

Implementation Statement 2025 – a snapshot

This is a summary of our Implementation Statement, which confirms how the Statement of Investment Principles has been followed throughout the year and outlines the scheme's voting and engagement behaviours.

USS's Implementation Statement sets out how, and to what extent, our investments have followed the Statement of Investment Principles (SIP) and the Default SIP during the scheme year ending 31 March 2025. It applies to both the Retirement Income Builder, the defined benefit (DB) part, and the Investment Builder, the defined contribution (DC) part.

Review of the SIP and Default SIP

Following the completion of the 2023 valuation, we reviewed and considered updates to the SIP in March 2024. A formal consultation with employers on the proposed updates took place during April 2024, and the new SIP was finalised in May 2024. This Implementation Statement is based on the previous SIP that was in place until May 2024.

How the SIP has been followed during the year

- ✔ **Following our review, we believe that the SIP, the Default SIP, and the Stewardship and Voting Policy have been accurately followed during the scheme year April 2024 to March 2025.**

The kind of investments held:

- For the Retirement Income Builder (the DB part), the Valuation Investment Strategy was updated in July 2024, following the 2023 valuation and engagement with employers. The Implemented Portfolio corresponds to the actual investments held in the DB part is therefore more granular than the VIS. The Implemented Portfolio invests in a range of asset classes, such as, but not limited to, listed equities, government bonds, commodities, and private market assets including equity and debt, infrastructure, and property.
- For the Investment Builder (the DC part), we regularly review our DC fund options against member requirements and make enhancements as required. The investment objectives of the USS Default Lifestyle Option funds are designed to deliver long-term returns above inflation, while protecting against market volatility in the years before retirement. The type of assets held in the Do It For Me and Let Me Do It options depends on the objectives and strategy of each DC fund.

✓ **We are satisfied with the operation of our risk management and measurement processes.**

USS believes that risk is best understood and managed using multiple approaches and has a structure in place to monitor the risks relevant to both the DB and DC parts. The SIP recognises USS's exposure to investment, funding, and operational risks. USS considers these risks when advising on investment policy, strategic asset allocation and portfolio management, and manager and fund selection when applicable.

USS's Investment Framework for the DB and DC parts takes a holistic approach to both risk management and the assessment of USSIM's investment management performance. For risk management it uses a range of risk metrics across investment, liquidity, counterparty, and climate risks. For the assessment of USSIM's investment management performance, it uses a range of investment objectives with investment balanced scorecards. The scorecards include six important categories and there is one scorecard for each of DB and DC. These categories have been designed to be consistent with the best interests of the scheme:



You'll find how the Investment Committee assessed USSIM's performance under the Investment Framework in our [Report and Accounts](#).

Responsible Investment

USS is a long-term, responsible investor with a legal duty to invest in the best financial interests of our members and beneficiaries, so we can pay pensions long into the future.

USS's Responsible Investment (RI) Policy sets out USS's investment beliefs about RI and its commitment to the RI principles. The RI Policy and the SIP set out the belief that USS is a Universal Owner, which involves having highly diversified and long-term portfolios that, by virtue of their large size, are broadly representative of global capital markets.

✓ **We believe our RI related policies and procedures, and how they translate into stewardship activities, have been materially followed during the year.**

Details of our approach to responsible investment can be found [on our website](#) and in our latest [Stewardship report](#), which details how we consider financially material factors and includes examples of our engagement activities.



Specifically on voting, we believe there have been no material divergences from our voting policies during the year.

When we own shares in a company, it usually means we have the right to vote on how that company is run. As an active, long-term owner of the companies we invest in, exercising the right to vote is one of the cornerstones of our stewardship approach.

During the year, the three most common categories where we voted against the recommendations of management were audit & reporting, remuneration and board elections.

From April 2024 – March 2025, we exercised our vote at 99.6% of resolutions where we were eligible to vote. We voted against management at least once at 82% of eligible meetings. Below you'll find some examples of this year's significant votes:

- We voted against CTBC's resolution to increase its authorised share capital by 39% through the issuance of new shares as we thought this would allow the company to fund significant acquisitions without requiring shareholder scrutiny or approval of the transactions. We believe that the discipline of gaining shareholder approval for significant transactions increases the likelihood of success.
- We voted against Reliance Industries' financial statements due to the company's lack of disclosure around its management of greenhouse gases. We expect companies that operate in sectors that emit high levels of greenhouse gases, or sectors exposed to climate risks, to have robust climate transition plans, which supports our ambitions to achieve our net zero commitments.
- We voted against Visa's shareholder resolution for the company to increase disclosure on its lobbying expenses and related policies and procedures. This was because the company already promised to increase its disclosures in a 2024 report, but we are still encouraging the company to disclose the specific amount of fees that may be used for lobbying activities, as opposed to the aggregate amount.
- We held two ExxonMobil board directors to account by voting against them over concerns around their approach to corporate governance and shareholder rights after it pursued legal action against its shareholders. We believe the ability to requisition and vote on shareholder proposals is a fundamental right of shareholders and that this case could set a precedent that undermines this very important and fundamental right of shareholders.

For more detail on our signification votes see our full Implementation Statement. You can also find the outcome of all our voting actions [on our website](#).

Investment Governance



We believe our policies in relation to the arrangement with USSIM and any asset managers have been materially followed during the year.

The SIP covers USS's policy on how the arrangements with USSIM incentivise USSIM to make decisions in the long-term interests of USS. USS is satisfied that its arrangements incentivise USSIM to align its investment strategy and decisions with USS's policies, including whether to manage certain investments itself or to appoint external managers, because of the relationship between the trustee and USSIM, and the non-profit arrangements in place.

Financially material considerations



We are satisfied that the investment strategy and management of the assets are in the best financial interests of the members and beneficiaries.

USS has a legal duty to invest in the best financial interests of members and beneficiaries, with an appropriate level of risk. We expect our investment managers (both USSIM and the external managers appointed by USSIM) to take into account all financially material considerations in the selection, retention and realisation of investments. This includes responsible investment considerations (such as, but not limited to, climate change) where these are considered relevant financial factors. This approach is implemented in three ways:

- Integration into investment decision-making processes
- Stewardship, engagement and voting rights
- Engagement with policymakers and regulators in markets in which we invest

We believe that addressing climate change is financially material and therefore is in the best financial interests of our members. That's why we've set an ambition to be net zero by 2050 if not before. Take a look at our TCFD report for our **latest progress towards net zero**.

There are some circumstances where we may consider non-financial factors, such as when:

- They would not pose a risk of significant financial detriment to the scheme, for example, where the choice is between two investments which are broadly equivalent from a financial perspective, and
- USS has good reason to believe that all members would share each other's concerns about the non-financial factors

In the Investment Builder (the DC part), we are able to offer members an investment choice and therefore alternative options are made available. These are based on member research and allow members to reflect their views and preferences and take account of their own position on the risks of potentially lower returns. There have been no circumstances over the past 12 months outside of these alternative options where non-financial factors could be taken into account for investment decision-making.