

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 2020 to 31 March 2021. This statement describes how the Trustee seeks to make sure that the Scheme is well managed and delivers efficient 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 Trustee's 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 Scheme's investment strategy is built around three groups of members:

- "Do it for me" - these members are offered a diversified, growth orientated fund in the savings phase and a specific set of Target Retirement Funds targeting the retirement destination selected by the Trustee, which targets Cash. This is called the default arrangement;
- "Help me do it" – in addition to the default Target Retirement Funds, these members can also select alternative Target Retirement Funds, which target other retirement destinations or mix and match between them, i.e. annuity purchase or drawdown; and
- "Leave me to it" – members also have complete freedom to select and build their own portfolio from a range of funds selected by the Trustee. This includes a list of Mercer building block funds and external funds that are highly rated by Mercer.

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 a member's normal retirement age, 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 2021, almost 87% of member assets 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.

The Trustee last undertook a review of the Scheme's investment strategy on 23 July 2019. This review included the performance and strategy of the Scheme's investment options, comprising both the Default investment arrangements and self-select range of funds, to ensure the funds offered reflected the greater flexibility available to retiring members.

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.

As a result of this review, the recommendation of the Trustee's adviser, Mercer Limited, was to continue targeting cash (due to the small pot sizes) and not to implement any changes to the current default investment strategy, to which the Trustee agreed. The Trustee felt that the strategy and returns are consistent with the aims and objectives of the default arrangement. It has however been noted by the Trustee that they will need to revisit the default strategy as the membership and pot sizes increase.

On 23 December 2016, the Trustee moved 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. Within the advice received by the Trustee, 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; and
- 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.

As part of the 23 July 2019 review, the Trustee also reviewed the wide range of self-select funds available to the members. The review identified a gap in the self-select fund range offering, with the absence of Environmental, Social, and Governance ("ESG") funds. The Trustee therefore requested separate advice on an appropriate fund, which could be added to the range. This advice was received by the Trustee on 30 March 2021 and as of May 2021, the Mercer Passive Sustainable Global Equity Feeder Fund has been made available to members within the self-select fund range.

No formal review of the default or the self-select fund range was completed during the Scheme year. However, it will next be reviewed in 2022.

Over the Scheme year, the Trustee and their advisers have reviewed the performance of the investment funds and the current default arrangement against their stated objectives on a quarterly basis. To enable the Trustee to review the performance of the investment funds, MWS provide the Trustee with quarterly reports that highlight net performance against benchmarks and also any change to the rating Mercer assigns to funds (including ESG ratings where appropriate).

These reports are reviewed by the Trustee and where there have been any concerns these are raised with the investment manager via Mercer. Each regular review focusses, in particular, on the extent to which the return on investments relating to the default arrangement (after deduction of any costs and charges which are relevant to those investments) is consistent with the Trustee's aims and objectives in respect of the default arrangements (as recorded in the Statement of Investment Principles (the "SIP")). The Trustee may also at times undertake reviews of specific aspects of the SIP and the performance of the default arrangements.

[Statement of Investment Principles](#)

In accordance with the Administration Regulations, the Trustee has appended the latest copy of 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 24 September 2020.

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; and

- An explanation of how these aims, objectives and policies (which together form the Trustee’s “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 SIP 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%

The processes adopted by Aviva to help meet the SLA’s include:

- Timeliness of transactions monitored and reported (escalating/reallocating resources if necessary);

- Straight through processing for contribution payments - automated system (validations built in);
- Manual processes require a separate processor and authoriser (segregation inbuilt into system);
- Daily monitoring of bank accounts;
- Quality audit checks are undertaken on a sample of processes throughout the year;
- Unit reconciliation between investment and administration systems undertaken daily and are checked and approved weekly (by FNZ); and
- Payments checked and approved independently by one or more individuals (depending on value).

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 into 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, Aviva has met its overall service level target. However, the Trustee has identified that Aviva has not achieved the target service levels for all core financial transactions, namely Payment Out which achieved 94% over the year, which is below its target of 97%. The Trustee is however satisfied that Aviva's controls, as the administrator, to process transactions promptly and accurately are in place and recognises the impact that the COVID-19 pandemic has had on the administrator function during the Scheme year. The Trustee will discuss any service levels failures with Aviva and query the reasons for this and any ensure corrective measures are undertaken where necessary.

