with targets set. The Investment Manager has met or exceeded the targets set

Further details can be found in section 3.

4. How we operate (administration)

- ✓ The Trustee Board monitors the administrators against targets to maintain service standards
- ✓ High standards of record keeping are maintained
- ✓ Member data is held securely
- ✓ Member complaints are handled effectively

Further details can be found in section 4.



5. How we keep in touch with members (communication)

- ✓ A key strength of WPT is its on-site customer service team as demonstrated by the high levels of member satisfaction
- ✓ The average satisfaction rate of retiring members was 9 out of 10
- ✓ The Trustee Board uses surveys to learn members' views
- ✓ The Benpal online portal allows members quick and easy access to details of their retirement savings
- ✓ The Trustee Board has a communications plan which it reviews and updates each year

Further details can be found in section 5.

6. How we keep running costs low (charges)

- ✓ Combined charges of 0.496% are less than two thirds of the limit set by the Government
- ✓ WPT's costs are comparable with similar schemes
- ✓ The funds that WPT offer help to keep costs low
- ✓ Following negotiations with Legal & General, WPT gained a reduction in the fee charged for the WPT Growth fund in December 2019. This helps to keep charges to members at a competitive level.

Further details can be found in section 6.



Highlights since our last report

Since the last report in 2018 the Trustee Board has been extremely busy.

Key highlights are as follows:

- ✓ Membership has increased from 75,574 to 101,879 as at the end of December 2019.
This is good news because the growth in the Scheme provides evidence that employers believe WPT to be a reputable scheme.
- ✓ The total value of funds invested increased from £130m to £218m.
This is good news because it puts the Trustee Board in a better position to negotiate fees paid to the Investment Manager.
- ✓ Workers Pension Trust transferred in 16,800 members from Enhance, a scheme owned by the same parent company. The total value of these funds was £75 million.
This is good news because it allows the former members of Enhance to be looked after by the same Trustee Board rather than having to find another Scheme. The negotiating powers of the Trustee Board in dealing with advisers and service providers tends to increase when the Scheme grows significantly.
- ✓ In June 2019 we launched Benpal, our secure online member portal which allows members quick and easy access to their retirement savings account.
This is good news because it gives members access to their retirement savings account 24 hours a day, 7 days a week, 365 days of the year.
- ✓ In August 2019, Workers Pension Trust became the first Northern Ireland based pension provider to be awarded Master Trust Authorisation from the Pensions Regulator.
This is good news because it provides evidence that WPT has high standards of governance and efficient administration.
- ✓ In November 2019, WPT was shortlisted for 'Master Trust offering of the Year' by the UK Pension Age awards.
This is good news because it acknowledges our skills in growing a pension scheme and means that we are well respected in the UK pensions market.
- ✓ In December 2019, Legal & General reduced the fee for the WPT growth fund from 0.145% to 0.075%. Thanks to our review and negotiations with Legal & General the fee was almost halved.
This is good news because it helps to keep costs as competitive as possible.



1. How we run the Scheme (governance)

The Trustee Board

The Scheme is set up under Trust law to ensure that members' retirement savings are protected.

The body responsible for running the Scheme is the Trustee Board, Workers Pension Trust Limited.

The Trustee Board is responsible for ensuring that:

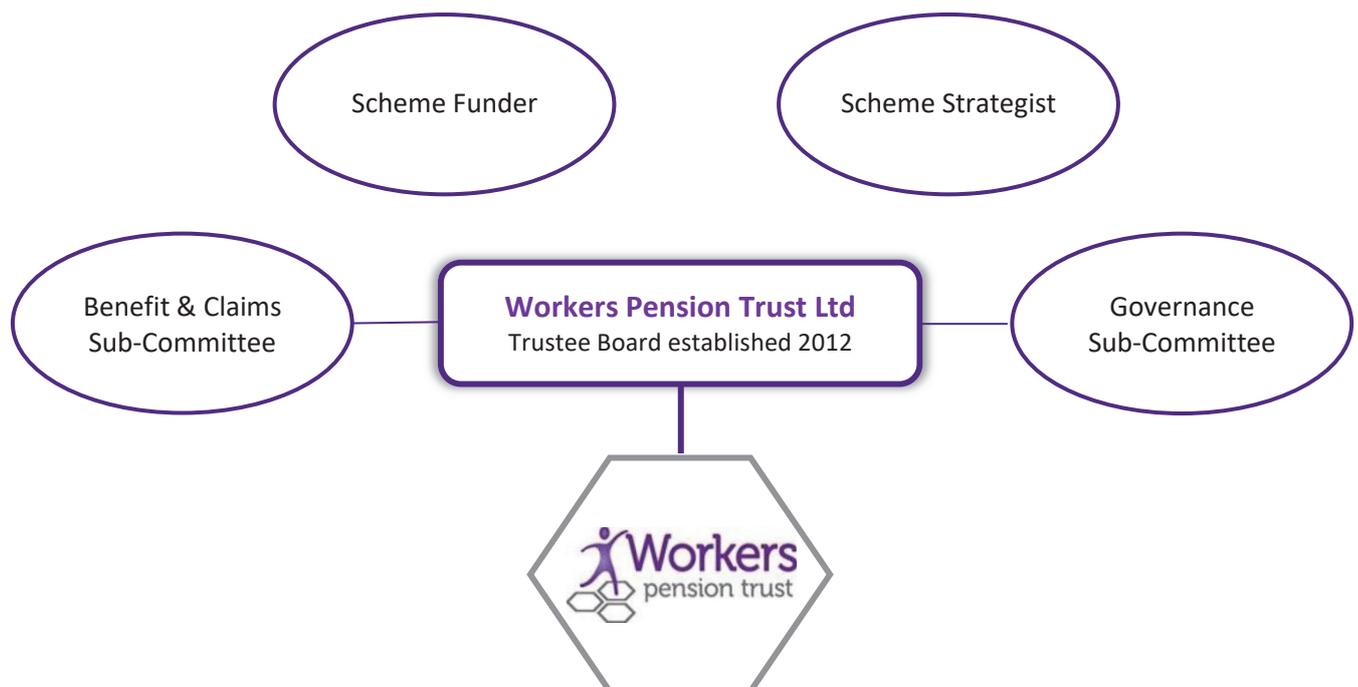
- the right contributions are paid on time
- contributions are invested accurately and within an agreed appropriate timeframe
- benefits are paid to the right people without unnecessary delay

The Trustee Board must ensure that all legislative and regulatory requirements are met.

The Trustee Board benefits from the support of the following to assist in the efficient day-to-day running of WPT:

- the Scheme Funder - provides funds to enable WPT to continue to run in the event that it cannot meet its running costs
- the Scheme Strategist - is responsible for making business and strategic decisions about how the master trust is run

The Trustee Board remains accountable for all Scheme functions but can delegate certain work to the internal team and specific Board sub committees.





The Trustee Board aims to ensure that its Trustees, as a whole, are skilled in all the areas that are required to successfully govern a Master Trust.

- A Professional Trustee (Capital Cranfield) was added last year to help broaden the skills and experience of the Board. Capital Cranfield are a leading professional firm who provide independent trusteeship and governance.
- There are also two Member Nominated Trustees. These Trustees, in addition to bringing their own skills and expertise, can also represent the views of the wider membership.

Both the Trustee Board and the Scheme Funder have reserve funding in place to help to protect members' savings in the unlikely event of the Scheme having to close.

Quality Standards

The Trustee Board has pursued and maintained quality standards through the following accreditations:

1. Master Trust Assurance

In February 2017 WPT achieved the Master Trust Assurance Framework quality standard developed by the Pensions Regulator. This is a voluntary standard, valued by the Board. It provides documented evidence of internal controls as to how the Scheme is run. The Scheme is subject to annual external audit against the standard.

2. Master Trust Authorisation

WPT was granted Master Trust Authorisation by the Pensions Regulator in 2019. Master Trust Authorisation is granted only to those Master Trusts who obtain the highest levels of governance. Master Trusts who failed the standard have been forced to close.

John Armstrong, Managing Director and Trustee of WPT commented,

“Authorisation creates safeguards by ensuring Master Trusts are run by fit and proper people and have the right systems, processes, plans and finances in place. We believe it will not only further improve the outcomes for our members and employers, but will also serve to reassure them that Workers Pension Trust is the right provider.”

The Pensions Regulator

The Trustee Board maintains a good relationship with the Pensions Regulator and is regularly invited to participate in working groups organised by The Pensions Regulator and the Department of Work & Pensions. The Pensions Regulator has visited the Belfast office on numerous occasions.



Service Providers and Advisers

The Trustee Board benefits from the help and support of various advisers and service providers to enable it to run the Scheme properly and comply with legislative requirements. These include the following:

Service provider / Adviser	Role
Arthur Cox	Assists the Trustee Board in meeting its legal duties
Assure UK	Audits the Scheme for evidence of quality standards
Capital Cranfield	Provides Trustee oversight on governance and risk management
Construction First Limited	Provides administration services such as collecting contributions, monitoring contributions, handling all correspondence with members, employers and advisers
Legal & General	Invests member contributions
Mercer Administration	Provides administration services such as maintaining member records and paying benefits on retirement
Mercer Pensions Consulting	Provides professional pensions advice
Mercer Investment Consulting	Provides professional investment advice
PricewaterhouseCoopers	Conducts the annual audit and compiles the Scheme accounts

The Trustee Board takes great care when appointing, managing and monitoring service providers to ensure they deliver the best possible service to the Scheme. Service providers are set targets when appointed which are monitored on an ongoing basis. Service providers are held accountable by attending Trustee Board meetings and their views are challenged as required.

