USS

For members, for the future.

Universities Superannuation Scheme

Stewardship Report 2026

Disclaimer
This document is issued by Universities Superannuation Scheme Limited (in its capacity as the sole corporate trustee of the Universities Superannuation Scheme/USS Investment Management Limited). This document may make reference to specific entities and other constructs within the USS Group. Set out below is a summary of what we mean:

Universities Superannuation Scheme (USS) is the pension scheme itself. It is set up under a trust and governed by a trust deed and rules. Universities Superannuation Scheme Limited (USSL) is the Trustee that runs and manages USS in line with the trust deed and rules and legal duties.

USS Investment Management Limited (USSIM) is a subsidiary of USSL. It is the principal investment manager and adviser to the Scheme, looking after the investment and management of the Scheme's assets.

However, for simplicity and to aid readability, this document may also make use of terms such as Universities Superannuation Scheme, USS, we, us, our and similar, as a way of collectively referring to entities and/or other constructs within the USS Group – rather than referring to a specific entity and/or other construct. Whilst this document may make use of forms of collective reference, each entity or other construct has a distinct role within the USS Group, and the use of forms of collective reference and simplification within this document do not change this.

Cover image: Sculpture, Surrey University Grounds, Guildford

Policy and Context Report

Activities and Outcomes Report

Foreword

Russell Picot
Chair of the Investment Committee

I am delighted to introduce the 2026 Stewardship Report from the Universities Superannuation Scheme (USS).

This year's report is the first in the new two-part format following the Financial Reporting Council's (FRC) review of the Code. We were involved in the consultation process for the Code last year and welcome the FRC's adoption of a more flexible reporting structure that combines an annual activities and outcomes update with a four-yearly policy and context disclosure. 2026 may be a transition year but the core principles of effective stewardship and high standards of transparency remain central to the Code.

Annual reporting of our stewardship activities provides us with the opportunity to demonstrate how we are engaged and active owners. It also ensures that our members and other stakeholders are well equipped to assess our progress, successes and challenges. The adoption of medium-term governance disclosures sets a high standard of transparency for asset owners, such as USS, and recognises that asset owners play an important role in strengthening market integrity. Stewardship and engaged ownership are central to our investment process. Where relevant, every asset we own or evaluate is analysed from a responsible investment perspective as part of our investment analysis. As a Universal Owner exposed to system-level risks such as climate change, our stewardship approach also includes active policy advocacy and collaboration across the system.

In this report, we have adopted the revised Code structure as a framework to set out our approach to stewardship. We have provided extensive asset class case studies that illustrate how USS, as a long-term asset owner, undertakes engagement and exercises voting. We recognise that each asset class has its own distinctive characteristics and that stewardship applies differently in each case. We have described what we have achieved in our stewardship efforts this year and how these efforts contribute to the fulfilment of our ownership responsibilities.

To evidence our commitment to effective stewardship, and our belief in the importance of strong investor protections at a time when shareholder rights are at risk of erosion in specific markets, we have undertaken a comprehensive proxy voting review. Voting is central to the exercise of company-level stewardship and, through emphasis on shareholder rights and robust governance, it also supports well-functioning markets. As part of the proxy voting review, we developed a set of Trustee-owned Voting Principles that govern our approach and ensure voting decisions and behaviours are aligned with the long-term financial interests of our members. The Voting Principles inform the detailed Voting Guidance, which is employed by USSIM when it casts votes on the Scheme's assets.

The corporate governance and stewardship landscape continues to undergo significant change in certain leading markets. The US Securities and Exchange Commission's overhaul of the shareholder proposal process and the watering down of shareholder protections in the US and elsewhere, continues to shift power to issuers and away from investors.

Artificial intelligence (AI) is beginning to disrupt and reshape the stewardship ecosystem. As investors and companies begin to incorporate AI tools into the proxy voting value chain, there is a risk of investor fragmentation. Fragmentation, which is often framed as a desire for investor choice and customisation, risks creating less consistent and potentially conflicting investor signals. This may cause confusion about what investors really want, both from company-level stewardship and system-level stewardship. We support customisation where it reflects a focus on beneficiary concerns, but caution against a 'choice for choice's sake' approach. This approach can dilute a strong investor voice and lead to confused boards and management teams.

We believe that meaningful protection of shareholder rights is fundamental to effective stewardship and promotes long-term value creation. We are also of the view that it can contribute to better investment outcomes and so enhance our ability to pay pensions long into the future.

About USS

Universities Superannuation Scheme (USS) was established in 1974 as the principal pension scheme for universities and Higher Education institutions in the UK.

We work with around 330 employers to help build a secure financial future for 577,000 members and their families. We are one of the largest pension schemes in the UK, with total assets of around £76.8bn (as at 31 March 2025).

