The Visa Europe Pension Plan (the "Plan")

Implementation Statement

Introduction

The purpose of the Implementation Statement (“Statement”) is for us, the Trustee of the Visa Europe Pension Plan, to explain the work we have carried out during the year ending 30 September 2022 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”).

This Statement is split into the following sections:

- A summary of the changes made to the SIP over the year to 30 September 2022;
- Evidence of how the Trustee has fulfilled the objectives and policies included in the SIP over the year to 30 September 2022. This section has been split into:
  - objectives and policies that apply to the DB assets only;
  - objectives and policies that apply to the DC and AVC assets only; and
  - objectives and policies that apply jointly to the DB, DC and 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

Based on the activity we have undertaken during the year; we believe that the policies set out in the SIP have been implemented effectively.

In our view, the Plan’s material investment managers were able to disclose good evidence of voting and/or engagement activity, and this activity was in line with our expectations.

There was one exception, the Scottish Widows Managed Fund, a self-select option within the DC section which invests wholly in the Schroders Progressive Growth Strategy. Schroders could not provide voting statistics for this fund at the time of writing, however the Trustee will engage with both Scottish Widows and Schroders to encourage improvements in reporting.

Additionally, the Trustee will continue to invite each investment manager to meetings in line with the Plan’s investment manager meeting schedule to get a better understanding of voting and engagement practices, and how these help the Trustee fulfil its Responsible Investment policies.

The Trustee will also continue to undertake regular, detailed Environmental, Social and Governance (“ESG”) monitoring of managers through the use of an ESG Dashboard and undertake an annual review of the investment managers’ Responsible Investment policies through the annual Implementation Statement to ensure they are in line with our own.

Changes to the SIP over the year to 30 September 2022

The SIP was reviewed and updated over the Plan year with the current SIP effective from the 14 September 2022. Changes made included:

- updates made to the DB strategic asset allocation following the investment strategy review to reflect the agreed changes; and
- updates made to fund benchmarks and fees across both the existing DB and DC funds;

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 throughout[1], together with an explanation of how these objectives and policies have been implemented and adhered to over the year to 30 September 2022.

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 a measure of risk known as Value at Risk ("VaR").

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.

The Trustee made the following changes to the investment strategy over the year to 30 September 2022:

- At the December 2021 Trustee meeting, the Trustee agreed to de-risk the strategy and target a lower investment return following positive funding experience over the year to 30 September 2021. The Trustee took immediate action to reduce risk prior to market liquidity reducing from mid-December by disinvesting from the Plan's equity and diversified growth mandates in mid-December and temporarily investing the proceeds into BlackRock LDI. The subsequent top-ups into the Absolute Return Bonds ("ARBS") were completed in January 2022.
- In June 2022, the Trustee agreed to rebalance the Plan's portfolio to better align with the agreed strategy following a period of market volatility (predominantly rising inflation expectations and rising gilt yields). This rebalancing included the initial funding of the Aegon European Asset Backed Securities Fund (appointed as part of the 2021 Investment Strategy Review) and was completed by the end of July 2022.
- In September 2022, BlackRock notified the Trustee of the requirement for more capital to support the Plan's hedging arrangements following a sharp increase in gilt yields on the back of the UK government's "mini-budget" announcement on 23 September 2022. The Trustee swiftly arranged for disinvestments from the Plan's liquid investment managers and directed the proceeds to the BlackRock LDI portfolio, which increased the collateral coverage and reduced leverage. As a result, the Plan maintained its target hedge throughout the period. The first tranche of trades was implemented by 30 September 2022, with a second tranche following in early-October 2022.

[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

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.

The Trustee reviews the Plan's investment strategy at least once every three years. Following the Gilt market volatility in September 2022, the Trustee is reviewing the strategy post year end, ahead of the 30 September 2023 actuarial valuation. The LDI portfolio effectively mitigates the interest rate and inflation risk faced by the Plan and suitable diversification of growth and other matching assets helps to reduce risk further. The Trustee reviewed the Plan's Cashflow Management Policy in June 2022, ensuring that the formal process for sourcing the Plan's short-term cashflow requirements remained appropriate.

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 in relation to this.

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 adviser. Any changes in ratings are highlighted to the Trustee as soon as practically possible. The Trustee also invites its investment managers to present updates at quarterly meetings according to the Plan's Manager Presentation Schedule, which was reviewed and amended in June 2022. There were no notable changes to fund ratings 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 2022.

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 primary and secondary default options:

- **Primary Default option**
  - The Options Open Lifestyle is the primary default option for members of the Plan who do not make an active investment choice.
- **Secondary Default options**
  - Secondary default options were created in September and October 2021 when the self-select fund range was consolidated. 10 of the 26 funds were closed (including the BlackRock Sterling Liquidity Fund which was already a secondary default option) and assets in these closing 10 funds were mapped to either the Visa Cash, Visa Bond or Visa Global Equity Fund. Consequently, these three funds are now considered secondary default options. The Trustee believes this was the most appropriate course of action.

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 2022, the Trustee had to take specific action to ensure the investment objective continued to be met.

The outbreak of the Russia-Ukraine conflict had stark economic and investment repercussions with sanctions placed on Russian assets. These sanctions meant investors were restricted from trading any Russian assets which were depleting in value as Russia advanced on the invasion. The Trustee increased the level of monitoring of the Plan's funds, including carrying out detailed holdings analysis to assess the Russian exposure across the Plan, assess the potential member impact and any required action. The Trustee determined no immediate action was necessary however did utilise the member portal to provide ongoing updates on the situation to the Plan's membership.

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 commenced on Q2 2020 and was completed Q1 2021. The next review is commencing Q1 2023 and will cover:
  - membership analysis – segmenting the membership and projecting members' retirement outcomes.
  - a review of the lifestyle options – this will include a review of the forward-looking risk and return characteristics of each asset class to ensure they remain appropriate for use by the members.
  - a review of the self-select fund range – to ensure that the type, number and self-select funds offered remains optimal.
- A small amount of legacy AVC assets remain invested via Zurich in which all members remaining have some or all of their assets invested in the Zurich With-Profits Fund. All other AVC arrangements were transferred into the core DC arrangement held with Scottish Widows in February 2020. Members invested in the Zurich With-Profits Fund were not transferred without consent, or instruction, due to the unique structure and guarantees associated with a with-profits fund. As part of the production and completion of the Chairman's Statement, the Trustee carried out a Value for Money assessment covering the Zurich AVC arrangement which assessed the costs and benefits associated with the legacy Zurich AVC arrangement. The Trustee concluded that whilst they believe that core DC arrangement held with Scottish Widows potentially offers better value, the Zurich AVC members did not choose to transfer their assets following a member communications exercise back in 2019. The Trustee therefore assumed these members believed the structure of the with-profits arrangement offers inherent value and have maintained the Zurich AVC arrangement as is.

