



Statement of Investment Principles (SIP)

This is the Statement of Investment Principles (the “Statement”) made by Water Pension Trustee Limited, as Trustee (the “Trustee”) of the Mid Kent Group Pension Scheme (“the Scheme”) in accordance with the Pensions Act 1995 (as amended). The Statement, which was approved by the Trustee on 12 December 2025, 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 Trustee has consulted with the employer to the Scheme, South East Water Limited, and has taken and considered written advice from the Investment Practice of Hymans Robertson LLP.

The Scheme entered into a buy-in policy which was converted to buyout in July 2025. As a result, the Scheme is in the process of being wound up.

Whilst the wind up process progresses, the Trustee is supportive of the UK Stewardship Code, which seeks to improve the quality of engagement between institutional investors and investee companies. Where appropriate, the Trustee expects the investment manager to comply with the code and to produce a statement of their commitment to the code.

Scheme objective

The objective of the Scheme is to settle any residual liabilities and complete the wind-up in accordance with statutory requirements and the Trustee’s duties.

Buyout and Insurer Selection

To secure the benefits of Scheme members, the Trustee entered into a buy-in policy with Just Group Plc (“Just”) in December 2022, which was converted to buyout in 2025. As of July 2025, Just pays the former members of the Scheme directly.

Just is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority. The Trustee carried out extensive due diligence on Just, noting the regulatory environment in which the insurer must operate. The Trustee has also taken written advice from its professional advisers who have confirmed appropriate knowledge and experience to ensure that the buyout is suitable.

The Scheme’s residual assets are held as reserves against:


- 1 The expenses of running and winding up the Scheme;
- 2 A cash balance as a general contingency reserve for expected liabilities.

These assets are invested in a cash fund with a low-risk profile. Within this fund, the manager will hold a mix of investments that reflects its views relative to the respective benchmarks or return targets. These are readily realisable assets that can be used to facilitate expense payments. The manager is authorised under the Financial Services and Markets Act 2000 to undertake investment business.

When considering its invested assets, the Trustee seeks and considers written advice from a person that is suitably qualified as evidenced by CF30 approval from the FCA. A summary of the Scheme’s mandates, along with benchmarks and targets, is included in the appendix.

Risk

The main Trustee concern is ensuring that the cash fund remains sufficient and accessible to meet any outstanding liabilities and expenses as the Scheme winds up. The primary risk the Scheme now faces is



illiquidity. The Trustee mitigates this by ensuring that a sufficient cash balance is available in the Trustee's bank account to meet the required outgoings and is measured by the level of cash flow required by the Scheme over a specified period.

Realisation of investments

Following the completion of the buy-out, the only assets remaining under Trustee control are held in a cash fund, which can be realised on a daily basis.

Consideration of financially material factors in investment arrangements

The Trustee recognises that the consideration of financially material factors, including Environmental, Social and Governance ("ESG") factors, are relevant at different stages of the investment process.

Strategic considerations

Although the buyout is now complete, the Trustee is mindful of the significant transfer of assets to the insurer, Just, which is now the ongoing steward of those funds. As part of the broader formal selection process and review criteria for the insurer, including financial strength and market experience, the Trustee considered ESG matters and received the guidance from professional advisers in this area. The insurer's integration of ESG into their processes and use of independent assessment on ESG criteria were highlighted as positive features for consideration.

Consideration of non-financially material factors in investment arrangements

Given the objective of the Scheme, the Trustee has not considered any non-financially material factors in the development and implementation of its investment strategy. The Trustee has not imposed any restrictions or exclusions to the investment arrangements based on non-financially material factors.

Stewardship

Since the Scheme's remaining assets (following completion of the buy-out) are held in a cash fund, and cash, monitoring opportunities for engagement and voting are extremely limited. The Trustee is mindful and accepting of this.

Monitoring

While opportunities for engagement are limited, the Trustee will monitor the cash fund on a periodic basis, considering issues relating to their individual holdings, and, where appropriate, ESG issues.

Signed For and on Behalf of the Trustee of the Mid Kent Group Pension Scheme.

Trustee Director

Trustee Director

Date

Date

Appendix:

Manager benchmarks and performance targets

Manager / Mandate	Benchmark Description	Performance Target
Legal & General Sterling Liquidity Fund	SONIA	Outperform benchmark

ESG Factors

The following table provides examples of some ESG factors that the Trustee has considered. This list is not exhaustive and is just included to give an idea of the factors that the Trustee considers:

Environmental	Social	Governance
Climate Change	Customer satisfaction	Board Structure
Resource scarcity	Community relations	Accounting & Audit
Water stress	Working conditions	Executive remuneration
Biodiversity	Diversity	Bribery & corruption
Pollution	Health & Safety	Shareholder rights
Energy efficiency	Employee wellbeing	Transparency
Waste management	Data protection	Political contributions