

Implementation Statement (“IS”)

Fujifilm Imaging Colorants Pension Fund (the “Fund”) – DB Section

Fund Year End – 31 March 2024

The purpose of the IS is for Entrust Pension Limited, the Trustee of the Fund, to demonstrate the actions taken during the Fund Year to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”).

The contents of this IS includes:

1. A summary of any review and changes made to the SIP over the year;
2. How the Trustee’s policies in the SIP have been followed during the year;
and
3. How the Trustee has exercised its voting rights or how these rights have been exercised on the Trustee’s behalf, including the use of any proxy voting advisory services.

Trustee conclusion

Based on the activity undertaken during the year, the Trustee is of the view that the policies set out in the SIP have been implemented effectively.

In the view of the Trustee, most of the Fund’s material investment managers were able to disclose good evidence of voting and engagement activity, and the activities completed by the managers align with the Trustee’s stewardship expectations.

The Trustee delegates the management of some of the Fund’s assets to its fiduciary manager, Aon Investments Limited (“AIL”). The Trustee believes the activities completed by AIL to review the underlying managers’ voting and engagement policies, and activities align with the Trustee’s stewardship expectations. The Trustee believes its voting rights have been implemented effectively on its behalf.

The Trustee expects LGIM, HSBC, CVC and GIP to improve their disclosures over time. AIL will continue to engage with these investment managers and communicate the Trustee’s expectations of improved disclosure going forwards.

Summary of the Trustee Engagement Action Plan

Not all underlying investment managers were able to provide all the engagement information requested. AIL will continue to engage with the investment managers in order to ensure engagement and associated stewardship obligations are met, as per the Trustee engagement action plan.

Changes to the SIP during the year

The Trustee has a policy to review the SIP formally at least every three years, or after any significant change in investment policy or member demographics.

The Trustee reviewed the SIP during the year and updated it in October. The changes made included outlining the Trustee's views on stewardship and delegation of all voting and engagement activities to the Fund's investment managers, via AIL.

The Fund's latest SIP can be found here: [Pension Scheme Disclosure \(aon.com\)](https://www.aon.com/pension-scheme-disclosure)

How the policies in the SIP have been followed

The table below sets what has been done during the Fund Year to meet the policies in the SIP.

Policies in relation to the investment strategy and objective	<p>The current investment strategy was set in line with the primary objectives outlined in the SIP. The strategy is made up of a hedging component, which aims to protect the funding level against changes in the value of the liabilities, and a growth component, which aims to reduce the funding deficit over time through positive investment returns.</p> <p>Management of the Fund's assets has been delegated to AIL. AIL invests in a well-diversified portfolio of assets, across a range of asset classes and managers. The current strategy targets investment returns of 1.0% p.a. above the Liability Benchmark (over rolling three-year periods). AIL monitors the actual asset allocation and when it is appropriate to do so, will adjust the asset allocation.</p>
Policies in relation to managing risk	<p>The Trustee's policies with regards to investment risks as stated within the SIP have been appropriately carried out through various monitoring and actions over the year.</p> <p>AIL aims to manage mismatching risk by having an effective Liability Benchmark for the investment strategy. By investing in a well-diversified portfolio across a number of strategies and managers, the risks of inadequate diversification or inappropriate investment are managed. Country risk is managed by investing in assets across several regions and countries.</p> <p>Liquidity risk is managed by the Fund being invested in a high proportion of liquid assets through the fiduciary arrangement with AIL.</p> <p>Underperformance risk, organisational risk and the risk of failing to meet objectives are addressed through the quarterly monitoring of the performance of the underlying managers and the fiduciary manager.</p> <p>Currency risk is managed by AIL hedging the overseas equity investments.</p>
Policies in relation to appointing new managers	<p>AIL will only appoint underlying asset managers who are "Buy" rated and achieve a minimum standard or rating for Environmental, Social and Governance ("ESG") factors from Aon's manager research team. Aon's ESG ratings are designed to assess whether asset managers integrate responsible investment, and more specifically ESG considerations, into their investment decision making process and ongoing stewardship. The ESG ratings are based on a variety of qualitative factors and are updated to reflect any changes or broader responsible investment developments. The ESG ratings of the underlying managers are reported in the quarterly monitoring reports. Additionally, AIL meets with each of the underlying managers on a six-monthly basis to carry out a session focused on ESG. These ESG focused sessions cover both how each manager incorporates ESG considerations into their investment process and their stewardship activity.</p> <p>As part of Aon's investment manager research process, the governing documentation of investments is reviewed for appropriateness before a "Buy" rating is given.</p>

