Hotpoint UK Appliances Limited Pension Scheme ("the Scheme")
Year Ended 5 April 2026

Defined Contribution ("**DC**") Section Governance Statement

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

The Scheme provides both defined benefit (**DB**) and defined contribution pensions. The DB section was closed to accrual with effect from 31 December 2011. The DC Section Commenced from 1 January 2012. This statement is in respect of the DC section and covers the period from 6 April 2025 to 5 April 2026 (the **Scheme Year**) and is signed by the Chair on behalf of the Trustees of the Scheme (the **Trustees**). Prior to 1 July 2024 the Scheme was known as the *Whirlpool UK Appliances Ltd Pension Scheme.*

The statement covers governance and charge disclosures in relation to the following:

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

A copy of this Governance Statement is available online and can be found under the scheme name at: https://www.zedra.com/chairs-annual-statements/

1. The Default Arrangement and Investments

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

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

The Trustees are responsible for the Scheme's investment governance, which includes setting and monitoring the investment strategy for the Scheme's default arrangement ("Default Investment Strategy"). The Default Investment Strategy is the Lifestyle investment strategy targeting flexible income.

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

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

The Trustees have prepared a Statement of Investment Principles (SIP) which sets out the principles and policies governing determinations about investments made by the Trustees in the management of the Scheme's assets. There are separate SIPs for the DB and DC sections of the Scheme. The SIP for the DC section is attached and can be found under the Scheme name at: https://www.zedra.com/statement-of-investment-principles/

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

i. Investment Strategy Review

The Trustees review the DC investment options and performance on a regular basis. The Trustees, with assistance from their DC investment advisers, Aon, undertook a strategic review of the Scheme's DC investments, including formally reviewing the Scheme's default strategy in 2023. The review concluded on 14 December 2023 and considered the membership profile, and the way members are expected to draw their benefits at retirement.

As part of the investment strategy review the Trustees decided to remove the BlackRock 30/70 Currency Hedged Global Equity Fund from the self-select fund range.

Over the Scheme Year to 5 April 2026 there were no changes made to the underlying funds in which the default strategy or the wider self-select range invests.

The Trustees will undertake an investment strategy review on at least a triennial basis (and without delay after any significant change in investment policy or demographic profile of the Scheme). The next such review will therefore begin no later than 14 December 2026.

ii. Performance Monitoring

The Trustees monitor the performance of the investment funds, including the underlying funds of the default strategy, on a regular basis to assess whether the funds are performing in line with the investment objectives of the Scheme and fund benchmarks. Quarterly investment updates are provided by the current platform provider, Scottish Widows and reviewed by the Trustees.

The Trustees received two investment monitoring reports from their investment adviser over the period to support with managing the different types of risks faced by members. Performance is reviewed against target benchmarks that have been set by the investment managers for each fund.

iii. Specified performance-based fees

Where a fee is calculated by reference to the returns from investments held by the Scheme and is not calculated by reference to the value of the member's rights under the Scheme, the Trustees must state the amount of any such performance-based fees in relation to each default arrangement. The Trustees confirm that, over the Scheme Year, no performance-based fees were incurred by members in the default arrangement.

Default arrangement asset allocation

The Trustees are required to disclose their full asset allocations of investments for each default arrangement. The table below shows the percentage of assets allocated in the default arrangement to specified asset classes over the year to 31 March 2026.

	Asset allocation (%)			
Asset class	25 years old	45 years old	55 years old	Normal Retirement Age (65)
Cash	0.0	0.0	3.0	3.4
Bonds	0.0	0.0	29.3	54.0
Listed equities	100.0	100.0	65.6	40.6
Private equity	0.0	0.0	0.0	0.0
Infrastructure	0.0	0.0	0.0	0.0
Property	0.0	0.0	0.0	0.0
Private debt	0.0	0.0	0.0	0.0
Other	0.0	0.0	2.1	2.0

Source: Scottish Widows

2. Processing of Core Financial Transactions

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

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

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

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

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

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

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

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

The Trustees have received a copy of Scottish Widows' AAF 01/20 report, which confirms that independent auditors, KPMG LLP, carried out a service audit on Scottish Widows' existence, design and operating effectiveness of the controls in place to 31 December 2025 and concluded that control procedures that were tested were operating with sufficient effectiveness.