As a wider review of the Scheme administrator in general, the Trustee receives an assurance report on the administrator's internal controls. The latest report received was for the period to 31 December 2020 (published in July 2021) and noted the Independent Service Auditor's opinion that, in all material aspects, its controls were suitably designed and those tested operated effectively.

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 and its advisers on an ongoing basis.

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 has also appointed 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. Where any issues arose from these checks, they have been dealt with promptly by the Trustee's advisers.

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. When preparing this Statement, the Trustee has taken account of statutory guidance.

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 charged for each of the funds used within the Scheme year, 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. Those funds used within the Scheme’s default investment option and the technical defaults have been highlighted. The charges include the fee that is collected by the fund provider, Aviva, for its administration services:

Fund	Total Expense Ratio (% p.a.)	Transaction Cost (% p.a.)
Mercer Defensive / Lower Risk	0.52	0.0409
Mercer Moderate Growth / Moderate Risk	0.56	0.1160
Mercer Growth / Balanced Risk	0.55	0.2087
Mercer High Growth / Higher Risk	0.56	0.2333
Mercer Cash Retirement Fund	0.43	0.0144
Mercer Target Cash 2022 Retirement Fund	0.45	0.0250
Mercer Target Cash 2023 Retirement Fund	0.46	0.0378
Mercer Target Cash 2024 Retirement Fund	0.48	0.0499
Mercer Target Cash 2025 Retirement Fund	0.49	0.0751
Mercer Target Cash 2026 Retirement Fund	0.51	0.1011
Mercer Target Cash 2027 Retirement Fund	0.52	0.1364
Mercer Target Cash 2028 Retirement Fund	0.54	0.1899
Mercer Target Cash 2029 Retirement Fund	0.55	0.2029
Mercer Annuity Retirement Fund	0.46	0.0000
Mercer Target Annuity 2022 Retirement Fund	0.48	0.0102
Mercer Target Annuity 2025 Retirement Fund	0.51	0.0901
Mercer Target Drawdown 2024 Retirement Fund	0.61	0.2067
Mercer Active UK Equity	0.98	0.8187
Mercer Active Global Equity	1.00	0.0867
Mercer Active Global Small Cap Equity	1.17	0.3333
Mercer Active Emerging Markets Equity	1.23	0.9367
Mercer Active Emerging Markets Debt	0.98	0.1945
Mercer Absolute Return Fixed Income	0.79	0.3569

Mercer Diversified Growth Fund	0.59	0.1407
Mercer Diversified Retirement Fund	0.56	0.1410
Mercer Passive UK Equity	0.38	0.0040
Mercer Passive Overseas Equity	0.38	-0.0471
Mercer Passive Overseas Equity (GBP Hedged)	0.41	0.0559
Mercer Passive Emerging Markets Equity	0.45	0.0770
Mercer Passive Shariah	0.65	0.0270
Mercer Passive Fixed Interest Gilts	0.38	0.0000
Mercer Passive UK Corporate Bond	0.38	0.0000
Mercer Passive Index-Linked Gilts	0.38	0.0085
Mercer Pre-Retirement Fund	0.42	0.0000
Mercer Inflation Linked Pre-Retirement Fund	0.42	0.0412
Mercer Cash	0.38	0.0144
Mercer Drawdown Cash Retirement Fund	0.38	0.0144
Baillie Gifford - UK Equity Core	0.67	0.0000
BlackRock - Passive Global Equity (30:70) (GBP Hedged)	0.43	0.0280
BlackRock - DC Diversified Growth	0.91	0.5300
Baillie Gifford - International Equity	0.67	0.0705

Source: Aviva as at 31 March 2021. The Total Expense Ratio includes the Annual Management Charge and Additional Fund Expenses.