Scheme Documentation

The Trustee Board maintains a risk register. The risk register is monitored to ensure risks are being managed and mitigated.

Documentation on policies and procedures exist to ensure WPT complies with its regulatory requirements.

What's happening in 2020?

During 2020 the Trustee Board will appoint a new Member Nominated Trustee who will replace one of the Member Nominated Trustees who retired in December 2019.

A formal review of both pension and investment consultancy services will be conducted during 2020 to ensure that high quality professional advice to the Trustee Board is maintained.

Summary

- ✓ The Scheme is set up under Trust law to ensure that members' retirement savings are protected
- ✓ WPT is run by a Trustee Board which is accountable for all Scheme functions
- ✓ The Trustee Board maintains quality standards through Master Trust Assurance and Master Trust Authorisation
- ✓ The Trustee Board is supported by the expertise and experience of several advisers and service providers
- ✓ Advisers and service providers are monitored and reviewed to ensure they deliver to high standards



2. How we meet members' needs (design)

Overview

WPT is a Master Trust pension scheme based in Belfast.

We have 38 years' experience in operating a trust-based pension scheme.

Open to all

WPT is available to all employers and is suitable for all employees.

The Scheme can accept contributions from employees from all business sectors.

WPT provides the same service to all members regardless of whether their employer is small or large and whatever their level of contributions.

The following is an extract from an article on WPT in the Master Trust and Group Pension Scheme Report, published by Corporate Adviser Intelligence, June 2019. This highlights our availability to accommodate members from all sectors.

“While its master trust is now available UK-wide and to employers working across all sectors it has particular experience and expertise providing pensions to sectors where there has traditionally been a high turnover of staff, such as transport, manufacturing, construction and the services industry.”

“..... and specialises in providing pensions to those on low pay rates, including those who are paid hourly or on the minimum wage, all of whom are able to join its scheme.”

Flexible contributions

In line with auto-enrolment, minimum employer and employee contributions are required. Both employers and employees are encouraged to contribute more than the minimum including by making one-off contributions.

The Scheme can accept contributions based on basic pay, band earnings or gross earnings.

Customer service

WPT is proud to provide local NI customer-friendly service.

Based in Belfast, we do not use external call centres. All calls are handled by our staff in the Belfast office.

Group Life Assurance

The main benefit of the Scheme is saving for retirement.

Employers also have the option to provide a lump sum benefit in the unfortunate event of an employee's death before retirement.



Options at retirement

There are a number of options available to members depending on the size of their retirement savings account:

1	Leave your savings invested	You may decide to leave your savings invested and take them at a later date.
2	Take your whole savings as cash	25% of this will be tax free, the remaining 75% will be subject to income tax.
3	Choose a guaranteed income (known as an annual income)	Use the full amount to buy an annual income with an insurance company payable until death.
4	Choose a guaranteed income and a tax free lump sum	25% can be taken as a tax-free lump sum and the rest used to buy an annual income.
5	Transfer to another arrangement	Transfer to another arrangement such as flexible access drawdown as this is not currently available from WPT.
6	Transfer to add to other savings arrangements	You may wish to add to other regulated retirement savings you have elsewhere.

What's happening in 2020?

As part of the Trustee Board's ongoing review of the Scheme the Board will review options at retirement.

Summary

- ✓ Open to all
- ✓ Flexible contributions
- ✓ Optional group life assurance



3. How we grow and protect your money (investments)

For the charges paid by members, the Trustee Board looks after where members' contributions are invested known as the investment strategy / plan. The flowchart below provides an overview of the activity involved in putting together and monitoring the investment strategy / plan.





Investment Strategy / Plan

A member can invest in a maximum of 5 savings funds at any one time. All funds are currently invested with Legal & General Investment Management.

Further details on the current investment strategy / plan can be found in the Scheme Booklet in the member resources section the WPT website <http://workerspensiontrust.co.uk/members/resources>

As a member you can control which savings funds you would like to be invested in, known as the 'self-select' or 'freestyle' option.

For those members who are not comfortable taking these decisions, the Trustee Board provides what is known as a 'default lifestyle strategy' which is based on professional investment advice.

The default lifestyle strategy is designed to meet the changing investment / savings needs of a typical member as they progress through life towards age 65.

Investments are switched at different points between joining and age 65 to allow for the levels of risk and reward considered suitable for the average member. This works as follows:

Phase 1	<p>Foundation Phase</p> <p>This phase aims to provide stability and growth</p> <p>Members are placed in the Foundation Phase up to the age of 31</p>
Phase 2	<p>Growth Phase</p> <p>This phase aims to maximise growth</p> <p>Members are switched to the Growth Phase at age 32</p>
Phase 3	<p>Protection Phase</p> <p>This phase aims to provide increased protection as the member approaches age 65</p> <p>Members are switched to the Protection Phase between age 50 and 51</p>

You can switch your investments at any time. The investment strategy / plan is kept under review.

Fund performance

As at 31 December 2019 total funds invested were valued at £218m.

All funds within the default lifestyle strategy are pooled, passively managed funds.

What are pooled funds?

Pooled funds mean that many people 'pool' their money together into a large fund spread across many investments such as shares, bonds, property, cash or a combination of these. The funds are managed by professional fund managers. Investing this way can be easier and less risky than buying shares in individual companies directly.



What are passively managed funds?

Passively managed funds, also known as ‘tracker funds’ are set up to track the performance of a particular market index.

An example of this is the ‘FTSE 100 Index’. This is like a league table of the largest 100 companies in the UK which are quoted on the London Stock Exchange.

A passively managed fund invests in all the companies that make up that index or invests in a selected sample of them.

The main input from the Investment Manager is when the fund is first set up. The fund is then left to track the index, with no expensive research used to identify and switch to the potential best performers. Fund charges are, therefore, lower than charges for actively managed funds.

The passively managed funds provided by Legal & General are set up to track the performance of particular market indexes. The market index tracked by a fund, or used to measure its performance, is also known as a ‘benchmark’.

Passively managed funds aim to perform in line with or mirror the market index / benchmark as closely as possible.

The Trustee Board reviews the performance of the savings funds used by WPT within the default lifestyle strategy where over 98% of members are invested.

For example, for the 3 years ending in December 2017, 2018 and 2019 the performance of the three funds in the default strategy largely mirrors the benchmark return figures. This indicates that the three funds are performing as expected. Where there are differences from the benchmark figures (ranging from 0.03% to 0.25%), the funds have performed above their benchmarks. This means they outperformed their benchmarks.

Fund performance as at 31 December each year

	Growth in retirement savings	Target Growth (benchmark)	Target beaten by %
2017 Default Funds			
WPT Growth Fund	14.33%	14.09%	0.24%
WPT Volatility Reduction Fund	2.43%	2.33%	0.10%
WPT Capital Protection Fund	0.35%	0.16%	0.19%
2018 Default Funds			
WPT Growth Fund	-7.22%	-7.25%	0.03%
WPT Volatility Reduction Fund	0.62%	0.55%	0.07%
WPT Capital Protection Fund	0.65%	0.46%	0.19%
2019 Default Funds			
WPT Growth Fund	20.06%	19.99%	0.07%
WPT Volatility Reduction Fund	5.14%	5.08%	0.06%
WPT Capital Protection Fund	0.82%	0.57%	0.25%



The value of investments can go down as well as up. For example, in 2018 there was a downturn in the economy. Overall, the decrease in the WPT Growth Fund, however, was slightly less than the benchmark. The growth fund lost value in line with other similar funds.

Some years the fund might lose money. The market tends to go up again after a bad year or a 'downturn'. It is important to note that, historically, investment gains have offset losses over the long term.

Legal & General

The Trustee Board asked Legal & General to comment on how it, as Investment Manager, provides value for members.

Legal & General comments as follows:

“Legal & General is one of the world’s leading providers of index fund management allowing for global equity market exposure at a highly competitive charge.

We play an active role in the companies we invest in, from exercising shareholder voting rights to directly engaging with companies at a board level. By engaging with businesses, we aim to unlock value for investors and shape the future and sustainability of financial markets.”

What this means is that because Legal & General are one of the world’s leading providers of passively managed funds, they have increased buying power which helps keep costs low for members.

Legal & General’s active role in engaging with companies in which they invest means they can help influence the performance of these companies which in turn helps grow the value of members’ savings.

What’s happening in 2020?

During 2020 the Trustee Board will review the investment strategy to understand if it is still appropriate for the membership of WPT and will explore the benefits of responsible investing as part of the review.

Summary

- ✓ The Trustee Board considers professional investment advice from its Investment Consultant
- ✓ The investment strategy / plan is reviewed each year
- ✓ A 'default lifestyle strategy / plan' is in place for members who do not wish to make their own investment decisions
- ✓ Investment performance is reviewed to ensure it has been in line with targets set. The Investment Manager has either met or exceeded the targets set



4. How we operate (administration)

Who looks after the day-to-day administration of the Scheme?

The Scheme has two administrators. Construction First Limited (CFL) and Mercer provide administration services on behalf of the Trustee Board. Both companies maintain quality administration standards.

- **CFL**

CFL administers the pension requirements of thousands of companies and tens of thousands of members. The core services provided include:

- Handling all communications and correspondence received from members, employers and advisers
- Ensuring there are processes in place to collect contributions monthly and transfer contributions to ensure prompt investment
- Monitoring late contributions and following up with employers as required. Reporting late or non-payment to the Trustee Board and the Pensions Regulator

The Trustee Board asked CFL to comment on how it, as administrator, provides value for members.