The common and conditional data reports results as at 31 August 2024 were 95.5% for common data and 100.0% of scheme specific data. These reports were presented to the Trustees and an action plan to improve the quality of the data was discussed and put in place. The common and scheme specific data reports are carried out annually.

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

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

3. Net investment returns

The Trustees are required to report on net investment returns for each default arrangement and for each non-default fund which scheme members were invested in during the Scheme Year. Net investment return refers to the returns on funds minus all member-borne transaction costs and charges.

The net investment returns have been prepared having regard to statutory guidance. It is important to note that past performance is not a guarantee of future performance.

(i) Lifestyle strategies including the Default Investment Strategy

One year performance to 31 March 2026 (%)			
Lifestyle strategies	Age of member at start of reporting period		
	25	45	55
Lifestyle investment strategy targeting flexible income (default option)	22.8	22.8	15.2
Lifestyle investment strategy targeting guaranteed income (annuity purchase)	22.8	22.8	15.4
Lifestyle investment strategy targeting cash lump sum	22.8	22.8	15.6

Source: Scottish Widows, Aon calculations

Fund performance covering a five-year period has not been reported because changes to the underlying strategy in longer reporting periods means this performance data is unavailable. The performance figures shown above are reflective of the changes to the lifestyle strategies that took effect from September 2024.

(ii) Self-select investment funds

Performance to 31 March 2026		
Fund name	1 year	5 years
Robeco Global Credits[2]	4.1	0.5
BlackRock ACS World Multifactor ESG Screened And Optimised Equity Tracker[1][2]	22.8	-
Baillie Gifford Positive Change[2]	8.0	0.3
HSBC Islamic Fund[2]	20.3	13.5
BlackRock Index Linked Up to 5 Year Gilt Index[2]	5.3	4.6
BlackRock World ex UK Equity Index	17.0	10.8
BlackRock Sterling Liquidity	4.2	3.3
BlackRock Over 15 Years UK Gilt Index	-0.3	-10.6
BlackRock UK Equity Index	18.2	9.4
BlackRock Emerging Markets Equity Index	26.3	4.7
BlackRock Market Advantage	5.6	1.6
Schroder Sustainable Future Multi-Asset	11.4	3.7
L&G Future World Annuity Aware	2.4	-5.1

Source: Scottish Widows

[1] *5 year performance is unavailable as the fund launched 10/06/2024.*

[2] *These funds were implemented in September 2024.*

4. Member-borne Charges and Transaction Costs

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

(i) Explicit charges

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

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

The charges levied on members invested in the default strategy were within this cap, in a range from 0.36% p.a. to 0.49% p.a. depending upon members' term to retirement. For instance, the TER is 0.36% p.a. up to 15 years before retirement. At this point it increases to a maximum of 0.49% p.a. at retirement.

The tables on the following pages provide the TER for all the funds offered through the Scheme Year.

(ii) Transaction costs

Transaction costs are costs which are incurred within the day-to-day management of the assets by the fund manager. These cover such things as the cost of buying and selling securities within the fund. Transaction costs are incurred on an on-going basis in addition to the TER and impact the performance of the fund.

The requirement for fund managers to calculate and disclose transaction costs using a method prescribed by the Financial Conduct Authority (FCA) was introduced on 3 January 2018. As defined by the FCA, transaction costs are categorised as 'explicit' or 'implicit':

- Explicit transaction costs are the costs that are directly charged to or paid by the fund and may include taxes and levies (such as stamp duty), broker commissions (fees charged by the executing broker in order to buy and sell investments) and costs of borrowing or lending securities.