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 of ongoing work during times of market stress to reassure members and provide information on where to seek financial advice, if required. For example:
  - in March 2022, the Trustee added messages to the landing page of the member microsite following the outbreak of the Russia-Ukraine conflict notifying members of the ongoing work and deep monitoring of members' funds the Trustee were carrying out.

  Although beyond the period covered by this Statement, the Trustee has included the following information for completeness:
  - in October 2022, the Trustee also included messages on the member microsite confirming their close monitoring of the Plan's funds given the extreme market volatility and concern amongst the pensions industry following the former UK Chancellor's 'mini budget' announcement.
  - in November 2022, contributions and divestments from the Visa Property Fund were suspended due to a reduction in Invesco Global Real Estate Fund's liquid holdings (which the Visa Property Fund invests 100% of its assets in). Members' contributions intended for investment in the Visa Property Fund are being temporarily held in the Visa Cash Fund from the 17 November 2022. The Trustee notified members of this via the member portal including providing members with an FAQ document and further support where requested.

Ongoing monitoring and review

The Trustee has received quarterly monitoring reports from its investment adviser covering the DC section funds. The reports cover short and long-term performance as well as risk-related analysis of member funds. As part of these quarterly reports, there is a "RAG" (Red, Amber, Green) status that helps identify funds that suffer from prolonged under performance against benchmark/target. For funds that are awarded a red status based on performance, the Trustee discusses and agrees 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 2022, some of the active funds included in the Plan were flagged as 'red' through this reporting process due to underperformance. This included the Ballie Gifford Positive Change Fund used in the Visa Responsible Investment Fund. While the Ballie Gifford Fund remains well ahead of the benchmark long term, the Trustee met with Ballie Gifford to better understand the challenges being faced by active Growth managers, like Ballie Gifford, over 2021 and 2022. Following this meeting, the Trustee remains satisfied with Ballie Gifford as a manager and comfortable with the expected long term future returns. However, they acknowledge that nature of this Fund does mean it is subject to a higher level of short-term fluctuations in performance.

The Trustee will review all underlying funds in detail as part of the 2023 strategy review.

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.
- The underlying fund of the Visa Multi Asset Fund, the Insight Broad Opportunities, was downgraded from 'Buy' to 'Qualified' in March 2022. This downgrade did not relate to any changes in the product

but reflected a change in the Trustee’s advisors’ views on the DGF asset class. The Trustee discussed and agreed that, although there are alternative ways to access diversification, these solutions are not yet appropriate for the Plan. The Trustee agreed to retain the Insight Broad Opportunities fund as a valuable source of diversification, with support from their investment adviser will monitor the marketplace for alternative funds. This as a key area of focus for the 2023 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 notable 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 diverse ways members might take their retirement benefits: a flexible 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. Post the Plan year end covered by this Statement, the Trustee has commenced the review and will provide a further update in next year’s Statement.
- The Trustee makes a range of alternative self-select funds available to members who opt not to invest in one of the lifestyles. These will also be reviewed as part of the triennial investment strategy review to ensure they remain appropriate for the membership.

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 carries out a triennial review of the security of the Plan's DC assets. The last review was completed in August 2020 and aimed to ensure the necessary safeguards were in place across the Plan's investment managers, custodians and investment platforms. The review concluded that the risk of potential loss caused by fraud or negligence was low. The next review is due to take place during 2023.
- The Trustee also has in place a set of objectives for its investment advisers. This is 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 annually. The review covering this Plan year took place in December 2022.

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 2022.

DB and DC/AVC Sections

The Trustee also has several joint policies in place covering both the DB and DC/AVC Sections. These objectives and policies are referred to throughout, together with an explanation of how these objectives and policies have been implemented and adhered to over the year to 30 September 2022.

Environmental, Social, and Governance ("ESG") considerations

The Trustee has taken steps to enhance its responsible investing credentials in the Plan:

DC section:

- The Trustee offers exposure to emerging markets regions on an active basis, both via all three lifestyle options and the self-select range. The Trustee believes there is greater consideration of ESG factors within emerging market allocations through active investing and it offers greater oversight of investment in regions prone to ESG concerns.
- The Trustee offers two self-select options with a specific responsible investment focus. The cash option, the Visa Cash Fund which is also used in all three lifestyle options, is an Environmentally Aware cash fund. The Trustee expectation is that risk adjusted returns remain unchanged versus a typical cash fund, but the ESG credentials of the cash allocation are enhanced. The Visa Responsible Investment Fund invests 50% in an actively managed impact fund with dual aims of providing above benchmark returns and enhancing the world in which we live. The remaining 50% of the Fund's assets invest in an index tracking fund which tilts towards companies with strong ESG scores and excludes those that fail to meet minimum requirements. Members who wish to invest entirely in a responsible way can do so through this Fund.

DB Section:

- The Trustee has taken into account ESG considerations upon appointment of any new investment managers as part of the investment strategy review.
- The Trustee also implemented the Environmentally Aware cash fund as the primary cash fund within the Plan's LDI strategy with BlackRock.

The Trustee reviews the ESG ratings of the Plan's investment managers, provided by its investment adviser 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.

The Trustee also monitors the ESG profile of the Plan's investments through the ESG Dashboard. The Trustee uses the Dashboard to identify and review ESG risks and opportunities and then engage with managers where required to improve the Plan's investment profile. The added transparency supports Trustee understanding of reputational risks posed by exposure to controversial sectors and regions and aids decision making during strategy conversations.

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, the Trustee makes available the Visa Responsible Investment Fund in the DC Section for members wo have a specific focus on ESG integration following an awareness and need for a fund with a specific ESG objective.

Arrangements with investment managers

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. As outlined above, the Trustee also monitors ESG risks through the ESG Dashboard.

