



William Hill Pension Scheme

Scheme Registration Number: 10142428

Trustee's Annual Report and Financial Statements
For the Year Ended 30 September 2020



William Hill Pension Scheme

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William Hill Pension Scheme

Trusteeship and Advisers

Trusteeship

The Trustee of the Scheme is William Hill Trustee Limited (Trustee). The Directors of the Trustee Company, who served throughout the year are:

H D Nolan (Chairman, Dalriada Trustees Limited)

P Searle*

C W South

A Kerr

R A King*

M Ford

Secretary to The Trustee:

S J Callender (resigned 25 March 2020)

B Kelly-Bisla (appointed 25 March 2020)

*Member-Nominated Directors (MNDs)

Advisers

The Trustee has retained or appointed the following professional advisers and organisations during the year:

| | |
|-------------------------|--|
| Investment Consultants | Mercer Limited Isio Group Ltd |
| Administrators | Capita Employee Solutions |
| Scheme Actuary | Andrew R Cook FIA of Mercer Limited |
| Investment Managers | Legal & General Investment Management Limited M & G Investments CQS (UK) LLP |
| AVC Provider | Legal & General Investment Management Limited |
| Annuity Policy Provider | Just Retirement Limited |

William Hill Pension Scheme

Trusteeship and Advisers (continued)

Advisers (continued)

| | |
|---------------------------------------|---|
| Auditor | Grant Thornton UK LLP |
| Solicitors | Eversheds LLP |
| Bankers | National Westminster Bank PLC |
| Insurers (lump sum death benefits) | Legal & General Assurance Society Limited |

The Retirement Plan (defined benefit) also uses the following AVC providers:

Standard Life Assurance Company Limited

The Equitable Life Assurance Society (to 31 January 2020)

Utmost Life and Pensions Limited (from 31 January 2020)

Address for Enquiries

If you are a current employee, please contact your Local HR Manager, who will refer you to the Group Pensions Department if appropriate. The Group Pensions Manager can be contacted at:

**William Hill Organization Limited,
Greenside House,
50 Station Road,
Wood Green,
London,
N22 7TP**

pensions@williamhill.co.uk

William Hill Pension Scheme

Chairman's Report

I am pleased to present the William Hill Pension Scheme (the Scheme) Report and Accounts for the year-ended 30 September 2020. It has been a challenging year with the Covid-19 pandemic impacting investment markets across the world as well as the way we work. Fortunately, the Scheme has a sensible long-term strategy and remains in a reasonably good position despite the pandemic. I am also pleased to see that all of the Scheme advisers, and in particular the Scheme administrators, have continued to deliver their services, albeit from home in most instances, and that pensions have continued to have been paid promptly and member queries resolved. During this challenging time, the administration team have prioritised payments and this means that some questions may have taken longer to resolve, and I am grateful for your patience.

The Retirement Plan ("the Plan") – the Defined Benefits Section of the Scheme

The actuarial valuation of the Plan as at 30 September 2019 showed that the Plan has a surplus on the Technical Provisions basis adopted by the Trustee and the Plan continues to remain in surplus on this basis at the date of the latest update as at 30 September 2020. As a result of the surplus, there is no need for deficit repair contributions from the Employer, although the Employer continues to pay an allowance into the Plan to cover running costs.

Investment

We monitored the Plan's investment portfolio closely over the year, with help from our investment advisers and in close consultation with the Employer. We also have annuity policies in place to cover most of our pensioner liabilities, giving the Plan extra protection against market movements and even the risk of people living longer than expected and receiving their pension for longer. Our overall investment strategy remains very low risk and the Plan has therefore weathered the recent market volatility due to the pandemic extremely well.

Employer Covenant

As well as the limited risk of changes in the investment values affecting the funding position, the Plan is also exposed to other risks which could impact its funding level. Two significant risks are unexpectedly high inflation and members living longer than projected, though we also hold annuity policies to mitigate these risks for a large proportion of the pensioners. If either of these or other potential risks were to crystallise, the Plan could be obliged to pay out more in benefits than it currently expects i.e. the liabilities would be higher.

Although there is a surplus in the Plan which provides a buffer against adverse experience, in an extreme case, these risks could push the Plan into deficit. In this case, the Plan would be largely dependent on the Employer to make additional contributions to the Plan to ensure the liabilities could continue to be met in full. The Trustee therefore monitors the financial strength of the Employer on a regular basis to assess its ability to fund the Plan.

William Hill Pension Scheme

Chairman's Report (continued)

The Trustee assessed the Employer's financial strength (the employer covenant) formally as part of the actuarial valuation as at 30 September 2019 and continues to monitor the strength of the employer covenant. Despite the unprecedented trading conditions, the Trustee remains confident that the Employer is able to provide the financial support needed and that the required level of contributions remain affordable for the Employer given the Group's profitability and ability to generate cash flow.

As members may well already be aware, Caesars Entertainment Inc has made a bid to buy the Employer and the shareholders accepted this bid subject to regulatory approvals. This deal was completed on 22 April 2021 and the Trustee has been carefully monitoring the position and considering the potential impact on the Employer covenant. The Trustee has also been in discussions with both the Employer and Caesars on the implications for the Plan to make sure we take any appropriate steps to protect member benefits.

Defined Contribution Section (Pensions Savings Plan 2001 and the Employee Savings Plan)

In addition to the Defined Benefit section of the Scheme, which has been closed to new members since 2002, the Scheme also has two Defined Contribution (DC) sections - the Pension Savings Plan 2001 (PSP) and the Employee Pension Plan (EPP). These are money purchase arrangements where contributions paid in by members and the Employer are invested to build up a pot of money to be used to fund the member's retirement.

Under the DC arrangements the Scheme offers a choice of investment funds provided by Legal and General into which members can invest their and the Company's pension contributions. The investment performance of these funds can be found in the Investment Section of this Report.

The Trustee continues to monitor the range of funds to ensure that it is offering value for money and members are getting good outcomes for their investments.

In July 2016, the Pensions Regulator published its updated defined contribution ("DC") code of practice, replacing the existing version of that code which was published in 2013. The code is called governance and administration of occupational trust-based schemes providing money purchase benefits. The Trustee has undertaken an assessment of the new code and considers the Scheme meets the quality standards set out by the Regulator.

As ever, I would also like to thank my fellow Trustee Directors and the Group Pensions Department for their ongoing support and help in the management and running of the Scheme.



Hugh Nolan
for Dalriada Trustees Limited
Chair of William Hill Trustee Limited
Trustee of the William Hill Pension Scheme

Date: 30/4/2021

William Hill Pension Scheme

Trustee's Report

The Trustee confirms that the financial statements for the year ended 30 September 2020 have been prepared and audited in accordance with regulations made under sections 41 (1) and (6) of the Pensions Act 1995.

Scheme Management

The Principal Employer under the Scheme has the power to appoint and remove the Trustee of the Scheme. The Principal Employer is William Hill Organization Limited. William Hill PLC, WHG (International) Limited, WHG Services Limited, Willstan Racing Limited and Willstan Limited are additional participating employers. Directors of the Trustee Company can be appointed and/or removed by the existing Directors or the Principal Employer in accordance with the arrangements approved by the Scheme membership pursuant to section 19 of the Pensions Act 2004.

The Trustee is responsible for the management of the Scheme and has duties and obligations, which are set out in the Definitive Trust Deed and Rules, including maintaining an up to date Schedule of Contributions. In order to discharge their various duties and liabilities, the Directors of the Trustee Company met on four occasions during the year to 30 September 2020 and, in addition, have appointed professional advisers and administrators to assist them and to undertake many of the day to day duties involved in the running of the Scheme.

Copies of the Pensions Regulator's booklet on the duties and responsibilities of trustees have been given to all Directors of the Trustee Company.

Cash Equivalents

The cash equivalents paid during the year were calculated and verified in the manner prescribed by regulations under section 97 of the Pension Schemes Act 1993 and none were less than the amount for which section 94 (1) of that Act provides. Transfer values do not take into account any future discretionary increases to pensions in payment. Following advice from the Scheme Actuary, the Trustee, after careful consideration, agreed that cash equivalent transfer values should continue to be paid in full. This will be kept under review.

Tax Status

The Scheme is registered for tax purposes with HMRC in accordance with the Finance Act 2004. Accordingly, no provision for taxation has been included.

Investment Principles

The Trustee has produced a Statement of Investment Principles as required by the relevant section of the Pensions Act 1995 as amended by the Pensions Act 2004, and this is revised and updated as necessary. A copy of this statement may be obtained on request from the Group Pensions Manager, William Hill Organization Limited, Greenside House, 50 Station Road, Wood Green, London, N22 7TP.

Further Information

The following documents are also available on request from the Group Pensions Department at Greenside House and from the website below:

1. The Schedules of Contributions
2. The Statement of Funding Principles
3. Recovery Plan
4. The Formal Actuarial Valuation Report as at 30 September 2019
5. The Scheme Information Booklet

<https://www.williamhillpensions.co.uk/library>

William Hill Pension Scheme

Trustee's Report (continued)

Scheme Management (continued)

Membership

A summary of the Membership of the Scheme is shown below:

Retirement Plan (defined benefit)

| | |
|---|--------------|
| Employed members as at 30 September 2020 | 160 |
| Deferred Pensioners as at 30 September 2020 | 766 |
| Pensioners as at 30 September 2020 | 1,504 |
| Dependants as at 30 September 2020 | 218 |
| Total membership as at 30 September 2020 | 2,648 |

Pension Savings Plan 2001 (defined contribution)

| | |
|---|--------------|
| Employed members as at 30 September 2020 | 1,255 |
| Deferred members as at 30 September 2020 | 1,753 |
| Leavers (Refund/Transfer Option) | 34 |
| Total membership as at 30 September 2020 | 3,042 |

Employee Pension Plan (defined contribution)

| | |
|---|---------------|
| Employed members as at 30 September 2020 | 4,719 |
| Deferred members as at 30 September 2020 | 10,048 |
| Leavers (Refund/Transfer Option) | 766 |
| Total membership as at 30 September 2020 | 15,533 |

Details of the membership movements for the Scheme during the year to 30 September 2020 can be found in Appendix II on pages 104 to 109.

William Hill Pension Scheme

Trustee's Report (continued)

Scheme Management (continued)

Scheme Background

Retirement Plan (Defined Benefit)

Until 5 April 1997, the Plan was "contracted out" of the State Earnings Related Pension Scheme (SERPS) on a Guaranteed Minimum Pension basis. This meant that members had the benefit of having a lower rate of National Insurance contribution deducted from their pay, and the Employer also paid a lower rate of National Insurance. In return for this concession, the Plan had to promise to provide benefits at least as good as those a member would have received from SERPS – a "Guaranteed Minimum Pension" (GMP).

From 6 April 1997, the Plan contracted out of SERPS on a "Protected Rights" basis. Both the Employer and the members continued to pay reduced rate National Insurance contributions. These savings plus an age-related addition paid into the Plan by the Department of Work and Pensions, form a notional Fund and must be used to secure benefits subject to special conditions. The Protected Rights Fund forms part of the members' Plan benefits. From 6 April 2002, the State Second Pension (S2P) replaced SERPS.

Following a review of pension provision, the Company decided that the Retirement Plan section would be closed to new entrants after the 1 January 2002 entries (existing employees who qualified by promotion were allowed in up to 1 April 2002). This did not affect any existing members of the Retirement Plan.

Following consultation with affected employees, the Company made the decision to close the Retirement Plan section of the Scheme and restrict future benefits accrual with effect from 31 March 2011. As a result of negotiations with the Trustee, the Company granted a number of concessions including maintaining the link for benefits accrued up to 31 March 2011 with future salary increases (up to a maximum of 5% per annum). It was also agreed that the Company would make additional payments to affected employees of £10,000 (reduced pro rata for part time employees) over a five year period from April 2011 to March 2016.

All members in active employment as at 1 April 2011 were automatically enrolled in the Pension Savings Plan 2001.

Pension Savings Plan 2001 (Defined Contribution)

The Pension Savings Plan was set up in April 1997. Members are not contracted-out of the State scheme. It was redesigned to comply with Stakeholder legislation with effect from 1 July 2001 and re-named the Pension Savings Plan 2001. It was further amended with effect from 1 January 2007 to comply with age discrimination legislation.

From 1 January 2013, the Pension Savings Plan was closed to new entrants other than for discretionary entrants permitted by the Company. Contributions are a flat rate of 5% of employee pensionable earnings and 5% by the employer, with higher employer contributions for senior members.

Employee Pension Plan (Defined Contribution)

The Employee Pension Plan was set up from 1 March 2013 specifically in response to the Government's automatic enrolment pension legislation. Contributions are a flat rate of 4% of pensionable earnings by the employee and 4% by the employer.

William Hill Pension Scheme

Trustee's Report (continued)

Scheme Management (continued)

Pensioners

Retirement Plan (Defined Benefit)

The Rules of the Plan include a provision for pensions in payment to be increased on 1 April each year. The increase is 5% (or, if lower, the increase in the Retail Price Index (RPI) over the year to the preceding December) on that part of the pension which exceeds the (Guaranteed Minimum Pension) GMP in payment. This provision meets the requirements for pension increases under the terms of the Pension Schemes Act 1995.

The percentage increase awarded on 1 April 2020 was 2.2% (2019: 2.7%) which was in line with the change in the RPI to December of the previous year.

In addition, the GMP payable after GMP Age (or immediately for some widows/widowers) is to be increased in line with the change in the CPI to September of the previous year which was 3%. How this is done depends on when the member built up GMP entitlements:

- for GMPs earned up to 5 April 1988, no increase is made by the Plan;
- for GMPs earned after 5 April 1988, an increase is made in line with the annual increase in the RPI, subject to an annual limit of 3%.

No discretionary increases were awarded during the year.

Employee Pension Plan and Pensions Savings Plan 2001 (Defined Contribution)

At retirement the member may choose what benefits to buy with their Pension Account (and AVC Account). Normally an annuity is chosen that provides an income for life either at a flat rate or one that will increase in line with price inflation, to a maximum of 5% in any year. Following changes to pension legislation members now have greater freedom to choose what to do with their pension savings at retirement from taking it all as cash, buying an annuity or leaving it invested and drawing an income from their investment during retirement.

William Hill Pension Scheme

Trustee's Report (continued)

Scheme Management (continued)

Deferred Pensioners

Retirement Plan (Defined Benefit)

Deferred pensions are increased on 1 April each year.

In deferment, the amount by which a deferred pension exceeds the GMP, and the whole deferred pension built up from 6 April 1997, is increased in line with Statutory Revaluation which is 5%, or the increase in the Retail Price Index over the year to the preceding September, if lower. The increase on the GMP portion is at the prescribed percentage for each complete tax year between ceasing to be in pensionable service and reaching State Pension Age.

The prescribed percentage is specified in statutory regulations:

- for leavers after 5 April 1988 but before 6 April 1993, it is 7.5% per annum;
- for leavers after 5 April 1993 but before 6 April 1997, it is 7.0% per annum;
- for leavers after 5 April 1997 but before 6 April 2002, it is 6.25% per annum;
- for leavers after 5 April 2002 but before 6 April 2007 it is 4.5% per annum;
- For leavers after 5 April 2007 it is 4.0% per annum.

Once in payment, the pension is increased in the same way as for any other pensioner. No discretionary increases were awarded during the year.

Employee Pension Plan and Pension Savings Plan 2001 (Defined Contribution)

The amount standing to the account of a deferred pensioner will continue to reflect investment returns (net of any charges).

Transfers out of the Scheme

Members who have retained a deferred pension within the Scheme may apply to the Trustee for a transfer of their pension rights to be paid to another approved pension arrangement.

Retirement Plan (Defined Benefit)

The transfer value is calculated and paid in accordance with recommendations of the Actuary using methods consistent with the Pensions Schemes Act 1993.

Employee Pension Plan and the Pension Savings Plan 2001 (Defined Contribution)

The transfer value is the value standing to their Pension Account (and AVC Account) at the time such a transfer is made.

William Hill Pension Scheme

Trustee's Report (continued)

Scheme Management (continued)

GMP Equalisation

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension scheme. The judgment concluded that schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension (GMP) benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Trustee is aware that the issue will have an effect on the Scheme and will be considering this at future meetings and decisions will be made as to next steps. Under the ruling, schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. The High Court has since determined that trustees owed a duty to a transferring member to make a transfer payment which reflected the member's right to equalised benefits. Where the initial transfer payment was inadequate on this basis the Trustee is under an obligation to make a top-up payment to the receiving scheme on behalf of the transferred member. Based on an initial assessment of the likely backdated amounts and related interest, the Trustee does not expect these to be material to the financial statements and therefore have not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined.

COVID-19

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a global health emergency on the 30 January 2020, has caused disruption to businesses and economic activity which has been reflected in recent fluctuations in global stock markets. The Trustee is monitoring developments relating to COVID-19 and is coordinating its operational response based on existing business continuity plans and on guidance from global health organisations, UK government and general pandemic response best practice.

Contributions

During the year, Administrative expense contributions of £158,333 which were due to the scheme in respect of January 2020, were paid 9 days late by the Employer on 2 March 2020 due to an administration error. This resulted in a breach of the Schedule of Contributions which requires contributions to be received no later than the 22nd of the following month. The Trustee was made aware of the circumstances surrounding breach and is satisfied that there is no issue which causes concern in respect of timely receipt of monthly contributions going forward.

Employer-related investments in respect of invested assets are disclosed in the Investment Matters report on page 16.

William Hill Pension Scheme

Trustee's Report (continued)

Investment Matters

Investment principles

The Trustee has produced a Statement of Investment Principles (the "SIP") in accordance with Section 35 of the Pensions Act 1995 (as amended) and the Occupational Pension Schemes (Investment) Regulations 2005 (and subsequent legislation). The SIP was updated in September 2020 and is available on the William Hill Pensions website.

Retirement Plan (DB Section)

The Trustee's investment policy is guided by the following objective: The purpose of the Scheme is to enable benefits to be paid as and when they fall due, and to do this the Trustee takes steps where appropriate to ensure that:

- dependency on the covenant of the Employer will be significantly reduced;
- other material risks (e.g. longevity) will be reduced.

Employee Pension Plan and Pensions Savings Plan 2001 (Defined Contribution Section ('DC Section'))

The Trustee's overall investment objective is to provide a range of fund options which serve to meet the various investment needs and risk tolerances of the Plan's members in a cost effective manner.

Responsible Investment and Corporate Governance

The Trustee believes that environmental, social, and corporate governance (ESG) factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration. The Trustee has taken into account the expected time horizon of the Scheme when considering how to integrate these issues into the investment decision making process.

The Trustee has given appointed investment managers full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. The Trustee will periodically review the investment managers' policies and engagement activities (where applicable).

The Trustee considers how ESG, climate change and stewardship is integrated within investment processes in appointing new investment managers and monitoring existing investment managers. This includes the investment managers' policy on voting and engagement. Monitoring is undertaken on a regular basis and is documented at least annually.

Equity managers who are FCA registered are expected to report on their adherence to the UK Stewardship Code on an annual basis.

Member views are not taken into account in the selection, retention and realisation of investments, but members have a variety of methods by which they can make their views known to the Trustee. This position will be reviewed periodically. The Trustee engages with the Scheme's investment managers on issues including, but not limited to, matters concerning an issuer of debt or equity, a manager's performance, strategy, risks, environmental impact and corporate governance. The Trustee also expects the investment managers to engage with investee companies on the capital structure and management of conflicts of interest.

The Trustee have not set any investment restrictions on the appointed investment managers in relation to particular products or activities but may consider this in future.

William Hill Pension Scheme

Trustee's Report (continued)

Investment Matters (continued)

Retirement Plan (DB Section) (continued)

Investment Manager Appointments

Aligning manager appointments with investment strategy

Investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class or classes they are selected to manage.

The Trustee looks to its investment consultant for their forward looking assessment of a manager's ability to outperform over a full market cycle. This view will be based on the consultant's assessment of the manager's idea generation, portfolio construction, implementation and business management, in relation to the particular investment fund that the Scheme invests in. The consultant's manager research ratings assist with due diligence and questioning managers during presentations to the Trustee and are used in decisions around selection, retention and realisation of manager appointments.

If the investment objective for a particular manager's fund changes, the Trustee will review the fund appointment to ensure it remains appropriate and consistent with the Trustee's wider investment objectives.

When selecting and appointing investment managers, the Trustee will take into account how ESG factors, including climate change and stewardship, are integrated within the managers' investment processes. This will be balanced against other manager selection criteria such as (but not limited to) idea generation, portfolio construction, implementation, business management and fees and charges.

As the Scheme invests in pooled investment vehicles, the Trustee accepts that it has no direct ability to specify the risk profile and return targets of the manager, but appropriate mandates can be selected to align with the overall investment strategy.

The Trustee believes the annual fee paid to the investment managers incentivises them to follow the fund's objective, which is aligned to the Trustee's policies.

Monitoring manager appointments

The Trustee receives investment manager performance reports on a quarterly basis, which present performance information over a variety of periods. The Trustee reviews the absolute performance, relative performance against a suitable index used as the benchmark, and/or against the managers' stated target performance (over the relevant time period).

The Trustee will also consider the investment consultant's assessment of how each manager embeds ESG into its investment process and how the manager's responsible investment philosophy aligns with the Trustee's views. This includes investment managers' policy on voting and engagement. The Trustee meets with each investment manager on a regular basis and challenges their decisions in these areas.

The Trustee's focus is on long term performance but, as noted above, the Trustee may review a manager's appointment if:

- There are sustained periods of under performance;
- There is a change in the portfolio manager or portfolio management team;
- There is a change in the underlying objectives of the investment manager;
- There is a significant change to the investment consultant's rating of the manager.

William Hill Pension Scheme

Trustee's Report (continued)

Investment Matters (continued)

Retirement Plan (DB Section) (continued)

Investment Manager Appointments (continued)

Monitoring manager appointments (continued)

The Trustee believes that ESG and stewardship policies can improve fund performance over the longer term. The investment managers are remunerated by way of a fee calculated as a percentage of assets under management. The Trustee believes that the remuneration policy of the investment managers is aligned to the Trustee's policy. The fund manager's remuneration is considered as part of the manager selection process and is also monitored regularly by the Trustee with the help of its investment consultant to ensure it is in line with the Trustee's policies.

The Trustee considers that the method of remunerating the investment managers is consistent with incentivising them to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity securities held within their fund. By encouraging a long-term view, they will in turn encourage the investment managers to engage with the issuers of debt or equity in order to improve their performance in the medium to long term.

If managers are not meeting performance objectives, or investment objectives for mandates have changed, the Trustee may ask managers to review the Annual Management Charge.

The Trustee undertakes an annual review of the DC investment options, including LGIM as investment manager, and the default strategy to assess their performance and ensure they continue to meet the Trustee's objectives. As part of the annual Value for Members ("VfM") assessment, the Trustee also reviews the investment manager fees.

Portfolio turnover costs

The Trustee does not analyse portfolio turnover costs in detail. However, in future the Trustee may ask managers to report on portfolio turnover costs. The Trustee may assess this by comparing portfolio turnover across the same asset class, on a year-on-year basis for the same manager fund, or relative to the manager's specific portfolio turnover range in the investment guidelines or prospectus.

The Trustee considers portfolio turnover costs indirectly through consideration of transaction cost data as part of the annual VfM assessment. Though the Trustee does not currently define target portfolio turnover ranges for funds, they will engage with managers if the portfolio turnover is higher than expected as a result of the monitoring undertaken.

Manager turnover

The Trustee is a long term investor and is not looking to change the investment arrangements on a frequent basis. The Scheme is invested in open-ended funds, for which there is no set duration for the manager appointments. The Trustee will therefore retain an investment manager unless:

- There is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager;
- The manager appointed has been reviewed and the Trustee has decided to terminate the mandate.

Within the Defined Contribution section, all the funds are open-ended with no set end date for the arrangement. The self-select fund range and default investment options are reviewed on at least a triennial basis. A manager's appointment may be terminated if it is no longer considered to be optimal.

William Hill Pension Scheme

Trustee's Report (continued)

Investment Matters (continued)

Retirement Plan (DB Section) (continued)

Code of Best Practice

The principles set out in the Code of Best Practice are high level principles which aid trustees in their investment and governance decision making. While they are voluntary, pension scheme trustees are expected to consider their applicability to their own scheme and report on a 'comply or explain' basis how they have used them.

The principles emphasise the essential of investment governance, notably the importance of effective decision making, clear investment objectives and focus on the nature of each scheme's liabilities. The principles require that trustees include a statement of the scheme's policy on responsible ownership in the Statement of Investment Principles and report periodically to members on the discharge of these responsibilities.

The Trustee considers that its investment policies and their implementation are in keeping with these principles.

Investments

General

Excluding the bulk annuity contract (buy-in), approximately half of the Scheme's investments (with the exception of some Additional Voluntary Contributions ('AVC') assets) were managed by Legal & General Investment Management Limited ('LGIM') during the year; the remaining 50% of the DB Section was held in investments with CQS Asset Management and M&G Investments.

In May 2018, existing assets were used to fund the purchase of a buy-in written by JUST to secure 75% of the Scheme's pensioner liabilities as at November 2017.

The Trustee has adopted the following investment strategy for the DB section assets (excluding the buy-in policy):

| Manager Name | Fund | Benchmark Weight (%) |
|--------------|--------------------|----------------------|
| CQS | Multi-Asset Credit | 25 |
| M&G | Multi-Asset Credit | 25 |
| LGIM | LDI | 40 |
| LGIM | Corporate Bonds | 10 |

This long term strategy is reflected in the latest SIP (dated September 2020).