- Implicit transaction costs are calculated as the difference between the actual price paid (execution price) and the quoted "mid-market price" at the time the order was placed (arrival price). This method, although reasonable if observed over a long period of time, can result in a volatile measure from one year to another and can even result in a profit, known as "negative costs". This can happen, for example, when buying an asset if the actual price paid ends up being lower than the mid-market price at the time of placing the order – perhaps as the result of a sudden market event that pushes down the price of the asset, such as some negative publicity or a big sell order by another party.

Fund managers calculate transaction costs at fund-level not scheme-level. Therefore the Trustees requested details of transaction costs for the period 6 April 2025 to 5 April 2026 from the Scheme's fund managers via Scottish Widows. Transaction costs are reported by fund managers on a quarterly basis and therefore have been reported for the year ending 31 March 2026. Where transaction costs have been calculated as a negative cost, these have been set to zero by the Trustees.

The table below shows a full breakdown of the TER and transaction costs applicable to the different funds as at 31 March 2026. The transaction costs for all funds are the average costs over the 1-year period ending 31 March 2026 using the calculation method set by the relevant regulations.

Lifestyle strategies	Range of TER (% p.a.)	Range of Transaction Costs (% p.a.)	Range of Total Cost (% p.a.)
Lifestyle investment strategy targeting flexible income (default option)	0.36 – 0.49	0.08 – 0.14	0.44 – 0.63
Lifestyle investment strategy targeting guaranteed income (annuity purchase)	0.31 – 0.49	0.01 – 0.13	0.32 – 0.62
Lifestyle investment strategy targeting cash lump sum	0.30 – 0.48	0.02 – 0.14	0.32 – 0.62

Self-Select funds	TER (% p.a.)	Transaction Costs (%)	Total costs Year (%)
Robeco Global Credits (1) (2) (3)	0.77	0.18	0.95
BlackRock Index Linked Up to 5 Year Gilt Index (1) (3)	0.27	0.03	0.30
BlackRock ACS World Multifactor ESG Screened and Optimised Equity Tracker (1) (2) (3)	0.35	0.09	0.44
Aquila Emerging Markets Equity Index (1) (2) (3)	0.49	0.00	0.49
Aquila Market Advantage (1) (2) (3)	0.54	0.30	0.84
Schroder Sustainable Future Multi-Asset (1) (2) (3)	0.60	0.25	0.85
L&G Future World Annuity Aware (2)	0.31	0.00	0.31
BlackRock Sterling Liquidity (2) (3)	0.30	0.02	0.32
BlackRock World ex UK Equity Index	0.29	0.04	0.33
BlackRock Over 15 Years UK Gilt Index	0.27	0.06	0.33
BlackRock UK Equity Index	0.27	0.21	0.48
Baillie Gifford Positive Change	0.72	0.00	0.72
HSBC Islamic Fund	0.39	0.01	0.40

Source: Scottish Widows

(1)*These funds comprised the default option*

(2)*These funds comprised the Lifestyle investment strategy targeting guaranteed income (annuity purchase) option*

(3)*These funds comprised the Lifestyle investment strategy targeting cash lump sum option*

Notes on transaction costs:

- *For funds with more than one component, transaction cost calculations are based on blended fund-level holdings at the report date given.*
- *Transaction cost totals represent annualised transaction costs incurred by the fund manager within the underlying fund.*
- *Reporting cycles may differ between fund managers, and so data provided may not align completely with the overall report date. The latest available annualised information has been used in each case.*
- *Fund managers may use different methodologies to calculate their transaction costs; therefore overall transaction cost figures may not be directly comparable, or may exclude some elements or breakdowns of the total cost.*

(iii) Illustrations of costs and charges

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

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

The majority of members invest in the default option, the Lifestyle investment strategy targeting flexible income, which automatically transitions members' funds as they approach retirement. The Trustees have shown this investment choice for the illustrations and have compared the impact of costs with the self-select options with the lowest charges (BlackRock Up to 5 Year Index Linked Gilt Index) and highest charges (Robeco Global Credits).