The Trustee has a schedule in place which outlines the frequency of meetings for each manager within the Plan. The Investment Sub-Committee ("ISC") 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 met with Insight, BlackRock and T. Rowe Price over the Plan year.

In addition to this, the Trustee reviews 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

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. The Trustee reviews the costs and charges incurred on the Plan's DB investments on an annual basis and uses the results of the annual review as a foundation for fee negotiations, where appropriate.

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. Additionally, the Trustee assesses the granular breakdown of costs and charges on an annual basis outside of the Chairman's Statement to support any fee negotiations, where appropriate.

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 2022.

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.

- The Trustee regularly reviews the continuing suitability of appointed investment managers. There is a policy 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 the integration of ESG factors is also included to ensure alignment with the Trustee's beliefs. Over the Plan year, the Trustee met with Insight, BlackRock and T. Rowe Price .
- The Plan's investment adviser also provides ongoing monitoring of the investment managers, including, where applicable, assessing the extent of ESG integration. The Trustee assesses stewardship through the ESG Dashboard, including assessing any gaps with respect to available policies, such as voting and responsible investment policies. The Trustee also identifies any laggards who are not signed up to responsible investment initiatives, such as the UK Stewardship Code, and engage, with support from its investment adviser, where required.
- 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 as 'Integrated' or above on the three-tier ESG ratings system (Limited, Integrated and Advanced). 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) has taken appropriate steps to identify, evaluate and mitigate potential financially material ESG risks within the portfolio.

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which ESG issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

Source: UN PRI

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 2022.

Our Engagement Action Plan

The Trustee acknowledges 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.

Based on the work we have done for the Statement, the Trustee will take the following steps over the next 12 months:

1. Scottish Widows did not provide voting statistics for the Managed Fund. The Manged Fund invests 100% of its assets in the Schroders Progressive Growth Strategy who stated they could not provide but that an ongoing project was underway to ensure this data could be provided in future. The Trustee will continue to highlight to both Scottish Widows and Schroders their expectations of better disclosures in future.
2. Continue to invite each investment manager to meetings in line with the investment manager meeting schedule to get a better understanding of their voting and engagement practices, and how these help the Trustee fulfil its Responsible Investment policies.
3. Continue to undertake regular, detailed ESG monitoring of our managers through the ESG Dashboard. The Trustee are due to carry out another review in Q3 2023.

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

Executive Summary

The DB and DC sections of the Plan invest in pooled funds across a range of asset classes, and the Trustee has delegated responsibility for the selection, retention and realisation of investments to the Plan's investment managers in whose funds it invests.

As part of the production of this statement, the Trustee, supported by its investment adviser, has reviewed the voting and engagement activities carried out on its behalf by the Plan's investment managers.

Where the stewardship of managers is found to be falling short of the standards set out by the Trustee (exercising votes and engaging in order to create long-term financial value) may take further action, for example by meeting with the manager in question or requesting that the Plan's investment adviser engage on the Trustee's behalf.

> ### Why is voting important?
>
> Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions.
>
> Resolutions proposed by shareholders increasingly relate to social and environmental issues as well.
>
> *Source: UN PRI*

The Plan's investment managers have provided commentary on their approach to voting, including the use of any proxy voting services provided (relevant for equity managers only) as well as their approach to engaging with underlying security issuers. The Trustee acknowledges that the concept of stewardship may be less applicable with respect to its fixed income and property investments, particularly for short-term money market instruments, liability driven investment ("LDI") and gilt investments. As such, these investments have not been covered in this statement.

The Plan's investment managers have also provided examples of significant votes. There are a number of different criteria under which investment managers can determine whether a vote is significant. Each manager has their own criteria, with examples including:

- a vote where a significant proportion of the votes (e.g., more than 20%) went against the management's proposal;
- a vote where the investment manager voted against a management recommendation or against the recommendation of a third-party provider of proxy voting;
- a vote that is connected to a wider engagement initiative with the company involved;
- a vote that demonstrates clear and considered rationale;
- a vote that the client considers inappropriate or based on inappropriate rationale;
- a vote that has significant relevance to members of the Plan.

The Trustee's definition of a significant vote is broadly consistent with the managers' definitions, therefore, the examples given in the appendices below are also aligned with the Trustee's definition of a significant vote.

Having reviewed the commentary provided by the investment managers, the Trustee believes the stewardship carried out on its behalf over the Plan year has been adequate, noting how the examples provided show the willingness and ability of the Plan's investment managers to take proactive votes against management where appropriate.

The Trustee recognises that it has a responsibility as an institutional investor to encourage and promote high standards of stewardship in relation to the assets that the Plan invests in. Accordingly, the Trustee continues to expect improvements over time in line with the increasing expectations on investment managers and its significant influence to generate positive outcomes for the Plan through considered voting and engagement.

A breakdown of specific voting statistics carried out by the equity and multi-asset fund managers used by the Plan can be found in Appendix 2.

Equity and Multi-Asset Funds

The DB and DC sections of the Plan share some common equity investment managers. Over the year, the material equity and multi-asset investments held by the Plan across DB and DC are detailed below.

Fund Manager	Fund	Plan use
Baillie Gifford & Co.	Baillie Gifford Positive Change Fund *(underlying fund of the Visa Responsible Investment Fund)*	DC
BlackRock	BlackRock Aquila World ex-UK Equity	DC
	BlackRock Aquila MSCI World Index (Hedged)[1,2] *(underlying fund of the Visa Global Equity Fund)*	DB/DC
	BlackRock Global Minimum Volatility Index[1] *(underlying fund of the Visa Global Equity Fund)*	DB/DC
	BlackRock Global Developed Fundamental Weighted[1] *(underlying fund of the Visa Global Equity Fund)*	DB/DC
HSBC	HSBC Islamic Fund	DC
Insight Investment Management	Insight Broad Opportunities Fund[1] *(underlying fund of the Visa Multi Asset Fund)*	DC
Legal & General Investment Management ("LGIM")	LGIM UK Equity Index	DC
	LGIM Future World Global Equity Index *(underlying fund of the Visa Responsible Investment Fund)*	DC
Schroders Investment Management	Schroder Global Equity Fund	DC
	Schroder Global Emerging Markets Fund[1] *(underlying fund of the Visa Global Equity Fund)*	DB/DC
Scottish Widows	Managed Fund[3]	DC

