

# Fujifilm Imaging Colorants Pension Fund (the Fund)

## Defined Contribution (DC) Section Governance Statement

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the **Administration Regulations**) require the Trustee to prepare an annual statement regarding governance, which must be included in the annual report.

This statement covers the period from 1 April 2023 to 31 March 2024 (the **Fund Year**) and is signed on behalf of Entrust Pension Limited, the sole trustee of the Fund (the **Trustee**). The statement covers governance and charge disclosures in relation to the following:

1. **Default arrangements;**
2. **Processing of core financial transactions;**
3. **Member borne charges and transaction costs;**
4. **Net investment returns;**
5. **Value for members assessment; and**
6. **Trustee knowledge and understanding.**

### 1. The Default Arrangements

*The Trustee is required to design the default arrangement in members' interests and keep it under review. The Trustee will need to set out the aims and objectives of the default arrangement and take account of the level of costs and the risk profile that are appropriate for the Fund's membership.*

The DC Section of the Fund is used as a Qualifying Scheme for auto-enrolment.

The Trustee has prepared a Statement of Investment Principles (the **SIP**) which sets out the principles and policies governing decisions about investments made by the Trustee in the management of the Fund's assets. The SIP covers both the defined benefit (**DB**) and DC sections of the Fund. The SIP reflects the specific requirements of the default arrangements and the aims and objectives generally of all the investment funds available and includes agreement regarding performance metrics and reporting requirements which are used to measure whether the funds are successfully meeting their objectives. A copy of the most recent SIP is attached to this Statement.

#### Primary Default arrangement for members who do not make an alternative investment choice

For members who do not make an active investment choice, their contributions are invested in the primary default arrangement: the Lifestyle Strategy Targeting Annuity. This arrangement is also available to members who do make an active investment choice.

The Lifestyle Strategy Targeting Annuity assumes members will use their savings to purchase an annuity at retirement.

This arrangement is fully invested in equities (via the Global Equity Fund) until 10 years before a member's target retirement date. At this point, and for the next five years, equity investments are gradually switched into diversified growth investments (via the Multi-Asset Fund). At five years from retirement date, these investments begin switching into bonds (via the LGIM Pre-Retirement Fund) and from three years before retirement date, cash investments are introduced. A chart illustrating the switching is included in the appendix.

### Secondary default arrangement

The Fund has a secondary default arrangement: the LGIM Cash Fund. The LGIM Cash Fund became a default arrangement in April 2020, following a suspension in trading of the LGIM Managed Property Fund. The LGIM Managed Property Fund was suspended for several months (from 19 March 2020 to 1 October 2020) due to the difficulty for LGIM (the investment manager) to gather an accurate valuation of the fund's holdings whilst Covid-19 lockdown restrictions were in place. Following advice from its investment advisers, the Trustee notified members of this and provided affected members the opportunity to redistribute their regular contributions to an alternative fund of their choosing within the Fund while the LGIM Managed Property Fund was suspended. Members that took no action before a reasonable deadline set by the Trustee had their contributions automatically redirected and invested in the LGIM Cash Fund, resulting in this fund being deemed a default arrangement.

### Specified performance based-fees

Where a fee is calculated by reference to the returns from investments held by the Fund and is not calculated by reference to the value of the member's rights under the Fund, the Trustees must state the amount of any such performance-based fees in relation to each default arrangement.

During the Fund Year there have been no such performance-based fees payable.

### Performance Monitoring

The Trustee also reviews the performance of the primary default arrangement against its aims and objectives as part of the investment strategy review and on a quarterly basis.

### Default arrangements asset allocations

The Trustee is required to disclose the full asset allocations of investments for each default arrangement. The information below shows the percentage of assets allocated in the default arrangements to specified asset classes as at to 31 March 2024.

The table below illustrates the asset allocations at defined ages for the **Lifestyle Strategy Targeting Annuity**:

Asset class	Asset allocation as at 31 March 2024 (%)			
	25 years old	45 years old	55 years old	NRA (62)
Cash	1.0%	1.00%	5.2%	9.8%
Bonds	0.0%	0.00%	27.2%	90.3%
Listed equities	99.0%	99.00%	60.8%	0.0%
Private equity	0.0%	0.00%	0.0%	0.0%
Infrastructure	0.0%	0.00%	0.0%	0.0%
Property	0.0%	0.00%	1.5%	0.0%
Private debt	0.0%	0.00%	0.0%	0.0%
Other	0.0%	0.00%	5.3%	0.0%

The asset allocations for the **Cash Fund (additional default)** is split 39% Cash and 61% Bonds.

### Investment strategy review

The Trustee, with assistance from its investment advisers, undertook a review of the Fund's investments during the period, including formally reviewing the default arrangements. The review included in-depth analysis of the Fund's membership to determine whether the primary default arrangement remained appropriate, as well as a comparison of alternative strategies and the possible outcomes these strategies would generate for the membership and a review of the strategy's performance. The Trustee also reviewed the appropriateness of the self-select range.

The review concluded on 24 July 2023 and based on the results of the analysis and advice received from its investment advisers, the decision was taken to implement the following changes:

- Change the Primary Default from the Lifestyle Strategy Targeting Annuity, to the Lifestyle Strategy Targeting Drawdown;

- Remove the Multi Asset Fund from the lifestyle strategies and self-select range; and
- Make changes to some of the funds that comprise the Mixed 50 and Mixed 85 funds, to increase global diversification and diversification of instruments within the fixed income funds.

These changes will be implemented following the end of the Fund Year in September 2024.

### Performance Monitoring

The Trustee monitors the performance of the investment funds, including those that make up the lifestyle strategies at least quarterly in order to assess whether funds are performing in line with expectations. Quarterly investment reports are received from the Trustee's investment advisers and are reviewed by the Trustee.

## 2. Processing of Core Financial Transactions

*The Trustee has a specific duty to ensure that core financial transactions are processed promptly and accurately. Core Financial Transactions include the investment of contributions, transfer of member assets into and out of the Fund, transfers between different investments within the Fund and payments to and in respect of members/beneficiaries.*

Core financial transactions are undertaken on behalf of the Trustee by the Fund's administrator. Fujifilm Imaging Colorants Ltd (**the Company**) is responsible for ensuring that contributions are paid promptly on members' behalf. The timing of such payments is monitored by the Trustee predominantly from quarterly administration reports submitted by the Fund's administrator.

