

Engagement Policy Implementation Statement for the Year Ended 30 April 2024

Associated Press Limited Pension and Life Assurance Fund (“the Fund”)

1. INTRODUCTION

The Engagement Policy Implementation Statement (known as the Statement) presents the Trustees' assessment of their adherence to their engagement policy and their policy concerning the exercise of rights (including voting rights) attaching to the Fund's investments throughout the one-year period ending 30 April 2024 (the “Fund Year”). The Trustees' policies are outlined in their Statement of Investment Principles (SIP). The SIP was last reviewed in September 2023. A copy of the Trustees' SIP is available at <https://www.apltdpensionfund.com/>.

This Statement has been prepared in accordance with the *Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019* and the guidance published by the Department for Work and Pensions.

The Trustees have appointed Mercer Limited (Mercer) as the discretionary investment manager and the Fund's assets are invested in a diverse range of specialised pooled funds (known as the Mercer Funds). The management of each of the Mercer Fund's assets is carried out by a Mercer affiliate, namely Mercer Global Investments Europe Limited (MGIE).

The relevant Mercer affiliate is responsible for the appointment and monitoring of a suitably diversified portfolio of specialist third party investment managers for the assets of each Mercer Fund.

Under these arrangements, the Trustees acknowledge that they do not possess direct authority over the engagement or voting policies and arrangements of the Mercer Funds' managers. Mercer's publicly available [Sustainability Policy](#) outlines how it addresses sustainability risks and opportunities, incorporating Environmental, Social and Corporate Governance (ESG) factors into the decision making across process. The [Stewardship Policy](#) provides further details on Mercer's beliefs and implementation of stewardship practices..

Mercer's Client Engagement Survey aims to integrate the Trustees' perspectives on specific themes by evaluating the alignment between Mercer's engagement priority areas and those of the Trustees. Additionally, the survey highlights areas of focus that hold importance to the Trustees. The Trustees regularly review reports from Mercer regarding the engagement and voting activities conducted within the Mercer Funds to assess the alignment of these with their own.

Section 2 of this Statement outlines the Trustees' engagement policy and evaluates the extent to which it has been followed during the Fund Year.

Section 3 sets out the Trustees' policy regarding the exercising of rights (including voting rights) attached to the Fund's investments. This Section also provides detailed information on the voting activities undertaken by third-party investment managers appointed within the Mercer Funds during the Fund Year.

Considering the analysis presented in Sections 2 to 3, the Trustees believe that their policies with regard to engagement and the exercise of rights attaching to investments have been successfully followed during the Fund Year.

2. TRUSTEES' POLICY ON ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) ISSUES, INCLUDING CLIMATE CHANGE

Policy Summary

The Trustees' ESG beliefs are outlined in Section 09 of the Fund's SIP .

The Trustees regularly review Stewardship and Sustainability policies noted above. If the Trustees find that the relevant policies of Mercer, MGIE or the third party asset managers do not align with their own beliefs they will notify Mercer and consider disinvesting some or all of the assets held in the Mercer Funds. They may also seek to renegotiate commercial terms with Mercer.

How the Policy has been implemented over the Fund Year

The following work was undertaken during the year relating to the Trustees' policy on ESG factors, stewardship and climate change.

Policy Updates	Climate Change Reporting and Carbon Foot-printing	Mercer Ratings
<p>The Trustees regularly review how ESG, climate change and stewardship is integrated within Mercer's, and MGIE's, investment processes and those of the underlying asset managers within the Mercer Funds, in the monitoring process. Mercer, and MGIE, provide reporting to the Trustees on a regular basis.</p> <p>The Mercer <u>Sustainability Policy</u> is reviewed regularly. In August 2023 the governance section was updated, and the climate scenario modelling</p>	<p>Mercer and the Trustees believe climate change poses a systemic risk, with financial impacts driven by two key sources of change:</p> <ol style="list-style-type: none">1. The physical damages expected from an increase in average global temperatures2. The associated transition to a low-carbon economy	<p>Stewardship and active ownership form an important part of Mercer's ratings framework applied during the manager research process.</p> <p>Mercer's ratings include an assessment of the extent to which ESG factors are incorporated in a strategy's investment process as well as the manager's approach to stewardship.</p> <p>Across most asset classes, Mercer ratings are reviewed during quarterly monitoring by the</p>

section is now detailed in the standalone Task Force on Climate Related Financial Disclosures (TCFD) report.

In line with the requirements of the EU Shareholder Rights Directive II (SRD II), Mercer has implemented a standalone Stewardship Policy to specifically address the requirements of SRD II. SRD II is a regulatory framework aimed at enhancing shareholder rights and improving corporate governance within the European Union.

