



USS

For members, for the future.

Universities Superannuation Scheme

Governance
Supplement 2025

Introduction

The governance arrangements of Universities Superannuation Scheme (USS or the scheme) are summarised in the Governance section of the scheme's Annual Report and Accounts for the year ended 31 March 2025 (the Report and Accounts) which can be viewed online at uss.co.uk/about-us/report-and-accounts.

This supplement provides additional information about how the Trustee Board of Universities Superannuation Scheme Limited (USSL or the trustee), the corporate trustee of the scheme, delivers effective leadership, strategy and oversight of USS. It also provides information about USS's wider governance. It should be read in conjunction with USS's Report and Accounts for the year ended 31 March 2025 uss.co.uk/about-us/report-and-accounts.

In respect of the financial year 2024/25, this supplement contains:

- A summary of the trustee's compliance with the Wates Corporate Governance Principles for Large Private Companies (the Wates Principles)
- Reports from each of the Trustee Board's standing committees about the activities they have undertaken during the year
- Reports from the Advisory Committee and the Joint Negotiating Committee (JNC). The Advisory Committee and JNC are stakeholder committees constituted under the Scheme Rules. They are distinct from, and separate to, the trustee, and play an important role in the scheme's governance. For more information, please see their reports on pages 16 and 17 of this supplement
- Signposting to help readers locate additional information in relation to USS's corporate governance in the Report and Accounts and on uss.co.uk

Corporate governance statement

for the financial year 1 April 2024 to 31 March 2025

Our governance arrangements are designed to comply with applicable law and regulation, codes of practice and guidance issued by The Pensions Regulator (TPR) and relevant corporate governance bodies (in so far as they are applicable to a pension trustee), as well as the Scheme Rules and other constitutional documents.

High quality governance and decision-making is critical to success. USS's governance framework outlines the Trustee Board's key responsibilities and its powers of delegation. The framework supports the trustee's decision-making and accountability and fosters effective relationships with stakeholders.

As trustee of the scheme, USSL is responsible for ensuring that the pension scheme is run properly. This includes ensuring that the scheme's assets are invested in the best financial interests of members and beneficiaries, that contributions are collected, and that members' benefits are secure and paid in accordance with applicable law and regulation and the Scheme Rules. Having high standards of corporate governance is central to the trustee fulfilling these responsibilities, and ensures that the Trustee Board engages with, and considers the interests of, its stakeholders as part of the board's decision-making process. Although the trustee is not required to comply with the reporting requirements set out by the Wates Principles, the trustee has adopted them, where practicable, to guide its corporate

governance disclosures, taking into consideration its status as a trustee of a pension scheme and a not-for-profit entity.

Below is a summary of the six Wates Principles and an explanation of how they apply to, and have been implemented by, the trustee. Further information about how the Wates Principles have been applied during the financial year can be found in the Report and Accounts.

The Wates Principles serve as the framework to demonstrate how the trustee's directors have had regard for the matters set out in section 172(1)(a) to (f) of the Companies Act (which include the duty of the directors to promote the success of the company) when performing their duties. This includes how the Trustee Board has engaged with and considered the interests of stakeholders including USS members, higher education employers, Universities & Colleges Employers Association (UCEA), the University and College Union (UCU), the Group's employees, regulators and those in a principal business relationship with the trustee.

Further details about how the trustee directors have discharged their duties under section 172 of the Companies Act 2006 are set out in USSL's Report and Accounts which can be accessed at uss.co.uk/about-us/report-and-accounts.

Additional information about how USS is governed and run can also be accessed at uss.co.uk/about-us/how-were-governed.

Wates Principle One – Purpose and leadership
An effective board develops and promotes the purpose of the company, and ensures that its values, strategy and culture align with that purpose.

USS's corporate purpose statement – 'Working with Higher Education employers to build a secure financial future for our members and their families' – highlights the importance of the scheme's beneficiaries and puts them front and centre of what the trustee does.

The trustee's overall strategy is aligned with this purpose and is supported by three strategic priorities which are to ensure that:

- USS members feel financially more secure
- USS is a sustainable scheme, for the long term
- USS is recognised as a competent scheme manager

The trustee strives to balance short-term goals with the long-term sustainability of the scheme. Necessary short-term actions are carefully aligned with our commitment to provide secure benefits for members, both now and in the future. Our approach to investing and responsible investment has a long-term focus. Current projects on our data strategy and changing our administration platform provider aim to ensure that USS is well set for

the future and the growing demands and use of data and technology. Our short and long-term planning is guided by our three-year strategic plan, which aims to ensure that we remain responsive to current challenges while positioning the scheme for long-term stability and growth. Further information about the trustee's strategic priorities is provided on page 9 of the Report and Accounts. The trustee's three-year planning process is supplemented by periodic longer-term horizon scanning exercises and planning from both a USS business and economic outlook perspective.

USS's three core corporate values – Integrity, Collaboration and Excellence – support the overall corporate purpose and shape USS's culture. These values are central to the Trustee Board's decision-making process, guiding the board in making decisions that prioritise the best interests of our members. The Trustee Board also aims to ensure that there is ongoing dialogue with stakeholders to understand their needs when it is considering USS's values and strategic priorities. Further details about USS's core corporate values are provided on page 2 of the Report and Accounts.

The Trustee Board monitors USS's culture through reports from the executive, including employee engagement surveys and an annual culture review based on USS's Culture Framework.

Wates Principle Two – Board Composition
Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company.

Here are some examples of how we have implemented this principle in the financial year:

The Trustee Board has used a competency matrix approach to ensure that it has, and maintains, an appropriate balance of knowledge, skills and experience. This is done in the context of a large board. Our constitution requires our Trustee Board (led by an independent Chair¹), to be made up of 12 non-executive directors (NEDs):

- Four appointed by UCEA
- Three appointed by UCU and
- Five (including the Chair) appointed by the Trustee Board (who are referred to as ‘independent directors’)

Our competency matrix approach has ensured that, collectively, the Trustee Board has significant experience and understanding of the Higher Education sector, in addition to the many other skills and competencies required to lead and oversee the largest private pension fund in the UK (by assets under management).

Note

1 Independent in the sense that the Chair is not appointed by UCEA or UCU.

The competency matrix:

- Reflects directors’ self-assessment of the skills and experience they bring to the Trustee Board, in line with pre-determined criteria aligned to current and future strategic priorities
- Is maintained and regularly reviewed by the trustee’s Governance and Nominations Committee (GNC) to inform succession planning, identify any skills gaps/ training needs and inform and shape recruitment priorities
- Provides assurance about the collective competency of the Trustee Board

Please see further pages 45 to 47 of the Report and Accounts for a biography of each director and a summary of the directors’ collective competencies.

During the scheme year ended 31 March 2025, we managed regular director turnover: with one trustee director retiring, having reached his final term of office and five trustee directors subject to appointment/ re-appointment. Details of the appointment/re-appointment process of trustee directors are provided on page 96 of the Report and Accounts and in the GNC report on page 9 of this supplement.

