

# APOLLO PENSION AND LIFE ASSURANCE PLAN (“THE PLAN”)

## Annual Engagement Policy Implementation Statement

### 1. Introduction

This statement sets out how, and the extent to which, the Plan’s Engagement Policy in the Statement of Investment Principles (“SIP”) produced by the Trustees has been followed during the year running from 1 April 2023 to 31 March 2024 (the “Plan Year”). This statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, the subsequent amendment in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the statutory guidance on reporting on stewardship in the implementation statement dated 17 June 2022.

A copy of the latest SIP is available online at: [https://www.apollo-fire.co.uk/our\\_company/pension-and-life-assurance-plan/](https://www.apollo-fire.co.uk/our_company/pension-and-life-assurance-plan/)

### 2. Investment Objectives of the Plan

The Trustees’ objective is to invest the Plan’s assets in the best interest of the members and beneficiaries, and in the case of a potential conflict of interest in the sole interest of the members and beneficiaries. Within this framework, the Trustees have agreed a number of objectives to help guide them in their strategic management of the assets and control of the various risks to which the Plan is exposed. The Trustees’ overarching objectives are as follows:

- To make sure that the assets can meet the obligations to the beneficiaries of the Plan; and
- To pay due regard to the Company’s interests in the size and incidence of the employer’s contribution payments.

The Trustees have a medium-term objective of securing the benefits with an insurer (i.e. through a buy-in contract). The Trustees implemented de-risking activity over 2022 and 2023 to reflect the significant funding level improvement since the 2021 Actuarial Valuation. The focus has also been on designing an appropriate strategy and ‘journey plan’ with a view to achieving the medium-term objective.

### 3. Policy on ESG, Stewardship and Climate Change

The Plan’s SIP includes the Trustees’ policy on Environmental, Social and Governance (“ESG”) factors, stewardship and Climate Change. This policy sets out the Trustees’ beliefs on ESG and Climate Change and the processes followed by the Trustees in relation to voting rights and stewardship.

The Trustees’ ESG policy and engagement priorities have been defined through training, discussion and the completion of a Beliefs Survey in 2021. This helped define the view of engagement priorities and significant votes set out in the following section.

The following sets out how the Trustees' engagement and voting policies were followed and implemented during the year.

#### **4. Implementation of the Trustees' Engagement Policy**

The Trustees' policy is to give the appointed investment managers full discretion when evaluating ESG issues, including climate change considerations, and in exercising voting rights and stewardship obligations attached to the Plan's investments in accordance with their own corporate governance policies and current best practice.

The Trustees look to review and meet with each of their managers on a regular basis, at which point the Trustees may ask the investment managers to highlight key voting (where applicable) and engagement activity, and the impact on the portfolio.

Voting is primarily relevant to the Plan's mandates that hold equity investments only. Over the whole Plan Year, there was exposure to equity through the 'liquid proxy' that is used to draw funds down to the Private Markets mandates. This portfolio made up c. 2% of invested assets at year-end, and voting activity is set out further on.

For a portion of the year, the Plan also had exposure to equity through a Future World Global Equity Index Fund with LGIM, and to a lesser extent through a Multi-Asset Credit portfolio where small exposures could arise from workout situations or convertible holdings. These mandates were terminated in May 2023 and July 2023 respectively; as such on the basis of materiality, voting activity has not been included for the short period falling within the Plan Year.

The Trustees have their own definition of a 'significant vote' based on their engagement priorities, and this document also sets out examples of where these arose with respect to the voting carried out on their behalf by the investment managers.

The Trustees define significant votes as ones which relate to the theme of climate change. This is considered to be a stewardship priority given that it has been central to various ESG-related conversations within the past few years (see 'Engagement Activity' section further on for more details). The Trustees will keep this definition under consideration based on emerging themes within internal discussions and from the wider industry.

Having reviewed the information provided by the managers, the Trustees are comfortable with the voting that has been completed on their behalf in relation to the Trustee's definition of a significant vote, and the managers' own definitions of a significant vote.

#### **5. Implementation of the Trustees' Voting Policy and Key Voting Activity**

The Trustees have delegated their voting rights to the investment managers. Where applicable, investment managers are expected to provide voting summary reporting on a regular basis, at least annually.