CFL comments as follows:

“CFL works to the target service standards set out in its agreement with the Trustee.

All tasks are completed in accordance with the timescales stated in the agreement and within legal time limits. A report is made to the Trustee Board each quarter which includes measurement against service standards.

If CFL fails to operate within the agreed timescales, the annual management charge is reduced as a penalty fee.”

- **Mercer**

Mercer is one of the UK’s leading employee benefits providers. Mercer maintains member records, invests contributions received from CFL and makes benefit payments to members.

The Trustee Board asked Mercer to comment on how it, as administrator, provides value for members.

Mercer comments as follows:

“In order to assess whether Mercer provides WPT with good value for members, we have drawn upon the management information made available from our stewardship reports. This includes:

- *Low levels of complaints from members and other parties*
- *Delivery towards service level targets*
- *Accurate and timely information to members*
- *Good audit report outcomes*
- *Clear retirement letters*
- *Prompt investment of contributions*

In respect of costs, there are no member borne charges for the service we provide and no costs are incurred for the guidance members receive from the Pensions Decision Service (PDS) provided by Mercer. We believe, based on our review, that the service we provide to the membership of the Scheme offers good value for members.”

The Trustee Board monitors CFL and Mercer against agreed targets to maintain service standards.



Prompt and accurate administration

The Trustee Board has agreed standards of accuracy and turnaround times with the administrators. CFL and Mercer are required to report on the:

- prompt and accurate collection of contributions
- investment of contributions
- allocation of member investments
- payment of benefits from the Scheme to members

Accurate record keeping

All data for new members is verified when they join the Scheme and is checked for accuracy monthly. A formal data validation exercise is carried out every year and the Trustee Board assesses the results. The validation exercise for 2019 resulted in a 97% accuracy rate for 'common' data items such as name, address, date of birth, national insurance number etc.

How we make sure your records are secure

The Trustee Board takes the protection of member data very seriously. There are security controls and back up processes in place to protect member data. Data is held in accordance with WPT's General Data Protection Policy and Procedures.

What happens if you have a complaint?

A process is in place to deal with any complaints from members, should they arise. The Trustee Board aim to resolve any complaints members may have informally but effectively. To date any complaints have been satisfactorily resolved this way.

Preparation of financial statements

The Trustee Board is required to prepare an Annual Report and Accounts which are audited.

This report includes a Chair's Statement which describes the actions the Trustee Board has taken over the year to meet regulatory governance standards such as:

- ✓ The default investment strategy / plan
- ✓ How core financial transactions are processed
- ✓ The assessment of how charges and transaction costs represented good value for members, and the impact of these charges on member savings
- ✓ How the Trustee Board ensures that it maintains the necessary knowledge and understanding to run WPT
- ✓ How the Trustee Board remains independent
- ✓ The arrangements to encourage member feedback

A copy of the statement is available to view on the WPT website. A summary of the Chair's Statement is available on request.



What's happening in 2020?

During 2020 the Trustee Board will implement an improved IT system for checking the accuracy of contributions. The Trustee Board has kept the Pensions Regulator informed of this development and has provided a demonstration of the new system to the Regulator.

Summary

- ✓ The Trustee Board monitors the administrators against targets to maintain service standards
- ✓ High standards of record keeping are maintained
- ✓ Member data is held securely
- ✓ Member complaints are handled effectively



5. How we keep in touch with members (communication)

Quality customer service

A key strength of WPT is its on-site customer service team based in Belfast; there are no external call centres or automated messages. Members can speak on the phone or arrange an appointment to meet a team member if they require assistance.

A few comments on customer service are as follows:

“I find it a very good, professional service who provide quick and efficient help when required.”

“It is first class with excellent staff who are very patient and kind.”

“The people I have dealt with in WPT are the most helpful and pleasant with no enquiry being of any bother to them. I wish all companies could be more like them.”

The Trustee Board communicates with members when they join the Scheme, throughout their period of membership and when they decide to claim their retirement savings. The following are the main ways we communicate with members:

Welcome pack	Letters
Email	Newsletters
Website updates	Annual statements
Members Annual Report	Chair's Statement
Value for Members' Report	Surveys and feedback forms
Focus groups	Benpal Online portal

The Trustee Board has a communications plan which it reviews and updates each year to ensure it meets the needs of members.



Communications to members are easy to understand

The Trustee Board is committed to ensuring member communications are clear, easy to understand, written in plain English and free from jargon.

For example, the Scheme Booklet is reviewed each year to ensure that it provides accurate, clear, current, factual and effective information to members.

Newsletters issued to members avoid jargon and have become chattier in style.

Members can communicate in a number of ways

Members are welcome to contact the Scheme by phone, email, via the website and by arranging a meeting with someone from the customer service team.

There are a number of forms on the WPT website which members can complete and return, for example, Change of Details Form, Contribution Change Form and Expression of Wish Form.

Various surveys allow members to make their views known. This helps the Trustee Board understand the needs of members and therefore make improvements. The following surveys are issued to members:

- **Member survey**

A survey is issued annually by email to members to gain feedback on:

- the service provided by the customer service team
- the ease of use of the website and online portal

Of those who responded, 86% found Benpal easy to navigate and the main reason for visiting the portal was to see the value of their retirement savings.

- **Retirement survey**

A survey is issued to members who have claimed retirement savings. Members provide feedback on:

- our written and telephone communication
- the accuracy and timeliness of our work

During 2019, 783 surveys were issued and 154 were returned, a response rate of almost 20%. The average satisfaction rate was 9 out of 10.

“When I called your operator was efficient in letting me know what the procedures were.....
All handled very well”

“Keep doing what you are doing as it works perfectly”

“Service is excellent.
Cannot fault it”

“You’re reliable and willing to help”



- **Responsible Investing survey**

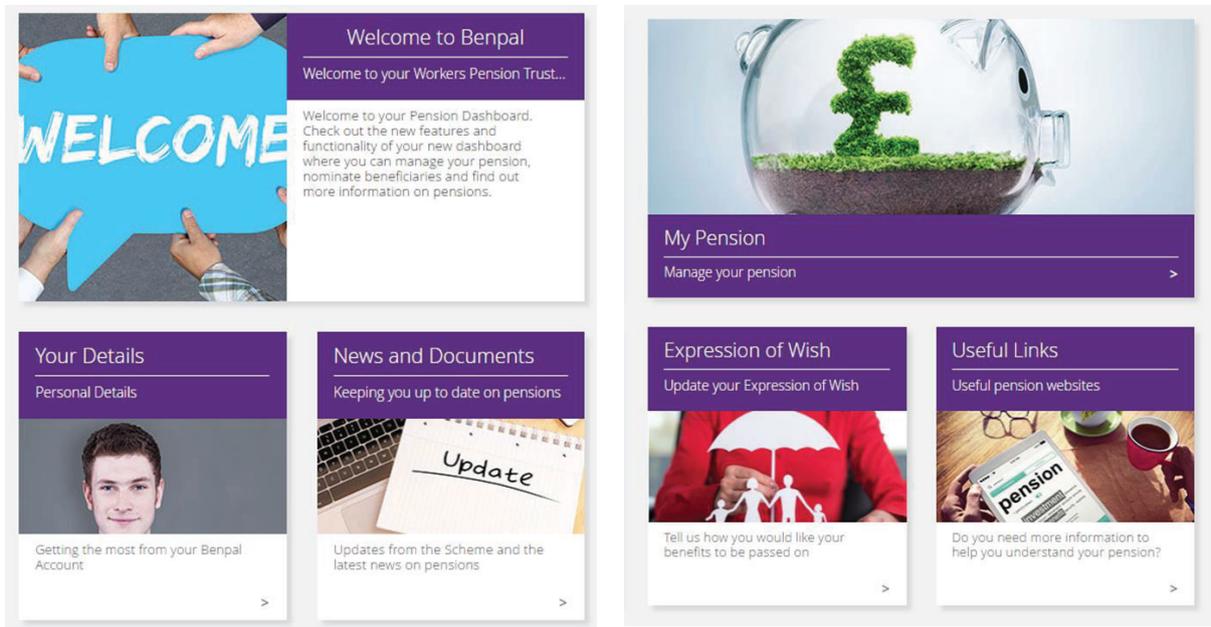
In August 2019 a survey was issued to members to seek their views on responsible investing which aims to include environmental, social and governance (ESG) factors in investment decisions.

The results highlighted that 46% of respondents would be very interested in investing their retirement savings in a responsible way and 27% agreed that knowing their savings were being invested in a responsible way would make them want to pay more into their savings.

The Trustee Board has taken these views into consideration and will explore ways to include responsible investing during 2020.

Benal

Benal is a secure online member portal which allows quick and easy access to their WPT Member's Account. The member survey in 2019 confirmed that over 85% of members who accessed the portal found it easy to use.



Members can use Benal to:

- ✓ Access information about their retirement savings online 24 hours a day, 7 days a week
- ✓ Nominate their beneficiaries online
- ✓ Request retirement savings illustrations
- ✓ View and manage their investment choices online
- ✓ View their annual benefit statement online
- ✓ Keep up to date with how their savings are growing

Benal includes a 'modeller tool' to allow members to:

- ✓ See the impact on their projected cash lump sum and annual income at age 65 based on
 - the amount they contribute and
 - the age they plan to retire
- ✓ Show the effects of contributing more to their retirement savings
- ✓ Add the value of an existing retirement plan to see what their total cash lump sum and annual income might be



WPT website

The WPT website is available at www.workerspensiontrust.co.uk.

In our most recent member survey during 2019, 90% of members who used the WPT website found it easy to use.

