

HCA INTERNATIONAL LIMITED STAFF RETIREMENT BENEFITS SCHEME

THE CHAIR'S ANNUAL GOVERNANCE STATEMENT

Introduction

Under legislation set out in regulation 23 of The Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended) (the 'Administration Regulations'), the Trustee of the HCA International Limited Staff Retirement Benefits Scheme (the "Scheme") is required to prepare a statement (the "Statement") on governance in the annual report.

The Trustee is pleased to present the Trustee's annual statement on DC governance for inclusion in the Report and Accounts for the Scheme, covering the period 1 April 2018 to 31 March 2019. This statement describes how the Trustee seeks to make sure that the Scheme is well-managed and delivers excellent services to members. In doing so, we provide the various statutory disclosures required by legislation. This statement covers five key areas:

1. The investment strategy relating to the Scheme's default arrangement;
2. The processing of core financial transactions;
3. Charges and transaction costs within the Scheme;
4. Value for Members assessment; and
5. The Trustees' compliance with the statutory knowledge and understanding ("TKU") requirements.

The Scheme is administered by Aviva, through the Mercer Workplace Savings (MWS) Platform and is overseen by a sole Professional Trustee, Punter Southall Governance Services ("PSGS").

The Default Investment Option

[Review of the default investment strategy](#)

The Trustee is responsible for setting the Scheme's investment strategy and for appointing investment managers to carry out that strategy. The Trustee must also establish a default investment arrangement for members who do not select their own investment options from the fund range that is available.

The Trustee did not undertake a review of the Scheme's investment strategy during the scheme year but a review did take place in August 2016 to ensure the funds offered reflected the greater flexibility available to retiring members. This included a review of the Aviva platform (formally Friends Life) used and the default option. As a result of this review, the Trustee decided to move the administration and investments of the Scheme from the Friends Life NGP Platform to the Friends Life My Money ("MyM") Platform, now known as the Aviva My Money Platform, with the changes introduced on 23 December 2016.

The Trustee compared the risk and return characteristics of the default investment option (the "Default") and also examined the Scheme's membership profile - fund sizes, contribution levels, investing and withdrawal patterns - to help guide their decision making on what type of benefit withdrawal the Default should target.

The current Default for the Scheme is the Target Cash Path lifestyle strategy, which became effective in December 2016. It was selected as experience had shown that members were more likely to take a cash lump sum at retirement. This strategy is invested in the Aviva MyM Mercer Growth/Balanced Risk Fund until eight years before normal retirement age, at which point assets will be switched out of equities and into the Cash Fund and the Pre-Retirement Bond Fund to maintain exposure to growth, albeit with less risk. By the normal retirement date, the strategy will be fully invested in the Cash Fund. This strategy is aimed at individuals who wish to take their entire pension as a cash lump sum at retirement. As at the Scheme year end, 31 March 2019, almost 82% of members are invested in the default investment strategy.

Assets invested in the Default are invested in a manner which aims to assist with the security, quality, liquidity and profitability of a member's portfolio as a whole. All of the Scheme's assets are traded on regulated markets; however, the Trustee formally reviews the risk register at least annually to ensure the Trustee remains comfortable with exposure to various risks, including the security of assets. The Trustee believes that the Default (which should be suitable for most members) invests in growth assets in the early years, and seeks to reduce this investment as the members approach retirement whilst at the same time choosing funds which are low cost. The Trustee will continue to review the default fund regularly (at least every three years) to ensure that it is in the best interests of the majority of members'. However, the Trustee also recognises that the default investment option will not be appropriate for all members and therefore encourages members to consider their investment strategy carefully.

Within the advice received by the Trustee, proposing the move from the Friends Life NGP Platform to the Friends Life My Money ("MyM") Platform, now known as the Aviva My Money Platform, a number of funds were mapped without member consent. Guidance released by the Department for Work & Pensions in April 2018 refers to when members' funds are moved within a scheme without consent, be classed as a default arrangement. We are therefore reporting the following funds as additional defaults (technical defaults) within the Scheme:

- BlackRock (30:70) Currency Hedged Global Equity Index Fund
- Mercer Growth Fund
- Mercer Pre-Retirement Fund
- Mercer Diversified Growth Fund

In addition to the Defaults noted above, the Trustee offers a range of active and passive self-select options on the Aviva MyM platform. The 'Self-select' funds are for members who are confident in making investment choices and want to tailor their investments to suit their own characteristics. Furthermore, although the target outcome of the Default is cash, lifestyle strategies targeting annuity purchase and drawdown at retirement are available as self-select options.

