The Hogg Group Pension Scheme B
Chair's Statement

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 ('the Administration Regulations') require the Trustees to prepare this annual statement regarding the governance of funds held within the Hogg Group Pension Scheme B ('the Scheme') and to publish it online. The governance requirements apply to all defined contribution ('DC') pension arrangements and aim to help members achieve a good outcome from their pension savings.

The Scheme provides only DC benefits and it closed to new entrants and contributions many years ago. Wind up of the Scheme was triggered on 30 March 2026, in accordance with the Scheme's Rules. The Trustees have been working since then to secure benefits for all members outside of the Scheme, and we expect this to be the last Chair's Statement for the Scheme.

This statement covers the period 1 April 2025 to 31 March 2026. It describes how the Trustees have met the statutory governance standards in relation to the Scheme's funds held with Aviva Life & Pensions UK Limited ('Aviva') and Utmost Life and Pensions ('Utmost') in the following areas:

1. The default investment arrangement,
2. Charges and transaction costs paid by members (including illustrations of the impact of costs and charges),
3. Net investment returns,
4. Value for members,
5. Processing of core financial transactions, and
6. Trustee knowledge and understanding.

The Trustees have followed the statutory guidance when preparing this statement.

1. Default investment arrangements

The Scheme has never been used as a Qualifying Scheme for auto-enrolment purposes and no contributions have been paid to the Scheme since before April 2015, when the relevant Regulations came into force. The Scheme therefore has no default investment arrangement, as defined by the Regulations, and so the governance requirements in relation to the default investment arrangement do not apply and are not covered in this statement.

2. Charges and transaction costs paid by members

The Trustees are required to confirm:

(i) the explicit charges, such as the Annual Management Charge and additional expenses that are disclosed by the fund manager as part of the Total Expense Ratio ('TER'). The TER is the total explicit cost of the fund to an investor and includes legal, administration, audit, marketing, and regulatory costs. It is calculated by dividing all expenses paid by the fund over the year by the value of the fund's assets.

(ii) transaction costs (i.e. the costs of buying and selling investments in a fund). These costs are not explicit but they have an impact on the returns achieved by unit-linked funds.

The costs and charges borne by members over the period covered by this Statement have been provided by Aviva and Utmost and are set out in the table below.

Fund	TER (% p.a.)	Transaction Costs (%)	Total costs and charges (% p.a.)
Aviva With Profits Fund	0.875[1]	0.02	0.895[1]
Aviva With Profits Guaranteed Fund	0.875[1]	0.02	0.895[1]
Utmost Investing by Age Strategy	0.75	0.24 – 0.25[2]	0.99 – 1.00[2]

Source: Aviva and Utmost

[1] Aviva states there is no annual management charge on the With Profits Fund however a similar charge to unit-linked funds i.e. 0.875% p.a. is allowed for when the bonus rate is declared on the Fund.

[2] Depending upon members' age (the range shown above covers up to age 65).

Illustrations to show the cumulative effect of costs and charges

The Trustees are required to illustrate the effect of costs and charges paid by a typical member on their pension savings (as a 'pounds and pence figure'). The Regulations allow the Trustees to exercise their discretion with regards to the examples provided to show the effect of costs and charges over time, as long as they are realistic and representative of the Scheme's membership.

In order to help members understand the impact that costs and charges can have on their retirement savings, the Trustees have provided two illustrations of the cumulative effect on the value of typical Scheme members' savings over the period to retirement. The illustrations have been prepared having regard to statutory guidance, selecting suitable representative members, and are based on a number of assumptions about the future which are set out below under 'notes and assumptions'.

Members should be aware that such assumptions may or may not hold true, so the illustrations do not promise what could happen in the future and fund values are not guaranteed. Furthermore, because the illustrations are based on typical members of the Scheme they are not a substitute for the individual and personalised illustrations which are provided to members in their annual benefit statements.

