

Energizer UK Pension Plan

Statement of Investment Principles

April 2024

Preface

Scheme background

This Statement of Investment Principles (the 'SIP') details the principles governing investment decisions for the Energizer UK Pension Plan (the 'Plan').

The Plan operates for the exclusive purpose of providing retirement and death benefits to eligible participants and beneficiaries, and provides benefits calculated on a defined benefit (DB) basis. The Plan is closed to new entrants and future accrual.

In February 2024, the Trustee entered into a bulk annuity contract (the "buy-in policy") with Just that is expected to meet members' benefits in full.

Regulatory requirements and considerations

Under the Pensions Act 1995 (the 'Act') and subsequent legislation, principally the Occupational Pension Schemes (Investment) Regulations 2005 (as amended) (the 'Investment Regulations'), the Trustee must secure that a written statement of the principles governing investment decisions is prepared and maintained for the Plan.

This SIP also reflects The Pensions Regulator's investment guidance for trustees running pension schemes that offer defined benefits that was issued in March 2017 and subsequently updated in September 2019.

The Trustee is responsible for all aspects of the operation of the Plan including this SIP.

In agreeing their investment strategy, the Trustee has had regard to:

- The requirements of the Act concerning suitability and diversification of investments and the Trustee will consider those requirements on any review of this SIP or any change in the investment policy.
- The requirement of the Investment Regulations: in particular that assets held to cover the Plan's technical provisions must also be invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the Plan.
- In respect of the additional voluntary contribution (AVC) arrangements provided on a money-purchase basis, the Trustee has taken into account the requirements and recommendations within The Pensions Regulator's current code of practice 13: Governance and administration of occupational trust-based schemes providing money purchase benefits and regulatory guidance. Information on the Trustee's approach to investment matters within the AVC arrangements is included within this SIP.

Responsibilities and appointments

Only persons or organisations with the necessary skills, information and resources are actively involved in taking investment decisions affecting the Plan. The Trustee draws on the expertise of external persons and organisations including the investment consultant, investment managers and the Scheme Actuary. Full details are set out in this SIP.

Consultation

In accordance with the Act, the Trustee has obtained and considered written advice from Buck Consultants (Administration & Investment) Limited (the investment consultant) prior to the preparation (or revision) of this SIP and has consulted the Sponsoring Employer. However, it should be noted that neither the Trustee (nor any investment manager to whom it has delegated

any discretion to make decisions about investments) shall require the consent of the Sponsoring Employer to exercise any investment power.

History and review

The Trustee will review this SIP at least every three years and without delay after each significant change in investment policy, taking note of any changes in the Plan's liabilities. Once agreed, and after consultation with the Sponsoring Employer, a copy of this SIP will be given to the Scheme Actuary and will be made available to Plan members on request. This SIP is also made publicly available free of charge on a website.

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Statement of Investment Principles

Investment governance structure

All investment decisions are taken by the Trustee, which is a Professional Corporate Sole Trustee. The Trustee will undertake training where appropriate to ensure they have the necessary expertise to take the decisions required and to evaluate critically the advice received.

All investment decisions relating to the Plan are under the control of the Trustee without constraint by the Sponsoring Employer. The Trustee will consult with the Sponsoring Employer when changing this SIP.

All day-to-day investment decisions are delegated to properly qualified and authorised buy-in policy provider. Investment management agreements and/or an insurance contracts have been exchanged, and are reviewed from time-to-time to ensure that the manner in which they make investments on behalf of the Trustee is suitable for the Plan, and appropriately diversified.

Investment strategy and objectives

The Plan's investment strategy has been agreed by the Trustee having taken advice from the investment consultant in relation to the suitability of investments and takes due account of the Plan's liability profile.

The Trustee's primary objectives are:

- To provide appropriate security for all beneficiaries.
- To ensure that sufficiently liquid assets are available to meet benefit payments as they fall due.
- To achieve an appropriate balance between risk and return with regards to the cost of the Plan and the security of the benefits.