The skills and competencies of Trustee Board directors are maintained through training. On an annual basis, each trustee director completes the Trustee Board skills matrix, participates in an appraisal process and receives ongoing training from USS employees and external industry experts where appropriate, in addition to their own personal development and training activities from their other roles.

Trustee directors embrace professional development opportunities, participate in regular training, attend industry conferences, and engage in relevant courses to enhance their knowledge and skills, ensuring they remain well-informed and equipped to make informed decisions in the best interests of the scheme and its members.

We undertake board effectiveness reviews regularly and during this scheme year, external consultants were commissioned to conduct an effectiveness review of both the Trustee Board and the board of its wholly owned subsidiary, USS Investment Management Limited (USSIM), as well as their respective standing committees. The results were then presented to the respective boards. The review provided assurance that both boards consistently demonstrate the characteristics expected of effective boards. The reports also outlined several recommendations for each board to consider, and the boards have agreed an action plan to respond to these recommendations.

The recommendations and proposed actions primarily focused on ensuring the boards and their committees remain focused on key strategic matters, with administrative matters addressed more efficiently and effectively by delegating to committees or the executive where appropriate. Actions to support this included streamlining board and committee papers and enhancing agenda preparation and planning processes. The review also highlighted opportunities to enhance communication between the trustee’s Investment Committee and the USSIM Board regarding the investment balanced scorecard, which was reflected in the February 2025 scoring process.

Further details of the trustee’s approach to ensuring the effectiveness of the Trustee Board are provided on page 93 of the Report and Accounts.

During the year, the Chair of the Trustee Board has:

- Met regularly with the Group Chief Executive Officer (GCEO) and the executive team
- Provided an appropriate level of challenge, support and advice
- Facilitated the Trustee Board in making effective decisions
- Ensured that the Trustee Board (as a whole) offers appropriate challenge to executive proposals and considers the nature and extent of material risks faced by the organisation

The Trustee Board meets during the year for strategy sessions and workshops to consider specific matters in greater depth. The Trustee Board seeks to meet regularly both formally and informally with the executive team to gain further insight into the day-to-day operations and the key risks and opportunities facing the scheme.

The Trustee Board continues to prioritise improving board diversity and recognises this as a continuing challenge. In undertaking all its recruitment processes throughout the year, the GNC has been conscious of USS’s board diversity goals, with gender ratio goals for both the Trustee Board and the USSIM Board having been met. Both boards are yet to meet their ethnicity diversity goals, and remain committed to open, fair and transparent recruitment processes to encourage a wide range of applicants. The Trustee Board also joined Standard Life’s Trustee Accelerator Programme which provides individuals from different backgrounds or

Corporate governance statement
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with different characteristics with the opportunity to bring fresh ideas and perspectives to pensions trustee boards. By participating in this programme, the trustee aims to contribute to increasing diversity on pension boards across the industry by offering participants necessary training, board shadowing opportunities and credentials for trustee positions. Further details on board diversity and the Trustee Board’s equity, diversity and inclusion (EDI) goals are available on page 45, and information on USS’s broader EDI strategy is on page 34 of the Report and Accounts. Further details of how the balance of responsibilities, accountability and decision-making are maintained are provided on pages 44 to 45 of the Report and Accounts.

Wates Principle Three – Director Responsibilities
The board and individual directors should have a clear understanding of their accountability and responsibilities. The board’s policies and procedures should support effective decision-making and independent challenge.

Below are several examples of how we have applied this principle during the financial year:

As part of their appointment to the Trustee Board, each trustee director is required to:

- Complete TPR’s Trustee Toolkit to ensure that they have a good base level of understanding of the accountabilities and responsibilities that apply to pension trustees
- Undergo a thorough induction programme

Ongoing training ensures that the members of the Trustee Board understand their responsibilities. They are supported by specialist legal advice, both in-house and external, with additional training provided as needed to clarify their roles within the scheme’s context.

The trustee has adopted, and annually reviews, a Corporate Governance Framework Policy which outlines the authority for decision-making within the Trustee Board, its standing committees and the Group Executive Team (GET). The policy can be accessed at uss.co.uk/about-us/how-were-governed. In addition, the Trustee Board has adopted a code of conduct which sets out the standards expected of Trustee Board members.

The trustee also maintains a conflicts of interest policy and a whistleblowing policy with which Trustee Board members are required to comply. The whistleblowing policy is supported by a whistleblowers’ champion who ensures the integrity and effectiveness of the policies. Conflicts of interest are reviewed at each Trustee Board and committee meeting, and a register of disclosed interests is maintained by the governance team.

Whilst the Trustee Board retains overall responsibility for strategic oversight of the scheme, it delegates certain roles and responsibilities to its specialist standing committees. All committees that act on delegated authority from the Trustee Board provide a report to the Trustee Board following each committee meeting. Details of these committees and their composition are set out in the Corporate Governance Framework Policy.

The GET, operating under the GCEO’s authority, supports and enhances the work of the Trustee Board. The Trustee Board delegates the execution of the Group’s strategy

and day-to-day operations of the Group’s business to the GCEO in line with the approved business plan and budget. It receives regular and timely information on financial and non-financial performance and relies on a variety of sources, including management reports, financial statements, external audits, and expert advice. Information is provided through robust internal systems, regular reviews, and oversight by relevant committees, ensuring data accuracy and completeness.

The Trustee Board is composed solely of NEDs, ensuring independent oversight and decision-making. A culture of challenge is supported by trustee directors’ diverse experience, skills and broad range of backgrounds, and by governance safeguards, such as excluding executives from the Remuneration Committee and requiring a NED majority for quorum on committees with executive members. This structure protects the integrity of the governance process.

The Trustee Board and USSIM Board maintain a collaborative relationship, supported by one director in common, cross-committee participation, and regular joint training and engagement events. The GCEO also sits on the USSIM board, and both boards coordinate closely on investment and remuneration matters. The trustee’s Investment Committee oversees USSIM’s performance, while simultaneous external effectiveness reviews of both boards support governance improvement and alignment.

Details of key activities undertaken by the Trustee Board and its committees in the scheme year are set out on pages 48 to 49 of the Report and Accounts and in the committee reports within this supplement.

Wates Principle Four – Opportunity and Risk
The board should promote the long-term sustainable success of the Company by identifying opportunities to create and preserve value and establish oversight for identification and mitigation of risks.

The trustee’s corporate purpose, and its strategy, reflect its role as the trustee of a pension scheme, and as a not-for-profit entity. Central to USSL’s role as trustee is its focus on delivering and demonstrating value for money (VfM) for members.

