

The Visa Europe Pension Plan (the "Plan")

Implementation Statement

Introduction

This is an annual implementation statement prepared by Visa Europe Pension Trustee Limited (the "Trustee") which covers the Plan year from 1 October 2019 to 30 September 2020.

This statement:

- sets out how, and the extent to which, in the opinion of the Trustee, the Statement of Investment Principles ("SIP") has been followed during the Plan year;
- describes any review of the SIP undertaken during the Plan year in accordance with regulation 2(1) of The Occupational Pension Schemes (Investment) Regulations 2005 (the "Investment Regulations") and any other review of how the SIP has been met;
- explains any change made to the SIP during the Plan year and the reason for the change;
- where no such review was undertaken during the Plan year in accordance with regulation 2(1) of the Investment Regulations, gives the date of the last review; and
- describes the voting behaviour by, or on behalf of, the Trustee (including the most significant votes cast by the Trustee for on its behalf) during the Plan year and states any use of the services of a proxy voter during that year.

This Statement is split into the following sections:

- A summary of the changes made to the SIP over the year to 30 September 2020;
- Evidence of how the Trustee has fulfilled the objectives and policies included in the SIP over the year to 30 September 2020. This section has been split into:
 - objectives and policies that apply to the DB assets only;
 - objectives and policies that apply to the DC/AVC assets only; and
 - objectives and policies that apply jointly to the DB and DC/AVC assets.

Information on voting and engagement activity undertaken by the Plan's investment managers is included in Appendices 1 and 2 of this statement.

Summary

The Trustee is satisfied that its policies in place, as detailed in the SIP, have been implemented and carried out effectively over the year to 30 September 2020.

In particular, the Trustee is satisfied that its investment managers are exercising their respective voting and engagement duties, where applicable, to a satisfactory level, and that the Trustee's stewardship policy is being appropriately implemented on its behalf.

Changes to the SIP over the year to 30 September 2020

The SIP was reviewed and updated in September 2020 to account for new regulatory requirements which came into effect from 1 October 2020. The regulations required the Trustee to expand on and include within the SIP its policies on stewardship, cost transparency, arrangements with investment managers and environmental, social and governance ("ESG") integration.

At the same time as updating the SIP to satisfy the regulations, the SIP was updated to reflect the following developments over the year:

- the Trustee's decision to adjust the DB section's strategic target allocation to better reflect the actual composition of the portfolio as at 31 March 2020, following a period of market volatility. It was agreed this change was suitable due to the Plan remaining on track to meet its long-term funding objectives;
- the transition from the LGIM Global Equity Fund to the Visa Global Equity Fund within the DB section;
- the creation of a secondary default investment option (the BlackRock Sterling Liquidity Fund) within the DC section;
- the addition of the HSBC Islamic Fund to the Plan's DC section; and
- the consolidation of the Plan's DB AVC arrangements.

The Trustee consulted with the sponsor when making these changes and obtained written advice from its investment adviser.

Meeting the objectives and policies outlined in the SIP

The Trustee outlines in its SIP several key objectives and policies. These objectives and policies are referred to throughout¹, together with an explanation of how these objectives and policies have been implemented and adhered to over the year to 30 September 2020.

DB Section

Investment Objectives

The Trustee has acquired and maintained suitable assets of appropriate liquidity which have a reasonable expectation of meeting the Plan's long-term liabilities. The Liability Driven Investment ("LDI") portfolio effectively mitigates interest rate and inflation risks and the variety of growth assets held are suitably diversified across managers, asset classes and markets. The Trustee receives quarterly updates on the funding position of the Plan, the progress against the long-term funding target and the Value at Risk ("VaR") measure of the assets.

Investment Strategy

The Plan's actual asset allocation is reviewed by the Trustee on at least a quarterly basis – via quarterly monitoring reports and ad-hoc asset updates – to determine whether any rebalancing is required. The Trustee's investment adviser provides advice on any potential rebalancing opportunities. Over the year, the Trustee (following consultation with its adviser and the sponsor) agreed to adjust the Plan's strategic allocation to better reflect the actual portfolio following a period of market volatility. This approach was deemed preferable to rebalancing as the Plan remained on-track to meet its long-term funding objectives.

Investment Risk

The SIP identifies three key investment risks – the investment strategy, potential employer failure and the investment managers – and details the policies implemented to mitigate these risks.

¹ Wording taken from the Plan's SIP may have been summarised or shortened for the purposes of this document. The full SIP including exact policy and objective wording can be found on the Visa website here: <https://www.visa.co.uk/about-visa/visa-in-europe.html#3>

The Trustee reviews the Plan's investment strategy at least once every three years, with the next review due following the results of the 30 September 2020 actuarial valuation. The LDI portfolio effectively mitigates the interest rate and inflation risk faced by the Plan and suitable diversification of growth assets helps to reduce risk further. The Trustee implemented a Cashflow Management Policy over the year, documenting a formal process for sourcing the Plan's short-term cashflow requirements. This process incorporates advice from the Trustee's investment adviser to ensure that the funds are sourced from the most appropriate mandate taking into account market conditions at that time.