1. *Fund used in the DC primary default arrangement.*
2. *The unhedged variant of this fund is also available as a DC self-select option. Commentary relating to this fund is also relevant to the unhedged variant.*
3. *The Scottish Widows Managed Fund is wholly invested in the Schroders Progressive Growth Strategy. The voting and engagement policy for Schroders is noted below.*

Ballie Gifford – Voting activity

Baillie Gifford's Governance and Sustainability team oversees its voting analysis and execution in conjunction with its investment managers. It uses research from proxy advisers (Institutional Shareholder Services ("ISS") and Glass Lewis) for information purposes only and does not delegate or outsource any of its stewardship activities. Baillie Gifford does not follow or rely upon proxy advisers' recommendations when deciding how to vote on its clients' shares. All client voting decisions are made in-house in line with its in-house policy and not with the proxy voting providers' policies. Baillie Gifford also has specialist proxy advisors in the Chinese and Indian markets to provide it with more nuanced market specific information.

Baillie Gifford analyses all meetings in-house in line with its Governance & Sustainability Principles and Guidelines. It believes that voting should be investment led because it is part of the long-term investment process.

Baillie Gifford endeavours to vote in relation to every one of its clients' holdings in all markets.

Voting example: Indonesian People's Bank (March 2022)

Baillie Gifford voted against a resolution for PT Bank Rakyat Indonesia TBK ('Indonesian People's Bank'). The resolution was in relation to the boards remuneration policy. Baillie Gifford voted against the resolution because independent directors receive incentive-based pay which could compromise their objectivity. Baillie Gifford has been opposing such remuneration proposals since 2018 due to independent directors' incentive-based pay. Baillie Gifford continue to encourage the company to remunerate directors through fixed fees; however, so far have not been successful in this engagement effort.

Ballie Gifford - Engagement activity

Baillie Gifford focuses on stewardship through long-term value creation, board effectiveness, sustainable remuneration targets, fair treatment of stakeholders and longevity of business practices. It states that the UN Sustainable Development Goals have been central to benchmarking its progress in pursuing ESG considerations.

Baillie Gifford integrates governance and sustainability into its investment process through researching individual companies on their long-term prospects and negative screening/positive selection processes. Baillie Gifford engage through regular meetings with management and board members to monitor performance, with many of these meetings being attended by its Governance and Sustainability team. Baillie Gifford then sets objectives when engaging with these companies and states that its strategy to steer change is through active encouragement and engagement rather than immediate disinvestment. This may take the form of approaching the company with its concerns, meetings with management, or voting against management. It states that disinvestment or a reduction in holdings may occur if the company continues to fall short of ESG friendly practices and goals.

When Baillie Gifford has a continued issue with a company and the progress through its traditional engagement channels has stalled, it may decide to escalate its engagement through several ways including writing letters to the chair and join collaborative initiatives with other asset managers and asset owners. In extreme circumstances, Baillie Gifford may make public statements or decide to sell out of its holding.

Engagement example: Deere & Company (March 2022)

Baillie Gifford met with the Director of Sustainability of Deere & Company, an American agricultural machinery manufacturer, to discuss Deere's recently published sustainability report, which has progressed significantly over the past two years. Baillie Gifford expressed its support for the new focus on product impact, greater transparency around ESG governance, measurement and disclosure of Scope 3 greenhouse gas (‘GHG’) emissions, Science-based targets for GHG emissions, and the new range of sustainability targets focusing on business practices and product impact. Baillie Gifford spent most of the time understanding the details of the targets related to product impact, including how baselines are set and how Deere plans to measure progress.

Baillie Gifford gained a deeper understanding of Deere's software and data business and had greater faith in the intent of Deere to deliver impact through its products. Baillie Gifford also voiced its support for the recent moves the company has made to expand the software to farmers, and in reaching an amicable agreement with the trade union.

BlackRock – Voting activity

BlackRock’s proxy voting process is led by its Investment Stewardship team. Voting decisions are made by the Investment Stewardship team with input from investment colleagues. BlackRock’s voting decisions are informed by its voting guidelines, its engagements with companies, and research on each underlying company. BlackRock reviews its voting guidelines annually and updates them as necessary to reflect changes in market standards, evolving governance practice and insights gained from engagement over the year.

BlackRock subscribes to research from the proxy voting advisers ISS and Glass Lewis. BlackRock uses the research and its own analysis to identify companies where additional engagement would be beneficial. BlackRock does not routinely follow the voting recommendations of its proxy voting advisers.

Voting example – firm level: Bank of Montreal (April 2022)

BlackRock voted against a management resolution for Bank of Montreal, to adapt a policy to ensure the bank’s financing is consisting with the International Energy Agency (“IEA”)’s net zero emissions by 2050 scenario. BlackRock voted against the proposal because the request was not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company. The vote did not pass. BlackRock will continue to engage with the Bank of Montreal, and other companies on similar resolutions.

Voting example - firm level: Ocado Group PLC (May 2022)

BlackRock voted against a management resolution for Ocado Group PLC, a UK online grocery retailer that specializes in developing and supplying online retailing technology (including distribution logistics) to other grocers. The proposal was to re-elect Julie Southern of the remuneration committee. BlackRock voted against the proposal because the remuneration arrangements are poorly structured, and there has been insufficient progress with respect to sustainability related reporting. The vote got passed. BlackRock will continue to engage with the Ocado, and other companies on similar resolutions.

BlackRock - Engagement activity

BlackRock considers engagement to be at the core of its stewardship efforts. It enables BlackRock to provide feedback to companies and build a mutual understanding about corporate governance and sustainable business practices. Each year, BlackRock sets engagement priorities to focus on, such as governance and sustainability issues that it considers to be most important for companies and its clients.

BlackRock's priorities reflect an emphasis on board effectiveness and the impact of sustainability-related factors on a company's ability to generate long-term financial returns. BlackRock's stated key engagement priorities include board quality, climate and natural capital, strategy purpose and financial resilience, incentives aligned with value creation, company impacts on people.

More information can be found here: https://www.blackrock.com/corporate/literature/publication/blk-stewardship-priorities-final.pdf

Engagement example - firm level: Vale (2021)

BlackRock has engaged with Vale S.A. ("Vale"), a Brazilian mining company, since 2019. In January 2019, a tailings dam at one of Vale's iron ore mines collapsed, killing hundreds of people. Tailings dams are used to store water and waste that are by products from the mining process. The collapse also caused significant environmental damage.