William Hill Pension Scheme

Trustee's Report (continued)

Investment Matters

Retirement Plan (DB Section) (continued)

Employee Pension Plan and Pensions Savings Plan 2001 (DC Section)

The most recent review of the suitability of the default investment arrangements was completed by the Trustee in August 2018. The review took into account recent industry retirement trends and member demographics including age and pot size. The Trustee is currently considering the long term strategy of the DC Section before making any changes to the Plan's investment arrangements.

The current investment options include three lifestyle options (targeting cash, annuity and drawdown at retirement) and a range of self-select funds, as set out in member communications.

Employer-related Investments

As the Plan's investments are held in unit-linked insurance contracts and Qualified Investor Funds ("QIFs") the employer related investment legislation is not applicable. However, there are very small proportions of indirect investment in William Hill PLC via the M&G Multi-asset credit fund relating to the Retirement Plan (DB Section). As at 30 September 2020, William Hill PLC made up 0.06% of the Plan's total DB invested assets.

Custodial Arrangements

During the period the Trustee employed three investment managers. They in turn used the following companies to act as global custodians of the investments underlying their pooled fund arrangements:

| Investment Manager | Global Custodian |
|--------------------|--|
| LGIM | HSBC (UK assets) and Citibank |
| M&G | State Street Bank International GmbH Luxembourg Branch |
| CQS | JPMorgan |

The appointed custodians are responsible for the settlement of all day-to-day investment transactions, the collection of investment income and related tax reclaims and the safe custody of the investments.

The assets of the DB Section are held in a series of insurance policies with Legal & General, two pooled QIFs and a buy-in contract written by JUST.

Review of investment performance

The following table shows the DB Section's performance to 30 September 2020:

| Fund | Last Year | | 3 Years | |
|--------------------------------------|------------|---------------|---------------|--------------------|
| | Fund (%) | Benchmark (%) | Fund (% p.a.) | Benchmark (% p.a.) |
| CQS Multi-Asset Credit* | -1.6 | 0.7 | - | - |
| M&G Multi-Asset Credit* | 4.7 | 0.7 | - | - |
| LGIM LDI (including corporate bonds) | 2.1 | 2.3 | 13.3 | 13.1 |
| LGIM Cash Fund | 0.4 | 0.2 | 0.5 | 0.4 |
| Total | 2.1 | 1.9 | 8.2 | 7.1 |

Figures shown gross of fees and are based on performance provided by LGIM, CQS and M&G, Mercer estimates and Thomson Reuters Datastream. *Please note, that these funds were invested in during Q4 2018, as such 3-year performance figures are not shown.

William Hill Pension Scheme

Trustee's Report (continued)

Investment Matters

Retirement Plan (DB Section) (continued)

Valuation of investments

The distribution of the DB Section's assets at the beginning and at the end of the Plan year is set out below:

| Asset Class | Actual Asset Allocation | | Strategic Asset Allocation | |
|---------------------------------|--------------------------|--------------------------|----------------------------|--------------------------|
| | 30 September 2019 (%) | 30 September 2020 (%) | 30 September 2019 (%) | 30 September 2020 (%) |
| Multi-Asset Credit | 43.0 | 46.9 | 50.0 | 50.0 |
| LDI (including Corporate Bonds) | 42.0 | 41.4 | 50.0 | 50.0 |
| LDI (Cash) | 15.0 | 11.7 | | |
| Total | 100.0 | 100.0 | 100.0 | 100.0 |

Source: LGIM, CQS, M&G and Mercer.

Figures may not sum to total due to rounding.

DC Section

The assets of the DC Section are held in a series of insurance policies with Legal & General Assurance (Pensions Management) Limited ("Legal & General") and Aberdeen Standard Investments. Some members also have AVC assets in funds managed by Aberdeen Standard Investments. There are four pools of DC assets: the Pension Savings Plan 2001, the Employee Pension Plan, the Transfers In and the AVCs. These are described in further detail below.

The two main pools of the DC Section are the Employee Pension Plan and the Pension Savings Plan 2001. The Pension Savings Plan 2001 is closed to new entrants other than by Company invitation whilst the Employee Pension Plan was set up to satisfy the Company's obligation under pensions auto-enrolment legislation.

The two other pools of invested assets are Transfers In where members have transferred funds from other pension provider arrangements and Additional Voluntary Contributions paid by members.

William Hill Pension Scheme

Trustee's Report (continued)

Investment Matters

LGIM

Review of investment performance

The following table shows the performance of the LGIM funds to 30 September 2020:

| Fund | Last Year | | Last 3 Years | |
|---|-----------|---------------|---------------|--------------------|
| | Fund (%) | Benchmark (%) | Fund (% p.a.) | Benchmark (% p.a.) |
| UK Equity (5% capped) Passive Fund | -15.4 | -15.4 | -2.8 | -2.7 |
| Global Equity Market Weights 30:70 Index Fund - 75% GBP Currency Hedged | 0.2 | 0.2 | 4.4 | 4.4 |
| Overseas Equity Consensus Index Fund ^(a) | 6.9 | 6.9 | 9.6 | 9.6 |
| World Emerging Markets Equity Index Fund | 3.9 | 4.4 | 3.9 | 4.3 |
| AAA-AA-A Corporate Bond All Stocks Index Fund | 3.5 | 3.6 | 4.4 | 4.5 |
| Diversified Fund ^(b) | -0.3 | 6.8 | 4.4 | 8.2 |
| Pre-Retirement Fund | 5.0 | 5.1 | 6.7 | 6.8 |
| Pre-Retirement Inflation Linked Fund | 2.4 | 2.6 | 6.6 | 6.7 |
| Property Fund | -3.2 | -2.8 | 1.6 | 2.6 |
| Sterling Liquidity Fund | 0.4 | 0.3 | 0.5 | 0.4 |

Figures shown are based on performance net of fees provided by the Investment Managers, Mercer estimates and Thomson Reuters Datastream.

(a) LGIM restructured the strategy underpinning the Overseas Consensus Index Fund in August 2016 which resulted in a change in the Fund benchmark to reflect FTSE AW All-World (ex UK) Index.

(b) The benchmark comparator for this fund is the FTSE Developed World Index (50% hedged to GBP).

William Hill Pension Scheme

Trustee's Report (continued)

Investment Matters

DC Section (continued)

Valuation of investments - PSP 2001 and Employee Pension Plan

The distribution of the Plan's assets at the beginning and at the end of the year is set out below:

| Investment Funds | 30 September 2019 | 30 September 2020 |
|--|------------------------------|------------------------------|
| | (£000s) | (£000s) |
| UK Equity (5% capped) Passive Fund | 9,068 | 7,447 |
| Global Equity Market Weights 30:70 Index Fund - 75% GBP Currency Hedged Fund | 74,235 | 78,126 |
| Overseas Equity Consensus Index Fund | 6,001 | 6,252 |
| World Emerging Markets Equity Index Fund | 1,613 | 1,563 |
| AAA-AA-A Corporate Bond All Stocks Index Fund | 164 | 189 |
| Diversified Fund | 76,560 | 80,156 |
| Pre-Retirement Fund | 10,211 | 11,194 |
| Pre-Retirement Inflation Linked Fund | 1,578 | 1,440 |
| Property Fund | 903 | 900 |
| Sterling Liquidity Fund | 2,168 | 2,566 |
| Total Assets | 182,500 | 189,831 |

Source: LGIM, Capita and Mercer.

Figures may not sum to total due to rounding.

Valuation of investments – Retirement Plan AVCs

The distribution of the AVC assets at the beginning and at the end of the Plan year is set out below:

| Investment Funds | 30 September 2019 | 30 September 2020 |
|---------------------------------------|------------------------------|------------------------------|
| | (£000s) | (£000s) |
| UK Equity (5% capped) Passive Fund | 164 | 139 |
| Overseas Equity Consensus Index Fund | 92 | 98 |
| Diversified Fund | - | - |
| Pre-Retirement Fund | 24 | 26 |
| Pre-Retirement Inflation Linked Fund | 57 | 59 |
| Property Fund | 3 | 3 |
| Sterling Liquidity Fund | 7 | 9 |
| Total Assets | 347 | 333 |

Source: LGIM, Capita and Mercer.

Figures may not sum to total due to rounding.

William Hill Pension Scheme

Trustee's Report (continued)

Investment Matters

DC Section (continued)

Valuation of investments – Transfers In

The distribution of the Transfers In assets at the beginning and at the end of the Plan year is set out below:

| Investment Funds | 30 September 2019 | 30 September 2020 |
|--|----------------------|----------------------|
| | (£000s) | (£000s) |
| UK Equity (5% capped) Passive Fund | 246 | 209 |
| Overseas Equity Consensus Index Fund | 144 | 146 |
| World Emerging Markets Equity Index Fund | 22 | 17 |
| Pre-Retirement Fund | 10 | - |
| Sterling Liquidity Fund | 28 | 25 |
| Total Assets | 450 | 396 |

Source: LGIM, Capita and Mercer.

Figures are based on mid prices and may not sum to total due to rounding.

Aberdeen Standard Investments

Review of investment performance

The following table shows performance of assets held in the Aberdeen Standard Investment fund to 30 September 2020:

| Fund | Last Year | | Last 3 Years | |
|--------------|-------------|------------------|------------------|-----------------------|
| | Fund (%) | Benchmark (%) | Fund (% p.a.) | Benchmark (% p.a.) |
| Managed Fund | -1.3 | -1.1 | 2.8 | 3.0 |

Source: Aberdeen Standard Investments. Performance shown is net of fees.

William Hill Pension Scheme

Trustee's Report (continued)

Investment Matters

DC Section (continued)

Valuation of investments – Aberdeen Standard Investments

The distribution of Aberdeen Standard Investments assets at the beginning and at the end of the Plan year is set out below:

| Investment Funds | 30 September 2019 (£000's) | | 30 September 2020 (£000's) |
|--------------------------------|---------------------------------------|--|---------------------------------------|
| Managed Fund | 82 | | 48 |
| Millennium (with profits) Fund | 59 | | 35 |
| With Profits Fund | 98 | | 67 |
| Total Assets | 239 | | 150 |

Source: Aberdeen Standard Investments and Mercer. Figures may not sum to total due to rounding.

William Hill Pension Scheme

Trustee's Report (continued)

Implementation Statements

Annual Implementation Statement – covering 1 October 2019 to 30 September 2020 (the “scheme year”)

William Hill Pension Scheme (The “Scheme”): Defined Benefit Section

Introduction

In accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019, the Trustee of the Scheme is required to produce an annual statement to set out:

- how and the extent to which, in the opinion of the Trustee of the Scheme, the Statement of Investment Principles (“SIP”) produced by the Trustee has been followed during the Scheme Year;
- details of any review of the SIP during the Scheme Year;
- subsequent changes made with the reasons for the change; and
- the dates of the last review of the SIP.

The Implementation Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, trustees (including the most significant votes cast by trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is set out in the table below.

This Implementation Statement covers the Scheme's defined benefit (“DB”) section. A separate statement covers the Scheme's defined contribution section. The statement flows directly from and should be read in conjunction with the SIP for the DB section of the Scheme (in place at the Scheme Year end and dated September 2020) which is available here - www.williamhillpensions.co.uk/library.

Investment Objectives of the Scheme

The purpose of the DB Section is to enable benefits to be paid as and when they fall due, and to do this the Trustee takes steps where appropriate to ensure that:

- dependency on the covenant of the Employer will be significantly reduced;
- other material risks (e.g. longevity) will be reduced;
- the Trustee is able to secure the DB Section liabilities with an insurance provider.

Review of the SIP

The Scheme's SIP was reviewed in the final two months of the Scheme Year by the Trustee's investment advisers, the focus of the review was to reflect new legislative requirements. The revised SIP was signed on 23 September 2020. The reason the SIP was updated was to reflect new requirements under The Occupational Pension Scheme (Investment and Disclosure) (Amendment) Regulations 2019 relating to the following:

- How arrangements with the asset managers incentivise the asset managers to align their investment strategy and decisions with the Trustee's policies in SIP.
- How those arrangements incentivise the asset managers to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.
- How the method (and time horizon) of the evaluation of asset managers' performance and the remuneration for asset management services are in line with the Trustee's policies mentioned in the SIP.

William Hill Pension Scheme

Trustee's Report (continued)

Implementation Statements (continued)

- How the Trustee monitors portfolio turnover costs incurred by the asset manager and how they define and monitor targeted portfolio turnover or turnover range.
- The duration of arrangements with the asset managers.

Assessment of how the policies in the SIP have been followed for the Scheme Year

The information provided in the table below summarises the work undertaken by the Trustee during the Scheme Year (or over a longer term where relevant) and sets out how this work has followed the Trustee's policies in the SIP (insofar as the SIP relates to the DB section of the Scheme). The Trustee considers that it has generally adhered to all of its policies as set out in the SIP over the course of the Scheme Year.

William Hill Pension Scheme

Trustee's Report (continued)

Implementation Statements (continued)

| | Matter | Summary of Trustee's policy / key extracts from policy | Summary description and evaluation of work undertaken during the Scheme Year |
|---|---|---|---|
| 1 | Securing compliance with the legal requirement to obtain and consider proper advice on the question of whether an investment is satisfactory. | <p><i>An investment consultant has been appointed by the Trustee to provide relevant advice to the Trustee.</i></p> <p><i>SIP Introduction</i></p> | No new investments were implemented over the period. |
| 2 | The kinds of investments to be held. | <p>The Trustee has adopted investment arrangements to enable benefits to be paid as and when they fall due. The Trustee takes steps to ensure where appropriate that dependency on the Employer covenant will be reduced, and other material risks (e.g. longevity) will be reduced.</p> <p><i>SIP section 1.1</i></p> | <p>The current investment strategy was agreed on 11 June 2018 and has been effective since 1 November 2018. There were no changes to the investment strategy over the Scheme Year.</p> <p>The Trustee selected the current investments on the basis that changes in the Scheme's liabilities are closely related to changes in the value of the UK government bond markets. The Trustee expects there will be a small return premium above government bonds from corporate bonds and a higher return premium from Multi-Asset Credit ("MAC").</p> <p>The Trustee receives quarterly investment performance reporting from the investment consultant and uses the reports to monitor whether these assumptions are being borne out.</p> <p>The Trustee holds a buy-in policy with JUST, the policy insures the interest rate, inflation and longevity risks associated with the pensioner members covered by the policy.</p> |
| 3 | The balance between different kinds of investments. | <p><i>The Trustee has adopted a strategic investment benchmark for the DB Section assets (excluding the buy-in policy).</i></p> <p><i>SIP section 1.2</i></p> | <p>As part of the quarterly performance reporting at each Trustee meeting, the actual allocation has been (and will continue to be) compared to the strategic benchmark allocation. An under or overweight position acts as a trigger for discussion.</p> <p>As at the end of March 2020 the MAC allocation was identified as underweight relative to the strategic benchmark allocation. The portfolio was rebalanced towards the strategic benchmark in June 2020.</p> |

William Hill Pension Scheme

Trustee's Report (continued)

Implementation Statements (continued)

| | | | |
|---|--|--|---|
| 4 | Risks, including the ways in which risks are to be measured and managed. | <i>The Trustee is aware of, and pays close attention to, a range of risks inherent in investing the assets of the Scheme. SIP section 1.3</i> | Interest rate and inflation risks were managed by investing a significant proportion of DB Section assets in Liability Driven Investments ("LDI"), which are expected to offset c.90% of changes in the value of the Technical Provisions liabilities caused by changes in interest rates and inflation. To manage liquidity risk, the Trustee held a portion of assets in LGIM's sterling liquidity fund. The risk associated with the growth assets, including underperformance, was monitored as part of the quarterly investment performance reporting. |
| 5 | Expected return on investments. | <i>The Trustee expects there will be a small return premium above government bonds from corporate bonds and a higher return premium from Multi-Asset Credit. SIP section 1.2</i> | The investment performance report was reviewed by the Trustee on a quarterly basis. As part of the review, the Trustee considered how each investment manager was delivering against their specific mandates. Over the 3 years to 30 September 2020, the DB Section has returned 8.2% p.a., on a gross of fees basis, relative to the benchmark return of 7.1% p.a. Over the year to 30 September 2020, the DB Scheme has delivered 2.1% p.a. on a gross of fees basis, relative to a benchmark return of 1.9%. |
| 6 | Realisation of investments. | <i>The Trustee does not expect to be able to obtain cash from the buy-in policy other than to meet promised benefits as agreed with the provider. The Trustee has considered this and has agreed upon a sufficiently liquid strategy for the remaining assets. SIP section 1.3</i> | Funds with weekly or more frequent dealing cycles represent c. 75% of uninsured DB assets, the remaining 25% of the portfolio can be liquidated within a month. The Scheme administrator sourced all required disinvestments over the period from the sterling liquidity fund managed by LGIM. |

William Hill Pension Scheme

Trustee's Report (continued)

Implementation Statements (continued)

| | | | |
|---|--|--|---|
| 7 | <p>Financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments.</p> | <p><i>The SIP sets out the risks the Trustee believe may be financially material to the Scheme.</i> <i>SIP section 1.3</i> <i>The Trustee has given appointed investment managers full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. The Trustee will periodically review the investment managers' policies and engagement activities (where applicable).</i></p> <p>SIP section 6</p> | <p>In its investment considerations, the Trustee follows the basic principle that ESG factors (including climate risk) should only be taken into account to the extent they impact financial performance (either positively or negatively). The Trustee believes that, in some cases, ESG factors may have a financially material impact on investment risk and return outcomes and that good stewardship can create and preserve value for companies and markets as a whole.</p> <p>The SIP includes further detail on the Trustee's policy on ESG factors, stewardship and climate change, setting out the Trustee's beliefs on ESG and climate change and the processes followed by the Trustee in relation to voting rights and stewardship. In order to establish these beliefs and produce this policy, the Trustee undertook investment training provided by its investment consultant on responsible investment which covered ESG factors, stewardship, climate change and ethical investing. The Trustee's ESG beliefs were discussed at the 14 June 2019 Trustee meeting. The Trustee expects to review its policy at least every three years.</p> <p>The quarterly performance reports reviewed by the Trustee include ratings (both general and specific ESG ratings) from the investment consultant. All of the managers remained generally well rated during the Scheme Year. Where managers were not highly rated from an ESG perspective, the Trustee continues to monitor them and engage with the manager on any issues.</p> <p>The Trustee acknowledges that the investment grade credit and MAC managers do not have a high ESG rating assigned by the investment consultant due to the nature of the asset class, whereby it is harder to engage with the issuer of debt.</p> <p>The investment performance report includes how each investment manager is delivering against their specific mandate objectives.</p> |
|---|--|--|---|

William Hill Pension Scheme

Trustee's Report (continued)

Implementation Statements (continued)

| | | | |
|---|--|--|---|
| 8 | The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments. | <i>The Trustee does not take account of non-financially material considerations.</i> | Not applicable. |
| 9 | The exercise of the rights (including voting rights) attaching to the investments. | <p><i>The Trustee has given appointed investment managers full discretion in exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice.</i></p> <p>SIP section 6</p> | <p>The Trustee has delegated its voting rights to the investment managers. In the Trustee's opinion the investment managers have appropriate knowledge and experience for exercising voting rights and the managers are carrying out their work competently. Investment managers are expected to provide voting summary reporting at least annually to the Trustee.</p> <p>The Trustee does not use the direct services of a proxy voter.</p> <p>Given the nature of the Scheme's investments, the extent to which the investment managers are required to exercise voting rights on behalf of the Trustee is limited, the Trustee did not consider any significant votes were cast by it, or on its behalf, over the Scheme Year.</p> <ul style="list-style-type: none"> • CQS (MAC) manage a portfolio predominantly comprising of fixed income assets and hence the securities held do not typically have voting rights attached to them. Occasionally there is a very small exposure to equity as a consequence of corporate restructurings (less than 0.8% of fund NAV as at 30 September 2020). CQS does not use proxy voting advisers and will vote where it is proportionate and in the best interests of the fund. In considering whether or not to vote, CQS will take into consideration a broad range of factors and the potential benefits of voting, including the extent to which ESG factors are a material consideration and the vote is in relation to the Firm working towards responsible operational activity. • M&G (MAC) manage a predominantly a fixed income fund which does not contain any equity. The securities therefore typically do not have voting rights attached to them and little voting takes place. The voting that does take place may occasionally be done via a proxy provider. Recently, M&G have engaged with issuers in relation to reducing COVID-19 impacts on holdings. • LGIM (Investment Grade Corporate Bonds) also does not generally have voting rights attached to assets held given the nature of its holdings. LGIM have noted, however, their firm-wide commitment to integrating ESG into their decision-making process, which also applies to the corporate bond fund in which the Scheme is invested. |

William Hill Pension Scheme

Trustee's Report (continued)

Implementation Statements (continued)

| | | | |
|----|---|--|---|
| 10 | Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, the Trustee would monitor and engage with relevant persons about relevant matters). | <p><i>The Trustee considers how ESG, climate change and stewardship is integrated within investment processes in appointing new investment managers and monitoring existing investment managers. This includes the investment managers' policy on voting and engagement.</i></p> <p><i>SIP section 6</i></p> <p><i>Outside of those exercised by investment managers on behalf of the Trustee, no other engagement activities are undertaken.</i></p> | <p>As the Scheme invests solely in pooled funds, the Trustee relies on their investment managers to engage with the investee companies on their behalf.</p> <p>The Trustee wishes to encourage best practice in terms of corporate activism to the extent that it is expected to positively affect financial performance/ risk/ not result in any financial detriment. It encourages its investment managers to discharge their responsibilities in respect of investee companies in accordance with relevant legislation and codes.</p> <p>Investment managers are expected to provide reporting on a regular basis, at least annually, including stewardship monitoring results.</p> <p>At present, when the investment managers present to the Trustee, the Trustee asks the investment managers to highlight key engagement activity and the impact the actions have had on the portfolio. The investment adviser will be in attendance at such presentations and the Trustee will look to their adviser to ensure the appropriate questions are asked. Over the Scheme Year, M&G presented to the Trustee on the 17th January 2020, LGIM presented to the Trustee on the 18th September 2020 and CQS presented to the Trustee on the 23rd September 2020.</p> |
| 11 | How the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the Trustee's policies required under sub-paragraph (b) of Regulation 2(3) of the Occupational Pension Schemes (Investment) Regulations 2005 [concerning the matters described in rows 2-8 of this Statement] | <p><i>Investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class or classes they are selected to manage.</i></p> <p><i>The Scheme currently invests entirely in pooled investment vehicles, and therefore the Trustee accepts that it has no direct ability to specify the risk profile and return targets of the managers, but appropriate mandates can be selected to align with the overall investment strategy.</i></p> <p>SIP section 7.1</p> | <p>Over the period the Trustee believed that the appointments with its investment managers were consistent with its long-term objectives and no changes were made.</p> |

William Hill Pension Scheme

Trustee's Report (continued)

Implementation Statements (continued)

| | | | |
|----|---|--|---|
| 12 | How the arrangement incentivises the asset manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term. | <p><i>The Trustee's focus is on long term performance but, as noted above, may review a manager's appointment if:</i></p> <ul style="list-style-type: none"> • <i>There are sustained periods of underperformance;</i> • <i>There is a change in the portfolio manager or portfolio management team;</i> • <i>There is a change in the underlying objectives of the investment manager;</i> • <i>There is a significant change to the investment consultant's rating of the manager.</i> <p>SIP section 7.2</p> | On the 23 rd September 2020 the Trustee met with CQS to discuss a range of matters following a downgrade in the investment consultant's rating and a period of underperformance. The Trustee was satisfied that CQS had a robust plan to improve long term performance. The Trustee continued to monitor CQS' performance via the quarterly investment performance reports provided by the investment adviser. Since the end of the Scheme Year, the Trustee decided to terminate CQS because the Trustee's objective to secure the DB liabilities with an insurer became increasingly immediate and retaining the appointment of CQS was not consistent with achieving this objective in the short term. |
| 13 | How the method (and time horizon) of the evaluation of the asset manager's performance and the remuneration for asset management services are in line with the Trustee's policies required under sub-paragraph (b) of Regulation 2(3) of the Occupational Pension Schemes (Investment) Regulations 2005 [concerning the matters described in rows 2-8 of this Statement]. | <p><i>The Trustee is a long term investor and is not looking to change the investment arrangements on a frequent basis.</i></p> <p>SIP section 7.4</p> <p><i>The Trustee receives investment manager performance reports on a quarterly basis, which present performance over a variety of periods.</i></p> <p>SIP section 7.2</p> | The Trustee considers a 3 year performance metric as part of its review of the quarterly performance reports for each of the pooled funds in which the Scheme invests. In cases where the pooled funds have not been held for 3 years, performance since inception is provided. Outside of the usual quarterly performance monitoring, at the Trustee meeting on 25 March 2020 the investment consultant provided additional commentary from investment managers regarding performance in 2020 to date and the Trustee was satisfied that this should not impact on longer term goals, but kept performance under review via the quarterly performance reports provided by the investment adviser. The investment managers are remunerated by way of a fee calculated as a percentage of assets under management, and do not have short term performance targets. |

William Hill Pension Scheme

Trustee's Report (continued)

Implementation Statements (continued)

| | | | |
|----|---|---|---|
| 14 | How the Trustee monitors portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range. | <i>The Trustee does not analyse portfolio turnover costs in detail. SIP section 7.3</i> | At present, the Trustee does not monitor portfolio turnover costs in any detail, although it assesses quarterly performance results for CQS and M&G on a 'net of fees' basis, i.e. accounting for turnover costs as part of its overall assessment of performance. |
| 15 | The duration of the arrangement with the asset manager. | <i>The Scheme is invested in open-ended funds, for which there is no set duration for the manager appointments. SIP section 7.4</i> | The Trustee will retain an investment manager unless there is a strategic change to the overall strategy that no longer requires exposure to that asset class or the manager appointed has been reviewed and the Trustee has decided to terminate the mandate. No new investments were implemented, nor were any investment manager appointments terminated, over the Scheme Year. Following the end of the Scheme year CQS were terminated due to a change in strategy resulting from the acceleration of the Trustee's objective to secure the DB liabilities with an insurer. |

William Hill Pension Scheme

Trustee's Report (continued)

Implementation Statements (continued)

Annual Implementation Statement – covering 1 October 2019 to 30 September 2020 (the “scheme year”)

William Hill Pension Scheme (The “Scheme”): Defined Contribution Section

Introduction

In accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019, the Trustee of the Scheme is required to produce an annual statement to set out:

- how, and the extent to which, in the opinion of the Trustee, the Statement of Investment Principles ('SIP') produced by the Trustee has been followed during the Scheme Year;
- details of any review of the SIP during the Scheme Year;
- subsequent changes made with the reasons for the change; and
- the date of the last review of the SIP.

