Whirlpool UK Appliances Limited Pension Scheme – DC Section Implementation Statement

Introduction

On 6 June 2019, the Government published the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations (“the Regulations”). The Regulations require that the Trustee produces an annual implementation statement which outlines the following:

- A summary of the changes made to the Statement of Investment Principles ("SIP") over the Scheme year;
- Evidence on how the Trustee has fulfilled the objectives and policies included in the SIP over the Scheme year;

Describe the voting behaviour by, or on behalf of the Trustee (including the most significant votes cast) during the Scheme year and state any use of the services of a proxy voter during that year.

This document sets out the details, as outlined above. This Implementation Statement for the Whirlpool UK Appliances Limited Pension Scheme ("the Scheme") covering the DC Section has been prepared by the Trustee of the Scheme ("the Trustee") and covers the Scheme year 6 April 2020 to 5 April 2021.

Changes to the SIP

The SIP was updated in September 2020 to take account of new regulations which came into effect from October 2020, requiring the Trustee to introduce policies on arrangements with asset managers, and cost transparency.

A copy of the latest SIP can be found here:
https://www.ptluk.com/sites/default/files/s3fs-public/Whirlpool_DC_SIP_2020-min.pdf

The Trustee consulted with the company when making these changes and obtained written advice from their investment consultant.

Meeting objectives and policies outlined in the SIP

The Trustee outlines a number of key objectives and policies in its SIP. These are noted below together with an explanation of how these objectives have been met and policies adhered to over the course of the year:

Investment Objectives

The Trustee’s main objective is to provide members with an investment strategy aligned to the needs of their members 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.

The Trustee will consider the appropriateness of the Scheme's investment objectives on an ongoing basis and will make changes as and when it is considered to be appropriate, to ensure the continued appropriateness of both the default and self-select options.

The Trustee conducted a thorough review of the DC Section's membership in 2019 as part of the triennial investment strategy review, which forms the basis of its understanding of members' needs. This considered the membership's age, salary, contribution levels and term to retirement.

Importantly, this analysis formed the basis of the Trustee's decision to utilise the income drawdown vehicle as the default investment strategy.

The new investment strategy was implemented during the Scheme year.

The Trustee is comfortable that the Scheme's investment objectives (as set out in the SIP) remain appropriate. The Trustee has implemented changes in 2021 to better meet these objectives as set out in the following sections.

The default lifestyle strategy

The Trustee will seek advice from its investment adviser on the ongoing suitability of the default investment strategies available to members.

The Trustee, with the assistance of its Investment Adviser, will monitor the underlying investment funds to ensure their continuing appropriateness for the mandates given and replace them if deemed necessary.

The Trustee implemented the agreed changes (as summarised below) during the Scheme year:

- Target an at-retirement asset allocation that aims to be suitable for an individual utilising income drawdown in retirement – consistent with the findings of the membership analysis;
- The default strategy's equity utilises a multi-factor, or "alternative indexation", type approach, rather than the previous market capitalisation weighting indexation methodology;
- The switching period was extended from 10 to 15 years with the aim of reducing volatility and capital at risk in the lead in to a member's retirement;
- Levels of diversification have been increased in the retirement approach, through the use of alternative asset classes within the investment strategy (implemented via the inclusion of two mulit-asset funds); and
- Specific inflation linkage in the run up to retirement has been added through exposure to index-linked gilts

The Scheme's DC provider, Scottish Widows, provides ongoing monitoring of all funds utilised within both the existing and new investment strategies. The existing default investment strategy mainly utilises passive investment options, managed by BlackRock, along with a risk parity investment (similarly managed by BlackRock) and a DGF managed by Schroders.

All funds utilised within the investment strategy (both within the default investment and wider self-select range) are 'Buy' rated by the investment adviser.

Fund choices

The range of investment options cover multiple asset classes and provide appropriate strategic choices for members' different savings objectives, risk profiles and time horizons.

