

Panavision Europe Pension and Life Assurance Scheme (the “Scheme”) – Defined Contribution Section - Annual Chairman’s Governance Statement

Scheme Year ended 30 June 2021

1 Introduction

- 1.1 Regulations effective from 6 April 2015 require pension trustees to prepare a statement showing how they have met certain minimum governance standards in relation to defined contribution benefits. As Chair of Trustees of the Panavision Europe Pension and Life Assurance Scheme (the “Scheme”) it is my pleasure to provide this Statement covering the period 1 July 2020 to 30 June 2021.
- 1.2 These minimum governance standards cover five principal areas, namely:
- the default investment option,
 - the processing of core financial transactions,
 - charges and transaction costs borne by members,
 - value from member borne deductions, and,
 - Trustees’ knowledge, understanding and resources.

As Chair of the Trustees, it is my pleasure to report to you on how the Trustees have embedded these standards over the Scheme year.

This Statement does not contain advice in respect of actions that members should take and is not intended to be used for that purpose. If you need help finding a regulated financial adviser, you can visit the Financial Conduct Authority website <https://www.fca.org.uk/consumers/finding-adviser>. If you choose to use a financial adviser, please be sure to check their area of expertise and their charges before making any commitments.

2 Default Investment Option

- 2.1 The Trustees have appended the Statement of Investment Principles (the “SIP”) dated September 2020 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. The SIP covers our aims and objectives in relation to the default investment option and is available on a public website (<https://uk.panavision.com/uk/employee-pension-scheme-documents>).
- 2.2 The SIP appended to this statement includes updates made in September 2020. These updates were required by new regulations and include an explanation of how the Trustees incentivise their appointed investment managers to align investment strategy with the Trustees’ policies and to make investment decisions based on long-term performance, plus additional information in relation to the Trustees’ stewardship policy.
- 2.3 The Trustees are responsible for establishing a default investment option for members who do not select their own investment options from the fund range available and for reviewing this arrangement. The last review of the default investment option was carried out in December 2018. Following this review, the Trustees decided to change the Scheme’s default investment option from the Target Annuity Retirement Path to the Target Drawdown Retirement Path. This change took

place in December 2019 and we have provided details regarding this change below. The next review of the default investment option is due to take place in December 2021

2.4 The review of the default investment option took into consideration:

- The trends seen in the overall market, and specifically within the Scheme, on how members are accessing their pensions at retirement.
- Current and projected pot sizes of members, using market data to suggest how these members might be likely to access their pension pots in the future. The Scheme's GMP underpin was taken into consideration where applicable.
- Analysis of the current member demographics including both active and deferred members of the Scheme.
- The mismatch risk between the retirement destination targeted by an investment strategy and the how a member chooses to access their retirement savings.
- Performance of the investment funds and overall default against the aims and objectives, as covered in the quarterly investment report.

2.5 As a result of the review, the Trustees decided it would be appropriate to change the objective of the default investment option, specifically regarding the target exposure at retirement. This was changed from "assets that are broadly appropriate for an individual planning to use their savings in the Scheme to buy a fixed annuity and take a 25% tax-free cash lump sum at retirement" to "assets broadly appropriate for an individual planning to take a 25% tax-free cash lump sum at retirement and leave the remainder invested to make withdrawals as required". This was thought to minimize the risk that assets held at retirement are inappropriate for members accessing their savings in an alternative way but also likely to be the way that most members will access their defined contribution savings given the projected pot sizes at retirement.

2.6 The Target Drawdown Retirement Path default investment option is a lifestyle strategy; this means that the underlying investments change as a member approaches retirement.

Members' contributions are invested in the Mercer Growth Fund until eight years from a member's target retirement date (or Normal Retirement Date if no target date has been specified). The Mercer Growth Fund invests predominantly in equities and other growth seeking assets. Overall these investments are expected to provide long term (above inflationary) growth with some protection against inflation erosion, albeit with volatility.

Eight years before their target retirement date members will have their holdings in the Mercer Growth Fund transferred into the Mercer Target Drawdown Retirement Path Fund. This fund gradually moves investments from growth-seeking assets to investments appropriate for members who intend to withdraw 25% of their retirement savings as a lump sum, with the remainder invested to make withdrawals as required.