The Implementation Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, the Trustee (including the most significant votes cast by the Trustee or on their behalf) and state any use of the services of a proxy voter during that year. This is set out in the table below.

This Implementation Statement covers the Scheme's defined contribution (“DC”) section. A separate statement covers the Scheme's defined benefit section. The statement flows directly from and should be read in conjunction with the SIP for the DB section of the Scheme (in place at the Scheme Year end and dated September 2020) which is available here - www.williamhillpensions.co.uk/library. The table later in the statement sets out how, and the extent to which, the policies in the DC Section of the SIP have been followed.

Investment Objectives of the Scheme

The Trustee believes it is important to consider the policies in place in the context of the investment objectives they have set. The objectives of the DC Section included in the SIP are as follows:

The Trustee recognises that members have differing investment needs and that these may change during the course of members' working lives. The Trustee also recognises that members have different attitudes to risk. The Trustee believes that members should make their own investment decisions based on their individual circumstances. The Trustee regards their duty as making available a range of investment options and lifestyle strategies sufficient to enable members to tailor their investment strategy to their own needs. The Trustee also recognises that members may not believe themselves qualified to take investment decisions, as such, the Trustee makes available two Default Investment Strategies.

William Hill Pension Scheme

Trustee's Report (continued)

Implementation Statements (continued)

Review of the SIP

The Scheme's SIP was reviewed in the final two months of the Scheme Year by the Trustee's investment advisers, the focus of the review was to reflect new legislative requirements. The revised SIP was signed on 23 September 2020. The reason the SIP was updated was to reflect new requirements under The Occupational Pension Scheme (Investment and Disclosure) (Amendment) Regulations 2019 relating to the following:

- How the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the Trustee's policies in SIP.
- How that arrangement incentivises the asset manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.
- How the method (and time horizon) of the evaluation of asset manager's performance and the remuneration for asset management services are in line with the Trustee's policies mentioned in the SIP.
- How the trustee monitors portfolio turnover costs incurred by the asset manager and how they define and monitor targeted portfolio turnover or turnover range.
- The duration of the arrangement with the asset manager.
- The Trustee will review aligning manager appointments with investment strategy and relevant engagement activities on an annual basis. When considering appointments of investment manager, the Trustee will consider how the manager's responsible investment philosophy aligns with the Trustee's views.

Assessment of how the policies in the SIP have been followed for the Scheme Year

The information provided in this section highlights the work undertaken by the Trustee during the Scheme Year, and longer term where relevant, and sets out how this work followed the Trustee's policies in the SIP, relating to the Scheme as a whole and the default investment arrangement. The SIP is attached as an Appendix and sets out the policies referenced below.

William Hill Pension Scheme

Trustee's Report (continued)

Implementation Statements (continued)

| | Requirement | Summary of Trustee's policy / key extracts from policy | Summary description and evaluation of work undertaken during the Scheme Year |
|---|--|---|--|
| 1 | Securing compliance with the legal requirements about choosing investments | In considering appropriate investments for the Scheme, the Trustee has obtained and considered the written advice of a suitably qualified investment advisor. The advice received and the arrangements implemented are, in the Trustee's opinion consistent with the requirements of Section 36 of the Pensions act 1995 (as amended). <i>SIP Introduction</i> | The Trustee reviewed the SIP requirements at the Trustee meeting on 30 June 2020 and further considered the Trustee's stewardship policy regarding the appointment of investment managers and the various risk exposure of the Scheme. The Trustee will review aligning manager appointments with investment strategy and relevant engagement activities on an annual basis. When considering the appointment of investment managers, the Trustee will consider how the manager's responsible investment philosophy aligns with the views of the Trustee. The Trustee has incorporated these beliefs in the latest version of the SIP dated 23 September 2020. |
| 2 | Kinds of investments to be held | The Trustee recognises that members have differing investment needs and that these may change during the course of members' working lives. The Trustee also recognises that members have different attitudes to risk. The Trustee believes that members should make their own investment decisions based on their individual circumstances. The Trustee regards their duty as making available a range of investment options and lifestyle strategies sufficient to enable members to tailor their investment strategy to their own needs. The Trustee has made available a range of pooled investment funds (asset classes to include equities, bond and alternatives) and lifestyle strategies which serve to meet the varying investment needs and risk tolerances of Scheme members <i>SIP section 2.2</i> | The Trustee discussed the Scheme's investment strategy on 14 June 2019. The discussion also took into account performance in line with the aims and objectives of the Trustee outlined in the default SIP, recent industry retirement trends and member demographics including age and pot size. The Trustee reviewed the implementation of the new investment arrangement at the Trustee meeting on 25 March 2020 and 30 June 2020 and has decided to put the process on hold due to the limitation brought by Brexit and COVID. The investment arrangements will remain the same and the Trustee will communicate with the members when an investment decision has been made on the default investment arrangement for the Scheme. At the time of preparing this statement, the details of the types of investment referenced in the SIP remains consistent with the fund range offered to members. No changes to the type of investments used in the default have been implemented yet since this review and the strategy remains consistent with this policy in the SIP. |

William Hill Pension Scheme

Trustee's Report (continued)

Implementation Statements (continued)

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| 3 | The balance between different kinds of investments | <p>In determining an appropriate balance between providing flexibility and choice, as well as simplicity and cost control, the Trustee aims to make available a range of options which satisfy the needs of the majority of members.</p> <p>Members determine the balance between the different kinds of investments they hold. This balance will determine the expected return on member's assets and should be related to the member's own risk appetite and tolerances.</p> <p>Within the default option, the strategic asset allocation is set to achieve the expected return required to meet the objective of the default option.</p> <p>SIP section 2.2</p> | <p>The strategic asset allocation of the default investment option and the self-select fund range is reviewed regularly (at least triennially). The date of the last review was 14 June 2019 and it has been an ongoing process which extended to the 2019/20 Scheme Year due to COVID. The Trustee has discussed the possible investment arrangement that the DC section may move towards in the future but have put implementation of a new investment strategy on hold.</p> <p>The Trustee receives quarterly investment performance reporting from the investment consultant and uses the reports to monitor whether these assumptions are being borne out.</p> |
| 4 | Risks, including the ways in which risks are to be measured and managed | <p>The Trustee has considered risk from a number of perspectives in the DC section.</p> <p>The Trustee believes that the appropriate time horizon within which to assess these considerations should be viewed at the member level. This will be dependent on the member's age and when they expect to retire.</p> <p>SIP section 2.3</p> | <p>As detailed in the risk table in the SIP, the Trustee considers both quantitative and qualitative measures for these risks when deciding investment policies, strategic asset allocation, the choice of fund managers / funds / asset classes.</p> <p>The risk table details the different risks that members are exposed to, and how this risk is monitored and managed. The Scheme maintains a risk register of the key risks, including the investment risks. This rates the impact and likelihood of the risks and summarise existing mitigations and additional actions. Additionally, ESG risk is also considered relevant by the Trustee, and it follows the same monitoring as other investment risks.</p> <p>The risk table is reviewed at least every three years, or as regulatory requirements arise (whichever is sooner), as part of the SIP review.</p> |

William Hill Pension Scheme

Trustee's Report (continued)

Implementation Statements (continued)

| | | | |
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| 5 | Expected return on investments | <p>Members determine the balance between the different kinds of investments they hold. This balance will determine the expected return on member's assets and should be related to the member's own risk appetite and tolerances.</p> <p>In designing the Default Investment Strategies, the Trustee has explicitly considered the trade-off between risk and expected returns. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. The balance between different kinds of investments is decided accordingly. Any investment in derivative instruments contributes to risk reduction, or efficient portfolio management.</p> <p>SIP section 2.2 and 2.5</p> | <p>The investment performance report is reviewed by the Trustee on a quarterly basis – this includes the risk and return characteristics of the default and additional investment fund choices.</p> <p>The investment performance report includes how each investment manager is delivering against their specific mandates.</p> <p>The Trustee conducts an annual Value for Members assessment. For the year to 30 September 2020, the assessment concluded that the Scheme provides good value for members:</p> <ul style="list-style-type: none"> • Over the 3 years to 30 September 2020, the majority of the Scheme's funds have met their long term objectives, and any manager performance issues are given due attention by the Trustee, with action taken as deemed necessary. • The LGIM Property Fund has a charge higher than its peers and has underperformed over the 3 year period to 30 September 2020. • No actions were taken by the Trustee over the prior year in respect of manager appointments. The LGIM Property Fund will be put on close monitor due to underperformance. <p>As part of the regular reporting, the default option is monitored against its aims and objectives.</p> <p>The investment performance report includes how each investment manager is delivering against their specific mandates.</p> |
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William Hill Pension Scheme

Trustee's Report (continued)

Implementation Statements (continued)

| | | | |
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| 6 | Realisation of investments | <p>The Trustee's administrators will realise assets following member requests on retirement or earlier where required.</p> <p>The funds are pooled investment funds which are daily-dealt, with assets mainly invested in regulated markets and therefore should be realisable at short notice, based on either Trustee or member demand.</p> <p>SIP section 2.2</p> | <p>The Trustee receive an administration report from Capita Employee Benefits Limited ("Capita") on a quarterly basis to confirm to ensure that core financial transactions are processed within SLAs and regulatory timelines. As confirmed in the Chair's Statement that has been prepared for the year ending 30 September 2020, the Trustee was satisfied that service level performance by Capita averaged over the year was within tolerance for all core financial transactions and that in general they were completed promptly and accurately. The overall performance attained during the reporting period was 92.9% of events being processed within the agreed target dates.</p> <p>All funds, including those in the default strategy, are daily-dealt pooled investment vehicles, accessed by an insurance contract. Where pooled investment arrangements do not invest assets in regulated markets these are not expected to account for a material proportion of assets. Therefore, assets should be realisable at short notice, based on member and Trustee demand.</p> |
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William Hill Pension Scheme

Trustee's Report (continued)

Implementation Statements (continued)

| | | | |
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| 7 | <p>Financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments</p> | <p>The SIP sets out the risks the Trustee believe may be financially material to the Scheme. The objectives set out above and the risks and other factors referenced in this Statement are those that the Trustee considers to be financially material considerations in relation to the DC section.</p> <p>SIP section 2.3</p> <p>The Trustee has given appointed investment managers full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. The Trustee will periodically review the investment managers' policies and engagement activities (where applicable).</p> <p>SIP section 6</p> | <p>The investment performance report is reviewed by the Trustee on a quarterly basis – this includes ratings (both general and specific ESG) from the investment advisers. All of the managers remained generally highly rated during the year. The Trustee continues to monitor managers that may not be highly rated from an ESG perspective. When implementing a new manager, the Trustee consider the ESG rating of the manager.</p> <p>The Scheme's SIP includes the Trustee's policy on Environmental, Social and Governance ('ESG') factors, stewardship and Climate Change. This policy sets out the Trustee's beliefs on ESG and climate change and the processes followed by the Trustee in relation to voting rights and stewardship. In order to establish these beliefs and produce this policy, the Trustee undertook investment training provided by their investment consultant on responsible investment which covered ESG factors, stewardship, climate change and ethical investing. The Trustee's ESG beliefs were discussed at the 14 June 2019 Trustee meeting. The Trustee keeps its policy under review.</p> <p>The trustee acknowledges that managers in fixed income do not have a high ESG rating assigned by the investment consultant due to the nature of the asset class where it is harder to engage with the issuers of debt.</p> <p>The investment performance report includes how each investment manager is delivering against their specific mandates.</p> |
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William Hill Pension Scheme

Trustee's Report (continued)

Implementation Statements (continued)

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| 8 | The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments | The Trustee believes that environmental, social, and corporate governance (ESG) factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration. The Trustee has taken into account the expected time horizon of the Scheme when considering how to integrate these issues into the investment decision making process. | <p>The Trustee considers how ESG, climate change and stewardship is integrated within investment processes in appointing new investment managers and monitoring existing investment managers. This includes the investment managers' policy on voting and engagement. Monitoring is undertaken on a regular basis and is documented at least annually.</p> <p>When selecting and appointing investment managers, the Trustee will take into account how ESG factors, including climate change and stewardship, are integrated within the managers' investment processes. This will be balanced against other manager selection criteria such as (but not limited to) idea generation, portfolio construction, implementation, business management and fees and charges.</p> <p>The Trustee will also consider the investment consultant's assessment of how each manager embeds ESG into its investment process and how the manager's responsible investment philosophy aligns with the Trustee's views. This includes investment managers' policy on voting and engagement. The Trustee meetings with each investment manager on an annual basis and challenges their decisions in these areas.</p> |
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William Hill Pension Scheme

Trustee's Report (continued)

Implementation Statements (continued)

| | | | |
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| 9 | The exercise of the rights (including voting rights) attaching to the investments | <p>The Trustee has given appointed investment managers full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. The Trustee will periodically review the investment managers' policies and engagement activities (where applicable).</p> <p>The Trustee considers how ESG, climate change and stewardship is integrated within investment processes in appointing new investment managers and monitoring existing investment managers. This includes the investment managers' policy on voting and engagement. Monitoring is undertaken on a regular basis and is documented at least annually.</p> | <p>The Trustee has given appointed investment managers full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. The Trustee will periodically review the investment managers' policies and engagement activities (where applicable).</p> <p>As an active and engaged investor, L&G takes very seriously our responsibility to exercise the voting rights of their clients' assets. They direct the vote of a significant proportion of a company's shares by exercising the shareholder rights of almost their clients. This improves the effectiveness of voting in supporting their engagement activities and bringing about change in the market as a whole. They are wholly committed to using this power to encourage companies to improve their management of ESG issues, and they continue to dedicate significant resources to our stewardship obligations.</p> <p>Investment managers are expected to provide voting summary reporting on a regular basis, at least annually. The reports are reviewed by the Trustee to ensure that they align with the Trustee's policy.</p> <p>Currently, when the investment managers present to the Trustee at a quarterly board meeting, the Trustee asks the investment managers to highlight key voting activity and the impact on the portfolio. The Trustee has a particular focus on votes related to climate change.</p> <p>Over the last 12 months, the Trustee has not actively challenged the manager on its voting activity, as the Trustee had no concerns over L&G's voting activities.</p> |
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William Hill Pension Scheme

Trustee's Report (continued)

Implementation Statements (continued)

| | | | |
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| 9 | The exercise of the rights (including voting rights) attaching to the investments | SIP section 6 | <p>The Trustee has equity exposure through the following funds:</p> <ul style="list-style-type: none"> • Legal & General – Diversified • Legal & General – Global Equity Market Weights (30:70) – 75% GBP hedged • Legal & General – Overseas Equity Consensus Index • Legal & General – UK Equity (5% Capped) Passive • Legal & General – World Emerging Markets Equity Index • Aberdeen Standard Life – Managed <p>Voting activity information for funds where the Scheme has equity exposure (where provided) is summarised in the appendix.</p> <p>L&G directs the vote of a significant proportion of a company's shares by exercising the shareholder rights of almost all clients. L&G relies on the service of a proxy advisor, ISS, who have implemented L&G's own custom policies. In 2019, over 40% of our votes against directors were cast against the recommendations of both ISS and company management</p> |
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William Hill Pension Scheme

Trustee's Report (continued)

Implementation Statements (continued)

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| 10 | <p>Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, trustees would monitor and engage with relevant persons about relevant matters)</p> | <p>The Trustee considers how ESG, climate change and stewardship is integrated within investment processes in appointing new investment managers and monitoring existing investment managers. This includes the investment managers' policy on voting and engagement</p> <p>SIP section 6</p> | <p>Investment managers are expected to provide reporting on a regular basis, at least annually including stewardship monitoring results. report which Trustee will review on a regular basis.</p> <p>As the Scheme invests solely in pooled funds, the Trustee requires their investment managers to engage with the investee companies on their behalf.</p> <p>The Trustee wishes to encourage best practice in terms of corporate activism to the extent that it is expected to not result in any financial detriment. It encourages its investment managers to discharge their responsibilities in respect of investee companies in accordance with relevant legislation and codes.</p> <p>At present, when the investment managers present to the Trustee, the Trustee asks the investment managers to highlight key engagement activity and the impact the actions have had on the portfolio. The investment adviser will be in attendance at such presentations and the Trustee will look to their adviser to ensure the appropriate questions are asked.</p> |
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William Hill Pension Scheme

Trustee's Report (continued)

Implementation Statements (continued)

| | | | |
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| 11 | <p>How the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the trustees policies mentioned in sub-paragraph (b) of the legislation [2-8 of this Statement]</p> | <p>Investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class or classes they are selected to manage.</p> <p>As the Scheme invests in pooled investment vehicles, the Trustee accepts that it has no direct ability to specify the risk profile and return targets of the manager, but appropriate mandates can be selected to align with the overall investment strategy.</p> <p>SIP section 7.1</p> | <p>The manager arrangements were formally assessed as part of the investment strategy review in 2019. These are also assessed on an ongoing basis when concerns are identified.</p> <p>The Trustee believes passive investment is an effective philosophy to implement the DC investment strategies as this allows the Scheme's asset to largely align with the returns from the wider markets. The Trustee believes in the history, scale and expertise of L&G to effectively implement the Trustee's investment strategy.</p> <p>In the year to 30 September 2020, the Trustee has discussed its selected continued appointment of the managers and agreed that the contractual arrangements in place continue to incentivise the managers to make decisions based on medium to long -term financial and non - financial performance. This is reviewed as part of the annual Value for Member assessment which the Trustee reviewed and discussed the pricing arrangement and the mid-long term performance of the investment funds and the managers.</p> <p>Over the period the Trustee believed that the appointments with its investment managers were consistent with its long-term objectives and no changes were made.</p> |
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William Hill Pension Scheme

Trustee's Report (continued)

Implementation Statement (continued)

| | | | |
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| 12 | <p>How the arrangement incentivises the asset manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.</p> | <p>The Trustee's focus is on long term performance but, as noted above, may review a manager's appointment if:</p> <ul style="list-style-type: none"> • There are sustained periods of underperformance; • There is a change in the portfolio manager or portfolio management team; • There is a change in the underlying objectives of the investment manager; • There is a significant change to the investment consultant's rating of the manager. <p>SIP section 7.2</p> | <p>The manager arrangements are assessed on an ongoing basis when concerns are identified via the quarterly investment performance reports provided by the investment adviser. Additionally, this is reviewed as part of the annual Value for Member assessment which the Trustee reviewed and discussed the pricing arrangement and the mid-long term performance of the investment funds and the managers. Most funds have met their long term objectives, and any manager performance issues are given due attention by the Trustee.</p> <p>The Trustee's focus is on long term performance but, as noted above, may review a manager's appointment if:</p> <ul style="list-style-type: none"> • There are sustained periods of underperformance; • There is a change in the portfolio manager or portfolio management team; • There is a change in the underlying objectives of the investment manager; • There is a significant change to the investment consultant's rating of the manager. <p>The Trustee's focus is on longer-term performance but shorter-term performance is monitored to ensure any concerns can be identified in a timely manner. The Trustee reviews both absolute and relative performance of the Investment Managers products (or funds) on a quarterly basis, including assessments of both shorter and longer time horizons. The Trustee is a long term investor, all funds are open-ended and therefore there is no set duration for manager appointments.</p> <p>The Trustee appoints investment managers based on their capabilities and perceived likelihood of achieving the expected return and risk characteristics required for the asset class for which they were selected. Value for Member is also a key consideration and, as part of the annual Value for Member ("VFM") assessment, the Trustee reviews investment manager fees and turnover costs.</p> |
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William Hill Pension Scheme

Trustee's Report (continued)

Implementation Statements (continued)

| | | | |
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| 13 | <p>How the method (and time horizon) of the evaluation of the asset manager's performance and the remuneration for asset management services are in line with the Trustee's policies mentioned in sub-paragraph (b) of the legislation [2-8 of this Statement]</p> | <p>The Trustee is a long term investor and is not looking to change the investment arrangements on a frequent basis. The Scheme is invested in open-ended funds, for which there is no set duration for the manager appointments.</p> <p><i>SIP section 7.4</i></p> <p>The Trustee receives investment manager performance reports on a quarterly basis, which present performance information over a variety of periods. The Trustee reviews the absolute performance, relative performance against a suitable index used as the benchmark, and/or against the managers' stated target performance (over the relevant time period).</p> <p><i>SIP section 7.2</i></p> | <p>The Trustee considers a 3 year performance metric as part of its review of the quarterly performance reports for each of the pooled funds in which the Scheme invests. In cases where the pooled funds have not been held for 3 years, performance since inception is provided.</p> <p>The investment managers are remunerated by way of a fee calculated as a percentage of assets under management, and do not have short term performance targets.</p> <p>The Trustee has reviewed both short term and longer term investment performance on a quarterly basis at each Trustee meetings during the Scheme Year via the quarterly performance reports provided by the investment adviser and the annual Value for Member assessment. The extent to which the aims and objectives of the default arrangement were being met was also assessed as part of the ongoing investment review. The Trustee is satisfied with the performances of the majority of the funds offered to the members.</p> <p>Outside of the usual quarterly performance monitoring, at the meeting on the 25 March 2020 the investment consultant provided additional commentary from investment managers regarding performance in 2020 to date and the Trustee was satisfied that this should not impact on longer term goals, but kept performance under review.</p> |
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William Hill Pension Scheme

Trustee's Report (continued)

Implementation Statement (continued)

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| 14 | How the Trustee monitors portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range. | <p>The Trustee does not analyse portfolio turnover costs in detail. However, in future the Trustee may ask managers to report on portfolio turnover costs.</p> <p>SIP section 7.3</p> | <p>The Trustee does not analyse portfolio turnover costs in detail, as the current data provided by the providers does not allow the Trustee to provide a conclusive view of the markets.</p> <p>At present, the Trustee does not monitor portfolio turnover costs in any detail, although it may request that investment managers provide portfolio turnover costs on an annual basis to coincide with the Scheme Year end date in the future.</p> <p>The Trustee considers portfolio turnover costs indirectly through consideration of transaction cost data as part of the annual Value for Members Assessment. Though the Trustee does not currently define target portfolio turnover ranges for funds, they will engage with managers if the portfolio turnover is higher than expected as a result of the monitoring undertaken.</p> <p>The Trustee is required to assess these costs for value on an annual basis. However, at present, the Trustee notes a number of challenges in assessing these costs:</p> <ul style="list-style-type: none"> • No industry-wide benchmarks for transaction costs exist • The methodology leads to some curious results, most notably “negative” transaction costs • Explicit elements of the overall transaction costs are already taken into account when investment returns are reported, so any assessment must also be mindful of the return side of the costs. <p>As noted in the most recent Chair's Statement, dated 30 September 2020, there is little flexibility for the Trustee to impact transaction costs as they invest in pooled funds. While the transaction costs provided appear to be reflective of costs expected of various asset classes and markets that the Scheme invests in, there is not as yet any “industry standard” or universe to compare these to. As such, any comments around transaction costs at this stage can only be viewed as speculative. However, the Trustee will continue to monitor transaction costs on an annual basis and developments on assessing these costs for value.</p> |
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William Hill Pension Scheme

Trustee's Report (continued)

Implementation Statement (continued)

| | | | |
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| 15 | The duration of the arrangement with the asset manager | <p>The Scheme is invested in open-ended funds, for which there is no set duration for the manager appointments.</p> <p>The Trustee will therefore retain an investment manager unless:</p> <ul style="list-style-type: none"> • There is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager; • The manager appointed has been reviewed and the Trustee has decided to terminate the mandate. <p>SIP section 7.4</p> | <p>The Trustee will retain an investment manager unless there is a strategic change to the overall strategy that no longer requires exposure to that asset class or the manager appointed has been reviewed and the Trustee has decided to terminate the mandate.</p> <p>As the Trustee is a long-term investor, it aims to minimise change in investment arrangements unless: there is a strategic change in the overall strategy; if after review the arrangement is no longer considered optimal.</p> <p>By reviewing the quarterly investment performance reports and the annual Value for Member assessment with the Scheme's investment adviser, the Trustee believes the current arrangements with the investment managers continue to be appropriate for the Scheme. Therefore no changes had been made to the list of asset manager.</p> |
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William Hill Pension Scheme

Trustee's Report (continued)

Implementation Statement (continued)

Appendix

Voting Activity

Voting activity information from each of the underlying investment managers (where provided) over the prior 12 months to 30 September 2020 is summarised in the table below. Where fund managers have not been included this is due to being able to supply voting information at the time of finalising this report.

| Fund | How many resolutions were you eligible to vote on? | What % of resolutions did you vote on for which you were eligible? | Of the resolutions on which you voted, what % did you vote with management? | Of the resolutions on which you voted, what % did you vote against management? | Of the resolutions on which you voted, what % did you abstain from voting? |
|--|--|--|---|--|--|
| Legal & General Diversified | 85465 | 99.04% | 80.87% | 18.85% | 0.28% |
| Legal & General Global Equity Market Weight (30:70) Index – 75% GBP Hedged | 52402 | 99.22% | 83.54% | 16.12% | 0.35% |
| Legal & General Overseas Equity Consensus Index | 40827 | 99.01% | 80.75% | 18.81% | 0.44% |
| Legal & General UK Equity (5% Capped) Passive* | 12755 | 99.94% | 93.04% | 6.95% | 0.01% |
| Legal & General World Emerging Markets Equity Index* | 37948 | 99.84% | 85.57% | 12.93% | 1.50% |
| Aberdeen Standard Life Managed** | N/A | N/A | N/A | N/A | N/A |

* Voting statistics cover period 1 January 2020 to 31 December 2020

** Voting statistics have not been provided as it represents a relatively small value of the total Scheme assets.

William Hill Pension Scheme

Trustee's Report (continued)
Implementation Statement (continued)

Appendix (continued)

Examples of Significant Votes

| Fund | Company | How you voted | Rationale for the voting decision |
|--|-------------|--|---|
| Legal & General Diversified | Barclays | With Management | The resolution proposed by Barclays sets out its long-term plans and has the backing of ShareAction and co-filers. We are particularly grateful to the Investor Forum for the significant role it played in coordinating this outcome. |
| Legal & General Global Equity Market Weight (30:70) Index – 75% GBP Hedged | Exxon Mobil | Against Management | In June 2019, under our annual 'Climate Impact Pledge' ranking of corporate climate leaders and laggards, we announced that we will be removing ExxonMobil from our Future World fund range, and will be voting against the chair of the board. Ahead of the company's annual general meeting in May 2020, we also announced we will be supporting shareholder proposals for an independent chair and a report on the company's political lobbying. Due to recurring shareholder concerns, our voting policy also sanctioned the reappointment of the directors responsible for nominations and remuneration. |
| Legal & General Overseas Equity Consensus Index | Amazon | Of 12 shareholder proposals, LGIM voted to support 10. | <p>In addition to facing a full slate of proxy proposals, in the two months leading up to the annual meeting, Amazon was on the front lines of a pandemic response. The company was already on the back foot owing to the harsh workplace practices alleged by the author of a seminal article in the New York Times published in 2015, which depicted a bruising culture. The news of a string of workers catching COVID-19, the company's response, and subsequent details, have all become major news and an important topic for our engagements leading up to the proxy vote. Our team has had multiple engagements with Amazon over the past 12 months.</p> <p>The topics of our engagements touched most aspects of ESG, with an emphasis on social topics:</p> <ul style="list-style-type: none"> • Governance: Separation of CEO and board chair roles, plus the desire for directors to participate in engagement meetings • Environment: Details about the data transparency committed to in their 'Climate Pledge' • Social: Establishment of workplace culture, employee health and safety <p>The allegations from current and former employees are worrying. Amazon employees have consistently reported not feeling safe at work, that paid sick leave is not adequate, and that the company only provides an incentive of \$2 per hour to work during the pandemic. Also cited is an ongoing culture of retaliation, censorship, and fear. We discussed with Amazon the lengths the company is going to in adapting their working environment, with claims of industry leading safety protocols, increased pay, and adjusted absentee policies. However, some of their responses seemed to have backfired. For example, a policy to inform all workers in a facility if COVID-19 is detected has definitely caused increased media attention.</p> |

William Hill Pension Scheme

Trustee's Report (continued)

Report on Actuarial Liabilities

As required by Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102), the financial statements do not include liabilities in respect of promised retirement benefits.