The Trustee receives updates from the sponsor and its covenant adviser regarding any developments in the employer covenant, as required. There were no significant changes in the strength of the employer's covenant over the year, therefore the Trustee has not been required to reconsider the appropriateness of the investment strategy.

The Trustee's investment adviser regularly updates the Trustee on any matters of material significance that might affect the ability of the appointed investment managers to achieve their performance objectives. This is also reflected in the individual fund ratings the Trustee receives on a quarterly basis from its investment advisor. Any changes in ratings are highlighted to the Trustee as soon as practically possible. Following the Covid-19 outbreak and subsequent market volatility in Q1 2020, trading was suspended in the LGIM Managed Property Fund due to the introduction of a material uncertainty clause on the valuations of the underlying properties by the Fund's independent valuers. The Trustee received regular updates from its investment adviser on the situation, which developed over the year.

The Trustee considers that the objectives and policies outlined in the DB Section of the SIP have been implemented and adhered to appropriately over the year to 30 September 2020.

DC/ AVC Section

The Defined Contribution ("DC") section of the Plan invests via an insurance policy held with Scottish Widows. The majority of the Additional Voluntary Contributions ("AVCs") are also invested via this policy. A legacy AVC policy remains in place with Zurich Assurance Limited although it is no longer open to new investments. Investment in the insurance contracts is under the control of the Trustee.

The core DC arrangement has a primary and secondary default option:

- **Options Open Lifestyle**
 - The primary default option for members of the Plan who do not make an active investment choice.
- **BlackRock Sterling Liquidity Fund**
 - The secondary default option created in April 2020 when the LGIM Managed Property Fund and Visa Property Funds ("Property Funds") were suspended and ceased accepting new contributions due to the Covid-19 pandemic. The Trustee selected the BlackRock Sterling Liquidity Fund, as it was deemed the most suitable fund for the purpose from the existing fund range. Full details can be found in the SIP.

The Trustee applies the policies set out in the SIP to all default arrangements. The full SIP including exact policy and objective wording can be found on the Visa website [here](#).

Investment Objective

Over the year to 30 September 2020, the Trustee had to take specific action to ensure the investment objective continued to be met.

The Plan's DC property funds (the LGIM Manager Property Fund and Visa Property Fund) were suspended in March and May 2020 respectively as a result of concerns over the process for ongoing

valuations while access to properties was restricted. Following advice from its investment advisers, the Trustee opted to temporarily redirect affected members' contributions to the BlackRock Sterling Liquidity Fund. This latter Fund was considered the most appropriate Fund to temporarily hold members contributions, until such time that the suspensions were lifted. In selecting the BlackRock Sterling Liquidity Fund, the Trustee considered various aspects including the Fund's capital preservation properties, low cost and liquid nature.

At the time of the Visa Property Fund suspension, the Trustee made the decision to pause rebalancing of all three lifestyle arrangements and regularly review the position throughout the suspension period. This was considered appropriate to avoid triggering unintended switching of assets into alternative lifestyle funds.

In October 2020, the suspensions on both the LGIM Managed and Visa Property Funds were lifted. From October 2020, any future contributions received by the Plan's administrator were redirected back to the intended property fund. Contributions temporarily held in the BlackRock Sterling Liquidity Fund were subsequently invested in the originally intended property Fund in November 2020 following a member communication exercise with impacted members.

Investment options

Reviewing the appropriateness of the investment options to ensure they remain appropriate for the broad range of the membership

- The Trustee takes advice from its DC investment adviser regarding the appropriateness of the investments for members, reviewing the performance of each individual fund option on at least a quarterly basis via reports received from its advisers. Further information on this performance review process can be found in the proceeding section.
- The Trustee reviews the investment options at least every three years. The last review was completed in February 2018 and included a review of the Plan's membership profile at that time. The next review began in September 2020 and is expected to be completed in 2021. This review will cover the Plan's lifestyle strategies and self-select fund range. Further detail on the most recent investment strategy review can be found in the Chairman's Statement.
- The Trustee also completed a review of the legacy AVC arrangements over the year having taken professional advice from its investment advisers and in February 2020 consolidated these holdings where possible into the core DC arrangement held with Scottish Widows. The Trustee believes this provided members with a number of benefits including a sophisticated investment offering, access to a credible and well governed fund range including three lifestyle options, and on average lower member charges.

Providing suitable information on investment options so members can make appropriate investment decisions

- The Trustee has provided clear, regular communications to support members in making their decisions on the investment options available.
- This has included quarterly factsheets showing individual fund performance accessed via the Plan website, an annual benefit statement and specific 'at retirement' communications. Members can also view the Member Handbook, Investment Guide and other educational information via the member portal to support them with their investment decisions.
- Where deemed in members' best interests, the Trustee has also notified members in advance of planned changes to allow members time to consider their unique situation and seek financial advice if required. For example:
 - in April 2020, the Trustee wrote to affected members in advance of the redirection of contributions intended for the Plan's property funds, the LGIM Managed Property Fund and the Visa Property Fund. Members were informed of: the Trustee's intention to redirect contributions

into the BlackRock Sterling Liquidity Fund; the Trustee's rationale and reason for making this decision; and the actions available to members should they wish for their contributions to be invested in another fund.