Over the course of 2020 and 2021, BlackRock held frequent engagements with Vale. Vale provided updates on the dam collapse, including the status of the investigation and the final settlement. Vale provided additional context on: 1) the steps taken to strengthen risk management and governance policies to ensure the safety of people and operations; and 2) the remediation measures regarding the environmental damage and socio-economic impact on the local community.

HSBC – Voting activity

HSBC uses the services provided by proxy voting advisor ISS to assist with the global application of its own voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene HSBC guidelines. HSBC then reviews voting policy recommendations for all active holdings, which enables it to ensure that ISS has applied the policy correctly and to determine whether there are company-specific reasons to depart from the policy.

HSBC state that it often provides feedback to ISS on its application of the policy - either to amend the recommendation for a particular meeting or for future meetings. A decision to depart from a policy recommendation will be made by the portfolio manager and/or a member of the Governance team. This could result from an investment insight into the company concerned that goes beyond the ISS analysis or from an engagement with the company which indicates that the governance concern is misplaced or will be addressed. Reasons for departures from policy are recorded and reviewed subsequently by a governance oversight group.

HSBC policy is applied at three levels: market-specific criteria for developed Europe; global 'good practice' standards for other developed markets; more flexible application for emerging and frontier markets.

Voting example: Apple Inc. (March 2022)

On 4 March 2022, HSBC voted in favour of the shareholder resolution to Report on Civil Rights Audit for Apple Inc. HSBC voted in this way because HSBC supports shareholder proposals calling for enhanced reporting on activities where these may help understand how underlying risks are managed and addressed. The shareholders supported the proposal and the resolution was approved. HSBC deemed this vote significant as HSBC voted against management and in a method that is representative of HSBC's voting guidelines.

HSBC – Engagement activity

HSBC states that it meets with companies on a range of ESG issues and have a clear set of engagement objectives which may include:

- Improving understanding of a company's business and strategy;
- Monitoring performance;
- Signalling support or raising concerns about company management, performance or direction;
- Promoting good practice.

HSBC undertakes a risk assessment on an annual basis, helping to identify ESG practices of concern in different regions and where it has the most exposure on an absolute and relative basis. It prioritises themes, sectors or key stocks on the basis of scale of client holdings, salience of the issues concerned and HSBC's overall exposure. This process results in the development of an annual engagement plan.

HSBC has developed a process for each formal equity engagement based on setting defined company specific objectives, tracking progress made, measuring company action and recording engagement. It meets with companies on a range of issues. Its active equity and credit analysts engage with issuers as part of the investment process, both before and during the period of investment and also cover ESG issues.

When analysing issuers, HSBC considers which specific ESG factors are generally material for the industry in which each company operates. It also uses proprietary sector-specific weighting for ESG factors to reflect the materiality of each set of issues to the sector. The factors included above are by no means exhaustive, and it can consider further unlisted ESG factors that may have meaningful impact on companies' future potential

Engagement example: BHP (2022)

BHP is one of the world's largest producers of iron ore, mining a range of other minerals, including metallurgical and thermal coal, as well as maintaining oil & gas production. HSBC believed the company had been a leader in its sector in addressing the challenges of carbon transition but needed to make new commitments to meet rising investor expectations.

HSBC is the European lead investor with the company under Climate Action 100+ and met the company more than a dozen times over 2021, providing feedback on various aspects of its climate strategy, as well as co-ordinating support investors and engaging with other listed members of the controversial Minerals Council of Australia lobby group.

In 2022, HSBC met with representatives from the company, including the Chairman, to discuss the feasibility of achieving net zero for scope 3 emissions. The discussion was ongoing, regarding the use of metallurgical coal in steel production. Innovative technologies are being investigated but a solution is not in sight at the moment. In addition to this, the company agreed to add a "say on climate" resolution at its next AGM, following HSBC's recommendation.

Insight – Voting activity

Insight provides detailed voting guidelines to Minerva, a third-party proxy voting servicer. Minerva monitors company meeting agendas and items to be voted on. Minerva reviews each vote against Insight's specific criteria and provides a recommendation for each item.

Insight votes in line with the recommendations of the proxy voting agent and documents where it makes a voting decision against the recommendation. The rationale for abstaining or voting against the voting recommendation is retained on the Minerva platform on a case-by-case basis.

Minerva identifies contentious issues that represent a significant monetary or strategic decision. Where there is no conflict identified, these proxies are voted by the Portfolio manager as an investment decision.

Where Insight has a significant holding and the proxy agent does not make a voting suggestion, the vote will undergo a conflict check. When a conflict or potential conflict is identified, the vote will be escalated to the Proxy Voting Group.

Voting decisions are communicated to Minerva. These votes are submitted to shareholder meetings through a specific proxy. Minerva provides reports on voting activity to Insight quarterly. Voting data is available to clients upon request. Insight’s voting record is posted annually on its website.

Voting example:

The strategy invests in listed closed-end investment companies with a focus on generating cash through social and public, renewable energy and economic infrastructure sectors. The nature of these close-end investments is that there is an independent board acting on behalf of shareholders This generally limits contentious issues that can arise with other listed entities. As a result, examples of significant votes cast that may be comparable to other listed entities are not applicable to the fund.

Insight - Engagement policy

A key element of stewardship is proactive engagement with companies to ensure accurate analysis and to influence them to improve their practices. This engagement with issuers is a key part of insight's credit analysis and monitoring and complements its approach to responsible investment. Given the size and depth of Insights credit analyst resource, one of the key inputs into its ESG analysis is the direct information which it receives from companies via engagements that take place with them.

As a matter of policy, all Insight's credit analysts meet with issuers to discuss ESG-related and non-ESG related issues. Each analyst identifies the engagement issues relevant for each specific issuer. Insight will use ESG ratings and its proprietary carbon model to engage so-called ‘laggard’ companies.

Meetings with company management provides the most effective and timely opportunity to raise these issues. If Insight does not already have regular meetings with a company’s management, its investment teams are encouraged, in the first instance, to request a meeting with them. Where this is not possible, or additional action is deemed appropriate in order to further the interests of their clients, Insight may consider raising the issues with the company’s broker or, if appropriate, the chairman. Further to this if Insight do not receive a response from the issuer regarding engagement, then it will lead on a wider collaborative initiative, via the PRI or by engaging with other investors, to achieve greater influence over the issuer.

