Gilbert Trading Pension Scheme (the "Scheme")

Annual Governance Statement for the Scheme Year ending 5th April 2026

Trustees are required to prepare a statement showing how they have met certain minimum governance standards in relation to defined contribution benefits. The Scheme is a Defined Contribution arrangement.

The minimum governance standards cover five principal areas relating to the Scheme's defined contribution benefits, namely:

- the investment strategy relating to the default investment arrangements,
- processing of core financial transactions,
- calculating charges payable from the members' funds and transaction costs including an illustration of the compounding effect of charges borne by members,
- an assessment of the value for money of investments held for members and,
- the level of the trustees' knowledge and understanding.

In addition, I have reported on the suitability of the Scheme's investments. The Trustee's initial review indicated that few, if any of the Scheme's investments have any value, additional reviews and investigations support this initial understanding.

The background is that all of the Scheme's investments have either become insolvent or the Trustee believes that they are unlikely to produce much value. If any of these investments were guaranteed by individuals the Trustee will be looking to obtain monies under such guarantees where possible.

This Statement is written against the background that the Fraud Compensation Fund (the "FCF) has confirmed that it has reasonable grounds to believe that dishonesty has historically occurred with the Scheme's investments and the Trustee believes that the Scheme will receive compensation from the FCF which the Trustee will then allocate to individual members to address the investment losses suffered. To enable the FCF to make compensation payments there are a number of conditions which need to be met. One of these is that the original sponsoring employer of the Scheme Gilbert Trading Limited suffers a relevant insolvency event. To reduce the time taken and the cost of achieving an insolvency event for the current sponsoring employer the Trustee has agreed an approach to substitute it with a different employer which will subsequently suffer an insolvency event. This approach has been successfully applied to other Scheme's seeking FCF compensation.

I, on behalf of Vidett Governance Services Limited ('VGS') as the Trustee of the Scheme, have to report on how the Trustee complies with these minimum standards and have done below. As will be seen, with one proviso, it is the Trustee's opinion that the Scheme does not comply with any of the above minimum governance standards due to the way the Scheme was run by predecessor trustees up to 25th November 2024 when VGS was appointed to be the Trustee by The Pensions Regulator. The proviso is that the current Trustee has a high level of knowledge and understanding on how the Scheme should be run.

The reason that the Trustee has not adopted all of the minimum governance standards is that it has sought to minimise the costs of running the Scheme in order to maximise monies available for the Scheme's members. Indeed, the Trustee has yet to have access to any

monies which may be held in a Scheme bank account and hence is unable to pay advisors. The Pensions Regulator has been made aware that this is the case and has not objected.

Default Arrangements

A default arrangement is an investment strategy chosen by the Trustee in which members' funds are invested if they do not wish to make their own choice of investments. It would normally be conservatively based on investing in assets which may be expected to give real returns up to, say, 10 years from a member's expected retirement date and then moved into less volatile assets such as cash and bonds as a member nears retirement. An analysis of the membership of the Scheme would usually be undertaken to determine the most suitable default arrangement for the Scheme.

The Scheme has no default arrangement and has no plans for one given the future of the Scheme which is likely to be to obtain compensation from the FCF and then, having added it to monies held within the Scheme, to allocate such monies between members after deducting certain expenses (see below).

All assets held by the Scheme including any existing assets which can be realised for value together with any compensation paid by the FCF into the Scheme, will be held in cash in the Scheme's bank account until members' benefits (if any) are secured with a pension provider and the Scheme is wound up.

Suitability of Investments and Core Financial Transactions

The Trustee is required to explain how it ensures that core financial transactions for the Scheme are processed promptly and accurately.

Individual investments were made for members when they joined the Scheme and transferred-in benefits from previous pension arrangements. In the opinion of the Trustee none of the investments offered to members were investments which were suitable for the Scheme as they were highly illiquid (ie not easily realisable for cash) and carried far more risk than they should have done for a pension scheme of this type. In the Trustee's view, few, if any, of the investments have any value and, where possible, monies will be reclaimed from any guarantors associated with the investments.