- the Trustee wrote to members in January 2020 informing them of the AVC consolidation, providing information on the proposed fund mapping and further information on all funds available, including charges, and offering members the opportunity to select an alternative investment fund prior to the transition if they wished.

Ongoing monitoring and review

The Trustee has received quarterly monitoring reports from its investment advisers covering the DC section funds. The reports cover short and long-term performance as well as risk-related analysis of the funds offered to members. As part of these quarterly reports, there is a "RAG" (Red, Amber, Green) status that helps identify funds that suffer from prolonged poor performance against benchmark/target. For funds that are awarded a red status based on performance, the Trustee discussed and agreed on any necessary course of action. The outcome of this process could result in; a further review of the fund including peer group comparison; a meeting with the fund manager and potentially consideration of possible fund replacements.

Over the year to 30 September 2020, some of the active funds included in the Plan were flagged as 'red' through this reporting process due to underperformance. This included the MFS Global Equity Fund, the LGIM Managed Property Fund and the JPM Specialist Equity Fund. The Trustee discussed these funds and agreed that no immediate action was required, but that they would review these funds in more in detail as part of the 2020/2021 triennial investment strategy review.

During the period of heightened volatility resulting from the coronavirus pandemic, the Trustee received more regular updates from its investment advisers allowing it to closely review the impact on the Plan's funds. These reports fed into the Trustee's decision to suspend the Visa Property Fund: this action was in line with a number of other property funds on the market and was taken in order to protect Plan members from the heightened volatility and uncertainty surrounding property investments at that time.

Investment risk measurement and management

Manager risk: risk of fund managers not meeting their objectives

- The Trustee has received individual fund ratings from its investment adviser's research team on a quarterly basis indicating a Buy, Qualified or Sell rating. The fund ratings include consideration of managers not meeting their objectives. Any changes in ratings are highlighted to the Trustee as soon as practically possible and then discussed and action considered. Not all specific funds are rated by the investment adviser, but all funds are monitored against their objective on a quarterly basis.
- There were no research rating changes to any of the Plan's DC funds over the year but there were key staff changes and developments for some of the funds in which the Plan invests. For example, in August 2020, the Trustee was informed by its investment advisers of the departure of the Senior Fund Manager of the LGIM Managed Property Fund. The Trustee's investment advisers noted that their in-house research team had investigated this change to personnel and had deemed that the replacement was appropriately qualified and that there were no concerns regarding the Fund as a result. As such, the Trustee agreed that no action was necessary.
- Over the year to 30 September 2020, the Trustee had concerns over the two constituent funds of the Plan's blended Visa Property Fund. The Trustee is reviewing these funds as part of the triennial investment strategy review.

Risk of asset classes(s) not delivering the anticipated rate of return over the long term

- The Trustee has worked with its investment adviser to set broad expectations for returns of various asset classes. These expectations are laid out within the SIP. More specific return expectations are analysed and considered as part of the Plan's triennial investment strategy review although the Trustee's investment advisers will notify it of any major changes.
- The Trustee also monitors changes in projected member retirement outcomes. This analysis looks at factors such as actual fund performance and forward-looking return expectations and how this may impact members' benefits when they reach retirement age. Should there be any significant change in projected member outcomes, the Trustee may consider taking action, for example reviewing the investment strategy or communicating with members. This analysis is carried out at least annually.
- Members themselves also receive an annual benefit statement with a projected retirement outcome for their DC funds based on long term assumptions about future investment returns and inflation, allowing them to continue to make informed investment decisions.

Risk of the lifestyle strategies being unsuitable for the requirements of some members

- The Plan offers three lifestyle strategies targeting different ways members might take their retirement benefits: a drawdown approach designed for members wishing to stay invested through retirement, annuity purchase or a cash lump sum withdrawal.
- The Trustee reviews the suitability of the lifestyle strategies at least once every three years, as part of the triennial investment strategy review or following a significant change in the membership profile of the Plan. This review includes analysing the Plan's membership profile, member choices and market trends. In September 2020, the Trustee undertook such a review and concluded that it would maintain the current three lifestyles and their overall targets but opted to carry out an in-depth review of the underlying fund allocation.
- The Trustee makes a range of alternative self-select funds available to members who opt not to invest in one of the lifestyles. These were also reviewed as part of the review.

Operational risk: risk of fraud, poor advice or acts of negligence

- The Trustee has sought to minimise operational risk by ensuring that all advisers and third-party service providers are suitably qualified and experienced, and that suitable liability and compensation clauses are included in all contracts for professional services received.
- The Trustee carried out a custodian review (covering the DB and DC sections) and a review of the security of the Plan's DC assets over the year to 30 September 2020. These reviews aimed to ensure the necessary safeguards were in place across the Plan's investment managers, custodians and investment platforms. The reviews concluded that the risk of potential loss caused by fraud or negligence was low.
- Over the year, the Trustee also put in place a set of objectives for its investment advisors. This was in line with regulatory requirements and consideration was given to a number of aspects including aligning objectives with the SIP, appropriate monitoring period and measurability (quantitative and qualitative). The Trustee reviews its investment advisers against these objectives on an annual basis.