The Trustee of USS is Universities Superannuation Scheme Limited. It has overall responsibility for scheme management and administration, led by a non-executive board of directors and employs a team of pension professionals in Liverpool and London. The Trustee is regulated by The Pensions Regulator and has a legal duty to ensure that benefits promised to members are paid in full on a timely basis. The Trustee delegates implementation of its investment strategy to a wholly-owned subsidiary – USS Investment Management Limited (USSIM) – which provides in-house investment management and advisory services to the Trustee. USSIM manages approximately 76% of the Scheme's investments in-house and appoints and oversees external investment managers to manage the rest (as at 31 March 2025). USSIM is authorised and regulated by the Financial Conduct Authority.

USS is a hybrid pension scheme, which means we have both a defined benefit (DB) part – the Retirement Income Builder – and a defined contribution (DC) part – the Investment Builder.

For more information please visit our website.

Where we invest*
By Asset

Cash	-26.2%**
Liability matching	40.1%
Public Equities	37.3%
Public Credit	12.6%
Infrastructure	10.4%
Private Credit	12.2%
Private Growth	6.5%
Real Estate	4.9%
Commodities	2.3%

Where we invest*
By Geography

Cash	-26.2%**
UK	56.7%
North America	39.1%
Europe	13.8%
Asia	11.0%
South America	1.4%
Oceania	1.0%
Africa	0.9%
Global	2.3%

Source: USS, March 2025

* Figures shown may not sum to 100% due to rounding. These differences do not affect the conclusions shown or contained within the report. Global assets includes commodities.
** Denotes leverage.

Leverage measures the degree to which total investment exposure exceeds the value of scheme net assets. Leverage is created by repurchase agreements and derivatives, including futures and swaps. Inputs from different investment and other teams across USSIM to cover asset class-specific issues.

Introduction

USS has maintained signatory status to the UK Stewardship Code 2020 since 2021 and we are pleased to adopt the revised Code structure as a framework to set out our approach to stewardship.

Policy and Context Report

In the first section of our report we cover our policies and context, including the Scheme's purpose and values and how these inform our approach to stewardship.

For more information see page 6

Activities and Outcomes Report

In the second section, covering activities and outcomes, we describe key actions during the reporting year up to 31 March 2026 that we undertook as an engaged and active long-term owner. We provide a number of asset class case studies that illustrate how we undertake engagement and exercise voting to fulfil our ownership responsibilities.

For more information see page 17

Policy and Context Report

The Now, 1999, sculpture by Nigel Hall. Churchill College, University of Cambridge

A

Organisation, investment beliefs and stewardship approach

How our purpose, strategic priorities and values inform our investment beliefs and approach to stewardship.

Our purpose

Working with Higher Education employers to build a secure financial future for our members and their families.

Our strategic priorities

Members feel financially more secure

A sustainable scheme, for the long term

USS is recognised as a competent scheme manager

Our values

Integrity

- We always do the right thing
- We put our members' interests first
- We take decisions for the long term

Collaboration

- We work towards a common goal
- We take responsibility for our own actions
- We are straight talking and respectful in our dealings with each other

Excellence

- We set high standards for ourselves and our colleagues for the benefit of our members
- We adapt and innovate to achieve the best outcome
- We bring our best selves to work, every day

Our investment beliefs

USS is a long-term investor with a legal duty to invest in the best financial interests of our members and beneficiaries having regard to the position of the Scheme as a whole, so we can pay pensions long into the future. The Responsible investment page on the USS website sets out information on how we integrate responsible investment considerations when we invest.

Our broad principles and expectations in relation to stewardship are set out via the Statement of Investment Principles (SIP). The SIP is a regulatory document outlining the investment strategy, objectives and policies. It also contains an overview of the Trustee's responsible investment approach, including how it is informed by USS's position as a Universal Owner.

Universal Ownership involves having highly diversified portfolios that by virtue of their large size, are broadly representative of global capital markets. As a Universal Owner ourselves, we are exposed to market-wide or systemic risks that could impact investment returns and cannot be fully mitigated through diversification alone. To address these risks, we act as an engaged long-term owner, together with other Universal Owners, to minimise the financial impact they can have on our investments.

Organisation, investment beliefs and stewardship approach
Continued

Responsible investment beliefs and ambition

We believe that by working with other long-term investors to drive change, and by embedding responsible investment into all our investment activities, we can drive better outcomes for our members and beneficiaries. Our Responsible Investment Beliefs and Ambition Statement outlines:

Our responsible investment beliefs

- Responsible investment involves acting as an engaged and active long-term owner to reduce risk over time and to seek to improve risk-adjusted returns
- Active ownership involves engagement as a long-term owner of assets, being focused on sustainability, good corporate governance and actively engaging with the Trustee's investment managers (both internal and external) taking into account all financially material considerations in relation to the selection, retention, and realisation of investments
- As a Universal Owner, we cannot diversify away from systemic risks. The overall risk to market returns (beta) is one of the biggest risks members face
- We have a role to play in promoting the proper functioning of markets and economies. This includes actively engaging with policymakers and regulators in markets in which we invest
- Collaboration with other long-term investors is likely to improve the impact of our interventions
- Responsible investment integration and high-quality stewardship in all asset classes will contribute to better outcomes for members

