

The Panavision Europe Pension and Life Assurance Scheme

Implementation Statement for Year Ended
30 June 2024

December 2024



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Section 1

Introduction

This statement sets out how, and the extent to which, the Statement of Investment Principles (“SIP”) produced by the Trustees have been followed during the year running from 01 July 2023 to 30 June 2024 (the “Scheme Year”). This statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, the subsequent amendment in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the statutory guidance on reporting on stewardship in the implementation statement dated 17 June 2022.

The statement is based on, and should be read in conjunction with, the relevant versions of the SIP that were in place for the Scheme Year, which were the SIP dated September 2022 (covering the period between 01 July 2024 and 31 May 2024) and the SIP dated June 2024 (covering the period between 01 June 2024 and 30 June 2024).

Section 2 of this statement sets out the investment objectives of the Scheme and changes which have been made to the SIP during the Scheme Year, respectively. It also sets out how, and the extent to which, the policies in the SIP have been followed. **The Trustees can confirm that it is their view that all policies in the SIP have been followed during the Scheme Year.**

A copy of the SIP is available [here](#).

Section 3 includes information on the engagement and key voting activities of the underlying investment managers within the Scheme.

Section 2

Statement of Investment Principles

Investment Objectives of the Scheme

The Trustees believe it is important to consider the policies in place in the context of the objectives they have set. The Trustees recognise that members have differing investment needs and that these may change during the course of members' working lives. The Trustees also recognise that members have different attitudes to risk. The Trustees believe that members should make their own investment decisions based on their individual circumstances.

The Trustees' principal objectives are to:

- Make available a range of investment funds that should enable members to tailor their own investment strategy to meet their own personal and financial circumstances.
- Offer funds which facilitate diversification and long term capital growth (i.e. in excess of price and wage inflation) so that the value of members' assets at retirement can be maximised.
- Offer funds that enable members to reduce risk in their investments as they approach retirement. Specifically, make available investments that provide protection for members' accumulated assets against sudden (and sustained) reductions in capital values or in the amount of pension that can be purchased.
- Restrict the number of funds to avoid unnecessarily complicating members' investment decisions.
- Provide a default investment option for members who do not make their own investment decisions that is broadly suitable having regard to the likely needs of the membership.

Review of the SIP

During the year, the Trustees reviewed and amended the Scheme's SIP, taking formal advice from its Investment Consultant (Mercer Limited ("Mercer")). A revised SIP was signed in June 2024 and had been updated to include the Trustees' position on investing in illiquid assets as outlined by the Occupational Pension Schemes (Administration, Investment, Charges and Governance) and Pensions Dashboards (Amendment) Regulations 2023. This includes stating that the Default Investment Option does not invest in illiquid assets as well as the rationale behind this decision.

Assessment of how the policies in the SIP have been followed for the Scheme Year

The information provided in this section highlights the work undertaken by the Trustees during the year and sets out how this work followed the Trustees' policies in the SIPs (dated September 2022 and June 2024).

In summary, it is the Trustees' view that the policies in the SIP have been followed during the Scheme Year.

Investment Mandates

Securing compliance with the legal requirements about choosing investments

Policy

As required by legislation, the Trustees consult a suitably qualified person when making investment selections by obtaining written advice from its Investment Consultant. The policy is detailed in Section 3.1 (Range of Funds) of the SIP.

How has this policy been met over the Scheme Year?

During the Scheme Year, the Trustees did not make any changes to the fund range available to members and so formal investment advice around the choosing of investments was not required.

Realisation of Investments

Policy

The Trustees recognise that there is a risk in holding assets that cannot be easily realised should the need arise. To avoid this, the assets are invested in relatively liquid investments. The Trustees have considered the realisation of investments when formulating the default investment option. As the delegated manager, Mercer have discretion in the timing of realisation of investments.

Policy

Further details are set out in the following sections of the SIP:

- Investment Policy (SIP Section 2.1)
- Investment Strategy (SIP Section 3)
- Realisation of Investments (SIP Section 5)

How has this policy been met over the Scheme Year?

The Trustees receive administration reports on a quarterly basis to ensure that core financial transactions are processed within service level agreements and regulatory timelines. As confirmed in the Chair's Statement, the Trustees are satisfied that all requirements were met throughout the year.

There were no changes during the year to the liquidity of the funds used by the Scheme. All funds are daily dealt pooled investment vehicles, accessed through an insurance policy.

The funds used by the Scheme are accessed via an investment platform and are held through a long-term insurance policy issued by Scottish Widows. The investment funds are blended investment vehicles with the underlying funds managed by various investment managers. The selection, retention and realisation of assets within the pooled funds are managed by the respective investment managers in line with the mandates of the funds. There were no liquidity issues over the year.

