

Hogg Group Pension Scheme B (the Scheme)

Statement of Investment Principles (the Statement)

1. Introduction

This Statement documents the principles and policies governing decisions about the investment of the Scheme's assets. It has been prepared by the Trustees of the Scheme in accordance with the requirements of Section 35 of the Pensions Act 1995 (as amended by the Pension Act 2004 and the Occupational Pension Plans (Investment) Regulations 2005) (the Act) and it complies with the applicable legislation and underlying regulations.

The Scheme is a defined contribution scheme and assets are invested according to the provider's policy terms and conditions.

The Trustees have consulted with the relevant employer, Aon UK Limited ("the Company") in writing this Statement.

The effective date of this Statement is 30 September 2024. The Trustees will review this Statement at least every three years and without delay after any significant change in investment policy.

2. Decision Making Structure and Governance

The Trustees are responsible for investing the Scheme's assets in the best interests of members and beneficiaries. They exercise their powers of investment in accordance with the trust deed and rules of the Scheme and applicable law.

The Pensions Act 1995 distinguishes between investments where the management is delegated to a fund manager with a written contract and those where a product is purchased directly, for example, the purchase of an insurance policy or units in a pooled vehicle. The Scheme's assets are held in insurance policies with Aviva Life & Pensions UK Limited (Aviva) and Utmost Life and Pensions (Utmost), formerly Equitable Life Assurance Society Limited and are therefore considered to be direct investments.

The Trustees' policy is to review its direct investments and to obtain written advice about them at regular intervals (normally at least triennially). The Trustees recognise that decisions should be taken only by persons or organisations with the skills, information and resources necessary to take them effectively. They also recognise that where they take investment decisions, they must have sufficient expertise and appropriate training to be able to evaluate critically any advice they take.

The Trustees have delegated the day to day management of the Scheme's assets to Aviva and Utmost, who are authorised under the Financial Services and Markets Act 2000. The Trustees expect the fund managers to manage the assets delegated to them under the terms of their respective contracts and to give effect to the principles in this Statement so far as is reasonably practicable.

When deciding whether or not to make any new direct investments the Trustees will obtain written advice and consider whether future decisions about those investments should be delegated to the fund managers.

3. Objectives and policy for securing objectives

The Trustees recognise that members of the Scheme take the investment risk. The Trustees take account of this in the selection and monitoring of the choice of funds offered to members as follows:

- "return objective" - to offer funds which provide diversification and long-term capital growth and those that enable members to reduce risk in their investments as they approach retirement.
- "asset choice objective" – where possible, to make an appropriate range of funds available that should enable members to tailor their investment strategy to meet their individual needs; ensure members have an appropriate choice of assets for investment.

4. Risk measurement and management

The Trustees recognise a number of risks involved in the investment of the Scheme's assets and monitors these on a regular basis. In managing these risks, the Trustees understand that it is necessary to accept some risk.

The Trustees also accept that the relative importance of these risks will vary with the length of time a member has until retirement. The Trustees therefore consider these risks in a qualitative rather than quantitative manner as part of each formal strategy review.

The Trustees acknowledge the following key sources of financial risk in relation to meeting its objectives:

- Inflation risk - the risk that the investment return achieved does not keep pace with inflation.
- Capital risk - the risk of a fall in the value of policies allocated for member benefits.
- Manager risk – the risk that the investment managers fail to achieve the returns expected of them.
- Annuity purchase risk - the risk that, in the lead up to retirement, the cost of securing pension moves out of line with the assets invested in.
- Operational risk - the risk of fraud, poor advice or acts of negligence.
- The risk that environmental, social and governance factors (ESG) including climate change negatively impact the value of investments held if not understood and evaluated properly.

5. Choosing investments

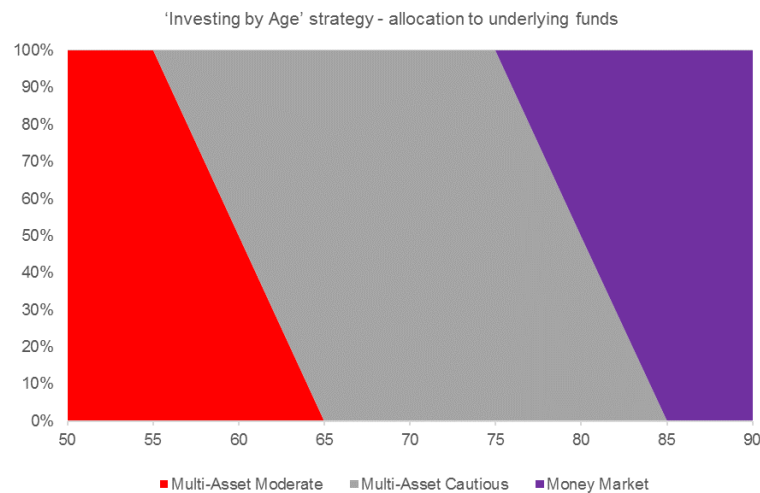
Range of funds - Although the Trustees are responsible for the investment strategy of the Scheme, the range of investment funds available to members is determined by the funds Aviva and Utmost make available through their policies.