Each year the Trustee Board reviews its strategy and approves the strategic objectives and business plan and budget for the coming year. The Trustee Board also approves the key performance indicators that will be reported against. USS’s strategic objectives are constructed in line with the trustee’s agreed risk appetite statements. Further details of how the trustee creates lasting value for members and employers are provided in the strategic report within the Report and Accounts.

There is a focus on the risks and opportunities inherent within the business plan and on related costs and VfM for the scheme to ensure that USS delivers the trustee’s long-term priorities and VfM for members. For example, the trustee’s strategic approach of using mainly internal resource at USSIM to manage scheme assets aims to deliver better VfM for members compared to a more outsourced approach.

The Trustee Board is the sponsor of the USS risk management framework. This framework sets out the rules and processes by which the Group implements effective risk governance over its activities. The Chief Risk Officer and the Group risk committee members are responsible for the implementation of the framework.

Corporate governance statement
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All trustee directors are expected to familiarise themselves with the key challenges and areas of risk facing the UK Higher Education sector and changes in the pensions landscape.

The Trustee Board’s risk appetites are reviewed each year. Details of material events and the risk appetite versus risk exposure are provided to the Trustee Board as part of the quarterly risk reports.

For more details of USS’s approach to risk management, see page 36 of the Report and Accounts. Pages 38 to 42 of the Report and Accounts also include a list of all principal risks, including mitigations, relevant to the Group.

Wates Principle Five – Remuneration
A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company.

The trustee’s remuneration framework is designed to ensure that it has access to the right mix of skills and expertise to deliver the trustee’s long-term priorities for the scheme and VfM for members. Paying for performance is key to the trustee’s remuneration and incentive policy. The trustee seeks to reward contributions that are aligned to the needs of employers and members in a cost-effective manner.

Given the importance of attracting and retaining high-calibre employees in a competitive talent pool, the trustee seeks to pay staff at market rates commensurate with the skills and experience they bring to the scheme. Annual benchmarking is carried out on salaries and total remuneration levels to ensure that the trustee’s remuneration arrangements remain competitive, taking

account of USS’s status as a pension scheme. Further details about the trustee’s approach to remuneration can be found on pages 51 to 54 of the Report and Accounts.

The trustee’s remuneration policy aligns with the USS Group’s strategic objectives, promoting performance and accountability by rewarding employees fairly and transparently based on their contributions. Emphasising regulatory compliance and independent oversight, the policy strengthens the governance framework, ensuring practices meet industry standards and regulatory requirements.

Remuneration for USSIM’s investment management professionals is driven in part by performance against an ‘investment balanced scorecard’ and by delivery of strategic objectives and behavioural aspects. More information about USS’s remuneration principles and the USS scorecard and its link to remuneration is included on pages 23 to 24 of the Report and Accounts.

The Remuneration Committee is responsible for reviewing the approach to – and all elements of – remuneration for the Group. This includes ensuring that the remuneration framework supports USS’s EDI programme. The committee works in conjunction with the USSIM Board (and the USSIM Remuneration Committee) in relation to the remuneration of USSIM employees.

Benchmarking data from the scheme’s remuneration advisors inform our remuneration practices. This includes regular reports on asset management performance, remuneration trends, financial market predictions, and regulatory updates, ensuring fair pay and VfM for members.

More information about the Remuneration Committee’s activities during the financial year is contained within this supplement.

Wates Principle Six – Stakeholder Relationships and Engagement
Directors should foster effective stakeholder relationships aligned to the company’s purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.

The Trustee Board has overseen a range of activities to promote positive stakeholder relationships and engagement. Further details about engagement with stakeholders can be found on pages 11 to 16 of the Report and Accounts. A summary of employee engagement during the financial year, including details of our EDI programme, is included on pages 34 to 35 of the Report and Accounts. Some brief highlights of stakeholder engagement activities are noted below.

The JNC is the formal stakeholder (in this context, UCU and UCEA) decision making body with power under the Scheme Rules to initiate amendments to the Scheme Rules and to approve rule changes proposed by the trustee. The JNC has met regularly throughout the year. As noted previously, it is a stakeholder body and is separate to the trustee. However, the trustee executive provides it with necessary support. The JNC is further supported by the ongoing work of three subgroups:

- The Stability Working Group was established by the stakeholders in mid-2023 and continues to consider

- options to help ensure the long-term stability of benefits and contributions at future valuations
- The Conditional Indexation Working Group was established in early 2025 and is helping to develop stakeholder understanding of the principles of conditional indexation and undertake some explorative modelling
- The Collaborative Review Forum was established in late 2024 to identify scheme design matters or long-standing Rules, within the benefit structure in place, which may benefit from review by the JNC

The trustee has engaged with employers directly through:

- The 2024 Institutions’ Meeting in October (a full recording is available on the [USS website](#))
- Its support to Employer Pension Managers on operational matters via the USS Institutions Advisory Panel (IAP). The IAP supports the ongoing improvement of digital services and member communications via the ‘Promoting Value’ and ‘Employer Implementation’ subgroups
- The attendance of the USS Client Engagement team at employer-run employee benefit fairs to promote the benefits of USS membership at University of Bradford, University of Nottingham and Newcastle University
- Engagement with employers on the scheme covenant via informal one-to-one meetings and the Covenant Working Group. The group meets quarterly and is made up of CFOs, COOs and Bursars from a range of USS employers
- A webinar held in April 2024 to support employers who took part in the Statement of Investment Principles consultation

Corporate governance statement
Continued

- Regional meetings between the USS executive and groups of Vice Chancellors and other senior leaders from 34 USS employers
- Trustee Board and committee engagement events at the University of Nottingham and Lancaster University. These allowed the trustee directors to meet a broad range of member and employer representatives including UCU branch representatives, senior leadership teams, Pension and HR managers and University Council members. Each event also included a member presentation to promote the benefits of being a member of the scheme, and members of the USS Trustee Board and the USS executive held Q&A sessions with around 450 members

In addition to direct engagement with employers, the trustee also engages with a range of Higher Education sector bodies and this year has attended the Employers Pension Forum (EPF), the UCEA Annual Pension Conference, the UCEA Annual Member Event and the Universities UK (UUK) Annual Conference, as well as regular engagement through the British Universities Finance Directors Group (BUFDG) and Universities Human Resources (UHR).

The trustee has created several channels for USSL and USSIM employees to share views and to access information about USS’s corporate purpose, values, strategy, and activities. Regular ‘town halls’ are held live (and recorded), to facilitate meaningful engagement with the executive.

To inform its decision making, the Trustee Board receives regular updates about employee engagement. Regular employee surveys include questions on engagement, diversity and inclusion, health and wellbeing and USS’s values. Also, the Trustee Board and USSIM Board have each appointed a designated NED (DNED) to enhance workforce engagement. The DNEDs aim to ensure that employees’ perspectives are factored into board decisions as appropriate. During the scheme year, the DNEDs participated in employee forums, engaged with employees and executives, and organised a town hall meeting to gather feedback on the proposed strategic priorities for both USSL and USSIM. This feedback was incorporated into the one- and three-year business planning process for each board.