The Trustee considers that the objectives and policies outlined in the DC Section of the SIP have been implemented and adhered to appropriately over the year to 30 September 2020.

DB and DC/AVC Sections

On 23 September 2020, the Trustee approved the introduction of several policies to the joint DB and DC section of the SIP in accordance with new regulatory requirements effective from 1 October 2020. As these policies were only in place for a very short period of the Plan year to 30 September 2020, the

Trustee intends to report on action taken in line with these policies in the next Implementation Statement, which will cover the year to 30 September 2021. However, for completeness, the Trustee has referenced these policies below and noted where possible the action that will be taken in order to meet these policies over the upcoming Plan year.

Environmental, Social, and Governance (“ESG”) considerations

In March 2020, the Trustee attended a training session on the new regulatory requirements being introduced from 1 October 2020, with further training on responsible investment received in November 2020.

The Trustee reviews the ESG ratings of the Plan's investment managers, provided by its investment advisers on a quarterly basis, to monitor the level of the Plan's investment managers' integration of ESG on a quarterly basis.

The Trustee has included ESG-related risks, including climate change, on the Plan's risk register as part of ongoing risk assessment and monitoring.

Members' views and non-financial factors

Where members make an active decision to share their views with the Trustee on ethical matters, social and environmental impact matters and present and future quality of life matters the Trustee will note and discuss these. For example, a member in the DC section had indicated interest in Shariah compliant investing. The Trustee received training from its investment adviser on Shariah compliant investing and decided that it was appropriate to introduce a fund that might better meet the needs of a proportion of Plan membership with specific beliefs that are catered for in this type of fund. In November 2019, the Trustee made the HSBC Islamic Global Equity Index Fund available to DC members.

Arrangements with investment managers *(new policy from 23 September 2020)*

These policies focus on initial appointment, ongoing monitoring and ensuring that the investment managers continue to be aligned with the Trustee's policies as outlined in the SIP, including those on non-financial matters.

The Trustee receives quarterly reports on each of its investment managers from its investment advisers which includes performance assessments versus agreed objectives and research ratings on various areas including risk management, and consideration of ESG issues.

Over the year, the Trustee agreed that the Investment Sub-Committee (“ISC”) should meet with investment managers on a regular basis to provide an opportunity to engage with them on performance and strategy amongst other matters. The Trustee now has a schedule in place outlining the frequency of meetings for each manager within the Plan.

In addition to this, the Trustee has agreed that going forwards it will review the engagement activity carried out on its behalf by its managers and report back to members on this via the implementation statement.

Costs and transparency *(new policy from 23 September 2020)*

For the DB Section, the costs and transparency policies in place include the appointment of a third-party specialist to assist in collating data on the costs and charges incurred on the Plan's DB investment funds to assist in the Trustee's understanding of the different costs and charges incurred.

For the DC Section, the Trustee has established a cost-benefit analysis framework in order to assess whether the member borne charges deliver good value for members. This assessment forms part of the annual Chairman's Statement and includes benchmarking against broader market practice, reviewing compliance with relevant regulatory guidance, including the Pensions Regulatory DC Code of Practice, and assessing performance against industry standards. The results of this assessment can be found in the Value for Members assessment section of the Chairman's Statement found [here](#) under the UK Pension Scheme header.

Effective decision making

The Trustee receives regular investment training from its investment adviser and investment managers to support them with effective decision making. The Trustee outlines the training it has undertaken over the year, and how this has supported its decision making in the Trustee, Knowledge and Understanding section of the annual Chairman's Statement. The latest version of the Chairman's Statement is available [here](#) under the UK Pension Scheme header.

The Trustee also delegates some responsibilities of the Plan to specific sub-committees: the ISC and the Administration and Governance Sub-Committee ("AGSC"). The ISC and AGSC focus their attention on investment and administration/governance matters respectively and then report back to and make recommendations to the main board. This set-up allows for each item to be given an appropriate allocation of Trustee time leading to more effective decision making.

The Trustee considers that the objectives and policies outlined in the joint DB and DC/AVC Section of the SIP have been implemented and adhered to appropriately over the year to 30 September 2020, noting the introduction of new policies in the closing weeks of the year that will be monitored in the 2021 Implementation Statement.

Stewardship Policy

The Trustee outlines in its SIP several key objectives and policies on stewardship which apply to both the DB and DC sections of the Plan.

This policy was last updated in September 2020 as part of the wider updates to the SIP to meet new regulatory requirements. The updates included setting out the methods by which, and the circumstances under which, the Trustee would monitor and engage with investment managers about matters relating to investment, such as social and environmental impact, corporate governance and actual or potential conflicts of interest.

