

The Whirlpool UK Pension Scheme Chairman's Statement

Introduction

This statement has been prepared by the Trustee of the Scheme in accordance with regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations ("the Administration Regulations") 1996 (as amended) and relates to the Scheme's Defined Contribution (DC) Section.

The DC section is closed to new entrants.

This statement describes how the Trustee has met the statutory governance standards in relation to:

- the default arrangements
- requirements for processing financial transactions
- assessment of charges and transaction costs
- the requirement for trustee knowledge and understanding

This statement covers the period 1 March 2019 to 29 February 2020.

Default arrangements

A Lifestyle investment strategy is available to members. This strategy initially fully invests in the BlackRock LGIM Global Equity (50:50) Index fund and then (starting at 5 years before retirement) assets are gradually switched into the BlackRock DC Pre-Retirement and BlackRock DC Cash funds.

The most recent formal review of the default arrangement took place in 2019.

Funds – default investment arrangement

- **BlackRock LGIM Global Equity (50:50) Index**
Index invests mainly in UK Equities (around 50%) and overseas equities (around 50%) and aims to track the return of its benchmark
- **BlackRock DC Cash**
Aims to produce a return in excess of its benchmark principally from a portfolio of Sterling denominated cash, deposits and money-market instruments
- **BlackRock DC Pre-Retirement**
Invests mainly in UK Gilts, UK Bonds and other fixed income securities and aims to produce a return in excess of a benchmark designed to reflect long-term changes in immediate annuity prices.

Funds – other

- **BlackRock DC Fixed Income Global Opportunities**
Invests primarily in fixed income transferable securities and money-market instruments denominated in various currencies issued by governments, agencies and companies worldwide

- **BlackRock DC 70/30 Global Growth**
Invests mainly in UK equities (around 70%) and overseas equities (around 30%), the overseas equities are split between geographical regions in fixed percentages
- **BlackRock DC UK Growth**
Invests mainly in UK equities and aims to produce a return in excess of its benchmark.
- **BlackRock DC Balanced Growth**
Invests mainly in equities and to a lesser extent government securities, cash and other fixed interest investments, in the UK and overseas
- **BlackRock DC Property**
The fund has a diversified exposure to a range of commercial property assets such as offices, shopping centres, retail warehouse parks and industrial estates. The funds gain exposure to these assets by investing in a number of underlying pooled property funds.

The Trustee Directors keep the funds available to members under review with the assistance of their advisers, Kerr Henderson (Consultants and Actuaries) Limited (KHCA).

Processing Scheme Transactions

The Trustee considers that the core financial transactions (including the investment of contributions, transfer of member assets, switching of investments and payments to and in respect of members) relating to the DC section have been processed promptly and accurately.

The sponsoring employer deducts contributions from members' salaries before the end of each month and remits these contributions into the Trustee bank account.

The Scheme administrators Kerr Henderson (Consultants and Actuaries) Limited (KHCA) oversee and manage the Trustee bank account on behalf of the Trustee. All investments and disinvestments are managed by KHCA, as are transfers of assets out of the Scheme for members and payments from the Scheme in relation to members.

The Trustee monitors core membership movements resulting in financial transactions via the Scheme administrator's administration reports. KHCA and Blackrock also report annually on their internal controls.

The Statement of Investment Principles (SIP) was last reviewed in September 2019. It confirms that the Scheme's DC arrangement provides for benefits to be accrued on a money purchase basis, with the value of members' funds being determined by the value of accumulated contributions adjusted for investment returns net of charges. In selecting appropriate investments, the Trustee is aware of the need to provide a range of investment options, which broadly satisfy the risk profiles of all members, given that members' benefits will be directly determined by the value of the underlying investments.

Charges and transaction costs

The Trustee regularly reviews the charges for the DC section of the Scheme and has concluded that these represent good value for money. The charges for funds used for the default investment strategy available to DC members are considerably lower than the 0.75% charge

cap for default arrangements introduced by the Occupational Pension Schemes (Charges and Governance) Regulations 2015. Details of the annual charges applicable to all funds in the DC section are set out below:

Fund Annual Management Charges

Fund Name	AMC
Funds – default investment arrangement	
BLK LGIM GLOBAL EQUITY 50:50 IDX P	0.18%
BLK DC CASH P	0.15%
BLK DC PRE-RETIREMENT P	0.15%
Funds – other	
BLK DC FIXED INCOME GLOBAL OPPTS E	0.75%
BLK DC 70:30 GLOBAL GROWTH E	0.90%
BLK DC UK GROWTH E	0.90%
BLK DC BALANCED GROWTH E	0.90%
BLK DC PROPERTY E	1.20%

Value assessment

In accordance with Regulation 25(1)(b) of the Occupational Pension Schemes (Scheme Administration) Regulations 1996, the Trustee has assessed the extent to which charges (and transaction costs) borne by members represent good value for members.

The Trustee Directors are committed to ensuring that members receive value for money from the Scheme.

In accordance with The Pensions Regulator's current DC Code of Practice and with relevant legislation available at the time of this statement, the Trustee Directors believe that the Scheme's overall benefits and options represent value for money for the following reasons:

- charges for the Scheme's default investment strategy are below the charge cap of 0.75% a year;
- members have access to various asset classes, all of which have competitive fund management charges;
- members do not pay for the costs of Scheme administration, professional adviser costs or indeed any costs (other than fund management) associated with running the Scheme; and
- members have access to flexibilities on retirement either by taking cash or by transferring their benefits to another arrangement which offers full flexibilities.

Trustee knowledge and understanding (TKU)

The Pensions Act 2004 includes provisions requiring the Trustee Board to possess or have access to sufficient knowledge and understanding to exercise their functions effectively. The Trustee's approach to meeting the TKU requirements included:

- receiving training sessions from advisers during regular Trustee meetings to ensure the Board maintain an appropriate level of knowledge and understanding of current and general pensions issues; and

- receiving briefings and general updates from advisers about matters relevant to the Scheme at regular Trustee meetings and other times.

The combined knowledge and experience of each Trustee Director, together with the advice and regular education sessions provided by their advisers, enables them to properly exercise their duties as Trustee Directors of the Scheme.

The Pensions Regulator Code 13: DC Scheme Governance

The Trustee of the Scheme believes that the systems, processes and controls across key governance functions in respect of the Scheme's DC arrangement are consistent with those set out in The Pensions Regulator's Code of Practice 13: Governance and administration of occupational defined contribution schemes.

Signed on behalf of PTL Governance Ltd by:

A handwritten signature in black ink, appearing to be 'K. Lewis', is written over a horizontal line. A vertical line is positioned to the right of the signature, forming a partial rectangular box.

Keith Lewis
Chair

Date 30 September 2020