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

Following changes implemented as part of the investment strategy review process, members were able to invest in 11 distinct funds:

SW (BlackRock) Aquila Corporate Bond All Stocks Index (Passive)

SW (BlackRock) Aquila World ex UK Equity Index (Passive)

SW BlackRock Sterling Liquidity (Active)

SW (BlackRock) Aquila Over 15 Years UK Gilt Index (Passive)

SW (BlackRock) Aquila Index Linked Over 5 Year Gilt Index (Passive)

SW (BlackRock) Aquila UK Equity Index (Passive)

SW BlackRock ACS World Multifactor Equity Tracker (Passive)

SW (BlackRock) Aquila Emerging Markets Equity Index (Passive)

SW (BlackRock) Aquila Market Advantage (Multi-Asset/Active)

SW Schroder Dynamic Multi Asset (Multi-Asset/Active)

SW L&G Pre Retirement (Passive)

And three lifestyle strategies:

Lifestyle investment strategy targeting flexible income (default option)

Lifestyle investment strategy targeting cash lump sum

Lifestyle investment strategy targeting guaranteed income (annuity purchase)

The Trustee believes that the range of asset classes available to members is appropriate based on advice received as part of the investment strategy review which concluded in 2020.

Responsible Investment – Financially material considerations

The Trustee will work with the Investment Adviser to help select the investment managers that have passed the initial ESG screening. ESG screening will involve some of the following activities, but is not limited to: ensuring the managers are signatories to UNPRI, reviewing the managers' own ESG policies, investigating the extent to which these policies are integrated into their standard procedures of investment research and analysis.

The Trustee will continue to review the available products and approaches in this space and strive for the Scheme to continue to deliver strong risk-adjusted returns, incorporating responsible investments principles into the process, where possible.

The Trustee is satisfied that each of the existing funds pass the ESG screening policy:

Both BlackRock and Schroders are signatories to the UNPRI principles (since 2008 and 2007 respectively). More information can be found here:
https://www.blackrock.com/corporate/sustainability/pri-report
https://www.schroders.com/en/hk/institutional-service/strategic-capabilities/sustainability/integrity/un-pri/

Aon's manager research has confirmed that, with regard to all funds utilised by the Scheme, managers are aware of potential ESG risks to the relevant investment strategies and has taken some steps to identify, evaluate and potentially mitigate these risks

Responsible Investment – Stewardship Policy

The Scheme's Stewardship approach focuses on selection, monitoring and, where necessary, switching of underlying investment managers. The Trustee believes that choosing the right managers who fully engage with issuers of equity or debt instruments in their portfolios will lead to better financial results for members.

The Trustee is supportive of the UK Stewardship Code published by the Financial Reporting Council and encourage the Scheme's underlying managers, who are regulated by the Financial Conduct Authority, to comply with the UK Stewardship Code. Such managers are expected to report on their adherence to the Code on an annual basis. For managers that choose not to comply with any of the principles in the UK Stewardship Code, or not follow the guidance at all, the Trustee will request clear rationale form the managers on their alternative approach to stewardship.

The Trustee will request annual reports on the voting undertaken by the Scheme's underling investment managers during the period and review

The UK Stewardship Code is based on the following 7 principles:

Principle 1: Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities

Principle 2: Institutional investors should have a robust policy on managing conflicts of interests in relation to stewardship and this policy should be publicly disclosed

Principle 3: Institutional investors should monitor their investee companies

Principle 4: Institutional investors should establish clear guidelines on when and how they will escalate their stewardship activities

Principle 5: Institutional investors should be willing to act collectively with other investors where appropriate

Principle 6: Institutional investors should have a clear policy on voting and disclosure of voting activity

Principle 7: Institutional investors should report periodically on their stewardship and voting activities

Where a member does make a decision to share their views with the Trustee, the Trustee will note and discuss and minute any subsequent course of action.

BlackRock provides a statement on its compliance with the UK Stewardship Code: https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-statementoncompliance-uk-stewardshipcode.pdf

Whilst, over the Scheme year, Schroders was signatories to the code, it lost this status in 2021. The Trustee expects Schroders to reapply for signatory status in the near future and will engage with the manager, via its investment advisers, should this not be the case.

The voting and engagement records of both BlackRock and Schroders are covered in detail within the Voting and Engagement sections below.

Responsible Investment – Stewardship Policy

The Trustee believe it has a good understanding of membership demographics, behaviours and preferences and strive to provide a fund range that meets both financial and non-financial relevant members' needs.

The Trustee will include a note within the members annual benefit statements informing members of their ability to contact the Trustee with any non-financial considerations e.g. ethical or religious beliefs, which they wish to be considered.

The Trustee will consider each suggestion, based upon its own merits, for potential inclusion within either default strategy or self-select options.

The Trustee's investment adviser carried out detailed membership analysis in 2019 as part of the investment strategy review. The Trustee is confident that this analysis helps maintain an understanding of the membership demographics and that the fund range available to members reflects this understanding.