Our responsible investment ambitions

- We will be rated highly by our stakeholders for the quality and clarity of our communications on responsible investment, and for our engagement efforts with stakeholders
- Our ambition is to be seen as a visible leader with respect to responsible investment in areas that are key priorities for the Scheme

Our responsible investment priorities

Climate	Climate change is a significant financial risk that is increasingly reshaping the way we look at our investments and their long-term returns. We consider climate change through the lens of physical and transition risks and opportunities at company, sector, country and whole economy level.
Nature	We assess nature-related dependencies and impacts as well as risks and opportunities. We consider both how company actions impact nature (and the associated risks and opportunities), and how the companies we invest in depend on nature – the resources and services it provides – to operate.
People	We consider the different ways in which businesses, through their operations and value chains, have an impact on people. This could be direct – employees, customers, suppliers – or indirect – workers in supply chains, local communities and indigenous groups.
Governance	The rules, processes and practices that determine how a company is run and how investors are protected. We believe these should be based on the principles of fairness, accountability, responsibility and transparency. We look at both the governance of companies and how markets are governed.

Our approach

We see stewardship as the responsible allocation, management and oversight of capital, to allow us to protect and enhance long-term value for the Scheme. This may contribute to capital market efficiency, integrity and resilience, including long-term economic growth and extends beyond the traditional consideration of environmental, social and governance factors.

We put stewardship into practice by:

- Voting and engaging with the assets we own to maintain or enhance the value of our investments over time
- Integrating financially material environmental, social and governance (ESG) factors[1] into our investment analysis to support more informed decision making.
- Using our position as one of the UK's largest private pension schemes to articulate our views as both a Universal Owner and a long-term asset owner, seeking to promote proper functioning markets
- Working with other asset owners, industry bodies, regulators and academics to share views, build our expertise and provide a collective voice

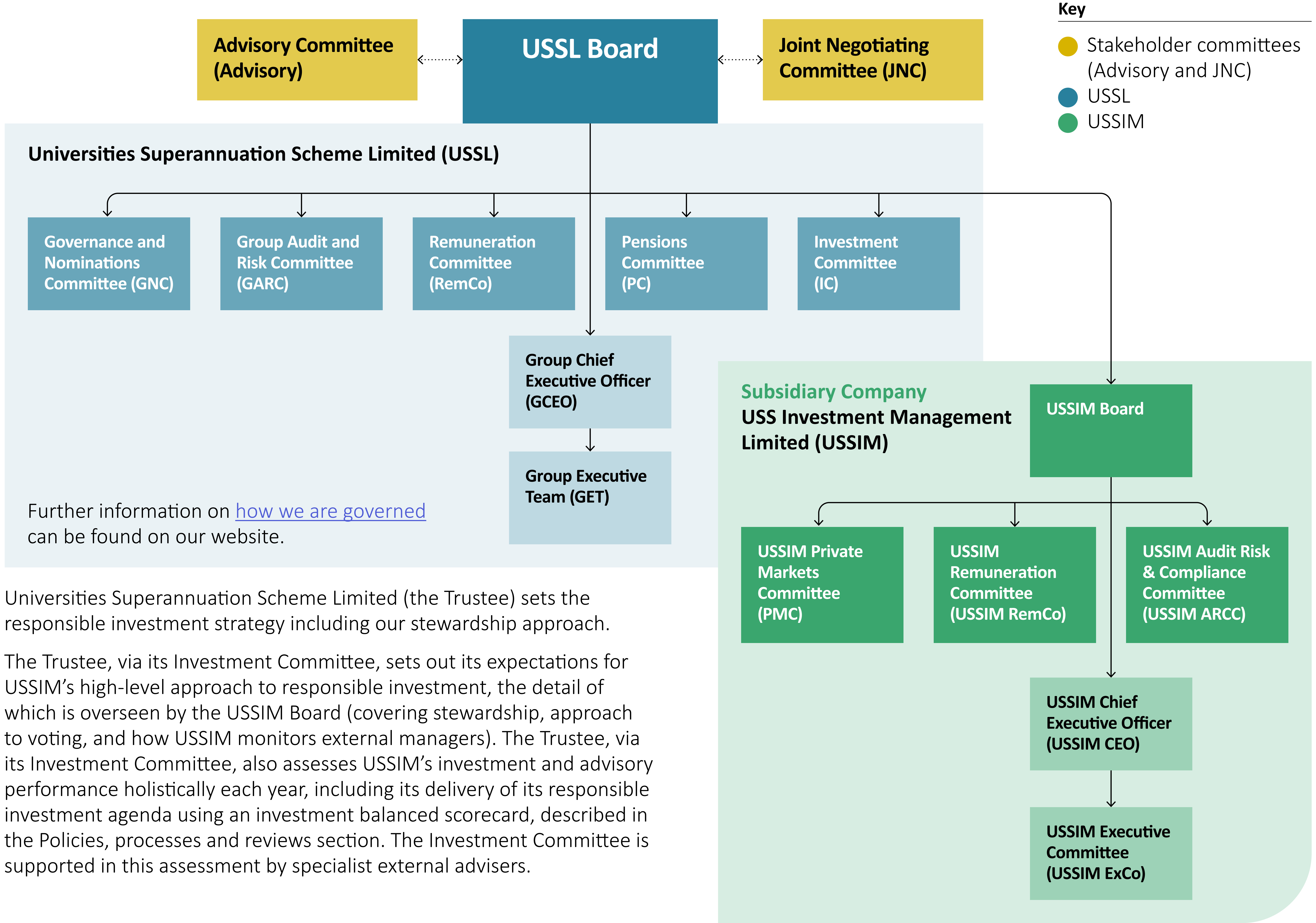
1 ESG factors refers to the range of environmental, social and governance related sub-issues that may be financially material to an investment.

