USS For members, for the future.

Universities Superannuation Scheme

Governance Supplement 2026

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 2026 (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 2026 **uss.co.uk/about-us/report-and-accounts**.

In respect of the financial year 2025/26, 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 Joint Negotiating Committee (JNC) and the Advisory Committee. The JNC and Advisory Committee are stakeholder committees constituted under the Scheme Rules. They are separate from the Trustee and play a distinct role in the Scheme's governance. For more information, please see their reports on pages 17 and 18 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 2025 to 31 March 2026

The Trustee's 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 are 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. The Trustee Board considers the Wates Principles to provide a proportionate and effective framework for explaining how it exercises leadership, oversight and accountability in support of the Scheme's long-term objectives.

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**.

Corporate governance statement
Continued

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 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 seeks to balance short-term goals with the long-term sustainability of the Scheme. Necessary short-term actions are carefully aligned with the Trustee's commitment to provide secure benefits for members, both now and in the future. The Trustee's approach to investing and responsible investment has a long-term focus.

During the year, the Trustee Board considered how these strategic priorities should be reflected across the Scheme and its in-house investment manager, USS Investment Management Limited (USSIM), and challenged management on the extent to which the proposed investment strategy and approach supported the Scheme's long-term purpose and financial sustainability.

Current projects on the Trustee's data strategy and the change in its administration platform provider aim to ensure that USS is well set for the future and the growing demands and use of data and technology. The Trustee's short and long-term planning is guided by its three-year strategic plan, which aims to ensure that it remains 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 members. In applying these values, the Trustee Board sought to ensure that decision-making during the year reflected an appropriate balance between challenge and collaboration, and that behaviours across the organisation supported the delivery of the Scheme's strategic objectives. 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 3 of the Report and Accounts.

The Trustee Board monitors USS's culture through reports from the executive, including employee engagement surveys. During the year, this included an externally facilitated Culture Audit, which concluded that USS has a strong foundation for its culture, providing an independent assessment consistent with the themes identified through employee engagement surveys. These reports enabled the Trustee Board to assess whether USS's culture continued to support effective delivery of its purpose and strategy, and to identify areas where further focus or action by management was required.

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. USS' constitution requires the Trustee Board (led by an independent Chair[1]), to be made up of 12 non-executive directors (NEDs):

- 4 appointed by UCEA
- 3 appointed by UCU
- 5 (including the Chair) appointed by the Trustee Board (who are referred to as 'independent directors')

The Trustee Board's competency matrix approach has ensured that, collectively, the board has the many skills and competencies, including significant experience and understanding of the Higher Education sector, required to lead and oversee the largest private pension fund in the UK (by assets under management). This breadth of experience is important given the scale and complexity of the Scheme, its position in the sector and the in-house resources of the Trustee and USSIM required to manage it.

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 Board'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 48 to 50 of the Report and Accounts for a biography of each Trustee Director and a summary of the directors' collective competencies.

The skills and competencies of Trustee Board Directors are maintained through training. On an annual basis, each Trustee Director completes a 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.

Internal performance reviews of the Trustee Board, facilitated by the Trustee's Governance team, are carried out periodically, with similar reviews of the Trustee Board's standing sub-committees conducted every two years. These internal reviews are supplemented

Note

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

Corporate governance statement
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every three years by an independent external board performance review. The last external review was undertaken in the 2024/25 financial year.

Accordingly, during the 2025/26 Scheme year, internal performance reviews of both the Trustee Board and the USSIM Board were carried out. These reviews provided an opportunity for the boards to reflect on their governance arrangements, processes and behaviours, and to re-test progress against actions arising from the 2024/25 external review. In the 2026/27 Scheme year, the Trustee will undertake a combined board and committee performance review, facilitated by the Trustee's Governance team.

Further details of the Trustee's approach to monitoring and reviewing the performance of the Trustee Board are provided on page 96 of the Report and Accounts.