Three existing Trustee Directors are (or have been) members of the DC Section of the Scheme.

No note was included as part of the annual benefit statements in the Scheme year. The Trustee will work with its provider to ensure that there is a clear process for members to raise suggestions, including within the annual benefit statement when practical, and that these suggestions are fully considered, going forward.

Arrangements with Asset Managers

The Trustee monitors the Scheme's investments to consider the extent to which the investment strategy and decisions of the investment managers are aligned with the Trustee's policies.

The Trustee receives at least annual reports and verbal updates from the advisers on various items including underlying fund performance and any major changes to processes or personnel.

Where investment managers are considered to make decisions that are not in line with the Trustee's policies, the Trustee will typically first engage with the manager but could ultimately replace the manager where this is deemed necessary.

In setting the new investment strategy, the Trustee reviewed each manager, with assistance from its investment adviser, to ensure the managers' approach was appropriate given the role it plays in the investment strategy.

The Trustee did not receive reporting from their investment adviser over the Scheme year.

There were no flagged instances of investment managers acting out of line with the Trustee's policies over the Scheme year.

Cost transparency

The Trustee recognises the importance of monitoring the level of investment costs incurred in the management of members' assets and the impact these can have on the value of these assets.

It is the Trustee's view that long term performance, net of fees, is the most important metric on which to evaluate the investment managers.

The Trustee provided cost information on investments held within the Chair's Statement in the Trustee Report & Accounts. The Trustee's investment adviser reviewed member borne costs over the Scheme year, as part of the Chair's Statement process, and none appeared to be unreasonable in its view.

The Trustee reviews performance, provided by the DC platform provider on a net of fee basis, on a quarterly basis and is comfortable that this performance has been in line with expectations.

Risks

The Trustee has identified five main types of investment risk – Market Risk, ESG Risks, Pension Conversion Risk, Manager Risk and Liquidity Risk.

Due to the complex and interrelated nature of these risks, the Trustee deems it appropriate to consider them on a primarily qualitative basis as part of the investment strategy review.

Each risk was considered implicitly within the default investment strategy review, which concluded in 2020. The Trustee has determined that the new investment strategy, implemented during the Scheme year, adequately protects members (or provides sufficient options for members to protect themselves) from each of these defined risks.

Monitoring of Investment Adviser

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

In line with regulatory requirements, the Trustee has set a number of investment consultant objectives to measure their investment adviser against.

Monitoring of Investment Managers

The Trustee receives quarterly monitoring reports on the performance of the underlying investment managers from the Investment Adviser as an independent check on the performance of the funds that the Scheme invests in.

The Trustee monitors the stewardship track record of the Scheme's underlying investment managers on an annual basis and will take action if this is found inconsistent with appropriate long-term return generation.

The DC provider provides performance reporting on a quarterly basis and attends quarterly Trustee's meetings to discuss this performance.

The voting and engagement records of the DC Section's asset managers are covered in detail within the Voting and Engagement sections below.

Voting and Engagement

The Trustee has chosen to invest the DC section assets in pooled funds. As part of this, it has delegated the voting rights and exercising of shareholder rights to the Scheme's DC investment managers. This section sets out how the Scheme's DC investment managers have exercised the Scheme's shareholder rights (including voting rights) over the Scheme year.

The Scheme carried out a bulk switch which was completed on 15 February 2021. As part of this switch, assets were switched out of the BlackRock Aquila 30/70 Currency Hedged Global Equity Index Fund and invested across alternative funds. The alternative funds introduced for members to invest included the BlackRock ACS World Multifactor Equity Tracker, the BlackRock Aquila Emerging Markets Equity Index, the BlackRock Aquila Life Market Advantage Fund, the Schroders Dynamic Multi Asset Fund and the LGIM Pre Retirement Fund.

The following sections lay out the voting and engagement activity carried out on the Trustee's behalf by its investment managers. The Trustee has taken a proportionate approach to disclosures and have therefore not conducted analysis on the engagement behaviours for gilt or cash funds given limited applicability to these asset classes. The Trustee is comfortable that any engagement (or lack thereof) with respect to gilt or cash investments is unlikely to be financially material. This includes the LGIM Pre-Retirement Fund, the BlackRock Aquila over 15 Year Gilt Index, the BlackRock Aquila Index-Linked Over 5 Year Gilt Index and the BlackRock Sterling Liquidity Fund.