Over the Fund Year, administration of the Fund was carried out by Aon, including processing core financial transactions on the Trustee's behalf. The Trustee has a service level agreement ("SLA") in place with Aon. The SLA details a number of key administration processes to be performed and the target timescale within which each of these processes should be completed. There are SLAs in place for all core financial transactions. Under the current agreement, Aon aims to accurately complete all financial transactions within five working days, with the exception of the investment of contributions, which is within two working days of receipt from the Company and after reconciliation by Aon.

The Trustee reviews Aon's administration reports and evaluates the performance of Aon on a regular basis to ensure that members receive an effective administration service. Aon's average SLA performance was over 90% over the year to 31 March 2024.

In addition, Aon has the following key processes and controls to help meet the SLAs:

- 'Straight Through Processing' for investment switches. This is used to drive efficiency and includes the administration platform being fully integrated with the investment platform to ensure that member records and fund prices are updated on a daily basis.
- An annual full member reconciliation as part of preparation of the Fund's Annual Report and Accounts.
- Daily and monthly cash and unit reconciliation: the unit reconciliations are included in the quarterly administration reports and the cash reconciliations are provided as part of the Fund's Annual Report and Accounts. There are escalation points if there is no response or closure to the questions raised.
- Daily monitoring of bank accounts: there is a dedicated contribution processing team and at least two individuals checking all investment and banking transactions.

In addition to the above, the Trustee's Annual Report and Accounts which incorporate the Fund's financial transactions are independently audited on an annual basis by the Fund auditor, currently RSM UK.

The Trustee is pleased to report there were no administration service issues for Aon with respect to core financial transactions during the relevant period and the Trustee is comfortable that the requirements with respect to core financial transactions have been met.

### 3. Member Borne Charges and Transaction costs

*The Trustees should regularly monitor the level of charges borne by members through the investment funds. These charges comprise:*

- *Explicit charges: these are the costs associated with operating and managing an investment fund. They can be expressed as a Total Expense Ratio (TER), or as an Annual Management Charge (AMC), which is a component of the TER;*
- *Transaction costs: these are not explicit and are incurred within the day-to-day management of the assets by the fund manager. These charges include the cost of buying and selling securities within the fund. Transaction costs are incurred on an ongoing basis and are implicit within the performance of the fund.*

*The Trustees are also required to confirm that the charges on the default arrangement have not exceeded 0.75% p.a. (the charge cap) and produce an illustration of the cumulative effect of the costs and charges on members' retirement fund values as required by the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018.*

The charges are described in Sections 3i and 3ii below. Section 3iii contains a number of illustrative examples of the cumulative effect over time of the charges on the value of a member's benefits. The Trustee has taken account of the statutory guidance produced by the Department for Work & Pensions when preparing this section of the statement.

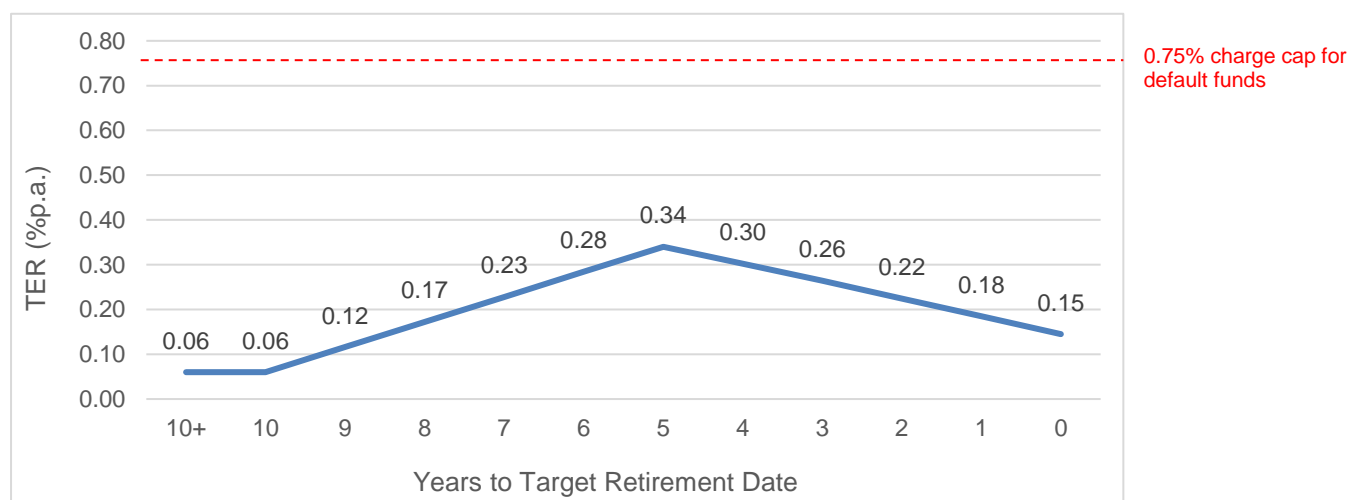
#### 3i Explicit charges

Explicit direct charges consist of costs such as the Annual Management Charge (the **AMC**) which is the annual fee charged by the investment manager for investing in a fund, as well as additional expenses. Together these comprise the Total Expense Ratio (the **TER**) and details are readily available to members. TERs are deducted as a percentage of members' funds.

The legislative charge cap for the default arrangement is 0.75% p.a. of assets under management. The charges levied on members invested in the default arrangements were well below this cap.

#### **TER for the Lifestyle Strategy Targeting Annuity (primary default arrangement)**

For the primary default arrangement, the TER for investing ranged from 0.06% p.a. to 0.34% p.a. depending upon members' term to retirement, as shown in the chart below. The TER is 0.06% p.a. up to 10 years before retirement. At this point it rises gradually to 0.34% p.a. at 5 years before retirement, after which it gradually decreases to 0.15% p.a. at the point of retirement.



The TER for the secondary default arrangement (the LGIM Cash Fund) was also below the 0.75% p.a. charge cap at 0.13% p.a.

In addition to the default arrangements, the Trustee also makes available two additional lifestyle strategies: the Lifestyle Strategy Targeting Drawdown and the Lifestyle Strategy Targeting Cash Lump Sum. Members can also choose to opt to invest via the Personal Strategy, through which there are fourteen individual funds for members to choose to invest in.

