Whirlpool UK Pension Scheme ("the Scheme")
Statement of Investment Principles

This Statement of Investment Principles covers the defined benefit and the defined contribution sections of the Scheme. It is set out in three parts, first the objectives and implementation of the defined benefit section, secondly those of the defined contribution section, and finally the Trustees' overall policy on issues that apply equally to the defined benefit and defined contribution sections.

Defined Benefit Section

Investment Objective

The Trustees aim to invest the assets of the Scheme prudently to ensure that the benefits promised to members are provided. In setting 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.

STRATEGY

The current asset allocation strategy is set out in the table below together with the benchmark index for each asset class, the investment manager and investment style. The Trustee will monitor the actual asset allocation versus the target weight set out in the table below.

Asset Class	Allocation	Benchmark index	Manager and Style
UK Fixed Interest Gilts	32.0%	FTSE-A UK Government (Over 15 Year) Index	LGIM - Index
AAA Fixed Interest Corporate Bonds	5.0%	iBoxx £ Sovereign & Sub-Sovereign AAA Over 15 Yr Index	LGIM - Active
Index-Linked Gilts	43.0%	FTSE-A Index-Linked Gilts (All Stocks) Index	LGIM - Index
Total Bonds	**80.0%**		
UK Equities	12.0%	FTSE All-Share Index	BlackRock – Active / LGIM – Index
Overseas Equities	8.0%	FTSE World ex-UK Index	LGIM – Index
Total Equities	**20.0%**		

The Trustees have instructed Legal and General Investment Management (LGIM) to maintain the overall allocation between equities and bonds within certain ranges linked to the target weightings. Within the equity and bond portfolios, the Trustees have instructed LGIM to maintain the Scheme's assets within guidelines of +/- 2% of the benchmark weighting

The planned asset allocation strategy was determined with regard to the actuarial characteristics of the Scheme, in particular the strength of the funding position and the liability profile. The Trustees' policy is to make the assumption that equities will outperform gilts over the long term and that active fund management can be expected to add value. However, the Trustees recognise the potential volatility in equity returns, particularly relative to the Scheme's liabilities, and the risk that the fund managers do not achieve the targets set. When choosing the Scheme's planned asset allocation strategy, the Trustees considered written advice from their investment advisers and, in doing so, addressed the following:

- The need to consider a full range of asset classes.
- The risks and rewards of a range of alternative asset allocation strategies.
- The suitability of each asset class.
- The need for appropriate diversification.

RISK MEASUREMENT AND MANAGEMENT

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”). The Trustees have identified a number of risks which have the potential to cause deterioration in the Scheme’s funding level and therefore contribute to funding risk. These are as follows:

- The risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors (“mismatching risk”). The Trustees and their advisers considered this mismatching risk when setting the investment strategy.
- The risk of a shortfall of liquid assets relative to the Scheme’s immediate liabilities (“cash flow risk”). The Trustees and their advisers will manage the Scheme’s cash flows taking into account the timing of future payments in order to minimise the probability that this occurs.
- The failure by the fund managers to achieve the rate of investment return assumed by the Trustees (“manager risk”). This risk is considered by the Trustees and their advisers both upon the initial appointment of the fund managers and on an ongoing basis thereafter.
- The failure to spread investment risk (“risk of lack of diversification”). The Trustees and their advisers considered this risk when setting the Scheme’s investment strategy.
- The possibility of failure of the Scheme’s sponsoring employer (“covenant risk”). The Trustees and their advisers considered this risk when setting investment strategy and consulted with the sponsoring employer as to the suitability of the proposed strategy.
- The risk of fraud, poor advice or acts of negligence (“operational risk”). The Trustees have sought to minimise such risk by ensuring that all advisers and third party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.
- The risk that environmental, social and governance factors can impact future returns (“risk of ESG factors”). The Trustees acknowledge that ESG factors can have a financially material impact on the future returns on its investments and the Trustees’ actions to mitigate these is detailed later in this document.

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 Trustee’s policy is to monitor, where possible, these risks quarterly. The Trustees receive quarterly reports showing:

- Performance versus the Scheme investment objective
- Performance of individual fund managers versus their respective targets.
- Any significant issues with the fund managers that may impact their ability to meet the performance targets set by the Trustees.