Since the Scheme year end, the Trustee has commenced its formal triennial review of the performance and strategy of the Scheme's investment options, including the Default investment arrangements and self-select range of funds on 23 July 2019. Further details of this review will be included in next year's Statement.

Statement of Investment Principles

In accordance with the Administration Regulations, the Trustee has appended the latest copy of the Statement of Investment Principles (the 'SIP') prepared for the Scheme in compliance with Section 35 of the Pensions Act 1995 and regulation 2 / regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005, dated March 2017.

The SIP covers the following key matters in relation to the default arrangement:

- The Trustee's aims and objectives in relation to the investments held in the default arrangement;
- The Trustee's policies on issues such as: the kinds of investments to be held; the balance between different kinds of investments; risks, including the ways in which risks are to be measured and managed; the expected return on investments; the realisation of investments; and the extent (if at all) to which social, environmental or ethical considerations are taken into account when selecting, retaining or realising investments;
- An explanation of how these aims, objectives and policies (which together form the Trustees "default strategy") are intended to ensure that assets are invested in the best interests of members whose benefits are invested in the default arrangement.

A copy of the latest Statement of Investment Principles ('SIP') is appended to this Chair Statement and is also available on request, by contacting the Rewards team. Furthermore, this Statement will be published on a publicly available website (<https://vfm.aviva.co.uk/hca-international>) and will be signposted in the annual benefit statements which are issued by Aviva.

Requirements for processing core financial transactions

As required by the Administration Regulations, the Trustee must ensure that "core financial transactions" are processed promptly and accurately. Core financial transactions are (broadly):

- Investment of contributions made to the Scheme by members and their employer(s);
- Transfers into and out of the Scheme of assets relating to members;
- Switches of members' investments between different funds within the Scheme; and
- Payments from the Scheme to or in respect of members (e.g. payment of death benefits).

The Trustee has delegated the administration of Scheme member records to Aviva, and have also appointed Aviva to provide investment platform services to the Scheme. These transactions are therefore undertaken on the Trustee's behalf by Aviva.

The Trustee operates a system of internal controls aimed at monitoring the Scheme's administration and management. Included in this system are mechanisms for ensuring the prompt and accurate processing of financial transactions, including core transactions such as the payment and investment of contributions, the transfer of member assets into and out of the Scheme and the payment of benefits. Contributions and investments, and the records relating to them, are reconciled at least monthly by the administrator.

The Trustee sets minimum timescales with its administrators for all services, including core financial functions. The Service Level Agreement ('SLA') in place with Aviva covering core financial transactions are as follows.

Service Level Agreement	Description	Target Service Level %
2 working days	Access to Policy Documentation	97%
2 working days	Contribution Processing	100%
3 working days	Investment Transactions	97%
5 working days	Payments Out	97%
5 working days	Payments In	97%

Management information is provided quarterly so that the Trustee can ensure the prompt and accurate processing of financial transactions, including core transactions such as the payment of contributions in to the Scheme, the transfer of member assets out of the Scheme, switches of investments, and the payment of benefits. The Trustee gets further data on any events that breach the target timescale, including the amount of time it took to complete and why. The Trustee also monitors the accuracy of the Scheme's common data. Over the period of this statement the Trustee is satisfied that the administrator controls to process transactions promptly and accurately functioned well during the year.

The Schedule of Contributions sets out timescales for the Company to remit monthly contributions to the Scheme. However, agreed practice provides for payment of contributions in advance of these timescales. The deduction and payment of contributions is reviewed by the Trustee on an ongoing basis. As reported previously, the Trustee has raised some concern with the Company in regards to its processes used for submitting monthly contribution payments in this Scheme year. Due to errors that arise when the Payroll team submits the contribution file, contributions for some members have been paid after the legislative deadline. The Trustee, along with their advisors, continues to work with the Company to monitor payments and tighten their controls. The Trustee continues to ensure that no members will suffer any loss due to these issues.

The Scheme's risk register details all of the risks to members and is monitored and reviewed on at least an annual basis.

