Statement of Investment Principles for the Siemens Healthineers Benefits Scheme SHL Section

1. Introduction

This Statement of Investment Principles ("SIP") sets out the policy of the Trustees ("the Trustees") of the Siemens Healthineers Benefits Scheme ("the Scheme") on various matters governing decisions about the investments of the SHL Section ("the Section"), a Defined Benefit ("DB") Scheme. This SIP replaces the previous SIP dated June 2023.

The SIP is designed to meet the requirements of Section 35 (as amended) of the Pensions Act 1995 ("the Act"), the Occupational Pension Schemes (Investment) Regulations 2005 (as amended) and the Pension Regulator's guidance for defined benefit pension schemes (March 2017).

This SIP has been prepared after obtaining and considering written professional advice from LCP, the Scheme's investment adviser, whom the Trustees believe to be suitably qualified and experienced to provide such advice. The advice takes into account the suitability of investments including the need for diversification, given the circumstances of the Section, and the principles contained in this SIP. The Trustees have consulted with the relevant employers in producing this SIP.

The Trustees will review this SIP from time to time and, with the help of their advisers, will amend it as appropriate. These reviews will take place as soon as practicable after any significant change in investment policy, and at least once every three years.

Appendix 1 sets out details of the respective key responsibilities of the Trustees, investment advisers and investment managers. It also contains a description of the basis of remuneration of the investment adviser and the investment managers.

2. Investment objectives

The Trustees' primary objective is that the Section should be able to meet benefit payments as they fall due.

3. Investment strategy

The Trustees, with the help of their advisers and in consultation with the employer, review the investment strategy on a regular basis, as necessary, taking into account the objectives described in Section 2 above.

The Trustees purchased a buy-in policy with Pension Insurance Corporation plc ("PIC") in October 2025 to cover members' pension benefits. As such, the majority of the Section's assets are held in this buy-in policy. There is a small residual holding invested in the Columbia Threadneedle Sterling Liquidity Fund ("residual assets").

4. Considerations made in determining the investment arrangements

When deciding how to invest the Section's assets, the Trustees consider the expected return of the relevant asset class, and a number of risks, including, but not limited to, those set out in Appendix 2. Some of these risks are more quantifiable than others, but the Trustees have tried to allow for the relative importance and magnitude of each risk.

In setting the strategy, the Trustees considered:

- the Section's investment objectives;
- the best interests of members and beneficiaries;
- the circumstances of the Section, including the profile of the benefit cash flows (and the ability to meet these in the near to medium term), the funding level, and the strength of the employer covenant;
- any other considerations which the Trustees consider financially material over the time horizon that the Trustees consider is needed for the funding of future benefits by the investments of the Section; and
- the Trustees' investment beliefs about how investment markets work, and which factors are most likely to impact investment outcomes.

The Trustees' key investment beliefs, which influenced the setting of the investment arrangements, are as follows:

- asset allocation is the primary driver of long-term returns;
- risk-taking is necessary to achieve return, but not all risks are rewarded;
- risks that do not have an expected reward should generally be avoided, hedged or diversified;
- environmental, social and governance ("ESG") factors may be one area of market inefficiency and so managers may be able to improve risk-adjusted returns by taking account of ESG factors;
- long-term environmental, social and economic sustainability is one factor that trustees should consider when making investment decisions; and
- costs have a significant impact on long-term performance and therefore obtaining value for money from the investments is important.

5. Implementation of the investment arrangements

Before investing in any manner, the Trustees obtain and consider proper written advice from their investment adviser on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments.

The Trustees have entered an agreement with PIC, under which PIC insures the Trustees' liability for specified member benefit payments. In line with this agreement, PIC makes payments to the Trustees' bank account to enable the Trustees to meet the insured benefits. PIC is an insurance company authorised by the Prudential Regulatory Authority ("PRA") and regulated by both the PRA and Financial Conduct Authority ("FCA").

Details of PIC and the investment manager are set out in Appendix 3.

The Trustees have limited influence over the insurer's investment practices. However, the Trustees would encourage the insurer to improve its practices if they became aware of any issues.

The Trustees have signed agreements with the investment manager setting out in detail the terms on which the portfolio is to be managed. The investment managers' primary role is the day-to-day investment management of the Section's residual assets. The manager is authorised under the Financial Services and Markets Act 2000 (as amended) to carry out such activities.

The Trustees and investment manager to whom discretion has been delegated (ie for the residual assets only) exercise their powers to giving effect to the principles in this Statement of Investment Principles, so far as is reasonably practicable.

The Trustees have limited influence over the manager's investment practices because all the Scheme's residual assets are held in a pooled fund, but they encourage their manager to improve its practices where appropriate.

The Trustees' view is that the fees paid to the investment manager, and the possibility of its mandate being terminated, ensure it is incentivised to provide a high-quality service that meets the stated objectives, guidelines and restrictions of the fund. However, in practice the manager cannot fully align its strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover.

