

Implementation Statement

Background

The regulatory landscape continues to evolve as ESG becomes increasingly important to regulators and society. The Department for Work and Pensions ('DWP') has increased the focus around ESG policies and stewardship activities by issuing further regulatory guidance relating to voting and engagement policies and activities. These regulatory changes recognise the importance of managing ESG factors as part of a Trustees' fiduciary duty.

Statement of Investment Principles (SIP)

The SIP can be found online at the web address:

<https://www.gla.ac.uk/myglasgow/payandpensions/pensions/universityofglasgowpensionscheme/>

The SIP in the above link was updated in August 2024. Changes to the SIP are detailed on the following pages.

Implementation Report

This Implementation Report is to provide evidence that the Scheme continues to follow and act on the principles outlined in the SIP. This report details:

- actions the Trustees have taken to manage financially material risks and implement the key policies in its SIP
- the current policy and approach with regards to ESG and the actions taken with managers on managing ESG risks
- the extent to which the Trustees have followed policies on engagement, covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies they invest
- voting behaviour covering the reporting year up to 31 March 2024 for and on behalf of the Scheme including the most significant votes cast by the Scheme or on its behalf

Summary of key actions undertaken over the Scheme's reporting year

- Following discussions at the February 2023 ISC, the Trustees instructed a full redemption from their holdings in the AEW Real Return Fund. The Scheme received proceeds from the first tranche of the disinvestment in Q2 2023 for £4m, with the remaining c.£17.4m being paid out over three tranches across July, August and September.
- The hedge on the LDI portfolio was increased twice over the period to realign it with the one which was in place prior to the extreme volatility in the UK gilt market over September and October 2022. The liability hedge was first increased to 60% (measured on a gilts flat basis) in April 2023. Following the completion of the 2022 Actuarial Valuation, Isio worked with Insight to rebalance the hedge to 70% based upon the updated cashflows. The hedge rebalance (to reflect the revised cashflows from the April 2022 Actuarial Valuation) was completed over November 2023.
- Following the review of the investment strategy and next steps for the Scheme, The Trustees agreed to split the Scheme's existing Liquid ABS allocation with Insight and invest half of the allocation in the Global ABS Fund. This was completed post-reporting period.

Implementation Statement

This report demonstrates that the University of Glasgow Pension Scheme has adhered to its investment principles and its policies for managing financially material considerations including ESG factors and climate change.

Signed

Position

Date

Managing risks and policy actions

Risk/ Policy	Definition	Policy	Actions over reporting period
Interest rates and inflation	The risk of mismatch between the value of the Scheme assets and present value of liabilities from changes in interest rates and inflation expectations.	To hedge 70% (on a flat gilts basis) of the total liabilities movements caused by changes to interest and inflation rates.	The Trustees have agreed to rebalance the liability hedge to 70% (on a gilts basis), following the receipt of new cashflows from the 2022 Actuarial Valuation.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values), and to provide collateral to the LDI manager.	The Trustees regularly monitor the collateral and liquidity position to reduce the impact of this risk via a specific quarterly report provided by the investment consultant.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.	<p>The Scheme undertook strategy changes over the 12 months to 31 March 2024, which are outlined on the previous page.</p> <p>The SIP will be updated to reflect these changes in the next Scheme year.</p>
Credit	Default on payments due as part of a financial security contract.	<p>To diversify this risk by investing in a range of credit markets across different geographies and sectors.</p> <p>To appoint investment managers who actively manage this risk by seeking to invest only in debt securities where the yield available sufficiently compensates the Scheme for the risk of default.</p>	The allocation to credit assets remains diversified in terms of number of managers and credit sub-asset classes.