<p>Policies in relation to engagement with investment managers</p>	<p>AIL considers the suitability of the Fund's underlying investment managers on an ongoing basis, on behalf of the Trustee. Aon's investment manager research team meets the underlying managers on a regular basis to assess any changes in the investment staff, investment process, risk management and other manager evaluation factors to ascertain whether the overall rating assigned to the fund remains appropriate and the manager remains suitable to manage the assets.</p> <p>The awareness regarding potential ESG risks in the investment strategy is also considered as part of monitoring and assigning the overall rating to the fund. Specifically, and as noted above, AIL meets with each of the underlying managers on a six-monthly basis to carry out a session focused on ESG.</p> <p>The Trustee receives quarterly monitoring reports from AIL summarising the investment strategy, performance, and longer-term positioning of the portfolio. The investment adviser provides a summary of these reports at Trustee meetings.</p> <p>The Trustee also receives annual stewardship reports from AIL. These provide a summary of AIL's engagement activity as well as voting and engagement statistics for the underlying managers.</p>
<p>Policies relating to Responsible Investment, ESG and Investment Stewardship</p>	<p>The Trustee has delegated all voting and engagement activities to AIL. The Trustee accepts responsibility for how AIL stewards assets on its behalf, including casting of votes in line with each managers individual voting policies. The Trustee reviews manager voting and engagement policies on an annual basis from AIL to ensure they are in line with the Trustee's expectations and in the member's best interests.</p> <p>To date, no managers have found to be falling significantly short of the standards expected by the Trustee in this area. On review of underlying asset managers' stewardship policies and voting statistics as part of the production of this statement, the Trustee is of the opinion that this policy has been adhered to.</p>
<p>Policies in relation to Fund charges</p>	<p>The Trustee receives quarterly monitoring reports from AIL which outline the performance of the Fund's investments. Their investment adviser runs through these reports at Trustee meetings, giving the Trustee the opportunity to raise any questions in relation to performance or otherwise.</p> <p>The Trustee, with assistance from AIL, will be collating and reviewing data on the costs incurred by the Fund during the Fund year; this includes fund management costs as well as other charges, such as transaction costs and custodian charges.</p>

Trustee Engagement Action Plan

Based on the work done for the IS, the Trustee has decided to take the following steps over the next 12 months:

1. CVC provided limited engagement information. Whilst the opportunities for engagement with illiquid investments, such as property funds, are not as extensive as they are for other investments, such as equity and corporate bonds, the Trustee would still expect its investment managers of these funds to demonstrate and report on some level of engagement. AIL will engage with CVC to set expectations regarding better disclosures in future.
2. Global Infrastructure Partners (“GIP”) provided comprehensive ESG reports with some information on their engagement practices however detailed engagement examples specific to the fund in which the Fund is invested in were not provided. Again, the Trustee recognises that different approaches may be required for illiquid investments but will continue to encourage consistency and both fund and firm-level reporting from the manager going forwards.
3. While Legal and General Investment Management Limited (“LGIM”) did provide a comprehensive list on fund-level engagements, which is encouraging, they did not provide detailed engagement examples specific to the funds in which the Fund is invested, as per the Investment Consulting Sustainability Working Group (“ICSWG”) industry standard engagement reporting template. AIL will continue to engage with LGIM to encourage improvements in their engagement reporting.
4. HSBC did not provide the fund level data requested by AIL. The explanation for this being that the fund is an investment in a bond referencing a portfolio of loans and the special purpose vehicle (SPV) that hold the loans has no staff, no BOD, no procedures nor place of work. AIL will continue to engage with HSBC to encourage improvements in their engagement reporting.
5. The Trustee will invite its fiduciary manager to a meeting to get a better understanding of how it is monitoring voting practices and engaging with underlying managers and how these help the Trustee fulfil its Responsible Investment policies.
6. The Trustee will continue to undertake an annual review of the AIL stewardship report and evaluate how the underlying investment managers’ Responsible Investment policies align with those of the Trustee.

