

Whirlpool UK Pension Scheme

Implementation Statement

For the year ended 28 February 2021

Introduction & Summary

This Implementation Statement (the “Statement”) has been prepared by the Trustee of the Whirlpool UK Pension Scheme (the “Trustees” and the “Scheme” respectively). The purpose of this Statement is to set out how, and the extent to which, the Trustees believe that its Statement of Investment Principles (“SIP”) has been followed during the Scheme year from 1 March 2020 to 28 February 2021. It also sets out changes made to the SIP during the Scheme year and demonstrates how the Trustees have acted on certain policies within the SIP.

The Scheme consists of two separate sections, a Defined Benefit (“DB”) Section and a Defined Contribution (“DC”) Section. This Statement has been prepared in accordance with the Occupational Pension Schemes (Investment and Disclosure) Regulations 2005 Amendments and is in respect of the Defined Benefit (“DB”) and Defined Contribution (“DC”) investments held by the Scheme, and this statement excludes consideration of any Additional Voluntary Contribution (“AVC”) investments held by the Scheme.

Trustees of pension schemes are required to provide details of how, and the extent to which, their SIP policies on engagement with investee companies have been followed over the year, including (where applicable) a description of their voting behaviour, the most significant votes cast and any use of proxy voting on their behalf over the year, alongside a review of any changes to the SIP over the year.

Extent to Which the SIP Policies Were Followed Over the Year

In the opinion of the Trustees, the policies within the SIP have been followed throughout the year to 28 February 2021 for both the DB and DC Sections of the Scheme.

Description of Investments

The Scheme invests in pooled funds. Therefore the Trustees delegate the responsibility for exercising the voting rights on the shares held by the to the Investment Managers. The Scheme’s investments’ voting behaviour over the Scheme year is as summarised below.

During the Scheme year, the Scheme held the following investments:-

DB Investments:

- LGIM UK Equity Index Fund;
- LGIM World (ex UK) Equity Index Fund;
- LGIM World (ex UK) Equity Index Fund – GBP Hedged;
- LGIM Over 15 Yr Gilts Index Fund;
- LGIM AAA-AA Fixed Interest Over 15 Yr Target Duration Fund;
- LGIM All Stocks Index-Linked Gilts Fund; and
- BlackRock UK Select Equity Fund

DC Investments:

- Aegon BlackRock 70/30 Global Growth Fund;
- Aegon BlackRock Balanced Growth Fund;
- Aegon BlackRock Cash Fund;
- Aegon BlackRock Pre-Retirement Fund;
- Aegon BlackRock UK Growth Fund;
- Aegon BlackRock Property Fund; and
- Aegon LGIM Global Equity (50:50) Index Fund;
- Aegon Property Fund.

These BlackRock and LGIM funds for the DC investments are available through the Aegon platform.

SIP Policies

Review of SIP over the Scheme Year

This Statement should be read in conjunction with the Scheme's SIP covering the year under review, which provides details of the Scheme's investment policies along with details of the Scheme's governance structure and objectives.

The Trustees maintain a SIP which sets out the investment principles for both the DB and DC sections of the Scheme. The SIP is reviewed at least annually, or more often following any significant changes to the investment strategy.

Between 1 March 2020 and 28 February 2021, the Scheme's SIP for the DB Section included policies on:-

- How "financially material considerations" (including, but not limited to, environmental, social and governance ("ESG") considerations, including climate change) are taken into account when making investment decisions for the Scheme;
- The extent to which non-financial matters are taken into account in the investment decision-making process; and
- A policy on the regular monitoring of the Scheme's Investment Managers' performance and arrangements with them.

The SIP was formally reviewed in 2020 and changed with effect from 30 September 2020. From 30 September 2020, the Trustees added the following policies to the Scheme's SIP:

- Risk measurement and management policies specifically around environmental, social and governance risk factors;
- In addition to the governance policies, more detailed policies around stewardship and voting policy for the investments, including details on monitoring and engaging with the investee companies in which they invest (and other relevant stakeholders) including areas such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG considerations; and
- Enhanced policies on monitoring the Scheme's Investment Managers, particularly concerning remuneration arrangements and associated costs.

These changes were made during the year to reflect new legislative requirements. In addition, a minor change was made to the DC strategy section to provide more detail on the investment characteristics as part of the same SIP update in September 2020.

While these policies were not in place for the full year to 28 February 2021, this Statement provides details of how these policies have been followed, including voting and engagement activities, covering the full 12-month period to 28 February 2021.