The Trustees evaluate investment manager performance on a regular basis, as appropriate. Generally, the Trustees would be unlikely to terminate a mandate on short-term performance grounds alone.

The Trustees' policy is to evaluate their investment manager by reference to the manager's individual performance as well as the role it plays in helping the Scheme meet its overall long-term objectives, taking account of risk, the need for diversification and liquidity. The manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

The Trustees recognise that portfolio turnover and associated transaction costs are a necessary part of investment management and that the impact of portfolio turnover costs is reflected in performance figures provided by the investment manager. The Trustees expect their investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Scheme's investment mandate.

6. Realisation of investments

The annuity provider, PIC, is contracted to pay an amount equal to the members' pensions covered by its policy to the Trustees each month.

When appropriate, the Trustees, on the administrators' recommendation, decide on the amount of cash required for benefit payments and other outgoings and inform the investment manager of any liquidity requirements.

7. Consideration of financially material and non-financial matters

The Trustees have considered how ESG and ethical factors should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Section and its members.

The Trustees believe that ESG factors will be financially material over the time horizon of the Scheme but will have varying levels of importance for different types of assets invested by the Scheme.

The Trustees do not take into account any non-financial matters (ie matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments.

8. Stewardship

The Trustees recognise their responsibilities as owners of capital, and believe that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments.

The Trustees recognise the opportunities to engage (via their investment providers) are limited given the majority of assets are invested in a bulk annuity policy with PIC, and residual assets are invested in a money market fund.

Approved by the Trustees of the SHL Section of the Siemens Healthineers Benefits Scheme.
Effective from: 19 November 2025

Responsibilities, decision-making and fees

The Trustees have decided on the following division of responsibilities and decision-making for the Section. This division is based upon the Trustees' understanding of the various legal requirements placed upon it, and its view that this division allows for efficient operation of the Section overall, with access to an appropriate level of expert advice and service. The Trustees' investment powers are set out within the Section's governing documentation.

1. Trustees

In broad terms, the Trustees are responsible in respect of investment matters for:

- developing a mutual understanding of investment and risk issues with the employer;
- setting the investment strategy, in consultation with the employer;
- formulating a policy in relation to financially material considerations, such as those relating to ESG considerations (including but not limited to climate change);
- reviewing the investment policy as part of any review of the investment strategy;
- setting a policy on the exercise of rights (including voting rights) and undertaking engagement activities in respect of the investments;
- putting effective governance arrangements in place and documenting these arrangements in a suitable form;
- appointing (and, when necessary, dismissing) investment managers, investment advisers, actuary and other service providers;
- monitoring the exercise of the investment powers that they have delegated to the investment managers and monitoring compliance with Section 36 of the Act;
- communicating with members as appropriate on investment matters, such as the Trustees' assessment of its effectiveness as a decision-making body, the policies regarding responsible ownership and how such responsibilities have been discharged;
- reviewing the investment policy as part of any review of the investment strategy;
- reviewing the content of this SIP from time to time and modifying it if deemed appropriate; and
- consulting with the employer when reviewing the SIP.

2. Investment manager

In broad terms, the investment manager will be responsible for:

- managing the portfolios of assets according to their stated objectives, and within the guidelines and restrictions set out in the respective investment manager agreement and/or other relevant governing documentation;
- taking account of financially material considerations (including climate change and other ESG considerations) as appropriate when managing the portfolios of assets;
- providing the Trustees with regular information concerning the management and performance of their respective portfolios; and
- having regard to the provisions of Section 36 of the Act insofar as it is necessary to do so.

The custodians of the portfolios (whether there is a direct relationship between the custodian and the Trustees or not) are responsible for safe keeping of the assets and facilitating all transactions within the portfolios.

3. Investment adviser

In broad terms, the investment adviser will be responsible, in respect of investment matters, as requested by the Trustees, for:

- advising on how material changes within the Section's benefits, membership, and funding position may affect the manner in which the assets should be invested and the asset allocation policy;
- advising on the selection, and review, of the investment manager; and
- participating with the Trustees in reviews of this SIP.

4. Fee structures

The Trustees recognise that the provision of investment management and advisory services to the Section results in a range of charges to be met, directly or indirectly, by deduction from the Section's assets.

The Trustees have agreed Terms of Business with the Section's actuarial and investment advisers, under which work undertaken is charged for by an agreed fixed fee or on a "time-cost" basis.

The investment manager receives fees calculated by reference to the market value of assets under management. The fee rates are believed to be consistent with the manager's general terms for institutional clients and are considered by the Trustees to be reasonable when compared with those of other similar providers.

The fee structure used in each case has been selected with regard to existing custom and practice, and the Trustees' view as to the most appropriate arrangements for the Section. However, the Trustees will consider revising any given structure if and when it is considered appropriate to do so.

5. Performance assessment

The Trustees are satisfied, taking into account the external expertise available, that there are sufficient resources to support their investment responsibilities. The Trustees believe that they have sufficient expertise and appropriate training to carry out their role effectively.