Group Audit and Risk Committee report

Introduction

The Group Audit and Risk Committee (GARC) was established by the Trustee Board to provide it with assurance:

- On matters relating to the adequacy and effectiveness of the USS Group’s internal control and risk management framework
- That appropriate financial reporting processes and controls are in place and operating effectively
- On the effectiveness of the internal and external audit functions

The committee usually comprises four members all of whom are non-executive directors. Three of the members are non-executive directors of the Trustee Board and one is a non-executive director (and Chair of the USSIM Audit Risk and Compliance Committee) of the Trustee’s in-house investment manager USSIM. The membership was temporarily increased to five members when Mr Richard Metcalf joined the committee on 1 January 2024 in advance of Mr Tony Owens retiring as a USSIM non-executive director (and a member of the GARC) on 31 October 2024. Mr Gary Dixon, a Universities and Colleges Employers Association (UCEA) nominated trustee director, has chaired the committee since 1 February 2021. Mr Dixon is a qualified Chartered Accountant and a Fellow of the ICAEW with over 35 years’ financial experience.

Role

The committee plays a key role in ensuring that there is appropriate challenge of the USS Group’s internal control and risk management framework and provides assurance to the Trustee Board on the robustness of these systems. The committee receives a quarterly update and report at the end of each financial year from the GCEO on the effectiveness of the internal control environment at the USS Group. Each update is based on the output of the executive risk committees and the operating committees of the pensions business and of USSIM, with input from the heads of the teams that form the three lines of defence of the organisation’s control framework. Regular reports are also received from the USSIM Audit, Risk and Compliance Committee and the USSL Fair Value Committee. The committee Chair, and committee as necessary, are kept updated outside of the formal meeting schedule of high materiality risk events and breaches that may require notification to the Pensions Regulator (TPR) or Financial Conduct Authority (FCA).

EY was appointed as external auditor for USS and its companies in late 2017, following a competitive tendering process. The appointment was made for an initial five-year term subject to satisfactory completion of the annual performance review process. Each year, the committee reviews the performance and effectiveness of the external auditor and the appropriateness of the external audit partner. During the year, the committee concluded that EY had performed effectively since the last annual performance review. In line with best practice, at least once a year, and as required, the

committee holds a meeting with the external auditor and without the executive present to discuss the auditor’s remit, the quality of audit information it receives and any issues arising from the audit. EY had no material issues to raise with the committee.

The committee approves the external audit plan annually and oversees the integrity of the financial reporting process and production of the scheme’s annual report and accounts and those of USSL before submission to the Trustee Board for approval. It provides assurance to the Trustee Board that the financial statements and accompanying information are fair, balanced and understandable and have been prepared in accordance with the applicable accounting framework. The committee also oversees the integrity of the financial reporting process and production of the USSIM annual report and accounts, through assurance provided by the USSIM Board. The committee receives regular updates from EY on the progress of the special purpose vehicle audits to ensure they are delivered in the required timeframe and the resulting accounts filed on time.

The committee monitors the performance and effectiveness of the Group’s internal audit function. Discussions with the Internal Audit Director are held without the executive present at least once a year, and as required, to discuss the effectiveness of the function.

The committee also oversees the effectiveness of the Compliance and Risk functions and spends time with the executive responsible for each function to provide feedback on performance and perspective on where improvements could be made.

Key activities in 2024/25

During the year, the committee has kept under review the assessments made by the executive about the continued robustness of the Group’s processes and controls and has been reassured that no material issues were identified and that the control environment and culture around risk reporting has remained robust during the period.

The committee received regular updates on several key projects, including the pensions administration re-platforming from Capita to Procentia and the plans to manage and control risk through the transition, enhancements to USS’s Business Continuity Management programme, the implementation of a new system for managing and reporting operational risks as well as ongoing calculation assurance activity.

The committee receives a regular update on cyber risk. During the year it considered known and emerging cyber trends and the security controls in place at USS to mitigate cyber threats including how they are reviewed and monitored on an ongoing basis to ensure their effectiveness. The committee explored with the executive how it keeps pace with and maintains staff alertness to the changing nature of cyber risk. Whilst not immune from attack, the committee is satisfied that USS has adequate protective controls in place.

Group Audit and Risk Committee report
Continued

Other activities in 2024/25

The committee has continued to be kept up to date by the executive on the robustness of Capita’s control environment, as it relates to the provision of pension administration services to USS, and the appropriateness and timeliness with which Capita has addressed any areas of concern. The committee is satisfied that, despite the contract with Capita due to come to an end shortly, the relationship with Capita is being actively managed by the executive to ensure the continuation of service levels.

The committee reviewed and approved updates to the USS Group code of conduct and the conflicts of interest policy.

Membership – Appointed by the Trustee Board
Mr Gary Dixon (Chair), Mr Russell Picot, Ms Helen Shay, Mr Richard Metcalf and Mr Tony Owens (until 31 October 2024)

Governance and Nominations Committee report

Introduction

The Governance and Nominations Committee (GNC) was established by the Trustee Board and comprises five members: four non-executive directors of the Trustee Board and Carol Young, GCEO. Ellen Kelleher, an independent non-executive director, has been Chair of the GNC since 1 October 2022. The USSIM Board Chair is also a regular attendee at the GNC, to ensure that there is good communication and connection between the governance practices of both USS boards.

Role

On behalf of the Trustee Board, the GNC is responsible for:

- Overseeing the effectiveness of the operation of USS Group's governance framework having regard to corporate governance best practice, as applicable
- Overseeing the composition of the Trustee Board and USSIM Board (including the fitness, propriety and competence of Trustee Board directors)
- Overseeing and participating in the recruitment process for Trustee Board and USSIM Board directors, committee members, the GCEO and the USSIM CEO
- Overseeing Group executive team and senior management succession planning, performed by the GCEO
- Overseeing the regular effectiveness reviews of the Trustee Board and USSIM Board and their respective standing committees
- Approving the induction plans and ongoing training programmes for the Trustee Board and USSIM Board directors and committee members and overseeing their implementation

Key activities in 2024/25

Succession planning and recruitment activities have formed a large part of the GNC's activities during the year, with recruitment processes for several trustee director roles.

During the scheme year, five trustee directors reached the end of their terms of office – all were eligible for re-appointment for another term of office following a recruitment process. The GNC used the trustee's skills and competency matrices to develop role profiles for each role, and:

- In the case of the Trustee Deputy Board Chair role (an independent director role) – where the GNC is responsible for undertaking the recruitment process – the GNC undertook an open, fair and transparent recruitment process which resulted in Russell Picot being re-appointed for a second term of office
- In the case of the other director roles – where the appointments are made by either Universities and Colleges Employers Association (UCEA) or University and College Union (UCU) – a representative from the GNC participated in the recruitment processes of UCEA or UCU (as relevant). The GNC also ensured that UCEA and UCU's recruitment processes met relevant Master Trust regulatory requirements. The UCU processes resulted in the re-appointment of David Watts and Helen Shay; and the UCEA process in the reappointment of Paul Curran; in each case for their second terms of office. One of UCU's recruitment processes resulted in a new director, Sam Marsh, being appointed to the Trustee Board.