What is the Engagement Action Plan?

In preparing the Engagement Policy Implementation Statement, AIL and the Trustee have discovered specific areas where they would like to see improvement over time.

The Engagement Action Plan sets out specific issues that AIL and the Trustee will look to address over the forthcoming year, as well ongoing commitments around ESG monitoring and reporting.

Fiduciary manager's engagement activity

As set out in the Fund's SIP, the Trustee invests the Fund's assets in AIL's fiduciary management platform. Under this arrangement, the implementation of the Fund's investment strategy is delegated to AIL, acting within parameters set by the Trustee.

The Fund's assets may be invested in a range of funds which can include multi-asset, multi-manager and specialist third party liability matching funds. AIL selects the underlying investment managers to manage the investments on behalf of the Trustee, based on a target level of return and target hedging of interest rates and inflation.

The underlying investment managers within each selected fund are appointed by AIL, based on AIL's best ideas and due diligence processes.

The Trustee delegates monitoring of ESG integration and stewardship of the underlying managers to AIL. The Trustee has reviewed AIL's latest annual Stewardship Report and believe it shows that AIL is using its resources to effectively influence positive outcomes in the funds in which it invests.

Over the year, AIL held several engagement meetings with many of the underlying managers in its strategies. AIL discussed ESG integration, stewardship, climate, biodiversity and modern slavery with the investment managers and provided feedback to the managers after these meetings with the aim of improving the standard of ESG integration across its portfolios.

Over the year, AIL also engaged with the industry through white papers, working groups, webinars and network events, as well as responding to multiple consultations.

In 2021, AIL committed to achieve net zero emissions by 2050, with a 50% reduction by 2030 for its fully delegated clients' portfolios and defined contribution default strategies (relative to baseline year of 2019).

AIL also successfully renewed its signatory status to the 2020 UK Stewardship Code.

What is fiduciary management?

Fiduciary management is the delegation of some, or all, of the day-to-day investment decisions and implementation to a fiduciary manager. But the trustees still retain responsibility for setting the high-level investment strategy.

In fiduciary management arrangements, trustees will often delegate monitoring ESG integration and asset stewardship to its fiduciary manager.

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which Environmental Social Governance ("ESG") issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

Source: UN PRI

Managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. The Trustee believes that good stewardship is in the members' best interests to promote best practice and encourage investee companies to access opportunities, manage risk appropriately, and protect shareholders' interests. Understanding and monitoring the stewardship that investment managers practice in relation to the Fund's investments is an important factor in deciding whether a manager remains the right choice for the Fund.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. The Trustee expects the Fund's equity-owning investment managers to responsibly exercise their voting rights.

Voting statistics

The table below shows the voting statistics for the Fund's material funds with voting rights for the year to 31 March 2024.

Funds	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
LGIM - Multi-Factor Equity Fund	12,190	99.8%	21.1%	0.2%

Source: Manager. Please note that the 'abstain' votes noted above are a specific category of vote that has been cast and are distinct from a non-vote.

Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how LGIM (the Fund's material manager responsible for exercising the Trustee's voting rights) uses proxy voting advisers.

Managers	Description of use of proxy voting adviser(s) (in the managers' own words)
LGIM	LGIM's Investment Stewardship team uses Institutional Shareholder Services ("ISS")'s 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by us and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions.

Source: Manager

Significant voting examples

To illustrate the voting activity being carried out on the Trustee's behalf, AIL asked LGIM to provide a selection of what they consider to be the most significant votes in relation to the Fund's investments. A sample of these significant votes can be found in the Appendix.