Note that expenses are a function of the size of the fund and will change over time. The maximum Total Expense Ratio across the default lifestyle option is 0.55% 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, Aviva has prepared illustrations detailing the impact of the costs and charges typically paid by a member of the Scheme on their retirement savings pot, on behalf of the Trustee. The statutory guidance provided has been considered when providing these examples.

The illustrations below, prepared 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.

The illustrations include all member costs, including the TER, transaction costs and inflation as at 31 December 2020. It is important to note that the values shown are estimates and are not guaranteed. The term of investment has been based on the youngest member of the Scheme.

Table 1 shows typical funds for the Scheme and Table 2 shows funds with different growth rate assumptions and charges.

Table 1

Illustration of effect of cost and charges for typical funds within your scheme – HCA International Ltd Staff Retirement Benefits Scheme										
	Av MyM Mercer Growth / Balanced Risk		Av MyM Mercer Target Cash 2027		Av MyM Mercer Target Cash 2025		Av MyM Mercer Cash Retirement		Av MyM Mercer Target Cash 2023	
	Assumed growth rate 3.6%		Assumed growth rate 3.1%		Assumed growth rate 2.5%		Assumed growth rate 0.5%		Assumed growth rate 1.4%	
	Assumed costs and charges 0.63%		Assumed costs and charges 0.57%		Assumed costs and charges 0.51%		Assumed costs and charges 0.44%		Assumed costs and charges 0.47%	
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	£1,190	£1,190	£1,190	£1,190	£1,190	£1,180	£1,170	£1,170	£1,180	£1,180
2	£2,400	£2,380	£2,390	£2,370	£2,370	£2,360	£2,320	£2,310	£2,350	£2,330
3	£3,620	£3,580	£3,590	£3,560	£3,560	£3,530	£3,450	£3,430	£3,500	£3,480
4	£4,850	£4,790	£4,800	£4,750	£4,750	£4,700	£4,560	£4,520	£4,640	£4,600
5	£6,100	£6,000	£6,020	£5,930	£5,930	£5,860	£5,640	£5,580	£5,770	£5,700
10	£12,500	£12,100	£12,200	£11,900	£11,900	£11,600	£10,800	£10,500	£11,200	£11,000
15	£19,300	£18,400	£18,600	£17,800	£17,800	£17,100	£15,400	£14,900	£16,400	£15,900
20	£26,500	£24,800	£25,200	£23,800	£23,700	£22,600	£19,600	£18,800	£21,300	£20,400
25	£34,000	£31,400	£31,900	£29,700	£29,700	£27,900	£23,400	£22,300	£26,000	£24,600
30	£42,000	£38,000	£38,900	£35,700	£35,600	£33,000	£26,900	£25,300	£30,400	£28,400
35	£50,400	£44,900	£46,100	£41,600	£41,500	£38,000	£30,000	£28,000	£34,600	£32,000
40	£59,200	£51,900	£53,500	£47,600	£47,500	£42,900	£32,800	£30,400	£38,500	£35,300
45	£68,600	£59,000	£61,100	£53,600	£53,400	£47,700	£35,400	£32,500	£42,300	£38,400
50	£78,400	£66,300	£68,900	£59,500	£59,300	£52,400	£37,700	£34,400	£45,800	£41,200