The most recent UN Principles of Responsible Investment results (based on 2022 activity) awarded Mercer with 4 out of 5 stars for Policy Governance and Strategy. The United Nations Principles for Responsible Investment (UN PRI) is a global initiative that provides a framework for incorporating environmental, social, and governance (ESG) factors into investment practices.

The Financial Reporting Council confirmed in February 2024 that MGIE continues to meet the expected standard of reporting and will remain a signatory to the UK Stewardship Code, which represents best practice in stewardship.

Each of these changes presents both risks and opportunities to investors. Mercer therefore considers the potential financial impacts at a diversified portfolio level, in portfolio construction within asset classes, and in investment manager selection and monitoring processes.

In early 2021, Mercer announced its aim to achieve net-zero absolute portfolio carbon emissions by 2050 for UK, European and Asian discretionary portfolios, and for the majority of its multi-client, multi-asset funds domiciled in Ireland. To achieve this, Mercer also established an expectation that portfolio carbon emissions intensity would reduce by 45% from 2019 baseline levels and is on track to achieve this. Mercer's approach to managing climate change risks is consistent with the framework recommended by the Financial Stability Board's Task Force on Climate related Financial Disclosures (TCFD), as described in the Mercer Investment Solutions Europe - Responsible Investment website.

As of 31 December 2023, Mercer are on track to meet our long-term net zero portfolio carbon emissions expectation. There has been a notable 33% reduction over the 4 years since 2019 baseline levels for our Model Growth Portfolio used by most of Mercer's DB client base, bringing the 45% baseline-relative reduction by 2030 well within range.

portfolio management teams with a more comprehensive review performed annually. In these reviews, Mercer seek evidence of positive momentum on managers' ESG integration.

These ratings assigned by Mercer are included in the investment performance reports produced by Mercer on a quarterly basis and reviewed by the Trustees.

Approach to Exclusions

Mercer and MGIE's preference is to emphasise integration and stewardship approaches, however, in a limited number of instances, exclusions of certain investments may be necessary based on

Diversity

Mercer's ambition to promote diversity extends beyond its own business through to the managers it appoints. This is partly assessed within the

Mercer's Investment Exclusions Framework. Controversial weapons and civilian firearms are excluded from active equity and fixed income funds, and passive equity funds. In addition, tobacco companies and nuclear weapons are excluded from active equity and fixed income funds. Some funds have additional exclusions as outlined on the Mercer Investment Solutions Europe - Responsible Investment website.

In addition, Mercer and MGIE monitors for high-severity breaches of the UN Global Compact (UNGC) Principles that relate to human rights, labour, environmental and corruption issues.

manager research process and documented in a dedicated section within research reports.

Mercer considers broader forms of diversity in decision-making, but currently report on gender diversity. As of 1 April 2023, 35% of the Key Decision Makers (KDM's) within Mercer Investment Solutions team are non-male, and Mercer's long term target is 50%.

Within the Fixed Income universe, the average fund has 13% non-male KDM's and within the EMEA Active Equity universe, the average is 17%. Figures relating to Mercer Fixed Income and Active Equity Funds are currently slightly ahead or aligned, at 15% and 17%.

In Q3 2022, MGIE became a signatory of the UK Chapter of the 30% Club and helped to establish the Irish Chapter over 2023. The 30% Club is a business-led initiative that aims to increase gender diversity on corporate boards and in senior leadership positions

Engagement

Engagement is an important aspect of Mercer's stewardship activities on behalf of the Trustees. [The 2023 Stewardship Report](#) highlights the engagement objectives which have been set, examples of engagement and the escalation process. Mercer also participates in collaborative initiatives related to stewardship.

Mercer conducts an annual Global Manager Engagement Survey on sustainability and stewardship topics. The survey was distributed to over 200 managers appointed by the Mercer Funds. The survey aims to gather information on managers' broad approach to stewardship as part of their investment integration. It also seeks insights and examples of voting and engagement activities. The results from the survey serve as an important source of information for tracking and measuring the managers' stewardship efforts, assessing effectiveness and identifying potential areas for improvement.

The results and insights from the survey will be shared in Mercer's Annual Stewardship Report. This report is reviewed by the Trustees providing them with valuable information on the managers' stewardship activities and their alignment with Mercer's objectives.

