Panavision Europe Pension and Life Assurance Scheme

Statement of Investment Principles – September 2022

1. Introduction

The Trustees of the Panavision Europe Pension and Life Assurance Scheme ("the Scheme") have drawn up this Statement of Investment Principles ("the Statement") to comply with the requirements of the Pensions Act 1995 ("the Act") and subsequent legislation. As required under the Act, the Trustees have consulted a suitably qualified person in obtaining written advice from Mercer Limited ('Mercer'). The Trustees, in preparing this Statement, have also consulted Panavision Europe Limited (the 'Company'), as Sponsor of the Scheme.

The Statement is intended to affirm the investment principles that govern decisions about the Scheme's investments. The specifics of the Scheme's investment arrangements are detailed in the Investment Policy Implementation Document ("IPID"), which is available on request

2. Investment Policy

2.1 The items in Sections 2 through 6 of this Statement are in relation to what the Trustees consider 'financially material considerations'. The Trustees believe the appropriate time horizon in which to assess these considerations within should be viewed at the member level. This will be dependent on the member's age and when they expect to retire. This same time horizon is applied to the default investment option, as detailed in Section 3.3.

2.2 Objectives

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 following encapsulates the Trustees' objectives:

- 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 regards to the likely needs of the membership.

2.3 Risk

The Trustees have considered risk from a number of perspectives. These are set out in the table below.

<table>
<tr><th colspan="2">Risk</th><th>Description</th><th>How is the risk monitored and managed?</th></tr>
<tr><td rowspan="4">Market risks</td><td>Inflation risk</td><td>If investment returns lag inflation over the period of membership, the real (i.e. post inflation) value of the members' individual accounts will decrease.</td><td rowspan="4">The Trustees make available a range of funds, across various asset classes, with the majority expected to keep pace with inflation.

Members are able to set their own investment allocations, in line with their risk tolerances.

Within active funds management of many of these market risks is delegated to the Mercer Workplace Savings (the "Delegated Investment Manager").</td></tr>
<tr><td>Currency risk</td><td>The risk that fluctuations in foreign exchange rates will cause the value of overseas investments to fluctuate.</td></tr>
<tr><td>Credit risk</td><td>The risk that the issuer of a financial asset, such as a bond, fails to make the contractual payments due.</td></tr>
<tr><td>Equity, property and other price risk</td><td>The protection of capital, over at least the medium-term (i.e. periods over 3 years), is fundamental in supporting the long-term growth of the members' individual accounts. The value of securities, including equities and interest bearing assets, can go down as well as up. Members may not get back the amount invested.</td></tr>
</table>

Risk	Description	How is the risk monitored and managed?
Environmental, Social and Corporate Governance risk	The risk that environmental, social or corporate governance concerns, including climate change, have a financially material impact on the return of the Scheme's assets.	The management of ESG related risks is delegated to investment managers. See Section 7 for the Trustees' responsible investment and corporate governance policy. The Trustees review the Mercer Stewardship Monitoring Report on an annual basis.
Investment Manager risk	The risk that the investment manager underperforms its objectives, fails to carry out operational tasks, does not ensure safe-keeping of assets or breaches agreed guidelines.	The Trustees regularly review performance of investment funds. The management of this risk is outsourced to the Delegated Investment Manager.
Liquidity risk	The Scheme must be able to meet its liabilities as and when they become due.	Members invest in a range of daily dealt pooled investment vehicles that facilitate the availability of assets to meet benefit outflows.
Pension Conversion risk	The purchasing power of members may fall relative to how they wish to take benefits at retirement.	The Trustees make available three lifestyle strategies for DC members. Lifestyle strategies automatically switch member assets into investments whose value is expected to be less volatile relative to how the member wishes to access their pension savings as they approach retirement age.

The Trustees have considered these risks when choosing the funds to make available to members as detailed in the following section. The Trustees recognise that many of these risks are inherent to investing and understand that the above list is not exhaustive.

3. Investment Strategy

3.1 Range of Funds

The Trustees believe, having taken expert advice, that it is appropriate to offer a range of investment funds to allow members to tailor their own investment strategy. It is the Trustees' policy to utilise both active and passive management, depending on asset class.

Further details on the investment funds are provided in the Scheme's Investment Policy Implementation Document ("IPID"), which is available on request.

Members can combine the investment funds in any proportion in order to achieve the desired balance between different kinds of investments.

