

# Engagement Policy Implementation Statement (“EPIS”)

## VF Corporation UK Pension Plan (the “Plan”) Plan Year End – 31 December 2023

The purpose of the EPIS is for us, the Trustees of the VF Corporation UK Pension Plan, to explain what we have done during the year ending 31 December 2023 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. How our 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 we have exercised our voting rights or how these rights have been exercised on our behalf, 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 we have undertaken during the year; we believe that the policies set out in the SIP have been implemented effectively.**

In our view, most of the Plan’s material investment managers were able to disclose good evidence of voting and engagement activity, and the activities completed by our managers align with our stewardship expectations.

We delegate the management of the majority of the Plan’s assets to our fiduciary manager, Aon Investments Limited (“Aon”). We believe the activities completed by our fiduciary manager to review the underlying managers’ voting and engagement policies, and activities align with our stewardship expectations. We believe our voting rights have been implemented effectively on our behalf.

## 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. We reviewed the stewardship activity of the material investment managers carried out over the Plan year and in our view, most of the investment managers were able to disclose good evidence of voting and engagement activity. More information on the stewardship activity carried out by the Plan's investment managers can be found in the following sections.

Over the reporting year, we monitored the performance of the Plan's investments on a quarterly basis and received updates on important issues from our investment adviser, Aon. In particular, we received quarterly ESG ratings from Aon for the funds the Plan is invested in where available.

Aon have undertaken a considerable amount of engagement activity over the period and held several Environmental, Social and Governance ("ESG") focussed meetings during the reporting year with the underlying managers across its strategies. Aon discussed ESG integration and voting and engagement activities undertaken by the investment managers, allowing Aon to form opinions on each manager's relative strengths and areas for improvement. Aon continues to execute on their ESG integration approach and engage with managers.

We also receive annual stewardship reports on the monitoring and engagement activities carried out by our fiduciary manager, Aon, which supports us in determining the extent to which the Plan's engagement policy has been followed throughout the year.

Each year, we review the voting and engagement policies of the Plan's investment managers to ensure they align with our own policies for the Plan and help us to achieve them.

The Plan's stewardship policy can be found in the SIP: [link](#)

## Our Engagement Action Plan

Based on the work we have done for the EPIS; we have decided to take the following steps over the next 12 months:

1. While Legal and General Investment Management ("LGIM") did provide a comprehensive list on fund level engagements, which we find encouraging, it did not provide detailed engagement examples specific to the fund in which we are invested, as per the Investment Consultants Sustainability Working Group ("ICSWG") best practice industry standard, and also did not provide overall firm level engagement information. Our fiduciary manager will engage with LGIM to better understand their engagement practices and let the manager know our expectations of better disclosures in the future.
2. BlackRock did not provide complete engagement information requested in line with the Investment Consultants Sustainability Working Group ("ICSWG") industry template due to the nature of the asset class. The manager did, however, share the fund's quarterly report which details

### 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*

its active engagement initiatives with tenants. Our fiduciary manager will continue engaging with BlackRock to monitor and better understand their engagement practices.

3. Schroders did not provide the fund level engagement data requested. Our fiduciary manager will write to Schroders to better understand their engagement practices and discuss the areas which are behind those of its peers.

## Our fiduciary manager's engagement activity

We delegate the management of the Plan's defined benefit assets to our fiduciary manager, Aon. Aon manages the Plan's assets in a range of funds which can include multi-asset, multi-manager and liability matching funds. Aon also selects the underlying investment managers on our behalf.

We delegate monitoring of ESG integration and stewardship of the underlying managers to Aon. We have reviewed Aon's latest annual Stewardship Report and we believe it shows that Aon is using its resources to effectively influence positive outcomes in the funds in which it invests.

Over the year, Aon held several engagement meetings with many of the underlying managers in its strategies. Aon discussed ESG integration, stewardship, climate, biodiversity, and modern slavery with the investment managers. Aon provided feedback to the managers after these meetings with the aim of improving the standard of ESG integration across its portfolios.

Over the year, Aon engaged with the industry through white papers, working groups, webinars, and network events, as well as responding to multiple consultations.

In 2021, Aon committed to achieve net zero emissions by 2050, with a 50% reduction by 2030 for its fully delegated clients' portfolios and defined contribution default strategies (relative to baseline year of 2019).

Aon also successfully renewed its signatory status to the 2020 UK Stewardship Code, which is a voluntary code established by the Financial Reporting Council that sets high standards on stewardship for asset owners, investment managers and service providers.

### What is fiduciary management?

Fiduciary management is the delegation of some, or all, of the day-to-day investment decisions and implementation to a fiduciary manager. But the trustees still retain responsibility for setting the high-level investment strategy.

In fiduciary management arrangements, the trustees will often delegate monitoring ESG integration and asset stewardship to its fiduciary manager.

## Our managers' 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. We 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. We expect the Plan's equity-owning investment managers to responsibly exercise their voting rights.

### Voting statistics

The table below shows the voting statistics for the Plan's material fund with voting rights for the year to 31 December 2023.

Funds	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
Legal & General Investment Management (LGIM) Multi Factor Equity Fund	12,217	99.9%	21.3%	0.1%

Source: Manager. Please note that the 'abstain' votes noted above are a specific category of vote that has been cast and are distinct from a non-vote.

### 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 manager uses proxy voting advisers.

Managers	Description of use of proxy voting adviser(s) (in the managers' own words)
LGIM	LGIM's Investment Stewardship team uses Institutional Shareholder Services (ISS) 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM, and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions.