SIP Policies on Investment Objectives

The Trustees aim to invest the assets of the Scheme prudently to ensure that the benefits promised to members are provided. In setting the investment strategy, the Trustees first considered the lowest risk asset allocation that they could adopt in relation to the Scheme's liabilities. The asset allocation strategy they have selected is designed to achieve a higher return than the lowest risk strategy while maintaining a prudent approach to meeting the Scheme's liabilities.

SIP Policies on Monitoring Investments

The Trustees perform regular monitoring of a number of aspects of their investments. This includes monitoring the actual asset allocation versus the target weight per the Scheme's strategic benchmark allocation; and the Investment Managers' performance against each of the investments' objectives.

The Trustees receive regular investment monitoring reports from the Investment Managers covering both investment performance and their engagement with companies on environment, social and governance consideration which they review and compare with policies to assess the extent to which they have been followed.

Finally the Trustees monitor the associated costs and charges of its investments on a regular basis.

SIP Policies on Investment Risk

The Trustees recognise that the key risk to the Scheme is that it has insufficient assets to make provisions for 100% of its liabilities (“funding risk”). In determining the Scheme’s investment strategy, in addition to funding risk, the Trustees have considered a number of risks including mismatch risk, cashflow risk, manager risk, diversification risk, covenant risk, operational risk and ESG factor risk.

Due to the complex and interrelated nature of these risks, the Trustees consider the majority of these risks in a qualitative rather than quantitative manner as part of each formal investment strategy review (normally triennially). Some of these risks may also be modelled explicitly during the course of such reviews.

The Trustees’ policy is to monitor, where possible, these risks quarterly as part of its ongoing quarterly investment monitoring process.

SIP Policies on Day-to-Day Fund Management

The Scheme’s assets are invested in pooled investment vehicles. As such, fund management responsibilities for each of the Scheme’s underlying investments have been delegated to each respective Investment Manager.

SIP Policies on Expected Investment Return

The asset allocation strategy they have selected is designed to achieve a higher return than the lowest risk strategy while maintaining a prudent approach to meeting the Scheme’s liabilities.

SIP Policies on Manager Arrangements, ESG Considerations and Stewardship

In the SIP, the Trustees stated the following policies on the exercise of voting rights, performance and engagement activities related to their investments:-

Voting Activity:

- The Trustees review the statements of corporate governance issued by their Investment Managers and monitor voting activity regularly;
- The Trustees invest in pooled funds, for which the respective Investment Managers are responsible for the exercise of voting rights attached to these investments;
- The Trustees’ policy for its voting rights attached to these investments is to exercise those rights to protect the value of the Scheme’s interests in the investments, having regard to appropriate advice. The Trustees expect the Investment Managers to engage with investee companies (and other relevant stakeholders) on aspects such as performance, strategy, capital structure, management of conflicts of interests, risks, corporate governance, social and environmental issues concerning the Trustees’ investments. The Trustees believe that such engagement will protect and enhance the long-term value of its investments;
- The Trustees therefore monitor the voting activity of the Investment Managers to ensure votes are being used and are aligned to their views on ESG.

Performance and Engagement Activities:

- The Trustees’ policy towards financially material considerations (including but not limited to ESG, including climate change), is to monitor the Investment Managers to whom they delegate this function through investment in pooled funds through their monitoring framework;
- The Trustees’ monitoring framework involves regular monitoring of the Investment Managers’ performance, remuneration and compliance against ESG policy to ensure that the Scheme’s assets are being managed appropriately;
- The Trustees review the engagement activity of the Investment Managers to ensure that active engagement is taking place to influence positive change where possible in relation to ESG factors with investee companies;

If the Trustees believe that one of its Investment Managers is no longer acting in accordance with the Trustees' policies, including those regarding ESG and engagement with investee organisations to assess and improve their medium-to-long-term financial and non-financial performance, the Trustees will take the following steps:-

- Engage with the Investment Manager in the first instance, in an attempt to influence its policies on ESG and stewardship; and
- If necessary, look to appoint a replacement Investment Manager which is more closely aligned with the Trustees' policies and views.

The Trustees believe that these steps will incentivise its Investment Managers to act responsibly and to align its actions with the Trustees' policies.

Equity Voting Behaviour

Not all of the Scheme's investment funds carried equity voting rights. Of the Scheme's investments held, the following investments carried equity voting rights during the Scheme year:

DB Investments:

- LGIM UK Equity Index Fund;
- LGIM World (ex UK) Equity Index Fund; and
- LGIM World (ex UK) Equity Index Fund – GBP Hedged; and
- BlackRock UK Select Equity Fund.

DC Investments:

- Aegon BlackRock 70/30 Global Growth Fund; and
- Aegon BlackRock Balanced Growth Fund.