2.7 There are two further lifestyle strategies available to members; intended to be appropriate for members wishing to take the full value of their retirement savings as cash (via the Mercer Target Cash Retirement Funds), or purchase an annuity (via the Mercer Target Annuity Retirement Funds).

2.8 Elements of the investment governance of the Scheme have been delegated to Mercer Workplace Savings ('MWS'). This includes strategic and tactical asset allocations along with manager selection. On an annual basis MWS review the continued appropriateness and suitability of the investment solutions underlying the Scheme.

- 2.9 The Trustees and their professional advisers, Mercer Limited (“Mercer”), review the performance of the Scheme’s investments, including the default investment option, against the stated objectives and benchmarks on a quarterly basis. Any concerns are raised with the investment manager via Mercer.

3 Core Financial Transactions

- 3.1 As required by the regulations, the Trustees must ensure that core financial transactions have been processed promptly and accurately. As set out in Regulation 24 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the “Administration Regulations”), core financial transactions are broadly defined as:

- 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 Trustees operate a system of internal controls to monitor the Scheme’s administration and management. Included in this system are mechanisms for ensuring the prompt and accurate processing of financial transactions.

The Trustees have delegated the administration of Scheme member records to Mercer as a professional third party administrator, and appointed Scottish Widows to provide investment platform services to the Scheme.

- 3.2 The Trustees have set service level agreements (SLAs) with the administrator, which cover the accuracy and timeliness of all core administration processes, including core financial transactions. The service level standards are reviewed periodically to ensure they remain appropriate and meet legislative requirements. The processes adopted by Mercer to ensure SLAs are met include:

- Transactions recorded and monitored on the workflow system.
- Member / policyholder transactions are independently checked via a quality queue within the workflow process.
- Investment deadline on receipt of DC contributions (from receipt of reconciled and validated contribution data and money) hardcoded into workflow system which feeds into a central investment cycle spreadsheet which is monitored and reviewed to highlight exceptions.
- Daily monitoring of bank accounts (and separate cheque receipt log, which is reconciled daily and is maintained by a central treasury team).
- Two individuals checking all investment and banking transactions.
- Monthly reconciliation of contributions received.
- Input onto the administration system and any subsequent changes approved by an authorised individual.

- 3.3 Mercer’s administration reports provide performance versus the SLAs. During the year, the Trustees reviewed performance of the administrator against these service levels. Performance against SLAs was discussed, and the Trustees had the opportunity to raise any issues.

- 3.4 The Trustees receive Mercer’s assurance report on internal controls. During the Scheme year, the report received from Mercer was for the period 1 January to 31 December 2020 and included the Independent Service Auditor’s opinion that, in all material aspects, its controls were suitably designed and those tested operated effectively.

- 3.5 The Trustees appoint an independent auditor, Ernst and Young LLP, to carry out an annual audit of the Scheme, including the material financial transactions that have taken place during the Scheme year. The auditors carry out spot checks to ensure that contributions to the Scheme or payments made by the Scheme are paid in accordance with the Scheme's rules.
- 3.6 The Scheme's risk register details the key risks to Scheme members including those in relation to financial transactions, and considers the impact, likelihood, controls and mitigation steps for each risk. This register is monitored and reviewed on at least an annual basis.
- 3.7 Mercer's performance and the agreed SLA time periods are provided below.

| | SLA (days) | Q3 2020 | Q4 2020 | Q1 2021 | Q2 2021 |
|--------------------------|------------|------------|------------|------------|------------|
| CRC Contact | 1 | 97% | 95% | 95% | 100% |
| Data Change | 15 | 100% | 100% | 100% | 100% |
| Enquiry / Query | 10 | 100% | 67% | 100% | 95% |
| Leaver Deferred – Settle | 19 | 100% | 100% | 94% | 100% |
| New Entrants | 15 | 0% | 100% | 100% | 100% |
| Individual Member Switch | 8 | 100% | n/a | 100% | 100% |
| Retirement - Settlement | 13 | 100% | 100% | n/a | 100% |
| Retirement - Quotation | 10 | 86% | 100% | 100% | 80% |
| Transfer In - Quotation | 10 | n/a | n/a | n/a | 50% |
| Transfer In - Settle | 10 | n/a | n/a | n/a | 0% |
| Transfer Out - Quotation | 20 | 50% | 100% | 80% | 100% |
| Transfer Out - Settle | 15 | 67% | 50% | 100% | 0% |
| Total | | 93% | 92% | 96% | 93% |