Under Section 224 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to based on pensionable service to the valuation date, assessed using the assumptions agreed between the Trustee and the Employer and set out in the Statement of Funding Principles, which is available to Scheme members on request.

The most recent full actuarial valuation of the Scheme was carried out as at 30 September 2019.

What is the Scheme's financial position?

The value of the Technical Provisions was: £453 million

The value of the assets at that date was: £477 million

This means that there was a surplus of £23.6 million (31 March 2016: £2m surplus).

Method

The actuarial method to be used in the calculation of the technical provisions is the Projected Unit Method.

How has the Scheme's financial position changed since the last actuarial valuation?

The latest interim review of the financial position of the Scheme as at 30 September 2020 showed that there was a surplus of £25m (£23.6m as at 30 September 2019).

How will the surplus be maintained going forward?

The Company agreed to pay the following amounts to the Scheme:

- Annual Contributions of £1.9m during the period 1 October 2020 to 30 September 2025, in equal monthly instalments of £158,333 towards the cost of life assurance cover and the expenses of operating the Scheme, including levies to the Pension Protection Fund.

To calculate whether there is a surplus or a deficit, assumptions have to be made about what will happen in the future, for example, the rate at which the Scheme's assets will grow. If the assumptions do not all turn out to be exactly right, it may be necessary to change the level of contributions to the Scheme for a deficit to be paid off.

Please be assured that, should there be a deficit, all members who have retired will still receive the full amount of their pension.

William Hill Pension Scheme

Trustee's Report (continued)

Report on Actuarial Liabilities (continued)

The main financial assumptions underlying the valuation calculations were:

Discount rate:

-Pre Retirement (less than 15 years): 0.60% p.a.

-Pre Retirement (greater than 15 years): 0.60% p.a.

-Post Retirement (Pensioners): 0.90% p.a.

-Post Retirement (non-Pensioners): 0.85% p.a.

Price inflation (RPI): 3.20% p.a.

Price inflation (CPI): 2.20% p.a.

Rate of pension increases:

RPI up to 5% p.a. 3.10% p.a.

CPI up to 3% p.a. 2.10% p.a.

Deferred revaluations: 2.50% p.a.

William Hill Pension Scheme

Trustee's Report (continued)

Statement of Trustee's Responsibilities

The financial statements, which are prepared in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements :

- show a true and fair view of the financial transactions of the scheme during the scheme year and of the amount and disposition at the end of the scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year;
- contain the information specified in Regulations 3 and 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

The Trustee is also responsible for making available certain other information about the Scheme in the form of an annual report.

The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time revising a schedule of contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

The Trustee is responsible under pensions legislation for securing that a Schedule of Contributions is prepared, maintained and from time to time revised showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

The Trustee is responsible for the maintenance and integrity of the financial information of the Scheme included on the Scheme's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

William Hill Pension Scheme

Trustee's Report (continued)

Summary of Contributions

The contributions payable to the Scheme in respect of the year under the Schedule of Contributions dated 22 December 2017 were as follows:

| | £'000 |
|---|---------------|
| Employers' normal contributions | 8,185 |
| Employers' other contributions | 4,089 |
| Employees' normal contributions | 5,793 |
| Total contributions payable under the Schedule | 18,067 |
| Other contributions: | |
| Employees' additional voluntary contributions | 630 |
| Employers' other contributions | 1,056 |
| Total contributions in respect of the year | 1,686 |
| Total | 19,753 |

During the year, administration expense contributions of £158,333 which were due to the Scheme in respect of January 2020, were paid 9 days late by the Employer on 2 March 2020 due to an administrative error. This resulted in a breach of the Schedule of Contributions which requires contributions to be received no later than the 22nd of the following month. The Trustee was made aware of the circumstances surrounding the breach and is satisfied that there is no issue which causes concern in respect of timely receipt of monthly contributions going forward.

| | |
|--|--|
|  Date: 30/4/2021 | For and on behalf of William Hill Trustee Limited |
|--|--|

William Hill Pension Scheme

Trustee's Report (continued)

Compliance Matters

A copy of the Definitive Trust Deed and Rules and copies of the Trustee's Annual Report and Financial Statements for each Scheme year are available for inspection at Greenside House.

Active members receive a Benefit Statement each year effective as at 6 April (although they are not issued until later in the year). These give Retirement Plan members an indication of their prospective benefits (based on current earnings) at Normal Retirement Age. Employee Pension Plan and Pension Savings Plan 2001 members receive a statement detailing the current value of their Pension Account (and AVC Account).

Deferred pensioners with protected rights in the Retirement Plan receive a statement each year showing the current value of their protected rights fund.

Members should check their Benefit Statement carefully and let the HR Department or the Group Pensions Department know if they do not understand it, or if any of the data looks incorrect.

We would always hope to be able to resolve questions and complaints informally, but (in accordance with the Pensions Act 1995) the Scheme does have a formal Internal Dispute Resolution Procedure (IDRP). A written copy of this procedure is available from the Group Pensions Department upon request.

Information about the Scheme, including current and previous employers associated with the Scheme and the address at which the Trustee may be contacted, has been registered with the Registrar of Occupational and Personal Pension Schemes, who may be contacted at PO Box 1NN, Newcastle Upon Tyne, NE99 1NN.

The Pensions Regulator is an independent statutory body created under the Pensions Act 2004 to regulate work based pension schemes. Its objectives are to protect the benefits of Scheme members, to promote good administration and to reduce the risk of schemes defaulting.

The Pension Protection Fund is an independent statutory body, set up to provide compensation to members of eligible defined benefit schemes which have wound-up following employer insolvency with insufficient assets to meet minimum levels of benefit. It is funded by a levy on defined benefit pension schemes.

The Pensions Advisory Service ("TPAS")

TPAS is available to assist members and beneficiaries of the Scheme on pension matters.

TPAS may be contacted at Money and Pensions Service, 120 Holborn, London, EC1N 2TD

Telephone: 0800 011 3797

The Pensions Ombudsman, appointed by the Government, may investigate and determine any complaint or dispute of fact or law in relation to the Scheme made or referred to him in accordance with the statutory requirements. The Ombudsman normally requires complainants to have sought assistance from TPAS before he will consider a case.

The Pensions Ombudsman may be contacted at this address:

1st Floor, 10 South Colonnade, Canary Wharf, London, E14 4PU.

William Hill Pension Scheme

Trustee's Report (continued)

Contact for Further Information

If any active member has any questions with regard to the Scheme, they should in the first instance contact their local HR Department. HR will refer the member to the Group Pensions Department if the member is not happy with the response to their queries (see page 3 for address). Pensioners should address questions to the Group Pensions Department and Deferred Members should contact the administrators:

Capita, Hartshead House
2 Cutlers Gate
Sheffield
S4 7TL

Email: wmhillpensions@capita.co.uk

| | |
|--|--|
|  Date: 30/4/2021 | For and on behalf of William Hill Trustee Limited |
|  Date: 30/4/2021 | |

William Hill Pension Scheme

DC Governance Statement

WILLIAM HILL PENSION SCHEME ('THE SCHEME') **THE CHAIR'S ANNUAL GOVERNANCE STATEMENT**

Introduction

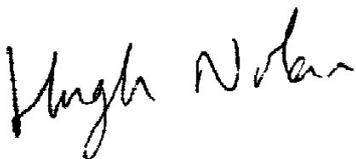
I am pleased to present the Trustee's annual statement of governance for the Defined Contribution ('DC') Section of the Scheme, covering the period 1 October 2019 to 30 September 2020.

Regulations effective from 6 April 2015 require the Trustee of the William Hill Pension Scheme (the 'Trustee' of the 'Scheme') to prepare a statement showing how it has met certain minimum governance standards in relation to defined contribution benefits. The Scheme is a hybrid arrangement and as such there are members of the Defined Benefit ('DB') Section who have Additional Voluntary Contributions ('AVCs') with Standard Life and Equitable Life, now Utmost Life and Pensions ('Utmost'), as well as there being members in the Defined Contribution ('DC') Section of the Scheme.

The Scheme's mission is to help members attain a good financial outcome for life after work. This statement describes the work that the Trustee has done to achieve that, and how it seeks to ensure that the Scheme is well-managed and delivers excellent services to members.

This statement covers five key areas:

1. The investment strategy relating to the Scheme's default arrangement;
2. The processing of core financial transactions;
3. Charges and transaction costs within the Scheme;
4. Value for Members considerations; and
5. The Trustee's compliance with the statutory knowledge and understanding ('TKU') requirements.



Hugh Nolan
for Dalriada Trustees Limited
Chair of William Hill Trustee Limited
Trustee of the William Hill Pension Scheme

13 April 2021

William Hill Pension Scheme

DC Governance Statement (continued)

1. The Scheme's default investment arrangements

The assets of the DC Section are invested with Legal & General Investment Management ('LGIM'). Some members also have DB AVC assets in funds managed by Standard Life and Utmost. The DC Section of the Scheme consists of four pools: The Pension Savings Plan 2001 ('PSP'), the Employee Pension Plan ('EPP'), the Transfers In and the AVCs.

The Trustee recognises that members have differing investment needs and that these may change during the course of a member's working life. The Trustee also recognises that members have different attitudes to risk. The Trustee believes that members should make their own investment decisions based on their individual circumstances. The Trustee regards their duty as making available a range of investment options and lifestyle strategies sufficient to enable members to tailor their investment strategy to their own needs.

The Trustee also recognises that members may not believe themselves qualified to take investment decisions, so the Trustee makes available two Default Investment Strategies – one for PSP members and one for EPP members. The Default Investment Strategies place the emphasis on aiming to deliver a good level of real return over members' working lifetimes (whilst mitigating risk through diversification) and also encompass de-risking in the years approaching a member's selected target retirement age into asset classes designed to be appropriate for how a member expects to withdraw benefits in retirement.

In accordance with the Occupational Pension Scheme (Administration) Regulations 1996, as amended, the Trustee has appended the latest copy of the Statement of Investment Principles (the 'SIP'), including the default SIP, dated 23 September 2020. The SIP has been prepared for the Scheme in compliance with Section 35 of the Pensions Act 1995 and regulation 2 / regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005.

The SIP covers the aims and objectives of the default investment arrangements as well as its policies in relation to matters such as risk and diversification. It also states why the Trustee believes the default investment arrangement to be designed in members' best interests. These objectives translate to the following principles:

- a. Offering members a 'Lifestyle' approach to the Default Investment Strategy and ensuring that the other investment strategy options including additional lifestyle strategies allow members to plan for retirement;
- b. Making available a range of pooled investment funds (asset classes to include equities, bond and alternatives) and lifestyle strategies which serve to meet the varying investment needs and risk tolerances of Scheme members;
- c. Actively managed funds will only be included to the extent that the Trustee has a high level of confidence in the respective investment managers achieving their performance objectives, net of active investment management fees;
- d. The range of pooled investment funds will have strategies including additional lifestyle strategies that are highly rated by the Trustee's investment adviser unless the Trustee decides there is good reason not to;
- e. Providing general guidance as to the purpose of each investment option;

William Hill Pension Scheme

DC Governance Statement (continued)

- f. Encouraging members to seek financial advice from an appropriate party in determining the most suitable option for their individual circumstances;
- g. In determining an appropriate balance between providing flexibility and choice, as well as simplicity and cost control, the Trustee aims to make available a range of options which satisfy the needs of the majority of members; and
- h. The Trustee regularly reviews the suitability of the options including additional lifestyle strategies provided and from time to time will change or introduce additional fund choices as appropriate.

The Trustee reviewed the SIP requirements at the Trustee meeting on 30 June 2020 and further considered the Trustee's stewardship policy regarding the appointment of investment managers and the various risk exposure of the Scheme. The Trustee will review aligning manager appointments with investment strategy and relevant engagement activities on an annual basis. When considering appointments of investment manager, the Trustee will consider how the manager's responsible investment philosophy aligns with the Trustee's views. The Trustee has incorporated these beliefs in the latest version of the SIP dated 23 September 2020 which can be found in the appendix to this Statement.

The SIP is also available at <https://www.williamhillpensions.co.uk/library>. Furthermore, this Chair's Statement on DC Governance will be published on the Scheme website. Both documents will be discoverable by search engines and signposted in the annual benefit statements. The Trustee currently offers three lifestyle strategies:

- **Annuity Lifestyle Strategy** – for those planning to buy a level annuity (a fixed pension income for life) at their target retirement date. This is the current default investment option for PSP members that do not make their own investment decision.

| Years to Retirement | LGIM Diversified Fund (%) | LGIM Global Equity Market Weights (30:70) Index Fund – 75% GBP Currency Hedged (%) | LGIM Pre-Retirement Fund (%) | LGIM Sterling Liquidity Fund (%) |
|---------------------|---------------------------|--|------------------------------|----------------------------------|
| 10 | 50.00 | 50.00 | 0.00 | 0.00 |
| 9 | 50.00 | 50.00 | 0.00 | 0.00 |
| 8 | 50.00 | 50.00 | 0.00 | 0.00 |
| 7 | 50.00 | 37.50 | 12.50 | 0.00 |
| 6 | 50.00 | 25.00 | 25.00 | 0.00 |
| 5 | 50.00 | 12.50 | 37.50 | 0.00 |
| 4 | 50.00 | 0.00 | 50.00 | 0.00 |
| 3 | 37.50 | 0.00 | 56.25 | 6.25 |
| 2 | 25.00 | 0.00 | 62.50 | 12.50 |
| 1 | 12.50 | 0.00 | 68.75 | 18.75 |
| 0 | 0.00 | 0.00 | 75.00 | 25.00 |

William Hill Pension Scheme

DC Governance Statement (continued)

- **Cash Lifestyle Strategy** - for those planning to take their DC savings as a cash lump sum. This is the default investment option for EPP members that do not make their own investment decision.

| Years to Retirement | LGIM Diversified Fund (%) | LGIM Global Equity Market Weights (30:70) Index Fund – 75% GBP Currency Hedged (%) | LGIM Pre-Retirement Fund (%) | LGIM Sterling Liquidity Fund (%) |
|---------------------|---------------------------|--|------------------------------|----------------------------------|
| 10 | 50.0 | 50.0 | 0.0 | 0.0 |
| 9 | 50.0 | 50.0 | 0.0 | 0.0 |
| 8 | 50.0 | 50.0 | 0.0 | 0.0 |
| 7 | 50.0 | 37.5 | 12.5 | 0.0 |
| 6 | 50.0 | 25.0 | 25.0 | 0.0 |
| 5 | 50.0 | 12.5 | 37.5 | 0.0 |
| 4 | 50.0 | 0.0 | 50.0 | 0.0 |
| 3 | 37.5 | 0.0 | 37.5 | 25.0 |
| 2 | 25.0 | 0.0 | 25.0 | 50.0 |
| 1 | 12.5 | 0.0 | 12.5 | 75.0 |
| 0 | 0.0 | 0.0 | 0.0 | 100.0 |

- **Drawdown Lifestyle Strategy** - for members planning to leave their DC savings invested and withdraw income flexibly over time. Members who wish to drawdown their savings in retirement would have to transfer their DC savings out of the Scheme at retirement to a drawdown provider.

| Years to Retirement | LGIM Diversified Fund (%) | LGIM Global Equity Market Weights (30:70) Index Fund – 75% GBP Currency Hedged (%) | LGIM Pre-Retirement Fund (%) | LGIM Sterling Liquidity Fund (%) |
|---------------------|---------------------------|--|------------------------------|----------------------------------|
| 10 | 50.00 | 50.00 | 0.00 | 0.00 |
| 9 | 50.00 | 50.00 | 0.00 | 0.00 |
| 8 | 50.00 | 50.00 | 0.00 | 0.00 |
| 7 | 50.00 | 43.75 | 6.25 | 0.00 |
| 6 | 50.00 | 37.50 | 12.50 | 0.00 |
| 5 | 50.00 | 31.25 | 18.75 | 0.00 |
| 4 | 50.00 | 25.00 | 25.00 | 0.00 |
| 3 | 50.00 | 18.75 | 25.00 | 6.25 |
| 2 | 50.00 | 12.50 | 25.00 | 12.50 |
| 1 | 50.00 | 6.25 | 25.00 | 18.75 |
| 0 | 50.00 | 0.00 | 25.00 | 25.00 |

William Hill Pension Scheme

DC Governance Statement (continued)

The Trustee monitors how the funds within the Scheme's default investment arrangements (and the wider self-select fund options) have performed against their targets at each quarterly meeting, taking input from its professional investment advisors. The Trustee also maintains a programme of ongoing review of the suitability of the default arrangements, considering member demographics, including contribution rates, how members withdraw benefits at retirement, the ages at which they do so and the size of their funds.

The Trustee discussed the Scheme's investment strategy on 14 June 2019. The discussion also took into account performance in line with the aims and objectives of the Trustee outlined in the default SIP, recent industry retirement trends and member demographics (including age and pot size). The Trustee reviewed the implementation of the new investment arrangement at the Trustee meeting on 25 March 2020 and 30 June 2020, and has decided to put the process on hold due to the limitations brought by Brexit and COVID. The investment arrangements will remain the same and the Trustee will communicate with the members when an investment decision has been made on the default investment arrangement for the Scheme.

Some DB members have chosen to contribute into AVCs which are also managed under the DC Section of the Scheme. Members made their own investment decisions on these AVCs assets. Whilst the Trustee monitors the suitability and the performance of these assets regularly, the discretions are largely governed by the members.

Environmental, Social and Governance Factors in Investments

The Trustee acknowledges the DWP's requirements that came into force on 1 October 2020 that stated the SIP should further set out the Trustee's policy on undertaking stewardship and engagement activities regarding monitoring relevant persons. The Trustee has received training on this topic and has updated the SIP to reflect their ESG beliefs.

In terms of monitoring ESG issues within the current fund range, the Trustee's investment advisor provides ESG fund ratings on a quarterly basis. These ratings represent the extent to which managers integrate ESG factors and active ownership into their core processes.

William Hill Pension Scheme

DC Governance Statement (continued)

2. The processing of Scheme financial transactions

As required by the Administration Regulations, the Trustees must ensure that “core financial transactions” are processed promptly and accurately. Core financial transactions are (broadly):

- Investment of contributions made to the Scheme by members and their employer(s);
- Transfers into and out of the Scheme of assets relating to members;
- Switches of members’ investments between different funds within the Scheme; and
- Payments from the Scheme to or in respect of members (e.g. payment of death benefits).

The Trustee recognises that delay and error in processing transactions can cause significant losses for members. Delays in processing can also cause members to lose faith in schemes which may in turn reduce their propensity to save and impair future outcomes. The Trustee therefore operates measures and controls aimed at ensuring that all financial transactions (such as benefit payments and switches between funds) are processed promptly and accurately.

The Scheme’s administration is outsourced to Capita Employee Benefits Limited (‘Capita’). As part of that model, the Trustee has agreed timescales with Capita for the processing of all member-related services, including core financial functions such as benefit quotations, investment switches and benefit payments. These timescales are well within any applicable statutory timescale and are summarised in table 1 below. This records the main measures and controls that the Trustee operates to satisfy themselves that the Scheme’s financial transactions are both prompt and accurate, including regular evaluation of Scheme data and reporting of all member complaints to the Trustee. Over the year to 30 September 2020, the average SLA achievement rate was 92.9%.

Table 1 Timescales for benefit processing

| Task | Service Level Agreement | Comment |
|-----------------------------------|--------------------------------|---|
| Transfer out | 18 working days | Subject to receipt of monies and the Fund Manager’s own dealing dates |
| Transfer in | 24 working days | Subject to receipt of monies and the Fund Manager’s own dealing dates |
| Retirement | 20 working days | Subject to receipt of monies and the Fund Manager’s own dealing dates |
| Death claim | 5 working days | |
| Investment switch – post or email | 8 working days | Subject to receipt of monies and the Fund Manager’s own dealing dates |

William Hill Pension Scheme

DC Governance Statement (continued)

Table 2 Internal Controls

| Core financial transaction | Key internal control |
|--|--|
| Investment switches requested by members | <p>Promptness</p> <ul style="list-style-type: none"> • Administrator’s SLA for member initiated switching investments is 1 working day from date of request. • Lifestyle switching is subject to an agreed matrix and is carried out on the 1st day of each quarter (1st January, 1st April, 1st July, 1st October). <hr/> <p>Accuracy</p> <ul style="list-style-type: none"> • All switches are reconciled by administrator with manager transaction statements. • All members are notified when a member-initiated investment switch is completed. Members are notified when their switch has been completed and provided with a revised unit holding. |
| Payment of benefits to members, including retirements, transfers and death benefits | <p>Promptness</p> <ul style="list-style-type: none"> • Cash flow preparation includes identification of forthcoming benefit payments. • SLAs for core benefit transactions (retirements, deaths and transfers) help ensure that member wishes are known well in advance of benefit payment date. • Annual appraisal of common data helps ensure that member data is accurate, reducing the likelihood of delay from data gaps. • All member complaints must be reported to the Trustee, even where no breach of agreed timescales has occurred. All member complaints are reported to the Trustee via the quarterly administration report regardless of their origin or outcome. <hr/> <p>Accuracy</p> <ul style="list-style-type: none"> • Administrator operates peer review system for all benefit calculations. • Data accuracy is subject to regular evaluation and updating. |

Other controls that address the promptness and accuracy of core financial controls include:

- The administrators record all member transactions and benefit processing activities in a work management system which assigns the relevant timescale to the task. They must report quarterly to the Trustee their performance against these agreed timescales. These disclosures are considered by the Trustee at its quarterly meetings.
- The Trustee requires additional disclosures in respect of any transactions and benefit processing activity that have not been completed within the agreed timescales including the cause of the delay, the extent to which agreed timescales were breached and the proposed remedial measures. None of the breaches of agreed timescale during the period covered by this statement are regarded as a matter for significant concern.

William Hill Pension Scheme

DC Governance Statement (continued)

3. The processing of Scheme financial transactions (continued)

Furthermore, in producing the Scheme's Annual Report and Accounts, the Trustee and the Auditor (Grant Thornton LLP) also review a sample of core financial transactions. The Auditor also carries out holistic reviews for reasonableness and consistency, and undertakes checks to ensure that the Schedule of Contributions has been adhered to. No issues have been raised by the Auditor.

