

Whirlpool UK Appliances Ltd Pension Scheme ("the Scheme") Year Ended 5 April 2021

Defined Contribution ("DC") Section Governance Statement

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the **Administration Regulations**) require the Trustees to prepare an annual statement regarding governance, which should be included in the annual report.

The Scheme provides both defined benefit (**DB**) and defined contribution pensions. The DB section was closed to accrual with effect from 31 December 2011. This statement is in respect of the DC section and covers the period from 6 April 2020 to 5 April 2021 (the **Scheme Year**) and is signed by the Chair on behalf of the Trustees of the Scheme (the **Trustees**). The statement covers governance and charge disclosures in relation to the following:

- the default arrangement and investments;
- processing of core financial transactions;
- member borne charges and transaction costs;
- value for members assessment; and
- trustee knowledge and understanding.

1. The Default Arrangement and Investments

The Trustees are required to design the default arrangement in members' interests and keep it under review. The Trustees need to set out the aims and objectives of the default arrangement and take account of the level of costs and the risk profile that are appropriate for the Scheme's membership.

The Scheme is used as a Qualifying Scheme for auto-enrolment purposes.

The Trustees are responsible for the Scheme's investment governance, which includes setting and monitoring the investment strategy for the Scheme's default arrangement. During the year the default investment arrangement was switched from the Annuity Lifestyle Strategy to the Lifestyle investment strategy targeting flexible income.

In addition, the Trustees introduced two new alternative lifestyle strategies targeting 1) cash lump sum and 2) guaranteed income (annuity purchase).

The Lifestyle investment strategy targeting flexible income is primarily provided for members who join the Scheme and do not choose an investment option for their contributions and are looking to take their retirement savings as an flexible income in retirement.

The Trustees have prepared a Statement of Investment Principles (**SIP**) which sets out the principles and policies governing determinations about investments made by the Trustees in the management of the Scheme's assets. There are separate SIPs for the DB and DC sections of the Scheme. The SIP for the DC section is attached and can be found at https://www.ptluk.com/sites/default/files/s3fs-public/Whirlpool_DC_SIP_2020-min.pdf. Members of the DC section are made aware of the website address as part of the publication of benefit statements.

The SIP reflects the specific requirements of the default arrangement and the aims and objectives generally of all of the investment funds available and includes agreement regarding performance metrics and reporting requirements which are used to measure whether the funds are successfully meeting their objectives.

1.1 Investment Strategy Review

The Trustees review the DC investment options and performance on a regular basis, at least annually. The Trustees, with assistance from their DC investment advisers, Aon, undertook a review of the Scheme's DC investments, including formally reviewing the Scheme's default strategy which concluded on 21 January 2020. This was the last review of the default strategy, no review was undertaken during the Scheme Year.

Changes identified during the review were implemented during the Scheme Year, with the assets transferred on 15 February 2021.

The review has considered the membership profile, and the way members were expected to draw their benefits at retirement. It was agreed that the previous default strategy should be changed from targeting purchasing an annuity at retirement (the **Annuity Lifestyle Strategy**) to targeting drawdown at retirement (the **Lifestyle investment strategy targeting flexible income**).

It was also agreed that the period by which the investment switches are made should be extended from 10 to 15 years to aim to reduce capital risk in the lead to a member's retirement. Changes were also made to the underlying funds used as part of the growth and pre-retirement phases to aim to increase risk adjusted returns.

The current strategy is now consistent with the aim to provide members with the potential for good levels of growth during the accumulation of their retirement savings through exposure to equities, and then to gradually diversify their investments 15 years before their target retirement date. This is achieved by automatically moving members' funds from return-seeking assets, which aim for long-term growth in excess of inflation, to a more broad-based and lower risk asset mix as a member approaches their target retirement date.

The two new alternative lifestyle strategies which aim to be suitable to members wishing to purchase an annuity or take their fund as a cash lump sum at retirement, utilise the same growth phase design as the default investment arrangement to allow members the decision on which approach they wish to take until five years from retirement without detriment.