- The Trustee regularly reviews the continuing suitability of appointed investment managers. Over the year to 30 September 2020, a policy was put in place for the ISC to meet with the Plan's investment managers within an appropriate timescale depending on the characteristics of the fund, for example, more regular meetings with active managers or with managers of funds included in the DC default arrangement. This provides an opportunity to engage with them on performance and strategy amongst other matters. Discussion on ESG monitoring was also included to ensure alignment with Trustee beliefs. Over the course of the year, the Trustee met with BlackRock, LGIM and Insight.
- The Plan's investment adviser also provides ongoing monitoring of the investment managers, including, where applicable, assessing the extent of ESG integration. The Trustee is comfortable that all of the Plan's underlying equity and fixed income managers that are researched by the Trustee's advisers have been rated at least two or above on the four-tier ESG ratings system in place. This means that the appointed investment managers (and the underlying managers in the case of any blended funds, e.g. the Visa Global Equity Fund) are aware of potential ESG risks in the investment strategy and have taken some steps to identify, evaluate and potentially mitigate these risks.

The Trustee has gathered and reviewed the engagement and voting activities of its DB and DC investment managers. This is set out in Appendices 1 and 2 of this statement, covering the year to 30 September 2020.

The Trustee acknowledge that stewardship may be less applicable to certain asset classes, but generally would still expect to see policies and processes formalised by all of its managers over time. The Trustee will continue to use its influence to drive positive behaviour and change among the investment managers that it has appointed. For example, the Trustee recognises there is room for improvement in the disclosures received and will encourage managers to provide more transparency

on fund level information, including more specific examples of engagement activity carried out in relation to the Plan's assets.

Overall, from the evidence provided, the Trustee is content at present with the stewardship carried out on its behalf by its asset managers. In addition, the Trustee is of the opinion, that they have implemented their policies appropriately in practice over the year.

Appendix 1 - Manager Voting and Engagement

DC/ AVC Section

Primary default arrangement

The Plan invests in pooled funds across its DB and DC sections. This allows the Plan to benefit from economies of scale and lower fees. However, this means that the Trustee is unable to directly control the investment or engagement decisions regarding the companies invested in by each fund as they would if they were directly invested. Instead, this is at the discretion of the investment manager of the pooled fund. The Trustee is comfortable with this given the considerations and due diligence involved in the initial appointment of the respective managers to follow their respective investment mandates. While the Trustee cannot direct votes or engagement activities itself, it seeks to exert their influence as asset owners through engaging with the managers where concerns are identified through various monitoring exercises.

The Plan invests in a variety of funds across different asset classes and managers.

The following sections outline voting behaviour and stewardship information, including examples of the most significant votes cast to illustrate some of the voting and engagement activity carried out on the Trustee's behalf, in line with the stewardship policy and expectations of appointed asset managers. A breakdown of the voting statistics carried out by the equity and multi-asset fund managers used by the Plan can be found in Appendix 2.

BlackRock – Voting activity

Within the default arrangement of the DC section, the Plan invests in various BlackRock equity and fixed income funds as well as a BlackRock listed property fund.

BlackRock votes annually at over 16,000 shareholder meetings, generally taking a case-by-case approach to the items put to a shareholder vote. Their analysis is informed by their internally developed proxy voting guidelines, their pre-vote engagements, research, and the situational factors at a company. BlackRock subscribe to research from several proxy advisory firms, however, do not simply follow proxy vote adviser recommendations, and such third-party research is one among many inputs BlackRock use in their vote analysis process.

Over the year to 30 September, each of the BlackRock equity index funds in the default arrangement voted on more than 90% of all voteable proposals and voted against management recommendation on at least 3% of resolutions.

Over 2020, BlackRock have increased their level of reporting by publishing more voting bulletins. These bulletins provide explanations of the most significant votes at shareholder meetings and are made public shortly after the meetings. These specific significant votes are chosen by BlackRock based on a number of criteria such as level of public attention, and impact of financial outcome.

Voting Example: Chevron Corporation (May 2020)

An example of a significant vote is where BlackRock voted against the Chevron Corporation Board's recommendations in May 2020, by voting in support of a shareholder proposal requesting that Chevron report on how the company's lobbying aligns with the goals of the Paris Agreement. The report was intended to address the risks presented by any misaligned lobbying and to understand the company's plans, if any, to mitigate these risks.

BlackRock acknowledged that Chevron has been responsive to investors and transparent in their reporting which is aligned with the requirements of both the Task Force on Climate Related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB). BlackRock also consider Chevron to be a leader among its US peers with regard to board oversight of climate risk, strong corporate governance practices, and reporting in line with SASB and the TCFD. However, they felt that increased transparency around political spending and lobbying relating to climate risk and the

low carbon transition would strengthen the company's disclosure. They also held the view that the company could provide investors with a more detailed explanation of the alignment between Chevron's political activities and the goal of the Paris Agreement to limit global warming to no more than two degrees Celsius, which the company supports.