- 3.8 The Trustees will continue to seek the relevant details to support effective monitoring of these processes.
- 3.9 I am pleased to confirm that in the last Scheme year there have been no material administration service issues which need to be reported here by the Trustees. The total SLA performance for the year period was of 94%. Where the agreed SLA targets have not been met, the Trustees have noted the fall and challenged the administrator. During the period, there were no significant concerns that required further action. All Scheme contributions were received within the statutory deadline, all requests for information have been met within the statutory time limits and there were no reported breaches. I am confident that the processes and controls in place with the administrator are robust and will continue to ensure that financial transactions are dealt with accurately and efficiently.

4 Charges and Transaction Costs

- 4.1 As required by the Administration Regulation, the Trustees are required to report on the charges and transaction costs for the investments used in the default option, as well as the wider fund choice available and their assessment on the extent to which the charges and costs represent good value for members.
- 4.2 Charges related to investment management are deducted from members' funds. There are two different types of investment charges; the annual management charge ("AMC") and the total expense ratio ("TER"). The AMC includes the fee applied by the investment manager of the underlying funds. In addition to the investment manager charges, the AMC for the Scheme includes a platform charge from Scottish Widows and Mercer charges for intermediary services, investment governance and asset allocation. Further to these costs there is also a Trustee charge included in the AMC, through the unit price of the funds. This is used by the Trustees as a contribution towards the Scheme's administration expenses. The TER will be the same or higher and includes any additional expenses associated with the running and management of the funds such as custody costs (which will vary from time to time).
- 4.3 The table below shows the TER applicable for each of the funds available within the Scheme, including those underlying the Scheme's current default investment option (the Target Drawdown Retirement Path). These charges are deducted from members' funds. The Scheme is used as a qualifying arrangement for auto enrolment and as such must comply with regulations on charge controls introduced from April 2015. Specifically, the Scheme's default investment option must have a TER equal to, or below, the charge cap of 0.75% p.a. of savings. The Trustees can confirm this threshold is monitored and was adhered to over the Scheme year.
- 4.4 In relation to transaction costs, we note that when buying and selling investments, transaction costs can be incurred. Transaction costs are not explicitly deducted from a fund but are captured in its investment performance (in other words, the higher the transaction costs, and the lower the returns produced by a fund). Due to the way in which transaction costs are required to be calculated, they can be negative or positive in nature; a negative figure is effectively a gain (on average) from trading activity, whilst a positive figure is effectively a cost from trading activity.
- 4.5 The fees deducted from individual member funds, as at 30 June 2021, are set out below:

| Fund | TER (%, p.a.) | Transaction Cost (%, p.a.) ³ |
|--|------------------|--|
| Mercer High Growth Fund | 0.48 | 0.231 |
| Mercer Growth Fund ¹ | 0.48 | 0.209 |
| Mercer Moderate Growth Fund | 0.48 | 0.114 |
| Mercer Defensive Fund | 0.45 | 0.040 |
| Mercer Active Money Market Fund | 0.25 | 0.014 |
| Mercer Target Annuity Retirement Fund ² | 0.40 | 0.031 |
| Mercer Target Drawdown Retirement Fund ^{1,2} | 0.54 | 0.155 |
| Mercer Target Annuity Retirement Funds ² | 0.40 – 0.47 | 0.043 – 0.177 |
| Mercer Target Drawdown Retirement Funds ^{1,2} | 0.49 – 0.54 | 0.163 – 0.208 |

Source: Scottish Widows, only funds invested in at the end of the Scheme year are included

¹ Used in the Scheme's default investment option

² Fees and transaction costs vary due to different asset allocation in the various target dated funds

³ Transaction costs cover the period 01/07/2020 to 30/06/2021 and represent annualised costs incurred by the fund manager within the underlying fund. Figures do not currently contain impacts of dilution adjustments incurred at the Scottish Widows fund level when Scottish Widows deals in the underlying funds.