The Trustees also made changes to the range of individual "self-select" funds made available to members to add additional choices of multi-asset and pre-retirement funds whilst retaining the range of different asset classes including bonds, equities and cash. Further details of the self-select funds offered prior to February 2021 and the current self-select funds offered from February 2021 are set out in section 3ii.

As part of the changes to the self-select fund range, the SW Aquila 30/70 Currency Hedged Global Equity Index Fund was closed. Funds for members who had selected this fund were transferred to the new default investment arrangement, the Lifestyle investment strategy targeting flexible income on 15 February 2021. Funds for members in the other self-select funds were not moved.

The next formal review is due to take place by 21 January 2023.

1ii The investment changes implementation

The investment changes were implemented on 15 February 2021. The Trustees imposed a blackout period from 10 February 2021 to 18 February 2021 in order to allow Scottish Widows to implement the transition.

Prior to the changes, members were provided with detailed communications regarding the forthcoming changes. Members who were invested in the old default investment arrangement (and SW Aquila 30/70 Currency Hedged Global Equity Index Fund on a self-select basis) were informed that they would be transferring automatically to the new default investment arrangement (the Lifestyle investment strategy targeting flexible income). Members were informed that after the transfer members could then select an alternative lifestyle strategy or self-select fund options.

The asset transition was carried out by Scottish Widows through a sale and purchase of funds. Transaction costs arose as part of the transition of assets. The transaction costs were borne by members. The Trustees believe the improvements in the investment strategy justify the value of any transaction costs incurred by members during the transition.

1iii Performance Monitoring

The Trustees monitor the performance of the investment funds on a regular basis in order to assess whether the funds are performing in line with the investment objectives of the Scheme and relevant benchmarks. Quarterly investment updates are received and reviewed by the Trustees. Performance is reviewed against target benchmarks that have been agreed with the investment managers.

2. Processing of Core Financial Transactions

The Trustees have a specific duty to ensure that core financial transactions relating to the DC Section are processed promptly and accurately. Core Financial Transactions include the investment of contributions, transfer of member assets into and out of the Scheme, transfers between different investments within the Scheme and payments to and in respect of members/beneficiaries. Electronic means of processing are used wherever possible avoiding the need for manual intervention and, in turn, significantly reducing the risk of error.

Scottish Widows carries out the administration of the DC section of the Scheme, including processing core financial transactions on the Trustees' behalf. It does so under the terms of an Administration Services Agreement (the **ASA**) which contains agreed performance objectives for the provision of administration and support services.

The ASA covers, amongst other matters, the processing of core financial transactions such as transfer of member assets, benefit statements and payments, cashflows and investment of contributions. As Scheme administrator, Scottish Widows, has processes in place to ensure that the requirements of the ASA are met. These include monthly monitoring of cashflows and bank reconciliations and checking systems in respect of benefit calculations and bank transactions. Scottish Widows also monitor all Scheme bank accounts on a daily basis.

Contributions received from the sponsoring employer are logged on a central contributions schedule which is regularly shared with the administration team so that the receipt and timing of contributions can be monitored. Additionally, these contributions are recorded in a control account so that when a contribution breakdown is received contributions are invested in accordance with member instructions.

Relevant administration processes are subject to a checking process at Scottish Widows undertaking senior peer verification of transactions and a further secondary documented authorisation process which applies to transactions above a certain threshold.

Scottish Widows provide quarterly administration reports to the Trustees which include reports on the accuracy and timeliness of core financial transactions and details of service performance (for example, processing transactions and dealing with member enquiries) benchmarked against the agreed target delivery standards. Under the ASA, Scottish Widows aims to accurately complete all financial transactions within three working days from units being sold, with the exception of the investment of contributions, which is by the end of the following working day of receipt.

The Trustees review the administration reports and evaluate the performance of the administrator on a regular basis to ensure that members receive an effective administration service.