The Trustees' policy with Aviva provides access to the Aviva With Profits Guaranteed Fund and the Aviva With Profits Fund.

Since the closure of the Equitable Life With Profits Fund and the transfer of policies to Utmost on 1 January 2020, the Trustees' policy with Utmost has provided access to a range of unit-linked funds and the 'Investing by Age' strategy.

The Investing by Age strategy is the only investment option offered by Utmost that automatically reduces risk over time. It gradually moves members' funds to lower risk investments as members get older, but the asset allocation is set by age rather than term to retirement. It aims to be broadly suitable for members, irrespective of how they access their funds.

The structure of the Investing by Age strategy invests in multi-asset funds (the Multi-Asset Moderate and Multi-Asset Cautious Fund) until the member reaches age 75, after which it gradually moves funds to the Money Market Fund. The structure of this strategy is illustrated in the chart below.



Source: Aon Investments Limited, based upon information provided by Utmost

Derivatives - The Trustees make no direct investment in derivatives. The funds made available to members may invest in derivatives, but only in so far as they contribute to the reduction of investment risks or facilitate efficient portfolio management within the fund and are managed such as to avoid excessive risk exposure to a single counterparty or other derivative operations.

Illiquid assets - The Trustees do not currently hold any illiquid investments on behalf of members. Whilst the Trustees recognise that there may be benefits of investing in illiquid investments, they are currently not comfortable with the higher levels of associated fees and risk of members not being able to sell their investment for cash on any particular day, for example if fund redemptions had to be suspended. The Trustee will keep these policies under review in future.

6. Responsible Investment

Financially material considerations are defined in the Investment Regulations as ESG considerations including, but not limited to, climate change.

The Trustees believe that certain ESG factors could negatively impact the value of investments held if not understood and evaluated properly. However, they recognise that they have limited influence over managers' investment practices where assets are held in pooled fund. Nevertheless, the Trustees expect the fund managers to take account of financially material considerations (including climate change and other ESG considerations) as the managers consider appropriate where relevant to financial performance. The Trustees consider this over appropriate time horizons for the members of the Scheme by adhering to the policies set out elsewhere in this Statement.

The Trustees do not take into account any non-financial matters (i.e. 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.

7. Stewardship and voting

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 have limited influence over managers' stewardship practices as assets are held in pooled funds. Though they do not monitor or engage directly with issuers or other holders of debt or equity, the Trustees expect managers to exercise ownership rights and undertake monitoring and engagement in line with the managers' general policies on stewardship, as provided to the Trustees from time to time, taking into account the long-term financial interests of the beneficiaries.

The Trustees review the suitability of the Scheme's appointed providers and takes advice from its investment consultants with regards to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed asset managers.

The Trustees will engage with the providers as necessary for more information, to ensure that robust active ownership behaviours, reflective of their active ownership policies, are being actioned.

The transparency for voting should include voting actions and rationale with relevance to the Scheme, in particular, where votes were cast against management; votes against management generally were significant, votes were abstained; voting differed from the voting policy of the asset manager.

From time to time, the Trustees will consider the methods by which, and the circumstances under which, they would monitor and engage with an issuer of debt or equity, an asset manager or another holder of debt or equity, and other stakeholders. The Trustees may engage on matters concerning an issuer of debt or equity, including their performance, strategy, risks, social and environmental impact and corporate governance, the capital structure, and management of actual or potential conflicts of interest.

8. The balance between different kinds of investments

The Scheme's assets are invested in a range of instruments including equities, bonds and cash.

9. Realising Investments/Liquidity

The Trustees recognise that there is a risk in holding assets that cannot be easily realised should the need arise. All assets held on behalf of members are realisable at short notice (through the sale of units in pooled funds), or holdings in the relevant fund, although a market value reduction may be applied on exit from any of the With Profits Funds before the respective members' selected retirement age.

10. Performance and returns on investments

The assets of the Trustees' policy with Aviva are invested in With Profits Funds. Historically these funds have been relatively opaque (in terms of asset allocation, underlying returns and charges) and the Trustees have not therefore set an expected level of return for these funds, although the Aviva With Profits Guaranteed Fund has a guaranteed annual reversionary bonus rate of 4.0%.

The assets of the Trustees' policy with Utmost are invested in unit-linked funds, for which Utmost benchmarks performance net of charges against the relevant ABI sector average returns.

The Trustees monitor performance (net returns on unit-linked funds and the bonus declared on with profits funds) on an annual basis, with reference to each funds' benchmark or expected return, if applicable.

11. Cost monitoring

The Trustees are aware of the importance of monitoring the costs and charges borne by members, and the impact these can have on member outcomes. They obtain information about the level of costs and charges, as part of the work to prepare the Chair's Statement each year.

For the Utmost unit-linked funds, Utmost is remunerated by way of an annual management charge which is a set percentage of assets under management. This is in line with market practice. The annual management charges (including other annual charges levied by the investment manager) are met by the members explicitly by deduction from the unit price (in unit-linked funds).