IMPLEMENTATION

The fund manager structure and investment objectives for each fund manager are detailed below:

Legal and General Investment Management (LGIM)	BlackRock Investment Managers (BlackRock)
For UK Equities, Fixed Interest Gilts and Index Linked Gilts, the objective is to achieve returns within 0.25% of the benchmark in any two of the last three years. For Overseas Equities the objective is to achieve returns within 0.5% of the benchmark in any two of the last three years. For Corporate Bonds the objective is to achieve returns in line with the benchmark.	To achieve returns of 2% p.a. above the benchmark (FTSE All Share Index) over rolling 3 year periods.

Both fund managers are remunerated on the basis of fees directly related to the value of funds under their management. The investment with BlackRock is subject to an additional performance fee, related to the level of outperformance (if any) achieved over its benchmark.

In addition, the fund managers may pay commissions to third parties on many trades they undertake in the management of the assets. The Trustees will review these costs on a regular basis.

The Trustees regard the safekeeping of the Scheme's assets to be of paramount importance. They are satisfied with the security, controls and indemnities in place with Bank of New York, the appointed custodian of BlackRock’s assets, and with LGIM’s custodians, HSBC Global Investor Services and Citibank N.A. The custodians provide safekeeping for all the Scheme’s assets and perform the associated administrative duties, such as the collection of interest and dividends and dealing with corporate actions.

The Trustees’ policy towards financially material considerations (including, but not limited to environmental, social and governance considerations, including climate change) is to monitor the investment manager to whom they delegate this function through investment in pooled funds. The investment manager produces regular reports on their engagement with companies on environmental, social and governance considerations.

The Trustees’ policy on stewardship (i.e. active monitoring of and engagement with companies) is to monitor the investment manager to whom they delegate this function through investment in pooled funds. The investment manager produces regular reports on stewardship.

Non-financial matters (i.e. the views of the members and beneficiaries including (but not limited to) their ethical views in relation to social and environmental impact and present and future quality of life of the members and beneficiaries of the Scheme) are not taken directly into account in the selection, retention and realisation of investments.

Defined Contribution Section

Investment Objective

The Trustees are responsible for investing the Scheme's assets in line with members' preferences. Its key aim is to provide a range of investments that are suitable for meeting members' long and short-term investment objectives. It has taken into account members' circumstances, in particular the range of members' attitudes to risk and term to retirement.

STRATEGY

The investment objective is implemented using the range of options set out in the table below:

Investment option	Investment description	Investment characteristics
Global Equity (50/50) Index	50% UK equities and 50% global equities.	The returns are anticipated to be more volatile and less secure than UK government bonds. There will be an additional risk due to currency movements. To compensate for these extra risks, investors expect higher investment returns from this fund. .
DC Global Bond	Government bonds and other fixed interest bonds both UK and overseas.	Investment returns are anticipated to be more stable than equities although the expected returns are lower than for equities. There will also be an additional risk due to currency movements.
DC Pre-Retirement	Approximately 50% in each of long-term UK Government bonds and UK corporate bonds.	Investment returns are anticipated to be fairly stable although the expected returns are lower than for equities.
DC Cash	Short-term money market instruments.	The fund can invest in wider money market instruments, anticipated returns are not solely linked to cash deposits.
DC Property	Invests in a diversified portfolio of commercial property assets such as offices, shopping centres, retail warehouse parks and industrial estates. The Fund gains its exposure to these assets by investing in a number of underlying pooled property funds.	The returns are anticipated to be more volatile and less secure than from UK government bonds. To compensate for this extra risk, investors expect higher investment returns from this asset class.

There is also a default option for members who do not elect an alternative, whereby the Trustees invest contributions in a mixture of the Global Equity (50/50) Index, DC Pre-Retirement and DC Cash funds. The structure of this default option was chosen so as to try to maximise expected long-term investment returns and also protect against changes in annuity prices and falls in the market value of equities as members near retirement.

The Trustees' policy is to provide suitable information for members so that they can make appropriate investment decisions. The range of funds was chosen by the Trustees after taking expert advice from the Trustees' investment advisers. In choosing the Scheme's investment options, it is the Trustees' policy to consider:

- A full range of asset classes.
- The suitability of the possible styles of investment management and the need for manager diversification.
- The suitability of each asset class for a defined contribution scheme.
- The need for appropriate diversification of asset classes.