Engagement example:

In Q1 2022, Insight engaged with Digital 9 Infrastructure plc. The company had announced a number of changes to the board including the appointment of a new Chairperson effective from May 2022. The company’s board is responsible for providing an overall oversight function on behalf of all shareholders.

Insight engaged with the new Chairperson of the company in May 22 to review the Board’s overall capabilities to fulfil an effective governance role. Insight also suggested a balanced approach to managing the existing portfolio vs growth opportunities over the medium term. Insight aims to follow up on Board personnel changes over time to review capability transitions. At this stage, Insight retains the holding in the portfolio.

LGIM – Voting activity

LGIM uses proxy voting adviser ISS” to execute votes electronically and for research. LGIM also receives research from Institutional Voting Information Service (“IVIS”). This augments LGIM’s own research and proprietary ESG assessment tools. LGIM does not outsource any part of the voting decisions to ISS. LGIM has a custom voting policy in place with ISS. This seeks to uphold what LGIM considers to be best practice standards companies should observe. LGIM can override any voting decisions based on the voting policy, if appropriate, for example if engagements with the company have provided additional information.

Voting example - UK Equity Index Fund: Sage Group Plc (February 2022)

In February 2022, LGIM voted against the resolution to re-elect Drummond Hall as a Director for Sage Group Plc. LGIM voted in this way because it believes that there is lack of gender diversity on the board. It considers issues around diversity and inclusion to be a material risk to companies and it expects boards to have at least one-third female representation. 94.4% of shareholders voted in favour of the resolution. LGIM deemed this vote significant as it views gender diversity as a financially material issue for clients, with implications for the assets it manages on their behalf.

Voting example - LGIM Future World Global Equity Index: Accenture (January 2022)

In January 2022, LGIM voted against the management of Accenture, a professional services company, on a resolution to elect Arun Sarin as a Director. In addition to the proposed role, Arun is CEO of Vodafone. LGIM voted against the proposal because it expects board members not to hold too many external positions to ensure they can undertake their duties effectively. The vote passed with 86% votes in favour of the resolution. LGIM will continue to engage with its investee companies publicly advocate its position on this issue. LGIM considers this vote to be significant as it is an escalation of an engagement by vote on the topic of the combination of the board chair and CEO.

LGIM - Engagement activity

LGIM has a six-step approach to its investment stewardship engagement activities, broadly these are:

1. Identify the most material ESG issues,
2. Formulate the engagement strategy,
3. Enhancing the power of engagement,
4. Public policy and collaborative engagement,
5. Voting, and
6. Reporting to stakeholders on activity.

LGIM monitors several ESG subjects and conducts engagement on various issues. It's top five engagement topics are climate change, remuneration, diversity, board composition and strategy. LGIM's engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all their clients.

Engagement example - Firm level: Antimicrobial resistance (2021)

Over 2021, LGIM engaged with several companies on the topic of antimicrobial resistance. Antimicrobial resistance occurs when bacteria, viruses, fungi and parasites change over time and no longer respond to medicines making infections harder to treat and increasing the risk of disease. The overuse and inappropriate use of antimicrobials in human activities are often linked to antimicrobial agents getting into the ecosystem. In particular, water sanitation systems have not been designed to address antimicrobial resistance.

LGIM wrote to 20 water utility companies to understand if they were aware of the issue of antimicrobial resistance and if they plan to introduce monitoring systems to detect antibiotic-resistant bacteria. LGIM also had meetings with some of the companies and found that awareness of the issue was generally low. LGIM believed this was due to the lack of regulatory requirements and little perception of the potential business risks.

After these engagements, LGIM found several investee companies were considering their approach to antimicrobial resistance. In particular, one utility company sought to understand what happens to contaminants in its wastewater treatment process and implemented a programme to try to understand improvements it could make to its systems.

Schroders – Voting activity

Schroders uses research from ISS and IVIS, but it states that this is only one component of the analysis which feeds into its voting decisions. Schroders's own research is integral to its final voting decision. This research is conducted by its financial and ESG analysts. For contentious issues, Schroders's Corporate Governance specialists will engage with the relevant analysts and portfolio managers to seek their views and better understand the corporate context.

Schroders considers significant votes to be ones against a company management's recommendation. It opposes management if it believes that doing so is in the best interests of shareholders and its clients. This can be used as an escalation method for an engagement that is not progressing or may start an engagement period with the company concerned. After every vote against management, Schroders will email the company's Investor Relations team to tell them how it voted and the rationale for this. Schroders discloses its voting activity publicly. On a monthly basis, Schroders produces voting reports which detail how votes were cast, including votes against management and abstentions.

Voting example - Schroder Global Equity: BHP (November 2021)

In November 2021, Schroder voted against a management resolution for BHP Group Limited (BHP), an Australian multinational mining, metals, natural gas petroleum company. The proposal was to approve capital protection, which would require BHP to explain how its capital expenditure and operations will be managed in a way that minimises asset risk. Schroder voted against the proposal because the company already reports on this issue through various climate disclosures and feel that the specific requests of the resolution are overly prescriptive. The vote got passed. Schroders will continue to vote in line with its voting guidelines on future resolutions.

Voting example - Schroder Global Emerging Markets: Lojas Renner (November 2021)

In November 2021, Schroder voted against a management resolution for Lojas Renner, a large Brazilian department store. The resolution was to approve long-term incentive plans, based on performance shares, restricted shares, and matching shares. Schroder voted against the proposal because only 1 out of the 3 plans are tied to performance conditions and it is not clear what proportion of the full award this will represent. Although Schroders did not report on the outcome of the vote, it will continue to vote in line with its voting guidelines on future resolution.

Schroders - Engagement activity

Schroders believes that engagement provides it with an opportunity to influence company interactions with its stakeholders; ensuring that the companies it invests in are treating their employees, customers and communities in a responsible way. Schroders engages on a broad range of topics including climate risk.

In Schroders's ISF Securitised Credit Fund, cashflows from various loans, such as mortgages, car loans and credit card payments, are grouped together into bonds known as asset-backed securities. In its engagements, Schroders engages with the managers of the underlying loan products. Schroders has developed questionnaires specifically for collateralised loan obligations managers and commercial mortgage-backed securities managers, which it issues as part of its engagements. The information received is incorporated into its manager due diligence.