During the Scheme year ended 31 March 2026, three Trustee Directors came to the end of their first terms of office and were therefore subject to re-appointment. The resulting appointment/re-appointment processes were managed by the Trustee, and details of these are provided on page 98 of the Report and Accounts and in the GNC report on page 9 of this supplement.

As part of its responsibilities for overseeing board and committee effectiveness and succession planning, the Trustee Board (through its GNC) also undertook succession planning for the USSIM Board and completed the recruitment process for the role of Chair of the USSIM Board.

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 with the executive team- both formally and informally. This allows the Trustee Board 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. Gender ratio goals for both the Trustee Board and the USSIM Board have been met. Both boards are yet to meet their ethnicity diversity goals. Both remain committed to open, fair and transparent recruitment processes to encourage a wide range of applicants. The Trustee Board continued its participation in the pensions industry's Trustee Accelerator Programme which provides individuals from diverse backgrounds 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 useful training and board shadowing opportunities to bolster their credentials for future trustee positions.

Further details on board diversity and the Trustee Board's equity, diversity and inclusion (EDI) goals are available on page 47, and information on USS's broader EDI strategy is on page 25 of the Report and Accounts. Further details of how the balance of responsibilities, accountability and decision-making are maintained are provided on pages 46 to 47 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 USS 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 and the USSIM Board have adopted a code of conduct which sets out the standards expected of Trustee and USSIM Board members.

The Trustee 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 oversees 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. These arrangements support transparency and help ensure that potential conflicts or concerns are identified and managed appropriately.

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, to support effective oversight and challenge. 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 membership of the Remuneration Committee and requiring a NED majority for quorum on committees with executive members. This structure protects the integrity of the governance process.

Corporate governance statement
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The Trustee Board and USSIM Board maintain a collaborative relationship. This is supported by one director sitting on both boards, by cross-committee participation, and by regular joint training and engagement events. The GCEO sits on the USSIM Board. Both boards coordinate closely on investment and remuneration matters. These arrangements support appropriate alignment while preserving clear accountability, with the Trustee's Investment Committee overseeing USSIM's performance. Simultaneous external performance reviews of both boards further 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 51 to 52 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 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 a focus on delivering value for money (VfM) for members, while safeguarding long-term outcomes.

Each year, the Trustee Board reviews and approves its strategy, including the business plan, budget and key performance indicators against which performance will be measured and reported. USS's strategic objectives are developed in line with the Trustee's agreed risk appetite, which informs decision-making and trade-offs when assessing strategic options. Further details of how the Trustee creates lasting value for members and employers are provided in the strategic report within the Report and Accounts.

Opportunities and risks are identified, assessed and monitored as part of the annual strategic planning process, business planning cycle and ongoing performance monitoring. In approving the business plan, the Trustee Board considers both the opportunities to enhance member outcomes and the associated risks, including costs and VfM considerations. For example, the Trustee's approach of using predominantly internal resource within USSIM to manage scheme assets reflects an assessment of the opportunity to improve value for members, balanced against operational, investment and resourcing risks.

The Trustee Board sponsors the USS risk management framework which sets out the Group's risk governance arrangements and processes for identifying, assessing, managing and monitoring risks. The GCEO and the GET are responsible for its implementation, with oversight provided by the Chief Risk Officer and the executive Group Risk committee. The Trustee Board receives regular reporting on the operation of the risk management framework, enabling it to challenge management, assess the effectiveness of risk management and control activity, and take action where required.

Trustee Directors are expected to familiarise themselves with the key risks and challenges affecting the UK Higher Education sector and the wider pensions landscape. This supports informed discussion and constructive challenge when considering strategic opportunities, emerging risks and external developments.

The Trustee Board reviews its risk appetite annually and monitors risk exposure against it through regular reporting, including quarterly risk reports and updates on material events. This enables the Trustee Board to assess whether the Scheme is operating within its agreed appetite and whether risk mitigations remain appropriate and effective in supporting the delivery of its long-term objectives.

