

## **Universities Superannuation Scheme Limited and USS Investment Management Limited**

### **Statement on Slavery and Human Trafficking**

Modern slavery is a crime and a violation of fundamental human rights. It takes various forms, such as slavery, servitude, forced and compulsory labour and human trafficking, all of which have in common the deprivation of a person's liberty by another in order to exploit them for personal or commercial gain.

Universities Superannuation Scheme Limited ("USSL") and its subsidiary USS Investment Management Limited ("USSIM") (together ("USS Group")) have zero tolerance for slavery and human trafficking in any form and are committed to combatting all such practices. We are committed to acting ethically and with integrity in all our business dealings and relationships and to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in our own business or in any of our supply chains. We are fully committed to complying with all aspects of the Modern Slavery Act 2015 ("MSA").

### **Our Business**

USSL is the corporate trustee of the Universities Superannuation Scheme ("Scheme"), an occupational pension scheme for the higher education sector and USSIM is its wholly owned internal investment manager. We invest the Scheme's assets as trustee in the UK and on a global basis in a variety of different types of investments. Full details of our corporate structure appear on the "About us" section of our website.

### **Our Supply Chains**

Due to the nature of our business, our supply chains relate mainly to the following areas: investment management service providers, advisory services (legal and management), accountancy services and a range of other ancillary services necessary for the effective operation of the Scheme and business including building services, IT, consultancy, recruitment and training.

### **Our Investment Approach**

We are committed to responsible investment and we view our commitments and obligations to tackle modern slavery and human trafficking as fundamentally important. We seek to include ethical, social and corporate governance ("ESG") considerations within the investment decision making processes and act as an active owner using our influence as a major institutional investor to promote good ESG practices. Our investment approach, including our Statement of Investment Principles, Investment Beliefs and Stewardship Code statement can be found at: <https://www.uss.co.uk/how-we-invest/our-principles-and-approach>.

### **Our Policies on Slavery and Human Trafficking**

We are committed to taking all reasonable steps to try and ensure that there is no modern slavery or human trafficking in our supply chains or in any part of our business and this is reflected in the USS Code of Conduct. The USS Code of Conduct articulates our commitment to acting ethically and with integrity in all our business relationships, and to implementing and enforcing effective systems and controls to try and reasonably ensure that slavery and human trafficking is not taking place anywhere in our operations or, as far as we can reasonably control, in our supply chains.

Due to the importance of preventing modern slavery and human trafficking, we are in the process of drafting a specific policy dealing with these issues (“**MSA Policy**”). It is intended that our anti-slavery and human trafficking policy will be in place before September 2018.

### **Due Diligence Processes for Slavery and Human Trafficking**

We are in the process of reviewing current practice and processes as well as our supplier list so that we can ensure we have systems in place to:

- identify and assess potential risk areas in our supply chains and operations;
- mitigate the risk of slavery and human trafficking occurring in our supply chains; and
- monitor potential risk areas in our supply chains and relationships.

As part of our initiative to identify and mitigate risk in our supply chain we have already begun to review our procurement processes (please see below “Supply Chain Compliance/ Accountability”) and have in place a dedicated whistle-blowing policy to protect internal whistle-blowers.

We will mitigate the risk of slavery and human trafficking occurring in our supply chains by using suppliers whom we consider to be reputable and by September 2018 we will require all suppliers to agree to the USS Supplier Code of Conduct (“**Supplier Code**”) (see below). The MSA Policy will identify potential risk areas in our supply chains and operations which will allow us to identify when we are dealing with a supplier or business which operates in a high risk area or country and which additional due diligence may be required. Training (discussed below) will also be given to all employees of the USS Group on the MSA. The MSA Policy and training will be reviewed annually.

### **Supply Chain Compliance/ Accountability**

We have mapped out a supply chain compliance programme to try and ensure that all those in our supply chain and contractors comply with our values. The programme will be fully operational by September 2018. This consists of:

- **Supplier Code of Conduct**

As part of USS Group’s commitment, we are developing the Supplier Code which, when implemented, will hold ourselves and our supply chain accountable. The Supplier Code shall prohibit the use of forced, compulsory, bonded (including debt bondage) or indentured labour, involuntary prison labour, slavery, servitude or trafficking of persons and unlawful child labour.

- **Supplier Certification, Procurement and Contracts**

- **Existing relationships**

- USS Group will be undertaking a piece of work to identify those supply relationships that would benefit from the introduction of the Supplier Code. Where appropriate to do so, we will work with suppliers to request that they confirm their compliance with the principles of the Supplier Code.

- **Future Contracts**

- USS Group has drafted standard terms and conditions of purchase. These new terms and conditions are to be used with suppliers and contain contractual provisions which obligate the supplier to adhere to the MSA and the Supplier

Code. We anticipate that these terms and conditions will be ready to use before December 2017.

- Where the USS Group is entering into a contract which has been drafted by the supplier, we will use reasonable efforts to ensure that the contract contains provisions which relate to adherence to the MSA where applicable.

#### **Training and Information**

- To ensure a high level of understanding of the risks of modern slavery and human trafficking in our supply chains and our business, we are developing a training programme which we will roll out to USS Group staff to ensure that they have a high level of understanding of the risks of modern slavery and human trafficking. This training will be in place by September 2018. As part of the training plan, we will assess whether certain areas of the USS Group would benefit from additional training on the MSA and the risks and dangers of slavery and human trafficking.
- The Supplier Code will be circulated to all heads of department for cascading to all relevant employees across the business.
- USS Group will review the Supplier Code, the USS Code of Conduct and the MSA Policy annually. Any updates will then be notified accordingly to all relevant employees.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our slavery and human trafficking statement for the financial year ending 2016.

Signature: .....

Bill Galvin

Universities Superannuation Scheme Limited

October 2017