B

Governance and resources

How our governance structure and resources enable effective stewardship.

Figure 1: Our governance structure



Further information on how we are governed can be found on our website.

Universities Superannuation Scheme Limited (the Trustee) sets the responsible investment strategy including our stewardship approach.

The Trustee, via its Investment Committee, sets out its expectations for USSIM's high-level approach to responsible investment, the detail of which is overseen by the USSIM Board (covering stewardship, approach to voting, and how USSIM monitors external managers). The Trustee, via its Investment Committee, also assesses USSIM's investment and advisory performance holistically each year, including its delivery of its responsible investment agenda using an investment balanced scorecard, described in the Policies, processes and reviews section. The Investment Committee is supported in this assessment by specialist external advisers.

Governance and resources
Continued

Universities Superannuation Scheme Limited

Universities Superannuation Scheme Limited (the Trustee) has overall responsibility for scheme management and administration. It runs USS (the Scheme) in line with the trust deed and rules and is led by a board of non-executive directors. The Trustee is regulated by The Pensions Regulator and has a legal duty to ensure that benefits promised to members are paid in full on a timely basis.

The USS Trustee Board consists of 12 non-executive directors comprising:

- Four directors nominated by Universities and Colleges Employers Association (UCEA)
- Three directors nominated by University and College Union (UCU)
- Five independent directors

The Board has processes in place to ensure that the composition and diversity of experience of its directors promotes an effective and balanced Trustee Board and helps to ensure that directors collectively have the key expertise required to govern the Scheme. This includes competencies and knowledge of pensions, investments, actuarial matters, the Higher Education sector, audit and financial management, and communications, amongst other things. The Trustee works with UCEA (representing participating employers) and UCU (representing members of USS) to ensure that the Trustee Board includes directors with a good understanding of the views of employers and members.

Our responsible investment and stewardship resource

Having an in-house investment manager, USSIM, means that the Trustee has greater visibility over the management of the Scheme's assets and the implementation of the responsible investment strategy than an investment approach that is fully outsourced to external managers. As the Scheme is its sole client, USSIM is uniquely placed to understand the Trustee's needs. Part of USSIM's role includes oversight of stewardship and responsible investment activities undertaken by external managers on behalf of the Scheme. USSIM is regulated by the Financial Conduct Authority (FCA).

USS commits specialist resource to responsible investment and stewardship as set out below.

Resource	Description
USSIM Responsible Investment team	• Led by the Head of Responsible Investment who is a member of the USSIM Executive Committee • Undertakes research and analysis on financially material environmental, social and governance (ESG) factors to support integration into investment decisions • Leads on voting publicly listed assets with input from investment teams where we have discretion to vote • Works across the Scheme's responsible investment priorities (climate, nature, people and governance) with leads for each investment team (Fixed Income Treasury and Trading, Equities and Private Markets) • Helps USSIM to advise the Trustee on responsible investment strategy, policy and thought leadership
USSIM Investment teams	• Responsible for integrating financially material ESG factors into investment decisions • Responsible for asset-level stewardship, which includes engaging directly with companies on responsible investment matters, supported by the Responsible Investment team
USSIM Investment Product Management team	• Responsible for the oversight and governance of internal and external mandates and execution, as well as product development across both the DB and DC parts • Oversees the processes in place to assess and monitor how managers are addressing RI considerations in the selection and retention of assets
USS communications functions	• Responsible for managing internal and external communications on responsible investment-related matters and both educating and informing audiences on our approach • Inform and advocate USS's position on responsible investment-related matters with regulators, policymakers and standard setters
Senior leaders	• Includes individuals across USSIM and USS • Responsible for playing a central role in actively engaging externally with policymakers, regulators, asset owner peers and other stakeholders to articulate USS's approach to responsible investment. • Communicate USS's views related to the Scheme's responsible investment priorities and systemic risks that may impact long-term investment outcomes • Collaborate with industry initiatives, peer networks and public forums to share insights, influence policy development and support collective action where aligned with members' long-term financial interests

Training

Relevant teams, boards and committees across USS receive ongoing training to support stewardship-related activities. Training sessions are delivered by internal or external experts and specialists, and formal training is supported by informal sessions to keep employees and directors updated on key topics. The Responsible Investment team advises teams across USS on responsible investment- and stewardship-related activities and presents to all new employees and directors as part of their induction programme.

