

APOLLO PENSION AND LIFE ASSURANCE PLAN

Annual Engagement Policy Implementation Statement

Introduction

This statement sets out how, and the extent to which, the Engagement Policy in the Statement of Investment Principles ('SIP') produced by the Trustees has been followed during the year to 31 March 2021. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the guidance published by the Pensions Regulator.

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 with Apollo, the sponsoring company, 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' primary 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 try to achieve these aims by seeking to maximise the overall return on the Plan's assets, whilst maintaining a prudent and balanced investment exposure.

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. This was last reviewed in September 2020.

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

Voting and Engagement

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 relevant to the Plan's mandates which hold equity investments only. This specifically relates to the Equity and Diversified Growth portfolios which make up 45.5% of the strategic allocation. One of the 'liquid

proxies', used to draw funds down to the Private Markets mandates, is also invested in equity. This portfolio made up c. 3% of invested assets at year-end.

We have set out how the Trustees' engagement and voting policies were followed and implemented during the period.

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
- Mercer Global Investments Europe ("MGIE") UK Long Gilt Fund (Liquid Proxy)
- Legal & General Investment Management ("LGIM") Liability Driven Investments
- LGIM Global Buy & Maintain Credit

Over the last 12 months, the key voting activity on behalf of the Trustees was as follows:

LGIM Multi Factor Developed Equity Index Fund

Key votes undertaken over the period are summarised below:

- There were 3,294 votable meetings over the year. In these meetings, there were a total of 40,625 votable proposals;
- LGIM participated in the vote for 99.7% of the 40,625 votable proposals. In around 80.9% of proposals voted on, LGIM indicated their support to the companies' management, while voting against around 18.9% of the proposals.

They gave examples of involvement in various 'significant' votes, such as approving a company resolution on a commitment to tackling climate change. The manager cited that significant votes can include, but are not limited to:

- High profile vote which has such a degree of controversy that there is high client and/or public scrutiny
- Significant client interest for a vote
- Sanction vote as a result of a direct or collaborative engagement
- Vote linked to a Legal & General engagement campaign

LGIM Emerging Markets Equity Fund

Key votes undertaken over the period are summarised below:

- There were 3,998 votable meetings over the year. In these meetings, there were a total of 36,036 votable proposals;
- LGIM participated in the vote for 99.9% of the 36,036 votable proposals. In around 85.2% of proposals voted on, LGIM indicated their support to the companies' management, while voting against around 13.4% of the proposals.

The manager didn't deem any votes undertaken within the mandate holdings over the year to be significant.

Schroders Global Sustainable Fund

Key votes undertaken over the period are summarised below:

- There were 534 votable meetings over the year. In these meetings, there were a total of 6,639 votable proposals;
- Schroders participated in the vote for 99.6% of the 6,639 votable proposals. In around 91.8% of proposals voted on, Schroders indicated their support to the companies' management, while voting against around 8.2% of the proposals.

The manager defines a significant vote as simply ones in which they have voted against management.

Schroders Diversified Growth Fund

Key votes undertaken over the period are summarised below:

- There were 1,711 votable meetings over the year. In these meetings, there were a total of 20,478 votable proposals;
- Schroders participated in the vote for 99.6% of the 20,478 votable proposals. In around 91.9% of proposals voted on, Schroders indicated their support to the companies' management, while voting against around 7.7% of the proposals.

The manager also provided some details on general engagement activity, which gives an illustration of the themes that the mandate's active stewardship related to:

- Engagements (during the year: 885
- Proportion of these relating to Environmental topics: 32%
- Proportion of these relating to Social topics: 18%
- Proportion of these relating to Governance topics: 51%
- Most frequent engagement topic: Climate change

Baillie Gifford Diversified Growth Fund

Key votes undertaken over the period are summarised below:

- There were 103 votable meetings over the year. In these meetings, there were a total of 925 votable proposals;
- Baillie Gifford participated in the vote for 96% of the 925 votable proposals. In around 93.6% of proposals voted on, Baillie Gifford indicated their support to the companies' management, while voting against around 5.2% of the proposals.

They gave examples of involvement in various significant votes, such as opposing an independent director remuneration policy which they were concerned would impact their independence. The manager cited that votes might be deemed significant because of market opinion, media scrutiny or an internal view. Potential situations which could be deemed significant included:

- Baillie Gifford's holding having a material impact on the outcome of the meeting
- The resolution receiving 20% or more opposition and Baillie Gifford opposed
- Egregious remuneration

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.

Key votes undertaken over the period by the sub-investment manager are summarised below:

- There were a total of 21,551 votable proposals over the year;
- In around 87% of proposals voted on, the manager indicated their support to the companies' management, while voting against around 13% of the proposals.

A breakdown of votes over 2020 showed that the sub investment manager voted against management more often than voting with management on proposals relating to compensation and ESG themes.

MGIE Multi-Asset Credit

The Multi-Asset Credit portfolio uses a fund of funds approach, and the services of a proxy voter may be used by the underlying managers within the mandate where they have a small exposure to equity. This could arise from workout situations or convertible holdings. The extent to which the managers participated in the possible corporate actions and votes will be reported in future statements as the reporting across the industry evolves.

Engagement Activity

The Trustees have requested that the investment managers confirm compliance with the principles of the UK Stewardship Code.

All of the Plan's investment managers have confirmed that they are signatories of the current UK Stewardship Code (2012), and have submitted the required reporting to the Financial Reporting Council before the deadline earlier in 2021 in order to be on the first list of signatories for the UK Stewardship Code 2020.

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.

Post year-end (April 2021), the Trustees undertook an ESG and Responsible Investment workshop with their investment consultant. This included further training on ESG matters, as well as a closer look at the Trustees' beliefs, the current ESG credentials of the portfolio and the potential investment opportunities which could be introduced into the Plan's portfolio. Further discussions on these are to be had later in the year.