During the Scheme Year, the Trustees met regularly with Scottish Widows and are satisfied that their processes and controls are sufficiently robust to ensure that relevant financial transactions are dealt with promptly and accurately in line with agreed service levels, quality assurance policies and procedures and statutory requirements.

The Trustees have received a copy of Scottish Widows' AAF 01/06 report, which confirms that independent auditors, carried out a service audit on Scottish Widows' existence, design and operating effectiveness of the controls in place to 31 December 2020 and concluded that control procedures that were tested were operating with sufficient effectiveness.

The common and conditional data reports were run in April 2019 and September 2019, respectively. The results of the overall quality ratings of 98% common data accurately recorded and 96% of conditional data accurately recorded were presented to the Trustee and an action plan to improve the quality of the data was discussed and put in place. The common and conditional data reports are due to be run again no later than 2022.

In addition to the above, the Trustees Annual Report and Accounts which incorporate the Scheme's financial transactions are independently audited on an annual basis by the Scheme auditor, BHP LLP.

The Trustees are pleased to report there were no administration service issues with respect to core financial transactions during the relevant period and they have been processed promptly and accurately. The administrator has operated in line with appropriate procedures, checks and controls and operated within the agreed service levels for the majority of cases. Where processing has been delayed, action has been taken to ensure members are not disadvantaged, with any necessary adjustments made to their policy value to avoid any member detriment.

3. Member Borne Charges and Transaction costs

The Trustees monitor the level of charges and costs borne by members through the investment funds. The charges are described in Sections 3i and 3ii below. Section 3iii contains a number of illustrative examples of the cumulative effect over time of the charges on the value of a member's benefits. The Trustees can confirm that it has taken account of the statutory guidance produced by the Department for Work & Pensions when preparing this Section of the statement.

3i Explicit charges

Explicit direct charges consist of costs such as the Annual Management Charge (the **AMC**) which is the annual fee charged by the investment manager for investing in a fund, as well as additional expenses. Together these comprise the Total Expense Ratio (the **TER**) and details are readily available to members. TERs are deducted as a percentage of members' funds.

The legislative charge cap for the default strategy is 0.75% per annum of assets under management.

Prior to 15 February 2021, the charges levied on members invested in the default strategy were within this cap, ranging from 0.384% p.a. to 0.400% p.a. depending upon members' term to retirement.

From 15 February 2021, the charges levied on members invested in the default strategy were also within this cap, and had reduced to a range from 0.372% p.a. to 0.402% p.a. depending upon members' term to retirement. For instance, the TER is 0.372% p.a. up to 15 years before retirement. At this point it falls gradually increases to a high of 0.402% p.a. 10 years before retirement, before falling again.

The tables below provide the TER for all the funds offered through the Scheme Year.

3ii Transaction costs

Transaction costs are costs which are incurred within the day to day management of the assets by the fund manager. This covers things such as the cost of buying and selling securities within the fund. Transaction costs are incurred on an on-going basis and are implicit within the performance of the fund.

Any performance quoted for a fund will take account of transaction costs, which will vary from year to year, depending on trades in the fund. This can, on occasion, result in a negative cost (profit) as a result of the underlying trades. Where transaction costs have been calculated as a negative cost, these have been set to zero by the Trustees.

The table below shows a full breakdown of the TER and transaction costs applicable to the different funds over the Scheme Year. The transaction costs for all funds are the average costs over the 1-year period ending 5 April 2021 using the calculation method set by the relevant regulations.

