

Newell Rubbermaid UK Pension Scheme (Combined Newell and Record Section)

April 2022

Statement of Investment Principles

Introduction

This document constitutes the Statement of Investment Principles ('the SIP') required under Section 35 of the Pensions Act 1995 (as amended) for the Newell Rubbermaid UK Pension Scheme ('the Scheme'). It describes the investment policy being pursued by the Trustees of the Scheme and is in compliance with the Government's voluntary code of conduct for Institutional Investment in the UK ('the Myners Principles') and TPR's Investment Guidance for defined benefit pension schemes. This SIP also reflects the requirements of Occupational Pension Schemes (Investment and Disclosure)(Amendment and Modification) Regulations 2018.

The Scheme Actuary is Sheila Murray of Aon, the Investment Adviser is Schroders Solutions and Aon Solutions UK Limited (collectively termed 'the Advisers').

The Trustee confirms that, before preparing this SIP, they have consulted with the sponsor, Newell Brands ('the Sponsoring Employer') and the Scheme Actuary and have obtained and considered written advice from the Investment Adviser.

The Trustee are responsible for the investment of the Scheme's assets and where they are required to make an investment decision, the Trustee always receive advice from the relevant Advisers first. They believe that this ensures that they are appropriately familiar with the issues concerned.

In accordance with the Financial Services & Markets Act 2000 ('FSMA'), the Trustee sets general investment policy, but have delegated day-to-day investment of the Scheme's assets to be undertaken through the fiduciary management service of River and Mercantile Investments Limited ('R&M Solutions'), hereafter referred to as the 'Investment Manager'.

Scheme Governance

The Trustee is responsible for the governance and investment of the Scheme's assets. The Trustee considers that the governance structure is appropriate for the Scheme as it allows the Trustee to make the important decisions on investment policy, while delegating the day-to-day aspects to the Investment Manager or the Advisers as appropriate.

The Trustee will review this SIP at least every three years, or following any changes to the investment strategy, and modify it with consultation from the Advisers and the Sponsoring Employer if deemed appropriate. There will be no obligation to change this SIP, the Investment Manager or Adviser as part of such a review.

Suitability

The Trustee has defined the investment objective and investment strategy with due regard to the Scheme's liabilities.

The Trustee has taken advice from the Advisers to ensure that the proposed strategy, and the assets held by the Scheme through that strategy, are suitable given its liability profile, the Trustee's objectives, legislative requirements, regulatory guidance and specifications in the trust deed and rules governing the Scheme (the Trust Deed).

Statutory Funding Requirement

The Trustee will obtain and consider proper advice on the question of whether the investments and investment strategy are satisfactory having regard to both the investment objectives and the requirement to meet any statutory funding requirements. The funding position is reviewed periodically by the Scheme Actuary, with a full actuarial valuation at least every three years.

The Trustee will consider with the Investment Adviser and the Scheme Actuary whether the results of these actuarial valuations suggest that any change to investment strategy is necessary to ensure continued compliance with the statutory funding requirement.

Investment Objectives

In December 2021, the Trustee agreed a low risk investment strategy comprising of a full plan buy-in contract (commencing in February 2022) with Legal & General Assurance Society Limited ("L&G" and "the contract"). Under the terms of the contract, L&G is committed to paying the retirement benefits due to all members and their dependents that were included in the contract.

The Scheme's remaining assets are managed by the Fiduciary Manager on a care and maintenance basis. Implementation of investment strategy

The Trustee has delegated the investment of the Scheme's remaining assets to the Investment Manager, on a care and maintenance basis. The Trustee has acknowledged and considered with sufficient diligence the potential conflict that may arise from the Investment Manager and the Investment Adviser being the same organisation.

Monitoring

The Trustee will monitor the performance of the Investment Manager against the agreed performance objectives.

The Trustee, or any other suitably qualified Adviser on behalf of the Trustee, will regularly review the activities of the Investment Manager to satisfy themselves that the Investment Manager continues to carry out their work competently and have the appropriate knowledge and experience to manage the assets of the Scheme.

As part of this review, the Trustee will consider whether or not the Investment Manager:

- Is carrying out their function competently.
- Has regard to the need for diversification of investments.
- Has regard to the suitability of each investment and each category of investment.
- Has been exercising their powers of investment with a view to giving effect to the principles contained in this SIP, so far as is reasonably practical.

If the Trustee are not satisfied with the Investment Manager they will ask the Investment Manager to take steps to rectify the situation. If the Investment Manager still does not meet the Trustee's requirements, the Trustee will remove the Investment Manager and appoint another.

Corporate Governance and Stewardship

The Trustee and Investment Manager have agreed, and will maintain, formal agreements setting out the scope of the Investment Manager's activities, charging basis and other relevant matters. The Investment Manager has been provided with a copy of this SIP and is required to exercise its powers with a view to giving effect to the principles contained herein and in accordance with subsection (2) of Section 36 of the Pensions Act 1995.

