

HCA INTERNATIONAL LIMITED FINAL SALARY PENSION 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 Trustees of the HCA International Limited Final Salary Pension Scheme (the "Scheme") are required to prepare a statement (the "Statement") on governance in the annual report.

We are pleased to present our annual statement on Defined Contribution ("DC") governance for inclusion in the Report and Accounts for the Scheme, covering the period 1 April 2024 to 31 March 2025 (the "Scheme Year"). This statement describes how the Trustees seek to make sure that the Scheme is well-managed and delivers good services to members. In doing so, we provide the various statutory disclosures required by legislation.

This statement covers five key areas:

- The Scheme's default arrangement;
- The processing of core financial transactions;
- Charges and transaction costs within the Scheme including any performance-based fees;
- Value for Members assessment; and
- The Trustees' compliance with the statutory knowledge and understanding ("TKU") requirements.

This Statement is presented in relation to the Scheme's **DC** benefits. These benefits fall into two categories, namely;

- DC underpins for ex St Martins members.
- Additional Voluntary Contributions ("AVCs").

DC underpins for ex St Martins members

A DC scheme is one where broadly, each member has his/her own savings pot into which contributions are paid. The retirement benefits eventually paid to members are not known in advance but depend instead on factors such as the amounts of contributions that are paid, the investment returns that they earn and the charges that are deducted from savings. The purpose of the annual statement is for trustees of DC schemes to explain how they have exercised their responsibilities in these crucial areas.

The Scheme is **not** typically regarded as a DC pension scheme. Members' pensions at retirement are calculated on a defined benefit formula based on pay and length of service (1/60th of Final Pensionable Salary for each year of Pensionable Service), irrespective of investment returns or fund charges. However, these defined benefits for former members of the St Martin's Healthcare Limited Retirement Benefits Scheme have a DC underpin attached to them. This means that when the Scheme was open to accrual, a contribution was notionally invested for each member in certain pay periods. When a member retires or transfers out, pension rights calculated on the defined benefit formula described above are compared against the benefits that could be provided from the value of the DC underpin determined from the notional contributions. If the latter benefits are greater, the member's benefits will be topped up accordingly.

The Scheme Actuary has carried out analysis which confirms that the DC underpins have not exerted any influence on members' outcomes in retirement during the Scheme Year and,

based on current market conditions, are highly unlikely to do so in the future. Therefore, the Trustees believe that the requirements referred to above do not apply to the DC underpin for the purpose of the Statement for the year ending 31 March 2025 and the remainder of this Statement therefore applies to the AVC policies held by the Trustees.

Default investment arrangement

The Trustees do not operate default investment arrangements within the meaning of Pensions Act 2008 in relation to the AVC policies. For this reason, the Trustees believe that the disclosures required in the Regulations with regard to default investment arrangements are not applicable to this Statement. For the same reason, the Trustees' Statement of Investment Principles (which can be found here: <https://schemes.vidett.com/wp-content/uploads/HCA-SIP-April-2025-vF.pdf>) does not contain wording relating to default investment arrangements.

Requirements for processing core financial transactions

As required by the Administration Regulations, the Trustees 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 Scheme is closed to future accrual and therefore no further contributions are notionally allocated to members' DC underpins or AVCs. No timescales are therefore required in relation to contribution payments. Therefore, the rest of the Statement only relates to the AVC policies under the Scheme and not to the underpin. Also, as DC underpins are purely notional in nature, members are not allowed to direct how they are invested, so investment switching in relation to DC underpins does not arise in practice.

The Trustees have delegated administration to Aptia UK Limited. During the Scheme year, the administrator recorded all member transactions and benefit processing activities in a workflow management system which assigns the relevant timescale to the task. They typically disclose quarterly, to the Trustees, their performance against these agreed timescales. These disclosures are considered by the Trustees at their meetings.