The Trustees do not use the direct services of a proxy voter.

Given the nature of the underlying assets, there was no voting activity undertaken within the following mandates during the year:

- Schroders Property
- Mercer Private Markets (“MPM”) Infrastructure and Senior Private Debt
- Legal & General Investment Management (“LGIM”) Liability Driven Investments
- LGIM Global Buy & Maintain Credit

Over the 12 month period to 31 March 2024, the key voting activity on behalf of the Trustees was as set out further below.

### MGIE Passive Global Equity

This manager does not vote directly on behalf of the Trustees; this is delegated to the sub investment manager, Irish Life Investment Managers Limited. The manager does however carefully evaluate the sub investment manager’s capabilities in ESG engagement and proxy voting as part of the investment manager selection process to ensure it is representing their commitment to good governance, sustainable investment and long-term value creation.

The key voting activity undertaken on behalf of the Trustees was as follows:

Total Proposals		Vote Decision					For/Against Mgmt		Meetings	
Eligible Proposals	Proposals Voted On	For	Against	Abstain	No Action	Other	For	Against	No.	Against
21,341	18,067	73%	9%	0%	15%	2%	85%	15%	1,466	65%

- “Eligible Proposals” reflect all proposals of which managers were eligible to vote on over the period.
- “Proposals Voted On” reflect the proposals managers have voted on over the period (including votes For and Against, and any frequency votes encompassed in the “Other” category)”
- Vote Decision may not sum to 100 due to rounding. “No Action” reflects instances where managers have not actioned a vote. MGIE may follow up with managers to understand the reasoning behind these decisions, and to assess the systems managers have in place to ensure voting rights are being used meaningfully.
- “Other” refers to proposals in which the decision is frequency related (e.g. 1 year or 3 year votes regarding the frequency of future say-on-pay).
- “Meetings No.” refers to the number of meetings the managers were eligible to vote at.
- “Meetings Against” refers to the no. of meetings where the managers voted at least once against management, reported as a % of the total eligible meetings.

Outlined below are the votes that are considered to be the most “significant” according to the Trustees’ definition.

Portion of the fund (%)	Company	Date of vote	Resolution	How the Manager voted	Rationale of Manager vote	Final outcome following the vote	Significant Vote Theme	Why Vote is Significant
2.7%	Alphabet Inc	2 June 2023	Shareholder Proposal Regarding Lobbying Activity Alignment with Climate Commitments and the Paris Agreement	For	MGIE believed shareholders would benefit from greater transparency of the company’s framework for addressing misalignments between its climate goals and direct and indirect lobbying, and how the company would plan to mitigate any risks that might be identified.	Resolution not passed	Climate change	Aligned with the Plan’s stewardship priority.

Portion of the fund (%)	Company	Date of vote	Resolution	How the Manager voted	Rationale of Manager vote	Final outcome following the vote	Significant Vote Theme	Why Vote is Significant
4.7%	Microsoft Corporation	7 December 2023	Shareholder Proposal Regarding Report on Climate Risk In Employee Retirement Options	For	For MGIE, while the company offers an option to employees that want to invest more responsibly, it is unclear how well employees understand the retirement plans available to them.	Resolution not passed	Climate change	Aligned with the Plan's stewardship priority.

Source: MGIE

## 6. Key Engagement Activity

All of the Plan's investment managers are signatories of the 2020 UK Stewardship Code.

The Plan's investment performance report is reviewed by the Trustees on a periodic basis and includes ratings (both general and ESG specific) from the investment consultant. The Plan's managers remained generally highly rated during the period.

The Trustees' investment consultant has requested, on behalf of the Trustees, details of relevant engagement activity for the period from each of the Plan's investment managers.

The Plan's investment managers engaged with companies over the period on a wide range of different issues including ESG matters. This included engaging with companies on climate change to ensure that companies were making progress in this area and better aligning themselves with the wider objectives on climate change in the economy (e.g. those linked to the Paris agreement). These engagement initiatives are driven mainly through regular engagement meetings with the companies that the investment managers invest in or by voting on key climate-related resolutions at companies' Annual General Meetings.