How do we help members plan for retirement?

Members age 50	Members aged 50 or over are reminded of the default lifestyle strategy/plan, how it works and the advantages and disadvantages of the strategy/plan.
Members age 65	<p>Members receive a letter six months before their 65th birthday (or on request) which outlines how they can access their retirement benefits.</p> <p>Members are provided with details of organisations offering free and impartial guidance. These include:</p> <p>Pension Wise https://www.pensionwise.gov.uk/ or call 0800 138 3944</p> <p>Community Advice (formerly Citizens Advice Bureau) http://www.citizensadvice.co.uk/ or call 028 9026 2532</p> <p>Pensions Advisory Service (TPAS) http://www.pensionsadvisoryservice.org.uk/</p> <p>They will provide telephone guidance on 0300 123 1047</p> <p>All members receive a copy of the 'Money Advice Service - <i>Your pension: it's time to choose</i>' booklet which provides a useful guide to decisions and outlines important considerations.</p> <p>All members receive a Risk Warnings leaflet, which includes general warnings for members to consider and alerts members to scams.</p> <p>Members with pots of £30,000 or more may use the 'Pension Decision Service' where they can avail of 30 to 40 minutes telephone support, free of charge. This allows the member to talk through all the options available and the individual's circumstances to help them choose the best option.</p> <p>If the member requires further support, there is an optional 'non-advised' and 'advised' service which is chargeable and this is disclosed to the member. The fee quoted depends on the option selected.</p>
Members age 70	<p>A letter is enclosed with annual statements to members aged 70 or over who have not yet claimed their retirement savings from the Scheme.</p> <p>The letter reminds the member what happens if their savings remain unclaimed on or after their 75th birthday. Any claim after their death will result in tax of 45% before it can be paid to the next of kin/beneficiaries.</p>



What's happening in 2020?

More of us are saving for retirement with a workplace plan than ever before. We now have more information, more choices, and more responsibility for our retirement savings. But will the future we want be the future we are able to achieve?

The Pensions and Lifetime Savings Association (PLSA) has developed the Retirement Living Standards 'Picture Your Future', based on independent research by Loughborough University. Further details can be found at <https://www.retirementlivingstandards.org.uk>

The initiative has been developed to help individuals and couples picture what kind of lifestyle they could have in retirement based on minimum, moderate and comfortable levels of income.

During 2020 the Trustee Board will explore how these findings may be included in its communications with members.

The Trustee Board will consider more tailored communications to encourage members to take a greater interest in and more control of their retirement savings.

The Trustee Board welcomes any suggestions you may have to improve how we stay in touch with members. Feel free to contact us by any of the following means:

- via our website at <https://workerspensiontrust.co.uk/contact>
- by e-mail info@workerspensiontrust.co.uk
- by telephone on 028 9087 7142 or
- write to us at 143 Malone Road, Belfast, BT9 6SX

Summary

- ✓ A key strength of WPT is its on-site customer service team as demonstrated by the high levels of member satisfaction
- ✓ The average satisfaction rate of retiring members was 9 out of 10
- ✓ The Trustee Board uses surveys to learn members' views
- ✓ The Benpal online portal allows members quick and easy access to details of their retirement savings
- ✓ The Trustee Board has a communications plan which it reviews and updates each year



6. How we keep running costs low (charges)

WPT is run on a not-for-profit basis which means that any income or reserves of the company may only be used for the benefit of members. Therefore, the Scheme only takes costs needed to manage your retirement savings

Charges are applied as follows:

1. Contribution Charge

A monthly contribution charge of 1.8% is deducted on each contribution going into a member's retirement savings.

For example: if £80 is added to your savings each month, the contribution charge would be £1.44 per month or a total of £17.28 per year.

2. Annual Management Charge (AMC)

An AMC of 0.3% is deducted from the value of your retirement savings each year.

For example: if your retirement savings are worth £5,000 this means that the AMC for that year would be £15.00.

Charges cap

The combined total of the above charges is equal to approximately 0.496% which is well below the annual charges cap determined by legislation which is currently 0.75%.

The charges cap applies to particular deductions from members' retirement savings. These may include deductions relating to:

- ✓ payments to providers of professional services like administrators and legal advisers
- ✓ costs of member communication services like producing statements, website development, and printing and posting scheme documentation
- ✓ investment management fees for default strategies / plans
- ✓ ongoing costs for things like IT, office, staff and record-keeping

Investment management charges, costs and expenses

The Investment Manager, Legal & General, applies the following for the operation of the savings funds.

• Investment management charges

The Investment Manager applies these charges for managing a particular fund on behalf of the people who invest in it.

The Trustee Board pays these charges out of the member charges detailed in 1 and 2 on above. They are not paid by the member in addition to 1 and 2 above. The funds are pooled with other investors and are passively managed which help keep costs low.



An explanation of 'pooled funds' can be found on page 13.

An explanation of 'passively managed funds' can be found on page 14.

- **Transaction costs**

Transaction costs are minimal within the funds offered by WPT and occur when

- your contributions are used to buy units in a savings fund or
- units are taken out of your savings fund, for example, when you retire or transfer to another scheme

- **Additional expenses**

Additional expenses are minimal costs and are incurred in the day-to-day running of the savings fund.

Further details on charges can be found in the Chair's Statement on the WPT website at <http://workerspensiontrust.co.uk/members/resources>

The Trustee Board reviews investment management charges, costs and expenses on behalf of the members each quarter.

What's happening in 2020?

In 2020 the Trustee Board will work with the Investment Consultant and Investment Manager to achieve better transparency and clearer communication of investment costs.

The Trustee Board will review the investment strategy / plan during 2020. The aim of the review is to ascertain the appropriateness of the current funds and look for alternatives where necessary.

Summary

- ✓ Combined charges of 0.496% is less than two thirds of the maximum charges allowed
- ✓ WPT's costs are comparable with similar schemes
- ✓ The funds that WPT offer help to keep costs low
- ✓ Following negotiations with Legal & General, WPT gained a reduction in the fee charged for the WPT Growth fund in December 2019. This helps to keep charges to members at a competitive level.



7. We welcome your views

As an authorised Master Trust, the Trustee Board strives to maintain and enhance the standard of Workers Pension Trust.

With this 2019 Value for Members' Report and the 2019 Chair's Statement we have aimed to communicate to members in a user-friendly way. We have avoided jargon where possible and aim to write in plain English.

We value your feedback on these reports and any other communications you receive from WPT.

The Trustee Board is interested to hear any views you, the members, may have on how value for members could be improved.

Feel free to contact us by any of the following means:

- ✓ via our website at <https://workerspensiontrust.co.uk/contact>
- ✓ by e-mail info@workerspensiontrust.co.uk
- ✓ by telephone on 028 9087 7142 or
- ✓ write to us at 143 Malone Road, Belfast, BT9 6SX



Value for Members' Report
WPT-E Members

December 2019





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Members' Summary

Dear Member

Welcome

On 30 July 2018, participating employers and members of the Enhance Construction Pension Scheme Northern Ireland (Enhance) transferred to Workers Pension Trust on the same terms and conditions applicable to them under Enhance.

With effect from 30 July 2018, retirement savings are held under a new section of Workers Pension Trust, known as 'WPT-E'.

This document is important to you because it confirms how your scheme, Workers Pension Trust ('WPT' or 'the Scheme' for short), provides value for its members in return for the charges they pay to the Scheme.

The Trustee Board, the people who look after the Scheme, is responsible for putting together this document.

What do we mean by Value for Members?

In providing evidence that WPT provides value for members, the Trustee Board appreciates that low costs do not in themselves mean better value and therefore has also considered other aspects such as:

- the quality of customer service
- member communications and support
- scheme design
- the efficiency of administrative services
- the robustness of scheme governance
- fund management and performance of the funds in the context of the investment objectives

WPT operates on a not-for-profit basis which means that any income or reserves of the company may only be used for the benefit of members. The Scheme, therefore, only takes the costs needed to manage your retirement savings. The charge paid by member is as follows:

Annual Management Charge (AMC)

An AMC of 0.75% is deducted from the value of your retirement savings each year. For example: if the savings are worth £5,000, this means that the AMC for that year would be £37.50.

This complies with the charges cap determined by legislation which is currently 0.75%.

This report outlines the value members receive for paying this charge.



A summary of how WPT delivers value for members, in return for the charges they pay, is as follows:

1. How we run the Scheme (governance)

- ✓ The Scheme is set up under Trust law to ensure that members' retirement savings are protected
- ✓ WPT is run by a Trustee Board which is accountable for all Scheme functions
- ✓ The Trustee Board maintains quality standards through Master Trust Assurance and Master Trust Authorisation
- ✓ The Trustee Board is supported by the expertise and experience of several advisers and service providers
- ✓ Advisers and service providers are monitored and reviewed to ensure they deliver to high standards

Further details can be found in section 1.

2. How we meet members' needs (design)

- ✓ The Scheme's WPT-E section has been specifically designed for those members who transferred from Enhance
- ✓ Flexible contributions
- ✓ Group life assurance funded by the employer

Further details can be found in section 2.

3. How we grow and protect your money (investments)

- ✓ The Trustee Board considers professional investment advice from its Investment Consultant
- ✓ The investment strategy / plan is reviewed each year
- ✓ A 'default lifestyle strategy / plan' is in place for members who do not wish to make their own investment decisions
- ✓ Investment performance is reviewed to ensure it has been in line with targets set. The Investment Manager has met or exceeded the targets set

Further details can be found in section 3.