It is the Trustees' policy to assess the performance of the Sections investments, investment providers and professional advisers from time to time. The Trustees will also periodically assess the effectiveness of their decision-making and investment governance processes and will decide how this may then be reported to members.

6. Working with the Scheme's employer

When reviewing matters regarding the Section's investment arrangements, such as the SIP, the Trustees seek to give due consideration to the employer's perspective. While the requirement to consult does not mean that the Trustees need to reach agreement with the employer, the Trustees believe that better outcomes will generally be achieved if the Trustees and employer work together collaboratively.

Policy towards risk, risk measurement and risk management

Risk appetite and risk capacity

Risk appetite is a measure of how much risk the Trustees are willing to bear within the Section to meet their investment objectives. The Trustees' aim is to strike the right balance between risk appetite and risk capacity.

When assessing the risk appetite and risk capacity, the Trustees considered a range of qualitative and quantitative factors, including:

- the strength of the employer's covenant and how this may change in the near/medium future;
- the Section's liability profile, its interest rate and inflation sensitivities, and the extent to which these are hedged;
- the Section's cash flow and target return requirements; and
- the level of expected return and expected level of risk (as measured by Value at Risk ("VaR"), now and as the strategy evolves.

Approach to managing and monitoring investment risks

The Trustees consider that there are a number of different types of investment risk that are important for the Section. These include, but are not limited to:

1. Risk of inadequate returns

The Section's buy-in policy provides a series of cashflows to meet the Section's liabilities and substantially protect against the risk of inadequate returns.

2. Risk from lack of diversification

This is the risk that failure of a particular investment, or the general poor performance of a given investment type, could materially adversely affect the Section's assets. The Trustees believe that the Section's residual assets are adequately diversified within the Sterling Liquidity Fund.

3. Investment manager risk

This is the risk that an investment manager fails to meet its investment objectives. Prior to appointing an investment manager, the Trustees receive written advice from a suitably qualified individual. The Trustees monitor the investment manager on a regular basis.

4. Liquidity/marketability risk

This is the risk that the Section is unable to realise assets to meet benefit cash flows as they fall due. The Trustees are aware of the Section's cash flow requirements and believe that this risk is managed by investing in the buy-in policy which matches the benefit outgo.

5. Environmental, social and governance ("ESG") risks

ESG factors are sources of risk to the Section's investments, some of which could be financially material, over both the short and longer term. These potentially include risks relating to factors such as climate change, unsustainable business practices, and unsound corporate governance. The Trustees seek to appoint investment managers who will manage these risks appropriately on their behalf and from time to time review how these risks are being managed in practice.

6. Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Section invests in a pooled fund and is therefore directly exposed to credit risk in relation to the solvency of the investment manager and custodian of the fund. This risk is mitigated by the underlying assets of the pooled arrangement being ring-fenced from the investment manager and the regulatory environment in which the investment manager operates.

The Section's buy-in policy is directly exposed to the solvency of the insurer. The Trustees are comfortable that this risk is mitigated by the strict UK regulatory regime of insurance companies, and the protections provided by the Financial Services Compensation Scheme.

7. Currency risk

The currency exposure of the Scheme's assets is hedged back to Sterling.

8. Interest rate and inflation risk

These are the risks that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates and inflation expectations. The annuity policy matches the pensions payable to all the Section's members and as such, the Scheme is not directly exposed to interest rate and inflation risk.

9. Other non-investment risks

The Trustees recognise that there are other, non-investment, risks faced by the Section, and takes these into consideration as far as practical in setting the Section's investment arrangements.

An example includes sponsor covenant risk (the risk that, for whatever reason, the sponsoring employer is unable to support the Section as anticipated).

Together, the investment and non-investment risks give rise generally to funding risk. This is the risk that the Section's funding position falls below what is considered an appropriate level. By understanding and considering the key risks that contribute to funding risk, the Trustees believe they have appropriately addressed and are positioned to manage this general risk.

Investment manager arrangements

Details of the investment managers, their objectives, investment guidelines and custody arrangements are set out below.

1. Pension Insurance Corporation plc ("PIC") – buy-in policy

The Section transferred the majority of its assets to a buy-in policy with PIC in October 2025. This policy meets pension payments to members as they fall due.

2. Columbia Threadneedle Management Limited ("CT") – money market

The Trustees have selected CT as an investment manager for the Section's money market portfolio. This consists of an investment in CT's Sterling Liquidity Fund. The benchmark and performance objective for the fund is as follows:

Fund	Benchmark index	Performance objective
CT Sterling Liquidity Fund	SONIA (Sterling Overnight Index Average)	Maintain high levels of liquidity, preserve capital and generate a return in line with the benchmark

The Sterling Liquidity Fund is priced daily, is open-ended and is unlisted. CT is responsible for custody of assets of the fund. The Trustees do not have a direct relationship with the custodian.