

Engagement Policy Implementation Statement (“EPIS”)

The Visa UK Pension Plan (the “Plan”)

Plan Year End – 30 September 2023

The purpose of the EPIS is for the Trustees of the Visa UK Pension Plan, to explain what has been done during the year ending 30 September 2023 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. How policies in the SIP about asset stewardship (including both voting and engagement activity) in relation to the Plan’s investments have been followed during the year; and
2. How voting rights have been exercised including the use of any proxy voting advisory services, and the ‘most significant’ votes cast over the reporting year.

Our conclusion

Based on the activity carried out over the year by the Trustees, their investment advisers and their investment managers, the Trustees are of the opinion that the policies set out in the SIP have been implemented effectively.

The Trustees note that most of the Plan’s investment managers were able to disclose good evidence of voting and/or engagement activity, that the activities completed by managers align with the Trustees’ stewardship expectations, and voting rights have been implemented effectively in practice.

While LGIM provided a comprehensive list of their fund-level engagements, which is encouraging, these examples did not give as much detail as required by the best practice industry standard. Further, Insight was unable to provide fund-level engagement themes because their response was not completed using the latest version of the industry standard template. The Trustees’ investment adviser, Aon, will continue to engage with these managers to encourage better reporting.

How voting and engagement policies have been followed

The Plan is invested entirely in pooled funds, and so the responsibility for voting and engagement is delegated to the Plan's investment managers, which is in line with the Trustees' policy. The Trustees reviewed the stewardship activity of the material investment managers carried out over the Plan year and are of the view that most of the investment managers were able to disclose good evidence of voting and/or engagement activity. More information on the stewardship activity carried out by the Plan's investment managers can be found in the following sections of this report.

Manager presentations

Over the year, the Trustees attended numerous joint training sessions with the Trustee of the Visa Europe Pension Plan, during which investment managers were invited to present an update on their mandates. The Trustees engaged with the investment managers in several areas, including performance, strategy, risk, corporate governance and wider ESG considerations, and highlighted their expectation that these areas continue to be managed appropriately on the Plan's behalf.

Ongoing manager monitoring

The Trustees review the ESG ratings of the Plan's investment managers, provided by its investment adviser on a quarterly basis, to monitor the level of ESG integration. These ESG ratings reflect analysis carried out by the Plan's investment adviser, assessing the Plan's investment managers on the quality of ESG integration as well as the features and impact of their respective stewardship programs. There were no notable changes to fund ESG ratings over the year.

The Trustees also monitor the ESG profile of the Plan's investments through a ESG Dashboard. The Trustees use 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 the Trustees' understanding of reputational risks posed by exposure to controversial sectors and regions and aids decision making during strategy conversations.

Manager appointments

The Trustees have taken into account ESG considerations upon appointment of any new investment managers.

The Trustees also implemented an environmentally aware liquidity fund as the primary liquidity fund within the Plan's LDI strategy with BlackRock.

The Plan's stewardship policy can be found in the SIP:

<https://www.visa.co.uk/dam/VCOM/regional/ve/unitedkingdom/PDF/visa-in-europe/uk-visa-sip-january-2024.pdf>

The SIP demonstrates that:

- The Trustees recognise the importance of their role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Plan invests. The Trustees recognise that ultimately this creates long-term financial value for the Plan and its beneficiaries.
- The Trustees regularly review the continuing suitability of the appointed managers and take advice from their investment adviser with regard to any

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 Environmental Social Governance ("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

changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers.

- The Trustees will engage with the Plan's investment managers as necessary for more information, to ensure that robust active ownership behaviours, reflective of their active ownership policies, are being actioned.

Manager's voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. The Trustees believe that good stewardship is in the members' best interests to promote best practice and encourage investee companies to access opportunities, manage risk appropriately, and protect shareholders' interests. Understanding and monitoring the stewardship that investment managers practice in relation to the Plan's investments is an important factor in deciding whether a manager remains the right choice for the Plan.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. The Trustees expect the Plan's equity-owning investment manager to responsibly exercise its voting rights.