1. Active Member invested in the default investment option

The illustrative figures in the table below are based on the projected pension pot in today's money, using a starting fund of £12,000 and starting contributions of £325 per month.

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

	Lifestyle investment strategy targeting flexible income									
	Age Now 17		Age Now 35		Age Now 45		Age Now 55		Age Now 60	
After X Years	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
1	16,300	16,200	16,300	16,200	16,300	16,200	16,200	16,100	16,100	16,000
3	25,400	25,100	25,400	25,100	25,400	25,100	24,800	24,500	24,600	24,300
5	35,200	34,600	35,200	34,600	35,200	34,600	33,900	33,100	33,400	32,700
10	62,700	60,900	62,700	60,900	61,500	59,600	57,600	55,400		
15	95,400	91,500	95,400	91,500	89,700	85,200				
20	134,000	127,000	131,000	124,000	119,000	111,000				
25	180,000	168,000	168,000	155,000						
30	235,000	216,000	206,000	186,000						
35	299,000	270,000								
48	463,000	394,000								

2. Active member invested in self-select options

As the projected fund values above are dependent on investment returns as well as the level of costs and charges, we have also included some comparison illustrations below reflecting the self-select options with the lowest and highest charges.

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

After X Years	BlackRock Up to 5 Year Index Linked Gilt Index (Lowest Charging Fund)		Robeco Global Credits (Highest Charging Fund)	
	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
1	15,700	15,700	16,000	15,900
3	23,300	23,100	24,400	23,900
5	30,700	30,400	33,000	31,900
10	49,100	48,200	55,800	52,600
15	67,000	65,300	80,600	74,000
20	84,500	81,800	107,000	96,100
25	101,000	97,600	136,000	119,000
30	118,000	112,000	168,000	142,000
35	134,000	127,000	202,000	167,000

3. Deferred Member invested in the default option

The illustrative figures in the table below are based on the projected pension pot in today's money, using a starting fund of £12,000 and no ongoing contributions.

	Lifestyle investment strategy targeting flexible income									
After X Years	Age Now 17		Age Now 35		Age Now 45		Age Now 55		Age Now 60	
	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
1	12,400	12,300	12,400	12,300	12,400	12,300	12,300	12,200	12,200	12,100
3	13,300	13,100	13,300	13,100	13,300	13,100	12,900	12,600	12,700	12,500
5	14,200	13,900	14,200	13,900	14,200	13,900	13,500	13,100	13,200	12,800
10	16,900	16,100	16,900	16,100	16,500	15,700	14,900	14,000		
15	20,000	18,700	20,000	18,700	18,600	17,200				
20	23,800	21,800	23,300	21,200	20,600	18,400				
25	28,300	25,300	26,200	23,200						
30	33,600	29,400	29,000	24,900						
35	39,700	34,000								
48	53,900	42,600								

4. Deferred member invested in self-select options

As with the active member, the projected fund values above are dependent on investment returns as well as the level of costs and charges, we have also included some comparison illustrations below reflecting the self select options with the lowest and highest charges.

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

After X Years	BlackRock Up to 5 Year Index Linked Gilt Index (Lowest Charging Fund)		Robeco Global Credits (Highest Charging Fund)	
	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
1	11,900	11,900	12,100	12,000
3	11,800	11,700	12,500	12,200
5	11,700	11,500	13,000	12,400
10	11,400	11,100	14,100	12,800
15	11,200	10,700	15,300	13,200
20	10,900	10,300	16,600	13,700
25	10,700	9,940	18,000	14,200
30	10,400	9,570	19,500	14,700
35	10,200	9,220	21,100	15,200