5 Impact of Costs and Charges

5.1 Using the charges and transaction cost data as set out in this statement and in accordance with regulation 23(1)(ca) of the Administration Regulations, as amended, the Trustees have prepared three illustrations detailing the impact of the costs and charges typically paid by members of the Scheme on their Retirement Accounts. The statutory guidance provided has been considered when providing these examples.

5.2 The illustrations below 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.

5.3 To illustrate the impact of charges on a typical member's Retirement Account, we have provided examples below. This includes all member costs, including the TER, transaction costs and inflation.

Illustration 1: Typical Active Member

| Projected Pot sizes in Today's Money | | | | | | | | | | |
|--------------------------------------|-----------------------------------|--------------------------------|--|--------------------------------|--|--------------------------------|--|--------------------------------|---|--------------------------------|
| Year End | Default Arrangement | | Most expensive fund: Mercer Drawdown Retirement Fund | | Least expensive and Lowest return fund: Mercer Active Money Market | | Highest return fund: Mercer High Growth Fund | | Lowest Return: Mercer Active Money Market | |
| | 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 | Pot Size with no Charges Incurred | Pot Size with Charges Incurred | Pot Size with no Charges Incurred | Pot Size with Charges Incurred |
| 1 | £94,200 | £93,700 | £92,800 | £92,200 | £90,900 | £90,700 | £94,800 | £94,200 | £90,900 | £90,700 |
| 2 | £100,500 | £99,400 | £97,600 | £96,400 | £93,700 | £93,200 | £101,700 | £100,500 | £93,700 | £93,200 |
| 3 | £106,900 | £105,100 | £102,500 | £100,500 | £96,400 | £95,700 | £108,800 | £106,900 | £96,400 | £95,700 |
| 4 | £113,500 | £111,000 | £107,300 | £104,600 | £99,100 | £98,200 | £116,000 | £113,400 | £99,100 | £98,200 |
| 5 | £120,100 | £116,900 | £112,200 | £108,700 | £101,800 | £100,600 | £123,500 | £120,100 | £101,800 | £100,600 |
| 10 | £155,500 | £147,800 | £136,800 | £129,200 | £114,300 | £111,900 | £163,800 | £155,500 | £114,300 | £111,900 |
| 15 | £192,800 | £178,600 | £161,900 | £149,300 | £125,800 | £122,100 | £209,600 | £194,500 | £125,800 | £122,100 |
| 18 | £212,700 | £194,100 | £177,300 | £161,300 | £132,200 | £127,700 | £240,000 | £219,800 | £132,200 | £127,700 |

Notes:

1. Salaries and price inflation are assumed to increase at 2.5% per year
2. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation
3. Starting pot size is assumed to be £88,000, and future contributions of 12.0% p.a. have been assumed
4. Starting salary is assumed to be £37,200
5. Member's starting age is 47
6. Values are illustrations only and are not guaranteed
7. When allowing for the transaction costs within the growth assumptions, the Trustees have used an average of the transaction costs provided by Scottish Widows for the last 3 Scheme years (where available). This is because the transaction cost for each will fund will fluctuate, so using an average is likely to be more accurate over a long time period.
8. The projected growth rates assumed for each fund are as follows:
 - a. Mercer Target Drawdown Retirement Path (Most Popular Fund): Growth rates between 0.10% and 1.37% per year net expected real returns above inflation.
 - b. Mercer Drawdown Retirement Fund (Most Expensive Fund): -0.25% per year net expected real return above inflation.
 - c. Mercer Active Money Market Fund (Least Expensive and Lowest Expected Growth Fund): -1.99% per year net expected real return above inflation.
 - d. Mercer High Growth Fund (Highest Expected Growth Fund): 1.98% per year net expected real return above inflation.