4. How we operate (administration)

- ✓ The Trustee Board monitors the administrators against targets to maintain service standards
- ✓ High standards of record keeping are maintained
- ✓ Member data is held securely
- ✓ Member complaints are handled effectively

Further details can be found in section 4.



5. How we keep in touch with members (communication)

- ✓ A key strength of WPT is its on-site customer service team as demonstrated by the high levels of member satisfaction
- ✓ The average satisfaction rate of retiring members was 9 out of 10
- ✓ The Trustee Board uses surveys to learn members' views
- ✓ The Benpal online portal allows members quick and easy access to details of their retirement savings
- ✓ The Trustee Board has a communications plan which it reviews and updates each year

Further details can be found in section 5.

6. How we keep running costs low (charges)

- ✓ The Annual Management Charge (AMC) of 0.75% complies with the charges cap
- ✓ WPT's costs are comparable with similar schemes
- ✓ The funds that WPT offer help to keep costs low
- ✓ Following negotiations with Legal & General, WPT gained a reduction in the fee charged for the WPT Growth fund in December 2019. This helps to keep charges to members at a competitive level.

Further details can be found in section 6.



Highlights since our last report

Since the last report in 2018 the Trustee Board has been extremely busy.

Key highlights are as follows:

- ✓ Membership has increased from 75,574 to 101,879 as at the end of December 2019.
This is good news because the growth in the Scheme provides evidence that employers believe WPT to be a reputable scheme.
- ✓ The total value of funds invested increased from £130m to £218m.
This is good news because it puts the Trustee Board in a better position to negotiate fees paid to the Investment Manager.
- ✓ Workers Pension Trust transferred in 16,800 members from Enhance, which was owned by the same parent company. The total value of these funds was £75 million.
This is good news because it allows the former members of Enhance to be looked after by the same Trustee Board rather than having to find another Scheme. The negotiating powers of the Trustee Board in dealing with advisers and service providers tends to increase when the Scheme grows significantly.
- ✓ In June 2019 we launched Benpal, our secure online member portal which allows members quick and easy access to their retirement savings account.
This is good news because it gives members access to their retirement savings account 24 hours a day, 7 days a week, 365 days of the year.
- ✓ In August 2019, Workers Pension Trust became the first Northern Ireland based pension provider to be awarded Master Trust Authorisation from the Pensions Regulator.
This is good news because it provides evidence that WPT has high standards of governance and efficient administration.
- ✓ In November 2019, WPT was shortlisted for 'Master Trust offering of the Year' by the UK Pension Age awards.
This is good news because it acknowledges our skills in growing a pension scheme and means that we are well respected in the UK pensions market.
- ✓ In December 2019, Legal & General reduced the fee for the WPT growth fund from 0.145% to 0.075%. Thanks to our review and negotiations with Legal & General the fee was almost halved.
This is good news because it helps to keep costs as competitive as possible.



1. How we run the Scheme (governance)

The Trustee Board

The Scheme is set up under Trust law to ensure that members' retirement savings are protected.

The body responsible for running the Scheme is the Trustee Board, Workers Pension Trust Limited.

The Trustee Board is responsible for ensuring that:

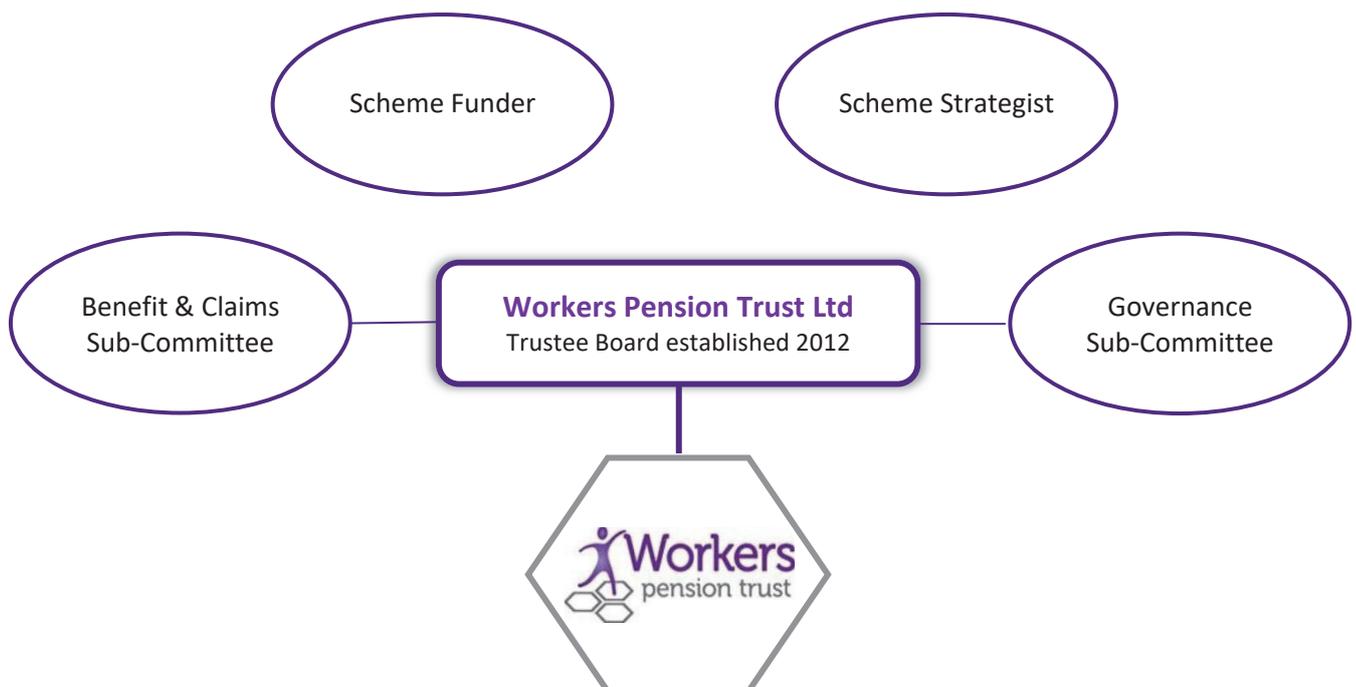
- the right contributions are paid on time
- contributions are invested accurately and within an agreed appropriate timeframe
- benefits are paid to the right people without unnecessary delay

The Trustee Board must ensure that all legislative and regulatory requirements are met.

The Trustee Board benefits from the support of the following to assist in the efficient day-to-day running of WPT:

- the Scheme Funder - provides funds to enable WPT to continue to run in the event that it cannot meet its running costs
- the Scheme Strategist - is responsible for making business and strategic decisions about how the master trust is run

The Trustee Board remains accountable for all Scheme functions but can delegate certain work to the internal team and specific Board sub committees.





The Trustee Board aims to ensure that its Trustees as a whole are skilled in all the areas that are required to successfully govern a Master Trust.

- A Professional Trustee (Capital Cranfield) was added last year to help broaden the skills and experience of the Board. Capital Cranfield are a leading professional firm who provide independent trusteeship and governance.
- There are also two Member Nominated Trustees. These Trustees, in addition to bringing their own skills and expertise, can also represent the views of the wider membership.

Both the Trustee Board and the Scheme Funder have reserve funding in place to help to protect members' savings in the unlikely event of the Scheme having to close.

Quality Standards

The Trustee Board has pursued and maintained quality standards through the following accreditations:

1. Master Trust Assurance

In February 2017 WPT achieved the Master Trust Assurance Framework quality standard developed by the Pensions Regulator. This is a voluntary standard, valued by the Board. It provides documented evidence of internal controls as to how the Scheme is run. The Scheme is subject to annual external audit against the standard.

2. Master Trust Authorisation

WPT was granted Master Trust Authorisation by the Pensions Regulator in 2019. Master Trust Authorisation is granted only to those Master Trusts who obtain the highest levels of governance. Master Trusts who failed the standard have been forced to close.

John Armstrong, Managing Director and Trustee of WPT commented,

“Authorisation creates safeguards by ensuring Master Trusts are run by fit and proper people and have the right systems, processes, plans and finances in place. We believe it will not only further improve the outcomes for our members and employers, but will also serve to reassure them that Workers Pension Trust is the right provider.”

The Pensions Regulator

The Trustee Board maintains a good relationship with the Pensions Regulator and is regularly invited to participate in working groups organised by The Pensions Regulator and the Department of Work & Pensions. The Pensions Regulator has visited the Belfast office on numerous occasions.



Service Providers and Advisers

The Trustee Board benefits from the help and support of various advisers and service providers to enable it to run the Scheme properly and comply with legislative requirements. These include the following:

Service provider / Adviser	Role
Arthur Cox	Assists the Trustee Board in meeting its legal duties
Assure UK	Audits the Scheme for evidence of quality standards
Capital Cranfield	Provides Trustee oversight on governance and risk management
Construction First Limited	Provides administration services such as collecting contributions, monitoring contributions, handling all correspondence with members, employers and advisers
Legal & General	Invests member contributions
Mercer Administration	Provides administration services such as maintaining member records and paying benefits on retirement
Mercer Pensions Consulting	Provides professional pensions advice
Mercer Investment Consulting	Provides professional investment advice
PricewaterhouseCoopers	Conducts the annual audit and compiles the Scheme accounts

The Trustee Board takes great care when appointing, managing and monitoring service providers to ensure they deliver the best possible service to the Scheme. Service providers are set targets when appointed which are monitored on an ongoing basis. Service providers are held accountable by attending Trustee Board meetings and their views are challenged as required.

Scheme Documentation

The Trustee Board maintains a risk register. The risk register is monitored to ensure risks are being managed and mitigated.

