Gender pay gap reporting 2022/23

Gender pay gap reporting requirements provide an opportunity for us and our peers to benchmark the progress being made in addressing this important issue.

The associated legislation requires us to publish data for Universities Superannuation Scheme Limited (**USS**) as the trustee company of the Universities Superannuation Scheme (the **scheme**) by virtue of headcount.

Defining the gender pay gap

In 2017, the UK Government Equalities Office introduced reporting regulation requiring employers with 250 or more employees to disclose annually on their gender pay gap. This involves carrying out six calculations that show the difference between the average earnings of men and women in our organisation. The gender pay gap is based on an hourly pay rate for each relevant employee, reflecting base salary, certain allowances and any incentive awards paid in the snapshot month. The bonus pay gap includes cash incentives plus any proceeds on exercise of long-term incentive plans paid over the previous 12 months.

What the 2022/23 data shows

The analysis of our gender pay gap at USS includes all aspects of financial reward.

There is an important distinction between the **gender pay gap and equal pay**. The gender pay gap measures the difference in average pay between all men and women in the company, whereas equal pay is about paying men and women the same for equal or similar work. Equal pay has been a legal requirement in the UK for many years.

It's about equal representation and progression within all levels within the organisation: USS employs people who can deliver consistent, long-term results and we pay them fairly against market rates.

What the data continues to show is that we have a greater proportion of men than women in senior roles which drives a gender pay gap in hourly pay. This also means we have fewer women in roles where the scale of the bonus potential is greater.

Disappointingly, due to USS's scale, a small number of changes at senior levels can have a disproportionate impact on our gender gap; this volatility is reflected in our 2022/23 data as against previous disclosures. We believe that our experience during the year was an outlier from our overall direction of travel.

We recognise that, not only to close the gender pay gap in this area, but also as an employer committed to all areas of Equity, Diversity and Inclusion ("EDI"), we need to reinforce our commitment to various existing and new initiatives, and this is an ongoing journey. Over the last year, we have taken both additional initiatives and started reviewing existing initiatives to make them more effective, though we recognise that these and similar efforts will take some time to make an impact. Examples are included in the section below on "Factors that will influence the pace of change".

We remain focused on identifying the right actions to achieve lasting, meaningful change. This is demonstrated by our commitment to our Equity, Diversity and Inclusion programme, now in its fourth year. Developed and delivered in partnership with employees across the business, this includes a focus on applying a gender lens across all elements of the employee cycle, such as recruiting, performance management, career development, promotion and remuneration.

Factors that will influence the pace of change

As a long-term investor with a long-term focus, executive and senior management roles are, typically, long-standing appointments. Once we have the right people in place, we want them to stay and, despite the leavers during 2022/23, low turnover at the senior level of the business remains a welcome trend. This is likely to restrict the pace of change.

That said, we believe that our new initiatives along with actions that we took last year that are continually being reviewed and reinforced will contribute to gender pay reduction in the coming years, though we are conscious that such initiatives take time to bear fruit. To that end, we will continue to work on the following new and existing initiatives:

- Use our recruitment plans to effect change over time though we are dependent on the availability of talent and internal low turnover rate;
- Encourage managers to think about whether their roles can be offered on a more flexible basis to expand the pool of candidates, particularly from a gender basis;
- Ensure we are taking all possible steps to attract a balance of female and male suitable candidates as part of our recruitment processes including, but not limited to:
    - creation of more inclusive job adverts to attract a diverse range of candidates;
    - use of CV anonymisation trial launched last year and being reviewed currently;
    - partnerships with specialist agencies who have a focus on female representation
- Establishment of a gender equality employee affinity group;
- A focus on developing talent from within: identifying and supporting a diverse range of internal candidates for senior roles through annual succession planning and ongoing learning opportunities;
- Provide as flexible and supportive working conditions as possible for all employees, through the enhancement of our family friendly policies, our benefits provision, and our hybrid working framework;
- Consult with employees at USS, though our dedicated Gender Network, to investigate what more we can do to continue to develop action plans on this issue.

	Mean	Median
Pay gap	34%	32%
Bonus gap	61%	32%

Proportion of employees awarded a bonus during the snapshot year

Male	Female
81%	78%

Pay quartiles

Pay quartile	Female	Male
Upper quartile	31%	69%
Upper middle quartile	45%	55%
Lower middle quartile	61%	39%
Lower quartile	63%	37%

The data in this report is accurate and in line with the government reporting regulations.

Bill Galvin
Group CEO
Universities Superannuation Scheme Limited