Environmental, Social and Governance (“ESG”)

Financial and non-financial considerations and how those considerations are taken into account in the selection, retention and realisation of investments

Policy

The Scheme’s SIP outlines the Trustees’ beliefs on ESG factors (including climate change). Further details are included in Section 7 of the SIP. The Trustees keep their policies under regular review.



How has this policy been met over the Scheme Year?

The Scheme’s SIP includes the Trustees’ policy on ESG factors, stewardship and climate change. This policy sets out the Trustees’ beliefs on ESG and climate change and the processes followed by the Trustees in relation to voting rights and stewardship. In order to establish these beliefs and produce this policy, the Trustees have undertaken relevant investment training on ESG considerations.

Mercer Workplace Savings (MWS) are expected to consider all financially material considerations as part of their delegated investment oversight and governance activities. The Trustees monitor MWS in this regard and review the annual MWS ESG report.

The investment performance report is reviewed by the Trustees on a quarterly basis and discussed at the quarterly Trustee meeting – this includes ratings (both general and ESG specific) from the investment advisers and how each investment manager is delivering against their specific mandates. Most of the managers maintained a high ESG rating throughout the Scheme year.

Where managers are not highly rated from an ESG perspective, MWS will engage with those managers to improve ESG practices or may replace these managers with more highly rated managers.

Voting and Engagement Disclosures

The exercise of the rights (including voting rights) attaching to the investments and undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, the Trustees' would monitor and engage with relevant persons about relevant matters).

Policy

The Trustees' policy is to delegate the exercising of voting rights to Mercer who in turn delegates responsibility for the investment of the assets to a range of underlying investment managers. These investment managers are exercising voting rights in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

Further details are set out in Section 7 (Responsible Investment and Corporate Governance (Voting and Engagement)) of the SIP. In addition, it is the Trustees' policy to obtain reporting on voting and engagement and to periodically review the reports to ensure the policies are being met.

How has this policy been met over the Scheme Year?

The Trustees do not use the direct services of a proxy voter. MWS and the underlying fund managers have discretion over exercising voting rights and stewardship obligations. The exercising of voting rights is delegated to MWS, who in turn delegate to the underlying investment manager. MWS has a responsible investment framework in place and reviews the underlying investment managers and funds in line with this framework on an annual basis. Where underlying investment managers are not meeting expectations, MWS is expected to engage with these managers. Actions are again delegated to MWS with the Trustees oversight.

We have set out a summary of voting activity for the Scheme Year in the next section including the Trustees approach to determining significant votes. At the time of writing, MWS were unable to provide details of any engagement activity undertaken during the Scheme year. The Trustees have not actively challenged managers on voting activity.

Monitoring the Investment Managers

Incentivising asset managers to align their investment strategies and decisions with the Trustees' policies

Policy

The Trustees' policy is set out in Section 9 (Implementation and Engagement Policy) of the SIP.



How has this policy been met over the Scheme Year?

The Trustees are responsible for selecting the funds made available to members and their ongoing suitability. Whilst MWS are responsible for appointing underlying investment managers and setting the asset allocation within the Mercer funds.

Over the Scheme Year, the Trustees have continued to monitor the performance of the investment managers against their stated objectives/benchmarks on a quarterly basis. The quarterly performance report also includes changes to the investment adviser's manager research rating and notes any other relevant developments at the underlying investment managers. Based on this ongoing monitoring, the Trustees are happy that the contractual arrangements in place continue to incentivise the managers to make decisions based on medium to long term financial and non-financial performance.

Evaluation of asset managers' performance and remuneration for asset management services

Policy

The Trustees' policy is set out in Section 9 (Implementation and Engagement Policy) of the SIP.

The Trustees' focus is on longer term performance but shorter term performance is monitored to ensure any concerns can be identified in a timely manner. The Trustees review both absolute and relative performance against a portfolio or underlying investment manager's benchmark on a quarterly basis, including assessments of both shorter and longer time horizons. The remuneration for investment managers used by the Scheme is based on assets under management; the levels of these fees are reviewed annually as part of the annual value for money assessment to ensure they continue to represent value for members.

How has this policy been met over the Scheme Year?

During the Scheme Year, the Trustees received performance reports from their investment adviser on a quarterly basis. The Trustees reviewed both the absolute performance and the relative performance against a suitable index used as the benchmark, on a net of fees basis, and remained satisfied with the performance of the investment funds.

Over the Scheme Year, there were no changes to the remuneration arrangements with any of the Scheme's investment managers. The charges that members pay are reviewed annually as part of the value for members assessment. The assessment covering the Scheme Year determined that members are receiving reasonable value.