The Trustees set minimum timescales with the administrator for all services, including core financial functions. The Service Level Agreement ("SLAs") in place with Aptia, and achievement during the period, covering core financial transactions are as follows.

Transaction*	Service Level Agreement	Service Level Achievement %
Death Benefit settlement	4 days	100%
Transfer out settlement	15 days	N/A**
Retirement settlement	13 days	96%***

*Transfers into the Scheme are not permitted.

**There were no transfer out settlements during the reporting period.

***Calculated based on end-to-end processing times.

Stewardship information is typically provided quarterly so that the Trustees can ensure the prompt and accurate processing of financial transactions, including core transactions such as

the transfer of member assets out of the Scheme and the payment of benefits. During the reporting period 94% of events were processed within SLA.

The Trustees receive further data on any events that breach the target timescale, including the amount of time it took to complete and why. Where SLAs have not been achieved, the Trustees work with Aptia to understand why and where improvements can be made. Over the Scheme year, one of the retirement settlements cases was carried out outside the SLA. The Trustees do not have any material concerns about the individual case that was carried out outside of SLA as the Trustee is working with Aptia to understand why this delay occurred and to ensure processes are put in place to prevent it from reoccurring. Over the Scheme year Trustees are satisfied that the administrator controls to process transactions promptly and accurately functioned well during the year.

As a wider review of Aptia, the Trustees receive the Scheme administrator's annual assurance report on internal controls. These reports cover each full calendar year, this Scheme year's report was in respect of Aptia Ltd covering the year to 31 December 2024. The Trustees have noted the Independent Scheme Auditor's opinion that, in all material aspects, its controls were suitably designed and those tested operated effectively.

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

The Trustees also monitor the accuracy of the Scheme's common data. In March 2025, the common data score was 77% which has worsened slightly compared to last year's statement (78%). The worsening of the Scheme's common data score is predominantly due to several missing member addresses amongst other missing data fields. The Trustees are working with the administrator to understand how this information can be sourced therefore improving the Scheme's common data score.

The Trustees are confident that the processes and controls in place with the administrator are robust.

Charges and transaction costs

As required by the Administration Regulations, the Trustees are required to report on the charges and transactions costs for the investments used in the Scheme and assess the extent to which the charges and costs represent good value for members.

The Scheme's assets include AVC policies with Aviva, Utmost Life and Pensions ("Utmost"), Prudential Assurance Company ("Prudential") and Royal London.

There are no performance-based fees associated with any of the investments held within the Scheme.

By their nature, the charging structure of with-profits policies is not transparent. Further information on this has been provided below.

The Trustees have requested the total charges payable, quoted in the following table as Total Expense Ratio ("TER"), and transaction costs ("TC") for the Scheme's AVC investments and have taken account of statutory guidance when producing this section.

The TER is a measure of the total costs associated with managing and operating an investment fund. These costs consist primarily of management fees and additional expenses, such as trading fees, legal fees, auditor fees, and other operational expenses.

In the context of DC arrangements, transaction costs arise from the buying and selling of assets when members buy and sell units of funds or when managers trade within pooled

funds. These costs of manager trading are borne by members. Transaction costs are those which members may incur when switching their investments between the investment funds that are available. Where there is a negative transaction cost, this indicates that transacting has resulted in a net revenue rather than a net cost for the fund.

The information received from each of the providers is set out below:

Provider	Fund Name	TER (% p.a.)	TC (% p.a.)
Aviva	BlackRock (60:40) Global Equity Index Tracker	0.40	0.047
	BlackRock Sterling Liquidity	0.40	0.036
	BlackRock Over 15 Year Gilt Index Tracker	0.40	0.002
	BlackRock Over 5 Year Index-Linked Gilt Index Tracker	0.40	0.047
	Baillie Gifford International	0.69	0.180
	Baillie Gifford Managed	0.70	0.155
	Baillie Gifford UK Equity Core	0.79	0.053
	BlackRock (30:70) Currency Hedged Global Equity Index Tracker	0.46	0.064
	BlackRock DC Diversified Growth	1.05	0.476
	Pre-Retirement Fixed Interest	0.50	0.043
Utmost	Money Market	0.50	0.000
	Managed	0.75	0.011
	UK Equity	0.75	0.034
Prudential	With-Profits Cash accumulation	¹	0.000
Royal London	Crest Secure Fund	1.45	²