As part of a wider review of the Scheme's general administration, the Trustee receives the Scheme administrator's assurance report on internal controls, reviewed by Capita's auditor (Grant Thornton UK LLP, having replaced KPMG LLP). For the Scheme year, the report received was for the period 1 January to 31 December 2019. The Trustee was disappointed to note a number of exceptions were identified in this report, with Capita's internal controls requiring some improvement as well as needing more evidence of compliance. The Trustee was, however, partially reassured that several of the exceptions had already been dealt with, that new evidentiary procedures are now in place and that some of the difficulty in demonstrating compliance had been due to the Covid pandemic restricting physical access to Capita's sites. The Trustee will continue to monitor the situation.

Following their monitoring activities, the Trustee was satisfied that there were no significant issues with the core administration functions delivered by Capita for the DC Section over the reporting period of this Statement and that core financial transactions were processed promptly and accurately in the Scheme year.

4. Charges and transaction costs within the Scheme

As required by the Administration Regulations, the Trustee is required to report on the charges and transaction costs for the investments used in the default investment option as well as the wider fund choice available and assess the extent to which the charges and costs represent good value for members.

The table below shows the Total Expense Ratio ('TER') and the transaction costs for each of the funds underlying the Scheme's default investment arrangements as well as the wider self-select fund range and AVC arrangements.

The TER comprises the investment manager's annual charge for managing and operating a fund, but also includes the costs of other services paid for by the fund, such as the legal costs, registration fees and custodian fees. However, it excludes other costs that are also member borne and which can therefore have a negative effect on investment performance such as transaction costs and interest on borrowings.

Transaction costs are the expenses associated with a member trading in and out of a fund as well as the investment manager trading a fund's underlying securities, including commissions taxes and other fees.

William Hill Pension Scheme

DC Governance Statement (continued)

DC Section

| LGIM Funds | Scheme TER (% p.a.) | Transaction Cost (% p.a.) |
|--|---------------------------|---------------------------------|
| Funds used in the lifestyle strategies (and default investment options) | | |
| Global Equity Market Weights 30:70 Index Fund - 75% GBP Currency Hedged | 0.11 | 0.061 |
| Diversified | 0.20 | -0.010 |
| Pre-Retirement | 0.15 | 0.003 |
| Sterling Liquidity | 0.14 | -0.015 |
| Self-select funds (PSP, EPP, AVCs and Transfers In) | | |
| UK Equity (5% capped) Passive | 0.14 | 0.026 |
| Global Equity Market Weights 30:70 Index Fund - 75% GBP Currency Hedged | 0.11 | 0.061 |
| Overseas Equity Consensus Index | 0.15 | 0.004 |
| World Emerging Markets Equity Index | 0.46 | 0.014 |
| AAA-AA-A Corporate Bond All Stocks Index | 0.15 | -0.034 |
| Diversified | 0.20 | -0.010 |
| Pre-Retirement | 0.15 | 0.003 |
| Pre-Retirement Inflation Linked | 0.13 | 0.031 |
| Property | 0.93 | -0.134 |
| Sterling Liquidity | 0.13 | -0.015 |

Source: Legal & General, as at 30 September 2020

Due to the way in which transaction costs are calculated, they can be negative or positive in nature; a negative figure is effectively a gain from trading activity, whilst a positive figure is effectively a cost from trading activity.

The Trustee benchmarks LGIM's charges against comparable alternatives and has negotiated with fund managers accordingly. It regards this process as fundamental to its mission of helping members achieve good outcomes, given the potential for investment-related charges to erode members' fund sizes. At the same time, the Trustee does not regard value as solely about achieving the lowest costs - rather, it is a measure of the extent to which economic outlays (or 'price') are converted to provide the performance targets (or 'performance') for members that the Trustee seeks to achieve.

William Hill Pension Scheme

DC Governance Statement (continued)

Standard Life AVC funds

| Standard Life Funds | Scheme TER (% p.a.) | Transaction Cost (% p.a.) |
|---------------------|---------------------|---------------------------|
| Managed | 0.68* | 0.128 |

**Includes a 0.35% p.a. discount*

Members also received further discounts from Standard Life based on the following fund value structure for the managed fund:

| Fund Value Threshold (£) | Rate (% p.a.) |
|--------------------------|---------------|
| 0 | 0.00 |
| 10,000 | 0.10 |
| 20,000 | 0.20 |

Members also have investments in With Profits funds with Standard Life via the AVC section. The actual performance received by members, net of charges, is only ever known upon maturity/surrender, after any augmentation for guaranteed terms and after the effect of 'smoothing'. Payouts on surrender and maturity will reflect all charges incurred, though they are not separately identified.

With-Profits Funds

| Standard Life Funds | Scheme TER (% p.a.) | Transaction Cost (% p.a.) |
|--------------------------------|---------------------|---------------------------|
| Millennium (With Profits) Fund | N/A | 0.081 |
| With Profits Fund | N/A | 0.097 |

Source: Standard Life, as at 30 September 2020

Utmost AVC Fund

| Utmost Funds | Scheme TER (% p.a.) | Transaction Cost (% p.a.) |
|-------------------|---------------------|---------------------------|
| Money Market Fund | 0.50 | 0.002 |

Source: Utmost Life & Pensions, as at 30 September 2020

William Hill Pension Scheme

DC Governance Statement (continued)

Reporting of Costs and Charges

Using the charges and transaction cost data provided by LGIM and Standard Life Investments, and in accordance with regulation 23(1)(ca) of the Administration Regulations, as inserted by the 2018 Regulations, the Trustee has prepared an illustration detailing the impact of the costs and charges typically paid by a member of the Scheme on their retirement savings pot. The statutory guidance provided has been considered when providing these examples.

The below illustration has taken into account the following elements:

- Savings pot size;
- Contributions;
- Real terms investment return gross of costs and charges;
- Adjustment for the effect of costs and charges; and
- Time.

Due to the diverse Scheme demographics, the Trustee has presented two sets of illustrations to represent the members in the PSP and EPP. For the first set, the Trustee has based this on the youngest member age of 21 and 20, using a starting pot size of £4,500 and £1,500 and salary of £26,500 and £14,000, for PSP and EPP respectively. These values are based on the mean of the fund values and salaries for members up to age 25. A contribution scale of 10% is used for the PSP Scheme and 8% for the EPP Scheme.

The second set is based on a “typical member” in both the PSP and EPP arrangements, starting from age 47 and 32 based on the median age of the PSP and EPP members respectively, with a starting pot size of £52,500 and £3,000 and the corresponding average salary of £40,000 and £16,000 within the respective age groups. A contribution scale of 10% is used for the PSP Scheme and 8% for the EPP Scheme.

Other than the illustration of the most popular fund/arrangement (in this case the default arrangements), the illustration also should show a representative range of assumed investment returns and charges (in respect of both DC and AVC investments), including:

- i) lowest charge,
- ii) highest charge,
- iii) lowest assumed level of growth, and
- iv) highest assumed level of growth.

With exception of the default strategies, we have used the member assumptions of the EPP section for the “youngest” and “typical” member to prepare the illustrations, as the EPP population represents the majority of the DC Scheme membership.

William Hill Pension Scheme

DC Governance Statement (continued)

Youngest Member:

| Year End | PSP 2001 | | EPP | | Most Expensive - | | Cheapest & Lowest Return - | | Highest Return - | |
|----------|---------------------|------------------|---------------------|------------------|--------------------|------------------|------------------------------|------------------|--|------------------|
| | Default Arrangement | | Default Arrangement | | LGIM Property Fund | | LGIM Sterling Liquidity Fund | | LGIM Global Equity Market 30:70 Weighted Index Fund (75% GBP Hedged) | |
| | No Charges | Charges deducted | No Charges | Charges deducted | No Charges | Charges deducted | No Charges | Charges deducted | No Charges | Charges deducted |
| 0 | 4,500 | 4,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 |
| 1 | 7,308 | 7,295 | 2,676 | 2,671 | 2,670 | 2,645 | 2,592 | 2,588 | 2,681 | 2,677 |
| 5 | 19,342 | 19,220 | 7,714 | 7,666 | 7,651 | 7,407 | 6,808 | 6,776 | 7,777 | 7,735 |
| 10 | 36,360 | 35,948 | 14,839 | 14,674 | 14,611 | 13,785 | 11,755 | 11,659 | 15,071 | 14,924 |
| 15 | 55,873 | 54,958 | 23,008 | 22,638 | 22,485 | 20,673 | 16,365 | 16,177 | 23,546 | 23,212 |
| 20 | 78,246 | 76,562 | 32,375 | 31,688 | 31,394 | 28,109 | 20,662 | 20,359 | 33,393 | 32,767 |
| 30 | 133,310 | 129,014 | 55,429 | 53,661 | 52,878 | 44,809 | 28,397 | 27,809 | 58,128 | 56,484 |
| 40 | 197,853 | 189,266 | 83,753 | 80,144 | 80,380 | 64,279 | 35,115 | 34,190 | 91,521 | 88,009 |
| 44 | 209,876 | 199,979 | 89,386 | 85,184 | 93,428 | 72,944 | 37,548 | 36,478 | 107,950 | 103,355 |
| 45 | | | 89,607 | 85,327 | 96,896 | 75,194 | 38,135 | 37,029 | 112,375 | 107,472 |

Typical Member:

| Year End | PSP 2001 | | EPP | | Most Expensive - | | Cheapest & Lowest Return - | | Highest Return - | |
|----------|---------------------|------------------|---------------------|------------------|--------------------|------------------|------------------------------|------------------|--|------------------|
| | Default Arrangement | | Default Arrangement | | LGIM Property Fund | | LGIM Sterling Liquidity Fund | | LGIM Global Equity Market 30:70 Weighted Index Fund (75% GBP Hedged) | |
| | No Charges | Charges deducted | No Charges | Charges deducted | No Charges | Charges deducted | No Charges | Charges deducted | No Charges | Charges deducted |
| 0 | 52,500 | 52,500 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| 1 | 58,007 | 57,904 | 4,379 | 4,372 | 4,370 | 4,330 | 4,244 | 4,238 | 4,389 | 4,382 |
| 5 | 81,603 | 80,955 | 10,290 | 10,223 | 10,199 | 9,861 | 9,097 | 9,052 | 10,382 | 10,323 |
| 10 | 114,973 | 113,291 | 18,649 | 18,431 | 18,344 | 17,277 | 14,896 | 14,766 | 18,960 | 18,765 |
| 15 | 144,831 | 141,840 | 28,233 | 27,759 | 27,560 | 25,292 | 20,410 | 20,163 | 28,926 | 28,498 |
| 18 | 156,745 | 153,059 | 34,646 | 33,956 | 33,660 | 30,409 | 23,589 | 23,256 | 35,665 | 35,038 |
| 25 | | | 51,822 | 50,406 | 49,783 | 43,319 | 30,642 | 30,072 | 53,962 | 52,657 |
| 30 | | | 62,493 | 60,458 | 63,129 | 53,440 | 35,384 | 34,617 | 69,595 | 67,573 |
| 33 | | | 65,429 | 63,145 | 71,965 | 59,901 | 38,118 | 37,222 | 80,166 | 77,595 |

Notes:

- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
- The transaction costs are an average of the years for which data is available (up to three years).
- Values are estimates and are not guaranteed.
- The projected growth rates use the same underlying SMPI assumptions plus any transaction costs.
- The projected growth rate (SMPI only) for each fund are as follows:
 - PSP and EPP Default Fund: 2.77% p.a. before de-risking to -0.40% p.a. and -1.00% p.a. respectively at the end of de-risking phase, gross expected real return above inflation Most Expensive – LGIM Property Fund: 2.50% p.a. gross expected real return above inflation
 - Highest Return – LGIM Global Equity Market 30:70 Weighted Index Fund (75% GBP Hedged): 3.05% p.a. gross expected real return above inflation
 - Cheapest & Lowest Return – LGIM Sterling liquidity: -1.00% p.a. gross expected real return above inflation.
- The Transaction Costs relate to the actual transaction costs incurred in the Scheme year. Negative transaction costs are assumed 0% as a prudent measure.

William Hill Pension Scheme

DC Governance Statement (continued)

4) Value for Members considerations

The Trustee is committed to ensuring that members receive good value in respect of the DC and AVC arrangements in place within the Scheme. In conjunction with their professional advisors, they undertook a value for members assessment, in accordance with regulation 25(1)(b). The assessment was presented to the Trustee at the 10 December 2020 meeting, covered the period 1 October 2019 to 30 September 2020.

There is no legal definition of “good value”, so the process of determining good value is a subjective one. Therefore, the Trustee assessment examines the current investment management charges relative to standard institutional fees, as well as looking at the fees for equivalent size mandates, Mercer Manager Research Ratings and historical performance. The review concluded that the Scheme’s overall DC benefits and options represent **good value for money** in comparison to the costs payable by members. The reasons underpinning this conclusion include:

- Charges for the Scheme’s funds used by the default investment arrangements are significantly below the charge cap of 0.75% per annum.
- Charges on for the majority of funds have been assessed by its advisors as comparing favourably with those of peer funds.
- The funds used by the Scheme are highly rated by its investment advisors as having good prospects of achieving their risk and return objectives.
- The performance of the majority of the Scheme’s funds over the 3 years (or 1 year where more recent inception) to 30 September 2020 compare favourably relative to the performance benchmarks set by the Trustee.
- The LGIM Property Fund has a charge higher than its peers and has underperformed over the 3-year period to 30 September 2020. The Trustee will continue to monitor the performance of the fund going forward.

Additionally, the Company pays for all administration, member communication and advisory costs associated with operating the Scheme. The Trustee has appointed a specialist pensions communication agency to help it develop a communications strategy.

As mentioned previously some members also have AVC assets in funds managed by Standard Life. The 2019 assessment concluded that the Standard Life Managed Fund provided reasonable value for money when taking into account the Scheme discount, with the charges paid by members being below the charge cap.

William Hill Pension Scheme

DC Governance Statement (continued)

4) Value for Members considerations (continued)

Assessing the value for money of a with-profits fund is directly related to an individual's attitude towards, and capacity for, investment risk. An individual may find comfort in the fact that a with-profits fund provides guarantees; whether that is a guaranteed pension, investment return or "just" capital security.

Therefore, we consider it inappropriate to reach a general conclusion on value for money from the With-Profits Funds, as this will vary by member.

The Pensions Regulator expects trustees to have an understanding of the types and levels of transaction costs that are incurred by different investments and include them in a value for members' assessment. However, no assessment of value in relation to transaction costs has been undertaken at this time, due to the absence of wider market data that would enable appropriate comparative assessment. The Trustee intends to build transaction costs into future Value for Member assessments when this data is available.

5) Trustee's Knowledge and Understanding (TKU)

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

The Trustee board is currently comprised of six Trustee Directors, with two being member-nominated, three company appointed and one Independent Trustee.

The Independent Trustee, Dalriada Trustees Limited, is represented primarily by Hugh Nolan who has over 30 years of experience in the pensions industry and is an accredited professional trustee. In addition to his Scheme conversance (as detailed below), Hugh is also a qualified actuary and has held senior roles at several pension consultancies. The board benefits from the range of his depth and experience in the pensions arena which enables him to challenge the Trustee's advisors if and when appropriate.

The Trustee Directors must also be conversant with the Scheme's own documentation. These are described in legislation as the Trustee Memorandum and Articles of Association, Trust Deed and Rules, Statement of Investment Principles. The Trustee Directors must also be conversant with any other document recording current policy relating to the Scheme generally. The Pensions Regulator interprets 'conversant' as having a working knowledge of those documents such that the Trustee is able to use them effectively when they are required to do so in the course of carrying out their duties on behalf of the Trustee.

William Hill Pension Scheme

DC Governance Statement (continued)

5) Trustee's Knowledge and Understanding (TKU) (continued)

This requirement has been met during the course of the Scheme year as the Trustee Directors have undertaken ongoing training, both as a group and individually to keep abreast of relevant developments. During the year, the Trustee completed the following:

| Requirement | How met |
|---|---|
| Trustees must have sufficient knowledge and understanding of the law relating to pensions and trusts and the relevant principles relating to the funding and investment of occupational pension schemes | <p>The Trustee Directors consider their annual training plan on a quarterly basis at each meeting, which includes specific consideration of whether any further training is required in respect of these statutory areas.</p> <p>In addition, the Trustee Directors receive updates from their advisors at regular Trustee meetings and throughout the year to keep abreast of recent developments in these areas. They are also encouraged to complete the Pension Regulator's Trustee Tool Kit and any new/revised relevant modules released. At each of their meetings, the Trustee Directors consider a report that summarises forthcoming changes to regulations, their potential impact on the Scheme and the actions that are required to ensure compliance.</p> <p>The Trustee view these regular and ongoing training opportunities as an essential part of expanding their combined knowledge to exercise their functions as Trustee of the Scheme.</p> <p>During the Scheme Year the Trustee Directors undertook ongoing training both as a group within the regular meetings and individually including:</p> <ul style="list-style-type: none"> - Considered the Scheme's investment strategy including the investment process and potential members' outcomes. - Briefings on forthcoming changes to Pensions law and their possible impact on the Scheme, for example Competitions Market Authority Review, ESG requirements and financial considerations for Statement of Investment Principles. - General AVC governance requirement and scheme specific focus on the Standard Life Managed Fund. - Publication of Scheme documents on a publically accessible website and illustration of costs and charges. - Regular training of the investment principles and philosophy from investment managers, for example an COVID-impact training with CQS at the 23 September 2020 Trustee meeting. |

William Hill Pension Scheme

DC Governance Statement (continued)

5) Trustee's Knowledge and Understanding (TKU) (continued)

| | |
|--|---|
| <p>Trustees must have a working knowledge of the Scheme's own documentation including the Trust Deed and Rules, the current Statement of Investment Principles and of all documents setting out the trustees' current policies</p> | <p>The Trustee Directors undertake an annual evaluation of training requirements, which includes specific consideration of whether any further training is required in respect of these documents, further details are outlined in the last section of the table.</p> <p>The Trustee Directors have access to all key Scheme documentation and as part of their gap analysis a number of the Trustee Directors will be reviewing the Scheme documentation.</p> <p>During the Scheme Year the Trustee Directors:</p> <ul style="list-style-type: none"> - Reviewed the Scheme's Statement of Investment Principles (SIP) on 23 September 2020 and updated it in light of the new requirements around investment manager stewardship and engagement. - The Trustee has prepared an Implementation Statement in light of the regulatory requirements to include in the latest Annual Trustee Report and Account. - As per the Business Plan the Trustee reviewed the Scheme documents incrementally on a quarterly basis. - Reviewed the member's annual benefit statements. - Reviewed the Chair's Statement layout and considered publication of corresponding Scheme documents. - Exercised their discretion regarding member cases, liaising with their lawyers and referring to Scheme Trust Deed and Rules as appropriate. |
| <p>Knowledge and resources generally</p> | <p>The Trustee Board comprises individuals with diverse professional skills and experiences, reflecting the varied nature of the challenges that its governance must address.</p> <p>The Trustee's pension advisors attend each of their quarterly meetings and input into the agenda. They also help the Trustee prepare its annual business plan.</p> <p>The Trustee's investment advisor reports quarterly on the performance of the Scheme's investments and on their views regarding the Scheme's funds and their managers.</p> <p>The Trustee regularly receive email bulletins and quarterly updates from its advisors including the latest developments affecting money purchase benefits and industry trends, as a mean to upkeep the Trustee's regulatory knowledge and understanding.</p> <p>The Trustee believes that their combined knowledge and understanding, together with the available advice, enables them to properly exercise their function.</p> |

The table above shows how these duties have been fulfilled and how the combined knowledge and understanding, together with the advice which is available to the Trustee Directors, enables them to properly exercise their duties and responsibilities.

William Hill Pension Scheme

DC Governance Statement (continued)

5) Trustee's Knowledge and Understanding (TKU) (continued)

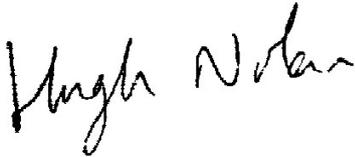
As part of the evaluation of the performance and effectiveness of the board as a whole, all but one of the Trustee Directors in office during the period have fully completed the Pension Regulator's Trustee Toolkit, with the exception of a new module on Pension Scams that not all the Trustee Directors have yet had an opportunity to work through. New Trustee Directors are asked to complete the toolkit within six months of their appointment.

Taking into account the various reviews and actions carried out by the trustee body, and the professional advice available to them, the Trustee Board consider they are properly enabled to exercise their function as Trustee of the Scheme.

The Trustee will also, on an ongoing basis, review and assess whether the systems, processes and controls across key governance functions are consistent with those set out in the Pensions Regulator's Code of Practice 13.

Chair's declaration

I confirm that the above statement has been produced by William Hill Trustee Limited.



Hugh Nolan
for Dalriada Trustees Limited
Chair of William Hill Trustee Limited
Trustee of the William Hill Pension Scheme

13 April 2021

Appendix

III. Statement of Investment Principles

William Hill Pension Scheme

Actuary's Certification of the Schedule of Contributions

CERTIFICATE OF SCHEDULE OF CONTRIBUTIONS

Name of the Scheme

William Hill Pension Scheme

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective can be expected to continue to be met for the period for which the schedule is to be in force.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the statement of funding principles dated September 2020.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound up.

Signature



Name

A R Cook

Date of signing

30 September 2020

Qualification

Fellow of the Institute and Faculty of Actuaries

Name of employer

Mercer Limited

Address

One Christchurch Way, Woking, Surrey GU216JG

William Hill Pension Scheme

Independent Auditor's Statement about Contributions to the Trustee of William Hill Pension Scheme

We have examined the summary of contributions to the William Hill Pension Scheme (the 'Scheme') for the scheme year ended 30 September 2020 which is set out in the trustees' report on page 52.

Qualified statement about contributions payable under the Schedule of Contributions

In our opinion, except for the effects of the departure from the Schedule of Contributions described in the Basis for qualified statement about contributions paragraph, contributions for the Scheme year ended 30 September 2020 as reported in the summary of contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Scheme actuary on 22 December 2017.

Basis for qualified statement about contributions

As explained on page 52, in relation to one month during the year, administrative contributions amounting in total to £158,333 were paid 9 days later than the due date set out in the Schedule of Contributions.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedule of Contributions.

Respective responsibilities of trustee and the auditor

As explained more fully in the statement of trustee's responsibilities set out on page 51, the Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a Schedule of Contributions and for monitoring whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions.

It is our responsibility to provide a statement about contributions paid under the Schedule of Contributions and to report our opinion to you.

Use of our statement

This statement is made solely to the Trustee, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our work has been undertaken so that we might state to the Trustee those matters we are required to state to them in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustee as a body, for our work, for this statement, or for the opinions we have formed.



Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds

Date: 30/4/2021

William Hill Pension Scheme

Independent Auditor's Report to the Trustee of William Hill Pension Scheme

Opinion

We have audited the financial statements of William Hill Pension Scheme (the 'Scheme') for the year ended 30 September 2020, which comprise the fund account, the statement of net assets available for benefits and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 30 September 2020, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulations 3 and 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Trustee and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties. However, no audit should be expected to predict the unknowable factors or all possible future implications for a Scheme associated with these particular events.

William Hill Pension Scheme

Independent Auditor's Report to the Trustee of William Hill Pension Scheme (continued)

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Scheme's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the Trustee's conclusions, we considered the risks associated with the Scheme's operating model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the Scheme's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Scheme will continue in operation.

Other information

The Trustee is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Trustee for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 51, the Trustee is responsible for the preparation of financial statements which show a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the Scheme, or has no realistic alternative but to do so.

William Hill Pension Scheme

Independent Auditor's Report to the Trustee of William Hill Pension Scheme (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Trustee, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the trustee as a body, for our audit work, for this report, or for the opinions we have formed.



Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds

Date: 30/4/2021

William Hill Pension Scheme

Fund Account for the Year Ended 30 September 2020

| | | Defined Benefit Section 2020 £'000 | Defined Contribution Section 2020 £'000 | Total 2020 £'000 | Total 2019 £'000 |
|---|----|--|---|------------------------|------------------------|
| Contributions and Benefits | | | | | |
| Employer Contributions | | 5,121 | 8,209 | 13,330 | 20,259 |
| Employee Contributions | | - | 6,423 | 6,423 | 7,500 |
| Total Contributions | 6 | 5,121 | 14,632 | 19,753 | 27,759 |
| Transfers In | 7 | - | 126 | 126 | 134 |
| Other Income | 8 | 489 | 864 | 1,353 | 1,152 |
| | | 5,610 | 15,622 | 21,232 | 29,045 |
| Benefits Paid or Payable | 9 | (12,961) | (3,974) | (16,935) | (15,560) |
| Payments to and on Account of Leavers | 10 | (3,847) | (3,718) | (7,565) | (12,673) |
| Administrative Expenses | 11 | (1,781) | - | (1,781) | (1,503) |
| Other Payments | 12 | (1,127) | - | (1,127) | (749) |
| | | (19,716) | (7,692) | (27,408) | (30,485) |
| Net (Withdrawals)/Additions from Dealings with Members | | (14,106) | 7,930 | (6,176) | (1,440) |
| Returns on Investments | | | | | |
| Investment Income | 13 | 6,767 | 1 | 6,768 | 6,985 |
| Change in Market Value of Investments | 14 | 3,171 | (480) | 2,691 | 82,931 |
| Investment Management Expenses | 15 | (236) | (412) | (648) | (376) |
| Net Returns on Investments | | 9,702 | (891) | 8,811 | 89,540 |
| Net (Decrease)/Increase in the Fund During the Year | | (4,404) | 7,039 | 2,635 | 88,100 |
| Transfer Between Sections | | 2 | (2) | - | - |
| Net Assets of the Scheme at Start of Year | | 476,601 | 185,103 | 661,704 | 573,604 |
| Net Assets of the Scheme at End of Year | | 472,199 | 192,140 | 664,339 | 661,704 |

The accompanying notes on pages 79 to 102 are an integral part of these financial statements.