In undertaking these recruitment processes, the GNC has been conscious of USS's board diversity goals. The gender ratio goals for both the Trustee Board and USSIM Board have been met. However, while the trustee continues to undertake open, fair and transparent recruitment processes, wishing to encourage a wide range of applicants for all roles, both boards have been unable to meet their ethnicity diversity goals as yet.

The GNC has ensured that equity, diversity and inclusion (EDI) remains an important consideration for both the board and executive. In this regard, and to support the development of a pipeline of diverse candidates in the pensions industry to become scheme trustees in the future, this year the GNC approved the trustee's participation in Standard Life's Trustee Accelerator Programme (the SL TAP). The SL TAP is a pilot programme established by Standard Life (in partnership with the Pensions Management Institute), seeking to upskill and support individuals from a range of backgrounds to become pension trustees of the future with the aim of increasing equity, diversity and inclusion within the pensions industry. One of the trainees from the programme is now shadowing our Pensions Committee for an 18-month period as part of the programme.

Each year, the GNC approves the training programme for the Trustee Board, USSIM Board and each boards' sub-committees. The board then oversees the implementation of the training programme, as well as the induction processes for new directors. During the year the GNC oversaw the successful completion of induction processes by: Adam Tickell and Sam Marsh (Trustee Board directors); and Bronte Somes and Richard Metcalf (USSIM Board directors).

As part of the GNC's role in overseeing the successful operation of the USS Group governance framework, the GNC is responsible for overseeing regular effectiveness reviews of the Trustee Board, USSIM Board, and their respective committees. The GNC commissions an externally facilitated effectiveness review every three years, and such a review was due in 2024. The GNC undertook a tender exercise and selected a firm, Independent Audit, to undertake the effectiveness review of the Trustee Board, USSIM Boards and their respective committees. The results of Independent Audit's review were presented to the Trustee Board and USSIM Board at their meetings in December 2024. The review provided assurance that both the Trustee Board and USSIM Board consistently demonstrate the characteristics expected of an effective board. The report outlined several recommendations for the boards to consider. The GNC developed an action plan based on these recommendations which was approved by the Trustee Board in January 2025. The GNC also oversaw the development of the USSIM Board's action plan. The GNC will continue to oversee the completion of these actions over the next year.

In 2024, the GNC undertook a review of and refreshed its designated non-executive director (DNED) programme, designed to help factor employee views into strategic decision making by both the Trustee Board and USSIM Board. Gary Dixon (for the trustee) and Bronte Somes (for USSIM) were appointed as DNEDs for their respective boards and have undertaken a series of activities to gain staff views on matters of strategic importance to both the trustee and USSIM.

Governance and Nominations Committee report
Continued

The GNC is responsible for overseeing completion of individual director appraisals. Having considered the outcomes of the most recent round of director appraisals, and reviewed the external interests of board members, the GNC remains satisfied that Trustee Board and USSIM Board directors continue to be fit and proper, commit sufficient time to their roles and that their external interests are unlikely to conflict with their trustee/USSIM roles.

The GNC has also kept itself up to date with developments in corporate governance and regulatory best practice on governance matters, reviewing its own practices against these requirements where relevant.

Membership – Appointed by the Trustee Board
Ms Ellen Kelleher (Chair), Dame Kate Barker, Professor Sir Paul Curran, Dr David Watts (until 4 December 2024), Mrs Carol Young and Ms Helen Shay (from 5 December 2024).

Investment Committee report

Introduction

The Investment Committee of the Trustee Board is established under the articles of association of the trustee company to advise the trustee company on all matters relating to the investment of the assets of the fund. As at the scheme year-end 31 March 2025, the committee consisted of five members who are members of the Trustee Board (as listed below in the ‘membership’ section of this report). The committee is chaired by Russell Picot. During the year, Sam Marsh became a director and was appointed to the committee to replace Andrew Brown who retired as a director on 31 July 2024.

Role

The Investment Committee considers the investment strategy for the scheme and provides recommendations to the Trustee Board. The discretionary day-to-day management of the scheme’s assets has been delegated to USS Investment Management Limited (USSIM), and the Investment Committee oversees USSIM’s performance.

The Investment Committee regularly reviews investment performance and risk reports from USSIM. It receives regular presentations to provide assurance to the Trustee Board that USSIM’s management of scheme assets is in line with the strategy set by the trustee and agreed targets. On behalf of the Trustee Board, the Investment Committee undertakes regular reviews of key investment documents including the Statement of Investment Principles (SIP). It also reviews the Investment Management and Advisory Agreement (the IMAA, which is the contract between the trustee and USSIM) and associated Instruction Letters which accompany the IMAA. The Investment Committee also considers various

investment strategy proposals and valuation related investment matters as required.

Key activities in 2024/25

The committee recommended to the Trustee Board the approval of updates to USS’s Responsible Investment (RI) Beliefs and Ambition Statement, as well as the approval of a new thematic approach to USS’s RI strategy (focussing USS’s efforts on People, Nature, Climate and Governance, through integration, stewardship, collaboration and advocacy). The Investment Committee has overseen USSIM’s implementation of this strategy, with notable work including USSIM’s continued collaboration with the University of Exeter and Trex (an organisation spun out from the University of Exeter) to update climate scenario narratives and create an approach for assessing transition and physical risk exposure, to better evaluate climate risks in USS’s investment portfolio. This work has helped the Investment Committee to consider how USS’s investment portfolio can be best positioned for these risks and informed USS’s engagement plans and policy approach to identify levers to influence real-world climate outcomes.

The committee undertook its annual review of the DC investment proposition and glidepaths. This included a joint meeting with the trustee’s Pensions Committee to consider DC from end-to-end in terms of member requirements and the investment risk appetite and returns required to meet these member requirements. The review concluded that the investment proposition and glidepaths remained appropriate for members and no changes were required to be made to the DC Long-

Term Return Targets and Risk Limits nor to the DC Default strategy glidepath (together the Default Lifestyle Option). The committee also oversaw USSIM’s management of the Investment Builder funds, including USSIM’s introduction of Asset Backed Securities, private equity and alternative income (via a co-investment structure) into the default growth funds and the launch of an active sustainability-themed equities mandate within the USS ethical investment funds. The joint meeting with the Pensions Committee also considered member communications with regards to their Investment Builder benefits, and the impacts of the pensions administration re-platforming programme with the added benefits the new system will bring.