Investment options prior to 15 February 2021

Lifestyle Strategy	TER (% p.a.)	Transaction Costs (% p.a.)	Total Cost (% p.a.)
Annuity Lifestyle (default option)	0.384 to 0.400	-0.036 to 0.011	0.348 to 0.411

Self-Select funds	TER (% p.a.)	Transaction Costs over the Scheme Year (%)	Total costs over the Scheme Year (%)
SW Aquila 30/70 Currency Hedged Global Equity Index ⁽¹⁾	0.393	0.000	0.393
SW Aquila Corporate Bond All Stocks Index ⁽¹⁾	0.391	0.000	0.391
SW Aquila World ex UK Equity Index	0.385	0.000	0.385
SW BlackRock Sterling Liquidity ⁽¹⁾	0.400	0.011	0.411
SW Aquila Over 15 Years UK Gilt Index ⁽¹⁾	0.384	-0.036	0.348
SW Aquila Index Linked Over 5 Year Gilt Index	0.394	0.000	0.394
SW Aquila UK Equity Index	0.393	0.000	0.393

Source: Scottish Widows

⁽¹⁾ These funds comprised the default option prior to 15 February 2021

Investment options from 15 February 2021

Lifestyle Strategies	TER (% p.a.)	Transaction Costs (% p.a.)	Total Cost (% p.a.)
Lifestyle investment strategy targeting flexible income (default option)	0.372 to 0.402	0.030 to 0.055	0.402 to 0.454
Lifestyle investment strategy targeting guaranteed income (annuity purchase)	0.372 to 0.401	0.030 to 0.055	0.402 to 0.456
Lifestyle investment strategy targeting cash lump sum	0.372 to 0.399	0.030 to 0.054	0.402 to 0.453

Self-Select funds	TER (% p.a.)	Transaction Costs over the Scheme Year (%)	Total costs over the Scheme Year (%)
SW Aquila Corporate Bond All Stocks Index ^{(2) (3) (4)}	0.295	0.000	0.295

SW Aquila World ex UK Equity Index	0.285	0.000	0.285
SW BlackRock Sterling Liquidity ^{(3) (4)}	0.300	0.011	0.311
SW Aquila Over 15 Years UK Gilt Index	0.290	-0.036	0.254
SW Aquila Index Linked Over 5 Year Gilt Index ^{(2) (4)}	0.300	0.000	0.300
SW Aquila UK Equity Index	0.290	0.000	0.290
SW BlackRock ACS World Multifactor Equity Tracker ^{(2) (3) (4)}	0.360	0.033	0.393
SW Aquila Emerging Markets Equity Index ^{(2) (3) (4)}	0.480	0.000	0.480
SW Aquila Market Advantage ^{(2) (3) (4)}	0.600	0.134	0.734
SW Schroder Dynamic Multi Asset ^{(2) (3) (4)}	0.580	0.223	0.803
SW L&G Pre Retirement ⁽³⁾	0.305	0.026	0.331

Source: Scottish Widows

⁽²⁾ These funds comprised the default option post 15 February 2021

⁽³⁾ These funds comprised the Lifestyle investment strategy targeting guaranteed income (annuity purchase) option post 15 February 2021

⁽⁴⁾ These funds comprised the Lifestyle investment strategy targeting cash lump sum option post 15 February 2021

3iii Illustrations of costs and charges

From 6 April 2018 the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 introduced new requirements relating to the disclosure and publication of the level of charges and transaction costs by trustees and managers of a relevant scheme. These changes are intended to improve transparency on costs. As part of the changes, the Trustees are required to illustrate the cumulative effect over time of the application of transaction costs and charges on the value of a member's benefits.

Scottish Widows has produced four illustrations on behalf of the Trustees to demonstrate the effect of the costs and charges set out above for the investment funds and strategies available on five different combinations of terms to retirement, accumulated fund value, and both actively contributing and deferred members.

The majority of members invest in the default option, the Lifestyle investment strategy targeting flexible income which automatically transitions members' funds over the members' membership. The Trustees have shown this investment choice for the illustrations and has compared the impact of costs with a range of lower and higher cost self-select investment options.

Active Member invested in the default investment option

The illustrative figures in the table below are based on the projected pension pot in today's money, using a starting fund of £26,000 and starting contributions of £325 per month.

