

# Engagement Policy Implementation Statement ("EPIS")

## The Visa UK Pension Plan (the "Plan") Plan Year End – 30<sup>th</sup> September 2024

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 2024 to achieve certain policies and objectives set out in the Statement of Investment Principles ("SIP"). It typically 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

The Plan no longer holds any equity investments and therefore does not have any voting rights to exercise. This EPIS is therefore limited to assessing manager engagement activity and considering how the policies set out in the SIP have been followed during the year.

**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 engagement activity, and the activities completed by managers align with the Trustees' stewardship expectations.**

While BlackRock provided comprehensive lists of their fund-level engagements, which is encouraging, these examples did not give as much detail as required by the best practice industry standard. The Trustees' investment adviser, Aon, will continue to engage with BlackRock to encourage better reporting. Further information on this is available in the Data limitations section of this report.

# Engagement Policy Implementation Statement (“EPIS”) (continued)

## How voting and engagement policies have been followed

The Plan is invested entirely in pooled funds, and so the responsibility for 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 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 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, 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 the RI-360i Dashboard, provided by the investment adviser. 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 investment strategy conversations.

From 2024 onwards, the Trustees also receive stewardship insights reporting, provided by its investment adviser on an annual basis, to monitor the degree of engagement of the Plan’s managers.

### Manager appointments

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

The Trustees have 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>

## 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*

# Engagement Policy Implementation Statement ("EPIS") (continued)

## Manager appointments (continued)

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 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.

## 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 at a fund level
	Fund level	Firm level	
<b>Aegon Asset Management ("Aegon") - European Asset Backed Securities (ABS) Fund</b>	127	528	Environment - Climate Change Governance - Board Effectiveness - Diversity; Leadership - Chair/CEO; Remuneration Other - General Disclosure
<b>BlackRock - UK Buy &amp; Maintain Credit Fund</b>	112	3,768	Environment - Climate Risk Management Governance - Corporate Strategy; Remuneration; Board Effectiveness - Independence/Oversight; Board Composition & Effectiveness
<b>Insight Investment Management ("Insight") - Bond Plus Fund</b>	114	2,521	Environment - Climate Change Strategy, Financial & Reporting - Financial Performance; Strategy/Purpose; Capital Allocation; Reporting
<b>T. Rowe Price - Dynamic Global Bond Fund</b>	52	866	Environment - Pollution, Waste Governance - Remuneration; Shareholder Rights; Board Effectiveness - Diversity Other - Proxy Voting Topics

Source: Managers.

# Engagement Policy Implementation Statement ("EPIS") (continued)

## Data limitations

At the time of writing, BlackRock did provide fund level engagement information but not in the ICSWG template, which the Trustees' advisers consider to be industry standard.

In the past, Aon has challenged BlackRock on its ability to provide more granular, product level reporting. Aon were assured that work is in progress to provide high level summaries of engagement with the relevant content to satisfy the ICSWG Engagement Reporting Guide (expected to include evidence of differentiated engagement and real-world outcomes under BlackRock's new Climate and Decarbonisation Programme). This is expected to be available from early 2025. Aon have agreed with BlackRock for them to provide samples of its new reporting regime which satisfies the ICSWG Reporting Guide in the coming months and will continue to engage and support them on this matter.

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.