Monitoring portfolio turnover costs

Policy

The Trustees' policy is set out in Section 9 (Implementation and Engagement Policy) of the SIP. Portfolio turnover costs for each of the funds are reviewed on an annual basis as part of the annual value for members assessment. The ability to assess the appropriateness of these costs is limited by the availability of data. The Trustees will monitor industry developments in how to assess these costs and incorporate this in future value for members assessments. Importantly, performance is reviewed net of portfolio turnover costs.

How has this policy been met over the Scheme Year?

Transaction costs for each of the funds are reviewed on an annual basis as part of the value for members assessment and are disclosed in the annual Chair's Statement. However, an agreed approach to assess these costs is not against the wider industry is not currently available. The Trustees will continue to monitor industry developments on how to assess these costs and will incorporate this in future assessments.

The duration of the arrangements with asset managers

Policy

The Trustees are long-term investors and do not seek to change the investment arrangements on a frequent basis. Further details of the Trustees' policy are set out in Section 9 (Implementation and Engagement Policy) of the SIP.

The Delegated Investment Manager is responsible for the selection, appointment, monitoring and removal of the underlying investment managers. The Trustees are responsible for the selection, appointment and removal of the externally managed funds.

The Trustees may also choose to remove a fund from the fund range, if no longer considered appropriate, and the fund range reviewed on at least a triennial basis.

How has this policy been met over the Scheme Year?

The Trustees are long-term investors and there is no set duration for manager appointments. However, investment managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage. The selection of managers underlying the Mercer funds is delegated to Mercer. The Trustees or Mercer may terminate manager appointments if they are dissatisfied with the managers' ongoing ability to deliver specific target.

Strategic Asset Allocation

Kinds of investments to be held, the balance between different kinds of investments and expected return on investments

Policy

The Trustees' policy on the kind of investments to be held and the balance between different kinds of investments can be found under the following sections of the SIP:

- Investment Policy (SIP Section 2.1)
- Investment Strategy (SIP Section 3)
- Expected Return (SIP Section 6)
- Responsible Investment and Corporate Governance (Voting and Engagement) (SIP Section 7)
- Investment Restrictions (SIP Section 8)
- Implementation and Engagement Policy (SIP Section 9)
- Default Investment Strategy – Default Investment Option, Expected Return (SIP Sections 3.3, 6)

How has this policy been met over the Scheme Year?

The Trustees carried out a detailed review of the Scheme's investment strategy within a previous Scheme Year (December 2021). The review concluded that the current investment options, including the default investment strategy, remained appropriate. The Trustees will complete their next detailed review within the next Scheme year.

Elements of the investment strategy, including selection of underlying investment managers and asset allocations has been delegated to MWS. MWS carry out an annual review of the funds used by the Scheme, to ensure their continued appropriateness. There were changes to some of the underlying investments and asset allocations of the Mercer Funds over the year, as a result of the annual MWS strategy review, which were communicated to the Trustees at the meeting in June 2024. As a result of this review, the following changes were implemented:

- Strategic Asset Allocation: Within the Growth Fund the strategic asset allocation to equities was marginally increased and changes were also made to portfolio construction for equities and fixed income. Within the Diversified Retirement Fund, similar changes were made to the equity and fixed income portfolio construction, whilst a gold allocation was also introduced. These changes were implemented at the end of June 2024.
- Self-Select Fund Range: MWS also reviewed the self-select fund range to ensure that the fund range continues to offer access to an appropriate range of asset classes for members, with a focus on usage of existing funds and member demand.

As part of their annual review, MWS informed the Trustees that a new glidepath design was being recommended for the Mercer SmartPath™ strategy. The Trustees were informed that they would need to decide whether to implement this as the Scheme's default investment strategy. The new glidepath included an increased allocation to equities for younger members and an earlier de-risking period beginning 16 years from retirement to account for the increased risk in the growth phase before the final de-risking began from 8 years to retirement. The Trustees will consider the proposed changes as part of their next detailed investment strategy review.

The Trustees offer a range of investment options, including lifestyle strategies and self-select investment funds, to enable members to tailor their investment strategy to meet their individual circumstances.

Maintaining an appropriate balance between different types of investments within the Mercer Funds has been delegated to MWS.

The Trustees monitor the performance of the funds against their stated objectives and/or benchmarks. This is done on a quarterly basis. The performance report also includes changes to the investment advisor's manager research rating and notes any relevant developments at the underlying investment managers. Part of the rating process is to consider risk management. The Scheme's quarterly investment performance reports are reviewed at each Trustee meeting. The selection of the underlying investment managers is the responsibility of Mercer.