### 3ii Transaction costs

Transaction costs are incurred largely as a result of buying and selling investments in a fund. These comprise explicit transaction costs and implicit transaction costs, which are explained in more detail here:

- As defined by the Financial Conduct Authority, explicit transaction costs are the costs that are directly charged to or paid by the fund and may include taxes and levies (such as stamp duty), broker commissions (fees charged by the executing broker in order to buy and sell investments) and costs of borrowing or lending securities.
- Implicit transaction costs are calculated as the difference between the actual price paid (execution price) and the quoted 'mid-market price' at the time the order was placed (arrival price). This method, although reasonable if observed over a long period of time, can result in a volatile measure from one year to another.

Actively managed funds - such as the Multi Asset Fund - are more likely to have higher transaction costs than passively managed funds, such as the LGIM Over 5 Years Index Linked Gilt Index, or funds that invest in assets with low trading costs, such as the LGIM Cash Fund. Any performance quoted for a fund will take account of transaction costs, which will vary from year to year, depending on trades in the fund. This can, on occasion, result in a negative cost (profit) as a result of the underlying trades. Where a negative cost has been recorded, a 0% floor has been applied in order to avoid understating the cost of investing to members.

The table below shows a full breakdown of the TER and transaction costs applicable to the different funds and strategies over the 12 months up to 31 March 2024.

Lifestyle Strategy Options	TER (% p.a.)	Transaction Costs (% p.a.)	Total Cost (% p.a.)
Lifestyle Strategy Targeting Annuity (the primary default arrangement)	0.06 – 0.34	0.02 – 0.26	0.13 – 0.60
Lifestyle Strategy Targeting Drawdown	0.06 - 0.14	0.07 – 0.08	0.13 - 0.22
Lifestyle Strategy Targeting Cash Lump Sum	0.06 – 0.34	0.07 – 0.26	0.13 – 0.60
<b>Personal Strategy Options</b>			
Global Equity <sup>1</sup>	0.06	0.07	0.13
LGIM World (ex-UK) Equity Index	0.22	0.02	0.24
LGIM UK Equity Index	0.10	0.00	0.10
Multi Asset Fund <sup>1</sup>	0.34	0.26	0.60

Mixed 85 Fund	0.07	0.06	0.13
Mixed 50 Fund	0.09	0.03	0.12
LGIM AAA-AA-A Corporate Bond All Stocks Fund	0.15	0.00	0.15
LGIM Over 5 Years Index-Linked Gilt Index <sup>1</sup>	0.10	0.04	0.14
LGIM Managed Property	0.91	0.00	0.91
LGIM Cash <sup>1</sup> (secondary default arrangement)	0.13	0.07	0.20
LGIM Pre-Retirement Fund	0.15	0.00	0.15
HSBC Islamic Global Equity Fund	0.35	0.00	0.35
LGIM Enhanced ESG Equity Fund	0.32	0.03	0.35
LGIM ESG Equity Fund	0.23	0.02	0.25

Source: LGIM as at 31 March 2024

1. Fund forms part of the default arrangement.

The transaction costs calculated by LGIM, using the set industry method, has resulted in negative costs (i.e. a profit) for some funds held by members during the period of review. Any negative transactions costs have been floored to 0% as not to potentially understate the effect of charges on fund values over time.

### 3iii Illustrations of costs and charges

*From 6 April 2018 the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 introduced new requirements relating to the disclosure and publication of the level of charges and transaction costs by trustees. These changes are intended to improve transparency on costs. As part of the changes, the Trustee is required to illustrate the cumulative effect over time of the application of transaction costs and charges on the value of a member's benefits.*

The next few pages contain illustrations of the cumulative effect of costs and charges on the value of members' DC Section Investment Accounts within the Fund over a period of time. The Trustee has had regard to the relevant statutory guidance when preparing the illustrations.

Each of the charts and tables below illustrates the potential impact that costs and charges might have on a selection of different investment options available under the Fund chosen by the Trustee.

- The charts show the potential impact that costs and charges might have for three example members who have assets invested in the Lifestyle Strategy Targeting Annuity (the primary default arrangement). The majority of members in the DC section of the Fund are invested in this strategy.
- Under each chart, there is a table showing the potential impact that costs and charges might have if the example member were invested in:
  - a fund that has the highest level of costs and charges (the LGIM Managed Property Fund);
  - a fund that has the lowest level of costs and charges (the LGIM Global Equity Fund); and
  - The secondary default arrangement (the LGIM Cash Fund).

Members who opt to invest in the Personal Strategy are also offered a range of individual funds which, as the tables above show, carry a variety of TERs and transaction costs. Please note that not all Personal Strategy options available are shown in the illustrations.

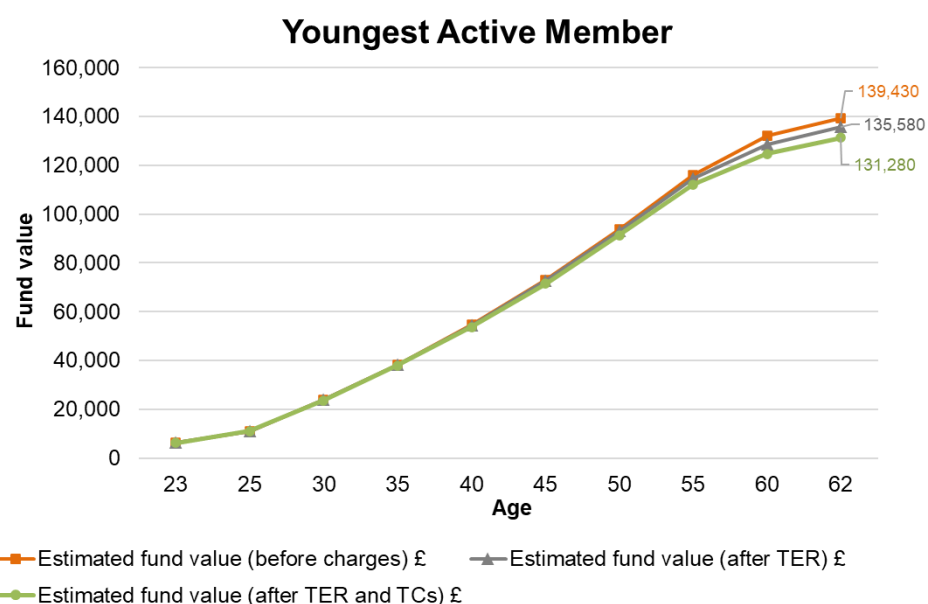
The Trustee has determined the three example members for whom illustrations have been provided as the youngest active member, a typical active member and a typical deferred member (with member information determined using data for the Fund).