Systems, technology and external providers

We use a range of tools to support our stewardship activities, ranging from in-house models, which we have developed ourselves, to externally provided information and platforms. Some examples include:

- Central repository for market data and investment materials
- Internally developed dashboard that visualises climate metrics for the assets we own
- Research and data providers that supply company level ESG data and assessments
- Proxy exchange platform that supports vote execution and provides voting research
- Industry groups and initiatives providing company and market level analysis
- Intelligence service used to track key policy announcements, legislative developments and consultations
- Internally developed system to support monitoring and information sharing of legislative and regulatory developments

C

Policies, processes and reviews

How we organise and review our stewardship policies and processes.

Policies

Our responsible investment and stewardship policies set out consistent positions and expectations for delivering on our responsible investment approach. They define the roles and responsibilities of different teams in delivering the activities, including which committee is responsible for oversight.

The USS approved policy framework requires each policy to cover purpose and objectives, applicability and scope, policy statements, policy principles, roles and responsibilities, and risks addressed.

The key policies that cover stewardship activities are:

Policy	Purpose and objectives	Owner	Approval board/ committee	Review cycle
Responsible Investment Policy	This Policy outlines our commitment to act consistently with our responsible investment beliefs and to do so whilst complying with applicable law and regulation: the Trustee's primary duty when exercising its investment power is to invest in the best financial interests of the Scheme's members and beneficiaries having regard to the position of the Scheme as a whole. The Trustee is also committed to communicating its responsible investment beliefs, and the work it does to implement those beliefs, consistently and accurately.	Head of Responsible Investment	Trustee Board / Investment Committee	Biennially
Stewardship and Voting Policy	This Policy sets out our approach to stewardship through engagement and voting, consistent with applicable law and regulation and aligned with USS's responsible investment approach. The Policy confirms that we will comply with the Trustee's Voting Principles, and that USSIM will maintain Voting Guidance that is aligned to those Voting Principles.	Head of Responsible Investment	USSIM Board	Annually
Exclusions Policy	This Policy sets out the governing principles that apply to USSIM's approach to scheme-wide exclusions and how we will: • Fulfil our duty to mitigate investment risks consistent with the Scheme's long-term investment horizon • Integrate ESG financial factors into investment decision making • Implement the Trustee's Investment Beliefs and Responsible Investment Policy	Head of Responsible Investment	USSIM Board	Annually

To steer our approach and ensure voting decisions and behaviours are aligned with the best long-term financial interests of members, we have a set of trustee-owned Voting Principles.