William Hill Pension Scheme

Statement of Net Assets available for Benefits

As at 30 September 2020

| | Note | Defined Benefit Section 2020 £'000 | Defined Contribution Section 2020 £'000 | Total 2020 £'000 | Total 2019 £'000 |
|--|------|--|---|------------------------|------------------------|
| Investment Assets: | | | | | |
| Pooled Investment Vehicles | 16 | 301,861 | 189,833 | 491,694 | 484,151 |
| Insurance Policies | 17 | 170,000 | - | 170,000 | 172,000 |
| AVC Investments | 18 | 483 | - | 483 | 478 |
| Total Investments | | 472,344 | 189,833 | 662,177 | 656,629 |
| Current Assets | 22 | 1,042 | 2,620 | 3,662 | 6,789 |
| Current Liabilities | 23 | (1,187) | (313) | (1,500) | (1,714) |
| Total Net Assets of the Scheme available for Benefits | | 472,199 | 192,140 | 664,339 | 661,704 |

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which takes into account such obligations for the defined benefit section, is dealt with in the Report on Actuarial Liabilities on pages 49 and 50 of the Annual Report and these financial statements should be read in conjunction with this report.

The notes on pages 79 to 102 form an integral part of these financial statements.

These financial statements were approved by the Trustee:

| | |
|--|--|
|  Date: 30/4/2021 | For and on behalf of William Hill Trustee Limited |
|  Date: 30/4/2021 | |

William Hill Pension Scheme

Notes to the Financial Statements

1. General Information

The Scheme commenced on 1 October 1990 and is a Hybrid Scheme.

There is one defined benefit (DB) section, the Retirement Plan, and two defined contribution (DC) sections, the Pension Savings Plan and Employee Pension Plan.

The Retirement Plan section of the Scheme is closed to future accrual. The Pension Savings Plan is closed to new entrants other than for discretionary entrants permitted by the Company.

The Employee Pension Plan was set up on 1 March 2013 specifically in response to the Government's automatic enrolment pension legislation.

The Scheme is registered for tax purposes in accordance with the Finance Act 2004.

2. Basis of Preparation

The individual financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council (FRS 102) and the guidance set out in the Statement of Recommended Practice. 'Financial Reports of Pensions Schemes (Revised June 2018)' ('the SORP').

In June 2018, a revised SORP was issued which is applicable to accounting periods commencing on or after 1 January 2019. The Trustee has adopted the SORP for the first time in these Financial Statements. The adoption of the revised SORP has had no material impact on these Financial Statements. However, it has required certain additions to or amendments of disclosures in the Financial Statements.

Due to the COVID-19 outbreak that was declared a pandemic by the World Health Organisation on 11 March 2020 and the effect this may have on the principal employer's business, future contributions and the Scheme's investments, the Trustee is aware of its duty to consider whether there exists a material uncertainty that may cast significant doubt on the Scheme's ability to continue as a going concern in the future. There is no expectation that the Scheme will not remain a going concern for the 12 months subsequent to the signing of these financial statements. Therefore, the financial statements have been prepared on a going concern basis.

3. Identification of the financial statements

The Scheme is established as a trust under English Law. The registered address of the Scheme is at 1 Bedford Avenue, London, United Kingdom, WC1B 3AU.

William Hill Pension Scheme

Notes to the Financial Statements

4. Accounting Policies

The principal accounting policies of the Scheme are set out below. Unless otherwise stated, they have been applied consistently year on year.

- i. Employers' normal contributions are accounted for by the Trustee in the period to which they relate and as the amounts receivable in accordance with the Schedule of Contributions in force during the year.
- ii. Employees' contributions, including AVCs, are accounted for by the Trustee as amounts receivable on wages and salaries paid in the year, except for the first contribution due where the employee has been auto-enrolled by the Employer in which case it is accounted for when received by the Scheme, or the expiry of the opt out period if earlier.
- iii. Employers' deficit funding contributions are accounted for on the due dates on which they are payable under the Schedule of Contributions and Recovery Plan, or on receipt if earlier.
- iv. Employers' other contributions are accounted for on the due dates on which they are payable under the Schedule of Contributions and Recovery Plan, or on receipt if earlier.
- v. Employer augmentation contributions are accounted for in accordance with the agreement under which they are payable or, in the absence of an agreement, on a receipts basis.
- vi. Income from cash and short term deposits is accounted for on an accruals basis.
- vii. Pensions in payment are accounted for in the period to which they relate.
- viii. Benefits, and any associated taxation, are accounted for in the period in which the member notifies the Trustee of his or her decision on the type or amount of benefit to be taken, or if there is no member choice, on the date of retiring or leaving.
- ix. Opt-outs are accounted for when the Scheme is notified of the opt-out.
- x. Income Drawdown is accounted for in the period to which it relates.
- xi. Administration Expenses are accounted for on an accruals basis.
- xii. Management fees are accounted for on an accruals basis.
- xiii. Tax is accounted for in the period to which it relates.
- xiv. Transfer payments relate to those early leavers whose transfers have been agreed by the Trustee, and they are included in the financial statements on the basis of sums received or paid during the year. All transfers have been calculated and verified as required by Regulations under the Pension Schemes Act 1993. Cash equivalents paid were not reduced below the actuarially calculated values.

William Hill Pension Scheme

Notes to the Financial Statements

4. Accounting Policies (continued)

- xv. Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager. Shares in other pooled arrangements have been valued at the latest available net asset value (NAV), determined in accordance with fair value principles, provided by the pooled investment manager. The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on the sales of investments during the year.

Investments purchased in Employee Pension Plan and the Pension Savings Plan 2001 are allocated to provide benefits to the individuals in respect of whom the corresponding contributions were paid. Accordingly, the assets identified as designated to members in the net assets statement do not form a common pool of assets available for members generally. Members each receive an annual statement confirming the contributions paid in respect of them and the value of their money purchase rights.

- xvi. Additional Voluntary Contributions (AVCs)

Members are allowed to make AVCs under the terms of the Scheme rules to purchase additional benefits over and above normal scheme entitlement.

The Trustee holds assets invested separately from the main fund in the form of unitised investments with Standard Life and Legal & General that are stated at values as advised by the investment manager.

Members participating in this arrangement each receive an annual statement confirming the amounts held to their account and the movements in the year. Investments purchased with AVC monies are included with those of the main fund and disclosed separately.

- xvii. Insurance Policies have been valued by the Scheme Actuary at the amount of the related obligation, determined using the most recent Scheme Funding valuation assumptions updated for market conditions at the reporting date.
- xviii. Insurance Policies Receipts: Receipts from Insurance policies are reported when received from the provider and are included within investment income.
- xix. Presentation Currency: The Scheme's functional and presentation currency is pounds Sterling.

William Hill Pension Scheme

Notes to the Financial Statements

5. Comparative disclosures for the Fund Account and Statement of Net Assets

Fund Account for the Year Ended 30 September 2019

| | | Defined Benefit Section 2019 £'000 | Defined Contribution Section 2019 £'000 | Total 2019 £'000 |
|---|----|--|---|------------------------|
| Contributions and Benefits | | | | |
| Employer Contributions | | 10,680 | 9,579 | 20,259 |
| Employee Contributions | | - | 7,500 | 7,500 |
| Total Contributions | 6 | 10,680 | 17,079 | 27,759 |
| Transfers In | 7 | - | 134 | 134 |
| Other Income | 8 | 757 | 395 | 1,152 |
| | | 11,437 | 17,608 | 29,045 |
| Benefits Paid or Payable | 9 | (13,028) | (2,532) | (15,560) |
| Payment to and on Account of Leavers | 10 | (8,835) | (3,838) | (12,673) |
| Administrative Expenses | 11 | (1,503) | - | (1,503) |
| Other Payments | 12 | (749) | - | (749) |
| | | (24,115) | (6,370) | (30,485) |
| Net (Withdrawals)/Additions from Dealings with Members | | (12,678) | 11,238 | (1,440) |
| Returns on Investments | | | | |
| Investment Income | 13 | 6,984 | 1 | 6,985 |
| Change in Market Value of Investments | 14 | 71,827 | 11,104 | 82,931 |
| Investment Management Expenses | 15 | (199) | (177) | (376) |
| Net Returns on Investments | | 78,612 | 10,928 | 89,540 |
| Net Increase in the Fund During the Year | | 65,934 | 22,166 | 88,100 |
| Transfer Between Sections | | (38) | 38 | - |
| Net Assets of the Scheme at Start of Year | | 410,705 | 162,899 | 573,604 |
| Net Assets of the Scheme at End of Year | | 476,601 | 185,103 | 661,704 |

William Hill Pension Scheme

Notes to the Financial Statements

5. Comparative disclosures for the Fund Account and Statement of Net Assets

Statement of Net Assets available for Benefits

As at 30 September 2019

| | Note | Defined Benefit Section 2019 £'000 | Defined Contribution Section 2019 £'000 | Total 2019 £'000 |
|--|------|--|---|------------------------|
| Investment Assets: | | | | |
| Pooled Investment Vehicles | 16 | 301,402 | 182,749 | 484,151 |
| Insurance Policies | 17 | 172,000 | - | 172,000 |
| AVC Investments | 18 | 478 | - | 478 |
| Total Net Investments | | 473,880 | 182,749 | 656,629 |
| Current Assets | 22 | 4,116 | 2,673 | 6,789 |
| Current Liabilities | 23 | (1,395) | (319) | (1,714) |
| Total Net Assets of the Scheme available for Benefits | | 476,601 | 185,103 | 661,704 |

William Hill Pension Scheme

Notes to the Financial Statements

6. Contributions

| | 2020 Defined Benefit Section £'000 | 2020 Defined Contribution Section £'000 | 2020 Total £'000 |
|------------------------------------|---|--|--------------------------------------|
| Employer Contributions | | | |
| Normal Contributions* | - | 8,185 | 8,185 |
| Employers' Other Contributions** | 4,818 | 24 | 4,842 |
| Augmentation Contributions | 303 | - | 303 |
| | <u>5,121</u> | <u>8,209</u> | <u>13,330</u> |
| Employee Contributions | | | |
| Normal Contributions* | - | 5,793 | 5,793 |
| Additional Voluntary Contributions | - | 630 | 630 |
| | <u>-</u> | <u>6,423</u> | <u>6,423</u> |
| | <u>5,121</u> | <u>14,632</u> | <u>19,753</u> |
| | | | |
| | 2019 Defined Benefit Section £'000 | 2019 Defined Contribution Section £'000 | 2019 Total £'000 |
| Employer Contributions | | | |
| Normal Contributions* | - | 9,551 | 9,551 |
| Employers' Other Contributions** | 10,652 | 28 | 10,680 |
| Augmentation Contributions | 28 | - | 28 |
| | <u>10,680</u> | <u>9,579</u> | <u>20,259</u> |
| Employee Contributions | | | |
| Normal Contributions* | - | 6,982 | 6,982 |
| Additional Voluntary Contributions | - | 518 | 518 |
| | <u>-</u> | <u>7,500</u> | <u>7,500</u> |
| | <u>10,680</u> | <u>17,079</u> | <u>27,759</u> |

* Contributions received from Members and participating employers were in accordance with the Schedules of Contributions.

** Employers' other contributions, in respect of the Defined Benefit Section, were payable at £729,167 and £158,333 per month until 31 December 2019 to cover ongoing funding requirements and administrative cost respectively, and are payable at £158,333 per month until 31 October 2025 to cover administration and other costs (including the levy payable to the Pension Protection Fund). The Employer also paid £729,167 which has been accounted for respect of January 2020.

William Hill Pension Scheme

Notes to the Financial Statements

6. Contributions (continued)

The Trustee discussed this receipt with the Employer and due to uncertainty over precisely which month the receipt specifically related to, the Trustee is of the view that this amount may have been payable to the Scheme.

The Employer has also paid £24,000 (2019: £28,000) to cover any errors and omissions in respect of Defined Contribution Section contributions.

The Employer also paid augmentation contributions of £303,000 (2019: £28,000) in respect of early retirement for 3 members.

7. Transfers In

| | 2020 Defined Benefit Section £'000 | 2020 Defined Contribution Section £'000 | 2020 Total £'000 |
|-------------------------|---|--|---------------------------------|
| Individual Transfers In | - | 126 | 126 |

| | 2019 Defined Benefit Section £'000 | 2019 Defined Contribution Section £'000 | 2019 Total £'000 |
|-------------------------|---|--|---------------------------------|
| Individual Transfers In | - | 134 | 134 |

8. Other Income

| | 2020 Defined Benefit Section £'000 | 2020 Defined Contribution Section £'000 | 2020 Total £'000 |
|-------------------|---|--|---------------------------------|
| Group Life Claims | 489 | 863 | 1,352 |
| Compensation | - | 1 | 1 |
| | 489 | 864 | 1,353 |

| | 2019 Defined Benefit Section £'000 | 2019 Defined Contribution Section £'000 | 2019 Total £'000 |
|-------------------|---|--|---------------------------------|
| Group Life Claims | 757 | 394 | 1,151 |
| Compensation | - | 1 | 1 |
| | 757 | 395 | 1,152 |

William Hill Pension Scheme

Notes to the Financial Statements

9. Benefits Paid or Payable

| | 2020 Defined Benefit Section £'000 | 2020 Defined Contribution Section £'000 | 2020 Total £'000 |
|------------------------------|---|--|---------------------------------|
| Pensions Paid | 10,860 | - | 10,860 |
| Commuted Benefits | 1,861 | 1,955 | 3,816 |
| Annuities Purchased | 19 | 778 | 797 |
| Payments on Death of Members | 221 | 1,241 | 1,462 |
| Annual Allowance Charge | - | - | - |
| | <u>12,961</u> | <u>3,974</u> | <u>16,935</u> |

| | 2019 Defined Benefit Section £'000 | 2019 Defined Contribution Section £'000 | 2019 Total £'000 |
|------------------------------|---|--|---------------------------------|
| Pensions Paid | 10,405 | - | 10,405 |
| Commuted Benefits | 1,828 | 1,719 | 3,547 |
| Annuities Purchased | 54 | 299 | 353 |
| Payments on Death of Members | 741 | 503 | 1,244 |
| Annual Allowance Charge | - | 11 | 11 |
| | <u>13,028</u> | <u>2,532</u> | <u>15,560</u> |

10. Payments to and on Account of Leavers

| | 2020 Defined Benefit Section £'000 | 2020 Defined Contribution Section £'000 | 2020 Total £'000 |
|---------------------------------|---|--|---------------------------------|
| Transfers to Other Arrangements | 3,847 | 3,677 | 7,524 |
| Refunds to Members | - | 41 | 41 |
| | <u>3,847</u> | <u>3,718</u> | <u>7,565</u> |

| | 2019 Defined Benefit Section £'000 | 2019 Defined Contribution Section £'000 | 2019 Total £'000 |
|---------------------------------|---|--|---------------------------------|
| Transfers to Other Arrangements | 8,832 | 3,765 | 12,597 |
| Refunds to Members | 3 | 73 | 76 |
| | <u>8,835</u> | <u>3,838</u> | <u>12,673</u> |

William Hill Pension Scheme

Notes to the Financial Statements

11. Administrative Expenses

| | 2020 Defined Benefit Section £'000 | 2020 Defined Contribution Section £'000 | 2020 Total £'000 |
|-------------------------|---|--|--------------------------------------|
| Administration | 611 | - | 611 |
| Legal and Consultancy | 1,013 | - | 1,013 |
| Audit Fees | 28 | - | 28 |
| Trustee Fees (note 27) | 87 | - | 87 |
| Sundries | 21 | - | 21 |
| Pensions Regulator Levy | 13 | - | 13 |
| PPF Levy | 8 | - | 8 |
| | <u>1,781</u> | <u>-</u> | <u>1,781</u> |
| | <u>1,781</u> | <u>-</u> | <u>1,781</u> |
| | 2019 Defined Benefit Section £'000 | 2019 Defined Contribution Section £'000 | 2019 Total £'000 |
| Administration | 587 | - | 587 |
| Legal and Consultancy | 838 | - | 838 |
| Audit Fees | 28 | - | 28 |
| Sundries | 30 | - | 30 |
| Pensions Regulator Levy | 12 | - | 12 |
| PPF Levy | 8 | - | 8 |
| | <u>1,503</u> | <u>-</u> | <u>1,503</u> |
| | <u>1,503</u> | <u>-</u> | <u>1,503</u> |

Trustee fees were payable by Scheme from October 2019. Prior to this, Trustee fees were paid by the Employer. In the year to 30 September 2019, the Employer paid £166,000 in respect of Trustee Fees.

William Hill Pension Scheme

Notes to the Financial Statements

12. Other Payments

| | 2020 Defined Benefit Section £'000 | 2020 Defined Contribution Section £'000 | 2020 Total £'000 |
|-------------------------------------|---|--|--------------------------------------|
| Death in Service Insurance Premiums | 1,127 | - | 1,127 |

| | 2019 Defined Benefit Section £'000 | 2019 Defined Contribution Section £'000 | 2019 Total £'000 |
|-------------------------------------|---|--|--------------------------------------|
| Death in Service Insurance Premiums | 749 | - | 749 |

13. Investment Income

| | 2020 Defined Benefit Section £'000 | 2020 Defined Contribution Section £'000 | 2020 Total £'000 |
|---------------------------|---|--|--------------------------------------|
| Annuity Income | 6,765 | - | 6,765 |
| Interest on Cash Deposits | 2 | 1 | 3 |
| | 6,767 | 1 | 6,768 |

| | 2019 Defined Benefit Section £'000 | 2019 Defined Contribution Section £'000 | 2019 Total £'000 |
|---------------------------|---|--|--------------------------------------|
| Annuity Income | 6,981 | - | 6,981 |
| Interest on Cash Deposits | 3 | 1 | 4 |
| | 6,984 | 1 | 6,985 |

William Hill Pension Scheme

Notes to the Financial Statements

14. Reconciliation of Investments held at the Beginning and End of the year

Defined Benefit Section

| | Value at 1 October 2019 £'000 | Purchases at cost £'000 | Sales proceeds £'000 | Change in market value £'000 | Value at 30 September 2020 £'000 |
|------------------------------------|--|-------------------------------|----------------------------|---------------------------------------|---|
| Pooled Investment Vehicles | 301,402 | 16,845 | (21,497) | 5,111 | 301,861 |
| Insurance Policies | 172,000 | - | - | (2,000) | 170,000 |
| Additional Voluntary Contributions | 478 | 4 | (59) | 60 | 483 |
| | 473,880 | 16,849 | (21,556) | 3,171 | 472,344 |

Purchases and Sales above include in-specie transfers between funds within Policies held with LGIM. Cash Policy switches between LGIM funds are included gross within Purchases and Sales.

Defined Contribution Section

| | Value at 1 October 2019 £'000 | Purchases at cost £'000 | Sales proceeds £'000 | Change in market value £'000 | Value at 30 September 2020 £'000 |
|----------------------------|--|-------------------------------|----------------------------|---------------------------------------|---|
| Pooled Investment Vehicles | 182,749 | 17,979 | (10,415) | (480) | 189,833 |

Purchases and Sales above include in-specie transfers between funds within Policies held with LGIM.

For the Defined Contribution section, investments purchased by the Scheme are allocated to provide benefits to the individuals on whose behalf corresponding contributions are paid. The investment manager holds the investment units on a pooled basis for the Trustee. The Scheme administrator allocates investment units to members. The Trustee may hold investment units representing the value of employer contributions that have been retained by the Scheme that relate to members leaving the Scheme prior to vesting.

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

There are no unallocated units within the Defined Contribution section (2019: nil).

All of the Scheme's investments are managed by companies registered in the United Kingdom.

Transaction Costs

Transaction costs comprising fees, commissions, stamp and other duties are included in the cost of purchases and sale proceeds. Direct transaction costs incurred during the year amounted to £NIL (2019: £NIL). Indirect transaction costs are incurred through the bid-offer spread on investments within pooled investment vehicles. Indirect transaction costs are not separately provided.

William Hill Pension Scheme

Notes to the Financial Statements

15. Investment Management Expenses

| | 2020 Defined Benefit Section £'000 | 2020 Defined Contribution Section £'000 | 2020 Total £'000 |
|-----------------------------------|---|--|--------------------------------------|
| Managed Fund Units Policy Charges | 236 | 412 | 648 |
| | 2019 Defined Benefit Section £'000 | 2019 Defined Contribution Section £'000 | 2019 Total £'000 |
| Managed Fund Units Policy Charges | 199 | 177 | 376 |

16. Pooled Investment Vehicles

The Scheme's investments in pooled investment vehicles at the year end comprised:

| | 2020 £'000 | 2019 £'000 |
|-------------------------------------|-----------------------|-----------------------|
| Defined Benefit Section | | |
| Equity | 371 | 412 |
| Bonds | 53,322 | 53,767 |
| Index Linked | 71,468 | 71,278 |
| Cash | 35,233 | 46,023 |
| Diversified Debt Assets | 77,963 | 65,082 |
| Multi Asset | 63,504 | 64,840 |
| | 301,861 | 301,402 |
| | 2020 £'000 | 2019 £'000 |
| Defined Contribution Section | | |
| Equity | 93,388 | 90,859 |
| Index Linked | 12,824 | 11,941 |
| Property | 900 | 949 |
| Cash | 2,566 | 2,168 |
| Diversified fund | 80,155 | 76,832 |
| | 189,833 | 182,749 |

William Hill Pension Scheme

Notes to the Financial Statements

17. Insurance Policies

The Trustee holds assets invested in Just Retirement as a result of a bulk buy in on 1 May 2018 to secure benefits for The Defined Benefit Section Pensioners and Dependants. During the year to 30 September 2020, The Defined Benefit Section received funding each month from the policy provider to cover 63% of Pensioner Payroll. This percentage was previously 75% until the completion of a data cleanse exercise in October 2020. The value of the policy is follows:

| | 2020 £'000 | 2019 £'000 |
|-----------------|-----------------------------|-----------------------------|
| Just Retirement | 170,000 | 172,000 |

18. AVC Investments

The Trustee holds assets invested separately from the main Defined Benefit Section investments to secure additional benefits on a money purchase basis for those Defined Benefit Section members electing to pay Additional Voluntary Contributions. Members participating in this arrangement each receive an annual statement made up to 5 April 2020 confirming the amounts held in their account and the movements in the year.

The aggregate amounts of AVC investments are as follows:

| | 2020 £'000 | 2019 £'000 |
|--|-----------------------------|-----------------------------|
| Standard Life Unitised Insured Investments | 150 | 130 |
| Utmost Life and Pension | 2 | 2 |
| Legal and General Managed Fund | 331 | 346 |
| | 483 | 478 |

William Hill Pension Scheme

Notes to the Financial Statements

19. Fair Value Determination

The fair value of financial instruments has been determined using the following fair value hierarchy:

- Level 1 The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3 Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The Scheme's investment assets have been fair valued using the above hierarchy levels as follows:

| As at 30 September 2020 | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
|-------------------------------------|--------------------------|--------------------------|--------------------------|------------------------|
| Defined Benefit Section | | | | |
| Pooled Investment Vehicles | - | 238,357 | 63,504 | 301,861 |
| Insurance Policies | - | - | 170,000 | 170,000 |
| AVC Investments | - | 483 | - | 483 |
| | - | 238,840 | 233,504 | 472,344 |
| Defined Contribution Section | | | | |
| Pooled Investment Vehicles | - | 189,833 | - | 189,833 |
| | - | 189,833 | - | 189,833 |
| As at 30 September 2019 | | | | |
| Defined Benefit Section | | | | |
| Pooled Investment Vehicles | - | 236,562 | 64,840 | 301,402 |
| Insurance Policies | - | - | 172,000 | 172,000 |
| AVC Investments | - | 478 | - | 478 |
| | - | 237,040 | 236,840 | 473,880 |
| Defined Contribution Section | | | | |
| Pooled Investment Vehicles | - | 182,749 | - | 182,749 |
| | - | 182,749 | - | 182,749 |

Pooled investment vehicles which are traded regularly are generally included in level 2. Where the absence of regular trading or the unsuitability of recent transaction prices as a proxy for fair values applies, valuation techniques are adopted and the vehicles are included in level 3 as appropriate.

AVC investments are unit linked insurance funds, therefore are included in Level 2.

William Hill Pension Scheme

Notes to the Financial Statements

20. Investment Risk Disclosures

Investment Risks

FRS 102 requires the disclosure of information in relation to certain investment risks to which the Scheme is exposed at the end of the reporting period. These risks are set out by FRS 102 as follows:

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk:

- **Currency risk**: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk**: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- **Other price risk**: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustee is responsible for determining the Scheme's investment strategy. The Trustee has set the investment strategy for the Scheme after taking appropriate advice. Subject to complying with the agreed strategy, the day-to-day management of the asset portfolio of the Scheme, including the full discretion for stock selection, is the responsibility of the investment managers.

The Scheme has exposure to the above risks because of the investments it makes to implement its investment strategy. The Trustee manages its investment risks within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. The investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustee through regular reviews of the investment portfolios. The investment and risk objectives of the Scheme are further detailed in the Statement of Investment Principles ("SIP").

Further information on the Trustee's approach to risk management and exposures to credit and market risk is set out below. The Scheme's investments as at 30 September 2019 and 30 September 2020 for the Defined Benefit Section ("DB") Defined Contribution Section ("DC") and Additional Voluntary Contributions ("AVCs") are detailed in note 18.

William Hill Pension Scheme

Notes to the Financial Statements

20. Investment Risk Disclosures (continued)

Defined Benefit Investments

Investment Strategy

The main priority of the Trustee when considering the investment policy for the Retirement Plan (DB Section) is to aim ensure that the benefits payable to members are met as they fall due. Further, the Trustee looks to limit the downside risk in respect of the DB Section's potential future shortfall against the DB Section's liabilities.