For more details of USS's approach to risk management, see page 37 of the Report and Accounts. Pages 39 to 44 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.

In applying this framework, the Trustee Board and its Remuneration Committee consider how remuneration outcomes support the long-term sustainability of the Scheme, rather than short-term performance alone.

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 54 to 57 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.

This approach supports proportionate remuneration outcomes that reflect both individual performance and delivery against the Scheme's strategic objectives.

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. The scorecard is designed to assess performance over appropriate time horizons and to support behaviours consistent with long-term investment outcomes for members. Further information on USS's remuneration principles and the investment balanced scorecard, and their link to remuneration, is provided on pages 21 to 22 of the Report and Accounts.

The Trustee's performance metrics align with its long-term strategic objectives through investment performance scorecards, annual and long-term incentives, and qualitative measures. The Remuneration Committee ensures these processes support strategic priorities and meet compliance standards.

The Trustee Board's 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. This coordinated approach supports consistency in remuneration governance while recognising the distinct roles and responsibilities of USSL and USSIM.

Corporate governance statement
Continued

Insight and benchmarking data from both the Scheme's remuneration advisors and relevant industry providers inform the Trustee's remuneration practices. This includes regular reports on asset management performance, remuneration trends, financial market indicators, 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 across the Scheme's key stakeholder groups. Further details about engagement with stakeholders can be found on pages 23 and 24 of the Report and Accounts. A summary of employee engagement during the financial year, including details of the Trustee's EDI programme, is included on pages 25 to 27 of the Report and Accounts. Some brief highlights of stakeholder engagement activities are noted below. Overall, this programme of engagement provides the Trustee Board with insight into the views and priorities of its stakeholders, including employers and the workforce. These insights are taken into account in the Trustee Board's consideration of strategic matters, including funding, valuation and the long-term sustainability of the Scheme.

The JNC, the formal stakeholder (in this context, UCU and UCEA) decision making body, has met regularly throughout the year and has also been supported by the ongoing work of a number of subgroups:

- The Conditional Indexation Working Group met throughout 2025 and published its second report in December 2025
- The Collaborative Review Forum was established in late 2024 to identify scheme design matters and/or potential Scheme Rule amendments, which may benefit from JNC review. The subgroup met four times during the year
- The Valuation Methodology and Technical Discussion Forum met four times in 2025. It focused on working collaboratively to share views and feedback on the valuation methodology
- The Valuation Technical Forum, was established in early 2026, and accommodates early, informal technical discussion between USS, UCEA and UCU, ahead of key decisions in the valuation process

These forums help the Trustee Board to understand stakeholder perspectives on key strategic and technical matters, including valuation methodology and potential changes to scheme design. The Trustee Board can then take these perspectives into account in its consideration of strategic decisions.

The Trustee has engaged with employers through a range of activities and forums, including:

- The 2025 Institutions' Meeting, held in October 2025 (a full recording is available to view here)
- Employer Pension Managers are supported on operational matters via the USS Institutions Advisory Panel and are engaging with USS to support the ongoing improvement of digital services and member communications via the Employer Implementation Working Group
- Colleagues from the USS Client Engagement team have attended employer-run employee benefit fairs to promote the benefits of USS membership at the University of Leeds, Aston University, Advance HE, University of Bradford, Lancaster University and the University of Nottingham
- USS has also engaged directly with employers on the Scheme covenant via informal one-to-one meetings, a webinar for employer representatives in November 2025, and the Covenant Working Group. The group meets quarterly and is made up of CFOs, COOs and Bursars from a range of USS employers
- In February and March 2026, the GCEO held regional meetings with Vice Chancellors and other senior leadership team representatives from employers representing 43% of participating members. The discussions were informal and covered a wide range of topics, including the 2026 valuation, long-term scheme stability and the financial outlook of the Higher Education sector
- USS held trustee engagement events at Brunel, University of London and the University of Leeds, meeting with senior leadership teams, Pension and HR managers and University Council 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, the Universities UK (UUK) Annual Conference, the Universities HR (UHR) conference, as well as maintaining regular engagement through the British Universities Finance Directors Group (BUFDG), the Committee of University Chairs (CUC) and the Russell Group.