<u>Years</u>	<u>Age Now 60</u>		<u>Age Now 55</u>		<u>Age Now 45</u>		<u>Age Now 35</u>		<u>Age Now 20</u>	
	<u>Before charges</u>	<u>After all charges + costs deducted</u>	<u>Before charges</u>	<u>After all charges + costs deducted</u>	<u>Before charges</u>	<u>After all charges + costs deducted</u>	<u>Before charges</u>	<u>After charges costs deducted</u>	<u>Before charges</u>	<u>After all charges + costs deducted</u>
1	29,800	29,700	30,000	29,800	30,300	30,200	30,300	30,200	30,300	30,200
3	37,500	37,100	38,000	37,500	39,400	39,000	39,400	39,000	39,400	39,000
5	45,000	44,300	45,900	45,100	48,800	48,100	48,800	48,100	48,800	48,100
10	-	-	64,900	62,900	71,900	69,700	74,100	72,000	74,100	72,000
15	-	-	-	-	92,700	88,700	102,000	97,900	102,000	97,900
20	-	-	-	-	111,000	105,000	128,000	121,000	132,000	125,000
25	-	-	-	-	-	-	150,000	140,000	166,000	156,000
30	-	-	-	-	-	-	169,000	156,000	204,000	188,000
35	-	-	-	-	-	-	-	-	237,000	216,000

Active member invested in self-select option

As the projected fund values above are dependent on investment returns as well as the level of costs and charges, we have also included some comparison illustrations below. For comparison purposes, they were selected to reflect the range of projected returns and charges for the available funds.

Note that for the Default Lifestyle Strategy the development of the projected pension pot depends on the member's current age because the funds change as the member approaches retirement.

For non-lifestyle investments the projected pension pot does not depend on the starting age and develops as shown in the below table.

Years	SW Aquila Index Linked Over 5 Year Gilt Index		SW Aquila World ex UK Equity Index		SW BlackRock Sterling Liquidity		SW Aquila Market Advantage	
	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
1	29,300	29,200	30,300	30,300	29,300	29,200	29,600	29,400
3	35,700	35,400	39,400	39,100	35,700	35,400	36,700	36,000
5	41,800	41,400	48,800	48,200	41,900	41,300	43,700	42,500
10	56,300	55,200	73,900	72,400	56,300	55,000	60,800	57,800
15	69,300	67,600	101,000	98,700	69,400	67,300	77,100	71,900
20	81,100	78,600	132,000	127,000	81,300	78,200	92,800	85,000
25	91,900	88,500	165,000	158,000	92,100	87,900	107,000	97,000
30	101,000	97,300	202,000	191,000	101,000	96,600	122,000	108,000
35	110,000	105,000	243,000	228,000	110,000	104,000	136,000	118,000

Deferred Member invested in the default option

The illustrative figures in the table below are based on the projected pension pot in today's money, using a starting fund of £26,000 and no ongoing contributions.

Years	Age Now 60		Age Now 55		Age Now 45		Age Now 35		Age Now 20	
	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
1	26,000	25,900	26,100	26,000	26,500	26,400	26,500	26,400	26,500	26,400
3	26,000	25,600	26,300	26,000	27,500	27,200	27,500	27,200	27,500	27,200
5	25,900	25,300	26,500	25,900	28,600	28,100	28,600	28,100	28,600	28,100
10	-	-	26,400	25,200	30,600	29,300	31,600	30,400	31,600	30,400
15	-	-	-	-	31,200	29,200	34,900	32,800	34,900	32,800
20	-	-	-	-	31,100	28,500	37,200	34,300	38,500	35,500
25	-	-	-	-	-	-	38,000	34,200	42,500	38,400
30	-	-	-	-	-	-	37,800	33,300	46,900	41,500
35	-	-	-	-	-	-	-	-	50,000	43,400

Deferred member invested in self-select option

As with the active member, the projected fund values above are dependent on investment returns as well as the level of costs and charges, we have also included some comparison illustrations below. For comparison purposes, they were selected to reflect the range of projected returns and charges for the available funds.