LGIM and BlackRock manage over £1 trillion and over £6 trillion in assets respectively, and use their resulting influence, focussing their votes on climate change, income equality, diversity, and ESG integration.

The following tables summarise each managers' voting and engagement which took place over the Scheme year. (Note that some reporting periods may differ due to the (quarterly-based) reporting periods of some managers.)

Voting Summary

LGIM UK Equity Index Fund:

The table below shows LGIM's voting summary covering the Scheme's investment in the LGIM UK Equity Index Fund, which the Scheme was invested during the Scheme year. (Note, LGIM is only able to provide quarterly voting information for the year to 31 December 2020, rather than the Scheme year-end of 28 February 2021.)

LGIM UK Equity Index Fund	1 January 2020 – 31 December 2020
Number of meetings LGIM was eligible to vote at over the year	894
Number of resolutions LGIM was eligible to vote on over the year	12,468
Of the eligible resolutions, percentage that LGIM voted on.	100.0%
Of the resolutions voted, percentage that LGIM voted with management.	93.1%
Of the resolutions voted, percentage that LGIM voted against management.	6.9%
Of the resolutions voted, percentage where LGIM abstained .	0.0%
Percentage of eligible meetings where LGIM voted at least once against management.	3.2%
Percentage of voted resolutions where LGIM voted contrary to the recommendation of their proxy adviser.	0.8%

Note, totals may not sum due to rounding.

LGIM World (ex UK) Equity Index Fund:

The table below shows LGIM's voting summary covering the Scheme's investment in the LGIM World (ex UK) Equity Index Fund, which the Scheme was invested during the Scheme year. (Note, LGIM is only able to provide quarterly voting information for the year to 31 December 2020, rather than the Scheme year-end of 28 February 2021.)

LGIM World (ex UK) Equity Index Fund	1 January 2020 – 31 December 2020
Number of meetings LGIM was eligible to vote at over the year	3,134
Number of resolutions LGIM was eligible to vote on over the year	36,465
Of the eligible resolutions, percentage that LGIM voted on.	99.5%
Of the resolutions voted, percentage that LGIM voted with management.	80.4%
Of the resolutions voted, percentage that LGIM voted against management.	19.1%
Of the resolutions voted, percentage where LGIM abstained .	0.6%
Percentage of eligible meetings where LGIM voted at least once against management.	6.3%
Percentage of voted resolutions where LGIM voted contrary to the recommendation of their proxy adviser.	0.3%

Note, totals may not sum due to rounding.

BlackRock UK Select Equity Fund:

The table below shows BlackRock's voting summary covering the Scheme's investment in the BlackRock UK Select Equity Fund, which the Scheme was invested during the Scheme year. (Note, BlackRock is only able to provide quarterly voting information for the year to 31 December 2020, rather than the Scheme year-end of 28 February 2021.)

BlackRock UK Select Equity Fund	1 January 2020 – 31 December 2020
Number of meetings BlackRock was eligible to vote at over the year	168
Number of resolutions BlackRock was eligible to vote on over the year	2,400
Of the eligible resolutions, percentage that BlackRock voted on.	98.8%
Of the resolutions voted, percentage that BlackRock voted with management.	93.1%
Of the resolutions voted, percentage that BlackRock voted against management.	5.0%
Of the resolutions voted, percentage where BlackRock abstained .	1.9%

Note, totals may not sum due to rounding.

Aegon BlackRock 70/30 Global Growth Fund:

Aegon BlackRock 70/30 Global Growth Fund	1 January 2020 – 31 December 2020
Number of meetings BlackRock was eligible to vote at over the year	271
Number of resolutions BlackRock was eligible to vote on over the year	3,170
Of the eligible resolutions, percentage that BlackRock voted on.	93.9%
Of the resolutions voted, percentage that BlackRock voted with management.	91.1%
Of the resolutions voted, percentage that BlackRock voted against management.	6.3%
Of the resolutions voted, percentage where BlackRock abstained .	2.6%

Note, totals may not sum due to rounding.

Aegon BlackRock Balanced Growth Fund:

Aegon BlackRock Balanced Growth Fund:	1 January 2020 – 31 December 2020
Number of meetings BlackRock was eligible to vote at over the year	273
Number of resolutions BlackRock was eligible to vote on over the year	3,176
Of the eligible resolutions, percentage that BlackRock voted on.	94.0
Of the resolutions voted, percentage that BlackRock voted with management.	91.1%
Of the resolutions voted, percentage that BlackRock voted against management.	6.3%
Of the resolutions voted, percentage where BlackRock abstained .	2.5%

Note, totals may not sum due to rounding.