In respect of employee engagement, 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 employee '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 on employee engagement. Regular employee surveys include questions on engagement, diversity and inclusion, health and wellbeing, and USS's values.

The Trustee Board and USSIM Board have each appointed a designated non-executive director (DNED) to enhance workforce engagement. The DNEDs aim to ensure that employees' perspectives are factored into board decision making where appropriate. The DNEDs participate in employee forums, engage with employees and executives, and participate in engagement activities to gather employee feedback on proposed strategic priorities for both USSL and USSIM. This feedback is considered by the Trustee Board and USSIM Board and incorporated into the one- and three-year business planning process for each board.

Group Audit and Risk Committee report

Introduction

The committee 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 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 Audit, Risk and Compliance Committee) of the Trustee's in-house investment manager USSIM. Gary Dixon, a Universities and Colleges Employers Association (UCEA) nominated Trustee Director, has chaired the committee since 1 February 2021. Gary 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 Group Chief Executive Officer (GCEO) on the effectiveness of the internal control environment at the USS Group. The quarterly statement is based on the output of the executive risk committees and the operating committees of the pensions business and of USSIM. The end of year report is supported by assurance statements from each of 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, including the 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 SPV 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 Head of Internal Audit 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.

Group Audit and Risk Committee report
Continued

Key activities in 2025/26

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. It also undertook an exercise to evaluate how USS's approach to risk management aligned with industry best practices as set out in the Risk Coalition's "Raising Your Game" guidance.

The committee receives regular updates on cyber risk and reviewed the updated Cyber Governance Code of Practice, together with an assessment of alignment with it. It also reviewed the results of an exercise designed to evaluate the ability of USS to detect, prevent and respond to a range of 'real world' cyber threats. 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.

Other activities in 2025/26

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 Risk Governance policy, Conflicts of Interest and the Whistleblowing policies.

Membership – Appointed by the Trustee Board
Mr Gary Dixon (Chair), Mr Russell Picot, Ms Helen Shay and Mr Richard Metcalf.

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, Group Chief Executive Officer (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, ensuring good communication and connection between the two Boards and their governance practices.

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
- The composition of and recruitment for the Trustee Board and USSIM Board (including the fitness, propriety and competence of Trustee Board Directors)
- The Group Executive team and senior management succession planning, performed by the GCEO
- Effectiveness reviews of the Trustee Board and USSIM Board and their respective standing committees
- The induction plans and ongoing training programmes for the Trustee Board and USSIM Board Directors and committee members and their implementation

Key activities in 2025/26

Succession planning and recruitment activities have formed a large part of the GNC's activities during the year, with recruitment and re-appointment processes undertaken for both the USSL and USSIM Boards.

For USSL, the GNC:

- Undertook and completed a recruitment process for the independent Trustee Director role held by Alain Kerneis, who is also a USSIM Director and had reached the end of his first term of office. The GNC undertook a full, open, fair and transparent recruitment process which resulted in Alain Kerneis being re-appointed for a second term of office on both the Trustee Board and USSIM Board
- Agreed the role profile and requirements for a Universities and Colleges Employers Association (UCEA) appointed director role on the Trustee Board. This role is to replace Will Spinks who is due to reach the end of his final term of office as a Trustee Director on 31 August 2026. UCEA is leading the recruitment process for this role
- Agreed the role profile and started early preparations for the recruitment process to find a new Trustee Board Chair to replace Dame Kate Barker following her planned retirement from the Board in the summer of 2027
- Oversaw executive succession planning which this year included a change in the Group General Counsel following the retirement of the incumbent