The Trustees expect the long-term return on the investment options that invest predominantly in equities to exceed price inflation and general salary growth. The long term returns on the bond and cash options are expected to be lower than returns on predominantly equity options. However, bond funds are expected to broadly match the price of annuities, giving some protection in the amount of secured pension for members closer to retirement. The Cash Fund will provide some protection against changes in short-term capital values (although unit prices can fall as well as rise) and may be appropriate for members receiving part of their retirement benefits in the form of tax-free cash.

RISK MEASUREMENT AND MANAGEMENT

The Trustees recognise the key risk is that members will have insufficient income in retirement or an income that does not meet their expectations. The Trustees consider this risk when setting the investment options and strategy for the Scheme. The Trustees' policy in respect of risk measurement methods and risk management processes is set out below.

The Trustees consider the following sources of risk:

- Risk of not meeting the reasonable expectations of members, bearing in mind members' contributions and fund choices.
- Risk of fund managers not meeting their objectives ("manager risk"). This risk is considered by the Trustees and their advisers both upon the initial appointment of the fund manager and on an ongoing basis thereafter.
- Risk of the default fund being unsuitable for the requirements of some members.
- The risk of fraud, poor advice or acts of negligence ("operational risk"). The Trustees have sought to minimise such risk by ensuring that all advisers and third party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.
- The risk that environmental, social and governance factors can impact future returns ("risk of ESG factors"). The Trustees acknowledge that ESG factors can have a financially material impact on the future returns on its investments and the Trustees' actions to mitigate these is detailed later in this document.

Due to the complex and interrelated nature of these risks, the Trustees consider these risks in a qualitative rather than quantitative manner as part of each formal strategy review. The Trustees' policy is to review the range of funds offered and the suitability of the default option annually.

These risks are considered as part of each normal strategy review. In addition, the Trustees measure risk in terms of the performance of the assets compared to the benchmarks on a regular basis, usually quarterly, along with monitoring any significant issues with the fund managers that may impact their ability to meet the performance targets set by the Trustees.

IMPLEMENTATION

Members can invest in the following funds managed by BlackRock (the Global Equity (50/50) Index Fund is managed by Legal & General Investment Management and offered via BlackRock).

BlackRock Investment Managers				
Asset Class	**Investment Fund**	**Performance target**	**Benchmark**	**Risk characteristics**
Global Equity Tracker	LGIM Global Equity (50/50) Index	To track the return on the benchmark.	50 % FTSE All-Share; 50% sub-divisions of the FTSE AW – World Index (17.5% Europe ex-UK; 17.5% North America; 8.75% Japan; 6.25% Pacific ex-Japan)	The fund is most likely to be appropriate for members who are investing for long term capital growth.
Global Fixed Interest	DC Global Bond	Outperform the benchmark over a 3 year rolling period .	Barclays Capital Global Aggregate Bond Index (unhedged)	The fund is most likely to be appropriate for members who are investing for capital growth but with greater stability than is typically available from equity markets.
UK Fixed Interest	DC Pre-Retirement	Outperform the benchmark by 0.75% p.a.	50% FTA Over 15 Year Gilt Index/50% ML (£) Non-gilt AAA-AA Over 15 Year Index	The fund is most likely to be appropriate for members approaching retirement, or who are investing for some capital growth but with greater stability than is typically available from equity markets.
Cash	DC Cash	Outperform the benchmark over a 3 year rolling period.	7 Day LIBID Rate	The fund is most likely to be appropriate for members who are investing to protect the value of their pension fund as they approach retirement.
Property	DC Property	Outperform the benchmark.	HSBC/AREF Pooled Property All Balanced Funds Index	The fund is most likely to be appropriate for members who are investing for long-term capital growth.

BlackRock manage the funds using an active management approach, which means that they make decisions on the appropriate asset mix and selection of the securities within each fund. Active management may result in periods of out and under performance of the investment markets as a whole.

The LGIM Global Equity (50/50) Index Fund is managed by Legal & General Investment Management using an index tracking or passive approach. This means that they will hold securities in line with the relevant individual index and should closely match the performance of the indices.

BlackRock are remunerated through a percentage of assets under management. The charges have been negotiated to ensure competitiveness and will be reviewed regularly. In addition, the fund manager may pay commissions to third parties on many trades they undertake in the management of the assets.