3.2 Lifestyle Options

The Trustees offer members a choice of three 'lifestyle' options. Within each Lifestyle option, until eight years from a member's target retirement date, assets are held in the Mercer Growth Fund, with the aim of providing long term investment growth, before gradually switching to an asset allocation intended to be appropriate to each of the three ways that members with Defined Contribution savings can potentially take benefits at retirement (Cash, Income Drawdown, Annuity Purchase).

Eight years before their target retirement date (or Normal Retirement Date if no target has been specified), members in any of the lifestyle options will have their holdings in the Mercer Growth Fund transferred into a Mercer Target Retirement Fund based on their expected date of retirement. The Mercer Target Retirement Funds aim to gradually move investments from growth-seeking assets to assets intended to be appropriate for each of the three ways that members with DC savings can potentially take benefits at retirement (Cash, Income Drawdown, Annuity Purchase).

At the start of the year of their expected retirement, members' accumulated savings will be moved to the Mercer Retirement Fund relevant to their choice of benefits.

3.3 **Default Investment Option**

The default investment option is known as the Target Drawdown Retirement Path. It is designed to be suitable for members that do not feel comfortable making their own investment decisions and plan to access their benefits at retirement via income drawdown. If no choice of investment is made, members' contributions will be invested in this option.

The aims of the default option, and the ways in which the Trustees seek to achieve these aims, are detailed below:

- To generate returns in excess of inflation during the growth phase of the strategy whilst managing downside risk.

  The default option's growth phase invests in equities and other growth-seeking assets (through a diversified growth fund). These investments are expected to provide equity-like growth over the long term with some downside protection and some protection against inflation erosion.

- To provide a strategy that reduces investment risk for members as they approach retirement.

  As a member's pot grows, investment risk will have a greater impact on member outcomes. Therefore, the Trustees believe that a strategy that seeks to reduce investment risk as the member approaches retirement is appropriate. Moreover, as members approach retirement, the Trustees believe the primary aim should be to provide protection against a mismatch between asset values and the expected costs of retirement benefits.

- To offer to members a mix of assets at retirement that is broadly appropriate for an individual planning to take their benefits as a mix of cash and long-term variable income / drawdown post-retirement.

  At the member's selected retirement date, the majority of the member's assets will be invested in a fund that aims to provide a close match to variable income/drawdown requirements, with the remaining assets invested in a money market fund.

The Trustees' policies in relation to the default option are detailed below:

- Assets in the default option are invested in the best interests of members and beneficiaries, taking into account the profile of members. In particular, the Trustees considered high level profiling analysis of the Scheme's membership in order to inform decisions regarding the default option. Based on this understanding of the membership, a default option that targets income drawdown at retirement is considered appropriate.

- Members are supported by clear communications regarding the aims of the default option and the access to alternative investment approaches. If members wish to, they can opt to choose their own investment strategy or an alternative lifestyle strategy on joining but also at any other future date. Moreover, members do not have to take their retirement benefits in line with those targeted by the default option; the target benefits are merely used to determine the investment strategy held pre-retirement.

- Assets in the default option are invested in daily traded pooled funds which hold highly liquid assets. The pooled funds are commingled investment vehicles which are managed by various Investment Managers. The selection, retention and realisation of assets within the pooled funds are delegated to the respective Investment Managers in line with the mandates of the funds. It is the Trustees' policy to utilise both active and passive management, depending on asset class.

- Further details on the Lifestyle Options, including the Default Investment Option, are provided in the Scheme's Investment Policy Implementation Document ("IPID"), which is available on request.

Taking into account the demographics of the Scheme's membership and the Trustees' views of how the membership will behave at retirement, the Trustees believe that the current default investment option is appropriate and will continue to review this over time, at least triennially, or after significant changes to the Scheme's demographic, if sooner.

The Trustees believe that this strategy meets the investment objectives outlined above and controls the risks identified below.

The Trustees have considered risk from a number of perspectives in relation to the default investment option. These are set out in the table below.

<table>
<tr><th colspan="2">Risk</th><th>Description</th><th>How is the risk monitored and managed?</th></tr>
<tr><td rowspan="3">Market risks</td><td>Inflation risk</td><td>If investment returns lag inflation over the period of membership, the real (i.e. post inflation) value of the members' individual accounts will decrease.</td><td rowspan="3">The Trustees monitor performance of the growth phase against inflation.