For USSIM, the GNC:

- Undertook and completed a recruitment process to find a new USSIM Board Chair to replace Sarah Bates on her retirement from the USSIM Board at the end of 2026. This process resulted in the Trustee Board appointing Rita Bajaj, who will join the USSIM Board as a director and Chair elect from 1 October 2026, before taking the role as Chair from 1 January 2027, subject to FCA approval
- Recommended to the Trustee Board the reappointment of two USSIM non-executive directors for a second term, effective from January 2027

EDI remains an important matter for the Trustee, 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 continued participation in the Pensions Management Institute's Trustee Accelerator Programme (PMI TAP) following participation in a successful pilot scheme for the prior 18 months. The PMI TAP is a programme established initially by Standard Life (in partnership with the Pensions Management Institute), seeking to upskill and support individuals from a diverse range of backgrounds to become pension trustees of the future with the aim of increasing EDI within the pensions industry. One of the trainees from the programme has been shadowing our Pensions Committee, and we plan to support another trainee from the PMI TAP going forwards.

Governance and Nominations Committee report
Continued

Each year, the GNC approves the training programme for the Trustee Board, USSIM Board and their sub-committees and oversees its implementation. Training for Trustee Directors has focused on valuation related topics, and other matters linked to the USS's strategic priorities.

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 completed in 2024. In 2025, the committee oversaw effectiveness reviews of both the Trustee and USSIM Boards (facilitated by the USS Governance team) and the implementation of agreed actions and recommendations from those reviews.

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 Trustee 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, Mrs Carol Young and Ms Helen Shay.

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 2026, 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.

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 investment performance.

The Investment Committee regularly reviews investment performance and investment 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 (or risk limits). 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 2025/26

A significant activity for the committee over the year was its role in supporting the Trustee Board with its preparations for the 2026 Actuarial Valuation and associated investment related activities. This involved working with USSIM (as principal investment adviser to the Trustee), Mercer (as secondary DB investment adviser) and the Scheme Actuary (Aaron Punwani from Lane Clark & Peacock (LCP)) to consider the method for generating investment return forecasts for use in the valuation, as well as considering the programme of work, engagement with the sector on investment matters connected with the valuation and the new DB Funding Code.

The committee has also carried out a range of more governance-related activities. Following a comprehensive review of the voting process and associated documentation by USSIM, the committee recommended to the Trustee Board new USS Voting Principles, setting out how the Trustee wishes its votes to be exercised, ensuring that implementation is aligned with the Trustee's investment beliefs. The committee has also overseen USSIM's implementation of the RI strategy, including a detailed review of work completed to date to apply a 'Nature' lens to USS's investment holdings, and has considered the planned future work in this area.

Another important task for the committee this year (as it is every year) was to assess the investment performance of USSIM using the investment balanced scorecards (which were also reviewed in October 2025). The committee undertook its mid-year review in October 2025 and finalised its full-year assessment in February 2026. Further details of the committee's scoring of USSIM's investment performance for 2025 can be found on pages 21 to 22 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 2026.

At each of its meetings, the 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. 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 15 to 22 of the Scheme Annual Report and Accounts.

Investment Committee report
Continued

The Investment Committee's away day forms an important part of the committee's annual programme and provides an opportunity to consider strategic investment issues and the long-term risks facing both the Scheme and financial markets. With the benefit of some external speakers, the committee discussed the prospective investment outlook and USSIM's work on thematic scenarios, including their interrelationships and potential pathways over the next five to ten years. The committee also received an external perspective on biodiversity in the context of a potential age characterised by near zero marginal costs of energy and intelligence (including AI). In addition, the committee considered potential objectives for the 2026 actuarial valuation from different viewpoints. This included the metrics that could be used to assess which investment strategies might be capable of supporting these objectives, as well as considering the implications that different valuation objectives could have for the overall investment strategy.