Sources Aviva data as at 31 March 2025. TER defined by Aviva as Administration Cost, Prudential data as at 31 December 2024, Utmost data as at 31 March 2025.

¹Charges on With-Profits business depend on the performance of the With-Profits Fund and the investment returns achieved and expenses incurred. The annual charge, further costs, and charges to cover the cost of the guarantees, are already considered when Prudential calculate the bonus rates for the With-Profits Fund. Prudential did not disclose the TC for the fund.

²Royal London confirmed that the Crest Secure Fund base charge (the Annual Management Charge) is 2.25%, which is reduced to 1.45% (due to a 0.8% interest rate) as at 31 March 2025 and this is an all-in charge and allowed for all costs (including transaction costs). The Trustees will continue to request for the exact split of the transaction costs and charges of the fund on behalf of the membership.

Net Investment Returns

To help members understand how their investments are performing, the tables below show investment returns, net of all charges and transaction costs, for all investment options used by members during the Scheme year.

Fund	1 year (% p.a)	5 year (% p.a)
Aviva Pension BlackRock Sterling Liquidity	4.80	2.18
Aviva Pension BlackRock DC Diversified Growth	6.34	5.89
Aviva Pension Baillie Gifford UK Equity Core	6.67	9.65
Aviva Pension BlackRock (30:70) Currency Hedged Global Equity Index Tracker	7.71	14.29
Aviva Pension Pre-Retirement Fixed Interest	-2.42	1.62
Aviva Pension Baillie Gifford International	-3.69	9.69
Aviva Pension BlackRock Over 15 Year Gilt Index Tracker	-7.63	-13.18
Aviva Pension Baillie Gifford Managed	1.67	4.61
Aviva Pension BlackRock (60:40) Global Equity Index Tracker	4.29	6.92
Aviva Pension BlackRock Over 5 Year Index-Linked Gilt Index Tracker	-9.41	-10.26
Utmost Pension Money Market	4.61	2.14
Utmost Pension Managed	4.40	2.46
Utmost Pension UK Equity	7.52	10.14
Prudential With Profits Cash Accumulation	2.50	1.70
Royal London Crest Secure ¹	1.05	5.00

**Aviva could only provide data accurate as at 30 April 2025.*

¹Royal London returns for the Crest Secure policy is determined by the annual bonus rate and the annual management charge.

Members invested in with-profits funds typically receive annual bonuses, which do not reflect the underlying fund's investment performance due to smoothing (whereby some of the return is held back in good years to support bonus rates in years where the investment return has been lower). The amount a member will receive will depend on when they take their benefit and any terminal bonus payable at the time. The level of terminal bonus is dependent on several factors and typically is only guaranteed at the normal retirement age under the policy, or death. The Trustees will consider how best to improve reporting for net performance for with-profits funds in the future considering any updated statutory guidance.

Reporting Costs and Charges

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

To represent the range of funds available to members we are required to show the effect on a member's savings of investment in the following (with the Scheme's relevant funds/strategies listed in brackets):

- **The fund with the most members invested:** Aviva Pension BlackRock Over 15 Year Gilt Index Tracker¹
- **The most expensive fund:** BlackRock DC Diversified Growth
- **The least expensive fund:** Aviva Pension BlackRock Sterling Liquidity

¹excluding the Prudential With Profits Cash Accumulation Fund. Prudential have not disclosed annual charges

The illustrations below have considered 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 illustration includes all member costs, including the TER, transaction costs and inflation. It is important to note that the values shown are estimates and are not guaranteed. The term of investment has been based on the average active member of the Scheme.