The Trustee has appointed the Investment Manager to implement the Scheme's investment strategy. The Investment Manager manages assets directly on behalf of the Trustee as well as having delegated authority to appoint, monitor and change the Underlying Managers.

The Investment Manager is appointed to carry out its role on an ongoing basis. The Trustee periodically reviews the overall value-for-money of using R&M Solutions, and information in relation to costs associated with investing is included in the quarterly monitoring report. The Trustee is satisfied that these arrangements incentivise the Investment Manager:

- to align its investment strategy and decisions with the Trustee investment policies, such as their return target and the restrictions detailed in the Investment Management Agreement; and
- to assess and make decisions based on the medium to long-term financial and non-financial performance of issuers of debt or equity, and to engage with such issuers to improve this medium to long-term performance. The success of such engagement will contribute to the Scheme's performance, which is measured relative to the Trustee's long-term performance objectives.

The Scheme's Growth and Credit asset investments are generally made via pooled investment funds, in which the Scheme investments are pooled with those of other investors (noting the Scheme's Growth assets were near fully redeemed at the date of this Document). As such, direct control of the process of engaging with the companies that issue these securities, whether for corporate governance purposes (such as capital structure) or other financially material considerations, is delegated to the Underlying Managers.

The Trustee has delegated responsibility for monitoring and voting on decisions relating to their Underlying Manager holdings to the Investment Manager. The Investment Manager has in place a voting policy which sets out how it will aim to vote at a general meeting of a pooled fund. For any special resolutions or extraordinary general meetings, the proposed votes of the Investment Manager are subject to additional sign-off by the appropriate representative from the Investment Manager.

The Investment Manager undertakes regular reviews of all Underlying Managers. These reviews incorporate benchmarking of performance and fees, with some managers on performance-related fees as well as performance reviews (including understanding key drivers of performance), investment due diligence meetings and operational due diligence reviews. The

Investment Manager reviews the governance structures of Underlying Managers, as well as assessing whether their fees, expenses (and any other charges) are in line with industry peers at inception and from time to time whilst invested.

Where it can be determined, the Investment Manager assesses whether Underlying Manager remuneration arrangements are aligned with the Trustee's objectives. The method and time horizon for evaluating and remunerating Underlying Managers is determined by criteria set by the Investment Manager, as detailed above.

The Trustee acknowledges the inherent potential for conflicts of interest which exist as part of ongoing Investment management business activities. As an FCA regulated firm, the Investment Manager is required to prevent or manage conflicts of interest. Where Underlying Managers are also regulated, they are likely to be subject to such requirements to manage conflicts of interest as are applicable in their jurisdiction of incorporation or operations. The Investment Manager directly monitors these as part of their regulatory filings (where available), the Investment Manager also monitors this as part of ongoing review. The Investment Manager's Conflict of Interest policy is available publicly here:

https://riverandmercantile.com/Asp/uploadedFiles/file/Corporate_Governance/RMG_Conflicts_of_Interest_Policy.pdf

The Investment Manager oversees the turnover costs incurred by Underlying Managers as part of its ongoing monitoring process and evaluates such costs to determine if they are in line with peer groups and the Investment Manager's expectations. Where there are material deviations the Investment Manager engages with Underlying Managers to understand the rationale for such deviations and take appropriate action.

Realisation of Investments

The majority of the Scheme's assets are held in a buy-in policy which can not be easily realised. However, the buy in policy has been designed with reference to the Scheme's liabilities and will distribute income to meet member benefit payments. The remaining assets are held in cash and cash like instruments, which can be realised easily if the Trustee so require.

Derivatives

The Trustee may enter into contracts with counterparties, including investment banks, in order to execute derivative transactions. The Trustee has taken advice on the suitability of the contracts and have delegated responsibility to the Investment Manager to implement these instruments on its behalf. Derivative instruments are typically used for risk management purposes in the portfolio.

Additional Voluntary Contributions (AVCs)

Members of the Scheme have the opportunity to pay AVCs, which are invested and used to increase pension benefits at retirement, or in the event of death. The Trustee establishes the arrangements under which these contributions are invested. The Trustee's objectives are to maximize the value of the member's contributions plus investment returns, within the constraints imposed by the member's choice of investments, and to provide members with a choice of investment.

The AVC arrangements are as follows:

| Insurer | Timescale for investment |
|-----------------|---------------------------|
| Standard Life | 5 working days of receipt |
| Equitable Life | n/a |
| Legal & General | 5 working days of receipt |
| Prudential | 5 working days of receipt |

Financially material investment considerations

These considerations which include the below “Risks” can affect the long-term financial performance of investments and can (but do not have to) include environmental, social and governance factors (otherwise known as “ESG”) where relevant. The Trustee delegates consideration of financially material factors to the Investment Manager who considers these when constructing the portfolio, including looking at Underlying Managers. All references to ESG relate to financial factors only. All references to ESG also include climate change.