The Trustee sets the investment strategy for the DB Section taking into account considerations such as the strength of the Employer covenant, the long-term liabilities of the DB Section and the funding agreed with the Employer. The current investment strategy is summarised below:

- The Trustee holds a buy-in contract with JUST which was purchased in May 2018 in order to cover 75% of pensioner liabilities as at November 2017.

Current investment strategy (excluding the buy-in) as at 30 September 2020 is set out as follows:

- **Growth** - 50% of the assets (excluding buy-in) are split between two Multi-Asset Credit mandates with equal weighting. These assets form the growth part of the Plan's portfolio.
- **Matching** - 50% of the assets (excluding buy-in) are liability matching assets, which share similar characteristics to the long term liabilities of the Plan. These assets are invested in a series of government bonds, corporate bonds, derivatives and cash. Under this strategy, if interest rates fall, the value of the matching portfolio is expected to rise to help offset some of the increase in the actuarial liabilities arising from the fall in the discount rate. Similarly, if interest rates rise, the matching portfolio is expected to fall in value, as will the actuarial liabilities because of an increase in the discount rate. Further, the matching portfolio is held to hedge inflation risk associated with pension liability increases. Any cash held in this allocation acts as a collateral management tool.
- On 11 June 2018 the Trustee agreed on the long term strategy (excluding the buy-in) for the DB Section. This is reflected in latest SIP update, dated September 2020.

The actual allocations will vary from the target due to market price movements and intervals between rebalancing.

The DB Section accesses the matching funds by contracting directly with Legal & General Assurance (Pensions Management) Limited ("Legal & General") and invests in pooled funds that are structured as unit-linked insurance contracts managed by Legal & General Investment Management ("LGIM").

The DB Section accesses the growth Multi-Asset Credit funds by contracting directly with CQS Global Funds (Ireland) p.l.c. ("CQS") and M&G Investment ("M&G") and invests in pooled funds that are structured as Qualified Investor Funds ("QIFs").

William Hill Pension Scheme

Notes to the Financial Statements

20. Investment Risk Disclosures (continued)

Defined Benefit Investments (continued)

Market Risk

The following table shows the indirect market risks which affected each of the DB Section's pooled fund investments as at 30 September 2020:

| Fund | Indirect Market Risk | | | | 2019 (£m) | 2020 (£m) |
|---|----------------------|----------|------------------|----------------|--------------|--------------|
| | Credit | Currency | Interest rate | Other price | | |
| M&G Total Return Credit Investment Fund | ✓ | ✓ | ✓ | ✓ | 65.1 | 63.5 |
| CQS Credit Multi Asset Fund | ✓ | ✓ | ✓ | ✓ | 64.8 | 78.0 |
| LDI | | | | | 125.0 | 124.8 |
| 2038 Leveraged Gilt Fund | ✓ | | ✓ | | 5.1 | 4.2 |
| 2045 Leveraged Gilt Fund | ✓ | | ✓ | | 6.6 | 5.1 |
| 2049 Leveraged Gilt Fund | ✓ | | ✓ | | 2.9 | 3.4 |
| 2055 Leveraged Gilt Fund | ✓ | | ✓ | | 6.4 | 7.3 |
| 2060 Leveraged Gilt Fund | ✓ | | ✓ | | 3.0 | 3.4 |
| 2068 Leveraged Gilt Fund | ✓ | | ✓ | | 4.8 | 3.9 |
| Active Corporate Bond - All Stocks – Fund | ✓ | | ✓ | | 24.9 | 26.0 |
| 2024 Leveraged Index-Linked Gilt Fund | ✓ | | ✓ | ✓ | 6.0 | 5.4 |
| 2030 Leveraged Index-Linked Gilt Fund | ✓ | | ✓ | ✓ | 11.1 | 10.5 |
| 2034 Leveraged Index-Linked Gilt Fund | ✓ | | ✓ | ✓ | 6.6 | 6.4 |
| 2040 Leveraged Index-Linked Gilt Fund | ✓ | | ✓ | ✓ | 5.5 | 6.9 |
| 2042 Leveraged Index-Linked Gilt Fund | ✓ | | ✓ | ✓ | 5.5 | 5.4 |
| 2047 Leveraged Index-Linked Gilt Fund | ✓ | | ✓ | ✓ | 14.2 | 14.3 |
| 2050 Leveraged Index-Linked Gilt Fund | ✓ | | ✓ | ✓ | 0.6 | 0.6 |
| 2055 Leveraged Index-Linked Gilt Fund | ✓ | | ✓ | ✓ | 12.6 | 12.6 |
| 2062 Leveraged Index-Linked Gilt Fund | ✓ | | ✓ | ✓ | 7.1 | 7.4 |
| 2068 Leveraged Index-Linked Gilt Fund | ✓ | | ✓ | ✓ | 1.9 | 2.0 |
| LDI Cash | ✓ | | ✓ | | 46.0 | 35.2 |
| Total | ✓ | ✓ | ✓ | ✓ | 301.9 | 301.5 |

William Hill Pension Scheme

Notes to the Financial Statements

20. Investment Risk Disclosures (continued)

Defined Benefit Investments (continued)

Inflation risk

The Plan holds a pensioner buy-in and a liability driven investment mandate to manage against inflation risk associated with pension increases.

Longevity risk

The Plan holds pensioner buy-in policies to manage some of the Plan's longevity risk.

Credit Risk

The DB Section is subject to indirect credit risk because it invests in pooled investment vehicles which are structured as insurance contracts, have cash balances, participate in stock lending and invest in corporate bonds. The value at the year end is disclosed in note 16.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled investment arrangements being ring-fenced from the pooled managers, the regulatory environments in which the pooled manager operate and diversification of investments amongst a number of pooled arrangement. The DB Section is subject to direct credit risk through their long-term insurance policies with Legal & General and the buy-in with JUST. Legal & General and JUST are authorised by the Prudential Regulation Authority and regulated by both the Financial Conduct Authority and the Prudential Regulation Authority. In the event of default by the insurer, the DB Section may be protected by the Financial Services Compensation Scheme ("FSCS") and may be able to make a claim for 100% of its policy value, although noting that compensation is not guaranteed and may not apply to all funds accessed via the insurer. This is the position at the current and previous year end.

A summary of the DB Section pooled investment vehicles by type of arrangement:

| | 2020 | 2019 |
|---------------------------------|--------------|-------|
| | £m | £m |
| Unit linked insurance contracts | 141.5 | 171.0 |
| Open ended investment companies | 160.0 | 130.0 |

Source: LGIM, M&G and CQS.

Cash balances: Indirect credit risk arising on cash held within financial institutions is mitigated by ensuring cash is held with institutions which are at least investment grade credit rated. This is the position at the current and previous year end.

Indirect credit risk arises in relation to underlying bond investments held in the matching portfolio. Indirect credit risk is mitigated by the Trustee investing in funds which hold primarily investment grade bonds and through diversification of the underlying securities to minimise the impact of default by any one issuer.

William Hill Pension Scheme

Notes to the Financial Statements

20. Investment Risk Disclosures (continued)

Defined Benefit Investments (continued)

Credit Risk (continued)

Over-the-counter (“OTC”) derivative contracts which the leveraged LDI fund can use are not guaranteed by any regulated exchange and therefore the Plan is subject to risk of failure of the counterparty. The investment manager seeks to diversify counterparty exposure and monitors the creditworthiness of the counterparties with a view to managing and mitigating this risk. The credit risk for OTC swaps is also reduced by collateral arrangements.

The DB Section is also invested in pooled liquidity funds and subject to indirect credit risk through the underlying holdings. This risk is mitigated by the liquidity fund managers investing in a portfolio of diversified and overall high quality liquidity instruments.

DC and AVC Investments

Investment Strategy

The Trustee recognises that individual members have differing investment needs and that these may change during the course of their working lives. The Trustee also recognises that members have differing attitudes to risk.

The Trustee regards its duty as providing members with a range of investment options to enable them to tailor the investment strategy to their needs, specifically in controlling the risks inherent in their savings. In particular, the Trustee regards its duty as providing vehicles that aim to maximise the value of members’ assets at retirement and maintain the purchasing power of members’ savings.

The Trustee also aims to provide protection for members’ accumulated assets in the years approaching retirement against sudden (downward) volatility in capital values and fluctuations in the (implicit and explicit) cost of retirement benefits.

The DC Section and AVCs access the funds by contracting directly with Legal & General Assurance (Pensions Management) Limited (“Legal & General”), Utmost Life and Pensions (“Utmost”) and Aberdeen Standard Investments, and invest in pooled funds that are structured as unit-linked insurance contracts managed by Legal & General Investment Management (“LGIM”), Utmost and Aberdeen Standard Life.

In addition, the Trustee offers three lifestyle strategies:

Annuity Lifestyle Strategy – for those planning to buy a level annuity (a fixed pension income for life) at their target retirement date. This is the default investment option for PSP members that do not make their own investment decision.

Cash Lifestyle Strategy - for those planning to take their DC savings as a cash lump sum. This is the default investment option for EPP members that do not make their own investment decision.

Drawdown Lifestyle Strategy - for members planning to leave their DC savings invested and withdraw income flexibly over time. Members who wish to utilise this option would have to transfer their DC savings out of the Plan at retirement.

William Hill Pension Scheme

Notes to the Financial Statements

20. Investment Risk Disclosures (continued)

All three strategies initially invest 50% in the LGIM Global Equity Market Weights 30:70 Index – 75% GBP Currency Hedged Fund and 50% in the LGIM Diversified Fund until members reach eight years before their target retirement date when their contributions are gradually switched into the LGIM Pre-Retirement Fund and LGIM Cash Fund. The proportion of a member's fund invested in the LGIM Diversified, LGIM Pre-Retirement and LGIM Cash funds at a member's target retirement date will depend on which lifestyle strategy the member is invested in.

Day-to-day management of the assets is ultimately delegated to LGIM, Utmost and Aberdeen Standard Investments (via respective long term insurance policies). The Trustee expects LGIM, Utmost and Aberdeen Standard Investments to manage the assets delegated to them under the terms of their contracts, including the direct management of credit and market risks. LGIM, Utmost and Aberdeen Standard Investments have full discretion to buy and sell investments on behalf of the Scheme, subject to agreed constraints and applicable legislation. They have been selected for their expertise in different asset classes.

Market Risk

The DC Section and AVCs are subject to market risk arising from the underlying investments held in the various funds at 30 September 2020 as summarised in the following table.

Pensions Saving Plan 2001 and Employee Pension Plan (including Transfers In)

| Manager | Fund | Exposed to Indirect | | | | 2020 (£000s) | 2019 (£000s) | FRED 62 Fair Value Hierarchy Category |
|---------|---|---------------------|----------|------------------|----------------|-----------------|-----------------|--|
| | | Credit | Currency | Interest Rate | Other Price | | | |
| LGIM | Global Equity Market Weights 30:70 Index – 75% GBP Currency Hedged Fund | | ✓ | | ✓ | 78,205 | 74,235 | 2 |
| LGIM | Diversified Fund | ✓ | ✓ | ✓ | ✓ | 80,223 | 76,560 | 2 |
| LGIM | UK Equity (5% Capped) Passive Fund | | | | ✓ | 7,668 | 9,314 | 2 |
| LGIM | Overseas Equity Consensus Index Fund | | ✓ | | ✓ | 6,402 | 6,145 | 2 |
| LGIM | World Emerging Markets Equity Index Fund | | ✓ | | ✓ | 1,583 | 1,636 | 2 |
| LGIM | AAA-AA-A Corporate Bond All Stocks Index Fund | ✓ | | ✓ | ✓ | 188 | 164 | 2 |
| LGIM | Pre-Retirement Inflation Linked Fund | ✓ | | ✓ | ✓ | 1,439 | 1,578 | 2 |
| LGIM | Pre-Retirement Fund | ✓ | | ✓ | ✓ | 11,150 | 10,221 | 2 |
| LGIM | Property Fund | ✓ | | ✓ | ✓ | 900 | 903 | 3 |
| LGIM | Sterling Liquidity Fund | ✓ | | ✓ | ✓ | 2,591 | 2,195 | 2 |

Source: LGIM

William Hill Pension Scheme

Notes to the Financial Statements

20. Investment Risk Disclosures (continued)

DC and Additional Voluntary Contributions Investments (continued)

Retirement Plan AVCs

| Manager | Fund | Exposed to Indirect | | | | 2020 (£000s) | 2019 (£000s) | FRED 62 Fair Value Hierarchy Category |
|----------------------|--|---------------------|----------|------------------|----------------|-----------------|-----------------|--|
| | | Credit | Currency | Interest Rate | Other Price | | | |
| LGIM | Global Equity Market Weights 30:70 Index– 75% GBP Currency Hedged Fund | | ✓ | | ✓ | - | - | 2 |
| LGIM | Diversified Fund | ✓ | ✓ | ✓ | ✓ | - | - | 2 |
| LGIM | UK Equity (5% Capped) Passive Fund | | | | ✓ | 139 | 164 | 2 |
| LGIM | Overseas Equity Consensus Index Fund | | ✓ | | ✓ | 98 | 92 | 2 |
| LGIM | Pre-Retirement Inflation Linked Fund | ✓ | | ✓ | ✓ | 59 | 57 | 2 |
| LGIM | Pre-Retirement Fund | ✓ | | ✓ | ✓ | 26 | 24 | 2 |
| LGIM | Property Fund | ✓ | | ✓ | ✓ | 3 | 3 | 3 |
| LGIM | Sterling Liquidity Fund | ✓ | | ✓ | ✓ | 9 | 7 | 2 |
| Aberdeen Standard | Managed Fund | ✓ | ✓ | ✓ | ✓ | * | 82 | 2 |
| Aberdeen Standard | Millennium (With Profits) Fund | ✓ | ✓ | ✓ | ✓ | * | 59 | 3 |
| Aberdeen Standard | With Profits Fund | ✓ | ✓ | ✓ | ✓ | * | 98 | 3 |
| Utmost | Money Market Fund | ✓ | ✓ | ✓ | ✓ | 3 | 2 | 2 |

Source: LGIM, Utmost, Aberdeen Standard Investments.

*Valuation at fund level unavailable at time of writing.

21. Concentration of Investments

The following investments account for more than 5% of the Scheme's net assets as at the year end:

| | £'000 | 2020 | £'000 | 2019 |
|--|---------|------|---------|------|
| Defined Benefit Section: | | | | |
| Legal & General – Cash Fund | 35,208 | 5% | 45,996 | 7% |
| CQS – Credit Multi Asset Fund | 63,504 | 10% | 64,840 | 10% |
| M&G – Total Return Credit Fund | 77,962 | 12% | 65,082 | 10% |
| Just Retirement – Insured annuity policy | 170,000 | 26% | 172,000 | 26% |
| Defined Contribution Section: | | | | |
| Legal & General – Multi Asset Diversified Fund | 78,126 | 12% | 76,832 | 12% |
| Legal & General – Global Equity Index | 80,155 | 12% | 74,187 | 11% |

William Hill Pension Scheme

Notes to the Financial Statements

22. Current Assets

| | 2020 Defined Benefit Section £'000 | 2020 Defined Contribution Section £'000 | 2020 Total £'000 |
|--------------------------------------|---|--|---------------------------------|
| Cash at Bank | 181 | 683 | 864 |
| Employers' contributions due | - | 652 | 652 |
| Employees' contributions due | - | 500 | 500 |
| Payroll Prepayment | 844 | - | 844 |
| Pensions Regulator Prepayment | 13 | - | 13 |
| PPF Prepayment | 4 | - | 4 |
| Amount due between sections | - | 785 | 785 |
| | <u>1,042</u> | <u>2,620</u> | <u>3,662</u> |
| | 2019 Defined Benefit Section £'000 | 2019 Defined Contribution Section £'000 | 2019 Total £'000 |
| Cash at Bank | 3,249 | 658 | 3,907 |
| Employers' contributions due | - | 889 | 889 |
| Employees' contributions due | - | 709 | 709 |
| Payroll Prepayment | 775 | - | 775 |
| Pensions Regulator Prepayment | 12 | - | 12 |
| PPF Prepayment | 4 | - | 4 |
| Amounts due from Investment Managers | - | 108 | 108 |
| Other Debtors | 76 | 309 | 385 |
| | <u>4,116</u> | <u>2,673</u> | <u>6,789</u> |

All contributions due to the Scheme relate to the month of September and were paid in full to the Scheme within the timescale required by the Schedules of Contributions in force.

William Hill Pension Scheme

Notes to the Financial Statements

23. Current Liabilities

| | 2020 Defined Benefit Section £'000 | 2020 Defined Contribution Section £'000 | 2020 Total £'000 |
|--|---|--|---------------------------------|
| Benefits Payable | 84 | 206 | 290 |
| Legal and Consultancy | 118 | - | 118 |
| Audit Fees | 28 | - | 28 |
| Administration Fees | 41 | - | 41 |
| Trustee Fees | 15 | - | 15 |
| Investment Management Fees | 59 | 58 | 117 |
| Amounts owed to HM Revenue and Customs | 8 | - | 8 |
| Amounts due between sections | 785 | - | 785 |
| Other Creditors | 49 | 49 | 98 |
| | <u>1,187</u> | <u>313</u> | <u>1,500</u> |

| | 2019 Defined benefit section £'000 | 2019 Defined contribution section £'000 | 2019 Total £'000 |
|--|---|--|---------------------------------|
| Benefits Payable | 621 | - | 621 |
| Legal and Consultancy | 206 | - | 206 |
| Audit Fees | 34 | - | 34 |
| Administration Fees | 138 | - | 138 |
| Investment Management Fees | 48 | 145 | 193 |
| Amounts owed to HM Revenue and Customs | - | 99 | 99 |
| Other Creditors | 348 | 75 | 423 |
| | <u>1,395</u> | <u>319</u> | <u>1,714</u> |

24. Capital Commitments

At 30 September 2020 there were no capital commitments (2019: £NIL).

25. Contingent Liabilities

The Scheme has no contingent liabilities as at 30 September 2020 (2019: £NIL)

William Hill Pension Scheme

Notes to the Financial Statements

26. Self investment

Employer-related investments at 30 September 2020 amounted to 0.0069% of the Plan's net assets (2019: 0.00073%).

27. Related Party Transactions

Employer and other related parties

During the year, Administration expense contributions of £158,333 which were due to the Scheme in respect of January 2020 were paid 9 days late by the Employer on 2 March 2020 due to an administrative error. This resulted in a breach of the Schedule of Contributions which requires contributions to be received no later than the 22nd of the following month. The Trustee was made aware of the circumstances surrounding breach and is satisfied that there is no issue which causes concern in respect of timely receipt of monthly contributions going forward.

Key management personnel

Certain Directors of the Trustee Board are either one or more of employed members of the DB section, contributing members of the DC section or pensioner members. Any contributions or pensions are paid in accordance with the rules of the Scheme. Professional Trustees received fees and expenses during the year amounting to £87,331 (2019: £166,498). £15,000 remained unpaid at 30 September 2020 and have been included in administration fees accrued in note 23. Except as disclosed above there are no transactions, balances or relationships that require disclosure under FRS 102.

28. Contingent Liabilities

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension scheme. The judgment concluded that schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension (GMP) benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Trustee is aware that the issue will have an effect on the Scheme and will be considering this at future meetings and decisions will be made as to next steps. Under the ruling, schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. The High Court has since determined that trustees owed a duty to a transferring member to make a transfer payment which reflected the member's right to equalised benefits. Where the initial transfer payment was inadequate on this basis the Trustee is under an obligation to make a top-up payment to the receiving scheme on behalf of the transferred member. Based on an initial assessment of the likely backdated amounts and related interest, the Trustee does not expect these to be material to the financial statements and therefore have not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined.

29. Subsequent Events

Subsequent to the year end, a bid to acquire the Principal Employer was accepted by its shareholders, subject to regulatory approvals.

William Hill Pension Scheme

Appendix I

Actuary's Certification of the Technical Provisions

Certificate of Technical Provisions

CERTIFICATE OF TECHNICAL PROVISIONS

Name of the Scheme

William Hill Pension Scheme

Calculation of technical provisions

I certify that, in my opinion, the calculation of the Scheme's technical provisions as at September 2019 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustee of the Scheme and set out in the statement of funding principles dated September 2020.

Signature



Name

A R Cook

Date of signing

30 September 2020

Name of employer

Mercer Limited

Address

One Christchurch Way
Woking

William Hill Pension Scheme

Membership

Appendix II

- Retirement Plan membership movements
- Pension Savings Plan 2001 membership movements
- Employee Pension Plan membership movements

Membership

The membership movements for the Scheme during the year to 30 September 2020 are shown below.

Retirement Plan (Defined Benefit)

This Plan is closed to new members.

Employed Members

| | |
|--|------------|
| Employed Members as at 1 October 2019 | 231 |
| Less Members retiring and drawing a pension | (14) |
| Members leaving and retaining a deferred pension in the plan | (57) |
| Full Members who died in service | - |

| | |
|---|------------|
| Employed Members as at 30 September 2020 | 160 |
|---|------------|

Deferred Pensioners

| | |
|---|------------|
| Members with a Deferred Pension as at 1 October 2019 | 756 |
| Plus Active Members leaving and retaining a deferred pension | 57 |
| Less Opening Adjustment | - |
| Members taking a transfer of their deferred pension from the Plan | (14) |
| Members retiring and drawing a pension | (24) |
| Members retiring with full commutation | (7) |
| Member who have died | (2) |

| | |
|--|------------|
| Members with a Deferred Pension as at 30 September 2020 | 766 |
|--|------------|

| | |
|--|------------|
| <i>Includes members with Protected Rights only</i> | <i>116</i> |
|--|------------|

William Hill Pension Scheme

Membership (continued)

Retirement Plan (Defined Benefit) (continued)

Pensioners and Dependants

Pensioners including dependents as at 1 October 2019 **1,719**

Of which dependents (spouses/children/other dependents of members who have died) receiving benefits as at 1 October 2019

| | | |
|------|--|------|
| Plus | Members starting to receive their pension | 38 |
| | Dependants starting to receive their pension | 20 |
| Less | Pensioners who have died | (47) |
| | Dependants who have died | (6) |
| | Commutation of Spouse Pension | (2) |

Pensioners including dependents as at 30 September 2020 **1,722**

Of which dependents (spouses/children/other dependents of members who have died) receiving benefits as at 30 September 2020 **218**

Total membership as at 30 September 2020

| | |
|---|--------------|
| Employed Members | 160 |
| Deferred Pensioners | 766 |
| Pensioners | 1,504 |
| Dependants | 218 |
| Total Membership as at 30 September 2020 | 2,648 |

William Hill Pension Scheme

Membership (continued)

Pension Savings Plan 2001 (Defined Contribution)

Active Members

| | | |
|---|---------------------------------------|--------------|
| Active Members at 1 October 2019 | | 1,503 |
| Plus | New Joiners | 94 |
| | Enrolled from Employee Pension Plan | 46 |
| | Re-instatement | 7 |
| Less | Retirements with a pension | (11) |
| | Retirements with full commutation | - |
| | Retirements UFPLS | (10) |
| | Leavers becoming deferred | (367) |
| | Members who died in service | (2) |
| | Enrolled to the Employee Pension Plan | - |
| | Non Joiner | (5) |

| | |
|--|--------------|
| Active Members at 30 September 2020 | 1,255 |
|--|--------------|

Deferred Members

| | | |
|---|---|--------------|
| Deferred Members at 1 October 2019 | | 1,487 |
| Plus | Active members leaving and retaining a deferred pension | 366 |
| | Reinstated | 1 |
| Less | | |
| | Retirements with full commutation | (4) |
| | Retirements UFPLS | (12) |
| | Members taking a transfer of their deferred pension | (60) |
| | Members retiring and drawing a pension | (16) |
| | Members who died in deferment | (3) |
| | Non Joiner | (6) |

| | |
|--|--------------|
| Deferred Members at 30 September 2020 | 1,753 |
|--|--------------|

William Hill Pension Scheme

Membership (continued)

Pension Savings Plan 2001 (Defined Contribution) (continued)

Leavers - Refund/Transfer Option

| | |
|--|-----------|
| Leavers - Refund/Transfer Option as at 1 October 2019 | 34 |
|--|-----------|

| | | |
|------|-------------------------|---|
| Less | Members taking a refund | - |
|------|-------------------------|---|

| | |
|---|-----------|
| Leavers - Refund/Transfer Option as at 30 September 2020 | 34 |
|---|-----------|

Total Membership as at 30 September 2020

| | |
|----------------|-------|
| Active Members | 1,255 |
|----------------|-------|

| | |
|------------------|-------|
| Deferred Members | 1,753 |
|------------------|-------|

| | |
|----------------------------------|----|
| Leavers – Refund/Transfer Option | 34 |
|----------------------------------|----|

| | |
|---|--------------|
| Total Membership as at 30 September 2020 | 3,042 |
|---|--------------|

William Hill Pension Scheme

Membership (continued)

Employee Pension Plan (Defined Contribution)

Active Members

| | |
|---|--------------|
| Active Members at 1 October 2019 | 6,344 |
| Plus | |
| New Joiners | 918 |
| Re-instatements | 64 |
| Auto-Enrolments | - |
| Less | |
| Enrolled into Pension Savings Plan 2001 | (46) |
| Retirements with a commutation | (19) |
| Leavers - refund/transfer option | (73) |
| Leavers becoming deferred | (2,402) |
| Deaths | (11) |
| Retirements UFPLS | (5) |
| Non Joiners | (51) |

Active Members at 30 September 2020**4,719**

Deferred Members

| | |
|---|--------------|
| Deferred Members at 1 October 2019 | 7,849 |
| Plus | |
| Active members leaving and retaining a deferred pension | 2,402 |
| Less | |
| Retirements with full commutation | (58) |
| Members taking a transfer of their deferred pension | (60) |
| Retirement UFPLS | (15) |
| Members who died in deferment | (6) |
| Re-instatement | (63) |
| Non-Joiner – Deferred in error | (1) |

Deferred Members at 30 September 2020**10,048**

William Hill Pension Scheme

Membership (continued)

Employee Pension Plan (Defined Contribution)

Leavers - Refund/Transfer Option

Leavers - Refund/Transfer Option as at 1 October 2019 **759**

Plus **16**

New Refund/Transfer Option

Less Members taking a refund (5)

Members taking a transfer option (2)

Deaths (1)

Reinstatement (1)

Leavers - Refund/Transfer Option as at 30 September 2020 **766**

Total Membership as at 30 September 2020

Active Members 4,719

Deferred Members 10,048

Leavers – Refund/Transfer Option 766

Total Membership as at 30 September 2020 **15,533**

Life Assurance Members

In addition to the membership of the Retirement Plan, Employee Pension Plan and the Pension Savings Plan 2001 the Scheme also provides lump sum death in service benefits for all employees of William Hill Organization Limited provided they have served at least one year of continuous service with the Company, and are under the age of 75.

