

# Whirlpool UK Pension Scheme - Chair's Statement

## Introduction

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

The DC section is closed to new entrants.

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

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

This statement covers the period 1 March 2020 to 28 February 2021.

## Default arrangements

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

The most recent formal review of the default arrangement took place in 2019. The next formal review is due to take place in 2022.

## Funds – default investment arrangement

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

## Funds – other

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

worldwide

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

The Trustee Directors keep the funds available to members under review with the assistance of their advisers, Deloitte Total Reward & Benefits Limited (DTRB).

### Processing Scheme Transactions

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

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

The Scheme administrators Deloitte Total Reward & Benefits Limited (DTRB) oversee and manage the Trustee bank account on behalf of the Trustee. All investments and disinvestments are managed by DTRB, as are transfers of assets out of the Scheme for members and payments from the Scheme in relation to members.

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

The Statement of Investment Principles (SIP) was last reviewed in September 2020. A copy of which is available online (<https://www.ptluk.com/Statement-of-investment-principles/>). It confirms that the Scheme's DC arrangement provides for benefits to be accrued on a money purchase basis, with the value of members' funds being determined by the value of accumulated contributions adjusted for investment returns net of charges. In selecting appropriate investments, the Trustee is aware of the need to provide a range of investment options, which broadly satisfy the risk profiles of all members, given that members' benefits will be directly determined by the value of the underlying investments.

## Charges and transaction costs

The Trustee regularly reviews the charges for the DC section of the Scheme and has concluded that these represent good value for money. The charges for funds used for the default investment strategy available to DC members are considerably lower than the 0.75% charge cap for default arrangements introduced by the Occupational Pension Schemes (Charges and Governance) Regulations 2015. Details of the annual charges applicable to all funds in the DC section are set out below:

### Fund Annual Management Charges

Fund Name	AMC
<b>Funds – default investment arrangement</b>	
BLK LGIM GLOBAL EQUITY 50:50 IDX P	0.18%
BLK DC CASH P	0.15%
BLK DC PRE-RETIREMENT P	0.15%
<b>Funds – other</b>	
BLK DC FIXED INCOME GLOBAL OPPTS E	0.75%
BLK DC 70:30 GLOBAL GROWTH E	0.90%
BLK DC UK GROWTH E	0.90%
BLK DC BALANCED GROWTH E	0.90%
BLK DC PROPERTY E	1.18%

## Value assessment

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

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

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

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

## Trustee knowledge and understanding (TKU)

The Pensions Act 2004 includes provisions requiring the Trustee Board to possess or have access to sufficient knowledge and understanding to exercise their functions effectively. Previously the Scheme's Trustee was the Whirlpool UK Pension Scheme Trustee Limited who resigned as Trustee on 6 August 2020. The Trustee's approach to meeting the TKU requirements included:

- receiving training sessions from advisers during regular Trustee meetings to ensure the Board maintained an appropriate level of knowledge and understanding of current and general pensions issues; and
- receiving briefings and general updates from advisers about matters relevant to the Scheme at regular Trustee meetings and other times.

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

The Scheme is now run by a sole Professional Trustee, PTL Governance Ltd ('PTL'), who were appointed as sole Trustee on 6 August 2020. PTL is a specialist provider of independent governance services primarily to UK pension arrangements. Amongst other appointments PTL act as an independent trustee on over two hundred trust based pension schemes and sit on a number of Investment Governance Committees (IGCs). PTL has oversight or responsibility for in excess of £120bn of pension assets. More information on PTL can be found at [www.ptluk.com](http://www.ptluk.com).

PTL have a training program for all of their staff and are subject to independent audit on their controls and processes through the AAF 02/07 reporting. As part of the AAF process, the Trustee is required to confirm that the current team have appropriate level of knowledge and understanding to be able to represent PTL as Trustee of the Plan. The annual review process within PTL identifies training needs for each individual and includes a requirement for relevant staff to undertake a minimum level of Continuing Professional Development (CPD) each year. Two nominated Client Directors are assigned to work on all PTL sole trustee appointments. The Client Directors liaise regularly on scheme related matters and all key decisions must be signed off by both Client Directors, or escalated to another Client Director for peer review in the event of a differing opinion.

Keith Lewis acted as the lead Client Director managing the Scheme for the Scheme year supported by a second Client Director, Dan Richards. Debbie Mather and other members of the PTL team also provide day-to-day support and peer review functions. Keith is a qualified actuary and has an in depth understanding of the funding and investment issues related to the Scheme. Keith holds the PMI Certificate in Pension Trusteeship and is accredited as a Professional Trustee by the Association of Professional Pension Trustees (APPT). Over the period, Keith has met the CPD requirements of the actuarial profession and the APPT. Keith has undertaken regular relevant training throughout the year including:

- Trustee investment duties, ESG and climate change;
- Reviewing DC investment default strategies; and
- GDPR and cyber security.

Dan Richards is also a qualified actuary and has an in depth understanding of the funding and investment issues related to the Scheme. Dan is also subject to CPD requirements of the actuarial profession and met the CPD requirements. Dan has also undertaken regular training throughout the year as above.

All governance records are held on PTL's electronic document storage system and can be accessed at any time.

In accordance with sections 247 and 248 of the Pensions Act 2004, the Trustee is required to maintain an appropriate level of knowledge and understanding that, together with professional advice available to them, enables them to properly exercise their functions and duties in relation to the Scheme.

The Trustee is conversant with, and has demonstrated a working knowledge of, the Trust Deed and Rules by having access to the documents on their online directory and providing decisions in line with the Rules. If there are any ambiguities over the interpretation of the Rules legal advice is sought from the Scheme's Lawyers Squire Patton Boggs.

The Trustee confirms that the current team has an appropriate level of knowledge and understanding and Scheme specific understanding to be able to represent PTL as the Trustee of the Scheme.

The Trustee is conversant with, and has a working knowledge of, the current SIP dated 30.9.2020. The Trustee undertakes regular training on investment matters and PTL is a regular commentator on the wider DC market. The Trustee has sufficient knowledge of investment matters to be able to challenge their advisor.

The Trustee is conversant with, and has demonstrated a working knowledge of, the Scheme documents which has been achieved through the maintenance of an online directory which contains all the relevant documents and policies. The Trustee with its knowledge and understanding of pension schemes, the issues faced and their governance framework, when working alongside its advisors is able to properly exercise its functions to act properly and effectively in members' best interests and deliver good member outcomes for the contributions made. At each meeting the Trustee reviews the business plan and whether they have effectively delivered the requirements under the business plan.

PTL work for a broad range of clients and are familiar with the law relating to pensions and trusts. This can be demonstrated through the qualifications held by the Trustee and their continued involvement with many pension schemes.

The Trustee reviews their training needs on a regular basis. As noted above, Keith and Dan attended various training sessions throughout the year in order to maintain sufficient knowledge and understanding of the relevant principles relating to the funding and investment of occupational schemes.

The Trustee receives professional advice from Deloitte and Squire Patton Boggs to support them in reviewing the performance of the Scheme and in governing the Scheme in line with the Trust Deed and Rules, and the relevant skills and experience of those advisers is a key criterion when evaluating advisor performance or selecting new advisers. The advice received by the Trustee along with their own experience allows them to properly exercise their function as Trustee.

The employer covers the cost of the Trustee and its advisors who are available to support the Trustee at any time during the year and answer any queries or concerns they may have.

### **The Pensions Regulator Code 13: DC Scheme Governance**

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

The Chair's Statement was signed on behalf of PTL Governance Ltd by Keith Lewis on 16 September 2021.