Note that for the Default Lifestyle Strategy the development of the projected pension pot depends on the member's current age because the funds change as the member approaches retirement.

For non-lifestyle investments the projected pension pot does not depend on the starting age and develops as shown in the below table.

Years	SW Aquila Index Linked Over 5 Year Gilt Index		SW Aquila World ex UK Equity Index		SW BlackRock Sterling Liquidity		SW Aquila Market Advantage	
	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
1	25,400	25,400	26,500	26,400	25,400	25,400	25,700	25,500
3	24,500	24,300	27,500	27,300	24,500	24,200	25,300	24,700
5	23,500	23,200	28,600	28,200	23,500	23,100	24,900	24,000
10	21,300	20,700	31,500	30,600	21,300	20,600	23,800	22,200
15	19,300	18,500	34,700	33,200	19,400	18,400	22,900	20,500
20	17,500	16,500	38,200	36,100	17,600	16,400	21,900	18,900
25	15,800	14,800	42,100	39,200	15,900	14,600	21,000	17,500
30	14,300	13,200	46,400	42,600	14,400	13,000	20,100	16,200
35	13,000	11,800	51,100	46,200	13,100	11,600	19,300	14,900

The following assumptions have been made for the purposes of the above illustrations:

Notes

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
2. Retirement is assumed to be at age 65
3. The starting pot size is assumed to be £26,000.
4. Inflation is assumed to be 2.5% each year.
5. For contributing members gross contributions of £325 per month are assumed from the start of the projection to retirement and are assumed to increase in line with inflation at 2.5% per year.
6. Values shown are estimates and are not guaranteed.
7. The projected growth rates for each fund are:
 - SW Aquila IL Over 5 Year Gilt Index: 2.0% below inflation
 - SW Aquila World ex UK Equity Index: 1.9% above inflation
 - SW BlackRock Sterling Liquidity: 2.0% below inflation
 - SW Aquila Market Advantage: 0.9% below inflation

8. The projected growth rates for the default option are:

<i>Years to Retirement</i>	<i>Projected Growth Rate for active members (Average)</i>		<i>Projected Growth Rate for deferred members (Average)</i>	
1	0.30%	<i>Below inflation</i>	0.30%	<i>Below inflation</i>
3	0.20%	<i>Below inflation</i>	0.20%	<i>Below inflation</i>
5	0.10%	<i>Below inflation</i>	0.10%	<i>Below inflation</i>
10	0.00%	<i>Above Inflation</i>	0.10%	<i>Above Inflation</i>
15	0.30%	<i>Above Inflation</i>	0.50%	<i>Above Inflation</i>
20	0.60%	<i>Above Inflation</i>	0.90%	<i>Above Inflation</i>
25	0.80%	<i>Above Inflation</i>	1.10%	<i>Above Inflation</i>
30	0.90%	<i>Above Inflation</i>	1.20%	<i>Above Inflation</i>
35	1.10%	<i>Above Inflation</i>	1.30%	<i>Above Inflation</i>

9. The charges assumed for each fund are the current charges as shown in section 3i and 3ii of this document.

It should be noted that the values shown are estimates only for an illustrative member.

It is important that when considering investments, the level of costs and charges and the expected return on assets (i.e. the risk profile of the strategy) should be considered together and not in isolation.

4. Value for Members Assessment

The Trustees are required to assess the extent to which the charges and transaction costs, investment options and the benefits offered by the DC Section of the Scheme represent good value for members when compared to other options available in the market.

There is no legal definition of "good value" or the process of determining this for Scheme members. Therefore, the Trustees have developed their cost-benefit analysis framework in order to make an assessment as to whether our members receive good value from the Scheme relative to the costs and charges they pay.

The costs have been identified as TER, Transaction Costs and are set out in section 3 of this statement. The Trustees have considered the benefits of membership under the following categories: Scheme governance, investments, administration and member experience, member communications and Retirement support. Benchmarking relative to other pension arrangements or industry best practice guidelines is also undertaken.