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues.

Source: UN PRI

Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

Managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Fund's material managers. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm-level i.e. is not necessarily specific to the funds invested in by the Fund.

Funds	Number of engagements		Themes engaged on at a fund/ firm level
	Fund level	Firm level	
LGIM Multi-Factor Equity Fund	296	2,500	Environment - Climate Impact Pledge; Climate Change Social - Gender Diversity Governance - Remuneration; Board Composition
PIMCO Climate Bond Fund	186	>1,355	Environment - Climate Change Governance - Brd, Mgmt & Ownership Strategy, Financial & Reporting - Capital Allocation; Financial Performance Other - ESG Bonds and Others
Robeco SDG Credit Income Fund	17	319	Environment - Climate Change; Natural Resource Use/Impact Social - Human and Labour Rights Governance - Brd Eff. - Other Other - SDG Engagement
Aegon Asset Management ("Aegon") European Asset Backed Securities (ABS) Fund	127	528	Environment - Climate Change Governance - Brd Eff. - Diversity; Leadership - Chair/CEO; Remuneration Other - General Disclosure
M&G Sustainable Total Return Credit Investment Fund	13	297	Environment - Net Zero/Decarbonisation; Nature and Biodiversity Social - Diversity and Inclusion; Inequality Governance - Board Composition
HSBC GAM Global Investment Grade Securitised Credit Bond Fund	Not provided	2,310	Strategy, Financial & Reporting* - Financial Performance; Capital Allocation; Strategy/Purpose; Reporting; Risk Management
Robeco Short Dated Credit Fund	28	319	Environment - Climate Change; Natural Resource Use/Impact Social - Human and Labour Rights Governance - Brd Eff. - Other Other - SDG Engagement
Global Infrastructure Partners ("GIP") II	Not provided	Not provided	Environment* - Climate Risk Management, Net Zero Alignment, Energy Efficiency Social* - Supply Chain Management, Governance* - Diversity and Inclusion
CVC Global Special Situations Fund II	CVC engage with portfolio companies from a bottom up perspective, collecting data through provision of questionnaires and looking to use ESG margin ratchets as a tool to target specific KPIs for improvement given the individual portfolio companies business focus		

Source: Managers. Brd eff. refers to Board effectiveness.

Data limitations

At the time of writing, the following managers did not provide all the information AIL requested:

- CVC provided only limited information regarding engagement carried out on the Trustee's behalf;
- GIP provided firm-level engagement themes but limited information on fund-level engagement;
- HSBC did not provide fund-level engagement information; and
- LGIM provided engagement information but not in the format requested.

This report does not include commentary on certain asset classes such as liability driven investments or cash, because of the limited materiality of stewardship to these asset classes. Further, this report does not include the additional voluntary contributions ("AVCs").

Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Fund's equity manager. The Trustee considers a significant vote to be one which the manager considers significant. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the example below:

LGIM Multi-Factor Equity Fund	Company name	The Toronto-Dominion Bank
	Date of vote	20-Apr-2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.04
	Summary of the resolution	Resolution 9 - Disclose Transition Plan Towards 2030 Emission Reduction Goals
	How you voted?	Vote supporting resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was sent to the company ahead of the meeting
	Rationale for the voting decision	We generally support resolutions that seek additional disclosures on how they aim to manage their financing activities in line with their published targets. We believe detailed information on how a company intends to achieve the 2030 targets they have set and published to the market (the 'how' rather than the 'what', including activities and timelines) can further focus the board's attention on the steps and timeframe involved and provides assurance to stakeholders. The onus remains on the board to determine the activities and policies required to fulfil their own ambitions, rather than investors imposing restrictions on the company.
	Outcome of the vote	Fail
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with the company and monitor progress.
	On which criteria have you assessed this vote to be most significant?	Pre-declaration and Thematic – Climate: LGIM considers this vote to be significant as we pre-declared our intention to support. We continue to consider that decarbonisation of the banking sector and its clients is key to ensuring that the goals of the Paris Agreement are met.

Source: Manager