These example members have been chosen as they allow the Trustee to provide a realistic and representative range of combinations of fund value, contribution rates and effect of costs and charges over different time periods in the illustrations. As each member has a different amount of savings within the Fund and the amount of any future investment returns, and future costs and charges cannot be known in advance, the Trustee has had to make several assumptions about what these might be. The assumptions are explained in the notes sections below the illustrations.

Members should be aware that such assumptions may or may not hold true, so the illustrations do not promise what could happen in the future. This means that the information contained in this Chair's Statement is not a substitute for the individual and personalised illustrations which are provided to members each year by the Fund.

#### Youngest Active Member

The illustration below is based on an active member invested in the Lifestyle Strategy Targeting Annuity, and the estimated impact of charges on accumulated fund values is shown in the table and chart. The amounts shown relate to a member aged 23, current fund value of £6,300, ongoing total contributions of £181.50 per month and a target retirement age of 62. Projections are shown in current money terms.



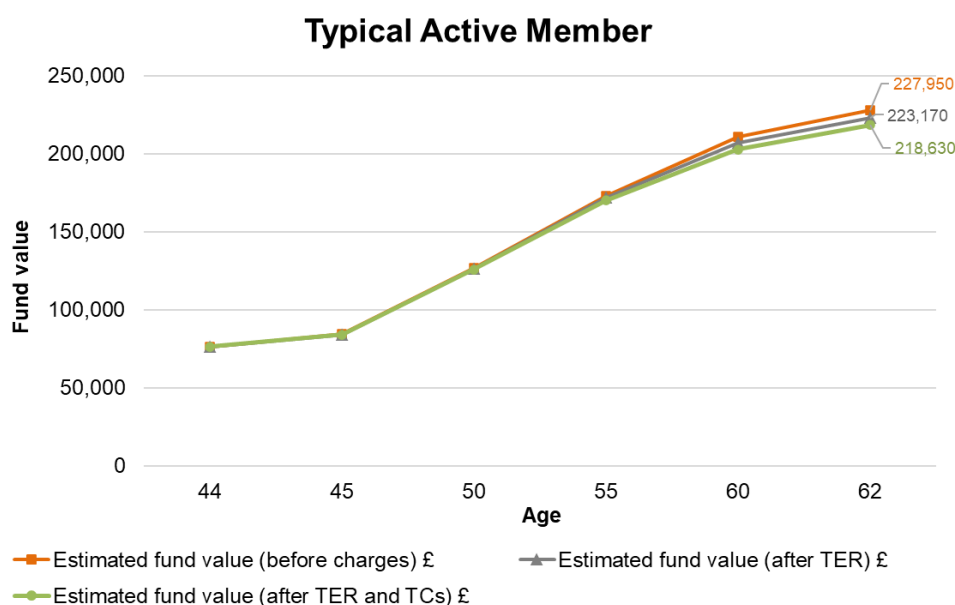
As the projected fund values above are dependent on investment returns as well as the level of costs and charges, we have also included some comparison illustrations below. For comparison purposes, we have demonstrated the effect on the projected values if the member were invested in a lower risk profile fund which has a lower expected return (the LGIM Cash Fund), the LGIM Global Equity Fund which has the lowest fees, as well as the LGIM Managed Property Fund, which has the highest fees.

	LGIM Cash Fund (secondary default arrangement)			LGIM Global Equity Fund			Lifestyle Strategy Targeting Annuity (primary default arrangement)			LGIM Managed Property Fund		
Age	Est. fund value (before charges) £	Est. fund value (after charges) £	Effect of charges £	Est. fund value (before charges) £	Est. fund value (after charges) £	Effect of charges £	Est. fund value (before charges) £	Est. fund value (after charges) £	Effect of charges £	Est. fund value (before charges) £	Est. fund value (after charges*) £	Effect of charges* £
23	6,300	6,300	0	6,300	6,300	0	6,300	6,300	0	6,300	6,300	0
25	10,360	10,330	30	11,020	10,990	30	11,020	10,990	30	10,360	10,200	160
30	19,990	19,860	130	23,860	23,680	180	23,860	23,680	180	19,990	19,170	820
35	28,940	28,640	300	38,350	37,880	470	38,350	37,880	470	28,940	27,120	1,820
40	37,250	36,730	520	54,690	53,760	930	54,690	53,760	930	37,250	34,170	3,080
45	44,970	44,200	770	73,120	71,530	1,590	73,120	71,530	1,590	44,970	40,410	4,560
50	52,150	51,080	1,070	93,920	91,410	2,510	93,920	91,410	2,510	52,150	45,940	6,210
55	58,810	57,420	1,390	117,370	113,650	3,720	116,050	112,080	3,970	58,810	50,840	7,970
60	65,000	63,270	1,730	143,830	138,540	5,290	131,970	124,760	7,210	65,000	55,180	9,820
62	67,350	65,480	1,870	155,340	149,300	6,040	139,430	131,280	8,150	67,350	56,780	10,570

\*Costs and charges including the Property Expense Ratio as detailed in the table in Section 3ii.

### Typical Active Member

For a typical active member invested in the Lifestyle Strategy Targeting Annuity, the estimated impact of charges on accumulated fund values is shown in the table and chart below. The amounts shown relate to a member aged 44, current fund value of £76,500, ongoing total contributions of £504.17 per month and a target retirement age of 62.



As the projected fund values above are dependent on investment returns as well as the level of costs and charges, we have also included some comparison illustrations below. For comparison purposes, we have demonstrated the effect on the projected values if the member were invested in a lower risk profile fund which has a lower expected return (the LGIM Cash Fund), the LGIM Global Equity Fund which has the lowest fees, as well as the LGIM Managed Property Fund, which has the highest fees.