The Trustee has translated its objectives into a suitable strategic asset allocation benchmark for the Plan, details of which are included in the appendix..

In accordance with the Financial Services & Markets Act 2000, the Trustee is responsible for setting the general investment policy, but the responsibility for all day-to-day investment management decisions has been delegated to investment managers and/or the buy-in policy provider authorised under the Act. Details are included in the appendix.

The Trustee is responsible for reviewing both the Plan's asset allocation and investment strategy as part of each actuarial valuation in consultation with the Plan's investment consultant. The Trustee may also reconsider the asset allocation and the investment strategy outside the triennial valuation period where necessary.

The Trustee considers the Plan's current strategic asset allocation to be consistent with the current financial position of the Plan.

The Trustee's policy in relation to the kinds of investments to be held

The Trustee has full regard to its investment powers as set out in Rule 47 of the Trust Deed and Rules dated June 1994.

The majority of the Plan's assets are held in the buy-in policy.

The Plan may also invest in quoted and unquoted securities of UK and overseas markets including:

- Equities.
- Fixed interest and index-linked bonds.
- Cash.
- Property.
- Private equity.
- Hedge funds and pooled investment vehicles considered appropriate for tax-exempt registered occupational pension schemes.

The Trustee has considered the attributes of the various asset classes, namely:

- Security (or quality) of the investment.
- Yield (expected long-term return).
- Spread (or volatility) of returns.
- Term (or duration) of the investment.
- Exchange rate risk.
- Marketability/liquidity (i.e., the tradability on regulated markets).

The Trustee considers all of the stated classes of investment to be suitable to the circumstances of the Plan. The Plan invests mostly in pooled funds, other collective investment vehicles and cash. The Trustee has made the decision to invest the majority of assets in pooled funds because:

- The Plan is not large enough to justify direct investment on a cost-effective basis.
- Pooled funds allow the Trustee to invest in a wider range of assets, which serves to reduce risk.
- Pooled funds provide a more liquid form of investment than certain types of direct investment.

The Trustee's policy in relation to the balance between different kinds of investments

The appointed investment managers and insurance providers will hold a diversified mix of investments in line with their agreed benchmark and within their discretion to diverge from the benchmark. Within each major market each manager will maintain a diversified portfolio of securities. Full details are set out in the appendix.

The Trustee's policy in relation to the expected return on investments

The investment strategy is believed to be capable of meeting the Trustee's objectives.

The Trustee's policy in relation to the realisation of investments

The buy-in policy is an illiquid investment that will be held in perpetuity until the last payment is made or such time as it is converted to individual buy-out policies for insured members on buy-out.

The Plan's remaining investments are secure, of high-quality and of sufficient liquidity.

The Trustee's policy in relation to financially material considerations

The Trustee expects its investment managers and insurance providers, where appropriate, to have taken account of financially material considerations, including environmental, social and governance (ESG) factors as part of their investment analysis and decision-making process.

The Trustee reviews, from time to time, each investment managers' policies in respect of financially material considerations.

Where appropriate, the Trustee will take into account the approach to financially material considerations in deciding whether to retain or appoint investment managers.

The Trustee's policy in relation to the extent to which non-financial matters are taken into account

The Trustee's objective is that the financial interests of the Plan members is their first priority when choosing investments. The Trustee has decided not to take members' preferences into account when considering these objectives.

Risk capacity and risk appetite

The Trustee is satisfied that the investments selected are consistent with its investment objectives, particularly in relation to diversification, risk, expected return and liquidity.

The Trustee's policy in relation to risks

The Trustee considers the main risk to be that of the assets being insufficient to meet the Plan's liabilities as they fall due.

The Trustee also recognises other contributory risks, namely the risk:

- Associated with the differences in the sensitivity of asset and liability values to changes in financial and demographic factors.
- Of the Plan having insufficient liquid assets to meet its immediate liabilities.
- Of there being insufficient liquid assets to meet collateral calls on the LDI holdings (or of such calls resulting in disinvestments being made from growth assets at inopportune times)
- Of the investment managers failing to achieve the required rate of return.
- Due to the lack of diversification of investments.