Recent engagements with the company leading up to the annual general meeting have given BlackRock the impression that Chevron is aligned with the spirit of this proposal, as it has articulated a desire to provide more clarity for investors on its internal climate considerations and associated political lobbying. BlackRock believe enhanced disclosure will help investors better understand the company's political activities in the context of policy that supports the transition to a lower carbon economy. More information can be found on the voting bulletin [here](#).

Blackrock – Engagement activity

Through their stewardship activities BlackRock seek to promote governance practices that help create long-term shareholder value for their clients, the vast majority of whom are investing for long-term goals such as retirement. They believe they have a responsibility to their clients to make sure companies are adequately managing and disclosing sustainability-related risks, and to hold them accountable if they are not.

In the period to June 2020 BlackRock made 1,593 board quality engagements, 1,260 environmental risk engagements, 750 human capital engagements and more than 400 engagements where the impact of COVID-19 was discussed. More information on BlackRock stewardship activity can be found in their Investment Stewardship Annual Report found [here](#).

BlackRock's firm-wide engagement program also benefits investments in corporate bonds issued by companies. BlackRock Investment Stewardship ("BIS") is positioned as an investment function, which allows for the mutual exchange of views with active portfolio management teams across equity and credit. In addition, BlackRock's Global Fixed Income ("GFI") Responsible Investing ("GFI-RI") team may partner with the BIS team both to reflect ESG related topics from GFI investors as well to attend or host engagement meetings on certain highlighted ESG flagged holdings. An ESG flagged holding is one where BlackRock hold a significant exposure in GFI portfolios, and the issuer is flagged as low rated/controversial by external ESG rating providers or is highlighted by their credit research.

Engagement Example: Exxon

An example of an engagement by the GHI-RI team was that with Exxon, a multi-national oil and gas company. In their discussion with the company, they discussed several engagement topics such as governance structure, corporate strategy, environmental risks and opportunities. These included questions from the GFI-RI team including the company's approach to the European regulatory environment, their views on electric vehicle penetration as a risk to their business, and their risk management in relation to physical climate change risks.

BlackRock have stated that their ongoing dialogue has been largely constructive and effective, however there have also been matters where the company was not adequately responsive to shareholder feedback. As a result, they voted against the re-election of the lead independent director for the company's lack of progress on climate-related disclosure and supported a shareholder proposal seeking a report on the extreme weather resilience of certain operations. This is consistent with their view to first engage with companies on their concerns and to subsequently hold directors accountable if those concerns are not sufficiently addressed.

BlackRock anticipate further dialogue with the board and management and remain optimistic that their recommendations to enhance governance and transparency will lead to additional positive future outcomes.

Schroders – Voting activity

Schroders is one of the underlying managers of the white labelled Visa Global Equity Fund used in all three lifestyle options, including the default arrangement. The Visa Global Equity Fund is also used in the DB Section. Additionally, two Schroders equity funds are made available as a self-select option.

Schroders receive research from both ISS and the Investment Association's Institutional Voting Information Services ("IVIS") for upcoming general meetings, however this is only one component that feeds into their voting decisions. In addition to relying on their own policies, Schroders will also be informed by company reporting, company engagements, country specific policies, engagements with stakeholders and the views of portfolio managers and analysts. Further information can be found in the Environmental, Social and Governance Policy for Listed Assets found [here](#).

On a monthly basis, Schroders produce a voting report which details how votes were cast, including votes against management and abstentions. The reports are publicly available on their website: <https://www.schroders.com/en/about-us/corporate-responsibility/sustainability/influence/>.

On a quarterly basis, Schroders also produce sustainable investment reports at the firm level, and in each quarter over the year to 30 September 2020, the firm has voted on at least 90% of all possible resolutions. More information on voting and engagement statistics, including case studies can be found in these reports. The Q3 stewardship report can be found [here](#).

While there are a number of case studies within these reports, Schroders are as yet unable to disclose fund level (the Plan invests in the Schroders Emerging Markets Equity Fund) significant vote examples in line with the PLSA voting template. The Trustee recognises that these disclosures are relatively new but do expect improved transparency at a fund level moving forward.

Schroders - Engagement activity

Schroders' engagement activities are prioritised based on the materiality of their exposure to the individual companies, either by the total size of assets invested on behalf of clients or by the percentage of shares held.

Schroders generally engage for one of three reasons:

- to seek improvement in performance and processes in order to enhance and protect the value of investments
- to monitor developments in ESG practices, business strategy and financial performance within a company
- to enhance analysis of a company's risks and opportunities

Their mechanisms for engagement vary but typically involve actions such as phone calls, written correspondence, one to one meetings with company representatives and voting. Engagements are prioritised based on the materiality of the issues and the size of Schroders' exposure.

More information can be found on Schroders' compliance statement to the UK Stewardship Code [here](#).

Within the Q3 2020 sustainable investment report, Schroders state they carried out around 80 engagements led by their sustainable investment team or portfolio management teams and 3,028 engagements where they influenced through actively voting on all holdings and conducting company meetings.

Insight – Voting activity

The DC section has assets invested in the Insight Broad Opportunities Fund used within all three lifestyle arrangements, including the default arrangement.