The Trustee is unable to monitor the performance of any of the remaining investments mainly because the amount of available information is limited or non-existent. All information which the Trustee does have strongly indicates that they have no or little value.

The Trustee has details about the investments made for each member and this may be used as the basis for allocating monies between individual members assuming compensation has been received from the FCF. If no compensation is received it is unlikely that there will be any monies available to provide benefits for any members.

Following the Trustee's appointment, the Scheme no longer accepts contributions or transfers into the Scheme and due to the issues outlined in this statement regarding the investments, has been unable to pay any member benefits including transfer values.

No benefit statements have been issued to members since VGS was appointed as the Trustee due to the lack of information on the value of investments. A letter was issued to each member in February 2025 informing them of the change of Trustee. More recently a letter was sent to members in May 2026 advising them that the FCF had decided there were reasonable grounds for awarding compensation in respect of the Scheme, noting there remained a number of matters which need to be addressed before the FCF can finalise and agree compensation. In September 2026 a letter was issued to each member with a questionnaire requesting members to provide information to assist the Trustee in its application to the FCF.

Assessment of member-borne charges and transaction costs

In accordance with regulations 25(1)(a) of the Administration Regulations, the Trustee is required to report on the charges and transaction costs and their assessment of the extent to which these charges and costs represent good value for money. This is normally important because the transaction costs and charges borne by the members directly impact on their pension savings. For this reason, the Trustee would normally keep the level of these under regular review.

There have been no transaction charges since VGS was appointed as the Trustee, as no investments have been bought or sold and no administration charges paid, although this may change in the future.

If the application to the FCF is successful then the majority of the Trustee's costs in running the Scheme will be met by the FCF where they have arisen due to the way the Scheme was run before VGS was appointed as the Trustee. There have been and will be some further Trustee's costs arising from "Business as Usual" aspects of running the Scheme and the Trustee has been minimising these as far as is possible. There will therefore be some costs to be levied against members' funds but these are not expected to be significant.

If, however, the application to the FCF is unsuccessful then there are unlikely to be any monies available to provide benefits for members as all the costs of the Trustee and other costs associated with running the Scheme in investigating its history, communicating with members, realising its investments etc will need to be met from the Scheme. This will mean that there will have been considerable expenses to be levied against members' funds when they are realised and these are likely to be greater the Scheme's total assets.

Due to the nature of the Scheme's investments and the unknown level of the future costs in running the Scheme, the Trustee is unable to provide an example illustration which shows the impact on pension savings of expenses in accordance with regulations 23(1)(ca) of the Administration Regulations, as inserted by the 2018 regulations.

Value for money assessment

None of the investments ever held by the Scheme would constitute good value for money in terms of their high-risk nature and illiquidity given requirements and circumstances of Scheme members. The Trustee is unable to change this position as it is currently unable to realise any of the remaining investments and, in any event, believes they hold no or little value.

Any cash held in a Trustee's bank account is a safe investment but would not normally constitute good value for money as it is not invested in a way which would be expected to produce real returns in the future. Any monies realised from investments will be paid into a Trustee bank account. However, the Trustee believes it is the right investment given the Scheme's circumstances.

Trustee Knowledge and Understanding

The Trustee has in-depth knowledge of the trust deed and rules.

I can confirm that I specialise in registered pensions schemes, have completed The Pensions Regulator's Toolkit and keep myself updated on developments in the pensions world. Until 30th September 2023 when I retired from being an actuary, I was an actuary specialising in pensions schemes. The Trustee carries out a similar role for other occupational schemes and also undergoes training from VGS's internal resources. As such, the requirement under section 248 of the Pensions Act 2004 (requirement for knowledge and understanding) has been met during the Scheme year by the Trustee.

Exemptions to DC Code of practice no.13

All contributions to the Scheme have ceased.

The Scheme has fewer than 100 members and therefore is not required to have a Statement of Investment Principles.

Signed for and on behalf of VGS as the Trustee of the Gilbert Trading Pension Scheme

Edwin Bruce Gardner

Edwin Bruce-Gardner

Director, Vidett Governance Services Limited

22 October 2026