Members have access to an online portal that enables them to conduct their own checks of accuracy in relation to financial transactions such as contribution payments and investment switches.

The Trustee also appoints an independent auditor to carry out an annual audit of the Scheme, including the core financial transactions which have taken place during the Scheme year. Furthermore, quarterly contribution checks are carried out by an independent auditor who reports back to the Trustee. It has reported that no issues arose from these checks.

Charges and Transactions Costs

As required by the Administration Regulations, the Trustee is required to report on the charges and transactions costs for the investments used in the default investment option as well as the wider fund

choice available and assess the extent to which the charges and costs represent good value for members.

The total charges payable (quoted in the following table as TER (Total Expense Ratio)) under the Scheme's default investment strategy will vary depending on the stage that each member has reached in the appropriate default investment strategy's de-risking process.

The Trustee has also decided to adopt a range of risk profiled funds and a range of passively and actively managed funds under the "Leave me to it" section, which allows members to tailor their own investment strategy.

The Total Expense Ratio (fees) charged for each of the funds in the Scheme's fund range, including the Scheme's default lifestyle investment option and technical defaults (arising as a result of the previous fund mapping exercise), are provided in the table below. The charges include the fee that is collected by the Fund Provider, Aviva, for its administration services:

Fund	Total Expense Ratio (%p.a.)	Transaction Costs
Mercer Defensive / Lower Risk	0.57%	-0.0416%
Mercer Moderate Growth / Moderate Risk	0.62%	-0.0320%
Mercer Growth / Balanced Risk	0.62%	-0.0395%
Mercer High Growth / Higher Risk	0.62%	-0.0314%
Mercer Cash Retirement Fund	0.48%	*
Mercer Target Cash 2019 Retirement Fund	0.53%	-0.0255%
Mercer Target Cash 2020 Retirement Fund	0.53%	-0.0360%
Mercer Target Cash 2021 Retirement Fund	0.56%	-0.0283%
Mercer Target Cash 2022 Retirement Fund	0.61%	0.0798%
Mercer Target Cash 2023 Retirement Fund	0.64%	-0.0102%
Mercer Target Cash 2024 Retirement Fund	0.64%	-0.0352%
Mercer Target Cash 2025 Retirement Fund	0.64%	0.0036%
Mercer Target Cash 2026 Retirement Fund	0.64%	-0.0317%
Mercer Target Cash 2027 Retirement Fund	0.63%	*
Mercer Target Annuity 2021 Retirement Fund	0.59%	-0.0019%
Mercer Target Annuity 2022 Retirement Fund	0.62%	-0.0007%
Mercer Target Drawdown 2022 Retirement Fund	0.74%	0.0400%
Mercer Target Drawdown 2024 Retirement Fund	0.72%	-0.0195%
Mercer Active UK Equity	1.05%	0.0007%
Mercer Active Global Equity	1.06%	0.4991%
Mercer Active Global Small Cap Equity	1.32%	0.6957%
Mercer Active Emerging Markets Equity	1.31%	0.5363%
Mercer Active Emerging Markets Debt	1.20%	-0.0098%

Mercer Absolute Return Fixed Income	0.93%	-0.2582%
Mercer Passive UK Equity	0.44%	0.0611%
Mercer Passive Overseas Equity	0.44%	0.0186%
Mercer Passive Overseas (Hedged) Equity	0.46%	0.0011%
Mercer Passive Emerging Markets Equity	0.65%	-0.1275%
Mercer Passive Fixed Interest Gilts	0.43%	-0.0045%
Mercer Passive UK Corporate Bond	0.45%	0.0335%
Mercer Passive Index-Linked Gilts	0.44%	-0.0065%
Mercer Diversified Growth	0.66%	-0.0209%
Mercer Pre-Retirement	0.47%	-0.0225%
Mercer Passive Shariah	0.70%	*
Mercer Cash	0.43%	*
Baillie Gifford - UK Equity	0.70%	0.0722%
BlackRock - Passive Global Equity (30:70) (GBP Hedged)	0.47%	-0.0455%
BlackRock - Diversified Growth	0.95%	0.3791%
Baillie Gifford - International Equity	0.74%	0.0438%

Source: Aviva as at 31 March 2019. The Total Expense Ratio includes the Annual Management Charge and Additional Fund Expenses.
 * Required underlying data is not available but the Trustee will continue to request this from Aviva on a regular basis.