5.4 Illustration 2: Youngest Active Member

| Projected Pot sizes in Today's Money | | | | | | | | | | |
|--------------------------------------|-----------------------------------|--------------------------------|--|--------------------------------|--|--------------------------------|--|--------------------------------|---|--------------------------------|
| Year End | Default Arrangement | | Most expensive fund: Mercer Drawdown Retirement Fund | | Least expensive and Lowest return fund: Mercer Active Money Market | | Highest return fund: Mercer High Growth Fund | | Lowest Return: Mercer Active Money Market | |
| | 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 | Pot Size with no Charges Incurred | Pot Size with Charges Incurred | Pot Size with no Charges Incurred | Pot Size with Charges Incurred |
| 1 | £6,100 | £6,100 | £6,100 | £6,000 | £6,000 | £6,000 | £6,200 | £6,100 | £6,000 | £6,000 |
| 2 | £9,300 | £9,200 | £9,100 | £9,000 | £8,800 | £8,800 | £9,400 | £9,300 | £8,800 | £8,800 |
| 3 | £12,500 | £12,300 | £12,100 | £12,000 | £11,700 | £11,600 | £12,600 | £12,500 | £11,700 | £11,600 |
| 4 | £15,800 | £15,500 | £15,200 | £14,900 | £14,400 | £14,300 | £16,000 | £15,700 | £14,400 | £14,300 |
| 5 | £19,100 | £18,700 | £18,300 | £17,900 | £17,200 | £17,000 | £19,400 | £19,100 | £17,200 | £17,000 |
| 10 | £36,800 | £35,500 | £33,800 | £32,500 | £30,100 | £29,700 | £38,100 | £36,700 | £30,100 | £29,700 |
| 15 | £56,300 | £53,400 | £49,700 | £46,900 | £42,000 | £41,100 | £59,200 | £56,200 | £42,000 | £41,100 |
| 20 | £77,800 | £72,700 | £65,900 | £61,200 | £52,800 | £51,400 | £83,300 | £77,600 | £52,800 | £51,400 |
| 25 | £101,500 | £93,200 | £82,500 | £75,300 | £62,800 | £60,800 | £110,600 | £101,300 | £62,800 | £60,800 |
| 30 | £127,600 | £115,200 | £99,400 | £89,200 | £71,900 | £69,200 | £141,700 | £127,400 | £71,900 | £69,200 |
| 35 | £156,400 | £138,800 | £116,700 | £103,000 | £80,200 | £76,900 | £177,000 | £156,200 | £80,200 | £76,900 |
| 40 | £186,500 | £161,900 | £134,300 | £116,500 | £87,900 | £83,800 | £217,100 | £187,900 | £87,900 | £83,800 |
| 43 | £201,900 | £173,000 | £145,100 | £124,600 | £92,200 | £87,600 | £243,800 | £208,500 | £92,200 | £87,600 |

Notes:

1. Salaries and price inflation are assumed to increase at 2.5% per year
2. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation
3. Starting pot size is assumed to be £3,000 and future contributions of 12.0% p.a. have been assumed
4. Starting salary is assumed to be £25,300
5. Member's starting age is 22
6. Values are illustrations only and are not guaranteed
7. When allowing for the transaction costs within the growth assumptions, the Trustees have used an average of the transaction costs provided by Scottish Widows for the last 3 Scheme years (where available). This is because the transaction cost for each will fund will fluctuate, so using an average is likely to be more accurate over a long time period.
8. The projected growth rates assumed for each fund are as follows:
 - a. Mercer Target Drawdown Retirement Path (Most Popular Fund): Growth rates between 0.10% and 1.37% per year net expected real returns above inflation.
 - b. Mercer Drawdown Retirement Fund (Most Expensive Fund): -0.25% per year net expected real return above inflation.
 - c. Mercer Active Money Market Fund (Least Expensive and Lowest Expected Growth Fund): -1.99% per year net expected real return above inflation.
 - d. Mercer High Growth Fund (Highest Expected Growth Fund): 1.98% per year net expected real return above inflation.