The strategy for the default investment option is set with the intention of diversifying these risks to reach a level of risk deemed appropriate. The asset allocations within the default investment option are the responsibility of the Delegated Investment Manager.</td></tr>
<tr><td>Currency risk</td><td>The risk that fluctuations in foreign exchange rates will cause the value of overseas investments to fluctuate.</td></tr>
<tr><td>Credit risk</td><td>The risk that the issuer of a financial asset, such as a bond, fails to make the contractual payments due.</td></tr>
</table>

Equity, property and other price risk	The protection of capital, over at least the medium-term (i.e. periods over 3 years), is fundamental in supporting the long-term growth of the members' individual accounts. The value of securities, including equities and interest bearing assets, can go down as well as up. Members may not get back the amount invested.	Within active funds management of many of these market risks is delegated to the Delegated Investment Manager.
Environmental, Social and Corporate Governance risk	The risk that environmental, social or corporate governance concerns, including climate change, have a financially material impact on the return of the Scheme's assets.	In line with the main DC Section assets.
Investment Manager risk	The risk that the investment manager underperforms its objectives, fails to carry out operational tasks, does not ensure safe-keeping of assets or breaches agreed guidelines.	In line with the main DC Section assets.
Liquidity risk	The Scheme must be able to meet its liabilities as and when they become due.	The default investment option invests in a range of daily dealt pooled investment vehicles that facilitate the availability of assets to meet benefit outflows.
Pension Conversion risk	The purchasing power of members may fall relative to how they wish to take benefits at retirement.	The default option is a lifestyle strategy which automatically switches member assets as they approach retirement age into investments whose value is expected to be less volatile to preserve the value of the retirement account and the option of taking a cash lump sum. As part of the triennial default strategy review, the Trustees ensure the default destination remains appropriate.

4. Day-to-Day Management of the Assets

The fund range offered to members of the DC Section is accessed through Mercer Workplace Savings ("MWS") on the platform provided by Scottish Widows Limited ("Scottish Widows"). The Trustees access the platform via a long-term insurance contract with Scottish Widows.

The Trustees recognise that it is not possible to specify investment restrictions where assets are managed via pooled funds and furthermore, given that it is Scottish Widows that has the direct relationship with the third parties offering the funds (and not the Trustees).

The Pensions Act 1995 (and subsequent legislation) distinguishes between investments where the management is delegated to a fund manager with a written contract and those where a product is purchased directly, e.g. the purchase of an insurance policy or units in a pooled vehicle. The latter are known as direct investments.

The policy of the Trustees is to review their direct investments and to obtain written advice about them at regular intervals. When deciding whether or not to make any new direct investments the Trustees will obtain written advice and consider whether future decisions about those investments should be delegated to the fund managers.

The written advice will consider the issues set out in the Occupational Pension Plan (Investment) Regulations 2005 and the principles contained in this Statement. The advisor will have knowledge and experience required under section 36(6) of the Pensions Act 1995.

All the funds made available to members of the DC Section are blended funds-of-funds (with at least one constituent). These funds are blended by Mercer using underlying funds managed by other investment management firms ("Investment Managers"). If deemed necessary, changes can be made to the underlying investment manager(s), by Mercer, without making changes to the fund's name.

Day-to-day management of the assets in the blended funds-of-funds is delegated to professional Investment Managers who are all authorised or regulated. The Trustees expect the Investment Managers to manage the assets delegated to them under the terms of their contracts.

The Investment Managers have full discretion to buy and sell investments within the underlying funds of the blended funds-of-funds (subject to agreed constraints and applicable legislation).

The Investment Managers have appointed custodians for the safe custody of assets held within underlying funds of the blended funds-of-funds. Where applicable, Mercer has also appointed custodians for the safe custody of assets held within the blended funds-of-funds. The custodians are responsible for the safekeeping of the assets held and for performing various administrative duties, such as the collection of interest and dividends and dealing with corporate actions.

The Trustees assess the continuing suitability of the blended funds-of-funds made available under the DC Section on a periodic basis.

5. Realisation of Investments

In general, the Scheme's Investment Managers have responsibility for providing sufficient liquidity to meet member demands, as advised by the Trustees.

6. Expected Return

The funds available are expected to provide an investment return commensurate to the level of risk being taken. The Trustees believe that the range of funds offered should provide a range of returns suitable for the membership as a whole. The performance target for each fund is shown in the IPID.

In designing the default investment option, the Trustees have explicitly considered the trade-off between risk and expected returns. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. The default arrangement allocates to a diversified strategic asset allocation consisting of traditional and alternative assets. The asset allocation is consistent with the expected amount or risk that is appropriate given the age of a member and when they expect to retire.

