

Rayovac Europe Ltd Pension & Life Assurance Scheme (“the Scheme”)

Annual Engagement Policy Implementation Statement

Year Ended 5 April 2023

1. Introduction

This statement sets out how, and the extent to which, the Statement of Investment Principles (“SIP”) produced by the Trustees has been followed during the 12-month period to 5 April 2023 (“the Scheme Year”). This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 (as amended) and the guidance published by the Pensions Regulator.

The statement is based on, and should be read in conjunction with, the relevant versions of the Statement of Investment Principles (“SIP”) that were in place for the Scheme Year, which was the SIP dated August 2020 (covering the period between 1 August 2020 to 5 April 2023). An online version of the SIP can be accessed

<https://spectrumbrands.eu/files/7/13/Rayovac%20Europe%20-%20Statement%20of%20Investment%20Principles%20August%202020%20-%20Signed.pdf>

2. Statement of Investment Principles

2.1. Investment Objectives of the Scheme

The Trustees’ primary investment objective for the Scheme is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet liabilities as and when they fall due. In doing so, the Trustees also aim to maximise returns at an acceptable level of risk taking into consideration the circumstances of the Scheme.

The Trustees have also received confirmation from the Scheme Actuary during the process of revising the investment strategy that its investment objectives and the resultant investment strategy are consistent with the actuarial valuation methodology and assumptions used in the Statutory Funding Objective.

2.2. Review of the SIP

Over the year, no further changes were made to the SIP.

2.3. Investment Structure

The Scheme’s investments are held in a Trustee Investment Policy with Mobius Life Limited (“Mobius”). Mobius provides an investment platform and enables the Scheme to invest in pooled funds managed by third party investment managers. As such, the Trustees have no direct relationship with the Scheme’s underlying managers.

2.4. Policy on ESG, Stewardship and Climate Change

The Trustees understand that they must consider all factors that have the potential to impact upon the financial performance of the Scheme’s investments over the appropriate time horizon. This includes, but is not limited to, environmental, social and governance (“ESG”) factors.

The Scheme’s SIP includes the Trustees’ policy on ESG factors, stewardship and climate change. This policy sets out the Trustees’ beliefs on ESG and climate change and the processes followed by the Trustees in relation to voting rights and stewardship. The Trustees keep their policies under regular review, with the SIP subject to review at least triennially.

3. Trustees Engagement

During the Scheme Year, the Trustees have not engaged with the underlying investment managers on matters pertaining to ESG, stewardship or climate change. The engagement initiatives are driven by investment managers, mainly through regular engagement meetings with the companies in which they invest or by voting on key resolutions at companies’ Annual General Meetings.

However, the Trustees consider how ESG, climate change and stewardship are integrated within investment processes in appointing new investment managers, implementing investment strategy decisions, and monitoring the existing investment managers:

- The Trustees receive quarterly performance reports from Mercer, and these include Mercer's ratings (both the general and ESG specific ratings) for the funds in which the Scheme is invested.
- The Trustees review the ESG ratings of funds when undertaking an investment strategy review.
- Mercer notify the Trustees of changes in ESG ratings of the funds in which the Scheme invests when such changes take place.

This enables the Trustees to monitor the development of the ESG scores and to determine whether further action should be taken in respect of specific funds. There were no downgrades to the ESG ratings of any of the Scheme's investment managers over the year.

All managers that the Scheme invests in confirmed that they are signatories of the current UK Stewardship Code.

The Trustees continue to work with Mercer, to consider actions that can be taken to engage with their investment managers going forward.

The Trustees are satisfied that the Engagement Policies set out in the SIPs which have been in place over the year have been followed.

4. Voting Activity

The Scheme has no direct relationship with the pooled funds it is ultimately invested in, and therefore no voting rights in relation to the Scheme's investments. The Trustees have therefore effectively delegated their voting rights to the managers of the funds the Scheme's investments are ultimately invested in. The investment managers are expected to exercise the voting rights attached to individual investments in accordance with their own house policy and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

DWP released a set of requirements on 17 June 2022 regarding a Statement such as this, "Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement: Statutory and Non-Statutory Guidance" to be adopted in all Engagement Policy Implementation Statements for schemes with years on or after 1 October 2022. The most material change was that the Statutory Guidance provides an update on what constitutes a "significant vote".

The Trustees have identified the key themes, based on a priority scale, which are:

- Financial outcomes - a vote which has the potential to substantially impact financial or stewardship outcomes, e.g., through over-leveraging the business
- Modern slavery - the vote relates to the identification and elimination of modern slavery in supply chains
- Remuneration - a vote against a remuneration report where executives are awarded bonuses despite missing targets

None of the underlying funds in which the Trustees invest hold equity securities, as the funds are invested in government bonds, cash and equity derivative instruments which do not have voting rights.

Consequently, there has been no voting activity undertaken by the Scheme's underlying investment managers and the Trustees have not been asked to vote on any specific matters over the Scheme Year.

The ESG report available online with this Statement sets out a summary of the key engagement activity of the pooled funds invested by the Scheme.

The summary includes information on what the investment managers consider to be a significant vote. The Trustees have no influence on the managers' definitions of significant votes but are satisfied that they are all reasonable and appropriate. The Trustees are happy to align with the managers' views on significant votes, but will keep this under review.