Although the buy-in policy removes many of the risks, the Trustee recognises some risks remain, namely the risk:

- Of the buy-in policy provider failing to provide the desired benefit payments.
- Of a failure of the Plan's Sponsoring Employer to meet its obligations.

The Trustee manages and measures these risks on a regular basis via actuarial and investment reviews, and in the setting of investment objectives and strategy.

Stewardship in relation to the Plan's assets

The Trustee has a fiduciary duty to consider its approach to the stewardship of the investments, to maximise financial returns for the benefit of members and beneficiaries over the long term. The Trustee can promote an investment's long-term success through monitoring, engagement and/or voting, either directly or through each investment manager.

The Trustee seeks to appoint managers that have strong stewardship policies and processes and is supportive of its investment managers being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020.

The Trustee's policy in relation to engagement and monitoring (including peer to peer engagement)

The Trustee's policy is to delegate responsibility for engaging and monitoring investee companies to each investment manager and the Trustee expects the investment manager to use its discretion to maximise financial returns for members and others over the long term.

The Trustee recognises that each investment manager's ability to influence the companies in which it invests will depend on the nature of the investment.

The Trustee acknowledges that the concept of stewardship may be less applicable to some of its assets, particularly for short-term money market instruments and insurance policies.

The Trustee reviews each investment manager prior to appointment and monitors them on an ongoing basis through the regular review of the investment manager's voting and engagement policies, its investment consultant's ESG rating, and a review of each manager's voting and engagement behaviour.

The Trustee has not set out its own stewardship priorities but follows those of the investment manager.

The Trustee will engage with an investment manager should it consider that manager's voting and engagement policy to be inadequate or if the voting and engagement undertaken is not aligned with the investment manager's own policies, or if the investment manager's policies diverge significantly from the views of the Trustee.

If the Trustee finds any investment manager's policies or behaviour unacceptable, it may agree an alternative mandate with the manager or decide to review or replace the manager.

As all of the Plan's assets are held in either insurance contracts or in pooled vehicles, the Trustee does not envisage being directly involved with peer-to-peer engagement in investee companies.

The Trustee's policy in relation to voting rights

The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers and to encourage the managers to exercise those rights. Each investment manager is expected to provide regular reports for the Trustee detailing their voting activity.

Investment management monitoring

In addition to the stewardship activities described above, the Trustee will assess the performance, processes and cost effectiveness of the investment managers by means of regular, but not less than annual, reviews of the results and other information, in consultation with the investment consultant.

All investment decisions, and the overall performance of the investment managers, are monitored by the Trustee with the assistance of the investment consultant.

The investment managers will provide the Trustee with quarterly statements of the assets held along with a quarterly performance report. The investment managers will also report orally on request to the Trustee.

The investment managers will inform the Trustee of any changes in the internal performance objective and guidelines of any pooled funds used by the Plan as and when they occur.

The Trustee will assess the quality of the performance and processes of the investment managers by means of a review at least once every three years in consultation with the investment consultant.

Appropriate written advice will be taken from the investment consultant before the review, appointment or removal of the investment managers.

The Trustee's policy in relation to its investment managers

In detailing below the policies on the investment manager arrangements, the over-riding approach of the Trustee is to select investment managers that meet the primary objectives of the Trustee. As part of the selection process and the ongoing review of the investment managers, the Trustee consider how well each investment manager meets the Trustee's policies and provides value for money over a suitable timeframe.

- **How the arrangement incentivises the investment manager to align its investment strategy and decisions with the Trustee's policies**

The Trustee has delegated the day-to-day management of the Plan's assets to investment managers and insurance providers. The Plan's assets are invested in pooled funds which have their own policies and objectives and charge a fee, agreed with the investment manager, for their services. Such fees incentivise the investment managers to adhere to their stated policies and objectives.