Risks, including the ways in which risk are to be measured and managed

Policy

The Trustees' policy on the kind of investments to be held and the balance between different kinds of investments can be found under the following sections of the SIP:

- Investment Policy (SIP Section 2.1)
- Investment Strategy (SIP Section 3)
- Expected Return (SIP Section 6)
- Responsible Investment and Corporate Governance (Voting and Engagement) (SIP Section 7)
- Investment Restrictions (SIP Section 8)
- Implementation and Engagement Policy (SIP Section 9)
- Default Investment Strategy – Default Investment Option, Expected Return (SIP Sections 3.3, 6)

In determining which investment options to make available the Trustees considers the investment risk associated with DC pension investment. The risk can be defined as the uncertainty over the ultimate amount of savings available on retirement.

How has this policy been met over the Scheme Year?

As detailed in the risk section in the SIP, the Trustees consider both quantitative and qualitative measures for these risks when deciding investment policies, strategic asset allocation, the choice of fund managers / funds / asset classes.

The Scheme maintains a risk register of the key risks, including the investment risks. This rates the impact and likelihood of the risks and summarises existing mitigations and additional actions.

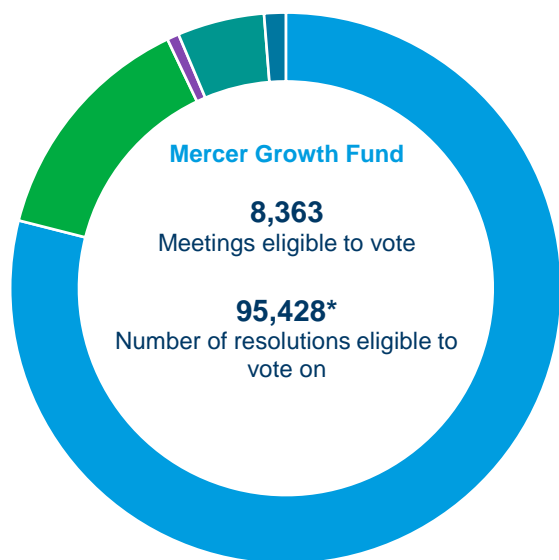
The Trustees also review the quarterly investment reports, which monitor the volatility of the MWS annual investment strategy.

Other risks were managed during the Scheme Year as described in the SIP (Section 2.3).

Section 3

Voting Activity during the Scheme year

Set out below is a summary of voting activity for this reporting period relating to the relevant strategies in the Scheme (figures may not sum due to rounding). Funds where voting is not applicable (i.e. non-equity funds) are not included in the list below. All DC funds are governed by MWS, in accordance with their stewardship policy which forms part of their Sustainable Investment Policy. In particular, MWS expects all shares to be voted on by external investment managers in a manner deemed most likely to protect and enhance long-term value for investors.