The two example members are:

Example member A: the youngest member invested in the Aviva policy who is 54 years old and has a current fund value of £8,700. The projected the impact of costs and charges on the Aviva With Profits Fund and the Aviva With Profits Guaranteed Fund are shown in the table below (they are the same for both funds):

Age	Fund value before charges	Fund value after charges	Effect of charges
55	£8,830	£8,750	£80
60	£9,490	£9,000	£490
65	£10,210	£9,260	£950

Example member B: the youngest member invested in the Utmost Investing by Age strategy who is 52 years old and has a current fund value of £12,800. The projected the impact of costs and charges on the Utmost Investing by Age Strategy are shown in the table below:

Age	Before charges	After charges	Effect of charges
55	£13,370	£12,990	£380
60	£14,380	£13,300	£1,080
65	£15,460	£13,620	£1,840

Notes and assumptions

The example members are based upon membership of the Scheme as at 8 April 2026 for Aviva members and as at 1 April 2026 for Utmost members.

Projected fund values shown are estimates and are not guaranteed, they assume no further contributions are paid as the Scheme is closed and they are shown 'in today's terms' so they do not need to be reduced further for the effect of future inflation. Inflation is assumed to be 2.5% p.a.

The projected growth rates are consistent with those used in members' annual benefit statements which are determined by the statutory guidance for producing money purchase illustrations. These are now based on the historic volatility of the fund rather than expected future returns.

Transaction costs have been averaged over a period of up to 5 years in line with statutory guidance to reduce the level of volatility.

Projected fund values shown in the tables above are dependent on investment returns as well as the level of costs and charges. The growth rates and total charges used for the illustrations are shown in the table below.

Fund	Total charges	Assumed growth rate
Aviva With Profits Fund	0.91% p.a.	4% p.a.
Utmost 'Investing by Age' strategy	1.00 – 1.02 % p.a.[3]	4% p.a.

[3] Depending upon members' age (range shown is up to age 65).

3. Net investment returns

The Trustees are required to report the net investment returns for all funds which members were invested in during the Scheme year. Net investment returns refer to the returns on funds minus all member-borne transaction costs and charges.

The statutory guidance states that net investment returns must be shown for a member aged 25, 45 and 55 at the start of the investment reporting period where they vary dependent upon term to retirement, for example in the Utmost investing by age strategy.

It is important to note that past performance is not a guide to future performance.

Aviva With Profits Funds

Fund	Net investment return to 31 March 2026	
	1 year (%)	5 Years (% p.a.)
Aviva With Profits Fund[4]	4.8	3.5
Aviva With Profits Guaranteed Fund[4]	4.0	4.0

Source: Aviva

[4] For the Aviva With Profits Funds, the net investment return shown above is the annual bonus declared on the Fund over the previous one or five calendar years. In practice, we would expect a final bonus to increase investment returns to close to the returns achieved by the underlying assets of the With Profits Fund over the period held (after all costs of running the Fund, including the costs of any guarantees have been taken into account). However, these amounts are unknown and are not guaranteed. A market value reduction, which can reduce the return delivered to investors, may be applied on exit from the With Profits Funds at any time other than at maturity date, or in the event of death before retirement.

Utmost investing by age strategy[6]

Age of member at start of the investment reporting period	Net investment return to 31 March 2026	
	1 year (%)	5 years (% p.a.)
25	11.0	5.1
45	11.0	5.1
55	11.0	4.4

Source: Financial Express Analytics and Aon

4. Value for members

The Trustees are required to assess the extent to which the charges and transaction costs borne by members represent good value for members when compared to other options available in the market.

As the Scheme has been operating for more than three years and its total assets are under £100m, the Trustees have been required to carry out a more detailed value for members assessment in previous years. However, the more detailed assessment is not required this year as the Scheme is winding up.

The Trustees have therefore carried out a cost benefit analysis to assess whether the costs and charges members pay in the Scheme provide value for money. The assessment considered the charges members pay and the quality of services (administration, governance processes in place to monitor the applicable Scheme arrangements, investment performance and communications) provided for that cost. The costs paid and services provided were compared to other similar schemes (as determined by our professional advisers) and the Pension Regulator's best practice standards.

Costs and charges - The costs and charges have been identified as the total expense ratio and transaction costs and are set out in section 2 above. The assessment showed that the charges members pay are relatively high, compared to current market rates, though they are in line with charges on similar legacy arrangements. The terms the Trustees have agreed with Scottish Widows for the buy-out plan that will be used to discharge the Trustees' liability for the Scheme's unit-linked funds is an annual management charge of 0.36%. This is in line with current market rates.