Source: Manager.

### Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Plan's investment manager to provide a selection of what it considers to be the most significant votes in relation to the Plan's funds. A sample of these significant votes 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.

## Our 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/ firm level
	Fund level	Firm level	
PIMCO Climate Bond Strategy Fund	186	1,355	Environment - Climate Change Governance - Board, Management & Ownership Strategy, Financial & Reporting - Strategy/Purpose; Capital Allocation Other - ESG Bonds
Robeco SDG Credit Income Fund	17	319	Environment - Climate Change; Natural Resource Use/Impact Social - Human and Labour Rights Governance - Brd Eff. - Other Other - SDG Engagement
LGIM Multi Factor Equity Fund	296	Not provided	Environment - Climate Impact Pledge; Climate Change Social - Gender Diversity Governance - Remuneration; Board Composition
Aegon European ABS Fund	127	528	Environment - Climate Change Governance - Brd Eff. - Diversity; Leadership - Chair/CEO; Remuneration Other - General Disclosure
M&G Investments Sustainable Total Return Credit Investment Fund	13	297	Environment - Net Zero/Decarbonisation Social - Diversity and Inclusion; Inequality Governance - Board Composition; Remuneration
Robeco Global Credits - Short Maturity Fund	28	319	Environment - Climate Change; Natural Resource Use/Impact Social - Human and Labour Rights Governance - Brd Eff. Other - SDG Engagement
BlackRock - UK Property Fund <sup>1</sup>	Not provided	Not provided	Environment – Net Zero Carbon Commitment, Climate Risk Analysis, EPC (Energy performance certificates) Management Social – Tenant Engagement, Property Manager and Vendor Monitoring Strategy Financial and Reporting - Sustainability Data Collation and Monitoring Others - ESG integration in the Fund's due diligence processes, Green Leases / Green Clauses within Lease Agreements
Schroders - UK Property Fund <sup>2</sup>	Not provided	6,724	Environment- Decarbonising; Deforestation; Climate Risk, Oversight Governance- Boards and Management; Corporate Culture

Source: Managers. Brd eff. refers to Board effectiveness.

<sup>1</sup>BlackRock provided some engagement information on the engagement with their tenants but not the number of engagements at firm and/or fund levels.

<sup>2</sup>Schroders 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 we requested:

- LGIM did provide fund level engagement information but not in the industry standard Investment Consultants Sustainability Working Group ("ICSWG") template. Additionally, the manager did not provide any firm level engagement information.
- BlackRock did not provide any engagement data for its UK Property Fund. BlackRock stated that the Fund does not hold publicly listed securities, hence they do not produce an engagement report. They did, however, share the fund's quarterly report which details its active engagement initiatives with tenants.
- Schroders did not provide the fund level engagement data requested.

This report does not include commentary on certain asset classes such as gilts and cash because of the limited materiality of stewardship to these asset classes. 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 Examples

In the table below are some significant vote examples provided by the Plan's manager. We consider a significant vote to be one which the manager considers significant. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below, in manager's own words:

<b>LGIM Multi Factor Equity Fund (Example 1)</b>	<b>Company name</b>	Alphabet Inc.
	<b>Date of vote</b>	2 June 2023
	<b>Approximate size of holding as at the date of the vote</b>	0.7%
	<b>Summary of the resolution</b>	Resolution 18 - Approve recapitalization plan for all stock to have one-vote per share
	<b>How you voted</b>	Support
	<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
	<b>Rationale for the voting decision</b>	Shareholder Resolution - Shareholder rights: A vote in favour is applied as LGIM expects companies to apply a one-share-one-vote standard.
	<b>Outcome of the vote</b>	Fail
	<b>Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution.
<b>LGIM Multi Factor Equity Fund (Example 2)</b>	<b>On which criteria have you assessed this vote to be "most significant"?</b>	High Profile meeting - This shareholder resolution is considered significant due to the relatively high level of support received.
	<b>Company name</b>	Toyota Motor Corp.
	<b>Date of vote</b>	14 June 2023
	<b>Approximate size of holding as at the date of the vote</b>	0.1%
	<b>Summary of the resolution</b>	Resolution 4 – Amend articles to report on corporate climate lobbying aligned with Paris Agreement
	<b>How you voted</b>	Support
	<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting.
	<b>Rationale for the voting decision</b>	LGIM views climate lobbying as a crucial part of enabling the transition to a net zero economy. A vote for this proposal is warranted as LGIM believes that companies should advocate for public policies that support global climate ambitions and not stall progress on a Paris-aligned regulatory environment. We acknowledge the progress that Toyota Motor Corp has made in relation to its climate lobbying disclosure in recent years. However, we believe that additional transparency is necessary with regards to the process used by the company to assess how its direct and



	indirect lobbying activity aligns with its own climate ambitions, and what actions are taken when misalignment is identified. Furthermore, we expect Toyota Motor Corp to improve its governance structure to oversee this climate lobbying review. We believe the company must also explain more clearly how its multi-pathway electrification strategy translates into meeting its decarbonisation targets, and how its climate lobbying practices are in keeping with this.
<b>Outcome of the vote</b>	Fail
<b>Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	LGIM will continue to engage with the company and monitor progress.
<b>On which criteria have you assessed this vote to be "most significant"?</b>	Pre-declaration and Thematic - Lobbying: LGIM believes that companies should use their influence positively and advocate for public policies that support broader improvements of ESG factors including, for example, climate accountability and public health. In addition, we expect companies to be transparent in their disclosures of their lobbying activities and internal review processes involved.

Source: Manager.