Note that expenses are a function of the size of the fund and will change over time. The maximum TER ("Total Expense Ratio") across the default lifestyle option is 0.62% p.a. which is compliant with the charge cap of 0.75% p.a. Each of the technical defaults also comply with the charge cap of 0.75% p.a, with TERs below this.

Reporting of Costs and Charges

Using the charges and transaction cost data provided by Aviva and in accordance with regulation 23(1)(ca) of the Administration Regulations, as inserted by the 2018 Regulations, the Trustee has prepared an illustration detailing the impact of the costs and charges typically paid by a member of the Plan on their retirement savings pot. The statutory guidance provided has been considered when providing these examples.

The below illustrations, provided by Aviva, have taken into account the following elements:

- Savings pot size;
- Contributions;
- Real terms investment return gross of costs and charges;
- Adjustment for the effect of costs and charges; and
- Time.

Your pension scheme

HCA International Ltd Staff Retirement Benefits Scheme.

Costs and charges illustration

What is this illustration for and how could it help you?

The information in this document is an 'illustration'. This is to show you the possible effect of costs and charges on your pension savings to help you plan for your retirement. The figures shown in it are not personal to you and do not show the actual pension benefits you could get from the pension scheme.

Your pension scheme benefits depend on many things such as contributions from you or your employer, how your investment funds have performed, and costs and charges. You may get back less than you put in.

How charges affect your pension scheme's investment funds

On page 2 are tables which show how different costs and charges can impact the pension pot over certain periods of time, based on a selection of investment funds. Table 1 shows typical funds for your pension scheme. Table 2 shows funds with different growth rate assumptions and charges.

Under each investment fund, there are two columns. The first shows the projected pension values assuming no charges are taken. The second shows the projected pension values after costs and charges are taken. By comparing the two you can see how much the charges over the years will impact your pension fund. So, for example, if you started your pension at age 30 and expect to retire at 65, the figures at the end of year 35 would give an idea of the effect of charges over the 35 years you are invested. The figures are based on a monthly investment of £100 – see page 3 for the assumptions we use.

Table 1

Illustration of effect of cost and charges for typical funds within your scheme - HCA International Ltd Staff Retirement Benefits Scheme.										
	Av MyM BlackRock DC Diversified Growth		Av MyM Mercer Defensive / Lower Risk		Av MyM Mercer Moderate Growth / Moderate Risk		Av MyM Mercer Active Global Equity		Av MyM Mercer Passive UK Equity	
	Assumed growth rate 4.3%		Assumed growth rate 2.7%		Assumed growth rate 4.3%		Assumed growth rate 5%		Assumed growth rate 5%	
	Assumed costs and charges 1.33%		Assumed costs and charges 0.53%		Assumed costs and charges 0.61%		Assumed costs and charges 1.07%		Assumed costs and charges 0.5%	
At end of year	Projected value assuming no charges are taken	Projected value after costs and charges are taken	Projected value assuming no charges are taken	Projected value after costs and charges are taken	Projected value assuming no charges are taken	Projected value after costs and charges are taken	Projected value assuming no charges are taken	Projected value after costs and charges are taken	Projected value assuming no charges are taken	Projected value after costs and charges are taken
1	£1,200	£1,190	£1,190	£1,180	£1,200	£1,190	£1,200	£1,200	£1,200	£1,200
2	£2,420	£2,380	£2,380	£2,360	£2,420	£2,400	£2,430	£2,410	£2,430	£2,420
3	£3,660	£3,580	£3,570	£3,540	£3,660	£3,620	£3,700	£3,630	£3,700	£3,670
4	£4,920	£4,790	£4,770	£4,710	£4,920	£4,860	£4,990	£4,880	£4,990	£4,940
5	£6,200	£6,000	£5,960	£5,880	£6,200	£6,110	£6,310	£6,140	£6,310	£6,230
10	£13,000	£12,100	£12,000	£11,700	£13,000	£12,600	£13,400	£12,700	£13,400	£13,100
15	£20,400	£18,400	£18,100	£17,400	£20,400	£19,400	£21,500	£19,700	£21,500	£20,600
20	£28,400	£24,700	£24,200	£23,000	£28,400	£26,600	£30,500	£27,200	£30,500	£28,900
25	£37,200	£31,200	£30,400	£28,500	£37,200	£34,300	£40,700	£35,200	£40,700	£38,000
30	£46,800	£37,900	£36,700	£33,900	£46,800	£42,400	£52,300	£43,800	£52,300	£48,100
35	£57,200	£44,700	£43,000	£39,200	£57,200	£51,000	£65,300	£53,000	£65,300	£59,100
40	£68,600	£51,600	£49,400	£44,400	£68,600	£60,000	£79,900	£62,800	£79,900	£71,300
45	£81,100	£58,700	£55,800	£49,600	£81,100	£69,600	£96,500	£73,200	£96,500	£84,600
50	£94,700	£65,900	£62,300	£54,600	£94,700	£79,800	£115,000	£84,400	£115,000	£99,400