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 Over 15 Year Gilt		Av MyM BlackRock DC Diversified Growth		Av MyM Mercer Absolute Return Fixed Income	
	Assumed growth rate 0.5%		Assumed growth rate 1.5%		Assumed growth rate 4.5%		Assumed growth rate 1.75%	
	Assumed costs and charges 0.39%		Assumed costs and charges 0.38%		Assumed costs and charges 1.43%		Assumed costs and charges 1.79%	
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	£1,170	£1,170	£1,180	£1,180	£1,200	£1,190	£1,180	£1,170
2	£2,320	£2,320	£2,350	£2,340	£2,420	£2,390	£2,350	£2,310
3	£3,450	£3,430	£3,510	£3,490	£3,670	£3,590	£3,520	£3,420
4	£4,560	£4,520	£4,650	£4,620	£4,940	£4,790	£4,680	£4,510
5	£5,640	£5,590	£5,790	£5,730	£6,230	£6,010	£5,820	£5,570
10	£10,800	£10,600	£11,300	£11,100	£13,100	£12,200	£11,400	£10,500
15	£15,400	£15,000	£16,500	£16,100	£20,700	£18,500	£16,800	£14,800
20	£19,600	£18,900	£21,500	£20,800	£29,000	£25,000	£22,100	£18,600
25	£23,400	£22,400	£26,300	£25,100	£38,200	£31,600	£27,100	£22,000
30	£26,900	£25,500	£30,800	£29,200	£48,300	£38,400	£31,900	£24,900
35	£30,000	£28,200	£35,100	£33,000	£59,400	£45,400	£36,600	£27,600
40	£32,800	£30,700	£39,200	£36,600	£71,700	£52,500	£41,100	£29,900
45	£35,400	£32,800	£43,200	£39,900	£85,200	£59,900	£45,500	£31,900
50	£37,700	£34,800	£46,900	£43,000	£100,000	£67,400	£49,600	£33,700

Notes:

1. Assuming a starting pension pot of £0. £100 monthly contributions are assumed to be paid, 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.

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 Scheme represents 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 Scheme'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 three of the available funds rated amber.
- The fees charged by Aviva contain both investment and non-investment related charges (e.g. administration). An "adjusted AMC" for each fund, accounting for the Aviva scheme charge of 0.350%, has been analysed against the AMCs for funds in its relevant peer group within Mercer's Global Investment Manager Database.
- The Trustee intends to engage with Aviva on the Scheme charge due in order to remain competitive within the market.
- 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 2021, concern has been raised for funds that were rated red meaning that they underperformed its benchmark. The Trustee will monitor the ongoing performance of these funds on a quarterly basis.
- The Company 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 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 Trustee's and Company's governance of the services; and
 - 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

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 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 he has completed the Pensions Regulator's Trustee Toolkit and undertakes a minimum level of CPD each year for PMI. Ian is also a PMI accredited professional trustee in the UK.

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 when he joined PSGS. Ian is a Past President of the Pensions Management Institute and has been a regular contributor to the pensions debate as a speaker or chair of industry conferences. He is also an adviser with the Early Resolution Team, 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.

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.	<p>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.</p> <p>At each 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.</p> <p>In addition, if there are any ambiguities over the interpretation of the Rules, legal advice is sought from the Scheme’s Lawyers DAC Beachcroft LLP.</p>
Trustees must describe how, through the scheme year the trustees have demonstrated a working knowledge of the current SIP.	<p>During the year, the Trustee undertook a review of the new SIP prepared by Mercer. They noted the changes required to make the SIP fully compliant with new DWP guidance. The SIP was signed by the Trustee on 24 September 2020.</p>
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 Trustee meetings, to ensure an accurate record of the Trustee’s current policies.</p> <p>During the Scheme year, the Trustee met formally on 30 September 2020.</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 adviser, Mercer Ltd, attend each meeting and give the Trustee an overview of market and legislative developments, including the Trustee’s duties and requirements for strong governance. Mercer presented this report at the 30 September 2020 meeting.</p> <p>As noted above, the Trustee may also discuss any new legislation with their legal advisors, DAC Beachcroft LLP.</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	<p>The Trustee attended training in relation to a number of topics; covering investment, governance and legal areas during the year. As a result, the Trustee has sufficient knowledge and understanding of the relevant principles relating to the funding and investment of occupation schemes.</p>

and investment of occupations 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.	<p>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 advisors. The advice received by the Trustee along with their own experience allows them to properly exercise their function as Trustee.</p> <p>The employer covers the cost of the Trustee and its advisers who attend each Trustee meeting and are available to support the Trustee at any time during the year and answer any queries or concerns they may have.</p>

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.

Furthermore, the Trustee works closely with the Company to understand their process and the effect they have on the Scheme and to its members. Representatives, on behalf of the Company, attend all Trustee meetings and feed into any discussions that may affect the running of the Scheme.

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 Eggleton

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

Date: 29 September 2021

Appendix

The Statement of Investment Principles ("SIP"):