3. TRUSTEES' POLICY ON EXERCISE OF RIGHTS (INCLUDING VOTING RIGHTS) ATTACHING TO Fund INVESTMENTS

The Trustees' policy is as follows:

- **Delegation of Investment Management:** The Trustees delegate/s responsibility for the discretionary investment management of Fund assets to Mercer. The Fund's assets are invested in a range of Mercer Funds for which MGIE or relevant Mercer affiliate acts as investment manager.
- **Reporting of Engagement and Voting:** In order for the Trustees to fulfil their obligations regarding voting and engagement, they require reporting on the engagement and voting activities undertaken within the Mercer Funds. This reporting helps the Trustees assess whether the policies align with their own delegation of Voting Rights: Voting rights that apply to the underlying investments attached to the Mercer Funds are ultimately delegated to the third-party investment managers appointed by MGIE. MGIE accepts that these managers are typically best placed to exercise voting rights and prioritise particular engagement topics, given their detailed knowledge of the governance and operations of the invested companies. However, Mercer plays a pivotal role in monitoring the stewardship activities of those managers and promoting more effective stewardship practices, including attention to more strategic themes and topics.
- **Proxy Voting Responsibility:** Proxy voting responsibility is given to listed equity investment managers with the expectation that all shares are voted¹ in a timely manner and in a manner deemed most likely to protect and enhance long-term value. Mercer and MGIE carefully evaluates each sub-investment manager's capability in ESG engagement and proxy voting as part of the selection process, ensuring alignment with Mercer's commitment to good governance and the integration of sustainability considerations. Managers are expected to take account of current best practice such as the UK Stewardship Code, to which Mercer is a signatory. As such the Trustees do not use the direct services of a proxy voter.

A summary of the voting activity for a range of Mercer Funds in which the Fund's assets are invested in is provided for the year ending 30 April 2024. This may include information in relation to funds that the Fund's assets were no longer invested in at the year end. The statistics are drawn from the Glass Lewis system (via the custodian of the Mercer Funds). Glass Lewis is a leading provider of governance and proxy voting services.

¹ There are a number of limited circumstances where voting rights may not be exercised relating to, for example, conflicts of interest, share-blocking markets, power of attorney (POA) markets etc.

Mercer considers that votes exercised against management can indicate a thoughtful and active approach, particularly when votes are exercised to escalate engagement objectives.

Fund	Total Proposals		Vote Decision					For/Against Mgmt		Meetings	
	Eligible Proposals	Proposals Voted On	For	Against	Abstain	No Action	Other	For	Against	No.	Against
Mercer Passive Global Equity CCF (Hedged)	21,341	18,067	73%	9%	0%	15%	2%	85%	15%	1466	65%
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Mercer Passive Emerging Markets Equity Fund	22,915	21,686	79%	16%	1%	4%	0%	82%	18%	2808	52%

- “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.

Significant Votes: The Trustees have based the definition of significant votes in line with the requirements of the Shareholder Rights Directive (SRD) II and on Mercer’s Global Engagement Priority themes, The *most* significant proposals reported below relate to the three companies with the largest weight in each fund (relative to other companies in the full list of significant proposals).

Where available, information on next steps and plans to escalate are included in the following table.

Most Significant Votes

Fund	Company (Holding Weight)	Meeting Date: Proposal Text (Significance Category)	Manager Vote Decision (Intention to vote against management communicated – Rationale, if available)	Proposal Outcome (Next steps to report, if any)
Mercer Passive Global Equity CCF	Alphabet Inc (2.7%)	02/06/2023 : Shareholder Proposal Regarding Human Rights Impact Assessment (Social)	For (No - A vote FOR this proposal is warranted because an independent human rights assessment would help shareholders better evaluate the company's management of risks related to the human rights impacts of its targeted advertising policies and practices.)	18% Support Proposal did not pass. (Support for this resolution at 20% was lower than last year, however still high enough to indicate some investors feel this is a significant unaddressed risks for Alphabet. The manager will continue to support resolutions and

			initiatives aimed at social media companies to ensure action is taken to mitigate this significant systemic risk.)
Alphabet Inc (2.7%)	02/06/2023 : Shareholder Proposal Regarding Lobbying Activity Alignment with Climate Commitments and the Paris Agreement (Environmental)	For (No - A vote FOR this proposal is warranted, as 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.)	14% Support Proposal did not pass. (Paris Agreement-aligned lobbying is one of the managers's engagement and voting priorities for ensuring their portfolios reach Net Zero. The manager will continue monitoring the company's reporting developments.)
Apple Inc (4.0%)	28/02/2024: Shareholder Proposal Regarding Congruency Report on Privacy and Human Rights Policies (Social)	Against (N/A - Apple provides shareholders with sufficient disclosure through its Supplier Code of Conduct and Supplier Responsibility Standards and Transparency Report, among other available documents, to assess its management of risks related to its operations in high-risk markets and to have policies and oversight mechanisms in place that seem to address human rights concerns and how the company aligns with its mission to protect human rights raised by the proponent. As such, shareholder support for the proposal is not warranted at this time.)	1.6% Support Proposal did not pass. (None to report)
Apple Inc (4.0%)	28/02/2024: Shareholder Proposal Regarding Equal Employment Opportunities (EEO) Policy Risk Report (Social)	Against (N/A - The company's EEO policy states Apple's commitment to equal employment opportunity, diversity, and inclusion. Its Business Code of Conduct states that it does not tolerate discrimination or harassment. The company discloses detailed information on its diversity and inclusion initiatives and metrics. The company appears to be providing shareholders with sufficient disclosure to evaluate its diversity and inclusion efforts and nondiscrimination policies, and including ideology and viewpoint in EEO policies does not appear to be a standard industry or market practice at this time. As such, shareholder support for this proposal is not warranted.)	1.3% Support Proposal did not pass. (None to report)
Apple Inc (4.0%)	28/02/2024 : Shareholder Proposal Regarding Median	For (No - Apple does not publish for its U.S. or global workforce the same gender pay gap statistic as it publishes in	30.9% Support Proposal did not pass.