Table 2

Illustration of effect of costs and charges for funds with different growth rates and charges within your scheme - HCA International Ltd Staff Retirement Benefits Scheme.								
	Av Mercer Drawdown Cash Retirement		Av MyM Mercer Passive Overseas Equity Hedged		Av MyM Mercer Active Global Equity		Av MyM Mercer Active Global Small Cap Equity	
	Assumed growth rate 1.5%		Assumed growth rate 5%		Assumed growth rate 5%		Assumed growth rate 5%	
	Assumed costs and charges 0.43%		Assumed costs and charges 0.39%		Assumed costs and charges 1.07%		Assumed costs and charges 2.24%	
At end of year	Projected value assuming no charges are taken	Projected value after costs and charges are taken	Projected value assuming no charges are taken	Projected value after costs and charges are taken	Projected value assuming no charges are taken	Projected value after costs and charges are taken	Projected value assuming no charges are taken	Projected value after costs and charges are taken
1	£1,180	£1,180	£1,200	£1,200	£1,200	£1,200	£1,200	£1,190
2	£2,350	£2,340	£2,430	£2,420	£2,430	£2,410	£2,430	£2,380
3	£3,510	£3,480	£3,700	£3,670	£3,700	£3,630	£3,700	£3,570
4	£4,650	£4,610	£4,990	£4,950	£4,990	£4,880	£4,990	£4,760
5	£5,790	£5,720	£6,310	£6,250	£6,310	£6,140	£6,310	£5,960
10	£11,300	£11,100	£13,400	£13,200	£13,400	£12,700	£13,400	£12,000
15	£16,500	£16,000	£21,500	£20,800	£21,500	£19,700	£21,500	£18,000
20	£21,500	£20,700	£30,500	£29,300	£30,500	£27,200	£30,500	£24,100
25	£26,300	£25,000	£40,700	£38,600	£40,700	£35,200	£40,700	£30,300
30	£30,800	£29,000	£52,300	£49,000	£52,300	£43,800	£52,300	£36,500
35	£35,100	£32,800	£65,300	£60,400	£65,300	£53,000	£65,300	£42,800
40	£39,200	£36,200	£79,900	£73,100	£79,900	£62,800	£79,900	£49,100
45	£43,200	£39,500	£96,500	£87,100	£96,500	£73,200	£96,500	£55,500
50	£46,900	£42,500	£115,000	£103,000	£115,000	£84,400	£115,000	£61,900

How we worked out the figures in the tables

It's important to understand how much or how little difference charges make to your pension pot, but we can't predict exactly what will happen in the future so we've had to make some assumptions. The values shown are estimates and are not guaranteed.

These assumptions are:

1. We've assumed someone doesn't have anything in their pension pot when they start saving. Contributions are assumed to be paid £100 monthly increasing in line with assumed earnings inflation of 2.5% each year.
2. The figures illustrate the pension pot value in 'today's money' which means they take inflation into account by discounting values at 2.5% a year. Seeing the figures in this way shows you what they could be worth today. It's important to note that inflation reduces the worth of all savings and investments. The effect of this is shown in the illustration and could mean the fund may reduce as well as grow in 'today's money'.
3. Transaction costs may not have been included where data was not available from the fund managers.

Some important things to remember

Your scheme will offer other funds to those illustrated, with different growth potential and different charges, and may also offer some form of lifestyling investment approach. If you have selected the lifestyling investment approach your pension pot will automatically be moved into different funds as you approach your retirement date and your scheme literature will provide details of how this works. As the individual funds used in a lifestyling approach have different growth potential and different charges, the overall growth rate and overall charge will change over time.