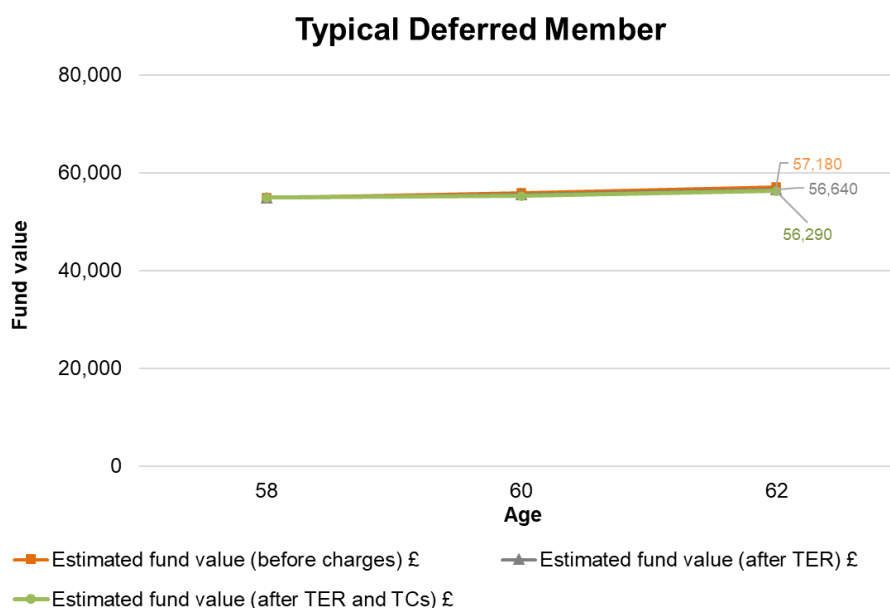


	LGIM Cash Fund			LGIM Global Equity Fund			Lifestyle Strategy Targeting Annuity (primary default arrangement)			LGIM Managed Property Fund		
Age	Est. fund value (before charges) £	Est. fund value (after charges) £	Effect of charges £	Est. fund value (before charges) £	Est. fund value (after charges) £	Effect of charges £	Est. fund value (before charges) £	Est. fund value (after charges) £	Effect of charges £	Est. fund value (before charges) £	Est. fund value (after charges*) £	Effect of charges* £
44	76,500	76,500	0	76,500	76,500	0	76,500	76,500	0	76,500	76,500	0
45	81,310	81,190	120	84,410	84,280	130	84,410	84,280	130	81,310	80,580	730
50	104,340	103,550	790	126,980	125,910	1,070	126,980	125,910	1,070	104,340	99,550	4,790
55	125,730	124,170	1,560	174,990	172,490	2,500	173,050	170,140	2,910	125,730	116,360	9,370
60	145,600	143,170	2,430	229,150	224,610	4,540	210,880	203,030	7,850	145,600	131,250	14,350
62	153,140	150,350	2,790	252,700	247,150	5,550	227,950	218,630	9,320	153,140	136,730	16,410

\*Costs and charges including the Property Expense Ratio as detailed in the table in Section 3ii.

### Typical Deferred Member

For a deferred member invested in the Lifestyle Strategy Targeting Annuity, the estimated impact of charges on accumulated fund values is shown in the table and chart below. The amounts shown relate to a member aged 58, current fund value of £55,000 and a target retirement age of 62.



As the projected fund values above are dependent on investment returns as well as the level of costs and charges, we have also included some comparison illustrations below. For comparison purposes, we have demonstrated the effect on the projected values if the member were invested in a lower risk profile fund which has a lower expected return (the LGIM Cash Fund), the LGIM Global Equity Fund which has the lowest fees, as well as the LGIM Managed Property Fund, which has the highest fees.

	LGIM Cash Fund			LGIM Global Equity Fund			Lifestyle Strategy Targeting Annuity (primary default arrangement)			LGIM Managed Property Fund		
Age	Est. fund value (before charges) £	Est. fund value (after charges) £	Effect of charges £	Est. fund value (before charges) £	Est. fund value (after charges) £	Effect of charges £	Est. fund value (before charges) £	Est. fund value (after charges) £	Effect of charges £	Est. fund value (before charges) £	Est. fund value (after charges) £	Effect of charges* £
58	55,000	55,000	0	55,000	55,000	0	55,000	55,000	0	55,000	55,000	0
60	53,400	53,240	160	57,720	57,530	190	55,860	55,330	530	53,400	52,400	1,000
62	51,850	51,540	310	60,570	60,170	400	57,180	56,290	890	51,850	49,930	1,920

*\*Costs and charges including the Property Expense Ratio as detailed in the table in Section 3ii.*

*The following assumptions have been made for the purposes of the above illustrations:*

- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.*
- Inflation is assumed to be 2.5% each year.*
- Contributions are assumed from current age to 62 and increase in line with assumed earnings inflation of 2.5% each year (i.e. no allowance for real salary growth).*
- Values shown are estimates and are not guaranteed.*
- The TERs used are as follows:*
  - Global Equity Fund – 0.06%*
  - Multi-Asset Fund – 0.34%*
  - LGIM Pre-Retirement Fund – 0.15%*
  - LGIM Cash Fund – 0.13%*
  - LGIM Managed Property Fund – 0.91%*
- Transaction costs for the Global Equity Fund, Multi-Asset Fund, and LGIM Pre-Retirement Fund reflect those that applied to the underlying funds over the 4 years to 31 March 2024. Transaction costs have been averaged over a five year period for the LGIM Cash Fund and LGIM Property Fund, in line with statutory guidance to reduce the level of volatility, and a floor of 0% pa has been used for the transaction costs if these were negative in any year so as not to potentially understate the effect of charges on fund values over time. The transaction costs used in the illustrations are as follows:*
  - Global Equity Fund – 0.11%*
  - Multi-Asset Fund – 0.29%*
  - LGIM Pre-Retirement Fund – 0.03%*
  - LGIM Cash Fund – 0.02%*
  - LGIM Managed Property Fund – 0.04%*
- The assumed growth rates (gross of costs and charges) are as follows:*
  - LGIM Global Equity Fund 5.0%;*
  - Multi-Asset Fund 3.0%;*
  - LGIM Pre-Retirement Fund 5.0%*
  - LGIM Cash Fund 1.0%;*
  - LGIM Managed Property Fund 1.0%.*

*It should be noted that the values shown are estimates only for an illustrative member.*

- For the Lifestyle Strategy Targeting Annuity, the projection takes into account the changing proportion invested in the different underlying funds. All funds shown above are underlying funds.*

It is important that when considering investments, the level of costs and charges and the expected return on assets (i.e. the risk profile of the strategy) should be considered together and not in isolation.