For the Aviva With Profits Funds, the providers' remuneration is taken into account when the bonus rate on the Fund is declared.

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 data provided by the fund managers. The Trustees expect their investment consultant to consider portfolio turnover and resulting transaction costs as appropriate in its advice on the Scheme's investments.

12. Arrangements with asset managers

The Trustees have a policy in place with each provider, i.e. Aviva and Utmost, which sets out the contractual relationship between the parties.

As the Scheme assets are invested in pooled funds, the Trustees have limited influence over the underlying fund managers' investment practices, and there may be circumstances where managers cannot fully align their strategy and decisions to the policies of all pooled fund investors in relation to strategy, long-term performance of debt/equity issuers and engagement (which may conflict).

The Trustees expect their investment managers, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/equity issuers and to engage with issuers to improve their performance.

The Trustees monitor the Scheme's investments to consider the extent to which the investment strategy and decisions of the asset managers are aligned with the Trustees' policies, including those on non-financial matters. This includes monitoring the extent to which asset managers:

- make decisions based on assessments about medium to long term financial and non-financial performance of an issuer of debt or equity; and
- engage with issuers of debt or equity in order to improve their performance in the medium to long term.

The Trustees are supported in this monitoring activity by their investment consultant.

The Trustees believe that setting clear expectations of the asset managers (e.g. verbally or in writing at the time of appointment), and regular monitoring of fund performance and investment strategy, is in most cases sufficient to incentivise the asset managers to make decisions that are based on assessments of medium and long-term financial and non-financial performance and align with the Trustees' policies.

There is typically no set duration for arrangements with asset managers, although the continued appointment all for asset managers will be reviewed periodically, and at least every three years. Where asset managers are considered to make decisions that are not in line with the Trustees' policies, expectations, or the other considerations set out above, the Trustees will typically first engage with the asset manager but could ultimately replace the asset manager where this is deemed necessary. Generally, the Trustees would be unlikely to terminate a mandate on short-term performance grounds alone.

13. Custody

Investment in pooled funds gives the Trustees a right to the cash value of the units (or holdings in the Fund) rather than to the underlying assets. The managers of the pooled fund are responsible for the appointment and monitoring of the custodian of the pooled funds' assets.

The custodians are independent of the Trustees and the Company.

14. Advisers

The Trustees' investment advisers are paid for advice received by time cost fees. For significant areas of advice, the Trustees always endeavour to agree a budget prior to any work being completed. These arrangements recognise the bespoke nature of the advice given, and that no investment decisions have been delegated to the adviser.

Appendix to Statement of Investment Principles

This Appendix sets out the investment options currently available to members and is supplemental to the Trustee's Statement of Investment Principles.

The funds in which members were invested as at 30 September 2024 are shown in bold text.

Aviva Funds	Objective	Annual Management Charge
With Profits Guaranteed Fund	To provide steady capital growth over the medium term to long term by investing in a broad range of assets, while smoothing out some of the fluctuations in investment markets.	0.875% (not explicit)
With Profits Fund		0.875% (not explicit)

Source: Aviva

Utmost Life and Pensions Funds	Objective	Annual Management Charge
Asia Pacific Equity	To achieve capital growth in the long term by investing mainly in Asia-Pacific companies excluding Japanese companies.	0.75%
European Equity	To achieve capital growth in the long term by investing mainly in European companies excluding UK companies.	0.75%
US Equity	To achieve capital growth in the long term by investing mainly in US companies.	0.75%
Global Equity	To achieve capital growth in the long term by investing in a diversified global portfolio of companies.	0.75%
UK Equity	To achieve capital growth in the long term by investing mainly in UK companies.	0.75%
UK FTSE All Share Tracker	To achieve long term capital growth and to produce a return that, before charges and expenses, matches the total return of the UK FTSE All Share Index.	0.5%
Managed	To maximise the overall return from investments covering the UK and overseas equities, gilt-edged and fixed interest stocks and property.	0.75%
Multi-Asset Growth	To provide capital growth in the long term by investing in a combination of asset classes including equities, fixed interest and cash with the potential for high price fluctuations.	0.75%
Multi-Asset Moderate*	To provide capital growth in the long term by investing in a combination of asset classes including equities, fixed interest and cash with the potential for moderate price fluctuations.	0.75%
Multi-Asset Cautious*	To provide capital growth in the long term by investing in a combination of asset classes including equities, fixed interest and cash with the potential for low to medium price fluctuations.	0.75%
UK Government Bond	To achieve a positive return by investing primarily in a portfolio of UK Government bonds.	0.5%
Sterling Corporate Bond	To achieve a positive return by investing primarily in a portfolio of Sterling denominated Corporate Bonds.	0.75%
Money Market*	To preserve capital whilst aiming to provide a return in line with prevailing short-term money market rates.	0.5%

Source: Utmost Life and Pensions

*These funds are components of the Investing by Age Strategy, as well as being available as self-select funds.