Insight is a founding signatory to the UN-supported Principles for Responsible Investment ("PRI"). Insight adhere to their own voting policy and retain the services of Minerva Analytics for the provision of proxy voting services and votes at meetings where it is deemed appropriate and responsible to do so. Minerva Analytics analyses any resolution against Insight-specific voting policy templates which will determine the direction of the vote.

Over the Plan year, the Insight Broad Opportunities fund was eligible to vote at 116 resolutions, 100% of these resolutions were voted on and 100% voted with management, 0% against management recommendation and 0% abstained.

Voting Example: Greencoat UK Wind plc (30 April 2020)

An example of a significant vote on the basis it was a special resolution at an annual general meeting is where Insight voted with management of Greencoat UK Wind plc on two such resolutions, one of them was to approve a specific authority to the directors to issue shares. The other was to grant authority to the directors to dis-apply pre-emption rights on the issue of shares for cash. Insight voted in line with management recommendation on all of the three resolutions.

Insight – Engagement Activity

Over the year to 30 September 2020, in relation to the Insight Broad Opportunities Fund, over 30 engagements were carried out with issuers on a variety of themes such as: COVID impact assessment, discussions on individual assets and outlook, meetings with new key personnel.

More information on Insight's approach to responsible investment can be found [here](#).

Engagement Example: HICL Infrastructure plc (29 May 2020)

An example, as part of their ongoing dialogue with investee companies, Insight engaged with HICL Infrastructure plc on 29 May 2020 to discuss annual results, individual assets and overall strategy, including ESG implementation.

LGIM – Engagement Approach in Real Estate

Within the default arrangement, stewardship is also applicable to the LGIM Managed Property Fund. The LGIM Managed Property Fund forms 75% of the Visa Property Fund.

LGIM Real Assets (“LGIMRA”) have a tenant liaison policy which requires the managing agents to develop a specially targeted tenant engagement programme for all assets. This process is incorporated in the green lease clauses which LGIM try to place into every new lease.

LGIM enhance the level of interaction with tenants by engaging them as far as possible on the operational aspects of the buildings they own and tenants occupy. They believe that by fostering closer relationships with tenants, they can influence them to use the buildings LGIM owns in a more efficient and sustainable manner.

Feedback from tenants is gathered through various channels. There is a multi-channelled approach:

- Each property manager, from LGIM's managing agent, meets each tenant at least once a year for a conversation using a set format of questions and gathers feedback electronically.
- From a Corporate perspective, LGIMRAs asset managers have ‘key contacts’ with larger tenants in order to develop a corporate relationship to discuss all initiatives and gather feedback.

All individual tenant meetings and responses are recorded. LGIMRA is currently implementing new and innovative systems in order to improve the provision of data which will in turn allow them to engage in even greater depth with tenants and action feedback. For more information, please view this [press article](#).

Self-Select Funds

Within the self-select arrangement, the Plan provides a wide range of options across different asset classes to members. As with the funds in the default arrangement, the Trustee, via the investment adviser, has requested stewardship information from all the managers and considers that, from the information received and the information available publicly, the managers are carrying out their stewardship responsibilities in a manner that is consistent with the Trustee's stewardship policy and expectations.

All the managers are signatories to the UN Principles for Responsible Investment (PRI) and the UK Stewardship Code. All the equity and multi-asset funds within the self-select range, for which fund level data was received, voted on more than 89% of resolutions and voted against management recommendation at least 3% of the time (with the exception of the Insight Broad Opportunities Fund

and the JPM UK Specialist Equity Fund). A full breakdown of the voting statistics of the self-select fund managers can be found in Appendix 2.

DB Section

The DB Section also invests in the Insight Broad Opportunities Fund, LGIM Managed Property Fund and the Visa Global Equity Fund (a composite of three of the BlackRock equity index funds and the Schroders emerging markets equity fund). The DB Section also invests in a BlackRock active fixed income fund. Stewardship comments for these overlapping managers and/or strategies have been disclosed in the DC section above.

There are three additional DB funds where stewardship is applicable, that have not been covered by the comments in the DC section above. They are:

- T. Rowe Price Global Dynamic Bond Fund;
- ICG-Longbow Real Estate Debt V; and
- DRC UK Whole Loan Fund.

T Rowe Price – Engagement Approach

T Rowe Price are a signatory of the PRI since July 2010 and report to the PRI annually. They support the PRI framework as an effective means of encouraging dialogue among investors and better disclosure from companies globally about important responsible investing issues. T Rowe Price are also signatory of the UK Stewardship Code since 2010.

T Rowe Price maintain a regular dialogue with the management teams of companies represented across the investment universe. Their investment-driven engagement program frequently identifies targets through proprietary analysis, governance screening and analysts' fundamental research. They engage with companies in a variety of different contexts, ESG engagement focuses on learning about, influencing or exchanging perspectives on the environmental practices, corporate governance or social issues affecting their business. Agenda items are classified as "meaningful" when they take up a significant portion of the meeting or are a significant factor in the investment of these companies.