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; reviewing the investment risk limits (KRIs); and reviewing 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, compared with peers to ensure that these remain appropriate, and the Scheme continues to offer value for money to members. The committee reviewed and recommended minor amendments to the Scheme's DC Default SIP, to reflect recent good practice guidance from The Pensions Regulator with regards to disclosure of policies on investment in illiquid assets.

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, Dr Alain Kerneis, Professor Adam Tickell, and Dr Sam Marsh

Pensions Committee report

Introduction

The Pensions Committee (the 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:

- Administration and the services provided to employers and members
- Member and employer engagement and experience (including oversight of statutory consultations with affected employees and their representatives)
- 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 2025/26

During the year, the Pensions Committee continued to oversee a period of significant operational and strategic activity across the pensions business. This included oversight of:

- The Scheme's ongoing transition from Capita's Hartlink system to Procentia's IntelliPen platform. The committee continued to monitor the status of the programme, including delivery milestones, resourcing and contractual matters, and the planned exit from Capita to help safeguard the interests of the Scheme and its members during the transition
- The executive's delivery of the insourcing of defined contribution (DC) administration services from Capita. The committee oversaw readiness activity, assurance and early operational performance following the implementation
- The executive's development and implementation of a structured Remediation Framework, and oversight of ongoing remediation activity, to support the consistent, proportionate and well governed identification and correction of any pension benefit payment issues
- Work undertaken by the executive to progress a replacement Scheme Rules exercise, consolidating the Scheme's twenty-nine deeds of amendment and making non-substantive changes to improve clarity and readability

Further details on these projects can be found on pages 11 to 14 of the Report and Accounts.

The committee also held a Strategy Day during the year, providing dedicated time to consider longer-term strategic themes impacting members and employers. This included the future member and employer proposition including the identification of evolving and future member needs, the role of digital enablement following the implementation of the IntelliPen platform, the management of remediation activity at scale, and how the pensions business can continue to support positive member outcomes over time.

Member and Employer Experience

Continuously improving member and employer engagement and experience is a key focus for the Trustee. During the year, the committee reviewed insights and feedback on the Trustee's interactions with members and employers through different channels, including the results of the annual member insight review and employer perception survey. This included consideration of member trust, engagement and understanding, and employer views on service delivery, communications and the employer experience. The committee also provided input into the executive's work to enhance member communications and the support provided to members (particularly when the new pensions platform has been implemented) in their retirement journeys. In addition, the committee considered how the transition to the new pensions platform is expected to support improvements in both member and employer experience over time.

Employer participation

The committee continued to oversee an important programme of work on employer participation, including the development of further policy intended to guide the executive's response to requests from employers to vary their participation terms. In doing so, the committee focused on maintaining a clear and consistent policy led approach, managing covenant and financial risk, and supporting appropriate engagement with employers.

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. Regarding employers, the committee also:

- Monitored the employer covenant to the Scheme and executive engagement with employers to help ensure that the Scheme remains robust and resilient
- Oversaw the continuing development of employer participation policies and delegations
- Received updates on employer attestations and related assurance activity coordinated by the executive

Pensions Committee report
Continued

DC Investment Builder

The Pensions Committee actively oversees various aspects of the DC section of the Scheme to ensure it continues to provide value to members and operates efficiently. In line with the Trustee's governance framework, the committee's focus is on member outcomes and product suitability, with investment matters considered in coordination with the Investment Committee (IC).

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 IC 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.

Membership – Appointed by the Trustee Board
Ms Marian D'Auria (Chair), Ms Mel Duffield (Chief Pensions Strategy Officer), Ms Ellen Kelleher, 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 whilst providing value for money 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.