For these reasons, we have shown a range of funds with a range of charges which are available to you and which could apply to your pension pot during the life of your plan. A personal projection of your pension pot is included in your annual benefit statement and you should read that to get an individual view of your projected pension benefits. You'll also find details of the actual charges applicable to you in your scheme literature.

The figures shown here:

- Shouldn't be used to make investment decisions, so if you need to do that, we recommend that you take financial advice.
- May not be relevant to your personal circumstances. Your money may be invested in different funds, for example.

Aviva Life & Pensions UK Limited.

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Value for Members

In accordance with regulation 25(1)(b), the Trustee undertakes a review of the charges and transaction costs incurred by members in order to ascertain whether or not the DC and AVC arrangements in place represent good value for members, relative to peers and alternative arrangements that are available.

There is no legal definition of "good value", so the process of determining good value is a subjective one. "Value" is not a straightforward concept to quantify and can be open to broad interpretation.

The Trustee, with support from their advisers, Mercer Ltd, has undertaken a value for members' assessment. The review concluded that the Scheme overall represents **good value for members** in comparison to the costs payable by members. The reasons underpinning this conclusion include:

- The Plan's current default investment arrangement (and additional technical defaults) complies comfortably with the charge cap of 0.75% per annum.
- The Value for Member assessment does not compare TERs directly but uses an investment cost estimate by removing example admin fees. This is then compared against a manager database and found that one of the available funds rated amber.
- The funds used by the Scheme are highly rated by our investment advisers as having good prospects of achieving their risk and return objectives.
- The performance of the funds in use has also been reviewed, and over a three-year period to 31 March 2019, concern has been raised for two funds which were rated red meaning that they underperformed its benchmark. The Trustee will monitor the ongoing performance of these funds on a quarterly basis.
- As a result of the Value for Member assessment, the Trustee will continue to monitor both the fees and the performance of all funds available to members, paying specific attention to any underperforming funds at each quarterly meeting, to monitor improvements.
- The Company also pays for an Independent Trustee to govern the Scheme's arrangements and provide oversight on behalf the members' best interests, and also pays for Trustee advisory services.
- The Company also pays a fee for Mercer Workplace Savings (MWS) which benefits members with enhanced Service Level Agreements for the administration services provided by Aviva, lower member fund charges and an additional layer of governance in respect of Aviva and the underlying investments which are researched by Mercer on the Aviva platform.
- The Company also pays for supplementary communications issued on behalf of the Trustee and/or Company, including an annual newsletter, information regarding pension taxation, and other ad hoc material.
- Members are also in receipt of additional benefits, for example:
 - Ongoing oversight and review of the default investment strategy and the DC fund range;
 - The efficiency of the administration processes and the Trustees' and Company's governance of the services;
 - The wide-ranging support and governance of the Scheme from the Trustee and the Company and the Trustee's professional advisers.

Trustee knowledge and understanding

The Scheme is run by a sole Professional Trustee, Punter Southall Governance Services ("PSGS"). PSGS is a leading independent pension trustee company, first formed in 1995 and part of the Punter

Southall Group of companies. They act for many pension schemes, from the very small to the very large, including defined benefit (DB) and defined contribution (DC) pension schemes that are open or closed to new members, closed to future benefit accrual, winding up or merging. They work with both trust based pension schemes and contract based workplace pensions.

PSGS is represented by Ian Eggleton, a Client Director. Ian is a Fellow of the Pensions Management Institute and a member of the Association of Professional Pension Trustees. He has completed the Pensions Regulator’s Trustee Toolkit and he undertakes a minimum level of CPD each year for PMI and APPT.

Ian has spent his entire career in the pensions world having started as an actuarial student. He moved into consultancy and held senior positions with Mercer before leaving at the end of 2008. Ian was President of the Pensions Management Institute from 2001 to 2003 and has been a regular contributor to the pensions debate as a speaker or chair of industry conferences. He is also an adviser with TPAS, the Pensions Advisory Service, which now forms part of the Pensions Ombudsman’s office.

PSGS requires that each of the Client Directors is professionally qualified and undertakes a minimum level of CPD each year, maintaining an adequate level of knowledge and understanding of the law relating to pensions and trust. PSGS has significant experience in the DC market.