Another important task for the committee this year (as it is every year) was to assess the performance of USSIM using the investment balanced scorecards developed for this purpose. The committee undertook its mid-year review in September 2024 and finalised its assessment over two meetings in February 2025. Further details of the committee’s scoring of USSIM’s performance for 2024 can be found on pages 23 to 24 of the scheme Annual Report and Accounts. As part of this process, the committee provided feedback and confirmed its expectations for the areas of focus for USSIM during 2025.

At each of its meetings, the Investment Committee reviewed and challenged reporting from USSIM, including: investment performance and risk reporting; asset allocation and strategy reporting; and reporting from the USSIM Chief Executive Officer and USSIM Board Chair on key matters within the USSIM business

relevant to delivering USSIM’s investment management and advisory services to the trustee. In addition to this regular reporting, the committee also received updates and specific reporting on market events and assets, including work to review USSIM’s investment in Thames Water. The committee also oversaw how USSIM was managing the scheme’s investments through the ongoing geopolitical instability and subsequent impacts on global investment markets. Further details on the scheme’s investment strategy and performance over the year can be found on pages 18 to 22 of the scheme Annual Report and Accounts.

The Investment Committee’s away day is an important part of the committee’s annual calendar and provides an opportunity to consider strategic investment matters and risks facing the scheme and markets over the long-term. With the benefit of a number of different external speakers, the committee held discussions on: the potential investment outlook over the next 5–10 years; conditional indexation and investment strategy considerations of such a benefit structure; the levers that can be pulled by USS to address systemic challenges linked to climate change and what this might mean for the investment environment; and the potential direction of DC design and government policy in this area.

Annual activities completed by the committee included: reviewing and recommending to the Trustee Board the overall cost of the USS investment business plan and budget; reviewing the quality of advisory services provided by USSIM, Mercer (for DB) and LCP (for DC); developing and recommending the SIP Implementation Statement to the Trustee Board; and reviewing

Investment Committee report
Continued

investment related policies and their operation by USSIM. The committee also considered reporting on how the scheme’s DC product offering, and the investment costs of the DC scheme, compare with peers to ensure that these remain appropriate, and the scheme continues to offer value for money to members.

In addition to its regular meetings, the committee also held training sessions to discuss topics in detail with USSIM, external advisers and industry specialists.

Membership – Appointed by the Trustee Board
Mr Russell Picot (Chair), Dame Kate Barker, Mr Alain Kerneis, Professor Adam Tickell, Mr Andrew Brown (until 31 July 2024) and Dr Samuel Marsh (from 12 August 2024).

Pensions Committee report

Introduction

The Pensions Committee is a committee of the Trustee Board providing strategic oversight of the administration and management of the scheme’s pensions business. The committee comprises six members (as listed below in the membership section of this report): four non-executive directors of the Trustee Board and two members of the executive. Marian D’Auria, an independent non-executive director, is Chair of the committee.

Role

The Pensions Committee oversees the performance of the scheme’s pensions business, including:

- The scheme’s administration and the services provided to employers and members
- Member and employer engagement and experience (other than in relation to valuations)
- The scheme’s approach to any material regulatory, policy or strategy developments impacting the pensions business
- The development, agreement and implementation of changes to the Scheme Rules

Key activities in 2024/25

The Pensions Committee has overseen several of the trustee’s strategic priorities to help ensure the effective management of the pensions business. This included oversight of:

- USS’s ongoing implementation of a new administration platform with Procentia. The committee has been monitoring the ongoing status of the implementation programme and the planned exit from the current provider, Capita, to help safeguard the interests of the scheme and its members during the transition

- The initial phases to insource defined contribution (DC) administration from Capita. Further details about the re-platforming programme are provided on page 15 of the Report and Accounts
- Work undertaken by the executive to address some historic issues in relation to iterations of the Scheme Rules.

Further details on these projects can be found on pages 15 to 16 of the Report and Accounts.

The committee held an event at Lancaster University as part of the trustee’s wider engagement programme. This included engagement with the University’s senior leadership, a presentation, panel discussion and open Q&A session for members of the scheme.

Member Experience

Continuously improving member engagement and experience is a key focus for the trustee. As such, the committee reviewed the results of the executive’s annual member insight exercise, including member perception, trust, and participation analysis. The committee provided input into the executive’s work to enhance member communications and deliver better support to members (particularly when the new pensions platform has been implemented) in their retirement journeys.

The committee has reviewed several proposed amendments to the Scheme Rules, including, to align the Scheme Rules with operational practice and to address specific operational matters.

Employer participation

The committee oversaw various aspects of employer participation in the scheme. This included handling requests for changes in participation terms, monitoring

employer covenants, and addressing specific employer participation requests and circumstances.

With regard to employers, the committee also:

- Monitored the employer covenant to the scheme and executive engagement with employers to consider potential refinements to existing covenant support measures to help ensure that the scheme remains robust and resilient to potential risks
- Oversaw the continuing development of the trustee’s employer participation policies and delegations
- Received the results from the annual employer attestation exercise coordinated by the executive, designed to ensure that each participating employer has adhered to its key actions and responsibilities as a participating employer in USS

DC Investment Builder

The Pensions Committee has been actively overseeing various aspects of the DC section of the scheme to ensure it continues to provide value to members and operates efficiently.

On behalf of the Trustee Board, the committee undertook an annual review of the ongoing suitability of the Investment Builder product range. Following this review, the committee recommended modest amendments to the existing Investment Builder policy beliefs to the Trustee Board. In addition, within DC, the committee:

- Approved the member requirement aspects of the annual Investment Builder product range review for submission to the Investment Committee and Trustee Board as part of the broader suitability review of the DC Section

- Recommended to the Trustee Board the scheme’s updated DC business plan and supervisory return (which documents how the Trustee Board has oversight of, and monitors governance activities and administration, including relevant systems, processes and policies surrounding the DC element of the scheme)
- Examined the trustee’s external DC Value for Member assessment, which compares the scheme’s DC Investment Builder to several master trust peer schemes across several categories, before its submission to the Trustee Board for approval.

The committee also held a joint DC strategy session with the Investment Committee to review the current strategy and approach to DC communications, including investment-related content and how Responsible Investment and the USS Ethical investment options are communicated to the membership.

Membership – Appointed by the Trustee Board Ms Marian D’Auria (Chair), Ms Mel Duffield (Chief Pensions Strategy Officer) (from 1 October 2024), Ms Ellen Kelleher, Mrs Helen McEwan (Chief Pensions Officer) (until 30 September 2024), Mr Will Spinks, Dr David Watts and Mrs Carol Young (Group Chief Executive Officer).

Remuneration Committee report

Introduction

The Remuneration Committee (the committee) ensures that remuneration arrangements for USS (including both the trustee, USSL, and its subsidiary, USSIM) promote the recruitment, motivation and retention of high calibre employees in a competitive market. This supports the delivery of the trustee’s long-term strategic objectives for the scheme and, in turn, the purpose, values and culture of the USS Group. USS is a Real Living Wage employer.