5.5 Illustration 3: Typical Deferred Member

| Projected Pot sizes in Today's Money | | | | | | | | | | |
|--------------------------------------|--|--------------------------------|--|--------------------------------|--|--------------------------------|--|--------------------------------|---|--------------------------------|
| Year End | Default Arrangement: Most Popular Fund | | Most expensive fund: Mercer Drawdown Retirement Fund | | Least expensive fund and Lowest return fund: Mercer Active Money Market Fund | | Highest return fund: Mercer High Growth Fund | | Lowest Return: Mercer Active Money Market | |
| | 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 | Pot Size with no Charges Incurred | Pot Size with Charges Incurred | Pot Size with no Charges Incurred | Pot Size with Charges Incurred |
| 1 | £48,400 | £48,100 | £47,700 | £47,300 | £46,600 | £46,500 | £48,700 | £48,400 | £46,600 | £46,500 |
| 2 | £49,300 | £48,800 | £47,900 | £47,200 | £45,800 | £45,600 | £49,900 | £49,300 | £45,800 | £45,600 |
| 3 | £50,300 | £49,400 | £48,100 | £47,100 | £45,000 | £44,700 | £51,200 | £50,300 | £45,000 | £44,700 |
| 4 | £51,300 | £50,100 | £48,300 | £47,000 | £44,200 | £43,800 | £52,600 | £51,300 | £44,200 | £43,800 |
| 5 | £52,300 | £50,800 | £48,500 | £46,900 | £43,500 | £42,900 | £53,900 | £52,300 | £43,500 | £42,900 |
| 10 | £57,600 | £54,300 | £49,500 | £46,300 | £39,800 | £38,800 | £61,300 | £57,700 | £39,800 | £38,800 |
| 15 | £62,100 | £56,500 | £50,600 | £45,700 | £36,500 | £35,100 | £69,600 | £63,600 | £36,500 | £35,100 |
| 16 | £62,600 | £56,600 | £50,800 | £45,600 | £35,900 | £34,400 | £71,400 | £64,900 | £35,900 | £34,400 |

Notes:

- Price inflation is assumed to increase at 2.5% per year
- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation
- Starting pot size is assumed to be £47,400 and no future contributions have been assumed to be paid
- Values are illustrations only and are not guaranteed
- Members starting age is assumed to be 49.
- When allowing for the transaction costs within the growth assumptions, the Trustees have used an average of the transaction costs provided by Scottish Widows for the last 3 Scheme years (where available). This is because the transaction cost for each will fund will fluctuate, so using an average is likely to be more accurate over a long time period
- The projected growth rates assumed for each fund are as follows:
 - Mercer Target Drawdown Retirement Path (Most Popular Fund): Growth rates between 0.10% and 1.37% per year net expected real returns above inflation.
 - Mercer Drawdown Retirement Fund (Most Expensive Fund): -0.25% per year net expected real return above inflation.
 - Mercer Active Money Market Fund (Least Expensive and Lowest Expected Growth Fund): -1.99% per year net expected real return above inflation.
 - Mercer High Growth Fund (Highest Expected Growth Fund): 1.98% per year net expected real return above inflation.

5.6 The Trustees acknowledge the requirement to publish these illustrations on a website (<https://uk.panavision.com/uk/employee-pension-scheme-documents>) and this Statement will be available in time for the deadline of seven months following the Scheme year end and signposted on annual benefit statements.

6 Value for Members

6.1 In accordance with regulation 25(1)(b) of the Administration Regulations as amended, the Trustees undertake a review of the charges and transaction costs incurred by members in order to ascertain whether the Scheme's overall benefits and options represent good value for money.

6.2 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. "Value" does not just mean low cost.

6.3 The Scheme's value for money (VFM) assessment for the year to 30 June 2021 was carried out in September 2021 and took into consideration the following aspects:

- Investment charges for the default and self-select funds, when benchmarked against comparable funds;

- Transaction costs;
- Net of fees investment performance;
- Investment fund range and underlying ratings; and
- Additional services offered to Scheme members by the Trustees, Scottish Widows and Mercer, which includes the investment governance, communications, administration and scheme management/governance services.

Where underlying funds offered to members are highly rated by Mercer, are being offered at a competitive fee rate, and are performing in line with their objectives over the longer term, they can be considered to be offering good value for money for members.