- **How the arrangement incentivises the investment manager to engage and take into account financial and non-financial matters over the medium to long-term**

The Trustee in conjunction with its investment consultant, appoints its investment managers and chooses the specific pooled fund to use in order to meet specific Plan policies. It expects that its investment managers make decisions based on assessments about the financial risks of underlying investments, and that they engage with issuers of debt or equity to improve their performance (and thereby the Plan's performance) over an appropriate time horizon.

The Trustee has decided not to take non-financial matters into account when considering its policy objectives.

- **How the method (and time horizon) of the evaluation of the investment manager's performance and the remuneration for asset management services are in line with the trustees' investment policies**

The Trustee expects its investment managers to invest the assets within their portfolio in a manner that is consistent with the guidelines and constraints set out in their appointment documentation. The Trustee reviews the investment managers periodically. These reviews incorporate benchmarking of performance and fees. Reviews of performance focus on longer-term performance (to the extent that is relevant), e.g., looking at five years of performance.

If the Trustee determines that the investment manager is no longer managing the assets in line with the Trustee policies, it will make its concerns known to the investment manager and may ultimately disinvest.

The Trustee pays its investment managers a management fee which is a fixed percentage of assets under management.

Prior to agreeing a fee structure, the Trustee, in conjunction with its investment consultant, consider the appropriateness of this structure, both in terms of the fee level compared to that of other similar products and in terms of the degree to which it will incentivise the investment manager.

- **How the trustees monitor portfolio turnover costs incurred by the investment manager, and how they define and monitor targeted portfolio turnover or turnover range**

The Trustee, in conjunction with its investment consultant, has processes in place to review investment turnover costs incurred by the Plan on an annual basis. The Trustee receives a report which includes the turnover costs incurred by the investment managers used by the Plan.

The Trustee expects turnover costs of the investment managers to be in line with their peers, taking into account the style adopted by the investment manager, the asset class invested in and prevailing market conditions.

The Trustee does not explicitly monitor turnover, set target turnover or turnover ranges. The Trustee believes that the investment managers should follow their stated approach with a focus on risk and net return, rather than on turnover. In addition, the individual mandates are unique and bespoke in nature and there is the potential for markets to change significantly over a short period of time.

- **The duration of arrangements with investment managers**

The Trustee does not in general enter into fixed long-term agreements with its investment managers and instead retains the ability to change investment manager should the performance and processes of the investment manager deviate from the Trustee's policies. However, the Trustee expects its manager appointments to have a relatively long duration, subject to the manager adhering to its stated policies, and the continued positive assessment of its ability to meet its performance objective.

Employer-related investments

The Trustee will not make direct investments in the Sponsoring Employer's own securities. The amount of the Sponsoring Employer's securities owned by pooled investment vehicles invested in, is monitored. The Trustee has delegated the responsibility for the exercising of any voting rights attached to any Sponsoring Employer investment held to the investment managers.

Additional voluntary contributions (AVCs)

The Trustee has full discretion as to the appropriate investment vehicles made available to members of the Plan for their voluntary contributions. Only investment vehicles normally considered suitable for voluntary contributions will be considered by the Trustee, having taken appropriate written advice from their investment advisers.

The Plan has AVCs with the following providers:

AVC provider	Investment options
Phoenix Life	Unit linked
Aegon	Unit linked
Utmost Life and Pensions	With-profit

In selecting the range of funds offered the Trustee has taken advice from its professional advisers on:

- The risks faced by members in investing on a money purchase basis.
- The Trustee's responsibilities in the selection and monitoring of the investment options offered.

The Trustee will continue to manage the AVC arrangements having taken professional advice on these matters.

The Trustee will monitor the performance of the AVC providers periodically.

Members are directed to seek independent financial advice when considering their AVC arrangements.

Appointments and responsibilities

This section sets out the key appointments and responsibilities with respect to the investment aspects of the Plan.