Notes

The illustrations were provided by Scottish Widows and the following assumptions have been made:

1. *Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.*
2. *Retirement is assumed to be at age 65*
3. *The starting pot size is assumed to be £12,000.*
4. *Inflation is assumed to be 2.5% each year.*
5. *For contributing members gross contributions of £325 per month are assumed from the start of the projection to retirement and are assumed to increase in line with inflation at 2.5% per year.*
6. *Values shown are estimates and are not guaranteed.*
7. *The assumptions used in this illustration follow the Financial Reporting Council's AS TM1 guidance.*
8. *The projected growth rates, for each self-select fund illustrated are:*
    - *BlackRock Up to 5 Year Index Linked Gilt Index 0.5% below inflation*
    - *Robeco Global Credits 1.6% above inflation*
9. The projected growth rates for the default option are:

Years to Retirement	***Projected Growth Rate for <u>active</u> members (Average)***		***Projected Growth Rate for <u>deferred</u> members (Average)***	
1	*1.80%*	*Above inflation*	*1.80%*	*Above inflation*
3	*1.90%*	*Above inflation*	*1.90%*	*Above inflation*
5	*1.90%*	*Above inflation*	*2.00%*	*Above inflation*
10	*2.10%*	*Above Inflation*	*2.20%*	*Above Inflation*
15	*2.30%*	*Above Inflation*	*2.40%*	*Above Inflation*
20	*2.50%*	*Above Inflation*	*2.70%*	*Above Inflation*
25	*2.60%*	*Above Inflation*	*2.80%*	*Above Inflation*
30	*2.70%*	*Above Inflation*	*2.90%*	*Above Inflation*
35	*2.80%*	*Above Inflation*	*3.00%*	*Above Inflation*
48	*3.00%*	*Above Inflation*	*3.10%*	*Above Inflation*

The projected growth rate is an average growth rate for the required projection period, taking account of all the cashflows at different points in time. As a fixed amount of contribution is paid monthly, each contribution will be accumulated at fund growth rate for a different number of months to the end of the projection period, which results in the average growth rate over the entire period for active members with contributions being lower than that for deferred members without contributions.

10. *The charges assumed for each fund are the current charges as shown in section 4(i) and 4(ii) of this document.*

It should be noted that the values shown are estimates only for an illustrative member. It is important that when considering investments, the level of costs and charges and the expected return on assets (i.e. the risk profile of the strategy) should be considered together and not in isolation.

5. Value for Members Assessment

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

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

The costs have been identified as TER and Transaction Costs and are set out in section 4 of this statement. The Trustees have considered the benefits of membership under the following categories: Scheme governance, investments, administration and member experience, member communications and Retirement support. Benchmarking relative to other pension arrangements or industry best practice guidelines is also undertaken.

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

Costs

- Based on the profile of the Scheme's DC arrangements, we believe that the explicit charges are competitive when compared to current market rates on a like for like basis.
- The Trustees consider the costs and charges of the investment options to be appropriate for the size of the Scheme and comparable to charges levied by other providers.

Scheme governance

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

Scheme Administration

- The Trustees have appointed Scottish Widows to provide administration services to the Scheme and is satisfied that Scottish Widows has sufficient checks in place to monitor and report on the standard of the administration service and to ensure that when administrative errors do occur, members are not disadvantaged as a result.
- The Trustees have Service Level Agreements (SLA) covering the accuracy and timeliness of all core financial transactions in place with Scottish Widows and regularly monitor the Scheme administration though Governance reports provided by the administrator on a quarterly basis. Over the period the Trustees found that the necessary administration standards were being not being achieved, but actions were being taken to address performance and return to previous levels and members did not suffer any financial detriment. Performance against SLA over the year for ‘Time Critical Processes’ was 89.3% and ‘Manual Administration Processes’ was 97.5%. The Trustees will continue to monitor the administration closely.

