Statement of Investment Principles (SIP)

This is the Statement of Investment Principles (the "Statement") made by the Trustees of the Benenden Healthcare Pension Plan ("the Plan") in accordance with the Pensions Act 1995 (as amended). The Statement, which was approved by the Trustees on 26 August 2026, is subject to periodic review at least every three years and without delay after any significant change in investment policy.

In preparing this Statement, the Trustees have consulted with Benenden Healthcare Society Limited and Benenden Hospital Trust as the participating Employers to the Plan and have taken and considered written advice from the Investment Practice of Hymans Robertson LLP.

The Plan is a defined benefit pension plan which has closed to new members and further accrual of benefits. The defined contribution section of the Plan was closed to new contributions on 31 May 2021 and DC member funds were transferred to a Mastertrust arrangement on 20 August 2021.

Plan objective

The primary objective of the Plan is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependants, on a defined benefits basis.

The Trustees' overriding funding principle for the Plan is to ensure that the Plan's assets are sufficient (at their realisable value) to meet 100% of benefits as they fall due for payment to members.

For employee members, benefits are based on past service completed only (following the closure of the Plan in 2018). The value of liabilities is calculated on the basis agreed by the Trustees and the Scheme Actuary. The funding position is monitored regularly by the Trustees and formally reviewed at each triennial actuarial valuation, or more frequently as required by the Pensions Act 2004.

Investment strategy

To secure the benefits of Plan members, the Trustees have entered into a buy-in contract with Aviva Life and Pensions UK Limited ("Aviva") on 21 May 2026. Under the contract, Aviva makes regular payments to the Plan to cover members' benefit payments.

Aviva is authorised by the Prudential Regulation Authority and is regulated by the Financial Conduct Authority and Prudential Regulation Authority. The Trustees have carried out an extensive due diligence assessment on Aviva and have obtained written advice from their professional advisers prior to entering the contract, as required by law.

Given the nature of the contract, management of the Plan's assets has been transferred to Aviva. The Trustees no longer participate in the process of choosing investments for these assets. Similarly, portfolio turnover and realisation of assets are no longer considered relevant in these circumstances.

The majority of the Plan's assets are insured via the above-mentioned bulk annuity policy, however the Trustee also holds a small residual allocation to an illiquid property pooled fund asset (Schroders Capital UK Real Estate Fund). The Trustees have submitted a redemption request for this asset (which equates to around 2.5% of the Plan's total asset value), and the redemption proceeds are expected to be received from this asset within two years.

Risk

The Plan is exposed to a number of risks which pose a threat to the Plan meeting its objectives. The principal risks affecting the Plan are:

- Concentration risk – The Trustees recognise that the decision to invest in a full buy-in contract with a single provider represents a risk and has addressed this through in-depth scrutiny of Aviva.
- Third-party risk – The Trustees accept that the insurer may default on its obligations under the buy-in contract and mitigates this risk by obtaining and carefully considering professional advice regarding the financial strength of Aviva and the applicable regulatory regime.
- Liquidity risk – The Trustees ensure the Plan maintains a sufficient cash balance in its bank account to meet its outgoings by measuring the level of cashflow required by the Plan over a specified period of time.
- Investment risk – The Trustees still retain a holding in a pooled UK property fund (although a redemption request has been submitted). The Trustees recognise that the redemption proceeds received may be lower than the current value of the holdings as a result of changes in market values of the underlying assets and liquidity pressures on the fund. This is mitigated by regular monitoring of the fund's disposal activity and performance.

Consideration of financially material factors in investment arrangements

The Trustees recognise that the consideration of financially material factors over the appropriate time horizon of the investments, including ESG factors, is relevant at different stages of the investment process. The Trustees further recognise that the financial materiality of any factor, including ESG factors, is context-specific and that whilst some factors may be relevant to certain stocks/assets, they may not be relevant to others.

The buy-in contract the Trustees have entered into aims to match the Plan's benefit obligations and has not been structured with expected return in mind.

Given the nature of the contract, the Trustees have not made explicit allowance for ESG factors and climate change in framing the strategic asset allocation.

The Trustees considered ESG matters as part of the selection process for the insurer alongside financial strength and market experience, and have taken into account the guidance received from their professional advisers when making their decision.

Consideration of non-financially material factors in investment arrangements

The Trustees have not imposed any restrictions or exclusions to the investment arrangements based on non-financially material factors.

Stewardship

The Trustees recognise that stewardship encompasses the exercise of voting rights, engagement by and with investment managers and the monitoring of compliance with agreed policies.

The Plan is mainly invested in a buy-in contract and day-to-day management of the relevant assets has been transferred to Aviva. The Trustees no longer directly exercise any voting rights attached to these assets. The remainder of the Plan's portfolio is made up of commercial property holdings which do not give rise to any voting rights.

While opportunities for engagement are limited, the Trustees reviewed Aviva's Responsible Investment policies prior to entering into the buy-in contract.