In accordance with sections 247 and 248 of the Pensions Act 2004, the Trustee is required to maintain an appropriate level of knowledge and understanding that, together with professional advice available to them, enables them to properly exercise their functions and duties in relation to the Scheme.

The Trustee must also be conversant with the Scheme’s own documentation. These are described in legislation as the Trustees Memorandum and Articles of Association, trust deed and rules, statement of investment principles. The Trustee must also be conversant with any other document recording current policy relating to the administration of the Scheme generally. The Pensions Regulator interprets ‘conversant’ as having a working knowledge of those documents such that the Trustees are able to use them effectively when they are required to do so in the course of carrying out their duties on behalf of the Trustees.

The Trustee is required to disclose how these duties have been fulfilled and how their combined knowledge and understanding, together with the advice which is available to them, enables them to properly exercise their duties and responsibilities.

The table below shows how these requirements have been met during the year.

Requirement	How met
Trustees must describe how, through the scheme year the trustees have demonstrated a working knowledge of the trust deed and rules.	The Trustee is conversant with, and has demonstrated a working knowledge of, the Trust Deed and Rules during the Scheme year by providing decisions in line with the Rules. At each quarterly Trustee meeting the Trustee maintains a “discretions log” to document any discretionary decisions made throughout the Scheme year. During this Scheme year,

	discretions included the settlement of a member death cases in line with the Trust Deed and Rules.
Trustees must describe how, through the scheme year the trustees have demonstrated a working knowledge of the current SIP.	During the year, the Trustee discussed the new investment duties in respect of incorporating Environmental, Social and Governance and sustainability matters into the SIP.
Trustees must describe how, through the scheme year the trustees have demonstrated a working knowledge of all documents setting out the trustees' current policies.	<p>The Trustee has demonstrated a working knowledge of the trustees' current policies through their maintenance of an annual calendar and policy schedule which is a standing item at each meeting where key policies and documents are reviewed in turn and updated if appropriate.</p> <p>During each Scheme year, the Trustee maintains a "Decision Record", containing all minuted decisions made at quarterly Trustee meetings, to ensure an accurate record of the Trustee's current policies. During the Scheme year, the Trustee revisited its cyber security policies held by both the Trustee and the provider.</p>
Trustees must describe how, through the scheme year the trustees have demonstrated that they have sufficient knowledge and understanding of the law relating to pensions and trusts.	<p>The Trustee's advisor, Mercer, attend each meeting and give the Trustee an overview of market and legislative developments, including the Trustee's duties and requirements for strong governance.</p> <p>In addition, if there are any ambiguities over the interpretation of the Rules or new legislation, legal advice is sought from the Trustee's lawyers, DAC Beachcroft LLP. During the Scheme Year, the Trustee demonstrated this by referring the legislation pertaining to historic fund mapping exercises creating defaults to their lawyers.</p>
Trustees must describe how, through the scheme year the trustees have demonstrated that they have sufficient knowledge and understanding of the relevant principles relating to the funding and investment of occupations schemes.	The Trustee Directors attended training in relation to a number of topics; covering investment, governance and legal areas. Agendas at the training sessions included GDPR, powers of delegation, risk management and investment within specific asset classes. As a result, they have sufficient knowledge and understanding of the relevant principles relating to the funding and investment of occupation schemes.
Trustees must describe how, through the scheme year the trustees have demonstrated that their combined knowledge and understanding, together with available advice, enable them to properly exercise their functions.	The Trustee receives advice from professional advisers to support them in reviewing the performance of the Scheme and in governing the Scheme in line with the Trust Deed and Rules, and the relevant skills and experience of those advisers is a key criterion when evaluating advisor performance or selecting new advisers. The advice received by the Trustee along with their own experience allows them to properly exercise their function as Trustee.

The Trustee will also review and assess, on an ongoing basis, whether the systems, processes and controls across key governance functions are consistent with those set out in the Pensions Regulator's Code of Practice 13.

This statement has been prepared in accordance with Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 as amended by the Occupational Pension Schemes (Charges and Governance) 2015 (together 'the Regulations') and I confirm that the above statement has been produced by the Trustee to the best of my knowledge.

Signature: 

Name: Ian Eggleden

On behalf of the Trustee of the HCA International Limited Staff Retirement Benefits Scheme

Date: 2 October 2019

Appendix

The Statement of Investment Principles ("SIP"):