The committee comprises non-executive directors of the Trustee (as listed below in the 'membership' section of this report). Will Spinks, a UCEA-nominated director, continued to Chair the committee during the year. During the year, PwC was appointed as the committee's independent remuneration adviser following a tender process. PwC provides remuneration benchmarking and advice for both USSL and USSIM. The Chair of the USSIM Board attends committee meetings 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 USSIM Remuneration Committee meetings.

Role

The committee is responsible for robustly challenging and approving 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 the approach to remuneration remain unchanged and are as follows:

- The foundation of the remuneration approach is to promote alignment with the Scheme's interests
- A focus on long-term success, applying appropriate metrics and overlaying judgement
- The use of external advice and market data to support a fair approach for individuals and in aggregate
- Differentiation of pay outcomes based on individual performance including adherence to USS values, behavioural standards, organisational risk management culture and, where relevant, team performance
- A commitment to 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, assessed using a balanced and risk-adjusted framework, 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:

- 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
- Comply with the requirements of regulatory and governance bodies
- Consider the expectations of stakeholders and remain consistent with the expectations of the employee population

The USSIM Remuneration Committee operates under an equivalent governance and oversight framework.

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 Trustee Board on director and committee member fees across the governance structure (within relevant fee caps and frameworks agreed with the Joint Negotiating Committee (JNC)).

Key activities in 2025/26

The committee's key activity during the year was to consider and, once satisfied, approve remuneration proposals (including salaries and incentive awards) for staff across USSL and USSIM. In reviewing proposals for the 2025/26 remuneration cycle, the committee continued to challenge the executive to ensure that outcomes were appropriately balanced, consistent with USS remuneration principles, and reflective of both organisational performance and individual contribution. As in prior years, the committee considered the work of the executive Remuneration Risk-Adjustment and Accountability Committee (RRAC), including how risk, compliance, conduct and accountability considerations across USSL and USSIM were reflected in remuneration vesting.

Remuneration Committee report
Continued

Further information about total remuneration paid to USS employees is provided on pages 54 to 57 within the Annual Report and Accounts for the Scheme for the year ended 31 March 2026.

The committee considered market and regulatory developments relevant to remuneration, supported by advice from PwC. This included sector pay trends, salary and incentive expectations, and emerging regulatory developments such as proposals relating to ethnicity and disability pay gap reporting and wider employment law reforms.

During the year, the committee held joint meetings with the USSIM Remuneration Committee to support coordinated oversight of shared policy and employee value proposition matters outside the year-end remuneration process. Joint discussions also focused on gender pay gap reporting, ethnicity pay analysis, equal pay analysis, and the remuneration approval framework.

As noted above, the committee assessed proposals from qualified remuneration advisers following a tender process. As a result, it appointed PwC as its independent remuneration adviser to provide remuneration benchmarking and advice for both USSL and USSIM.

During the year, the committee also approved changes to the USSL variable remuneration structure, including the amalgamation of the Group Deferred Bonus into a simplified variable pay framework. The committee was satisfied that the revised approach maintained appropriate alignment between reward, performance and accountability, and noted that the revised arrangements would apply from the 2026/27 remuneration year.

The committee oversaw developments in remuneration governance processes, including enhancements to remuneration planning, documentation and decision-making frameworks and oversaw the executive's implementation of a new remuneration IT system intended to improve transparency and process efficiency.

Together with the Chair of the Trustee Board, the committee provided recommendations to the Trustee Board in respect of director and committee member fees, confirming that proposals remained within the frameworks and caps agreed with the JNC and that a full external review of the fee framework was not required for the forthcoming year.

Membership – Appointed by the Trustee Board:
Mr Will Spinks (Chair), Professor Sir Paul Curran, Mr Gary Dixon, Dr Alain Kerneis and Dr David Watts

Advisory Committee report

Introduction

The Advisory Committee (the committee) is established under the Scheme Rules and has delegated authority to exercise the dispute resolution function on behalf of the Trustee under section 50 of the Pensions Act 1995. The committee also advises 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-appointed directors and one by UCU-appointed directors) participate in its meetings. The members of the Advisory Committee appoint its Chair.