Risk/ Policy	Definition	Policy	Actions over reporting period
Environmental, Social and Governance (ESG)	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Scheme's investments.	Please see Appendix 3 of the Scheme's SIP for the policy relating to managing Environmental, Social and Governance considerations.	The Trustees undertook their annual ESG impact assessment of the Scheme's mandates in February 2024.
Currency	The potential for adverse currency movements to have an impact on the Scheme's investments.	Hedge all currency risk on all assets that deliver a return through contractual income.	No additional action or change over reporting period.
Non-financial	The views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life of the members and beneficiaries of the Scheme in the selection, retention and realisation of investments.	Non-financial matters are not taken into account in the selection, retention or realisation of investments unless specifically requested as part of the evaluation criteria when selecting managers. However, the Trustees may take specific non-financial matters into consideration if they represent the view of a majority of Scheme members.	No additional action or change over reporting period.

Changes to the SIP

Policies added to the SIP over reporting period

Date updated: August 2023

Leverage and collateral management

The Trustees will adhere to all relevant regulatory guidance and requirements in relation to leverage and collateral management within the Scheme's liability hedging (LDI) portfolio. Further details on this can be found in Appendix 5.

The Trustees have a stated collateral management policy / framework. The Trustees have agreed a process for meeting collateral calls should these be made by the Scheme's LDI investment manager. The Trustees will review and stress test this framework on a regular basis.

Appendix 1 - Investment Arrangements

Scheme Strategic Allocation

The Trustees invest the assets of the Scheme in a mixture of assets (on a pooled basis) with seven managers within the strategic allocation:

(i) *Strategic benchmark allocation (as at 30 June 2023)*

Manager	Mandate	% of Scheme assets
Insight Investment	Buy and Maintain Corporate Bonds/LDI (bespoke pooled)	40.0
Insight Investment	Liquid Asset Backed Securities (ABS) Fund	15.0
JP Morgan	Diversified Credit	10.0
BlackRock Investment Management	Diversified Growth	10.0
Partners Group	Direct Lending	12.5
IFM Investors	Infrastructure Equity	5.0
BlackRock Investment Management	Long Lease Property	7.5
Total	-	100.0

Appendix 4 – Investment Policy Considerations

How the Trustees will engage with investment managers, direct assets and others about “relevant matters”

- The Trustees, via their investment advisers, will engage with managers about “relevant matters” at least annually.
- Example stewardship activities that the Trustees have considered are listed below.
 - **Selecting and appointing asset managers** – the Trustees will consider potential managers’ stewardship policies and activities.
 - **Asset manager engagement and monitoring** – on an annual basis, the Trustees assess the voting and engagement activity of their asset managers. The results of this analysis feeds into the Trustees’ investment decision making.

- **Collaborative investor initiatives** – the Trustees will consider joining/supporting collaborative investor initiatives.

Appendix 5 - Collateral management policy

At the time of writing, the Trustees are targeting a level of collateral sufficient to withstand a yield rise of:

- 400bps held in Tier 1 with the LDI manager

The Trustees will review this no less frequently than annually, or as soon as possible in the event of significant market movements.

The Trustees also adopt a framework for maintaining sufficient collateral levels.

Trigger	Action	Responsibility
LDI fund issues capital call	Assets sold from below collateral waterfall to meet capital call	LDI manager / Trustees
When collateral falls below 300bps	Assets sold from below collateral waterfall to restore buffer to above 300bps (agreed with the LDI manager)	LDI manager responsible for monitoring trigger, Trustees responsible for implementation (as soon as possible with timescales agreed with LDI manager)

The latest collateral waterfall is set out below. Assets held within the immediate collateral framework (Tier 2) with the same manager as the LDI mandate are shown in bold, reflecting the lower governance burden on the Trustees.

Manager	Asset Class	Dealing frequency
LDI manager	Asset Backed Securities	Daily frequency
Non-LDI manager	Diversified Credit	Daily frequency
Non-LDI manager	Diversified Growth	Daily frequency

Implementing the current ESG policy and approach

ESG as a financially material risk

The SIP describes the Scheme’s policy with regarding to ESG as a financially material risk. The Trustees are currently in the process of finalising their ESG beliefs and it is expected that this will be documented in a policy in the future. The rest of this statement details our view of the managers, our actions for engagement and an evaluation of the engagement activity.

ESG summary and engagement with the investment managers

Manager and Fund	ESG Summary	Actions identified	Engagement details
BlackRock Dynamic Diversified Growth Fund	<p>Blackrock have strong firm-wide ESG policies, large, dedicated ESG teams and uses a wide range of internal and third-party data sources all to support and implement its sustainable approach to investing.</p> <p>However, there is less detailed evidence of these ESG objectives being monitored and measured against at a fund level, and the outcomes of any ESG analysis, ratings, and engagement i.e. included to be part of regular reporting at a fund level.</p>	<p>BlackRock should introduce fund-specific ESG objectives.</p> <p>Update its ESG scorecard on an annual basis.</p> <p>Provide Scope 1 & 2 GHG emissions, engagement outcomes and ESG metrics in quarterly reporting specific to the Fund, rather than Diversified Strategies as a whole.</p> <p>Collaborate with the market on ESG issues that are in line with the Fund’s ESG objectives/tilt.</p>	<p>Isio engaged with BlackRock on the Trustees’ behalf to review their ESG policies and set actions and priorities. Isio regularly reports back to the ISC with updates on BlackRock engagements.</p>
BlackRock UK Long Lease Property Fund	<p>BlackRock has a robust firm wide ESG process that is well integrated within its Real Assets platform. Each asset within the portfolio is reviewed from an ESG standpoint and is monitored throughout the lifecycle of an investment. Despite their limited control over properties, they expect to place a greater emphasis on engaging with tenants going forward.</p> <p>BlackRock has committed to improving their ESG framework on an ongoing basis to identify the ESG risk and rewards associated with each underlying asset. BlackRock currently report on some ESG metrics for</p>	<p>BlackRock should report and monitor engagement effectiveness overtime.</p> <p>Provide evidence of detailed ESG metrics within their regular reporting cycle.</p> <p>Establish a firm level net zero target.</p>	<p>Isio engaged with BlackRock on the Trustees’ behalf to review their ESG policies and set actions and priorities. Isio regularly reports back to the ISC with updates on BlackRock engagements.</p>

	<p>the Fund however are actively looking to improve their reporting once data quality is improved.</p>		
<p>JP Morgan – Unconstrained Bond Fund</p>	<p>J.P. Morgan has well-developed ESG and stewardship policies, including a Firm-level commitment to net-zero greenhouse gas emissions by 2050. They have dedicated significant resource to their central Sustainable Investing Team and its programmes, as well as engaging in wide ranging industry collaboration.</p> <p>The Unconstrained Bond Fund does not have ESG objectives and has limited portfolio exclusions. However, the portfolio team do assess and integrate ESG risk during their process. Fund-specific ESG reporting is basic, but J.P. Morgan can provide TCFD metrics for disclosure.</p>	<p>JP Morgan should implement fund-level ESG targets and objectives. Develop portfolio exclusions policy.</p> <p>Carry out an annual review of the ESG scorecard/risk framework.</p> <p>Improve engagement levels.</p> <p>Introduce social metrics into regular ESG reporting and develop TCFD metrics reported on.</p>	<p>Isio engaged with JPM on the Trustees’ behalf to review their ESG policies and set actions and priorities. Isio regularly reports back to the ISC with updates on JPM engagements.</p>
<p>Partners Group - Direct Lending (PMCS 2016, 2018 & 2020)</p>	<p>Partners Group continue to demonstrate a strong firm-wide approach to ESG and have strong ESG teams and practices.</p> <p>They have a strong screening process in their investment approach, using industry recognised guidance, such as the TCFD and UN Global Impact. However, PG lag peers in reporting and therefore seen their score downgraded in this area.</p>	<p>Partners Group should review and update the ESG scorecard on an annual basis.</p> <p>Include climate and social risks within ESG assessments.</p> <p>Provide examples of engagements where they have enhanced ESG specific factors within the mandate.</p> <p>Introduce ESG reporting in regular fund reporting, including ESG metrics.</p>	<p>Isio engaged with Partners Group on the Trustees’ behalf to review their ESG policies and set actions and priorities. Isio regularly reports back to the ISC with updates on the Partners Group engagements.</p>
<p>IFM Global Infrastructure Fund</p>	<p>IFM comprehensively integrate the firm’s Responsible Investment Charter throughout the Fund’s investment process and have a clear process for ESG integration</p>	<p>IFM should develop an ESG scorecard approach to quantify ESG risks.</p> <p>To make climate and social factors a stewardship priority.</p>	<p>Isio engaged with IFM on the Trustees’ behalf to review their ESG policies and set actions and priorities. Isio regularly reports back to the ISC with updates on the IFM engagements.</p>

	<p>through the investment process.</p> <p>They have specifically included climate concerns throughout their assessment approach, with quantifiable metrics and targets at Fund level. GIF should complete its emission reduction plans at the asset level at the earliest opportunity to assess alignment with its net zero targets.</p> <p>Reporting is now TCFD and SFDR aligned but there is potential for more detail in fund-level ESG metrics scoring and reporting, especially for social scoring.</p>	<p>Improve climate scenario testing and impact on Fund value.</p> <p>Continue to improve overall Fund level reporting on ESG metrics, particularly social metrics.</p>	
Insight Liability Driven Investment (“LDI”)	<p>Insight demonstrates a strong commitment to ESG principles, integrating them throughout their investment process.</p> <p>Insight leverage multiple independent ESG data sources and have a dedicated Responsible Investment team ensuring effective integration.</p>	<p>Insight should consider including ESG objectives or focus areas for their LDI funds.</p> <p>Consider publishing the ESG score for the counterparties within the pooled funds or segregated mandates.</p>	<p>Isio engaged with Insight on the Trustees’ behalf to review their ESG policies and set actions and priorities. Isio regularly reports back to the ISC with updates on Insight engagements.</p>
Insight Asset Backed Securities (“ABS”)	<p>Insight has a strong firm-wide approach to stewardship as they have dedicated stewardship analysts who are responsible for setting key engagement priorities. They are also a key industry collaborator and member of several initiatives. However, at the fund level they remain limited by the quantity and quality of data in the ABS market, which is reflected in the low reporting score.</p> <p>Deterioration in the overall ESG score is mainly due to fall in the reporting score. Unlike some peers,</p>	<p>Insight should assess the effectiveness of green, sustainable-linked, or use-of-proceeds bonds for potential inclusion in the portfolios.</p> <p>Consider updating ESG scorecard annually to keep up with best practice.</p> <p>Develop an approach to estimate carbon footprint and include it in ESG reports.</p>	<p>Isio engaged with Insight on the Trustees’ behalf to review their ESG policies and set actions and priorities. Isio regularly reports back to the ISC with updates on Insight engagements.</p>

	Insight do not include carbon footprint analysis in their ESG reports.		
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Engagement

As the Scheme invests via fund managers the managers provided details on their engagement actions including a summary of the engagements by category for the 12 months to 31 March 2024.

Fund name	Engagement summary	Commentary
BlackRock Dynamic Diversified Growth Fund	<p>Total Engagements: 331</p> <p>Environmental: 90</p> <p>Social: 126</p> <p>Governance: 309</p> <p>One engagement can comprise of more than one topic across each company</p>	<p>BlackRock engage with their companies through their Investment Stewardship team in order to provide feedback and inform their voting decisions.</p> <p>An examples of a significant engagement includes</p> <p>Broadcom, Inc – BIS had a call with the semiconductor and infrastructure software provider on the topic of corporate governance, in particular, how incentives align with financial value creation. During the engagement BlackRock discussed with the Company a one-off grant which was awarded to the CEO, the broader-based stock incentive plan and the Board’s approach to succession planning. BlackRock use these engagements to inform their votes decisions on key resolutions, outlined within the voting section below.</p>
BlackRock UK Long Lease Property Fund	<p>BlackRock currently do not provide details of their engagement activities due to the nature of the Fund. Isio will work with BlackRock on the development of the firm’s engagement reporting.</p>	<p>BlackRock’s ESG related engagement is led by the BlackRock Investment Stewardship (BIS) team. BlackRock lease on full repairing and insuring (“FRI”) terms, which means that whilst a tenant is in a property BlackRock has little control over that property, therefore engagement opportunities are scarce.</p>
JP Morgan Unconstrained Bond Fund	<p>Total Engagements: 210*</p> <p>Environmental: 115</p> <p>Social: 97</p> <p>Governance: 95</p> <p>*Note that due to the availability of data JP Morgan have shared as at 31 December 2023.</p>	<p>JP Morgan’s engagement activities are formed as part of their Stewardship model, in which investment professionals liaise with Stewardship specialists on a global scale. The engagements included within their report span beyond fixed income, given the scale of the strategy’s holdings and global dialogue with investee companies.</p> <p>An example of a significant engagement includes:</p> <p>BP PLC – JP Morgan met with BP to discuss issues relating to the underlying themes of governance and environmental. In relation to corporate governance, JP Morgan discussed the remuneration of</p>

		the recently departed CEO, following revelations of improper disclosures of personal relationships with company employees. As part of the engagement, BP revealed that they are introducing a “Culture Committee” to help create a safe space for speaking up in the future.
Partners Group Private Market Credit Strategies 2016 Fund	<p>Total engagements: 4</p> <p>Corporate: 1</p> <p>Other: 3</p> <p>*Note that Partners Group provide data annually, and as such the engagement data shown reflects their activity over the 2023 calendar year.</p>	<p>Partners Group maintains ongoing contact with the management teams of their portfolio companies, however, given their position as lenders they will typically rely on the equity sponsor to report ESG-related concerns and drive ESG improvements. Investing in private companies also reduces the transparency of the information available to assess ESG risks.</p> <p>Partners Group has engaged on mostly governance related issues over the period, rather than environmental or social considerations. An example of a significant corporate governance activity within the portfolio project includes:</p> <p>Envision Healthcare Holdings – Partners Group engaged with the company following it filing for bankruptcy in May 2023. Partners Group assisting with the Company’s restructuring process and in November 2023, the Company was split into two separate entities, Envision Healthcare and Amsurg. Performance of both entities remains strong following the split and both businesses are operating in line their budgets. Partners Group will continue to engage with these Companies.</p>
Partners Group Private Market Credit Strategies 2018 Fund	<p>Total engagements: 5</p> <p>Corporate: 3</p> <p>ESG: 2</p> <p>*Note that Partners Group provide data annually, and as such the engagement data shown reflects their activity over the 2023 calendar year.</p>	<p>Partners Group maintain ongoing contact with the management teams of their portfolio companies, however, given their position as lenders they will typically rely on the equity sponsor to report ESG-related concerns and drive ESG improvements. Investing in private companies also reduces the transparency of the information available to assess ESG risks.</p> <p>Partners Group has engaged on mostly governance related issues over the period, rather than environmental or social considerations. An example of a significant corporate governance activity within the portfolio project includes:</p> <p>Galderma: Partners Group engaged with the company’s management to receive a trading and performance update. Company performance continues to be strong with revenues above those of the previous year. The key driver of this performance was</p>

		<p>volume growth within the aesthetics and consumer segments. The company confirmed that they have managed to mitigate inflationary pressures through brand mix improvements, life cycle management and cost cutting programs.</p>
Partners Group Private Markets Credit Strategies 2020 Fund	<p>Total engagements: 3</p> <p>Corporate: 2</p> <p>ESG: 1</p> <p>*Note that Partners Group provide data annually, and as such the engagement data shown reflects their activity over the 2023 calendar year.</p>	<p>Partners Group maintain ongoing contact with the management teams of their portfolio companies, however, given their position as lenders they will typically rely on the equity sponsor to report ESG-related concerns and drive ESG improvements. Investing in private companies also reduces the transparency of the information available to assess ESG risks.</p> <p>Partners Group has engaged on mostly governance related issues over the period, rather than environmental or social considerations. An example of a significant corporate governance activity within the portfolio project includes:</p> <p>Schwind – Partners Group engaged with the Company’s Sponsor and Management team to set ESG margin ratchets and timelines. Following the engagement, the Company agreed to set KPIs with a focus on greenhouse gas emissions and gender ratios at a Board level. The first reporting date was set for the end of 2023.</p>
IFM Global Infrastructure Fund	<p>IFM currently do not provide details of their engagement activities due to the nature of the fund. Isio will work with IFM on the development of the firm’s engagement reporting</p>	<p>IFM engage through board representation in both their private equity and public market portfolio holdings. IFM will only invest in companies which have appropriate governance structures in place. IFM bring together key executives of their portfolio companies to help spread good ESG practice and objectives across the portfolio.</p> <p>Naturgy – IFM engaged with the Company on the underlying theme of Environment, in particular their alignment with IFM’s commitment to achieving Net Zero across all asset classes by 2050. Naturgy confirmed their commitment to reducing emissions and outlined their long-term climate strategy which includes; increasing the installed capacity of renewable generation, developing biomethane and green hydrogen, developing storage systems and improving value chain energy efficiency. IFM will continue to work closely with the Company on these initiatives.</p>
Insight Liquid ABS	<p>Total engagements: 55</p> <p>Insight currently do not provide details on the underlying</p>	<p>Insight engages with their underlying portfolio projects on a range of ESG issues, mainly related to corporate governance</p>

	<p>engagement themes at the fund level.</p>	<p>within portfolio companies and share issuance.</p> <p>An example of an engagement includes:</p> <p>Lloyds – Insight engaged with the Company to improve their understanding of investors’ ESG concerns and how they can improve their disclosures in this area. As part of the engagement, a Secured Finance portfolio manager from Insight met with a member of Lloyd’s Treasury team to discuss their funding paths over the next 5 years and how ESG requirements might influence this. Following this engagement, the Company agreed to provide Energy Performance Certificates (EPC) across new loan deals. Insight will continue to monitor the provision of EPC information and engage with Lloyds on a firm-wide level.</p>
<p>Insight LDI</p>	<p>Insight currently do not provide details of their engagement activities for LDI Funds.</p>	<p>Insight has engaged with a number of industry participants on long term strategic issues in relation to LDI, including:</p> <ul style="list-style-type: none"> - Green gilt issuance - Liaising with the FCA and TCFD in relation to climate change reporting disclosures - Working with derivative counterparty banks on the integration of ESG factors into the assessment of credit risk <p>The team regularly engages with regulators, governments and other industry participants to address long term structural issues, aiming to stay ahead of regulatory changes and adopt best practice.</p>

Voting (for equity/multi asset funds only)

As the Scheme invests via fund managers the managers provided details on their voting actions including a summary of the activity covering the reporting year up to 31 March 2024. The managers also provided examples of any significant votes.

Fund name	Engagement summary	Examples of significant votes	Commentary
BlackRock Dynamic Diversified Growth Fund	<p>Meetings eligible to vote for: 570</p> <p>Resolutions eligible to vote for: 7,166</p> <p>Resolutions voted for: 94.4%</p> <p>Resolutions voted with management: 89.2%</p> <p>Resolutions voted against management: 5.2%</p> <p>Resolutions abstained from: 1.6%</p>	<p>Broadcom Inc. –</p> <p>BlackRock voted against the appointment of a new Compensation Committee members as they did not believe it aligned with the interest of the long-term shareholders. In particular, BlackRock were concerned about the disproportionate focus on short term goals and lack of alignment between compensation and performance or peers. This resolution passed the vote.</p> <p>BlackRock will continue to monitor the Company's developments in relation to compensation and raise their concerns during engagements or voting..</p>	<p>BlackRock use Institutional Shareholder Services (ISS) electronic platform to execute vote instructions. BlackRock categorise their voting actions into two groups: holdings directors accountable and supporting shareholder proposals. Where BlackRock have concerns around the lack of effective governance on an issue, they usually vote against the re-election of the directors responsible to express this concern.</p>