The Trustees will assign the Aviva policies to individual members at wind up, to keep the guarantees associated with the Aviva With Profits Fund. Although this means members will continue to pay relatively high charges, the Trustees did offer members the option to transfer their Aviva funds to Scottish Widows, if they wished to do so. A small number of members took up this option, and the Trustees assume those members who did not, value the guarantees associated with the Aviva With Profits Fund (s).

There is no market benchmarking data available for transaction costs and they are volatile from one year to the next, depending on the extent of trades within funds. However, a high-level assessment of the transaction costs incurred by members concluded that these appear to be in line with transaction costs reported for other similar funds over the same period.

Scheme governance - The governance arrangements in place are in line with most legacy insured arrangements, however they do not adhere to best practice. The Trustees previously decided to focus on winding up the Scheme as soon as possible, rather than implementing a more comprehensive governance framework, and this project is now nearing completion.

Investments - Historically, investment performance was not reviewed regularly by the Trustees, as investment returns (the Aviva With Profits bonus rate and the Equitable Life guaranteed investment return) were guaranteed. The Trustee has monitored the performance of the Utmost Investing by Age strategy annually since inception, as part of the process of drafting and reviewing the Chair's Statement.

Administration - The Trustees have appointed Aon Solutions UK Limited ('Aon') to provide administration services to the Scheme. However, there is no service level agreement in place and the administration team do not report regularly to the Trustees. Historically, data quality has been relatively poor. The Trustees completed a member tracing exercise as part of the preparation for winding up the Scheme but still hold no contact details for c.30% of members.

Member communications - The Scheme provides statutory communications to members where data permits and the Trustees have set up a website to publish the statutory disclosures and provide contact details to members. This is in line with most other trust-based schemes where all members are deferred.

Summary - the Trustees have concluded that overall the Scheme is not providing good value to members and this supports the decision to wind up the Scheme.

5. Processing of Core Financial Transactions

The Trustees have a duty to ensure that core financial transactions are processed promptly and accurately. Core financial transactions include the transfer of member funds out of the Scheme, transfers between different investments within the Scheme and payments to and in respect of members/beneficiaries.

Core financial transactions are undertaken on behalf of the Trustees by the Scheme administrator, Aon, and the providers, Aviva and Utmost. The Trustees do not have service level agreements in place with Aon, Aviva or Utmost however both Aviva and Utmost operate target timescales for processing core financial transactions.

Aon operates a number of processes which aim to minimise the risk of inaccurate or late payment of core financial transactions. Key processes include:

- Regular monitoring of the Trustee bank account,
- Reconciling disinvestments received to Trustee bank account to benefits paid out,
- Documentation and operation in line with quality assurance policies and procedures,

Due to the closed nature of the Scheme, there are relatively few core financial transactions.

The Scheme administrators have confirmed that any core financial transactions over this reporting period were processed within a reasonable timeframe, but they have been unable to confirm the number of days taken for each. The Trustees do not therefore have the evidence required to confirm that all core financial transactions were processed in an accurate and timely manner during the period covered by this statement. The time taken to process transfers out or pay retirement benefits from the Scheme can take a long time, relative to wider market practice and this has been a contributory factor to the decision to wind up the Scheme.

The Trustees have carefully planned the bulk transfer of unit-linked funds to Scottish Widows, as part of the project to wind up the Scheme. These plans aim to keep the period members are out of market, whilst their funds are moved from Utmost to Scottish Widows, to a minimum.

Trustee Knowledge and Understanding

The law requires Trustees to have, or have access to, sufficient knowledge and understanding to properly exercise their functions as Trustees and to run the Scheme effectively. These requirements are set out in Sections 247 and 248 of the Pensions Act 2004.

The Trustees have a good working knowledge of pensions and pension law, gained from their professional roles and experience.

In exercising their functions this has required knowledge of key scheme documents such as the Trust Deed & Rules. The Trustees have engaged with their professional advisers throughout the year to provide professional advice where needed. During this reporting period, this covered the written advice about members' protected pension age within the Scheme and how this will be impacted by winding up the Scheme, and the documentation required to wind up the Scheme.

I conclude that the professional background of the Trustees and the professional advice available to us enables us to exercise our functions effectively. I also believe that this has been demonstrated and evidenced by discussions held and decisions taken during the period covered by this statement in relation to matters material to the running of the Scheme.

Approved by the Chair of the Trustees:
James Harwood