Engagement example – firm level: OneMain Financial (2021)

In 2021, Schroders engaged with financial services company, OneMain Financial, about its financing for its consumers that are more 'credit insecure'. OneMain Financial shared with Schroders its criteria for defining 'credit insecure' customers and how it achieves better credit results with this borrower base by offering borrowers financial education and services. Schroders also discussed differences between OneMain Financial and its peers, specifically disruption potential to its operations and consumer servicing from storms.

Fixed Income Funds

Whilst voting rights are not applicable to non-equity mandates, the Trustee recognises that debt investors have significant capacity for engagement with issuers of debt. Debt financing is continuous, and therefore a vested interest on the part of debt issuers is to ensure that institutional investors are satisfied with the issuer's strategic direction and policies. Whilst upside potential may be naturally limited in comparison to equities, downside risk mitigation and credit quality is a critical part of investment decision-making.

Over the year, the material fixed income funds held by the Plan are detailed below.

Fund Manager	Fund	Plan use
Aegon	European Asset Backed Securities ("ABS") Fund	DB
BlackRock	BlackRock Aquila Life Corporate Bond All Stocks Index[1] *(underlying fund of the Visa Bond Fund)*	DC
	BlackRock Systematic Multi-Allocation[1] *(underlying fund of the Visa Bond Fund)*	DC
	Fixed Income Global Opportunities	DB
Insight Investment Management	Bonds Plus Fund	DB
Legal & General Investment Management ("LGIM")	LGIM Pre-Retirement Fund	DC
T. Rowe Price	Dynamic Global Bond Fund	DB

1. *Fund used in the DC primary default arrangement.*

Engagement policies and examples relating to BlackRock, Insight and LGIM are covered above in the equity section.

Aegon – Engagement activity

Aegon believes that actively engaging with companies to improve their ESG performance and corporate behaviour is generally more effective than excluding companies from investment. Engagements are conducted by its investment managers, research analysts and its Responsible Investment team.

When engaging with portfolio companies, Aegon considers the UK and Dutch Stewardship Codes and the Principles for Responsible Investment ("PRI"). Aegon also participates in collaborative engagement initiatives such as the UK Investor Forum and the Institutional Investors Group on Climate Change.

Aegon engages with ABS issuers regularly through ESG questionnaires that are specific for consumer loan ABS. It has meetings to discuss the questionnaire answers, the companies' ESG goals and any areas for improvement.

Engagement example: Creditis

Aegon engaged with Creditis to create and improve ESG awareness among ABS issuers. Creating and improving ESG awareness is a broad theme in engagements with ABS issuers and connects to multiple UN Sustainable Development Goals. Through these engagements which could have an environmental, social and/or governance angle dependent on the specific issuer, Aegon try to have a positive impact on society and strongly encourage the ABS issuers to move forward in ESG awareness and development. In this case the focus of the engagement was to get more insight in the loan purpose of the consumer loan that were originated by the company, so that Aegon would be able to assess whether the loans would have an impact from an environmental angle (i.e., green purposes like the financing of solar panels). Furthermore, Aegon suggested to the company to increase the origination volumes of loans with a green purpose by offering the borrowers a discount if the loan purpose has an environmental impact.

As a result, the company gave Aegon more insight in the loan purposes which benefited Aegon's ability to make a thorough ESG analysis also the company embraced (and realised) Aegon's recommendation to issue loans with a green loan purpose for which the borrowers receive a 50bps discount in the interest rate.

T. Rowe Price – Engagement activity

When engaging with companies, T.Rowe Price looks for factors which could have a negative impact on performance, rather than focusing on broad engagement themes. It will sometimes ask companies to make specific changes or seek more information on an ESG issue to ensure investment decisions are well informed.

T.Rowe Price's engagement programme is driven by its portfolio managers who are supported by its analysts and specialists in corporate governance and sustainability.

Engagement example: Ambev

In late 2021 and early 2022, T.Rowe Price engaged with Ambev, a Brazilian brewer, regarding human and labour rights related issues. Earlier in the year, Ambev was fined for the illegal employment in slavery-like conditions of Venezuelan migrants working for a transportation subcontractor. T.Rowe's engagement sought to better understand the controversy, whether the incident was indicative of any organisational or cultural issues at the company, and what actions management took in response to the event.

As a result of the incident, Ambev terminated the subcontractor's contract immediately in line with its company policy. Ambev also launched a full investigation into the incident. Ambev noted that it is making its supply chain risk management more robust by using data analytics and enhanced auditing. The company has enlisted several consultants to support this process.

T.Rowe Price believes that Ambev acted quickly and responsibly in relation to the incident. It also sees that the company is researching and investing in ways to make its supply chain management more robust and mitigate the risk of future controversies. T.Rowe Price continues to invest in the company.

Real Estate & Other Alternative Funds

The Trustee acknowledges that the ability of other alternative / real estate managers to engage with and influence investee companies may be less compared to equity managers. However, it is encouraging to see from the information they provided for the Statement that the managers are aware and active in their role as stewards of capital.

Over the year, the material real estate and other alternative funds held by the Plan are listed below.

Fund Manager	Fund	Plan use
BlackRock	BlackRock Liquid Environmentally Aware Fund[1] *(underlying fund of the Visa Cash Fund)*	DC
DRC	UK Whole Loan Fund	DB
ICG Longbow ("ICG")	Real Estate Debt V	DB
Invesco	Invesco Global Real Estate[1] *(underlying fund of the Visa Property Fund)*	DC
Legal & General Investment Management ("LGIM")	Managed Property Fund	DB

1. Fund used in the DC primary default arrangement.

Engagement policies and examples relating to BlackRock and LGIM are covered above in the equity section.

DRC – Engagement activity

DRC Capital identifies engagements by encouraging change in the individual company. It prioritises engagements with Industry bodies, consultants, Pension consultant firms and ESG specialist firms.

DRC Capital engages through regular meetings with the management and the board members to monitor performance. It engages with the borrower from the initial screening stage and through the ongoing lifecycle of the investment. It follows up on quarterly basis with the company.