A full list of the Plan's advisers is provided at the front of the Plan's Annual Report and Financial Statements. However, at the time of writing this SIP:

- The investment consultants are Buck Consultants (Administration & Investment) Limited.
- The investment managers are detailed in the appendix.
- For pooled funds, custodial duties are undertaken by the relevant investment manager and, therefore, are not detailed in this SIP.
- The Scheme Actuary is Matthew Wood, Buck.

Trustee

The Trustee's primary responsibilities include:

- The preparation of this SIP, reviewing its contents and modifying it if deemed appropriate, in consultation with the Sponsoring Employer and the investment consultant, at least every three years. The SIP will also be reviewed following a significant change to investment strategy and/or the investment managers.
- Appointing investment consultants, investment managers, and insurance providers as necessary for the good stewardship of the Plan's assets.
- Reviewing the investment strategy as part of each triennial actuarial valuation, and/or asset liability modelling exercise, and/or significant changes to the Plan's liabilities, taking advice from the investment consultant.
- Reviewing the stewardship / voting policies of the investment managers and undertaking the ongoing monitoring and engagement with their investment managers as appropriate.
- Assessing the processes and the performance of the investment managers by means of regular, but not less than annual, reviews of information obtained (including investment performance).
- Monitoring compliance of the investment arrangements with this SIP and with the relevant sections of the Act, the Investment Regulations and any regulatory guidance on a regular basis.
- Monitoring risk and the way in which the investment managers have cast votes on behalf of the Trustee in respect of the Plan's equity holdings.

Investment consultant

The main responsibilities of the investment consultant include:

- Assisting the Trustee in the preparation and periodic review of this SIP in consultation with the Sponsoring Employer.
- Undertaking project work including the development and review of investment strategy, investment performance and manager structure as required by the Trustee.
- Advising the Trustee on the selection and review of the investment managers.
- Providing training or education on any investment related matter as and when the Trustee sees fit.
- Monitoring and advising upon where contributions should be invested or disinvested on a periodic basis.

Investment managers

The investment managers' main responsibilities include:

- Investing the assets within their portfolio in a manner that is consistent with the guidelines and constraints set out in their appointment documentation.
- Ensuring that the investment of the assets within their portfolio is compliant with prevailing legislation.
- Providing the Trustee with quarterly reports and a review of the investment performance of their portfolio.
- Meetings with the Trustee as and when required.
- Informing the Trustee of any changes in the fee structure, internal performance objectives and guidelines of any pooled fund within their portfolio as and when they occur.
- Considering financially material risks affecting investments within their portfolio.
- Exercising voting rights on shareholdings within their portfolio in accordance with their general policy.

Buy-in policy provider

The main responsibilities of the buy-in policy provider include:

- To ensure that sufficiently liquid assets are available to meet benefit payments as they fall due.

Scheme Actuary

The Scheme Actuary's main responsibilities in respect of investment policy include:

- Commenting on the suitability of the Plan's investment strategy given the financial characteristics of the Plan.
- Performing the triennial (or more frequently as required) actuarial valuation and advising on the Plan's funding level and therefore the appropriate level of contributions in order to aid the Trustee in balancing short-term and long-term investment objectives.

Compliance

A copy of the Plan's current SIP is also supplied to the Sponsoring Employer, the Plan's auditors and the Scheme Actuary.

This SIP, taken as a whole, supersedes all others and was approved by the Trustee.

Adopted by the Trustee, Zedra Governance Ltd, on 22 April 2024.

Appendix – Strategic benchmark and objectives

Plan’s target asset allocation

The majority of the Plan’s assets are held in a bulk annuity contract (the “buy-in policy”) with Just.

The remaining assets outside of the buy-in policy are held as cash in the Trustee bank account which will largely be used for the purpose of meeting Plan expense and residual benefit outgo.

There are no other invested assets.

Investment consultancy fees

The investment consultant provides agreed services on a fixed fee basis, with additional projects provided on a time cost basis subject to agreement in advance.

The basis of remuneration is kept under review.