On behalf of the Trustee Board, the committee considers and approves the structure of remuneration and all long-term incentive plans for USS staff.

Together with the Chair of the Trustee Board, the committee also has a role in overseeing and making recommendations to the board on director and committee member fees across the governance structure (within relevant fee caps and frameworks agreed with the Joint Negotiating Committee).

The committee comprises five members (as listed below in the membership section of this report), all of whom are non-executive directors of the trustee. Will Spinks, a UCEA-nominated director, is Chair of the committee. Aon is the appointed independent remuneration advisor for the committee and provides compensation benchmarking for USSIM. Willis Towers Watson provides compensation benchmarking for pension roles and support functions. In addition, the Chair of the USSIM Board attends each meeting to provide a direct link from the remuneration discussions and proposals from the USSIM Board (and the USSIM Remuneration Committee) to the committee. Analogously, the Chair of the committee attends the USSIM Remuneration Committee meetings.

Role

The committee is responsible for approving and robustly challenging the remuneration arrangements for staff (including senior management), in order to provide assurance to the Trustee Board that remuneration for USSL and USSIM staff complies with agreed remuneration principles, industry standards, regulations and good practice. The committee uses external advice, comparing market data to satisfy itself that total remuneration costs, including long-term incentive plans and Group Deferred Bonus awards (applicable to a limited employee population), and aggregate bonus awards are aligned to industry trends and balance stakeholder and member interests.

The USS remuneration framework is designed to ensure that USS can attract and retain talent and skills within the organisation to deliver the scheme’s long-term priorities and value for money for members. The principles that underpin our approach to remuneration are as follows:

- The foundation of our remuneration approach is to promote alignment to our scheme’s interests
- We focus on long term success, applying appropriate metrics and overlaying judgement
- Remuneration outcomes for individuals reflect the importance we attach to adherence to our values, behavioural standards and organisational risk management culture
- Using external advice, we use remuneration market data of peer organisations with the aim of ensuring our approach is fair, for individuals and in aggregate
- We differentiate pay outcomes based on individual performance and, for some areas, overall team performance

- We endeavour to ensure a fair and transparent approach to remuneration

Incentives for all employees are based on performance and vary depending on which part of the organisation an employee works in. Whilst any incentive awards are discretionary, where awarded, some aspects of USSIM remuneration are linked to long term investment performance, whilst other aspects are based on a more qualitative assessment of an individual’s performance (as they are for USSL employees).

The committee oversees remuneration, reviewing, assessing and, where appropriate, challenging the executive and the proposals made by the board of its investment management subsidiary USSIM. The aim is to ensure that the proposals:

- (i) Demonstrate a clear and robust link between reward and performance, seeking assurance that a rigorous process of performance appraisal is in place, with appropriate controls to manage behaviour and manager discretion
- (ii) Comply with the requirements of regulatory and governance bodies
- (iii) Consider the expectations of stakeholders and remain consistent with the expectations of the employee population

The USSIM Remuneration Committee has the same approach to governance and oversight as the committee.

Key activities in 2024/25

The key activity for the committee was to consider and, once satisfied, approve the recommendations made by the USSIM Board and the USS executive in relation to remuneration proposals (salaries and incentive awards) for staff across the London and Liverpool offices. In reviewing the remuneration proposals for 2024/25, the committee challenged the executive to ensure that the proposals were appropriately balanced and reflected USS’s remuneration principles. The committee also considered: the findings of the executive’s Remuneration Risk Adjustment Committee (RRAC) and how risk, compliance and conduct across USSL and USSIM had been factored into the remuneration proposals (as required); and the advice and benchmarking information provided by the committee’s external adviser, Aon.

Further information about total remuneration paid to USS employees is provided on pages 51 to 53 within the Annual Report and Accounts for the scheme for the year ended 31 March 2025.

The committee oversaw the expanded activities of the RRAC. This included the RRAC’s review of potential risk adjustments from investigation findings and conducting pre-vest testing to consider whether any matters might impact full vesting of deferred compensation.

The committee held a joint meeting with the USSIM Remuneration Committee to allow joint consideration of employee value proposition and policy matters outside of the year-end remuneration processes. This included gender pay-gap analysis.

Remuneration Committee report
Continued

Together with the Chair of the Trustee Board, the committee provided recommendations to the Board in respect of director and committee member fees (within frameworks agreed with the JNC where relevant).

The committee also oversaw the executive’s response to developments in remuneration related regulations and good market practice, including approval of updates to the list of roles/employees identified as Material Risk Takers (as defined by the FCA²) for the purposes of remuneration governance.

During the year a training session was provided to committee members on the key aspects of the USSIM/ USSL remuneration frameworks.

Membership – Appointed by the Trustee Board:
Mr Will Spinks (Chair), Professor Sir Paul Curran (from 1 September 2024), Mr Andrew Brown (until 31 July 2024), Mr Gary Dixon, Dr Alain Kerneis and Dr David Watts (from 5 December 2024)

Note
2 USS is not required to comply with these remuneration regulations but adopted them as good practice.

Advisory Committee report

Introduction

The Advisory Committee is established under the Scheme Rules, and it has delegated authority to exercise the dispute resolution function on behalf of the trustee under section 50 of the Pensions Act 1995. Its role also extends to advising the trustee on matters on which it requires advice, including those relating to:

- The exercise by the trustee of its powers and discretions (other than those matters falling within the jurisdiction of the trustee’s Investment Committee, save in exercising the dispute resolution function);
- Difficulties in the interpretation or application of the Scheme Rules
- Complaints received from members/former members, ex-spouse participants or participating employers

The ordinary membership of the Advisory Committee comprises three representatives appointed by UCEA, and three representatives appointed by UCU. When exercising its dispute resolution function, two additional members who are trustee directors (one appointed by UCEA directors and one by UCU directors) participate in its meetings. The members of the Advisory Committee appoint its Chair.

The committee met seven times during the 2024/25 scheme year.

Key activities in 2024/25

During the period 1 April 2024 to 31 March 2025, the committee determined 24 complaints received under stage 2 of the internal dispute resolution (IDR) procedure. The grounds of the complaints covered various topics, including in relation to early and late retirement factors, incapacity retirement applications, retirement quotation discrepancies, cash equivalent transfer values, additional voluntary contributions, scheme membership eligibility, discretionary lump sum death benefit payments, access to pension benefits before the normal minimum pension age, and children’s death benefit payments. The committee upheld four of the cases and distress and inconvenience payments (D&I) were awarded in 13 of the cases considered.

The Advisory Committee also oversees cases referred to The Pensions Ombudsman (TPO) and received regular updates on the progress and outcome of all TPO cases. During the year, there were seven TPO determinations: two cases were partially upheld (with a D&I award offered in one of the cases) and five cases were not upheld. Additionally, two cases were received via TPO’s Early Resolution Service (ERS), one of which was not upheld and the other was not determined but TPO ERS asked the Advisory Committee to reconsider the amount of the D&I award previously offered under the IDR procedure. The Advisory Committee also received regular updates on non-USS TPO cases and industry developments.