In addition, charges to members were reduced during the Scheme Year as part of the investment changes implemented on 15 February 2021, which significantly impacts value.

The Trustees beliefs have formed the basis of the analyses of the benefits of membership. These are set out below along with the main highlights of their assessment.

Costs

- Based on the profile of the Scheme's DC arrangements, we believe that the explicit charges are competitive when compared to current market rates on a like for like basis.
- The Trustees consider the costs and charges of the investment options to be appropriate for the size of the Scheme and comparable to charges levied by other providers.
- Charges in the DC Section were reduced following negotiations by the Trustees as part of the investment changes implemented on 15 February 2021.

Scheme governance

- Scheme governance covers the time spent by the Trustees to ensure the Scheme is run in compliance with the law and regulation, including taking account of the interests of its members.
- The Trustees believe that good governance is key to the achievement of good member outcomes. The Trustees regularly review and update their governance processes and procedures to make sure that they meet industry best practice.
- The Scheme is governed by an experienced group of Trustee Directors including a professional, independent Chair.
- The Board regularly review information about the performance of Scheme investments and also about the administration and membership amongst other information. This helps determine an appropriate strategy to support DC members and make improvements.

Scheme Administration

- The Trustees have appointed Scottish Widows to provide administration services to the Scheme and is satisfied that Scottish Widows has sufficient checks in place to monitor and

report on the standard of the administration service and to ensure that when administrative errors do occur, members are not disadvantaged as a result.

- The Trustees regularly monitor the Scheme administration and over the period found that the necessary administration standards were not being achieved, but actions were being taken to address performance and return to previous levels.
- Performance against SLA over the year was for 'Time Critical Processes' 89% and 'Manual Administration Processes' 86%. Scottish Widows has seen a reduced SLA performance in both Time Critical Processes and Manual Administration Processes throughout the period. Where any time critical processing has been delayed, action has been taken to ensure members are not disadvantaged, with any necessary adjustments made to their policy value to avoid any member detriment. Scottish Widows has confirmed that it has, and will continue to, recruited new colleagues into its business and therefore it expects an incremental SLA improvement on a month by month basis. Scottish Widows notes that in challenging macro-economic circumstances it has provided specific additional training to its staff in order to help them support customers in vulnerable circumstances.
- The Trustees received no complaints during the Scheme year. The Trustee is satisfied that the SLAs in place are appropriate and is comfortable with the performance against SLAs over the year.

Investments

- The Trustees have updated the investment options available to members during the Scheme Year, following advice from the Scheme's investment adviser, with the specific needs of members in mind.
- The Scheme provides members with a default lifestyle option targeting flexible withdrawal, two alternative lifestyle options targeting 1) cash lump sum and 2) guaranteed income (annuity purchase) and an expanded range of self-select fund options. The investment strategy and performance are regularly monitored and reviewed by the Trustees.

Scheme Communications

- The Scheme provides members with regular, clear communications regarding the choices open to members, as well as annual benefit statements and 'at retirement' communications.
- Communications were updated to reflect the investment changes implemented during the Scheme Year, as part of a comprehensive suite of communications explaining the changes to members.
- Members can access help to support them in their decision making in the form of an investment guide.
- The Scheme offers a bespoke website holding electronic versions of the relevant member documentation, tools to help with pension planning and educational material relevant to the Scheme and pensions more generally.

The Trustees' overall conclusion from the value for members assessment is that the costs and charges do represent good value for members. However, the performance of scheme administration should be closely monitored to ensure it returns pre-COVID-19 standards.

5. Trustee Knowledge and Understanding

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for trustees to have, or to have access to, appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of Scheme assets and other matters to enable them to properly exercise their functions as trustees and to run a scheme effectively. This requirement is underpinned by guidance in the Pension Regulator's Code of Practice 7. The comments in this section relate to the Trustee dealing with the whole scheme and are not restricted to the DC Section.