Policies, processes and reviews
Continued

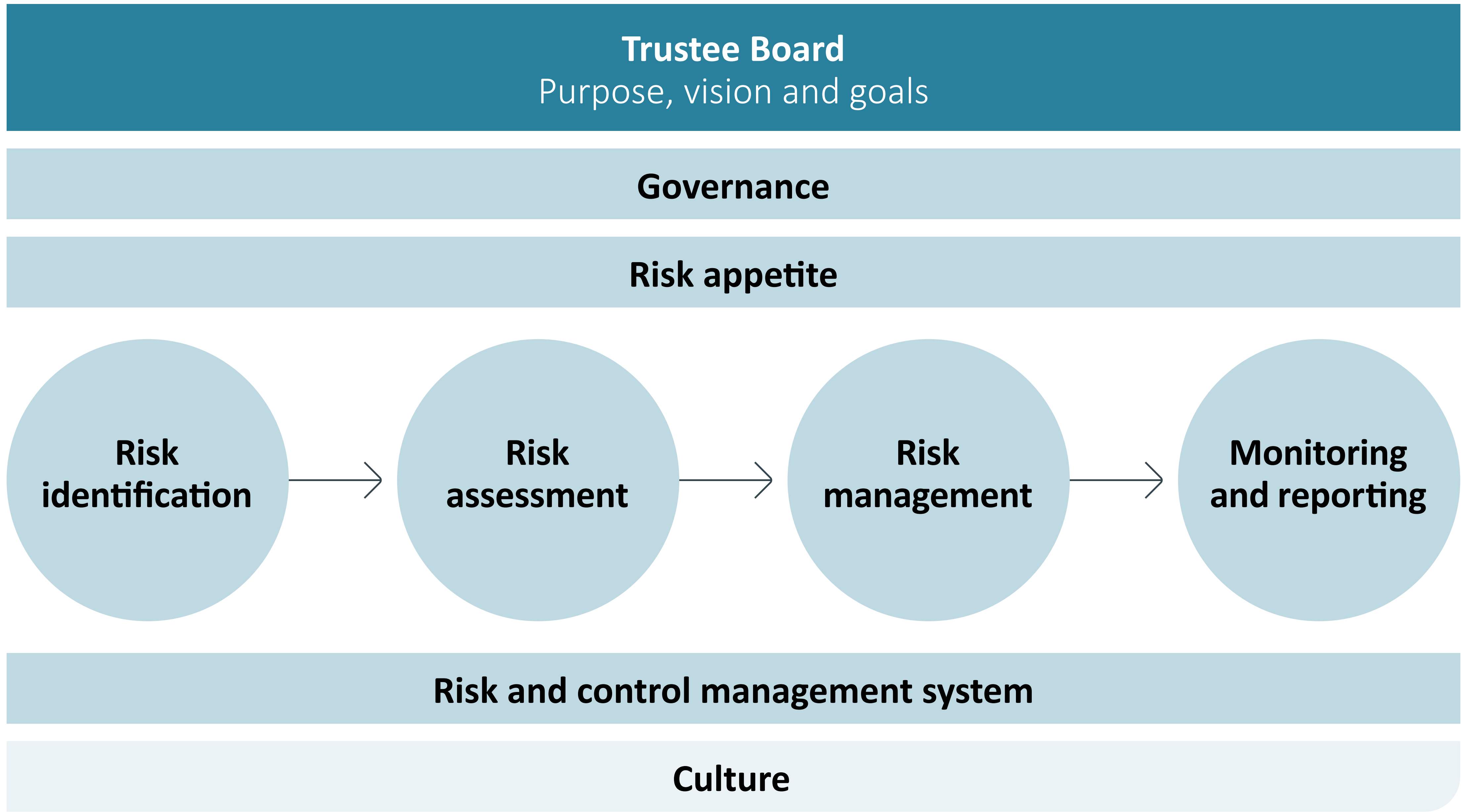
Risk management processes

An effective risk management process that covers responsible investment and stewardship risks, such as climate and responsible investment integration, is an important tool to embed our responsible investment approach in our everyday activities.

Risk Management Framework

Our Risk Management Framework comprises a set of processes to identify, measure, manage, monitor and report risks. The Risk Management Framework integrates top-down strategic risk oversight with bottom-up operational risk assessment to provide an enterprise-wide view of risk. Figure 2 shows the key activities included in the framework.

Figure 2. Our Risk Management Framework



Areas of the Risk Management Framework where responsible investment risk is specifically considered are summarised below.

Top-down approach: responsible investment as a principal risk

We take a top-down approach to identify and prioritise the principal risks that pose significant potential for an adverse outcome. The process for identifying our principal risks is conducted annually and refreshed as necessary, unless triggered by events. Mitigating action plans are owned at the executive level and tracked and reported at the various governing bodies periodically.

Bottom-up approach: operational risk assessment

Business areas are required to maintain operational risk registers which document the risks and controls associated with their processes. These risk registers incorporate responsible investment risks and evidence that investment desks and supporting functions are integrating financially material responsible investment considerations into their everyday processes and decision-making, where appropriate. The business risk registers are reviewed periodically by the Risk Committee.

Risk Appetite Framework and associated Key Risk Indicators

Risk appetite is the maximum level of risk we are willing to accept in pursuit of our objectives. It includes the investment Risk Appetite Statements (RASs), recommended by the Investment Committee and set by the Trustee Board. The Responsible investment RASs apply at scheme level covering both DB and DC and set the parameters within which USSIM manages the Scheme's investments. The Risk Appetite Framework also includes a set of linked Key Risk Indicators (KRIs) which are assessed through the Investment Framework.

Principal risk Responsible Investment (applies to DB and DC)

Definition	Risk Appetite Statements	Key Risk Indicators
The risk that USS fails to consider and appropriately act on RI matters, causing detriment to performance.	'Cautious' appetite for climate change causing detriment to performance.	Assessment by the Risk team of how USSIM is delivering on management of climate transition risks and the Trustee's net zero ambition. Assessment by the Risk team of how USSIM is delivering on managing physical risk.
	'Cautious' appetite for other responsible investment matters (such as nature, people and governance) causing detriment to performance.	Assessment by the Risk team of how USSIM is integrating responsible investment factors into its investment decision making process.

Policies, processes and reviews
Continued

Investment Framework

The Investment Framework captures the investment RASs and KRIs, including those for responsible investment matters. This makes clear the parameters within which USSIM is to manage the Scheme's investments. The Framework also includes an investment balanced scorecard to holistically assess the investment performance for each of DB and DC. This aims to provide greater transparency between the Trustee and USSIM and align USSIM to the long-term interests of USS.