Documentation on policies and procedures exist to ensure WPT complies with its regulatory requirements.

What's happening in 2020?

During 2020 the Trustee Board will appoint a new Member Nominated Trustee who will replace one of the Member Nominated Trustees who retired in December 2019.

A formal review of both pension and investment consultancy services will be conducted during 2020 to ensure that high quality professional advice to the Trustee Board is maintained.

Summary

- ✓ The Scheme is set up under Trust law to ensure that members' retirement savings are protected
- ✓ WPT is run by a Trustee Board which is accountable for all Scheme functions
- ✓ The Trustee Board maintains quality standards through Master Trust Assurance and Master Trust Authorisation
- ✓ The Trustee Board is supported by the expertise and experience of several advisers and service providers
- ✓ Advisers and service providers are monitored and reviewed to ensure they deliver to high standards



2. How we meet members' needs (design)

Overview

WPT is a Master Trust pension scheme based in Belfast.

We have 38 years' experience in operating a trust-based pension scheme.

WPT-E for the Construction Industry

In July 2018, Enhance Construction Pension Scheme Northern Ireland (Enhance) members transferred to Workers Pension Trust on the same terms and conditions applicable to them under Enhance. Pension benefits are now held under a new section of Workers Pension Trust, known as 'WPT-E'. The WPT-E section of the scheme is only open to those employers and employees who transferred from Enhance. This section has been specifically developed to meet the pension needs and auto-enrolment duties of the construction industry in Northern Ireland.

WPT for all Sectors

Workers Pension Trust also offers a separate section which is available to all employers and is suitable for all employees. This section of the Scheme was specifically developed to meet the auto-enrolment needs of businesses mainly based in Northern Ireland. It accommodates both weekly and monthly paid employees from all business sectors and provides the same service regardless of whether their employer is small or large and whatever their level of contributions.

The following is an extract from an article on WPT in the Master Trust and Group Pension Scheme Report, published by Corporate Adviser Intelligence, June 2019. This highlights our availability to accommodate members from all sectors.

“While its master trust is now available UK-wide and to employers working across all sectors it has particular experience and expertise providing pensions to sectors where there has traditionally been a high turnover of staff, such as transport, manufacturing, construction and the services industry.”

“..... and specialises in providing pensions to those on low pay rates, including those who are paid hourly or on the minimum wage, all of whom are able to join its scheme.”

Flexible contributions

As determined by the Joint Council for the Building and Civil Engineering (Northern Ireland), both you and your employer make minimum contributions to your pension.

Contributions are based on normal pay (not including overtime, bonuses, commission etc), and are deducted from the first pound of gross pay before tax.

The current minimum employer contribution is 4% (employers contribute the higher of 4% or £10.24 per week). The minimum employee contribution is 5%.

Both employers and employees are encouraged to contribute more than the minimum including by making one-off contributions.



Customer service

WPT is proud to provide local NI customer-friendly service. Based in Belfast, we do not use external call centres. All calls are handled by our staff in the Belfast office.

Group Life Assurance

Your employer covers the cost of providing a £30,000 lump sum death benefit should you die as an active member before the age of 70. The lump sum will be paid to your beneficiaries, subject to Scheme Rules and the terms and conditions of the insurer.

A member can complete an 'Expression of Wish Form' indicating to whom they would like any death benefit to be made payable. The decision as to who receives any benefit is at the discretion of the Trustee Board.

Options at retirement

There are a number of options available to members depending on the size of their retirement savings account:

1	Leave your savings invested	You may decide to leave your savings invested and take them at a later date.
2	Take your whole savings as cash	25% of this will be tax free, the remaining 75% will be subject to income tax.
3	Choose a guaranteed income (known as an annual income)	Use the full amount to buy an annual income with an insurance company payable until death.
4	Choose a guaranteed income and a tax free lump sum	25% can be taken as a tax-free lump sum and the rest used to buy an annual income.
5	Transfer to another arrangement	Transfer to another arrangement such as flexible access drawdown as this is not currently available from WPT.
6	Transfer to add to other savings arrangements	You may wish to add to other regulated retirement savings you have elsewhere.

What's happening in 2020?

As part of the Trustee Board's ongoing review of the Scheme the Board will review options at retirement.

Summary

- ✓ The Scheme's WPT-E section has been specifically designed for those members who transferred from Enhance
- ✓ Flexible contributions
- ✓ Group life assurance funded by the employer



3. How we grow and protect your money (investments)

For the charges paid by members, the Trustee Board looks after where members' contributions are invested known as the investment strategy / plan. The flowchart below provides an overview of the activity involved in putting together and monitoring the investment strategy / plan.





Investment Strategy / Plan

A member can invest in a maximum of 6 savings funds at any one time. All funds are currently invested with Legal & General Investment Management.

Further details on the current investment strategy / plan can be found in the Scheme Booklet in the member resources section the WPT website <http://workerspensiontrust.co.uk/members/resources>

As a member you can control which savings funds you would like to be invested in, known as the 'self-select' or 'freestyle' option.

For those members who are not comfortable taking these decisions, the Trustee Board provides what is known as a 'default lifestyle strategy' which is based on professional investment advice.

The default lifestyle strategy is designed to meet the changing investment / savings needs of a typical member as they progress through life towards age 65.

Investments are switched at different points between joining and age 65 to allow for the levels of risk and reward considered suitable for the average member. This works as follows:

Phase 1	<p>Foundation Phase</p> <p>This phase aims to provide stability and growth</p> <p>Members are placed in the Foundation Phase up to the age of 31</p>
Phase 2	<p>Growth Phase</p> <p>This phase aims to maximise growth</p> <p>Members are switched to the Growth Phase at age 32</p>
Phase 3	<p>Protection Phase</p> <p>This phase aims to provide increased protection as the member approaches age 65</p> <p>Members are switched to the Protection Phase between age 50 and 51</p>

You can switch your investments at any time. The investment strategy / plan is kept under review.

Fund performance

As at 31 December 2019 total funds invested were valued at £218m.

All funds within the default lifestyle strategy are pooled, passively managed funds.

What are pooled funds?

Pooled funds mean that many people 'pool' their money together into a large fund spread across many investments such as shares, bonds, property, cash or a combination of these. The funds are managed by professional fund managers. Investing this way can be easier and less risky than buying shares in individual companies directly.



What are passively managed funds?

Passively managed funds, also known as ‘tracker funds’ are set up to track the performance of a particular market index.

An example of this is the ‘FTSE 100 Index’. This is like a league table of the largest 100 companies in the UK which are quoted on the London Stock Exchange.

A passively managed fund invests in all the companies that make up that index or invests in a selected sample of them.

The main input from the Investment Manager is when the fund is first set up. The fund is then left to track the index, with no expensive research used to identify and switch to the potential best performers. Fund charges are, therefore, lower than charges for actively managed funds.

The passively managed funds provided by Legal & General are set up to track the performance of particular market indexes. The market index tracked by a fund, or used to measure its performance, is also known as a ‘benchmark’.

Passively managed funds aim to perform in line with or mirror the market index / benchmark as closely as possible.

The Trustee Board reviews the performance of the savings funds used by WPT within the default lifestyle strategy where over 98% of members are invested.

For example, for the 3 years ending December 2017, 2018 and 2019 the performance of the three funds in the default strategy largely mirrors the benchmark return figures. This indicates that the three funds are performing as expected. Where there are differences from the benchmark figures (ranging from 0.03% to 0.25%), the funds have performed above their benchmarks. This means they outperformed their benchmarks.

Fund performance as at 31 December each year

	Growth in retirement savings	Target Growth (benchmark)	Target beaten by %
2017 Default Funds			
WPT Growth Fund	14.33%	14.09%	0.24%
WPT Volatility Reduction Fund	2.43%	2.33%	0.10%
WPT Capital Protection Fund	0.35%	0.16%	0.19%
2018 Default Funds			
WPT Growth Fund	-7.22%	-7.25%	0.03%
WPT Volatility Reduction Fund	0.62%	0.55%	0.07%
WPT Capital Protection Fund	0.65%	0.46%	0.19%
2019 Default Funds			
WPT Growth Fund	20.06%	19.99%	0.07%
WPT Volatility Reduction Fund	5.14%	5.08%	0.06%
WPT Capital Protection Fund	0.82%	0.57%	0.25%



The value of investments can go down as well as up. For example, in 2018 there was a downturn in the economy.

Overall, the decrease in the WPT Growth Fund, however, was slightly less than the benchmark. The growth fund lost value in line with other similar funds.

Some years the fund might lose money. The market tends to go up again after a bad year or a 'downturn'. It is important to note that, historically, investment gains have offset losses over the long term.

Legal & General

The Trustee Board asked Legal & General to comment on how it, as Investment Manager, provides value for members.

Legal & General comments as follows:

“Legal & General is one of the world’s leading providers of index fund management allowing for global equity market exposure at a highly competitive charge.

We play an active role in the companies we invest in, from exercising shareholder voting rights to directly engaging with companies at a board level. By engaging with businesses, we aim to unlock value for investors and shape the future and sustainability of financial markets.”

What this means is that because Legal & General are one of the world’s leading providers of passively managed funds, they have increased buying power which helps keep costs low for members.

Legal & General’s active role in engaging with companies in which they invest means they can help influence the performance of these companies which in turn helps grow the value of members’ savings.

What’s happening in 2020?

During 2020 the Trustee Board will review the investment strategy to understand if it is still appropriate for the membership of WPT and will explore the benefits of responsible investing as part of the review.