The Trustees have met the Pension Regulator's Trustee Knowledge and Understanding requirements (as set out under Code of Practice No 7) during the Scheme year by:

- Holding quarterly trustee meetings with professional advisers who provide specialist advice and training sessions on relevant matters
- Developing an appropriate regime for governance of the Scheme based on current regulatory guidance

The existing Trustees have either completed or are working towards completing the Pension Regulator's Trustee Toolkit (which includes training on pension or trust law, or their knowledge of funding and investment principles) and new Trustees are also required to complete this. New Trustees are provided with a briefing pack for the Scheme and commit to completing the Pension Regulator's Trustee toolkit. The Scheme is managed by a Trustee board which had six Trustee Directors during the Scheme year. There were four Trustee Directors appointed by the Principal Employer including an Independent Trustee Chairman, and two member nominated Trustee Directors. During the Scheme year there were no changes to the Trustee Directors.

Keith Lewis is the representative of PTL Governance Ltd. Keith has significant DC pensions trustee experience in running both standalone DC trusts and hybrid trusts. Keith is subject to the CPD requirements of the actuarial profession and has undertaken regular training throughout the year. PTL Governance Ltd was appointed Chair on 6 April 2018. After the Scheme year end, Joanne Fairbairn replaced Keith Lewis as the representative of PTL Governance Ltd.

The Trustee board takes personal responsibility for keeping up-to-date with relevant developments, with current issues being tabled at the quarterly Trustee meetings and training undertaken on an ad-hoc basis by their advisers. Training received over the year included:

- Cyber Security
- Sustainable Investment
- Investment governance
- COVID-19 response
- What next for DC investing – and why ESG matters
- DC trends: consolidation, compliance and ESG
- DC Investment in 2021
- Pension scams

Training logs are maintained for all Trustee Directors by the Trustee board. The Trustees review relevant Scheme documents upon becoming involved with the Scheme and will refer to these documents as necessary during each Scheme Year. They will also be involved in the updating of those documents, for example, liaising with legal advisers in relation to amending the Scheme rules.

- In addition to the skills held by the Trustees, the Trustees have engaged with appointed professional advisers regularly throughout the year to ensure that the Scheme is run, and the Trustees exercise their functions properly, including the following:

- Obtained and reviewed quarterly administration reports from Scottish Widows, the Scheme DC administrators, to monitor service delivery against agreed service levels (demonstrating knowledge and understanding of the law relating to pensions and trusts and a working knowledge of all documents setting out the Trustee's current policies)
- Ensured that an audit of the Trustee's Report and Accounts was carried out for the Scheme year ended 5 April 2021 (demonstrating knowledge and understanding of the law relating to pensions and trusts)
- Updated the Statement of Investment Principles in September 2020 for the regulatory changes required. This document was considered and discussed in advance of updates made (demonstrating a working knowledge of the current SIP)
- Held quarterly Trustee meetings with advisers where appropriate, who have provided specialist advice and updates on legislation, guidance and best practice developments. DC matters are also discussed at each of the Trustee meetings, in which there were seven held during the year. Additional ad-hoc meetings and conference calls were held during the Scheme year as required. The meetings were attended by the appointed providers and professional advisers who provided reporting and specialist advice before asking the Trustee to take relevant decisions as required. Minutes of each Trustee meeting document the information shared and specialist advice given.

The Trustees together believe they have a working knowledge of the trust deed and rules, and sufficient knowledge and understanding of the relevant principles relating to the funding and investment of occupational schemes.

Considering the training activities completed by the Trustees together with the professional advice available to the Trustees, the Trustees consider that they meets the Pension Regulator's TKU requirements (as set out under Code of Practice No 7) and is confident that the combined knowledge and understanding of the Trustees, together with the input from its specialist advisers, enables them to properly exercise its functions as the Trustees of the Scheme.

Approved and signed by the Chair of Trustees, Joanne Fairbairn, of the Whirlpool UK Appliances Ltd Pension Scheme on 4.11.2021.