Proxy Voting

LGIM votes by proxy through the Institutional Shareholder Services' ('ISS') electronic voting platform as given the scale of its holdings the manager cannot be present at all shareholder meetings to cast votes. It should be noted that all voting decisions are made by LGIM using its individual market specific voting policies, with LGIM's own research only supplemented by ISS recommendations and research reports produced by the Institutional Voting Information Service ('IVIS').

Ultimately BlackRock forms its own views and decisions on how to vote in each case, however BlackRock uses a number of inputs in its vote analysis process to better inform its decisions including but not limited to subscribing to research from the proxy advisory firms Institutional Shareholder Services and Glass Lewis. BlackRock primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that their own in-house investment stewardship analysts can readily identify and prioritise those companies where their BlackRock's own additional research and engagement would be beneficial. Other sources of information that BlackRock use include the relevant company's own reporting (such as the company's proxy statement and its website), BlackRock's engagement and voting history with the company, and the views of BlackRock's active investors, public information and ESG research.

Significant Votes

The investment managers have provided examples of what it believes to be the most significant votes cast on the Trustees' behalf during the period.

LGIM UK Equity Index Fund:

One significant vote was for International Consolidated Airlines Group ("IAG") in September 2020, when LGIM voted against the resolution to approve the Remuneration Report. LGIM stated its support to the company through the pandemic to encourage it to use restraint and discretion with its executive remuneration in light of the financial situation of the company and to reflect stakeholder and employee experiences in a challenging and sensitive financial period. Another example LGIM cited was in May 2020, when it voted to approve Barclays' "Commitment In Tackling Climate Change" plan following long-term collaboration with wider shareholders and stakeholders to encourage the undertaking of an ambitious long-term climate change plan.

LGIM World (ex UK) Equity Index Fund:

One significant vote in October 2020 was in relation to Qantas Airways to vote against the participation of Alan Joyce (CEO) in the Long-Term Incentive Plan to ensure the substantial negative impact of the COVID-19 crisis on the company's stakeholders (cancelled dividend, laid off staff etc.) was appropriately reflected in the executive package arrangements. Another example LGIM provided took place in May 2020 regarding ExxonMobil, when LGIM voted against the resolution to elect director Darren Woods, following LGIM removing ExxonMobil from its Future World fund range after a lack of improvement in its climate policies (as judged by LGIM) and LGIM subsequently changed its voting policy to sanction the reappointment of directors it considered primarily responsible for its climate policies.

Note, the LGIM World (ex UK) Equity Index Fund – GBP Hedged invests in a currency-hedged shareclass of the same investment portfolio as the LGIM World (ex UK) Equity Index Fund above.

BlackRock UK Select Equity Index Fund:

One significant vote was regarding Royal Dutch Shell in May 2020, when BlackRock voted with management against a shareholder resolution to set specific climate targets more aspirational than those aligned with the Paris Agreement. However BlackRock has been engaging with Royal Dutch Shell on the management's own climate commitment plan which it has been supportive of management's progress on, and therefore wanted to support management on, and the company has since subsequently updated its published climate change plan to become net-zero by 2050 or sooner. Another example BlackRock cited was regarding Barclays in May 2020, when it similarly voted with management in support of management's own climate change plan to become net-zero and align to the goals of the Paris Agreement.

Aegon BlackRock Funds:

Information was requested to Aegon BlackRock on their significant votes during the year, however Aegon BlackRock are still developing their voting reporting and are currently only able to provide voting summary statistics (as shown above) and general business-wide engagement approach. The Trustee will monitor Aegon BlackRock to see if more detailed information can be provided in future periods.

How Voting And Engagement Policies Have Been Followed

The Trustees intend to review a summary of the voting and engagement activity taken on their behalf on an annual basis. The information published by the Investment Managers on their voting policies has provided the Trustees with comfort that their voting and engagement policies have been followed during the Scheme's year.

As set out in the SIP, the Trustees expect the Investment Managers to engage with investee companies on aspects such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG factors.

Details of specific voting and engagement topics are shown in the table below.

Voting and Engagement topic	Policy followed in the opinion of Trustees?	Comments
Performance of debt or equity issuer	✓	LGIM and BlackRock's voting and engagement policies do not cover the past financial performance of investee companies. However, the voting and engagement which has been undertaken aims to improve the long-term future performance of the investee companies.
Strategy	✓	LGIM and BlackRock have clear voting policies covering strategy topics - such as overall strategy, CEO's responsibilities and board/governance structure, independence issues, diversity and remuneration - and have acted on them throughout the Scheme year on behalf of the Trustees.
Risks	✓	LGIM and BlackRock have clear voting policies on ensuring that companies manage risk effectively and have robust internal controls. As an example of reducing risk, LGIM encourages all audit committee chairs globally to have a financial background and be entirely comprised of independent non-executive directors.