Summary

- ✓ The Trustee Board considers professional investment advice from its Investment Consultant
- ✓ The investment strategy / plan is reviewed each year
- ✓ A ‘default lifestyle strategy / plan’ is in place for members who do not wish to make their own investment decisions
- ✓ Investment performance is reviewed to ensure it has been in line with targets set. The Investment Manager has met or exceeded the targets set



4. How we operate (administration)

Who looks after the day-to-day administration of the Scheme?

The Scheme has two administrators. Construction First Limited (CFL) and Mercer provide administration services on behalf of the Trustee Board. Both companies maintain quality administration standards.

- **CFL**

CFL administers the pension requirements of thousands of companies and tens of thousands of members. The core services provided include:

- Handling all communications and correspondence received from members, employers and advisers
- Ensuring there are processes in place to collect contributions monthly and transfer contributions to ensure prompt investment
- Monitoring late contributions and following up with employers as required. Reporting late or non-payment to the Trustee Board and the Pensions Regulator

The Trustee Board asked CFL to comment on how it, as administrator, provides value for members.

CFL comments as follows:

“CFL works to the target service standards set out in its agreement with the Trustee.

All tasks are completed in accordance with the timescales stated in the agreement and within legal time limits. A report is made to the Trustee Board each quarter which includes measurement against service standards.

If CFL fails to operate within the agreed timescales, the annual management charge is reduced as a penalty fee.”

- **Mercer**

Mercer is one of the UK’s leading employee benefits providers. Mercer maintains member records, invests contributions received from CFL and makes benefit payments to members.

The Trustee Board asked Mercer to comment on how it, as administrator, provides value for members.

Mercer comments as follows:

“In order to assess whether Mercer provides WPT with good value for members, we have drawn upon the management information made available from our stewardship reports. This includes:

- *Low levels of complaints from members and other parties*
- *Delivery towards service level targets*
- *Accurate and timely information to members*
- *Good audit report outcomes*
- *Clear retirement letters*
- *Prompt investment of contributions*

In respect of costs, there are no member borne charges for the service we provide and no costs are incurred for the guidance members receive from the Pensions Decision Service (PDS) provided by Mercer. We believe, based on our review, that the service we provide to the membership of the Scheme offers good value for members.”

The Trustee Board monitors CFL and Mercer against agreed targets to maintain service standards.



Prompt and accurate administration

The Trustee Board has agreed standards of accuracy and turnaround times with the administrators. CFL and Mercer are required to report on the:

- prompt and accurate collection of contributions
- investment of contributions
- allocation of member investments
- payment of benefits from the Scheme to members

Accurate record keeping

All data for new members is verified when they join the Scheme and is checked for accuracy monthly. A formal data validation exercise is carried out every year and the Trustee Board assesses the results. The validation exercise for 2019 resulted in a 97% accuracy rate for 'common' data items such as name, address, date of birth, national insurance number etc.

How we make sure your records are secure

The Trustee Board takes the protection of member data very seriously. There are security controls and back up processes in place to protect member data. Data is held in accordance with WPT's General Data Protection Policy and Procedures.

What happens if you have a complaint?

A process is in place to deal with any complaints from members, should they arise. The Trustee Board aim to resolve any complaints members may have informally but effectively. To date any complaints have been satisfactorily resolved this way.

Preparation of financial statements

The Trustee Board is required to prepare an Annual Report and Accounts which are audited.

This report includes a Chair's Statement which describes the actions the Trustee Board has taken over the year to meet regulatory governance standards such as:

- ✓ The default investment strategy / plan
- ✓ How core financial transactions are processed
- ✓ The assessment of how charges and transaction costs represented good value for members, and the impact of these charges on member savings
- ✓ How the Trustee Board ensures that it maintains the necessary knowledge and understanding to run WPT
- ✓ How the Trustee Board remains independent
- ✓ The arrangements to encourage member feedback

A copy of the statement is available to view on the WPT website. A summary of the Chair's Statement is available on request.



What's happening in 2020?

During 2020 the Trustee Board will implement an improved IT system for checking the accuracy of contributions. The Trustee Board has kept the Pensions Regulator informed of this development and has provided a demonstration of the new system to the Regulator.

Summary

- ✓ The Trustee Board monitors the administrators against targets to maintain service standards
- ✓ High standards of record keeping are maintained
- ✓ Member data is held securely
- ✓ Member complaints are handled effectively



5. How we keep in touch with members (communication)

Quality customer service

A key strength of WPT is its on-site customer service team based in Belfast; there are no external call centres or automated messages. Members can speak on the phone or arrange an appointment to meet a team member if they require assistance.

A few comments on customer service are as follows:

“I find it a very good, professional service who provide quick and efficient help when required.”

“It is first class with excellent staff who are very patient and kind.”

“The people I have dealt with in WPT are the most helpful and pleasant with no enquiry being of any bother to them. I wish all companies could be more like them.”

The Trustee Board communicates with members when they join the Scheme, throughout their period of membership and when they decide to claim their retirement savings. The following are the main ways we communicate with members:

Welcome pack	Letters
Email	Newsletters
Website updates	Annual statements
Members Annual Report	Chair's Statement
Value for Members' Report	Surveys and feedback forms
Focus groups	Benpal Online portal

The Trustee Board has a communications plan which it reviews and updates each year to ensure it meets the needs of members.



Communications to members are easy to understand

The Trustee Board is committed to ensuring member communications are clear, easy to understand, written in plain English and free from jargon.

For example, the Scheme Booklet is reviewed each year to ensure that it provides accurate, clear, current, factual and effective information to members.

Newsletters issued to members avoid jargon and have become chattier in style.

Members can communicate in a number of ways

Members are welcome to contact the Scheme by phone, email, via the website and by arranging a meeting with someone from the customer service team.

There are a number of forms on the WPT website which members can complete and return, for example, Change of Details Form, Contribution Change Form and Expression of Wish Form.

Various surveys allow members to make their views known. This helps the Trustee Board understand the needs of members and therefore make improvements. The following surveys are issued to members:

- **Member survey**

A survey is issued annually by email to members to gain feedback on:

- the service provided by the customer service team
- the ease of use of the website and online portal

Of those who responded, 86% found Benpal easy to navigate and the main reason for visiting the portal was to see the value of their retirement savings.

- **Retirement survey**

A survey is issued to members who have claimed retirement savings. Members provide feedback on:

- our written and telephone communication
- the accuracy and timeliness of our work

During 2019, 783 surveys were issued and 154 were returned, a response rate of almost 20%. The average satisfaction rate was 9 out of 10.

“When I called your operator was efficient in letting me know what the procedures were.....
All handled very well”

“Keep doing what you are doing as it works perfectly”

“Service is excellent.
Cannot fault it”

“You’re reliable and willing to help”



- **Responsible Investing survey**

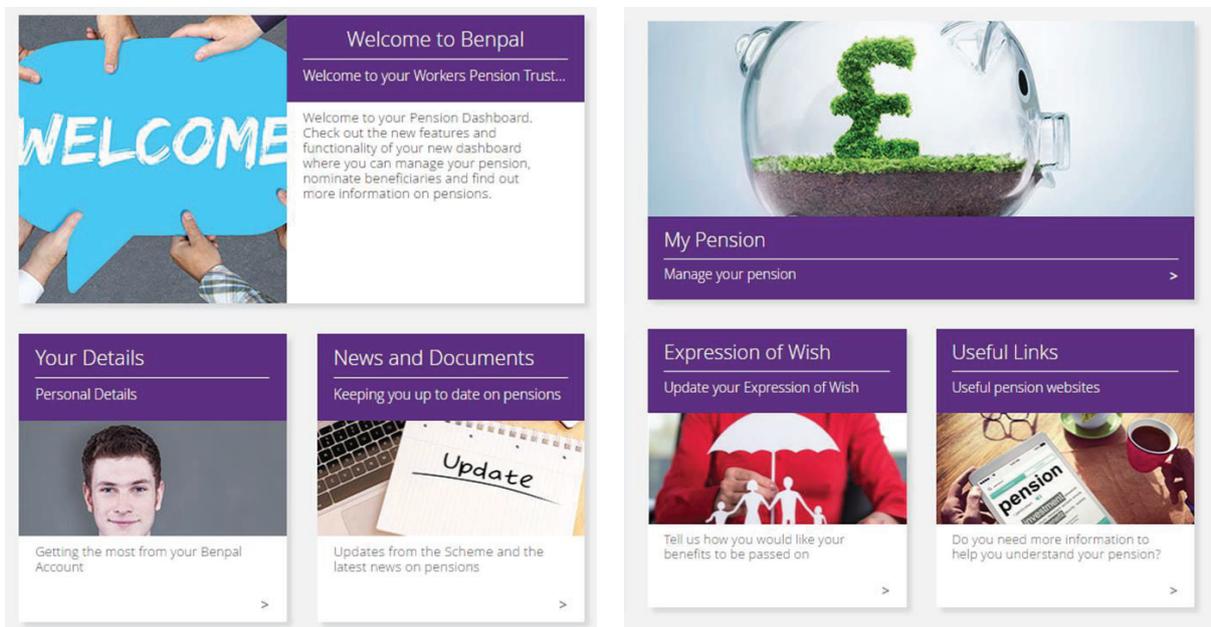
In August 2019 a survey was issued to members to seek their views on responsible investing which aims to include environmental, social and governance (ESG) factors in investment decisions.

The results highlighted that 46% of respondents would be very interested in investing their retirement savings in a responsible way and 27% agreed that knowing their savings were being invested in a responsible way would make them want to pay more into their savings.