Projected Pot sizes in Today's Money							
		Most popular fund: BlackRock Over 15 Year Gilt Index Tracker		Most expensive fund: BlackRock DC Diversified Growth		Least expensive fund: BlackRock Sterling Liquidity	
Year End	Age	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
1	59	£20,060	£19,980	£19,950	£19,660	£19,290	£19,210
2	60	£20,770	£20,590	£20,530	£19,940	£19,190	£19,030
3	61	£21,500	£21,230	£21,140	£20,220	£19,100	£18,860
4	62	£22,250	£21,890	£21,760	£20,510	£19,010	£18,690
5	63	£23,040	£22,560	£22,400	£20,800	£18,920	£18,530
6	64	£23,850	£23,260	£23,050	£21,100	£18,830	£18,360
7	65	£24,690	£23,970	£23,730	£21,400	£18,730	£18,190

Source: Aviva, calculations by Mercer

Notes:

- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
- The starting pot size is assumed to be £19,380.
- Term of investment is based on the youngest member, aged 58 with an expected retirement age of 65.
- There is an assumption of no future contributions.
- Values are estimates and are not guaranteed.
- The projected growth rate for the funds are as follows (before inflation, which is assumed to be 2.5%, and fees):
 - Aviva Pension BlackRock Over 15 Year Gilt Index Tracker: 6.0%
 - Aviva Pension BlackRock DC Diversified Growth Fund: 5.0%
 - Aviva Pension BlackRock Sterling Liquidity: -0.5%
- The Transaction Costs relate to an average of the annual transaction costs recorded over the past 5 Scheme Years:
 - Aviva Pension BlackRock Over 15 Year Gilt Index Tracker: 0.02%
 - Aviva Pension BlackRock DC Diversified Growth Fund: 0.42%
 - Aviva Pension BlackRock Sterling Liquidity: 0.02%

Value for members

When assessing the charges and transaction costs which are payable by members, the Trustees are required to consider the extent to which these represent good value for members. 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 Trustees do not believe that it is proportionate to undertake a market review of price and performance of the Scheme's AVC benefits, particularly as switching away from the current policy will result in members' losing any accumulated terminal bonus, for example in the Prudential Cash Accumulation With-Profits fund.

The Trustees review the AVC policies on a regular basis, with the last review being carried out during 2025. The outcome of the review noted investment performance has been satisfactory.

Member communications were issued during September 2024 to remind members of their AVC benefits. Within this communication, members had been informed of the online access being enabled for Aviva and Prudential member platforms.

The Trustees complete an annual review of the AVC arrangements.

Trustees' Knowledge and Understanding

The Trustees include two senior employees of the Company (one of whom is a Member Nominated Trustee) plus an independent trustee; Vidett Trust Corporation Ltd ("VTC"). VTC is a leading independent pension trustee company that acts for many pension schemes, from the very small to the very large, including defined benefit and DC pension schemes that are open and closed to new members, closed to future benefit accrual, winding up and merging. They work with both trust-based pension schemes and contract-based workplace pensions.

VTC is represented by Ian Eggleden, a Client Director. Ian is a Fellow of the Pensions Management Institute (PMI) and he has completed the Pensions Regulator's Trustee Toolkit. Ian undertakes at least the minimum level of Continuing Professional Development (CPD) each year to satisfy the requirements of the PMI. Ian is also a PMI accredited Professional Trustee in the UK.

VTC 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. VTC has significant experience in the DC market. VTC has a robust training programme in place for newly appointed Trustees. Upon appointment, each Trustee must undertake an induction process and initial scheme-specific training sessions are held in advance of a Trustee Director's first formal Trustee meeting.