Voting statistics

The table below shows the voting statistics for the Plan's material fund with voting rights for the year to 30 September 2023.

	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
LGIM - All World Equity Index Fund (GBP Currency Hedged)	64,047	99.9%	19.5%	0.6%

Source: LGIM

Note: The LGIM All World Equity Index Fund was fully redeemed on 31 August 2023.

Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how the Plan's equity investment manager uses proxy voting advisers.

	Description of use of proxy voting adviser (in the manager's own words)
Legal and General Investment Management ("LGIM")	LGIM's Investment Stewardship team uses Institutional Shareholder Services' ("ISS") 'Proxy Exchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. To ensure LGIM's proxy provider votes in accordance with their position on ESG, a custom voting policy with specific voting instructions has been put in place.

Source: LGIM

Significant voting example

To illustrate the voting activity being carried out on our behalf, the Trustees asked the Plan's equity investment manager to provide a selection of what it considers to be the most significant votes in relation to the Plan's assets. A sample of it can be found in the appendix.

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.

Source: UN PRI

Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

Managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Plan's material managers. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm level i.e. is not necessarily specific to the funds invested in by the Plan.

Funds	Number of engagements		Themes engaged on
	Fund specific	Firm level	
LGIM - All World Equity Index Fund (GBP Currency Hedged)	818	1,224	Environment - Climate change, Natural resource use/impact (e.g. water, biodiversity) Social - Human capital management (e.g. inclusion & diversity, employee terms, safety) Governance - Remuneration Strategy, Financial and Reporting - Reporting (e.g. audit, accounting, sustainability reporting) Others - ESG Scores
Insight Investment Management ("Insight") - Bond Plus Fund	102	948	Environment - Climate Change Social - Human capital management Governance - Board effectiveness – Independence or Oversight, Board effectiveness – Other Strategy, Financial and Reporting - Capital allocation, Strategy/purpose, Risk management
T. Rowe Price - Dynamic Global Bond Fund	16	778	Environment - Pollution, Waste, Climate change Social - Human capital management (e.g. inclusion & diversity, employee terms, safety) Governance - Remuneration Strategy, Financial and Reporting - Reporting (e.g. audit, accounting, sustainability reporting), Strategy/purpose, Capital allocation
Aegon Asset Management ("Aegon") - European Asset Backed Securities (ABS) Fund	132	441	Environment - Climate change Social - Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying) Governance - Board effectiveness – Diversity Other - Proprietary ESG assessment

Source: Managers.

Note: Insight did not provide fund-level themes; themes provided are at a firm level.

Data limitations

At the time of writing, the following managers did not provide all the information the Trustees requested:

- LGIM did provide fund-level engagement information but not in line with the requested format (the ICSWG engagement reporting template), which the Trustees' advisers consider to be industry standard.
- Insight was unable to provide fund-level engagement themes because their response was not completed using the latest version of the industry standard template (which contains the fund-level themes).

The Trustees acknowledge that the concept of stewardship may be less applicable with respect to its fixed income 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.

Further, this report does not include the additional voluntary contributions (“AVCs”) due to the relatively small proportion of the Plan’s assets that are held as AVCs.

Appendix – Significant Voting Example

In the table below is an example of a significant vote as provided by the Plan's equity investment manager. The Trustees consider a significant vote to be one which the manager considers significant, or a vote where more than 20% of votes were cast against management.

LGIM - All World Equity Index Fund (GBP Currency Hedged)	Company name	Amazon.com, Inc
	Date of vote	24-May-2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	1.4%
	Summary of the resolution	Report on Median and Adjusted Gender/Racial Pay Gaps
	How you voted	For (Against Management Recommendation)
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was sent to the company ahead of the meeting.
	Rationale for the voting decision	A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as we believe cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy and society.
	Outcome of the vote	Fail
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with the company and monitor progress.
	On which criteria have you assessed this vote to be "most significant"?	Pre-declaration and Thematic – Diversity: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.

Source: LGIM.

Note: Wording provided directly by investment manager.