- The Trustees received nine complaints during the Scheme Year all of which were resolved during the Scheme Year.
- The Trustees are satisfied that the SLAs in place are appropriate and have no major concerns with the performance against SLAs over the Scheme Year.

Investments

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

Retirement Support

- The Scheme provides members with an annuity broking service with an aim to help them understand and provide a clearer picture of the options available to them through annuity broking.
- The Scheme allows members to take small lump sums, full and partial Uncrystallised Funds Pension Lump Sum ("UFPLS").

Scheme Communications

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

The Trustees' overall conclusion from the value for members assessment is that the costs and charges <u>do</u> represent good value for members.

6. Trustee Knowledge and Understanding

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

The Trustees have met the Pension Regulator's Trustee Knowledge and Understanding requirements during the Scheme Year by:

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

All of the Trustees have completed the Pension Regulator's Trustee Toolkit (which includes training on pension or trust law, or their knowledge of funding and investment principles) and new Trustees are also required to complete this on joining the Trustee Board.

The Scheme is managed by a Trustee Board which had five Trustees throughout the Scheme Year. The five Trustees, who were appointed by the Principal Employer, include an Independent Trustee (Chair), two employer nominated Trustees and two member nominated Trustees.

Joanne Fairbairn acts as the Independent Trustee, as the representative of ZEDRA Governance Ltd (formerly PTL Governance Ltd). Victoria Roberts and other members of the ZEDRA team also provide day-to-day support and peer review functions. Joanne is a qualified actuary and is accredited as a Professional Trustees by the Association of Professional Pension Trustees ("APPT"). Over the period, Joanne has met the CPD requirements of the actuarial profession and the APPT.

Each of the Trustees take personal responsibility for keeping up-to-date with relevant developments, with current issues being tabled at the quarterly Trustee meetings and training undertaken on an ad-hoc basis by their advisers. Training received over the year for both the Chair and Trustee Board as a whole included:

- Master Trusts and alternative DC pension structures;
- DC market trends and developments in the workplace pensions market
- Pension Schemes Bill developments
- Guided Retirement and decumulation solutions;
- Collective Defined Contribution (CDC) schemes;
- Inheritance Tax changes affecting pension death benefits;
- Consolidation of small deferred DC pots;
- Own Risk Assessments (ORA) and Effective Systems of Governance (ESOG)

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

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

- Obtained and reviewed quarterly administration reports from Scottish Widows, the Scheme DC administrators, to monitor service delivery against agreed service levels (demonstrating

knowledge and understanding of the law relating to pensions and trusts and a working knowledge of all documents setting out the Trustee's current policies).

- Ensured that an audit of the Trustee's Report and Accounts was carried out for the Scheme Year ended 5 April 2025 (demonstrating knowledge and understanding of the law relating to pensions and trusts).
- Held quarterly Trustee meetings with advisers where appropriate, who have provided specialist advice and updates on legislation, guidance and best practice developments. DC matters are discussed at each of the Trustee meetings, in which there were four held during the year. Additional ad-hoc meetings and conference calls were held during the Scheme Year as required. The meetings were attended by the appointed providers and professional advisers who provided reporting and specialist advice before asking the Trustees to take relevant decisions as required. Minutes of each Trustee meeting document the information shared and specialist advice given.

The Trustees together believe they have a working knowledge of the Trust Deed & Rules, Trustee Report & Accounts, Statement of Investment Principles and all documents setting out the Trustees' current policies, and sufficient knowledge and understanding of the relevant principles relating to the funding and investment of occupational schemes.

Considering the training activities completed by the Trustees together with the professional advice available to the Trustees, the Trustees consider that they meet the Pension Regulator's TKU requirements and are confident that the combined knowledge and understanding of the Trustees, together with the input from its specialist advisers, enables them to properly exercise their functions as the Trustees of the Scheme.

Signed by the Chair of Trustees of the Hotpoint UK Appliances Limited Pension Scheme.

Signature:

Name:

Date: