

University of Edinburgh Staff Benefits Pension Scheme - Implementation Statement for the year ending 31 March 2025

Introduction

The Trustee has prepared this Implementation Statement in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and subsequent amending legislation and those of the Pensions Regulator's General Code of Practice. It sets out how the Trustee has complied with the University of Edinburgh Staff Benefit Scheme's Stewardship Policy as set out in Statement of Investment Principles during the period from 1 April 2024 to 31 March 2025.

The Trustee is satisfied that:

- The Scheme's investments have been managed in accordance with the Scheme's Statement of Investment Principles;
- The Scheme's investments have been managed in accordance with the Scheme's Stewardship Policy during the period; and
- The provisions of the Statement of Investment Principles remain suitable for the Scheme's members.

Statement of Investment Principles

The Statement of Investment Principles sets out the principles and practices the Trustee follow when governing the Scheme's investments. It describes the rationale for selecting the investment strategy and explains the risks and expected returns of the funds used, as well as the Trustee's approach to responsible investing (including climate change).

No changes were made to the Statement of Investment Principles during the period. The Statement was last reviewed in November 2023 and is scheduled for review in November 2025.

The Trustee has prepared this Implementation Statement on the basis of the Statement of Investment Principles in force throughout the period, with reporting within this document in line with the Statement of Investment Principles applicable at the relevant time.

The Scheme's Statement of Investment Principles can be consulted online at [\[https://www.uoesbspensions.co.uk/resources/statement-of-investment-principles-november-2023/\]](https://www.uoesbspensions.co.uk/resources/statement-of-investment-principles-november-2023/).

Investments Governance

The primary objective of the Scheme is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependants, on a defined benefits basis.

The Trustee also offers members the opportunity to make additional contributions and invest in a range of vehicles at members' discretion. The Trustee holds these assets separately from the Defined Benefit section of the Scheme to secure benefits on a money purchase basis for those members electing to pay Additional Voluntary Contributions.

The Trustee has overall responsibility for how the Scheme's investments are governed and managed, in accordance with the Scheme's Trust Deed and Rules, as well as Trust Law, Pensions Law and Pension Regulations.

The Trustee has established an Investment Sub-Committee, which focuses on investment issues and makes recommendations to the full Trustee Board.

The Trustee has set objectives for the Scheme's investment advisor designed to align with the Trustee's own objectives and investment strategy set out in the Statement of Investment Principles. The Trustee has carried out an evidence-based review of the investment adviser's performance against these objectives in November 2024. The Trustee is satisfied that the objectives have been achieved for the year.

The Trustee has undertaken training during the last year to ensure that its knowledge of investment matters remains up to date. Training topics included equity factor investing.

The investment risks relating to the Scheme are described in the Statement of Investment Principles (SIP) on pages 4-5 and the expected return is described in the SIP on page 3.

The Trustee's views on the expected levels of investment risks and returns inform decisions on the strategic asset allocation (i.e. what type of assets and areas of the world the Scheme invests in over the longer term), and the style of management adopted by the Scheme.

The Trustee maintains a conflicts of interest policy, which is reviewed regularly. The policy sets out how conflicts are defined, along with the means to identify, manage and monitor potential conflicts. In addition, the Trustee expects investment managers, advisors and contractors to have effective policies in place to address potential conflicts of interest. The service providers in scope have not disclosed any potential or actual conflict over the period.

Stewardship Policy

The Trustee's Stewardship Policy sets out how the Trustee will behave as an active owner of the Scheme's assets. It includes the Trustee's approach to:

- The exercise of voting rights attached to assets; and
- Undertaking engagement activity, including how the Trustee monitors and engages with its investment managers and any other stakeholders.

The Scheme's Stewardship Policy can be found within the Scheme's Statement of Investment Principles, at <https://www.uoesbspensions.co.uk/resources/statement-of-investment-principles-november-2023/>.

The Scheme's Stewardship Policy is reviewed in line with the Scheme's Statement of Investment Principles, which was last updated on 22 November 2023.

There were no changes made to the Stewardship Policy over the Scheme year ending 31 March 2025.

The Trustee has delegated voting and engagement activity in respect of the underlying assets to the Scheme's investment managers. The Trustee believes it is important that its investment managers take an active role in the supervision of the companies in which they invest, both by voting at shareholder meetings and engaging with management on issues which affect a company's financial performance.

The Trustee's own engagement activity is focused on its dialogue with its investment managers which is undertaken in conjunction with its investment advisers. The Trustee meets regularly with its managers and the Trustee considers managers exercise of their stewardship both during these meetings and through reporting provided by its investment adviser.

The Trustee also monitors its compliance with the Stewardship Policy on a periodic basis and is satisfied that it has complied with the Scheme's Stewardship Policy over the last Scheme year .

Voting Activity

The Trustee seeks to ensure that its managers are exercising voting rights and, where appropriate, monitors managers' voting patterns. The Trustee also monitors votes cast by managers on particular companies or issues that affect more than one company.

The Trustee invests in listed equities through two mandates. The Scheme's investment managers have reported on how votes were cast in each of these mandates as set out below.

	Baillie Gifford Global Alpha Paris- Aligned Fund	L&G RAFI Fundamental Global Reduced Carbon Pathway Equity Index Fund
Proportion of Scheme assets (as at 31 March 2025)	9.5%	10.9%
No. of meetings eligible to vote at during the year	95	3,407
No. of resolutions eligible to vote on during the year	1,245	38,030
% of resolutions voted	97.6%	99.7%
% of resolutions voted with management	93.7%	79.7%
% of resolutions voted against management	5.9%	19.0%
% of resolutions abstained	0.4%	1.3%
% of meetings with at least one vote against management	36.8%	65.0%

Note: Percentage totals may not equal 100% due to rounding.