Social and Environmental impact	✓	LGIM have written to over 500 companies with poor climate scores relative to their size and for those that don't meet minimum standards during the 2021 AGM season, LGIM for example will look to sanction through voting. If these minimum standards are not met over time, the investment managers may look to divest until progress is shown, and conversely will reinstate them if action is then taken. For example, in 2020, LGIM announced that it had reinstated investments in Subaru following evidence of progress against emission targets and climate exposure.
Corporate Governance	✓	The investment managers' policy from 2020 is to vote against all elections which they consider have an inadequate governance structure. As an example, over the year LGIM voted against 411 companies that combined the roles of CEO and Chairman.
Conflicts of Interest	✓	Remuneration of personnel can lead to conflicts of interest between the principal (shareholder) and agent (management). Over the period under review, LGIM and BlackRock voted against incentive awards which did not have performance conditions, as these awards would not align remuneration with company performance.

Engagement With Investee Companies (Non-Equity Investments)

Exercising equity voting rights is not the only method of influencing behaviours of investee companies and is not directly applicable for the Scheme's other (non-equity) investments such as the Scheme's corporate bond investments. However the Trustees expect the Investment Managers for these other investments to engage on their behalf to aim to influence the underlying investee companies in respect of the ESG and stewardship matters outlined above.

LGIM Funds:

LGIM actively engages with the investee companies via direct messages and meetings with management and engagements via email to influence positive ESG practice. It is also noted that there is substantial overlap between the companies in which LGIM holds debt and equity and so, while the corporate bonds mandate does not hold voting rights, LGIM's position as the equity holder elsewhere will likely result in them having voting rights to compound the impact and influence that LGIM has on each company's practices.

LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for clients. LGIM's voting policies are reviewed annually and take into account client feedback. While engagements are not yet available at a fund level, they are published at a firm level each quarter. LGIM is working to be able to provide engagement information at a fund specific level.

Over the 12 months to 31 March 2021, LGIM undertook 974 engagements with 874 companies. Some engagements cover multiple topics and LGIM has provided the following breakdown: 427 on environmental topics; 241 on social topics; 470 on governance issues; and 279 on other topics including finance and strategy.

Aegon BlackRock Funds:

BlackRock considers ESG information a vital consideration for determining the investment risks and outlook for potential investments, and it believes ESG can aid in the construction of more robust portfolios, which have the ability to meet the investments' financial and sustainability goals. BlackRock has therefore built out its own dedicated Investment Stewardship team of 45 professionals to undertake an integrated approach to reviewing corporate governance and engagement and voting, to the extent possible, on its assets under management, as it believes this results in both better informed decisions and a more consistent dialogue with companies. Included within this approach, BlackRock also engages with companies to discuss material ESG matters that could impact the companies' long-term performance and achievement of strategic objectives.

During 2020 specifically, BlackRock undertook over 6,000 direct engagements with companies focusing 1,593 on board quality, 1,260 on environmental risks and opportunities, 1,427 on corporate strategy, 750 on human capital management and 1,185 on compensation that promotes long-termism in line with BlackRock's focus priority areas. Further information on the number and type of engagements over the Scheme year and related to the Scheme's specific mandates is not available from BlackRock. The Trustees will monitor BlackRock's reporting to see if more detail can be provided in the future for future monitoring purposes.

The Trustees will monitor LGIM and BlackRock's reporting to see if more detail at a fund level can be provided in the future for monitoring purposes.

The remainder of the Scheme's assets are invested in UK gilt or index-linked government bonds with the purpose of reducing risk by hedging the exposure to interest rate and inflation inherent in the Scheme's liabilities. The Investment Managers have governance practices in place to capture key regulatory developments which might influence the management and performance of these hedging assets.

How Voting And Engagement Policies Have Been Followed

Having reviewed the actions taken by the Investment Managers of the equity and other non-equity investments, the Trustees believe that their policies on engagement have been implemented appropriately over the year and in line with its views. The Trustees will continue to monitor the actions taken on its behalf each year, and press for improved engagement information and ESG reporting metrics from the Investment Managers on a fund specific level.

If the Investment Managers deviate substantially from the Trustees' stated policies, in accordance with its policies stated above, the Trustees will initially engage and discuss this with the relevant Investment Manager, and if the Trustees still believe the difference between its policies and the Investment Manager's actions are material, the Trustees will consider terminating and replacing the mandate if necessary.

Trustee of the Whirlpool UK Pension Scheme

September 2021