Engagement Example – International Banking Group

T. Rowe engaged with this banking group to better understand the company's compliance programs; in particular ethics controls. A member of the responsible investing team met with the CEO and the outcome of the engagement informed T Rowe's investment research. The banking group has invested heavily in ethics controls following high profile fines for anti-money laundering ("AML") violations and market manipulation. This includes consolidating all AML and sanctions controls into one automated system that will allow the bank to screen every transaction. The bank says that this helps ensure the effectiveness of the controls across its regional subsidiaries.

T. Rowe already held one of the banking group's bonds at the time of the engagement and it reaffirmed their confidence that appropriate steps had been taken to improve ethics controls. Their analysts continue to monitor the group.

ICG – Longbow – Engagement Approach

ICG – Longbow are a signatory of the PRI since 2013 but are not a signatory of the UK Stewardship Code. The possibility of complying with the expanded 2020 Stewardship Code is being actively

considered by ICG's Board, who have noted that their ESG practices already take account of a number of the principles proposed therein.

In strategies where ICG have influence and access to management, ICG look to maintain strong relationships with management at portfolio companies, and with controlling private equity sponsors, as relevant. These relationships allow them to maintain an ongoing dialogue around ESG factors impacting the business and allow them to exert influence, wherever possible. For these companies, ICG circulate their Annual ESG Survey to better understand how they are managing ESG issues. The Annual ESG survey includes questions on risk assessment and management, governance, environmental management, climate change and social performance.

In 2019, ICG commenced establishing ESG KPIs and targets to address material ESG issues for portfolio companies where they have access to and influence over management. Once established, these KPIs and targets are monitored and tracked annually. ICG's Real Estate investment team regularly engages with its issuers pro-actively on industry-wide ESG trends. Given the more specialised nature of the ICG Real Estate strategy, a bespoke ESG survey has been prepared for the real estate portfolio companies, which is intended to be rolled out during Q4 2020.

DRC – Engagement Approach

DRC became a signatory to the PRI in 2020. The Trustee would welcome a formal responsible investment policy being made public and look forward to increased disclosure of examples of engagement and stewardship in practice. DRC are not a signatory of the UK Stewardship Code. DRC is currently reviewing the UK Stewardship code 2020 and will consider becoming a signatory as part of the Savills IM / DRC partnership broader ESG considerations.

DRC undertake technical and environmental due diligence on every asset that they finance. They are presently beta testing a detailed ESG due diligence approach alongside their technical advisors. DRC have also started a process of having quarterly ESG briefings with specialist advisors, who have the remit of monitoring developments, and they also take part in the DRC Investment Committee.

Appendix 2 – Summary of Manager Voting of the year to 30 September 2020

The table below sets out the statistics on how the Plan's equity and multi-asset fund managers have cast their votes over the year to 30 September 2020.

Section	Manager	Fund	Use of proxy voting services	Number of votes eligible to cast	% of eligible votes cast over the year to 30 Sept 2020	% votes cast against management	% votes abstained
DB and DC	BlackRock	Aquila MSCI World Index	Yes - subscribe to research from several proxy advisory firms,	15,148	91.74%	6.23%	7.43%
	BlackRock	Global Developed Fundamental Weighted Index	however, such third-party research is one among many inputs used in BlackRock's vote analysis process	9,661	91.90%	5.15%	0.62%
	BlackRock	Global Minimum Volatility Index	Yes – Minerva Analytics. Minerva Analytics analyses any resolution against Insight-specific voting policy templates which will determine the direction of the vote.	5,696	96.70%	3.30%	0.47%
	Insight	Broad Opportunities Fund		116	100.00%	0.00%	0.00%
DC	BlackRock	iShares Global Property Securities Equity Index	Yes – as above.	3,851	92.57%	3.74%	0.42%

BlackRock	Aquila Life World (ex UK) Equity Index		26,685	94.13%	8.23%	0.36%
HSBC	Islamic Fund	Yes - ISS	1,587	97%	13%	0%
JP Morgan	UK Specialist Equity Fund	Yes - ISS	1,671	100%	1%	1%
LGIM	Ethical Fund	Yes – ISS platform used but all voting decisions are made by LGIM with no outsourcing of strategic decisions.	15,852	99.49%	16.04%	0.13%
LGIM	UK Equity Fund	ISS recommendations are used only to augment LGIM's own research.	11,799	99.93%	6.83%	0.01%
MFS	Global Equity Fund	Yes – ISS perform proxy-related activities and also provide research and vote recommendation along with Glass Lewis & Co. MFS will then analyse all proxy voting issues independently.	1,430	98%	6%	1%

Schroder	Global Emerging Markets Fund	Yes – receive research from ISS and IVIS for general meetings but is only used as one component in the overall voting decision analysis.	1,736	89.46%	7.49%	1.32%
Schroder	Global Equity Fund		2,266	95.15%	7.41%	0.40%
Threadneedle	Managed Equity Focused Fund	Yes – for research services only, Glass Lewis & Co and ISS.	9,245	99%	5%	3%