Category 5 (Responsible investment) includes the qualitative DB and DC KRIs on how USSIM is delivering on:

- Managing climate transition risks and the Trustee’s net zero ambition
- Integrating responsible investment factors into its investment decision making process
- Managing physical risk

Figure 3 includes the elements of the responsible investment category of the investment balanced scorecard. The Risk team undertakes an annual qualitative assessment of USSIM’s performance against the responsible investment category. This assessment, alongside USSIM’s other responsible investment achievements over the period, feeds into the overall scorecard assessment by the Investment Committee. That overall scorecard assessment is used as an input by the Remuneration Committee in setting the compensation for USSIM.

Figure 3. Investment Balanced Scorecard categories

1. Investment return
2. Investment risk
3. Active management
4. Portfolio resilience
5. Responsible investment
6. Advice and support

5. Responsible investment

a. Priorities and leadership

i. USSIM assessment against the Trustee’s responsible investment priorities

b. Integration and implementation

i. USSIM assessment against the Trustee’s responsible investment priorities

ii. An assessment by the Risk team of how USSIM is integrating responsible investment factors (including reporting and stewardship) (KRI)

iii. An assessment by the Risk team of how USSIM is delivering on management of climate transition risk and the Trustee’s net zero ambition (KRI)

iv. An assessment by the Risk team of how USSIM is delivering on managing physical risk (KRI)

D

Conflicts of interest

How we manage stewardship-related conflicts of interest.

Our commitment

We comply with legal and regulatory requirements and expect all employees to meet the high standards expected of them in their client and business activities, including in relation to actual or perceived conflicts of interest. Actions that challenge this position are taken extremely seriously and we are committed to applying the full extent of internal and external sanctions as appropriate.

Relevant policies

Our Group Code of Conduct outlines the ethical standards required of us and our employees, including a duty to act with reasonable care, skill, and diligence in the best interests of the Scheme, its members and beneficiaries, and to avoid or manage conflicts of interest.

Our Conflicts of Interest Policy supports the Group Code of Conduct and is reviewed annually by both Universities Superannuation Scheme Limited and USSIM executives and their boards. The Policy provides guidance on how to identify, avoid, monitor, manage and report actual and potential conflicts, including those related to responsible investment and stewardship activities. It also highlights employees' obligation to disclose conflicts of interest and maintain high ethical standards in their work for the USS Group. Additionally, the Policy sets out our expectations of external managers, suppliers and advisers.

The Personal Account Dealing Policy aims to ensure that conflicts of interest are avoided in any staff personal account dealing. The Policy is maintained by the Compliance team and all employees receive regular compliance training and annually attest to requirements covering conflict of interest management and mitigation.

Monitoring conflicts in relation to stewardship

We monitor for potential conflicts of interest on an ongoing basis and maintain Conflicts of Interest Registers for both Universities Superannuation Scheme Limited and USSIM which cover conflicts in relation to stewardship. These include an assessment of the inherent and residual risks of each actual or potential conflict we identify and set out the various controls in place to manage or mitigate them.

We also maintain a Conflicts Register which records any conflicts with external appointments and connected persons reported by USS employees.

There were no potential investment-related conflicts of interest that could not be mitigated during the reporting period. Similarly, there were no actual conflicts of interest recorded in relation to stewardship activities.

E

Dialogue with our clients and/or beneficiaries

How we maintain a dialogue with members, employers and other stakeholders.

During the year to 31 March 2025, USS paid out approximately

£2.8bn*

in benefits. We also have

233,937

active members accruing benefits with us and

249,930

deferred members with preserved benefits. For details of our assets under management across asset classes and geographies, please see our About USS section.

* Benefits paid out to 93,055 pensioner members and 16,842 dependants.