L&G has voted against a greater proportion of management resolutions over the year. This is typical of passive mandates that track an index with little choice over stock selection, versus an active manager being able to exercise choice when selecting investments. It is also indicative of L&G exercising active stewardship through frequently taking a stance against management. The L&G RAFI Fundamental Global Reduced Carbon Pathway Equity Index Fund invests across a high number of companies across various sectors and countries. This includes in emerging markets, where governance practices are not as high as in developed markets, leading to a higher proportion of votes against management.

The Trustee is satisfied that the managers exercised the Scheme's rights as a shareholder in the underlying holdings and voted on the majority of eligible resolutions. A healthy proportion of the votes were cast against management, showcasing their commitment to active and responsible stewardship.

Significant Votes

The Trustee has asked its managers to report on the most significant climate related votes cast within the portfolios they manage on behalf of the Scheme, as this aligns with a key priority area for the Trustee. Managers were asked to explain the reasons why votes were deemed significant, the size of the position in the portfolio, how they voted, any engagement the manager had undertaken with the company and the outcome of the vote. From the manager reports, the Trustee has identified the following votes as being of greater relevance to the Scheme:

Baillie Gifford Global Alpha Paris-Aligned Fund – AeroVironment, Inc. (0.83% allocation), 27 September 2024

Baillie Gifford abstained from voting on a resolution to elect a director at AeroVironment who also serves on the audit committee.

Baillie Gifford's decision was driven by concerns over the company's climate reporting, which is lagging behind peers and does not meet Baillie Gifford's minimum expectations for disclosure of Scope 1 and 2 greenhouse gas emissions.

Baillie Gifford expects all companies, regardless of sector, to report their carbon emissions. An enquiry was sent ahead of the annual general meeting to understand AeroVironment's future intentions on disclosures, but no response was received before the voting deadline.

Therefore, Baillie Gifford abstained from the vote, recognising that climate is not considered a material issue for the company, given the nature of its products and industry (i.e. defence technology).

Although the resolution passed, with just under 85% of shareholder support, it is deemed significant as it relates to a material ESG issue and Baillie Gifford voted contrary to management's recommendation. Additionally the vote is in a key area of importance for the Trustee, as a climate-related resolution.

L&G's RAFI Fundamental Global Reduced Carbon Pathway Equity Index Fund – Shell Plc. (1.04% allocation), 21 May 2024

L&G voted against a resolution to approve Shell's energy transition strategy. L&G expects transition plans to be both ambitious and credibly aligned to a 1.5 degrees Celsius scenario.

L&G acknowledge Shell's progress on climate-related disclosure over recent years, which includes commitments to reduce emissions from operated assets and oil products, the strong position on methane emissions, and a pledge to end frontier exploration by 2025. However, revisions made to Net Carbon Intensity (NCI) targets and plans to expand gas and Liquefied Natural Gas operation raised questions about alignment with a 2050 Net Zero pathway.

L&G believes Shell should provide greater clarity on the expected lifespan of the assets Shell is looking to further develop, the flexibility of production levels across scenarios and tangible actions to deliver decarbonisation. Additionally, L&G has a preference for further transparency on lobbying activities in regions where hydrocarbon production is expected to play a significant role, as well as capital expenditure allocations to low carbon initiatives beyond 2025 and the application of responsible divestment principles.

Although the resolution passed and achieved majority shareholder approval, L&G will continue to engage with Shell and monitor progress on its energy transition strategy.

This resolution is significant given its high profile nature and as L&G voted against the energy transition plan. Additionally the vote is in a key area of importance for the Trustee, as a climate-related resolution.

Use of a Proxy Adviser

The Scheme's investment managers have made use of the services of the following proxy voting advisers over the Scheme year:

Manager	Proxy Advisor used
Baillie Gifford	ISS/Glass Lewis
LGIM	ISS

Engagement Activity

Summary of Trustee engagement with managers

The Trustee holds meetings with its Scheme's investment managers on a regular basis. Over the last 12 months, the Trustee has met with 2 of its 6 managers.

The Trustee met with LGIM to and discussed how ESG factors are incorporated in their multi-factor equity investment process. The Trustee also met with Barings for a more general update including deployment of assets and stability within the investment team.

Summary of Manager Engagement Activity

A summary of the key engagement activity for the Scheme's managers with underlying companies, for the 12-month period ending 31 March 2025, is outlined in the following table.

Manager	Number of engagements	Key topics engaged on
L&G	1,777	Climate change, human rights, capital management, strategy, remuneration
Baillie Gifford	39	Environmental, social, governance, strategy

Note: Engagements may cover more than one topic. Refers to number of engagements during the calendar year 2024

Review of policies

Where appropriate, the Trustee will review investment managers' Responsible Investment policies on a periodic basis. The review will consider the managers' broader approach to responsible investment issues, in addition to considering any change in approach by the manager over the year. The Trustee will also consider changes to the managers' voting policies.

The Trustee and its investment advisers remain satisfied that the responsible investment policies of the managers and, where appropriate, the voting policies remain suitable for the Scheme.

Prepared by:

The Trustee of the University of Edinburgh Staff Benefits Scheme
September 2025