CHRYSALIS GROUP PLC RETIREMENT BENEFITS SCHEME (THE "SCHEME")

ANNUAL GOVERNANCE STATEMENT FOR THE SCHEME'S DEFINED CONTRIBUTION BENEFITS COVERING THE REPORTING PERIOD 1 SEPTEMBER 2023 TO 31 AUGUST 2024

PREPARED IN ACCORDANCE WITH REGULATION 23 OF THE OCCUPATIONAL PENSION SCHEMES (SCHEME ADMINISTRATION) REGULATIONS 1996 (THE "REGULATIONS")

1. INTRODUCTION

1.1 Since April 2015, trustees of Money Purchase Schemes (also known as Defined Contribution (DC) schemes) have been required to meet standards of governance, charge controls (subject to certain exceptions) and communicating about pension flexibilities.

1.2 The Scheme commenced wind-up in 2008. Between 2008 and 2010, members of the Money Purchase section who did not opt to transfer their benefits elsewhere had their benefits secured as follows:

(1) Members' Defined Benefit (DB) under-pins were secured via a group annuity policy with Paternoster (now Rothesay). These annuities will shortly be assigned to individuals, once adjustments in relation to equalisation of Guaranteed Minimum Pensions (GMPs) have been finalised.

(2) Paternoster provided an individual breakdown of the cost of the group annuity policy. Where members' Money Purchase fund exceeded this cost, the excess amount was transferred to a buy-out policy (a "Section 32 Policy") with Aegon Scottish Equitable. These money purchase policies were immediately assigned to the individual and so are no longer part of the Scheme.

1.3 Element (1) is still subject to adjustment for some members (specifically in relation to GMP equalisation). The Trustee has however agreed that if the final cost of the annuity policies with Rothesay is lower than previously calculated, it would be appropriate to use the difference to top up the annuities with Rothesay or to top up the money purchase policies with Aegon Scottish Equitable. Refunds previously received from Rothesay are currently held in the Trustee's bank account, pending finalisation of the group policy with Rothesay.

1.4 The key reporting requirements of the Regulations are addressed below.

2. DEFAULT ARRANGEMENT

2.1 When the Scheme went into wind-up all members were offered, in writing, the opportunity to transfer their benefits elsewhere.

2.2 The Trustee obtained detailed advice before selecting the default arrangement with Aegon Scottish Equitable into which funds were transferred. These policies are secured in the name of individuals rather than the Scheme.

2.3 As a result of the transactions described above, and in particular noting that member contributions have not been payable since 2008, the Scheme did not have a default arrangement over the reporting period.

3. CORE FINANCIAL TRANSACTIONS

3.1 The Trustee has a specific duty to ensure that all core financial transactions (including transfers and payments to and in respect of members) are processed promptly and accurately.

3.2 There have been no transactions relating to DC benefits over the reporting period.

3.3 The only DC transactions that remain before completion of the wind-up relate to the member top-ups referred to above. These top-ups will be made once the policy with Rothesay has been finalised (and so any final payments or refunds have been made to/from Rothesay). The Scheme is now very close to finalising GMP equalisation, which will allow the Trustee to finalise the policy with Rothesay (and the calculation of the top ups). In preparation for making these payments, the Trustee has approached Rothesay and Aegon who have each confirmed they would accept a one-off top-up to these policies where applicable.

4. CHARGES AND TRANSACTION COSTS

4.1 Given that Money Purchase benefits have previously been secured via Section 32 policies in the name of the individuals (not the Scheme), the Trustee has not reconsidered charges and transaction costs.

4.2 For completeness, note that the member top ups referred to above will not incur charges and transaction costs. Therefore the reporting requirements around charges and transaction costs are not applicable.

5. DISCLOSURE OF NET INVESTMENT RETURNS

5.1 As per the Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 that came into effect from 1 October 2021, the Trustee is required to report on the net investment returns of funds where members' assets have been invested.

5.2 As noted above top-ups are currently held in the Trustee's bank account, pending finalisation of the group policy with Rothesay. The Trustee has previously agreed to apply interest to these top-ups in line with the Bank of England Base Rate.

5.3 Over the 5 years ending 31 August 2024, this gave an annualised net return of 2.01%.

5.4 Over the 1 year ending 31 August 2024, this gave an annualised net return of 5.22%.

5.5 As noted above the top ups will not incur charges and transaction costs.

6. VALUE FOR MONEY FOR MEMBERS

6.1 Given that Money Purchase benefits have previously been secured via Section 32 policies in the name of the individuals (not the Scheme), the Trustee has not reconsidered whether these policies represented good value.

6.2 In any case, as The Pensions Regulator has previously been notified that the Scheme is in wind-up, the Trustee is no longer required by legislation to analyse value for money.

7. TRUSTEE KNOWLEDGE AND UNDERSTANDING

7.1 The requirement under section 248 of the Pensions Act 2004 (requirement for knowledge and understanding) has been met during the reporting period by taking professional consultancy advice when required.

7.2 The Trustee considers that its knowledge and understanding, together with the professional advice sought by the Trustee, enables it to properly exercise its functions as trustee.

THIS STATEMENT WAS AGREED AND SIGNED BY THE TRUSTEE OF THE SCHEME IN MARCH 2025