One of the functions of the Advisory Committee is to oversee the implementation of USS’s dispute resolution policies and procedures. The Advisory Committee received a report from the trustee’s executive team providing an overview of the complaints received between 1 April 2023 and 31 March 2024, including those under stage 1 and stage 2 of the IDR procedure, and complaints referred to TPO. The number of complaints received during the year increased compared to the previous year, primarily due to the Capita cyber incident which occurred in May 2023. There was also an increase in complaints received under the IDR procedure compared to the previous year, while the number of complaints referred to TPO remained broadly consistent.

In relation to any proposed use of the trustee’s augmentation power under the Scheme Rules, the Advisory Committee provides the trustee with any advice it may require, along with a recommendation in accordance with the USS Augmentation policy. During the year, the Advisory Committee considered three proposed augmentations and, in each case, recommended that the augmentations should be granted by the trustee.

The Advisory Committee has oversight of commutation payments made by the trustee to members on grounds of serious ill-health. Such payments are usually approved by the Chair of the committee and a senior officer of the trustee. During the year, the committee oversaw 42 approvals for commutation payments on the grounds of serious ill-health.

During the year, the Advisory Committee received training on TPO’s guidance on redress for non-financial injustice.

Membership during the year

UCEA appointees:

Mr Cliff Vidgeon (Chair until 30 September 2024), Mr Denis Linfoot OBE, Mr Brendan Mulkern (a member from 21 August 2024 until 31 December 2024, now an alternate) and Mr Phil Harding (from 1 January 2025).

UCU appointees:

Dr Carlo Morelli (Chair from 1 October 2024), Professor Dennis Leech (until 30 June 2024), Mr Sunil Banga (until 30 June 2024), Professor Mark Taylor-Batty (from 1 July 2024) and Professor Bijan Parsia (from 1 July 2024)

Additional members:

UCEA appointed trustee director: Mr Will Spinks

UCU appointed trustee director: Mr Andrew Brown (until 31 July 2024), Ms Helen Shay (from 14 August 2024).

Joint Negotiating Committee report

Introduction

The Joint Negotiating Committee (JNC) was established under the Rules of the scheme. Its constitution, powers and responsibilities are set out in the Scheme Rules. The JNC’s functions include initiating amendments to the Scheme Rules and considering and approving rule changes proposed by the trustee or the Advisory Committee. The JNC also plays a key role in the context of scheme funding. If, following an actuarial valuation of the scheme, the trustee determines that the cost sharing provisions under the Scheme Rules are triggered, the JNC also has the power to decide how the cost of the contribution increases or decreases should be shared between employers and members and/or whether there should be a change to future scheme benefits. There are also certain other matters under the Scheme Rules that require the JNC’s consent such as the remuneration of the Trustee Board and certain other committee members including the JNC, and whether payment of investment management costs from the fund and the cap on such costs remains appropriate.

The JNC comprises five representatives of Universities and Colleges Employers Association (UCEA) and five representatives of the University and College Union (UCU), together with an independent committee member who acts as Chair. In recognition of the time commitment involved in discharging their duties as members of the JNC, eligible UCU and UCEA members are able to claim a fee which is payable to them or their employer institutions.

Mr Akbar Khan, who was appointed as the Chair of the JNC with effect from 1 January 2023 stood down on 31

December 2024 and was succeeded by Mr Lawrence Churchill CBE, appointed from 1 January 2025.

The JNC formally met seven times during the scheme year. JNC members were also involved in a number of working groups, notably the Stability Working Group (StWG) and Collaborative Review Forum (CRF) some details of which are provided below.

Key activities in 2024/25

During the financial year, the JNC:

- Continued to support its StWG which focusses on the long-term stability of the scheme with the aim of mitigating the need for short-term changes to benefits and/or contributions from valuation to valuation, this includes exploring whether introducing Conditional Indexation could improve scheme stability and improve expected member benefits
- Worked with the USS executive at the CRF. The CRF was established to support the JNC to more effectively carry out its function to “initiate or consider amendments to the rules”. The forum takes direction from, and reports to, the JNC and was put in place to identify potential changes (within the benefit structure in place) where provisions:
 - Require review to ensure they support the requirements of members/employers
 - Cause disproportionate administration issues or resource strains
 - Have been in place for a long time and should be reviewed to check if they still work as the JNC would expect under the current benefit structure
- Reviewed and consented to two deeds of amendment to the Scheme Rules. These covered:

- 27th Deed – This Deed addressed two specific operational matters relating to the trustee’s power to pay a total commutation lump sum on the grounds of serious ill-health (Serious Ill-Health Lump Sum) and interest on late payments from the defined benefit (DB) part of the scheme
- 28th Deed – This Deed was designed to correct a typographical error, and to clarify some existing rules
- Agreed a new Transparency Agreement which sets out how JNC members receive and treat information which is shared with them as part of their role on the JNC
- Commenced work to review and comment on a new consolidated version of the Scheme Rules, which would consolidate the Rules dated 19 November 2015 and all subsequent Deeds of Amendment into one document. This work is due to be completed over the course of 2025
- Received regular updates regarding the funding status of the scheme
- Received regular regulatory updates

In addition, during the year the JNC received briefings from the USS executive and the Scheme Actuary, Aaron Punwani of Lane Clark & Peacock, the trustee’s actuarial adviser.

At the JNC’s invitation, each JNC meeting was attended by representatives from the Trustee Board.

Further details on the JNC along with summary reports from each of its meetings can be found online.

<https://www.uss.co.uk/about-us/how-were-governed/joint-negotiating-committee>

Membership during the year

Independent committee member:

Mr Akbar Khan (until 31 December 2024), Mr Lawrence Churchill CBE (from 1 January 2025).

UCEA appointees:

Mr Mike Shore-Nye, Mr Anthony Odgers, Ms Sharon Moore, Mr Cliff Vidgeon (until 28 February 2025), Ms Carol Prokopyszyn (from 1 March 2025), Mrs Margaret Monckton (until 31 December 2024), Mr Khadir Meer (from 1 January 2025).

UCEA alternate members during the period: Ms Carol Prokopyszyn, Mr Nigel Alcock, Mr Cliff Vidgeon.

UCU appointees:

Dr Deepa Govindarajan Driver, Dr Jackie Grant, Dr Marion Hersh, Ms Shahenda Suliman*, Mr Mark Taylor-Batty (until 23 June 2024), Ms Sarah Joss (from 24 June 2024).

UCU alternate members during the period: Dr Donna Brown, Ms Vicky Blake, Ms Shahenda Suliman*

Note

* Mr Dooley Harte is a permanent alternate member for Ms Shahenda Suliman