Voting information is only produced by the DC Section's investment managers on a quarterly basis so information for the year to 5 April 2021 was not available at the time of writing this statement. The Trustee is comfortable that the information provided to 31 March 2021 is broadly reflective of the voting carried out on their behalf over the Scheme year to 5 April 2021.

a. Equity Funds

Over the year, the DC Section invested in the following equity funds:

Investment Manager	Fund Name
BlackRock	Aquila 30/70 Currency Hedged Global Equity Index
	Aquila World ex UK Equity Index
	Aquila UK Equity Index
	ACS World Multifactor Equity Tracker
	Aquila Emerging Markets Equity Index

Blackrock Voting Policy

BlackRock has a voting policy that is consistent across all of the equity funds used by the DC Section of the Scheme.

Blackrock does not use a service provider to vote on its behalf but does use Institutional Shareholder Services ("ISS") electronic platform to execute its vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. Blackrock's voting decisions are informed by internally-developed proxy voting guidelines, its pre-vote engagements, research, and the situational factors for each underlying company. Voting guidelines are reviewed annually and are updated as necessary to reflect changes in market standards, evolving governance practice and insights gained from engagement over the prior year.

Over 2020, BlackRock increased its level of reporting by publishing more voting bulletins with detailed information and rationale for voting decisions. These specific significant votes are chosen by BlackRock based on a number of criteria such as level of public attention, and impact of financial outcome.

The table below sets out the voting activity carried out by the underlying fund managers over the year to 31 March 2021:

Voting: year to 31 March 2021	Aquila 30/70 Currency Hedged Global Equity Index	Aquila World ex- UK Equity Index	Aquila UK Equity Index	ACS World Multifactor Equity Tracker	Aquila Emerging Markets Equity Index
Number of eligible votes	59,781	27,246	15,742	2,489	32,114
% resolutions voted	95.19%	93.65%	97.17%	93.29%	98.23%
% of resolutions voted that were cast against management	7.22%	6.34%	5.84%	7.58%	9.84%
% resolutions voted were abstained	1.51%	0.46%	1.85%	0.56%	2.07%

<u>Voting Examples</u>

BlackRock Aquila Emerging Markets Equity Index

In June 2020, BlackRock voted against approving the Central and Eastern Europe utility company, CEZ Group's remuneration policy. This vote was deemed as significant because it was a vote against management.

BlackRock believed that the remuneration policy put forward contained insufficient detail concerning incentives and performance-related elements such as how performance measures are defined or weighted. Moreover, CEZ only provided limited disclosure on award levels for both its short-term and long-term incentive plans.

BlackRock acknowledged that CEZ was presenting its remuneration policy for the first time to a shareholder vote, and understands that reporting practices on those issues are not yet well established in the Czech Republic. However, BlackRock considered the current level of transparency to be insufficient for it to understand the remuneration plans and support the approval of the remuneration policy.

BlackRock ACS World Multifactor Equity Tracker, BlackRock Aquila 30/70 Currency Hedged Global Equity Index and BlackRock World (ex UK) Equity Index

BlackRock voted for a shareholder proposal for the company AGL Energy Ltd, to approve aligning the closure of two coal power stations with a strategy to limit the increase in global temperatures to 1.5C above pre-industrial levels. Again, this vote was deemed significant because it was cast against management of the company.

AGL Energy Ltd. is Australia's largest power producer, generating energy through thermal power, natural gas, wind power, hydroelectricity, solar energy, gas storage and coal seam gas sources.

BlackRock voted for this proposal because it believes the company, and its shareholders, would benefit from a continued focus on long-term strategic planning covering several decades.

While BlackRock recognize the various regulatory challenges and energy generation requirements that AGL faces, its support for this proposal is intended to encourage the company in its efforts to proactively and ambitiously manage the climate risk in its business model. BlackRock stated it expects that doing so would help offset the potential financial risks and capture some of the opportunities of the global energy transition, thus protecting the long-term economic interest of shareholders.

Blackrock Engagement Policy

BlackRock states that it aims to enhance the long-term value of client assets through its proxy voting and engagement activities. BlackRock's Investment Stewardship ("BIS") team engage with companies in both active and indexed investment strategies, noting the importance of engagement within index-based strategies where divestment is not an option. BlackRock uses engagement as a tool to raise concerns regarding governance and sustainability issues that may affect the long-term performance of the company.

BIS team's stated key engagement priorities include:

Board quality

Environmental risks and opportunities

Corporate strategy and capital allocation

Compensation that promotes long-termism

Human capital management.