Defined Benefit and Defined Contribution Sections

IMPLEMENTATION

Kerr Henderson (Consultants and Actuaries) Limited (KHCA) have been selected as investment adviser to the Trustees. They operate under an agreement to provide a service which ensures the Trustees are fully briefed to take decisions themselves and to monitor those they delegate. KHCA are paid on a time cost basis for all the work they undertake for the Scheme although fixed fees may be negotiated by the Trustees for certain projects. This structure has been chosen to ensure that cost-effective, independent advice is received.

The Trustees have delegated all day-to-day decisions about the investments that fall within each mandate, including the realisation of investments, to the relevant fund manager through a written contract. When choosing investments, the Trustee and the fund managers (to the extent delegated) are required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 (regulation 4). The managers' duties also include:

Taking into account social, environmental or ethical considerations in the selection, retention and realisation of investments.
Voting and corporate governance in relation to the Scheme's assets including taking into account the Institutional Shareholders' Committee Statement of Principles on the Responsibilities of Institutional Shareholders and Agents

The Trustees' policy towards financially material considerations (including, but not limited to, environmental, social and governance considerations, including climate change) is to monitor the investment manager to whom they delegate this function through investment in pooled funds. The investment manager produces regular reports on their engagement with companies on environmental, social and governance considerations.

The Trustees' policy on stewardship (i.e. active monitoring of and engagement with companies) is to monitor the investment manager to whom they delegate this function through investment in pooled funds. The investment manager produces regular reports on stewardship.

Non-financial matters (i.e. the views of the members and beneficiaries including (but not limited to) their ethical views in relation to social and environmental impact and present and future quality of life of the members and beneficiaries of the Scheme) are not taken directly into account in the selection, retention and realisation of investments.

GOVERNANCE

The Trustees are responsible for the investment of the Scheme's assets. The Trustees take some decisions themselves and delegate others. When deciding which decisions to take themselves and which to delegate, the Trustees have taken into account whether they have the appropriate training and expert advice in order to take an informed decision. The Trustees have established the following decision making structure:

<table>
<tr><th colspan="2">Trustees</th></tr>
<tr><td colspan="2">Monitor actual returns versus Scheme investment objective.
Set structures and processes for carrying out their role.
Select and monitor planned asset allocation strategy.
Select and review direct investments
Select and monitor investment advisers and fund managers.
Make ongoing decisions relevant to the operational principles of the Scheme's investment strategy</td></tr>
<tr><th>Investment Adviser</th><th>Fund Managers</th></tr>
<tr><td>Advise on all aspects of the investment of the Scheme assets, including implementation.
Advise on this statement.
Provide required training.</td><td>Operate within the terms of this statement and their written contracts.
Select individual investments with regard to their suitability and diversification.</td></tr>
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Voting activity

The Trustees review the statements of corporate governance issued by their fund manager and monitor voting activity regularly.

The Trustees' policy is to invest in pooled investment vehicles. It is the Investment Manager that is responsible for the exercise of rights (including voting rights) attaching to these investments.

The Trustees' policy in relation to any rights (including voting rights) attaching to its 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 Manager to engage with investee companies (and other relevant persons including, but not limited to, investment managers, issuers/other holders of debt and equity and other stakeholders) on aspects such as performance, strategy, capital structure, management of actual or potential conflicts of interest, 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.

ESG policy

The Trustees' policy towards financially material considerations (including, but not limited to, environmental, social and governance considerations, including climate change) is to monitor the investment manager to whom they delegate this function through investment in pooled index-tracking funds. The Investment Manager produces regular reports on their engagement with companies on environmental, social and governance considerations.

The Trustees recognise the importance of ESG factors on long term investment performance and both immediate and future downside risks. The Trustees have set an appropriate monitoring framework to ensure the Scheme's Investment Manager is regularly reviewed. The monitoring framework is intended to promote greater transparency and improved understanding of the reasons behind performance trends and key risk exposures. The Trustees recognise the importance of regular monitoring of the Investment Manager's performance, remuneration and compliance against ESG policy to ensure that the Scheme's assets are being managed appropriately. Regular monitoring and communication with the Investment Manager, with specific reference to ESG factors, will incentivise the Scheme's Investment Manager to assess and improve the medium to long-term performance of investee companies, both financial and non-financial.