7. Responsible Investment and Corporate Governance (Voting and Engagement)

The Trustees believe that environmental, social, and corporate governance ("ESG") factors have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustees also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly require explicit consideration.

The Trustees have delegated day to day management of the assets to Mercer who in turn delegates responsibility for the investment of the assets to a range of underlying investment managers. These investment managers are expected to evaluate ESG factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

The Trustees consider how ESG, climate change and stewardship is integrated within Mercer's investment processes and those of the underlying managers in the monitoring process. The Trustees believe that Mercer has the necessary expertise and framework in place to effectively manage and monitor investments in line with these areas, and this is implemented through their four pillar framework: integration, stewardship, thematic investment and screening. The funds for the Scheme incorporate these four pillars as far as is practical. Mercer is expected to provide reporting on a regular basis, at least annually, on ESG integration progress, stewardship monitoring results, and climate-related metrics such as carbon foot printing for equities and/or climate scenario analysis for diversified portfolios.

8. Investment Restrictions

The Trustees recognise that it is not possible to specify investment restrictions where assets are managed via pooled funds. For the DC section, it is noted that this is particularly true given that it is Scottish Widows Limited, the Scheme's investment platform provider, that has the direct relationship with the third parties offering the funds (and not the Trustees).

9. Implementation and Engagement Policy

The below table sets out the Trustees' approach to implementation and engagement. The list below is not exhaustive, but covers the main areas considered by the Trustees.

Policy statement	Trustees' Approach
How the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the trustees' policies	The Delegated Investment Manager appoints underlying investment managers and the Trustees appoint investment managers of externally managed fund based on their capabilities and, therefore the perceived likelihood of achieving the expected return and risk characteristics required. Mercer's manager research rating reflects Mercer's forward-looking assessment of a manager's ability to meet or exceed their objectives. As the Trustees invest in pooled investment vehicles they accept that they have no ability to influence investment managers to align their decisions with the Trustees' policies set out in this Statement. However, appropriate mandates can be selected to align with the overall investment strategy. The underlying 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. If the Delegated Investment Manager are dissatisfied, then they will look to replace the manager. If the investment objective for a particular manager's fund changes, the Delegated Investment Manager will review the fund appointment to ensure it remains appropriate and consistent with the Trustees' wider investment objectives.
How the arrangement incentivises the asset manager to make decisions	The Trustees and the Delegated Investment Manager expect investment managers to

based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term	incorporate the consideration of longer term factors, such as ESG factors, into their decision making process where appropriate. The extent to which this is so will be considered during the selection, retention and realisation of manager appointments, undertaken by the Delegated Investment Manager. Voting and engagement activity should be used by investment managers to discuss the performance of an issuer of debt or equity. The Delegated Investment Manager engages with investment managers on this activity and if dissatisfied will look to replace the manager.
How the method (and time horizon) of the evaluation of the asset manager's performance and the remuneration for asset management services are in line with the trustees' policies	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. If performance is not satisfactory, the Trustees will ask the Delegated Investment Manager to provide additional rationale, and if not satisfied with this, may request further action be taken, including a review of fees. The Trustees receive investment manager performance reports on a quarterly basis, which present performance information over three months, one year, three years, five years, and since inception. The Trustees review the absolute performance, relative performance against a suitable index used as the benchmark, and against the underlying manager's stated target performance (over the relevant time period) on a net of fees basis. Whilst the Trustees' focus is on long-term performance, they also take shorter-term performance into account. The underlying managers are appointed by

	the Delegated Investment Manager, who review if the manager is meeting it's performance objective and if any changes have been made.
How the trustees monitor portfolio turnover costs incurred by the asset manager.	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 the trustees define and monitor targeted portfolio turnover or turnover range.	The Trustees do not currently define target portfolio turnover ranges for funds.
How the trustees define and monitor the duration of the arrangement with the asset manager.	The Trustees are long term investors, all funds are open-ended and therefore there is no set duration for manager appointments. 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. The funds in use are also looked at on an annual basis through the Mercer SmartPath review.

10. Member views

Member views are not taken into account in the selection, retention and realisation of investments.

11. Compliance with this Statement

The Trustees will monitor compliance with this Statement annually, or immediately after any change in strategy.

12. Review of this Statement

The Trustees will review this Statement at least once every three years and after any significant change in investment policy. Any change to this Statement will only be made after having obtained and considered the written advice of someone who the Trustees reasonably believe to be qualified by their ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of pension scheme investments.

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

Signed Mark Furssedonn

Chair of the Trustees

Date: 15 September 2022