Engagement example: Project Laser House

In 2021 and 2022, DRC engaged with Project Laser House on the topic of environmental improvement to the project's asset through debt financing of capex. DRC set out the engagement processes which was followed through communication with Project Laser's borrower.

DRC engaged with the borrower from the initial screening stage and through the ongoing lifecycle of the investment. DRC requested detailed information on the borrower's ESG intentions with the asset. DRC appointed a third-party consultant - Nova Consulting - who provided an independent report on the Environmental aspects of the loan. DRC then went on to engage with the borrower to discuss the capex program and the size of the capex budget in order to achieve certain requirements for the asset. The requirements discussed included

- i) Carbon Emissions and GHG;
- ii) Building Certification;
- iii) Waste and Water Pollution; and
- iv) Building Certification.

When the investment had closed a Project Monitor was appointed to manage the ongoing reporting and comparison of actual works versus the budget. The Asset Management team then monitored all loans and discussed underlying investment performance with the borrower.

ICG – Engagement activity

ICG's engagement with portfolio companies depends on what is relevant for that particular company, and ICG engage on the themes listed on a case-by-case basis, depending on the relevance to the particular investment company ICG is focusing on.

ICG conduct a formal assessment of exposure to climate-related risks across the portfolio every two years with support from a third-party climate consultancy. ICG assess the impact of climate-related drivers associated with both changing climatic conditions (physical risks) and the transition to a low carbon economy (transition risks) related to policy, regulatory, market and technology changes. ICG then conduct a scenario analysis exercise on selected investments which ICG identified as having potentially higher exposure to climate-related risks.

Engagement example – firm level: GLF

The Fund has integrated a Green Loan Framework (GLF) into its investment strategy to incentivise and support borrowers to make environmentally sustainable improvements to their developments, including major refurbishments and operational investments. The Fund has incorporated an ESG-linked bridge facility with the margin linked to two KPIs including:

1. 50% of the Fund's assets under management make use of the GLF

2. More than 50% of the underlying assets have achieved a Green Building Certificate to at least a 'very good' level, including BREEAM (Building Research Establishment Environmental Assessment Method) and LEED (Leadership in Energy and Environmental Design).

Invesco – Engagement activity

At the issuer level, Invesco primarily seek to address problematic areas or opportunities for improvement from an ESG perspective. When engaging with other stakeholders, such as regulators or industry bodies, the goal is more towards creating an inducive environment that would allow for optimal ESG outcomes in an efficient and fair manner, such as alignment with existing frameworks and reduced reporting burden.

While Invesco's engagement activity is based on the premise of a company's continual improvement, it is in a process of setting up an engagement reporting template that tracks engagement outcomes on a yearly basis based on a clearly defined ESG objectives and goals. It is developing an escalation engagement framework to guide stewardship processes and achievements. For example, in 2022 it will be developing a Net-Zero engagement framework that will guide to climate related engagements.

Engagement example: Amazon

Invesco engaged with Amazon, Inc. on the topic of ESG. Amazon received a high number of shareholder proposals on ESG in 2021 and several received significant (>20%) shareholder support.

Invesco expressed its desire for Amazon to report on packaging and set reduction targets at the corporate level. While it won't specifically commit to this, it does plan to replace all plastic mailer envelopes with padder paper mailers by the end of 2022. Another topic for engagement was the development and use of technologies such as "Recognition" and the app "Wickr" by Amazon Web Services (AWS).

Finally, Invesco discussed with Amazon the recent shareholder proposal on Racial Equity Audit, which gained significant votes (44%) at the last AGM. Overall, Amazon didn't take the feedback constructively. In advance of the next AGM, Invesco aims to discuss environmental and social proposals, such as those on packaging, AI technology and Racial Equity.

Appendix 2 – Manager Voting Statistics for the year to 30 September 2022

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 2022.

All information below reflects the voting carried out over the full 12-month period but the Trustee is comfortable that the information provided is reflective of the actual voting carried out for the periods that that the Plan was actually invested in the respective strategies.

Section	Manager	Fund	Use of proxy voting services	Number of resolutions eligible to vote on over the period	% Of resolutions voted on for which the fund was eligible	Of the resolutions on which the fund voted, % that were voted against management	Of the resolutions on which the fund voted, % that were abstained from
DB and DC	BlackRock	Aquila MSCI World Index (Hedged)[1,2]	Yes - subscribe to research from several proxy advisory firms, however, such third-party research is one among many inputs used in BlackRock's vote analysis process.	14,337	87.00%	6.00%	0.00%
	BlackRock	Global Developed Fundamental Weighted Index[1]		9,499	81.93%	5.81%	0.72%
	BlackRock	Global Minimum Volatility Index[1]		5,032	96.00%	5.00%	0.00%
DC	Insight	Broad Opportunities Fund[1]	Yes – Minerva Analytics. Minerva Analytics analyses any resolution against Insight-specific voting policy templates which will determine the direction of the vote.	348	100.00%	2.59%	0.29%
	BlackRock	Aquila Life World (ex UK) Equity Index	Yes – as above.	25,314	94.00%	7.00%	0.00%
	HSBC	Islamic Fund	Yes - ISS	1,678	95.80%	17.40%	0.60%

Legal & General	UK Equity Fund	Yes – ISS platform used but all voting decisions are made by LGIM with no outsourcing of strategic decisions. ISS recommendations are used only to augment LGIM's own research.	10,884	99.93%	5.88%	0.00%
Legal & General	Future World Global Equity Index		52,348	99.85%	18.52%	0.92%
Schroder	Global Emerging Markets Fund[1]	Yes – receive research from ISS and IVIS for general meetings but is only used as one component in the overall voting decision analysis.	1,883	79.93%	9.93%	8.02%
Schroder	Global Equity Fund		2,285	81.40%	10.90%	0.04%
Baillie Gifford	Positive Change Fund	No	172	100.00%	0.00%	0.00%
Scottish Widows	Managed Fund[3]	Yes – receive research from ISS and IVIS for general meetings but is only used as one component in the overall voting decision analysis.	*Not available*			

1. *Fund used in the DC primary default arrangement.*
2. *The unhedged variant of this fund is also available as a DC self-select option. Commentary relating to this fund is also relevant to the unhedged variant.*
3. *The Scottish Widows Managed Fund is wholly invested in the Schroders Progressive Growth Strategy. Schroders have confirmed thy are currently unable to provide voting statistics for this fund.*