In addition to performance measures, the Trustees will review the engagement activity of the Investment Manager to ensure that active engagement is taking place where possible to influence positive change in relation to ESG factors within investee companies. The Trustees will also monitor the voting activity of the Investment Manager to ensure votes are being used and are aligned to their views on ESG.

The remuneration of the investment manager is not directly linked to performance, given the absence of performance related fees, or to ESG practices. However, the Trustees will review and replace the investment manager if net of fees investment performance, risk characteristics and ESG practices are not in line with the Trustees' expectations and views.

If the Trustees believe that the Scheme's Investment Manager 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 or managers which are more closely aligned with the Trustee's policies and views.

The Trustees believe that these steps will incentivise the investment manager to align its actions with the Trustees' policies and also for it to act responsibly.

The Trustees, with guidance from Kerr Henderson (Consultants and Actuaries) Limited, have chosen to invest in open-ended pooled funds. For these funds, the Trustees' policy is to enter arrangements with no fixed end date. However, the Trustees will seek to enter arrangements where it has the power to terminate these in line with the liquidity of the underlying assets and as agreed in the mandate. The Scheme's open ended investments are weekly dealt (and for the property fund, monthly dealt). The Trustees will determine whether to terminate such arrangements on an ongoing basis through its regular monitoring of the Investment Manager's performance against objectives. The Trustees may also elect to terminate the arrangement with the Investment Manager when performing ongoing reviews of the suitability of the Scheme's asset allocation over time.

Non-financial matters (i.e. the views of the members and beneficiaries including (but not limited to) their ethical views in relation to social and environmental impact and present and future quality of life of the members and beneficiaries of the Scheme) are not taken directly into account in the selection, retention and realisation of investments.

The Pensions Act 1995 distinguishes between investments where the management is delegated to a fund manager under a written contract and those where a product is purchased directly, e.g. the purchase of an insurance policy or units in a pooled vehicle. The latter are known as **direct investments.**

The Trustees' policy is to review its direct investments and to obtain written advice about them at regular intervals. These include vehicles available for members' DC contributions and AVCs. When deciding whether or not to make any new direct investments the Trustees will obtain written advice and consider whether future decisions about those investments should be delegated to the fund manager(s).

The written advice will consider the issues set out in the Occupational Pension Schemes (Investment) Regulations 2005 and the principles contained in this statement. The regulations require all investments to be considered by the Trustees (or, to the extent delegated, by the fund managers) against the following criteria:

- The best interests of the members and beneficiaries
- Security
- Quality
- Liquidity
- Profitability
- Nature and duration of liabilities
- Tradability on regulated markets
- Diversification
- Use of derivatives

The Trustees' investment adviser has the knowledge and experience required under the Pensions Act 1995.

The Trustees expect the fund managers to manage the assets delegated to them under the terms of their respective contracts and to give effect to the principles in this statement so far as is reasonably practicable.

The fund manager is remunerated on an ad valorem basis. The level of remuneration paid to the fund manager is reviewed regularly by the Trustees against market rates in the context of the Scheme's size and complexity to ensure the fund manager's interests are aligned with those of the Scheme.

In addition, the fund manager pays commissions to third parties on many trades it undertakes in the management of the assets and also incurs other ad hoc costs. The Trustees receive statements from the fund manager setting out these costs and review them regularly with advice from their investment adviser. This is to ensure that the costs incurred are commensurate with the goods and services received.

The Trustees also review additional investment management costs and charges (including portfolio turnover costs) on a regular basis, and on the selection of any mandate, to ensure that they are appropriate and competitive for the service being provided. The Trustees monitor the portfolio turnover in the context of what the Trustees believe to be reasonable given the nature of each mandate. By also monitoring performance and associated costs, the Investment Manager is incentivised to consider the impact of portfolio turnover on investment performance.

The Trustees will review this SIP at least every three years and immediately following any significant change in investment policy. The Trustees will take investment advice and consult with the sponsoring employer over any changes to the SIP.

Approved by: Keith Lewis (on behalf of PTL Governance Ltd)
Date: 30 September 2020

This Statement of Investment Principles is produced to meet the requirements of the Pensions Acts 1995 & 2004, the Occupational Pension Schemes (Investment) Regulations 2005 and to reflect the Government's Voluntary Code of Conduct for Institutional Investment in the UK. The Trustee also complies with the requirements to maintain and take advice on the Statement and with the disclosure requirements.