ESG factors and stewardship are considered, in the context of long term performance, by the Investment Manager as part of the manager selection criteria. This review occurs before they are approved for investment in the portfolio. Once an Underlying Manager is appointed, the Investment Manager monitors the ESG implementation and ongoing compliance with other factors, such as stewardship, as a part of overall engagement.

Given the nature of the Scheme's buy-in policies, the Trustee believes it has a limited scope to influence the ongoing stewardship and corporate governance activities of the insurer as a result it will not actively seek to monitor its activities and policies in this area. Should the Trustee be provided with any opportunity which it deems appropriate to engage its insurers in the it will consider this and will outline its views and expectations of the insurers – should it deems this to be appropriate.

Risks

The Trustee recognises a number of risks involved in the investment of the assets of the Scheme. These risks, and how they are measured and managed, include:

- **Funding and asset/liability mismatch risk** – the risk that the funding level is adversely affected due to a mismatch between the assets and liabilities. This risk is managed in the following ways:
 - The Trustee also recognises the risk of a negative impact on the funding level due to changes in the actuarial assumptions used to calculate the liabilities and variation in experience. This risk is minimised by predominantly holding a portfolio of UK government bonds and other liability hedging assets designed to match the Scheme’s liabilities.
 - When setting and reviewing investment strategy, the Trustee examines how the investment strategy impacts on downside risk.
 - This risk is also monitored through regular actuarial and investment reviews including monthly portfolio updates.
- **Underperformance risk** – the risk of underperforming the benchmarks and objectives set by the Trustee. This risk is minimised by predominantly holding a portfolio of UK government bonds and other liability hedging assets designed to match the Scheme’s liabilities.
- **Cash flow risk** – addressed through the monitoring of the cash flow requirement of the Scheme to control the timing of any investment/disinvestment of assets.
- **Concentration risk** – the risk of an adverse influence on investment values from the concentration of holdings. The Scheme’s portfolio mainly consists of government bonds, which (whilst a concentrated holding) are viewed as a high quality, low risk investments by the Trustee.
- **Counterparty risk** – the risk of a counterparty to an agreement not carrying out his side of the deal. Where derivatives are used, the risk of counterparty default is reduced through the requirement in the relevant documentation that regular collateral or margin payments be made. It is also considered in the selection of counterparties and the incorporation of protection mechanisms in the documentation in the event of a downgrade in credit quality of an existing counterparty.

- **Country risk** – the risk of an adverse influence on investment values from political intervention. The Scheme’s portfolio mainly consists of government bonds, which (whilst UK focussed) are viewed as a high quality, low risk investments by the Trustee.
- **Currency risk** – the risk that fluctuations in the value of overseas currencies affect the total return of the Scheme’s investments when compared to a Sterling benchmark. The Trustee mitigates this risk by electing to allow the Investment Manager to use currency hedging.
- **Default risk** – the risk of income from assets not being paid when promised. This is addressed through restrictions for the Investment Manager and Underlying Managers, e.g. a minimum credit rating of the bonds they are allowed to buy and also a high proportion of the bonds held are government bonds which have little default risk.
- **ESG risk** – the risk of adverse performance due to ESG related factors including climate change. This is addressed by the Investment Manager’s ESG assessment at the point of investment with Underlying Managers. A summary of the overall ESG characteristics in the portfolio in the quarterly governance report.
- **Mismanagement risk** – the risk of unsuitable investment activity by the Investment Manager. This is addressed in the agreement with the Investment Manager, and in turn by the Investment Manager with the Underlying Managers, which contain restrictions on the proportion and type of asset classes that the Investment Manager or Underlying Managers may invest in.
- **Organisational risk** – the risk of inadequate internal processes leading to problems for the Scheme. This is addressed through regular monitoring of the Investment Manager and Advisers by the Trustee, and of the Underlying Managers by the Investment Manager.
- **Sponsor risk** – the risk of the Sponsoring Employer ceasing to exist which, for reasons of prudence, has been taken into account when setting the asset allocation strategy. The Trustee regularly review the covenant of the Sponsoring Employer.
- **Insurer default/credit risk** - The risk of a default by a bulk annuity provider (buy-in insurer). The Trustee and its risk settlement advisors considered the strength of the insurer before entering into the policy whilst considering the wider regulatory framework within which they are required to operate.

The Trustee will keep these risks and how they are measured and managed under regular review.

Non-financial matters

The Trustee does not at present take into account non-financially material factors (such as members’ ethical considerations, social and environmental impact matters or future quality of life considerations for members and beneficiaries) when making investment decisions as there is no likely common view on any ethical matters which members are likely to hold. At this time the Trustee has no plans to seek the views of the membership on ethical considerations.

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Signed:.....

Date:.....

Name:.....

Trustee Director

Signed:.....

Date:.....

Name:.....

Trustee Director