The Trustee Board has taken these views into consideration and will explore ways to include responsible investing during 2020.

Benpal

Benpal is a secure online member portal which allows quick and easy access to their WPT Member's Account. The member survey in 2019 confirmed that over 85% of members who accessed the portal found it easy to use.



Members can use Benpal to:

- ✓ Access information about their retirement savings online 24 hours a day, 7 days a week
- ✓ Nominate their beneficiaries online
- ✓ Request retirement savings illustrations
- ✓ View and manage their investment choices online
- ✓ View their annual benefit statement online
- ✓ Keep up to date with how their savings are growing

Benpal includes a 'modeller tool' to allow members to:

- ✓ See the impact on their projected cash lump sum and annual income at age 65 based on
 - the amount they contribute and
 - the age they plan to retire
- ✓ Show the effects of contributing more to their retirement savings
- ✓ Add the value of an existing retirement plan to see what their total cash lump sum and annual income might be



WPT website

The WPT website is available at www.workerspensiontrust.co.uk.

In our most recent member survey during 2019, 90% of members who used the WPT website found it easy to use.

How do we help members plan for retirement?

Members age 50	Members aged 50 or over are reminded of the default lifestyle strategy/plan, how it works and the advantages and disadvantages of the strategy/plan.
Members age 65	<p>Members receive a letter six months before their 65th birthday (or on request) which outlines how they can access their retirement benefits.</p> <p>Members are provided with details of organisations offering free and impartial guidance. These include:</p> <p>Pension Wise https://www.pensionwise.gov.uk/ or call 0800 138 3944</p> <p>Community Advice (formerly Citizens Advice Bureau) http://www.citizensadvice.co.uk/ or call 028 9026 2532</p> <p>Pensions Advisory Service (TPAS) http://www.pensionsadvisoryservice.org.uk/</p> <p>They will provide telephone guidance on 0300 123 1047</p> <p>All members receive a copy of the ‘Money Advice Service - <i>Your pension: it’s time to choose</i>’ booklet which provides a useful guide to decisions and outlines important considerations.</p> <p>All members receive a Risk Warnings leaflet, which includes general warnings for members to consider and alerts members to scams.</p> <p>Members with pots of £30,000 or more may use the ‘Pension Decision Service’ where they can avail of 30 to 40 minutes telephone support, free of charge. This allows the member to talk through all the options available and the individual’s circumstances to help them choose the best option.</p> <p>If the member requires further support, there is an optional ‘non-advised’ and ‘advised’ service which is chargeable and this is disclosed to the member. The fee quoted depends on the option selected.</p>
Members age 70	<p>A letter is enclosed with annual statements to members aged 70 or over who have not yet claimed their retirement savings from the Scheme.</p> <p>The letter reminds the member what happens if their savings remain unclaimed on or after their 75th birthday. Any claim after their death will result in tax of 45% before it can be paid to the next of kin/beneficiaries.</p>



What's happening in 2020?

More of us are saving for retirement with a workplace plan than ever before. We now have more information, more choices, and more responsibility for our retirement savings. But will the future we want be the future we are able to achieve?

The Pensions and Lifetime Savings Association (PLSA) has developed the Retirement Living Standards 'Picture Your Future', based on independent research by Loughborough University. Further details can be found at <https://www.retirementlivingstandards.org.uk>

The initiative has been developed to help individuals and couples picture what kind of lifestyle they could have in retirement based on minimum, moderate and comfortable levels of income.

During 2020 the Trustee Board will explore how these findings may be included in its communications with members.

The Trustee Board will consider more tailored communications to encourage members to take a greater interest in and more control of their retirement savings.

The Trustee Board welcomes any suggestions you may have to improve how we stay in touch with members. Feel free to contact us by any of the following means:

- via our website at <https://workerspensiontrust.co.uk/contact>
- by e-mail info@workerspensiontrust.co.uk
- by telephone on 028 9087 7142 or
- write to us at 143 Malone Road, Belfast, BT9 6SX

Summary

- ✓ A key strength of WPT is its on-site customer service team as demonstrated by the high levels of member satisfaction
- ✓ The average satisfaction rate of retiring members was 9 out of 10
- ✓ The Trustee Board uses surveys to learn members' views
- ✓ The Benpal online portal allows members quick and easy access to details of their retirement savings
- ✓ The Trustee Board has a communications plan which it reviews and updates each year



6. How we keep running costs low (charges)

WPT is run on a not-for-profit basis which means that any income or reserves of the company may only be used for the benefit of members. Therefore, the Scheme only takes costs needed to manage your retirement savings.

An Annual Management Charge (AMC) of 0.75% is deducted from the value of your retirement savings each year. For example: if the savings are worth £5,000 this means that the AMC for that year would be £37.50.

Charges cap

The charges cap determined by legislation is currently 0.75%, therefore, the Scheme complies with the legislation.

The charges cap applies to particular deductions from members' retirement savings. These may include deductions relating to:

- ✓ payments to providers of professional services like administrators and legal advisers
- ✓ costs of member communication services like producing statements, website development, and printing and posting scheme documentation
- ✓ investment management fees for default strategies / plans
- ✓ ongoing costs for things like IT, office, staff and record-keeping

Investment management charges, costs and expenses

The Investment Manager, Legal & General, applies the following for the operation of the savings funds.

- **Investment management charges**

The Investment Manager applies these charges for managing a particular fund on behalf of the people who invest in it.

The Trustee Board pays these charges out of the Annual Management Charge (AMC) of 0.75% paid by members each year. They are not paid by the member in addition to the AMC. The funds are pooled* with other investors and are passively managed** which help keep costs low.

* See page 13.

** See page 14.

- **Transaction costs**

Transaction costs are minimal within the funds offered by WPT and occur when

- your contributions are used to buy units in a savings fund or
- units are taken out of your savings fund, for example, when you retire or transfer to another scheme

- **Additional expenses**

Additional expenses are minimal costs and are incurred in the day-to-day running of the savings fund.

Further details on charges can be found in the Chair's Statement on the WPT website at <http://workerspensiontrust.co.uk/members/resources>

The Trustee Board reviews investment management charges, costs and expenses on behalf of the members each quarter.



What's happening in 2020?

In 2020 the Trustee Board will work with the Investment Consultant and Investment Manager to achieve better transparency and clearer communication of investment costs.

The Trustee Board will review the investment strategy / plan during 2020. The aim of the review is to ascertain the appropriateness of the current funds and look for alternatives where necessary.

Summary

- ✓ The Annual Management Charge (AMC) of 0.75% complies with the charges cap
- ✓ WPT's costs are comparable with similar schemes
- ✓ The funds that WPT offer help to keep costs low
- ✓ Following negotiations with Legal & General, WPT gained a reduction in the fee charged for the WPT Growth fund in December 2019. This helps to keep charges to members at a competitive level.



7. We welcome your views

As an authorised Master Trust, the Trustee Board strives to maintain and enhance the standard of Workers Pension Trust.

With this 2019 Value for Members' Report and the 2019 Chair's Statement we have aimed to communicate to members in a user-friendly way. We have avoided jargon where possible and aim to write in plain English.

We value your feedback on these reports and any other communications you receive from WPT.

The Trustee Board is interested to hear any views you, the members, may have on how value for members could be improved.

Feel free to contact us by any of the following means:

- ✓ via our website at <https://workerspensiontrust.co.uk/contact>
- ✓ by e-mail info@workerspensiontrust.co.uk
- ✓ by telephone on 028 9087 7142 or
- ✓ write to us at 143 Malone Road, Belfast, BT9 6SX

WORKERS PENSION TRUST

APPENDIX 4: TRUSTEE BOARD COVID-19 UPDATE (JUNE 2020)

1. Business continuity

As a result of the government announcements and advice given in the past few months concerning COVID-19, the Trustee Board has implemented its detailed business continuity arrangements. This involved adapting internal work practices and client service delivery supported by comprehensive communications to all members and employers so as to continue operating the Scheme in a safe and consistent manner.

The Business Continuity Plan (BCP) has been deployed, with all staff working remotely. The Scheme Administrators, Construction First Ltd and Mercer continue to provide regular Business Continuity updates to the Trustee Board.

2. Administration

Construction First Ltd is continuing to successfully deliver key services to members and employers including handling calls, emails and processing claims on a daily basis. Construction First Ltd continues to closely monitor the completeness and accuracy of contributions received from employers, including any outstanding contributions.

Mercer is continuing to delivery key priority work including retirement settlements, bereavement claims, transfer out settlements, investments and disinvestments and regulatory tasks.

Service standards are being kept under review by the Scheme management team daily and by the Trustee Board. There are no areas for concern at present.

3. Finances

The Trustee Board has considered the potential financial impact of COVID-19 on the financial performance of the Scheme and is confident that the Scheme has adequate resources to continue in operational existence for the foreseeable future, with adequate reserves in place to protect members.

4. Investment performance

The Trustee Board has reviewed the initial impact of COVID-19 on members' investments following the Scheme year-end (31 December 2019). The Trustee Board will review the investment strategy with its investment consultant during Q3-Q4 2020, taking into account the impact of COVID-19 on investment returns. This review was scheduled prior to the COVID-19 pandemic.

Communications have been issued to members in response to the COVID-19 impact on financial markets and what this might mean to members' pension savings.

Members have been advised that if they are thinking about amending their investment choices, they should consider seeking independent financial advice. Members have also been warned about recent pension scams.

Members have been reminded that the current default investment strategy is designed to manage the level of risk depending on how close a member is to retirement. The Scheme also offers a range of different types of investments, some which are considered lower-risk and can offer an alternative to share market investing.