BlackRock has increased its engagement activity year on year significantly on a variety of key issues, including having over 400 engagements with companies where they discussed the impact of COVID-19.

More information can be found in the BlackRock Investment Stewardship Annual Report 2020: https://www.blackrock.com/corporate/literature/publication/blk-annual-stewardship-report-2020.pdf

Engagement Example

BlackRock has detailed a firm level engagement with Newmont, a U.S. mining company, as part of a materiality assessment conducted by the company to help inform its approach to its annual sustainability report. The company was very receptive to BlackRock's feedback and insights regarding disclosure, and ultimately incorporated it into their 2019 report, published in June. Along with downloadable ESG data tables, the report is aligned with the Sustainability Accounting Standards Board (SASB) Mining & Metals sector standards while also incorporating SASB mapping. The company has also committed to publishing a detailed Task Force on Climate Related Financial Disclosures (TCFD)-aligned report in 2021 on its 2020 activities. BlackRock views this as a best-in-class example for a U.S. mining company and intends to continue to monitor and engage with Newmont on its sustainability commitments.

b. Multi-asset funds

The DC Section of the Scheme invests in multi-asset funds. These funds invest in a diversified mix of underlying asset classes including (but not limited to) equities, fixed income, property and derivatives. The Trustee recognises that for the non-equity asset classes (that do not have voting rights attached to them) the concept of stewardship may be less applicable but equally that investors in these asset classes still have significant capacity for engagement.

The Scheme invested in the BlackRock Aquila Life Market Advantage Fund and the Schroders Dynamic Multi-Asset Fund over the Scheme year. Voting statistics for these funds (in relation to their equity investments) are laid out in the table below:

Voting: year to 31 March 2021	BlackRock Aquila Life Market Advantage	Schroder Dynamic Multi Asset Fund
Number of eligible votes	28,532	10,143
% resolutions voted	94.27%	99.11%
% of resolutions voted that were cast against management	8.88%	10.88%
% resolutions voted were abstained	2.39%	0.32%

BlackRock

The BlackRock Aquila Life Market Advantage Fund is managed in line with BlackRock's firm-wide voting and engagement policies laid out in the equity section above.

Schroders Asset Management ("Schroders")

Voting Policy

Schroders uses research from both ISS and the Investment Association's Institutional Voting Information Service ("IVIS"), however it states that this is only one component of the analysis which feeds into its voting decisions. It will also seek information from company reporting, company engagements, country specific policies, engagements with stakeholders and the views of portfolio managers and analysts. It stresses that its own research is also integral to its final voting decision. This research is conducted by its financial and ESG analysts. For contentious issues, its Corporate Governance specialists will engage with the relevant analysts and portfolio managers to seek their view and better understand the corporate context.

Schroders considers most significant votes as those against company management. It opposes management if it believes that doing so is in the best interests of shareholders and its clients. Examples of such circumstances include if it believes that a proposal diminishes shareholder rights or if remuneration incentives are not aligned with the company's long-term performance and creation of shareholder value. Such issues will lead to votes against management typically following an engagement. Schroders will inform the company of its intention to vote before any meeting and will explain its rationale for doing so. Where there have been ongoing and significant areas of concern with a company's performance it may choose to vote against individuals on the board.

Further information can be found in Schroders' Environmental, Social and Governance Policy for Listed Assets policy: https://www.schroders.com/en/sysglobalassets/global-assets/english/campaign/sustainability/integrity-documents/schroders-esg-policy.pdf

On a quarterly basis, Schroders also produces sustainable investment reports at the firm level. For Q1 2021 Schroders voted on 96.5% of all possible resolutions. Of these resolutions, 14 were ESG-related shareholder resolutions and Schroders voted with management on 10 of these. More information on voting and engagement statistics, including case studies can be found in these reports. The Q1 Sustainable Investment report can be found here https://publications.schroders.com/view/46815205/

While there are a number of case studies within these reports, Schroders was not able to disclose fund level significant vote examples for this reporting year. The Trustees recognise that these disclosures are relatively new but do expect improved transparency at a fund level moving forward.

Engagement Policy

Schroders define engagement to be purposeful communication with an entity (e.g. government, corporate, institution, financial counterparties, regulator, industry body (or managers of SPVs or funds e.g. CLO manager)) on particular matters of concern with the goal of encouraging change at the entity and/or wider system improvement. Active ownership is a key part of the ESG process at Schroders. The multi-asset team monitors the engagement and voting activity that takes place in relation to the underlying holdings of the multi-asset funds in partnership with the Schroders' Sustainable Investment team, to ensure it is driving ESG improvements at the underlying holding level. Engagement is an ongoing activity and where change is required, it can take 2-3 years from initial engagement to conclusion. Investment decisions are made by the underlying fund manager based on engagement activity.