## Net Investment Returns

The Trustee is required to report on net investment returns for each default strategy and for each non-default fund in which Fund members were invested during the Fund year. Net investment return refers to the returns on funds minus all member-borne transaction costs and charges.

The net investment returns shown below have been prepared having regard to statutory guidance.

It is important to note that past performance is not a guarantee of future performance.

### Lifestyle Strategies

Performance to 31 March 2024	Annualised returns – 1 year to 31 March 2024 (%)		
Age of member in 2023	Lifestyle Strategy Targeting Annuity	Lifestyle Strategy Targeting Drawdown	Lifestyle Strategy Targeting Cash
25	19.3	19.3	19.3
45	19.3	19.3	19.3
55	12.3	14.0	12.3

### Individual Funds

The table below shows the net investment returns achieved by each of the individual funds used by the Fund (in both the Lifestyle Strategy and Personal Strategy) over the year to 31 March 2024. Where available, the Trustee has also included longer-term 5-year annualised performance.

Fund Name	1 Year Return (%)	5 Year Return (% p.a.)
Global Equity	19.3	9.9
LGIM World (ex-UK) Equity Index	24.1	9.1
LGIM UK Equity Index	8.4	6.4
Multi Asset Fund	7.7	-0.7
Mixed 85 Fund	16.0	6.8
Mixed 50 Fund	8.5	-0.8
LGIM AAA-AA-A Corporate Bond All Stocks Fund	4.9	-4.4
LGIM Over 5 Years Index-Linked Gilt Index	-8.0	-18.9
LGIM Managed Property	0.3	-0.3
LGIM Cash	5.0	2.8
LGIM Pre-Retirement Fund	3.4	-10.7
HSBC Islamic Global Equity Fund <sup>1</sup>	32.4	13.5
LGIM Enhanced ESG Equity Fund <sup>1</sup>	17.7	-
LGIM ESG Equity Fund	22.4	-

Source: LGIM. Performance as at 31 March 2024.

<sup>1</sup>Fund performance not available over 5 years as these funds were added to the selection in January 2023.

## 4. Value for Members Assessment

*The Administration Regulations require the Trustee to make an assessment of charges and transactions costs borne by members and the extent to which those charges and costs represent good value for money for members.*

A framework based on a cost/benefit analysis is used by the Trustee to assist in this assessment of value. In relation to the costs of membership, the type and level of member-borne charges on the strategies and funds in which members are invested over the period are considered.

The Trustee has considered the member borne costs against benefits of membership under the following 5 categories: Fund governance, administration, investments, retirement support and member communications. A summary of the Trustee's conclusions is shown below

### Member borne costs and charges

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Fund	We believe that the charges are very competitive when compared to current market rates on a like for like basis and adjusting to take account of the benefits of Fund membership. While there is no market benchmarking data available for transaction costs for the year in question, and these are volatile from one year to the next, a high-level assessment indicates that these appear reasonable.
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### Benefits

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Governance	We consider the governance arrangements in place to be robust, with the right structures in place to support effective management of risks.
Investments	The Fund offers a variety of lifestyle strategies and self-select funds covering a range of member risk profiles and asset classes. The investment funds available have been designed, following advice from the Fund's investment adviser, with the specific needs of members in mind.
Retirement Support	We consider the Fund to have a suitable retirement offering which offers members access to appropriate information and support. Members have access to a financial adviser, with a limited number of sessions funded by the employer.
Administration	The Trustee has appointed Aon to provide administration services to the Fund and is satisfied that Aon has sufficient checks in place to monitor and report on the standard of the administration service and to ensure that when administrative errors do occur, members are not disadvantaged as a result.
Communications and engagement	We consider communications issued to members to be relevant, clear, easy to understand and engaging. We believe the Fund's communications help members better understand their DC savings and take appropriate actions.

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The Trustee concluded that the costs and charges are competitive with the wider market, and it is satisfied that these services represent good value for members.

## 5. Trustee Knowledge and Understanding (TKU)

*Sections 247 and 248 of the Pensions Act 2004 set out the requirement for the trustee to have, or to have access to, appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of Fund assets and other matters to enable them to exercise their functions as the trustee properly.*

The comments in this section relate to the whole Fund and are not restricted to the DC Section.

### **The Trustee: its Knowledge, Understanding and skills related policies and procedures and their application to the Fund**

Entrust, the Trustee, is a sole, independent, professional trustee. All of Entrust's staff, including the Fund Director for the Fund, are employees of the national law firm Gateley Legal. Traditionally, the core staff at Entrust, referred to as "Practitioners", have been qualified solicitors, trainee solicitors and paralegals working in the Gateley Pensions Department and recently this has been expanded to include direct graduate recruits and those with actuarial, administration and investment experience with a view to achieving a more diverse skill set to further enhance Entrust's ability to service its appointments.

The Trustee has a number of policies which set out the management procedures for its business and detail the Trustee's approach to pension scheme trusteeship, the governance and risk management of the pension schemes to which Entrust is appointed trustee. These include policies in relation to TKU, skills and decision-making.

The Fund Management Policy sets out the requirements in respect of the constitution of the Practitioner team responsible for any scheme appointment. One of the requirements is that the Board ensure that the team has, or has available to it, the necessary level of TKU and skills required to appropriately manage the appointment. Each team includes at least a Trustee Director (who is a Director of Entrust) and a Trustee Associate.

The Practitioners have a wide and differing range of skills, experiences and backgrounds including in relation to pensions legal advisory, actuarial, investment and administration – although two Practitioners primarily work on the Fund, all Practitioners are available to (and do) provide input in relation to Scheme-related matters where appropriate and when necessary.

An annual assessment takes place by the Board of the continuing suitability of the appointment of the Trustee to the Fund and whether the team of Practitioners responsible for the Fund has the necessary level of TKU and skill to properly manage the appointment. The Trustee's performance and effectiveness is also assessed annually as part of the work relating to the annual governance statement.

Decisions on the Fund are made in accordance with Entrust's Organisational & Decision Making and Scheme Management Policies. The Practitioner team responsible for the Fund maintain day-to-day oversight of the Fund, they liaise regularly on Fund matters and deal with matters as and when they arise/need to be dealt with.

Where appropriate matters are considered and dealt with at Board level – the Board is able to meet on an ad hoc basis as and when required to deal with relevant issues. Entrust reviews stewardship matters quarterly, and the overall management and governance of the Trustee business and the Fund and knowledge, understanding and skills annually. Liaison with service providers takes place as and when required.