	Gender and Racial Pay Equity Report (Governance)	the UK. The median pay gap statistic provides benefits such as transparency and comparability across time and organizations and serves as one measure of representation of women and racial and ethnic minorities in senior positions. Because it is expressing a gap, it also carries an implied goal of eliminating the gap. As the company discloses for its U.K. workforce, investors would benefit from a report concerning the median pay gap data for its U.S. or its global workforce as a means of allowing them to better gauge how well the company is advancing opportunities for women globally and racial and ethnic minorities in the U.S. and mitigating risks relating to increasing public scrutiny on gender and racial/ethnic pay equity issues. Therefore, shareholder support for this proposal is warranted.)	(Manager will continue to support reasonable shareholder resolutions that request increased disclosure in terms of gender and racial pay equity, particularly if this is a practice already carried out by Apple in one of their jurisdictions.)
Microsoft Corporation (4.7%)	07/12/2023 : Shareholder Proposal Regarding EEO Policy Risk Report (Social)	<p>Against (N/a - A vote against this proposal was warranted, as the company appears to be taking appropriate steps to protect itself against risks related to discrimination based on political ideology or viewpoint.</p> <p>The company's EEO Policy prohibits discrimination on the basis of political affiliation and there do not seem to be allegations of workforce discrimination.</p> <p>A vote against this proposal was warranted, as the company appears to be taking appropriate steps to protect itself against risks related to discrimination based on political ideology or viewpoint.)</p>	<p>1% Support Proposal did not pass. (This was an example of a shareholder proposal with clear political intention but without any material evidence for the alleged political discrimination inside the company. The current EEO policy currently prohibits discrimination on the basis of political affiliation, therefore the request of the resolution was redundant.)</p>
Microsoft Corporation (4.7%)	07/12/2023: Shareholder Proposal Regarding Report on Median Compensation and Benefits Related to Reproductive and Gender Dysphoria Care (Social)	<p>Against (No - The proponent is requesting that the company publish a report on median compensation and benefits gaps across gender as they address reproductive and gender dysphoria care. The proponent argues that by providing women employees travel and lodging reimbursements to receive abortion procedures the company is subsidizing women who opt to have abortions with a subsidy and disincentivizing</p>	<p>1% Support Proposal did not pass. (None to report.)</p>

		<p>those that opt to raise their children by providing no subsidy. Microsoft discloses information on its pay equity analysis and data. It also discloses its median unadjusted pay analysis and data. The company also provides information on the health and wellness related benefits it offers employees. These benefits include leave for new parents and family caregiver leave, adoption assistance, parenting classes and family support programs, as well as subsidized and discounted childcare and back-up care for children, adults, and elders.</p> <p>In contrast to the proponent s assertions, the company seems to provide significant support to women employees that opt to raise children. Overall, the company appears to provide sufficient information for investors to be able to gauge how the company is managing pay equity and health and wellness benefits related risks. Therefore, support for this proposal is not warranted at this time.)</p>	
Microsoft Corporation (4.7%)	07/12/2023 : Shareholder Proposal Regarding Report on Climate Risk In Employee Retirement Options (Environmental)	<p>For (No - A vote in favour of this resolution was warranted. 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.</p> <p>The information requested in the report would not only complement and enhance the company's existing commitments regarding climate change, but also allow shareholders to better evaluate the company's strategies and management of related risks.)</p>	<p>9% Support Proposal did not pass. (While the resolution received relatively low support, the manager believes the proposal would have allowed the company to better align with their climate change commitments. The managers seeks consistency between the operations and activities of companies and their climate commitments in a number of areas such as lobbying and capital expenditure. For this reason, this report could have aided the company's climate efforts.)</p>