79%

Votes **with** management

14%

Votes **against** management

1%

Abstentions

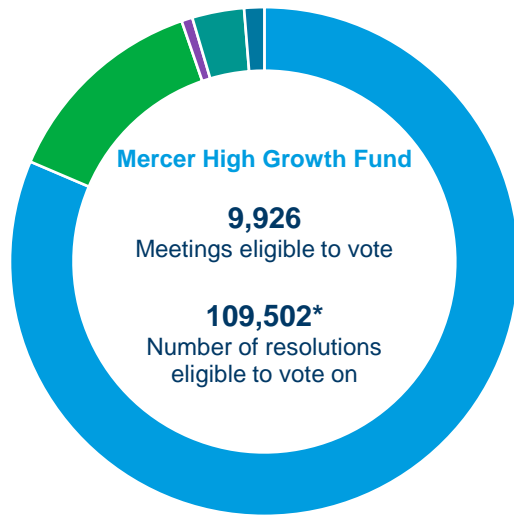
5%

Unvoted

1%

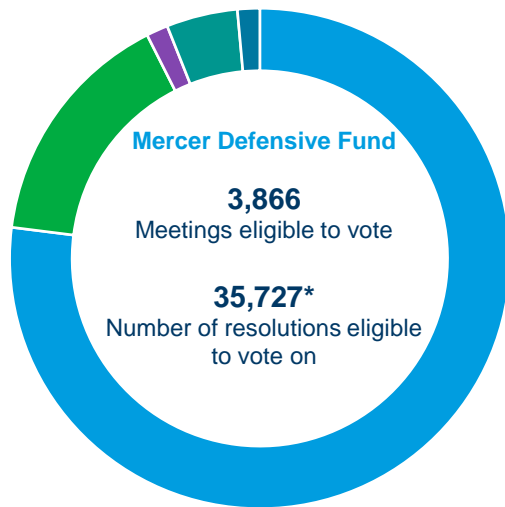
Other

*94.9% of resolutions voted on



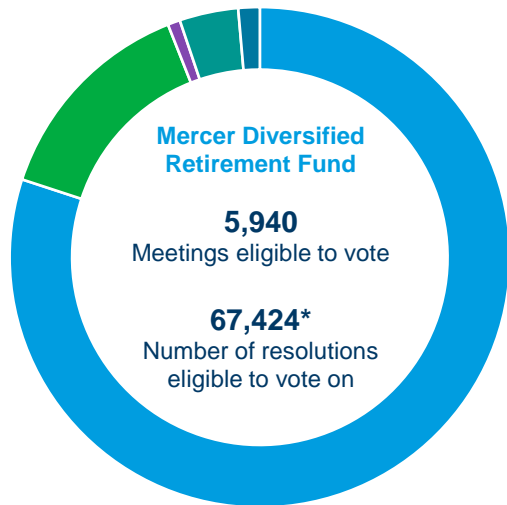
- 81%** Votes **with** management
- 13%** Votes **against** management
- 1%** **Abstentions**
- 3%** **Unvoted**
- 1%** **Other**

*96.7% of resolutions voted on



- 77%** Votes **with** management
- 16%** Votes **against** management
- 1%** **Abstentions**
- 5%** **Unvoted**
- 1%** **Other**

*95.4% of resolutions voted on



- 80%** Votes **with** management
- 14%** Votes **against** management
- 1%** **Abstentions**
- 4%** **Unvoted**
- 1%** **Other**

*96.2% of resolutions voted on

Source: MWS as at 30 June 2024. Figures may not sum due to rounding.

Most significant votes

A “Significant Vote” is defined, by the Trustees as one that relates to the Trustees’ following key stewardship priorities:

- **Environmental** – Climate change, pollution and natural resource degradation
- **Social** – Human rights (modern slavery, pay and safety in workforce and supply chains)
- **Governance** – Diversity, equity and inclusion

Trustees are required to report on all votes they believe are the ‘most significant’. The most significant votes, detailed below, are determined by the Trustees as those that include a material investment fund that holds more than 5% of Scheme assets. Due to the ‘fund of funds’ structure of the Mercer funds, it is not currently possible to aggregate all of the fund holdings in each company. Therefore, the Trustees have chosen to disclose all votes which represent at least 0.25% of a material fund’s assets at the point of the vote. Noting this may lead to more than one disclosure of the same company and vote resolution where more than one underlying manager invests in the company and meets this minimum holding threshold.

✗ Resolution not passed ✓ Resolution passed

Fund	Portion of the fund (%)	Company	Date of vote	Resolution	How the Manager voted	Rationale of Manager vote	Final outcome following the vote	Significant Vote Theme & Next Steps
Mercer Growth Fund	1.3%	Meta Platforms Inc	29/05/2024	Shareholder Proposal Regarding Lobbying Activity Alignment with Net Zero Emissions Commitment	For. This was not communicated to Meta beforehand.	Meta provides limited disclosure around its lobbying expenditures.	✗	Environmental- Climate Change. The manager will follow up in post season engagement.

Fund	Portion of the fund (%)	Company	Date of vote	Resolution	How the Manager voted	Rationale of Manager vote	Final outcome following the vote	Significant Vote Theme & Next Steps
Mercer Growth Fund & Mercer Defensive	1.3% & 0.9%	Microsoft Corporation	07/12/2023	Shareholder Proposal Regarding EEO Policy Risk Report	Against.	The company appears to be taking appropriate steps to protect itself against risks related to discrimination based on political ideology or viewpoint.	✗	Governance – Diversity. No further planned action.
Mercer Diversified Retirement Fund	1.1%	Microsoft Corporation	07/12/2023	Shareholder Proposal Regarding Report on Siting in Countries of Significant Human Rights Concern	For. This was not communicated to Microsoft beforehand.	Shareholders would benefit from increased disclosure regarding how the company is managing human rights-related risks in high-risk countries.	✗	Social- Human Rights Issue. The manager shall monitor the response from the company given the high level of support for this proposal.
Mercer High Growth Fund	1.0%	Apple Inc	28/02/2024	Shareholder Proposal Regarding Median Gender and Racial Pay Equity Report	For. This was not communicated to Apple beforehand.	We will generally support proposals that seek the disclosure of the median pay gap.	✗	Governance – Diversity. No planned further action.

Source: MWS, 30 June 2024.