The Trustee is subject to an annual independent audit on its internal administrative and accounting internal controls and procedures under AAF02/07. Part of the audit involves assessing that Entrust has adequate procedures for maintenance of knowledge and training.

### **Trustee training and development programme**

The Trustee has a Training and Development Policy. This covers both the induction of new Practitioners for training and development purposes and the continued requirements for existing Practitioners.

Upon induction, Practitioners are required to complete all Core Modules of the Pensions Regulator's Trustee Toolkit within six months and thereafter to complete any new Core Modules added to the Pensions Regulator's Trustee Toolkit within six months.

All Practitioners must engage in training which is relevant to their role and develop knowledge and understanding in key areas.

The training programme for Practitioners is designed to ensure that each Practitioner has relevant knowledge, understanding and skills of core TKU matters and that this is continually developed and maintained as appropriate for their role.

Practitioners must also develop knowledge and understanding by attending appropriate training, seminars and by self-directed study where this is necessary.

Practitioners attend a rolling programme of fortnightly internal training sessions which cover legal and regulatory developments and topic-related training relevant to the role of a pension scheme trustee – a written update note is provided for each session. This internal training is provided by the Gateley Pensions Department's professional support lawyer and, where relevant, external sources. Practitioners also attend appropriate external training provided by pension professionals and associations. They also have access to Perspective (a pensions legislative and regulatory resource tool) and Practical Law (an online legal know how service). Part of the service provided by these resource tools includes regular (usually daily and/or weekly) alerts on relevant pensions developments.

### **Accredited professional pension trustees**

All eligible Practitioners are either accredited professional pension trustees or are currently going through the accreditation process. Amongst other requirements, accreditation involves successful completion of the Pensions Management Institute's Certificate in Pension Trusteeship consisting of an examination on Professional Trusteeship and another on Soft Skills. All accredited individuals must complete at least 25 hours of continuing professional development each calendar year.

### **Training during the Fund Year**

Training which has taken place during the Fund Year has covered a range of topics including:

- the Transfer Regulations;
- Asset Backed Securities;
- Liability Driven Investment or LDI (including LDI crisis related considerations);
- the TPR Annual Funding Statement;
- TPR training on Equality, Diversity and Inclusion;
- the new TPR General Code (noting this was also covered in the previous Fund Year's training);
- the DWP consultation on pension fund use of surplus;
- Pension Dashboard updates from the Pensions Regulator; and
- the outcome of legal cases relevant to pension schemes such as:
  - the Avon Cosmetics compromise hearing;
  - the Newell Rubbermaid judgment; and
  - Virgin Media Limited vs NTL Pension Trustees Limited (concerning section 37 actuarial confirmation), the Mansion House pension reforms.

In addition, each Practitioner maintains an up to date and documented individual training log.

### **Trustee review of TKU and skills matters**

Each Practitioner also undertakes an annual performance review, part of which includes consideration of training and identification of any areas in respect of which further development and training is required. The Trustee's board of directors also carry out a formal annual review of the Practitioner's knowledge and understanding in relation to relevant trusts law, funding and investment principles.

The individual and collective results of the Practitioner and Board reviews are used to design the following year's training and development for individual Practitioners and the Trustee as a whole. The assessments which took place in during the Fund Year showed that overall, there is strong knowledge across all of the core areas of TKU.

In addition to any specific individual training and development objectives which have been identified and which will be implemented over the Fund Year, the Trustee has a separate training schedule in respect of DC and DB related investment matters.

## **Conversance with governing, administration, funding and investment documents of the Fund**

Practitioners working on the Fund must ensure that they are conversant with the governing documents of the Fund including any relevant funding, investment and administration documents. The Fund has an indexed file of key scheme documents including the Fund trust deed and rules, financial and investment documents and member communications. These documents are kept electronically and updated on an ongoing basis.

A Fund Information Form is also maintained which contains key scheme information including Fund status, employer, contingent asset, accounting, investment and valuation and other funding information. The Fund also has and maintains a risk register and business plan. Each of these documents is considered by the Board at least annually and reviewed and considered in the interim by relevant Practitioners where it is appropriate to do so.

The Practitioners responsible for the Fund review relevant Fund documents upon becoming involved with the Fund and will refer to these documents as necessary during each Fund Year. They will also be involved in the updating of those documents, for example, liaising with legal advisers in relation to amending the Fund rules. During the Fund Year, the Trustee has obtained and reviewed quarterly administration and investment reports and has also reviewed and updated the SIP to include further policies as required by regulations.

## **Professional advisers and contact with the Employer**

Advice and assistance from professional advisers is also obtained as appropriate during each Fund Year to ensure that the Fund is operated and the Trustee exercises its functions effectively. Advice is provided in both writing and during meetings and telephone/video calls.

Aon proactively raises relevant developments as they become aware of them and provides appropriate assistance accordingly in relation to administration, actuarial and investment matters. Legal advice is provided by Mayer Brown LLP as and when required by the Trustee.

Service provider performance is subject to ongoing monitoring by the Trustee and the Board considers relevant service providers' performance on a quarterly basis. The skills and experience of a service provider is a key criterion considered by the Trustee when selecting a provider.

Practitioners are able to identify when advice is required from an adviser and third-party service provider, understand and assess advice received and challenge advisers where necessary. Practitioners are also comfortable in requesting further details, supporting evidence and to ask for clarification of advice provided as needed.

The Trustee liaises with the Employer on a regular basis as regards the Fund. At certain times this will be on a more frequent and in-depth basis than at other times - the frequency of contact will differ depending on specific circumstances.

During the Fund Year the Trustee has:

- held regular workflow calls with the employer, administrator, actuarial and investment advisers and legal advisers to the Trustee;
- maintained and monitored a Fund business plan and risk register to ensure that the internal controls and governance procedures of the Fund identify and effectively manage relevant risks;
- held regular meetings with professional advisers who provide specialist advice and training sessions on relevant matters;
- reviewed quarterly reporting of each individual investment fund against its benchmark with advice from its investment adviser (Aon), to monitor performance of the funds against targeted benchmarks and objectives;
- Concluded work on a DC investment strategy review; and
- Planned implementation of DC investment strategy changes.

## **Conclusion on TKU**

As a result of the training activities and review processes which have been completed by the Practitioners individually and collectively, together with the professional advice which has been received by the Trustee during the Fund Year and which is available to the Trustee through its advisers, the

Trustee has met the requirements for its combined knowledge and experience to be able to properly exercise its function as the Trustee of the Fund.