Engagement and Voting Example

An example of Schroders' engagement over the year is with Amazon, specifically on its labour standards. Schroders requested increased transparency of the company's workforce structure and employment practices. This is part of an ongoing engagement with Amazon, having done so sixteen times since 2015. This year, Schroders decided to escalate engagement by voting against the company at the AGM on social issues, namely voting against the lead independent director in May 2020. Schroders had a call with Amazon in March and again in May before the meeting. Whilst some improvements on sustainability issues had been made overall, such as increased transparency and an ambitious climate pledge, Schroders did not think Amazon's labour and business ethics concerns had been addressed.

At the AGM in May 2020, Schroders further supported six calls for increased disclosure on employment issues. These were resolutions, or recommendations, from other shareholders. Schroders have explained to Amazon that the votes mark the start of a 12-month window for improvement, and that further escalation will be considered at the 2021 AGM.

c. Fixed income funds

The DC Section of the Scheme also invests in fixed income funds, namely the BlackRock Corporate Bond All Stocks Index. Whilst voting rights are not applicable to non-equity mandates, the Trustee recognises that debt investors have significant capacity for engagement with issuers of debt. Debt financing is continuous, and therefore a vested interest on the part of debt issuers to ensure that institutional investors are satisfied with the issuer's strategic direction and policies. Whilst upside potential may be naturally limited, in comparison to equities, downside risk mitigation and credit quality is a critical part of investment decision-making.

The following examples demonstrate some of the engagement policy and examples being carried out by the Scheme's core fixed income manager, BlackRock, over the year.

Engagement Policy

The BlackRock fixed income assets are invested in line with the same firm-wide engagement policy as laid out in the equity section of this statement.

For fixed income investment specifically, BlackRock states that it believes bond investors, with their often multi-year perspective, are well-positioned to engage collaboratively with management to endorse and promote sound ESG practices. Such engagement enhances BlackRock's credit analysis, by providing it with more comprehensive credit profiles of its borrowers.

BIS is positioned as an investment function, which allows for the mutual exchange of views with active portfolio management teams across both equity and credit. BlackRock's Global Fixed Income ("GFI") Responsible Investing ("GFI-RI") team may partner with the BIS team both to reflect ESG related topics from GFI investors as well to attend or host engagement meetings on certain highlighted ESG flagged holdings. An ESG flagged holding is one where BlackRock hold a significant exposure in GFI portfolios, and the issuer is flagged as low rated/controversial by external ESG rating providers or is highlighted by BlackRock's credit research.

Engagement Example

An example of an engagement by the GFI-RI team of BlackRock was with Exxon. In its discussion with the company, it discussed several engagement topics such as governance structure, corporate strategy, environmental risks and opportunities. These included questions from the GFI-RI team including, the company's approach to the European regulatory environment, its views on electric vehicle penetration as a risk to their business, and its risk management in relation to physical climate change risks. BlackRock states its intention to continue to engage with Exxon in relation to these matters.

d. Other asset classes

The Scheme also holds assets in cash and gilt investments (within both the default investment and as part of the wider self-select range available to members). The Trustee has taken a proportionate approach to disclosures and have therefore not conducted analysis on the engagement behaviours for these funds given the limited applicability. The Trustee is comfortable that any engagement (or lack thereof) with respect to gilt or cash investments is unlikely to be financially material. The Trustee has more widely not conducted analysis on any investments not held in the default investment strategy on grounds of materiality.

e. Summary

Overall, the Trustee is of the opinion the stewardship carried out on behalf of the DC Section of the Scheme is adequate. The Trustee notes examples of the willingness and ability of BlackRock and Schroders to take proactive votes against management where appropriate.

Having said that, the Trustee recognises that it has a responsibility as a large institutional investor to encourage and promote high standards of stewardship in relation to the assets that the Scheme invests in. Accordingly, the Trustee continues to expect improvements over time (for example, fund level examples of significant votes from Schroders) in line with the increasing expectations on asset managers and their significant influence to generate positive outcomes for the Scheme through considered voting and engagement.

Approved by the Trustees of the Whirlpool UK Appliances Ltd Pension Scheme on 3 November 2021.