In accordance with sections 247 and 248 of the Pensions Act 2004, the Trustees are 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 Trustees have broad skills covering a wide range of financial, legal, investment and human resources expertise. Ad-hoc training to support their knowledge requirements is provided by their professional advisers at each Trustee meeting.

The Trustees must also be conversant with the Scheme's own documentation. These are described in legislation as the trust deed and rules and statement of investment principles. The Trustees 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 can use them effectively when they are required to do so while carrying out their duties. A summary of the Balance of Powers in the Trust Deed and Rules has been produced and is made available to the Trustees.

The Trustees are required to disclose how these duties have been fulfilled and how their combined knowledge and understanding, together with the advice that 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 Trustees are conversant with, and have demonstrated a working knowledge of, the Trust Deed and Rules during the Scheme year by providing decisions in line with the Rules, for example the decision to carry out a factor review, and to undertake formal training on the valuation process. The Trustees maintain a "Discretions Schedule" to document any discretionary decisions made throughout the Scheme year, which is noted at each Trustee meeting.
Trustees must describe how through the scheme year the trustees have demonstrated a working knowledge of the current SIP.	During the Scheme Year, the SIP was reviewed to reflect the current position of the asset allocation of the Scheme's DB investments. The new SIP was signed following Scheme Year end on 23 September 2025. The Trustees are conversant with, and have a working knowledge of, the current SIP. The Trustees undertake regular training on investment matters and are confident that the Trustees have sufficient knowledge of investment matters to be able to challenge their adviser when appropriate. The Trustees demonstrate their working knowledge of the SIP through their ongoing training in relation to investments and member outcomes.

Trustees must describe how through the scheme year the trustees have demonstrated a working knowledge of all documents setting out the trustees' current policies.	The Trustees have demonstrated a working knowledge of their current policies through their maintenance of an Annual Calendar. Key policies and documents, such as the TPR Code of Practice (General Code of Practice), Terms of Reference and Risk Register, are reviewed annually and updated if appropriate. During each Scheme Year, the Trustees maintain a "Decision Record", containing key minuted decisions made at Trustee meetings, to ensure an accurate record of the Trustees' current policies.
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.	The Trustees' advisors, Mercer, attend each meeting and give the Trustees an overview of market and legislative developments, including the Trustees' duties and requirements for strong governance. In addition, if there are any ambiguities over the interpretation of the Rules or new legislation, legal advice is sought from the Trustees' lawyers, Squire Patton Boggs. Before the start of the Scheme year, the Trustees received formal training on TPR's General Code of Practice which included a simulation and was provided by external experts and further sessions on Cyber Security.
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 Trustees, alongside their advisors have looked carefully at their investment strategy and the opportunity to reduce risk. Reflecting on a prior decision to reduce risk, which ultimately has proved very successful, the Trustees have discussed with the Company their longer-term strategy and proposed a number of options for managing funding and investment risk over time. The Trustees have attended training in relation to topics covering funding, investment, governance and relevant legislation. Specific training included: • Investment strategy training (March 2025) • Ongoing Effective System of Governance (ESOG) review and training throughout scheme year. • Review of CMA objectives 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 Trustees receive 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. 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 Trustees along with their own experience allows them to properly exercise their function as Trustees.

The Trustees receive appropriate training on all relevant issues, as well as assessing on an annual basis whether they continue to meet the "fit and proper" Trustee requirements.

During the year, the Trustees discussed their training needs at meetings, having regard to the statutory requirements to have knowledge and understanding of pensions law and to be conversant with the Scheme's Trust Deed and Rules, Statement of Investment Principles and other documents recording the Trustees' policies. The Trustees undertook activities that involved considering pensions law and conversance with the Scheme's governing documents, including the Statement of Investment Principles where questions were raised by members and as part of compliance with the General Code.

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 Trustees to the best of my knowledge.

Name: Ian Eggleden

On behalf of the Trustees of the HCA International Limited Final Salary Pension Scheme

Date: 13th October 2025