All life assurance is currently covered by a policy of assurance underwritten by Legal & General Assurance Society Limited.

Statement of Investment Principles

Appendix III

Defined Contribution (DC) Section

Introduction

The Trustee's main aim is to provide a range of fund options which serve to

The DC section of the Scheme, the Pension Savings Plan, was originally 1997. With effect from 1 July 2001, the terms of the Pension Savings Plan to comply with Stakeholder regulations and to avoid confusion it was re-named 'Pension Savings Plan 2001' ("PSP").

With effect from 31 March 2013 the Employee Pension Plan ("EPP") was introduced. **Investment Objectives and Policies**

The Trustee recognises that members have differing investment needs and change during the course of members' working lives. The Trustee also recognises that members have different attitudes to risk. The Trustee believes that members should make their own investment decisions based on their individual circumstances. The Trustee regards their duty as making available a range of investment options and sufficient to enable members to tailor their investment strategy to their own

The Trustee also recognises that members may not believe themselves qualified to make investment decisions. As such the Trustee makes available two Default Investment Strategies – one for PSP members and one for EPP members. The Default Investment Strategies place the emphasis on aiming to deliver a good level of real return over working lifetimes (whilst mitigating risk through diversification) and also encourage prudent risk taking in the years approaching a member's selected target retirement age. The Default Investment Strategies are designed to be appropriate for how a member expects to withdraw their pension at retirement. These are set out in more detail in section 2.5 of this Statement.

These objectives translate to the following principles:

- a. Offering members a 'Lifestyle' approach to the Default Investment Strategy, ensuring that the other investment strategy options including additional investment strategies allow members to plan for retirement;
- b. Making available a range of pooled investment funds (asset classes

William Hill Pension Scheme

Statement of Investment Principles (continued)

Defined Contribution (DC) Section (continued)

Investment Objectives and Policies (continued)

- d. The range of pooled investment funds will have strategies including lifestyle strategies that are highly rated by the Trustee's investment ; the Trustee decides there is good reason not to;
- e. Providing general guidance as to the purpose of each investment opt
- f. Encouraging members to seek financial advice from an appropriate ; determining the most suitable option for their individual circumstan
- g. In determining an appropriate balance between providing flexibility well as simplicity and cost control, the Trustee aims to make availat options which satisfy the needs of the majority of members.

In considering appropriate investments for the Scheme, the Trustee ha considered the written advice of a suitability qualified investment advis received and the arrangements implemented are, in the Trustee's opinion cor requirements of Section 36 of the Pensions act 1995 (as amended).

The self-select fund range allows members some flexibility in their selectio

Members determine the balance between the different kinds of investments balance will determine the expected return on member's assets and should member's own risk appetite and tolerances.

The funds are pooled investment funds which are daily-dealt, with assets m in regulated markets and therefore should be realisable at short notice, base Trustee or member demand.

The table below shows the list of the non-lifestyle self-select funds offered

| Fund Option | Investment Brief |
|--------------------|--|
| Global Equity | The Fund invests passively in global equities to target higher cap |
| Market Weights | Fund aims to capture the total returns of the UK and overseas es |

William Hill Pension Scheme

Statement of Investment Principles (continued)

Defined Contribution (DC) Section (continued)

Investment Objectives and Policies (continued)

| | |
|---|--|
| Diversified Fund | The Fund will hold between 20% and 50% in bonds, and the remainder will be held in a range of assets which may include equities, property and the shares of infrastructure companies. Exposure to each asset class will primarily be through investing in passively managed funds, where active management may be used for some asset classes. The asset allocation will be reviewed periodically (typically annually). The expected annual return is broadly similar to that of a developed market equity fund but with lower volatility than developed equity markets. |
| UK Equity Fund | The Fund invests passively in UK equities, with a maximum exposure to a single company. The Fund aims to track the performance of the FTSE All-Share (5% Capped) Index. |
| Overseas Consensus Equity Fund | The Fund invests passively in overseas equities, to produce a return that is comparable with the FTSE All-World (ex UK) Index (gross of fees). |
| Emerging Markets Equity Fund | The Fund invests passively in emerging market equities. It aims to track the performance of the performance of the FTSE AW – All Emerging Markets Index. |
| LGIM Pre-Retirement Inflation Linked Fund | The Fund aims to provide diversified exposure to sterling bond assets with the broad characteristics of investments underlying the pricing of a linked annuity product. The benchmark allocation for the Fund is a composite of gilts and corporate bond funds managed on a passive basis. |
| AAA-AA-A Corporate Bond All Stocks Fund | The Fund invests passively in sterling denominated non-government securities to track the performance of the iBoxx £ Non-Gilts (ex-BBB) Index. |
| Sterling Liquidity Fund | The Fund invests in high quality short term fixed income and variable rate assets across a range of financial institutions, sovereign and corporate instruments to provide returns in line with the 7 Day LIBID over rolling three years. |
| Property Fund | The Fund is 'actively managed' and invests directly in UK commercial property. It may also invest in shares of property companies from time to time to outperform the AREF/IPD UK Quarterly All Balanced Property Index over three and five year periods. |
| Pre-Retirement Fund | The Fund aims to provide diversified exposure to sterling assets with the broad characteristics of investments underlying the pricing of a typical linked annuity product. The benchmark asset allocation for the Fund is a composite of gilts and corporate bond funds managed on a passive basis. |

Following a review of the Scheme's investment arrangements in 2014, the Scheme has implemented a total of three lifestyle strategies (targeting cash, annuity and

William Hill Pension Scheme

Statement of Investment Principles (continued)

Defined Contribution (DC) Section (continued)

Investment Objectives and Policies (continued)

These lifestyle strategies allocate to the self-select fund range, as describe of these allocations is provided in further detail below. The Trustee took investment consultants when determining the balance of investments with strategies

| Lifestyle strategy | Funds |
|--|--|
| Annuity (default strategy for PSP members) | Growth phase: 50% LGIM Global Equity Market Weights (30: Fund – 75% GBP Currency Hedged 50% LGIM Diversified Fund De-risking phase (final allocation): 75% LGIM Pre-Retirement Fund 25% LGIM Sterling Liquidity Fund |
| Cash (default strategy for EPP members) | Growth phase: 50% LGIM Global Equity Market Weights (30: Fund – 75% GBP Currency Hedged 50% LGIM Diversified Fund De-risking phase (interim allocation): Funds are gradually switched to the LGIM Pre-I Fund before being gradually switched to the LG Liquidity Fund. De-risking phase (final allocation): 100% LGIM Sterling Liquidity Fund |
| Drawdown | Growth phase: 50% LGIM Global Equity Market Weights (30: Fund – 75% GBP Currency Hedged |

William Hill Pension Scheme

Statement of Investment Principles (continued)

Defined Contribution (DC) Section (continued)

Risk Measurement and Management

The Trustee has considered risk from a number of perspectives in the Statement of Investment Principles. The Trustee believes that the following risks may be financially material:

| Type of Risk | Risk | Description | How is the risk managed? |
|--------------|---------------------------------------|---|--|
| Market risks | Inflation risk | The risk that returns over the members' working lives does not keep pace with inflation. | The Trustee makes use of a range of funds, across different asset classes. |
| | Currency risk | The risk that fluctuations in foreign exchange rates will cause the value of overseas investments to fluctuate. | The Trustee expects a return on those investments that invest predominantly in equities and other growth assets (e.g. diversified equity funds) to exceed the general salary growth rate. |
| | Credit risk | The risk that the issuer of a financial asset, such as a bond, fails to make the contractual payments due. | Members are able to diversify their investment allocations to match their risk tolerance. |
| | | | Within active funds, the responsibility of the manager is to manage the risk. |
| | Equity, property and other price risk | The risk that market movements leads to a substantial reduction in the value of a member's savings. | Lifestyle strategies and gradually reduce investment risk as they are exposed to as they retire. The asset allocation strategy is the intention of diversifying investments to reach a level of risk appropriate. |
| | | The risk that the pooled funds do not provide the required return. | The Scheme is invested in a range of funds. |

William Hill Pension Scheme

Statement of Investment Principles (continued)

Defined Contribution (DC) Section (continued)

Risk Measurement and Management (continued)

| | | |
|---|--|--|
| Investment Manager risk | The risk that the appointed investment managers do not meet their objectives, fail to carry out operational tasks, do not ensure safe-keeping of assets or breach agreed guidelines. | The Trustee regulates performance of the managers. |
| Pension Conversion risk | The risks that the member is invested in a strategy that does not reflect the way in which they intend to take their benefits at retirement. | <p>The Trustee makes lifestyle strategies annuities, cash lump drawdown which they wish to take the invest more appropriate they wish to take the</p> <p>Lifestyle strategies switch member assets investments whose expected to be less to how the member access their pension they approach retirement</p> <p>The default investments are lifestyle strategies retirement destinations (different sections and PSP members) appropriateness of destinations is reviewed the triennial strategy</p> |
| Environmental, Social and Corporate Governance ("ESG") risk | The risk that ESG concerns, including climate change, have a financially material impact on the return of the Scheme's assets. | <p>The management of risks is delegated to managers.</p> <p>See Section 6 of the Trustee's responsible investment and corporate governance statement</p> |

William Hill Pension Scheme

Statement of Investment Principles (continued)

Defined Contribution (DC) Section (continued)

Default Investment Strategies

Typically, a proportion of DC section members will actively choose the Default Investment Strategy because they feel it is most appropriate for them. However, the majority of Scheme members do not make an active investment decision and are invested in the Default Investment Strategy appropriate to the specific section in which they are in.

The aims of the Default Investment Strategies

The Trustee believes that:

- The growth phase structure, that invests in equities and other growth-oriented assets, will provide growth with some downside protection and some protection against inflation erosion.
- As a member's pot grows, investment risk will have a greater impact on their investment outcomes. Therefore, the Trustee believes that the Default Investment Strategy seeks to reduce investment risk as the member approaches retirement. This is achieved by automated switches over a seven-year period prior to the member's retirement date. Assets are switched into pre-retirement fund assets and market instruments.

Policies in relation to the Default Investment Strategies

The Default Investment Strategies manage investment and other risks through strategic asset allocation consisting of traditional and alternative assets.

- In designing the Default Investment Strategies, the Trustee has explicitly considered the trade-off between risk and expected returns. Risk is not considered in isolation; in conjunction with expected investment returns and outcomes for members. The balance between different kinds of investments is decided accordingly. The use of investment in derivative instruments contributes to risk reduction, or effective risk management.
- If members wish to, they can opt to choose their own investment strategy.

William Hill Pension Scheme

Statement of Investment Principles (continued)

Defined Contribution (DC) Section (continued)

Default Investment Strategies (continued)

Policies in relation to the Default Investment Strategies (continued)

- Assets are invested mainly on regulated markets (those that are not are : levels).
- In considering appropriate investments for the Scheme, the Trustee has considered the written advice of a suitability qualified investment advisor received and the arrangements implemented are, in the Trustee's opinion, the requirements of Section 36 of the Pensions act 1995 (as amended).
- The funds are pooled investment vehicles which are daily-dealt, with assets invested in regulated markets and therefore should be realisable at short notice on either Trustee or member demand.

Based on member analysis undertaken in 2014 and the Trustee's understanding of the Scheme's membership, a default investment option that targets annuity purchase and free cash lump sum (up to 25% of a member's pot) was chosen as the Default Investment Strategy for PSP members. Separately, a default investment option that targets capital growth at retirement was chosen as the Default Investment Strategy for EPP members. It should be noted that the Trustee has decided to review the appropriateness of the Default Investment Strategy for PSP members, the Cash Lifestyle Strategy and the Growth Lifestyle Strategy as the default investment options for PSP and EPP members, respectively, on a periodic basis.

Investment manager fees

The investment manager fees for assets within the DC section are set out in this Statement.

Transfers In

Further DC monies are invested with Legal & General representing transfers from the William Hill Investment Plan which operated from 1990 to 1997, and which has now wound up; and from the Pension Savings Plan. Any individual transfer which agrees to accept may also utilise these funds.

William Hill Pension Scheme

Statement of Investment Principles (continued)

Defined Contribution (DC) Section (continued)

Additional Voluntary Contributions (continued)

contributions to the Pension Savings Plan 2001. These arrangements are re time to time to ensure that the investment performance achieved is accept investment profile of the Scheme remains consistent with the objectives of th needs of the members.

Buying and selling investments

The responsibility for buying and selling the underlying investments has been the investment managers. However, both the Trustee and Administrator involved in the process behind the buying and selling of investments. Th activities that the investment managers carry out are reviewed from time to ti that the operating instructions, guidelines and restrictions remain appropria custody of the Scheme's assets is delegated via the investment managers to custodians (via the use of pooled vehicles).

Responsible Investment and Corporate Governance

The Trustee believes that environmental, social, and corporate governance (E may have a material impact on investment risk and return outcomes, and that stewardship can create and preserve value for companies and markets as a wh Trustee also recognises that long-term sustainability issues, particularly clima present risks and opportunities that increasingly may require explicit consider Trustee has taken into account the expected time horizon of the Scheme when how to integrate these issues into the investment decision making process.

The Trustee has given appointed investment managers full discretion in eva factors, including climate change considerations, and exercising voting stewardship obligations attached to the investments, in accordance with their o governance policies and current best practice, including the UK Corporate Code and UK Stewardship Code. The Trustee will periodically review th managers' policies and engagement activities (where applicable).

The Trustee considers how ESG, climate change and stewardship is inte

William Hill Pension Scheme

Statement of Investment Principles (continued)

Defined Contribution (DC) Section (continued)

Responsible Investment and Corporate Governance (continued)

Member views are not taken into account in the selection, retention and realisation of investments, but members have a variety of methods by which they can make their views known to the Trustee. This position will be reviewed periodically. The Trustee consults the Scheme's investment managers on issues including, but not limited to, the following: concerning an issuer of debt or equity, a manager's performance, strategic environmental impact and corporate governance. The Trustee also expects the investment managers to engage with investee companies on the capital structure and management conflicts of interest.

The Trustee have not set any investment restrictions on the appointed investment managers in relation to particular products or activities, but may consider this in future.

Investment Manager Appointments

Aligning manager appointments with investment strategy

Investment managers are appointed based on their capabilities and, the perceived likelihood of achieving the expected return and risk characteristics of the asset class or classes they are selected to manage.

The Trustee looks to its investment consultant for their forward looking assessment of a manager's ability to outperform over a full market cycle. This view will be based on the consultant's assessment of the manager's idea generation, portfolio construction, implementation and business management, in relation to the particular investment strategy the Scheme invests in. The consultant's manager research ratings assist with due diligence and questioning managers during presentations to the Trustee and are used to inform selection, retention and realisation of manager appointments.

If the investment objective for a particular manager's fund changes, the Trustee will review the fund appointment to ensure it remains appropriate and consistent with the fund's investment objectives.

William Hill Pension Scheme

Statement of Investment Principles (continued)

Defined Contribution (DC) Section (continued)

Investment Manager Appointments (continued)

Aligning manager appointments with investment strategy (continued)

As the Scheme invests in pooled investment vehicles, the Trustee accepts direct ability to specify the risk profile and return targets of the manager, but mandates can be selected to align with the overall investment strategy.

The Trustee believes the annual fee paid to the investment managers incentive follow the fund's objective, which is aligned to the Trustee's policies.

Monitoring manager appointments

The Trustee receives investment manager performance reports on a quarterly present performance information over a variety of periods. The Trustee review performance, relative performance against a suitable index used as the benchmark against the managers' stated target performance (over the relevant time period).

The Trustee will also consider the investment consultant's assessment of how embeds ESG into its investment process and how the manager's responsible philosophy aligns with the Trustee's views. This includes investment manager voting and engagement. The Trustee meets with each investment manager on and challenges their decisions in these areas.

The Trustee's focus is on long term performance but, as noted above, a manager's appointment if:

- There are sustained periods of underperformance;
- There is a change in the portfolio manager or portfolio management team;
- There is a change in the underlying objectives of the investment manager;
- There is a significant change to the investment consultant's rating of the manager.

William Hill Pension Scheme

Statement of Investment Principles (continued)

Defined Contribution (DC) Section (continued)

Investment Manager Appointments (continued)

Monitoring manager appointments (continued)

The Trustee considers that the method of remunerating the investment manager is consistent with incentivising them to make decisions based on assessment of the long-term financial and non-financial performance of an issuer of debt or equity held within their fund. By encouraging a long-term view, they will in turn encourage investment managers to engage with the issuers of debt or equity in order to improve performance in the medium to long term.

If managers are not meeting performance objectives, or investment objectives have changed, the Trustee may ask managers to review the Annual Management Statement.

The Trustee undertakes an annual review of the DC investment options, including the investment manager, and the default strategy to assess their performance and to continue to meet the Trustee's objectives. As part of the annual Value for Money assessment, the Trustee also reviews the investment manager fees.

Portfolio turnover costs

The Trustee does not analyse portfolio turnover costs in detail. However, the Trustee may ask managers to report on portfolio turnover costs. The Trustee will do this by comparing portfolio turnover across the same asset class, on a year-on-year basis for the same manager fund, or relative to the manager's specific portfolio turnover costs in their investment guidelines or prospectus.

The Trustee considers portfolio turnover costs indirectly through the annual Value for Money assessment. Though the Trustee currently define target portfolio turnover ranges for funds, they will engage with managers if the portfolio turnover is higher than expected as a result of the monitoring process.

Manager turnover

The Trustee is a long term investor and is not looking to change the investment arrangements on a frequent basis. The Scheme is invested in open-ended funds.

William Hill Pension Scheme

Statement of Investment Principles (continued)

Defined Contribution (DC) Section (continued)

Investment Manager Appointments (continued)

Manager turnover (continued)

Within the Defined Contribution section, all the funds are open-ended with for the arrangement. The self-select fund range and default investment options are reviewed on at least a triennial basis. A manager's appointment may be terminated if it is no longer considered to be optimal.

Investment consultant fees

Mercer fees are either based on fixed quotes for particular projects or an annual basis.

Compliance with Statement

We, William Hill Trustee Limited, the investment managers and Mercer each have duties to perform to ensure compliance with this Statement. The

The Trustee will review this Statement every year on the advice of Mercer

Legal & General, M&G Investments and CQS Management, the investment managers of the Scheme, will prepare quarterly reports to the Trustee including:

- Valuation of all investments held for the Scheme
- Records of all transactions together with a cash reconciliation
- A review of recent actions undertaken on behalf of the Scheme together with their current stated policy

Mercer, our consultants, will provide the advice needed to allow us to review this statement annually (or more frequently if required). In addition, they will provide the investment managers with a copy of the signed Statement.

William Hill Pension Scheme

Statement of Investment Principles (continued)

Appendix

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Lifestyle Strategies

Annuity Lifestyle Strategy (Default for PSP members)

This strategy is for those planning to buy an annuity (a pension income for life) at retirement date. Members will be invested in a 50% allocation to the LGIM Global Market Weights (30:70) Index Fund – 75% GBP Currency Hedged and 50% allocation to the LGIM Diversified Fund, as part of the growth element of the Annuity Lifestyle Strategy.

Once a member is eight years from retirement the strategy gradually de-risks the growth phase assets into a final asset allocation of 75% LGIM Pre-Retirement Fund and 25% LGIM Sterling Liquidity Fund. This is illustrated in the table below:

| Years to Retirement | LGIM Diversified Fund (%) | LGIM Global Equity Market Weights (30:70) Index Fund – 75% GBP Currency Hedged (%) | LGIM Pre-Retirement Fund (%) | LGIM Sterling Liquidity Fund (%) |
|---------------------|---------------------------|--|------------------------------|----------------------------------|
| 10 | 50.00 | 50.00 | 0.00 | 0.00 |
| 9 | 50.00 | 50.00 | 0.00 | 0.00 |
| 8 | 50.00 | 50.00 | 0.00 | 0.00 |
| 7 | 50.00 | 37.50 | 12.50 | 0.00 |
| 6 | 50.00 | 25.00 | 25.00 | 0.00 |
| 5 | 50.00 | 12.50 | 37.50 | 0.00 |
| 4 | 50.00 | 0.00 | 50.00 | 0.00 |
| 3 | 37.50 | 0.00 | 56.25 | 0.00 |
| 2 | 25.00 | 0.00 | 62.50 | 0.00 |
| 1 | 12.50 | 0.00 | 68.75 | 0.00 |
| 0 | 0.00 | 0.00 | 75.00 | 0.00 |

William Hill Pension Scheme

Statement of Investment Principles (continued)

Appendix (continued)

Lifestyle Strategies (continued)

Cash Lifestyle Strategy (Default for EPP members) (continued)

Once a member is eight years from retirement the strategy gradually de-risks the growth phase assets to the LGIM Pre-Retirement Fund and the LGIM Sterling L before being allocated 100% to the LGIM Sterling Liquidity Fund. This is illustrated below:

| Years to Retirement | LGIM Diversified Fund (%) | LGIM Global Equity Market Weights (30:70) Index Fund – 75% GBP Currency Hedged (%) | LGIM Pre-Retirement Fund (%) | LGIM Sterling Liquidity Fund (%) |
|---------------------|---------------------------|--|------------------------------|----------------------------------|
| 10 | 50.0 | 50.0 | 0.0 | 0.0 |
| 9 | 50.0 | 50.0 | 0.0 | 0.0 |
| 8 | 50.0 | 50.0 | 0.0 | 0.0 |
| 7 | 50.0 | 37.5 | 12.5 | 0.0 |
| 6 | 50.0 | 25.0 | 25.0 | 0.0 |
| 5 | 50.0 | 12.5 | 37.5 | 0.0 |
| 4 | 50.0 | 0.0 | 50.0 | 0.0 |
| 3 | 37.5 | 0.0 | 37.5 | 0.0 |
| 2 | 25.0 | 0.0 | 25.0 | 0.0 |
| 1 | 12.5 | 0.0 | 12.5 | 0.0 |
| 0 | 0.0 | 0.0 | 0.0 | 100.0 |

Drawdown Lifestyle strategy

This lifestyle strategy is designed for those members who intend to make use of retirement. Members will be invested in a 50% allocation to the LGIM Global Equity Market Weights (30:70) Index Fund – 75% GBP Currency Hedged and 50% allocation to the LGIM Sterling Liquidity Fund.

William Hill Pension Scheme

Statement of Investment Principles (continued)

Appendix (continued)

Lifestyle Strategies (continued)

Drawdown Lifestyle strategy (continued)

| Years to Retirement | LGIM Diversified Fund (%) | LGIM Global Equity Market Weights (30:70) Index Fund – 75% GBP Currency Hedged (%) | LGIM Pre-Retirement Fund (%) | LGIM Liquid (%) |
|---------------------|---------------------------|--|------------------------------|-----------------|
| 10 | 50.00 | 50.00 | 0.00 | 0.00 |
| 9 | 50.00 | 50.00 | 0.00 | 0.00 |
| 8 | 50.00 | 50.00 | 0.00 | 0.00 |
| 7 | 50.00 | 43.75 | 6.25 | 0.00 |
| 6 | 50.00 | 37.50 | 12.50 | 0.00 |
| 5 | 50.00 | 31.25 | 18.75 | 0.00 |
| 4 | 50.00 | 25.00 | 25.00 | 0.00 |
| 3 | 50.00 | 18.75 | 25.00 | 6.25 |
| 2 | 50.00 | 12.50 | 25.00 | 12.50 |
| 1 | 50.00 | 6.25 | 25.00 | 18.75 |
| 0 | 50.00 | 0.00 | 25.00 | 25.00 |

DC Section fees

The table below shows the Total Expense Ratio (“TER”) of the funds (the annual management charges and expenses). Note that expenses are a function of the size of the fund and will change over time. The figures below are correct as at October 2018.

| Fund | TER (%) |
|---|---------|
| Retirement Income Multi-Asset | 0.50 |
| William Hill Equity Fund | 0.50 |
| World Equity Index (MSCI) Fund | 0.50 |
| World Equity Index (MSCI) Fund – GBP Currency Hedged | 0.50 |
| Global Equity Market Weights (30:70) Index Fund – 75% GBP Currency Hedged | 0.50 |
| Diversified Fund | 0.50 |

William Hill Pension Scheme

Statement of Investment Principles (continued)

Appendix (continued)

DC Section fees (continued)

| Fund | TEI |
|-------------------------|------------|
| Property Fund | 0 |
| Sterling Liquidity Fund | 0 |

Source: LGM.

*TERs may vary over time.