The committee met seven times during the 2025/26 Scheme year.

Key activities in 2025/26

During the period from 1 April 2025 to 31 March 2026, the Advisory Committee determined 14 complaints received under stage 2 of the internal dispute resolution (IDR) procedure. The grounds of the complaints related to a range of matters, including early retirement factors, incapacity retirement applications, retirement quotation discrepancies, additional voluntary contributions, normal pension age, and transfer-out requests. Five complaints were upheld in part, and distress and inconvenience payments (D&I) were awarded in seven of the cases considered.

The Advisory Committee also oversees cases referred to The Pensions Ombudsman (TPO) and receives regular updates on the progress and outcomes of all TPO cases. During the year, there were three TPO determinations in respect of the Scheme, none of which upheld the complainants' appeals against the Advisory Committee's determinations. The committee also received regular updates on non-USS TPO cases and wider industry developments.

As part of its role in overseeing the implementation of the Trustee's dispute resolution policies and procedures, the Advisory Committee received a report from the Trustee's Executive team on complaints received between 1 April 2024 and 31 March 2025. This included informal complaints, as well as those received at stage 1 and 2 of the IDR procedure and complaints referred to TPO. During the period, the number of informal complaints decreased compared to the previous year, while there was an increase in complaints received under the IDR procedure. The number of complaints referred to TPO remained broadly consistent with the previous year.

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 committee considered two proposed augmentations and, in each case, recommended that the augmentations should be granted by the Trustee.

The Advisory Committee also 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 48 approvals for commutation payments on the grounds of serious ill-health.

During the year, the Advisory Committee received training on the process for preparing and issuing retirement quotations.

Membership during the year

UCEA appointees:
Mr Cliff Vidgeon, Mr Denis Linfoot OBE, and Mr Phil Harding.

UCEA alternate member during the period:
Mr Brendan Mulkern

UCU appointees:
Dr Carlo Morelli (Chair), Professor Mark Taylor-Batty and Professor Bijan Parsia

Additional members:
UCEA appointed Trustee Director: Mr Will Spinks

UCU appointed Trustee Director: Ms Helen Shay

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 main purpose is to initiate amendments to the Scheme Rules and to approve 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 Lawrence Churchill CBE was appointed as the Chair of the JNC with effect from 1 January 2025.

The JNC formally met eight 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 2025/26

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
- 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 the 29th deed of amendment to the Scheme Rules. This addressed a difference between the Scheme Rules and operational practice in respect of the revaluation of members' pre-2016 CRB benefits and final salary benefits in the final full year and final part year of active membership
- Consented to the Trustee executing 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
- Attended a joint meeting with the Trustee Board which looked at the outlook for the 2026 valuation
- Commenced preparations for the 2026 valuation
- 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 Lawrence Churchill CBE (from 1 January 2025).

UCEA appointees:
Mr Mike Shore-Nye, Mr Anthony Odgers, Ms Sharon Moore, Mr Khadir Meer, Ms Carol Prokopyszyn

UCEA alternate appointees during the period:
Mr Nigel Alcock, Mr Cliff Vidgeon

UCU appointees:
Dr Deepa Govindarajan Driver (until 30 June 2025), Dr Jackie Grant (until 30 June 2025), Ms Sarah Joss (until 30 June 2025), Dr Dyfrig Jones (from 1 July 2025), Dr Marion Hersh, Ms Shahenda Suliman*, Ms Vicky Blake (from 1 July 2025), Dr Mark Pendleton (from 1 July 2025).

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

UCU alternate appointees during the period:
Dr Donna Brown (until 30 June 2025), Dr Vicky Blake (until 30 June 2025), Dr Deepa Govindarajan Driver (from 1 July 2025), Dr Jackie Grant (from 1 July 2025).