Signed on behalf of Entrust Pension Limited, the Trustee of the Fujifilm Imaging Colorants Pension Fund.

Signature: -----

Position: -----

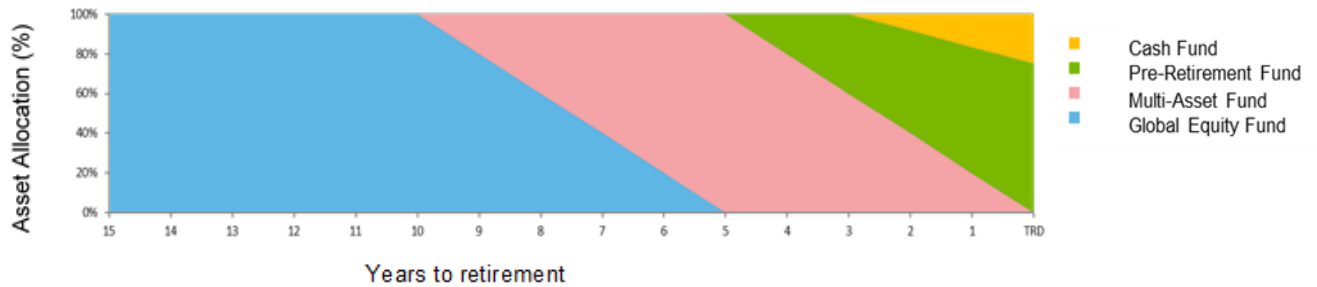
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## Appendix 1: Charge and transaction costs - Lifestyle strategy

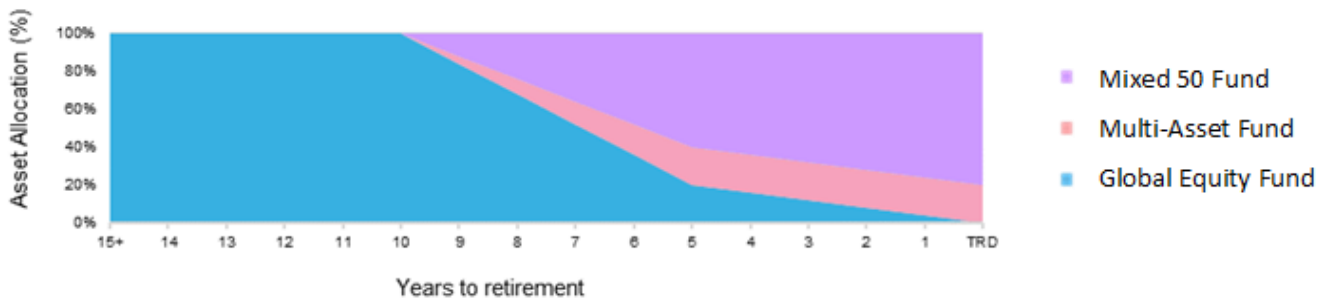
The below graphs show the change in allocation of a member's savings between the component funds within the lifestyle strategies as they approach their target retirement date (TRD). The tables illustrate the charges and transaction costs applicable to each lifestyle strategy, taking into account years to retirement.

### Lifestyle Strategy Targeting Annuity (the primary default arrangement)



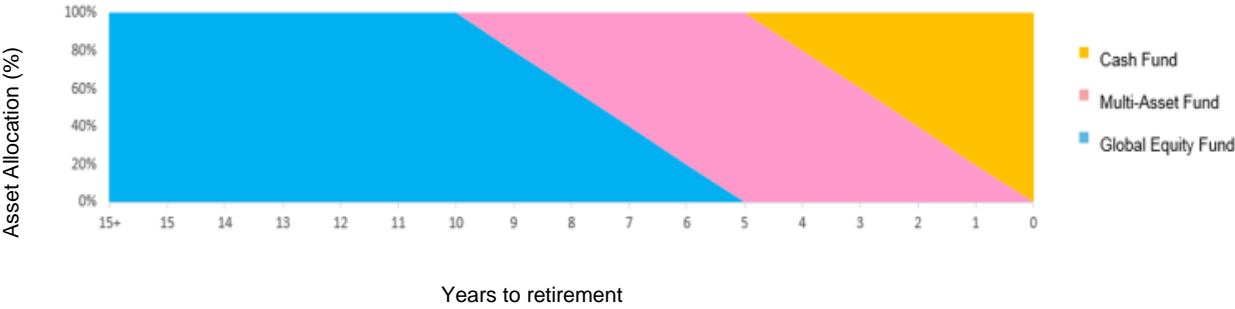
	15+	14	13	12	11	10	9	8	7	6	5	4	3	2	1	0
TER	0.06	0.06	0.06	0.06	0.06	0.06	0.12	0.17	0.23	0.28	0.34	0.30	0.26	0.22	0.18	0.15
TC	0.07	0.07	0.07	0.07	0.07	0.07	0.11	0.15	0.18	0.22	0.26	0.21	0.16	0.11	0.06	0.02
Total	0.13	0.13	0.13	0.13	0.13	0.13	0.22	0.32	0.41	0.51	0.60	0.51	0.42	0.33	0.25	0.16

### Lifestyle Strategy Targeting Drawdown



	15+	14	13	12	11	10	9	8	7	6	5	4	3	2	1	0
TER	0.06	0.06	0.06	0.06	0.06	0.06	0.07	0.09	0.10	0.12	0.13	0.14	0.14	0.14	0.14	0.14
TC	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08
Total	0.13	0.13	0.13	0.13	0.13	0.13	0.15	0.17	0.18	0.20	0.22	0.22	0.22	0.22	0.22	0.22

Lifestyle Strategy Targeting Cash



	15+	14	13	12	11	10	9	8	7	6	5	4	3	2	1	0
TER	0.06	0.06	0.06	0.06	0.06	0.06	0.12	0.17	0.23	0.28	0.34	0.30	0.26	0.21	0.17	0.13
TC	0.07	0.07	0.07	0.07	0.07	0.07	0.11	0.15	0.18	0.22	0.26	0.22	0.18	0.15	0.11	0.07
Total	0.13	0.13	0.13	0.13	0.13	0.13	0.22	0.32	0.41	0.51	0.60	0.52	0.44	0.36	0.28	0.20