6.4 The review concluded that overall, the Scheme represents good value for money in comparison to the costs payable by members. The reasons underpinning this conclusion include:

- The Scheme's current default investment arrangement complies comfortably with the charge cap of 0.75% per annum.
- Charges on funds have been assessed as comparing favourably with those of peer funds.
- We have seen no evidence to suggest that transaction costs are uncompetitive, there is not yet an industry standard or universe to compare these to but we believe these to appear reflective of costs expected of various asset classes.
- The majority of the funds (underlying the Mercer blended funds) used by the Scheme remain highly rated by Mercer as having good prospects of achieving their risk and return objectives.
- The long term performance of the funds in use has also been reviewed, and for the period to 30 June 2021, the majority of funds have performed well.
- The Trustees keep all funds under review in terms of both fees and performance and apply a particular focus to funds which underperform their benchmarks.
- Additional services from the Trustees, Scottish Widows and Mercer offer additional value to members.

7 Trustee Knowledge and Understanding

7.1 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. This requirement has been met during the course of the Scheme year and the Trustees have undertaken regular training throughout the year.

7.2 The Trustees have put in place arrangements for ensuring that they take responsibility for keeping up to date with relevant developments and consider their training requirements. Training for the Trustees is provided regularly during meetings from the Scheme's pension consultants (Mercer). The Trustees assess any training gaps during their regular meetings and records of Trustee training are maintained.

7.3 The Trustees receive professional advice from Mercer as administrator, actuary and consultant, and Shoosmiths as their appointed legal advisors, to support them in reviewing the performance of the Scheme and in governing the Scheme in line with the Trust Deed and Rules. The Trustees consider the relevant skills and experience of those advisors and consider these to be key criteria when evaluating advisor performance and selecting new advisors. Additionally, the following measures have applied during the period:

- Mercer attend the Trustees' formal meetings.
 - The Trustees have wide ranging skills and experience, including pension experience. The Trustees receive briefings from their advisors on all legislative and regulatory developments at each meeting.
- 7.4 The Trustees are conversant with, and have a working knowledge of, the Trust Deed and Rules. If there are any ambiguities over the interpretation of the Rules, legal advice is sought from Shoosmiths.
- 7.5 The Trustees are conversant with, and have a working knowledge of, the current SIP. The Trustees undertake regular training on investment matters and reviews the investments held by the Scheme at each meeting. The Trustees have sufficient knowledge of investment matters to be able to challenge their advisors.
- 7.6 The Trustees have a robust training programme in place for any newly appointed Trustees. Upon appointment, a Trustee is required to complete the Pensions Regulator's online training programme. The Trustee toolkit is expected to be completed within six months of appointment. New Trustees meet with the Chair of Trustees shortly after their appointment, and are provided with an information pack and access to all Scheme documents and advisors.
- 7.7 All of the Trustees have completed the Pension Regulator's Trustee Toolkit training. The Trustees maintain a training log. The Trustees undertook the following training during the Scheme year:
- Review of the regulators toolkit - Introducing Pension Schemes – Recap (24/06/2021)
 - Review of the regulators toolkit - The trustee's role – Recap (24/06/2021)
 - Growing Concern – Pensions Scams (24/06/2021)

The Trustees undertook a number of activities over the past year, which demonstrate how they have a working knowledge of pension & trust law, funding & investment principles, the Trust Deed and Rules and the SIP. These activities include:

- GMP Equalisation
 - Stewardship and sustainable investments
 - Training on tPR's Trustee expectations
 - Update on proposed changes to RPI
 - Review of the Trust Deed and Rules
- 7.8 The Risk Register and Business Plan are reviewed and updated regularly. These demonstrate that the Trustees hold relevant knowledge on DC specific internal controls and the regulatory requirements. The Trustees also review and assess, on an ongoing basis, whether the systems, processes and controls across key governance functions are consistent with this set out in the Pensions Regulator's Code of Practice 13. The Risk Register and Business Plan's were last updated in June 2021.
- 7.9 As a result of the training activities which have been completed by the Trustees, and taking into account the professional advice available to the Trustees, the Trustees are confident that the combined knowledge and understanding of the Board enables it to exercise properly its function as the Trustees to the Scheme.
- 7.10 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 and I confirm that the above statement has been produced by the Trustees to the best of my knowledge.

- 7.11 Finally, I would like to thank both the Company and my fellow Trustees for their diligence and support in running the Scheme for the benefit of the members.

Signed for and on behalf of The Trustees of the Panavision Europe Pension and Life Assurance Scheme.

Signature: Mark Fursstedonn

Mark Fursstedonn- Chair of the Trustees

Date: 13 December 2021