Helping our members stay informed

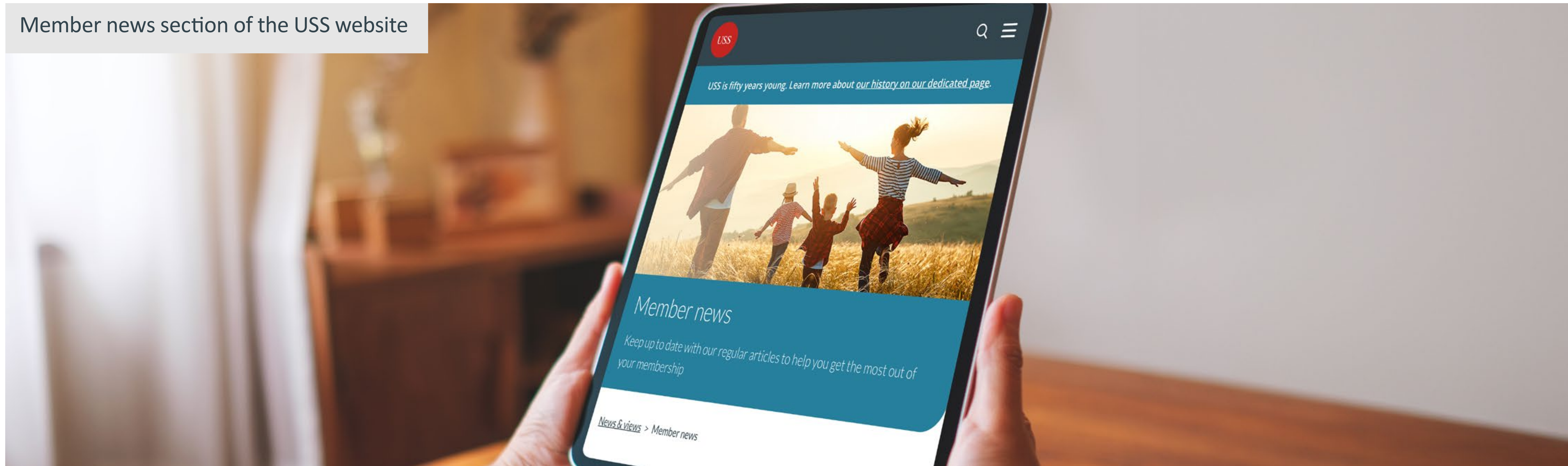
We have a large and engaged membership and effective communication is key in keeping our members informed. Our members are increasingly aware of responsible investment issues and how these may relate to their pension. As such, we seek to engage with our members on many matters, including responsible investment, always taking into account the Trustee's fiduciary duty to invest in the best financial interests of members.

Our principal communications outlet for members is our website, which features a dedicated section for members, including member news articles. We also directly communicate periodically with members via email and newsletters on our responsible investment approach.

Additionally, the Responsible investment webpage includes documents such as:

- Our Stewardship Report
- Our Task Force on Climate-Related Financial Disclosures (TCFD) Report
- Our Stewardship and Voting Policy and Voting Principles
- Our Responsible Investment Beliefs and Ambition Statement
- The Investment Builder (DC) Ethical Guidelines

Member news section of the USS website



Dialogue with our clients and/or beneficiaries
Continued

Institutions' meetings

We hold an annual meeting with our employers – the Institutions' Meeting. The purpose is to give the Scheme's sponsoring employers the opportunity to hear about the Trustee's performance and priorities, and to ask questions. Presentations cover the Scheme's investment strategy and responsible investment activities, as well as relevant updates on matters relating to governance, pensions administration, funding and scheme financials.

Gathering insights from our members

The Strategy and Insight team take an evidence-led approach to engaging with member and employer groups, including on topics relating to stewardship and responsible investment. We use surveys to understand what members and employers care about, how views differ across groups and where there are points of consensus or concern. We regularly ask active members about the extent to which they agree with the statement: 'USS is a responsible investor' (providing them with a short definition of what this means in practice). As of March 2026, 42% agreed with this statement, 6% disagreed and 53% were neutral or unsure. In 2024, approximately 80% of active members said it is at least quite important that USS considers ESG factors when investing.

How member feedback is incorporated into the DC Ethical Guidelines

We regularly survey our membership on their ethical investment preferences, including which areas they would like to exclude from their DC pension investments, to help us to understand where views are widely held and where opinions are more mixed.

Feedback is fed into USS's internal governance processes, helping to shape priorities and inform how USS exercises stewardship through its external managers, and provides guidance on how these issues are explained and reported.

For instance, in 2022, member feedback drove the addition of 'companies involved in bribery and corruption' and 'companies that violate human and labour rights' to the 'core' list of exclusions we will avoid investing in, while deforestation was added to the list of 'additional' criteria that fund managers will be asked to consider avoiding, and an alcohol exclusion was removed. Our most recent review of member feedback and industry best practice in 2025 concluded that the fund options and ethical guidelines remain appropriate.

Activities and Outcomes Report

Kasta by Charlotte Mayer, sculpture at University of Leicester Botanic Garden

1

Stewardship in the investment process

How we integrate stewardship, including financially material ESG factors, into our investment process.

Our approach to prioritising stewardship and integration activities is based on:

- The Trustee's responsible investment priorities: climate, nature, people, and governance
- The financial materiality of each priority
- Our ability to influence our responsible investment priorities either individually or collaboratively with other like-minded investors

In our investment process, we integrate financially material ESG factors aligned to our priorities into our investment analysis to support more informed decision making.

As with other investment risks and opportunities, the relevance of ESG factors may vary depending on the sector, geography, asset class and investment structure and time horizon.

Stewardship in the investment process
Continued

Private markets

Investment due diligence (direct investments):

- We assess all potential investments using a standardised set of responsible investment indicators aligned to industry practices, which is documented using a consistent template
- The assessment includes climate factors such as carbon portfolio alignment, net zero alignment, climate physical and transition risk, as well as other relevant ESG factors
- Third-party advisers may be appointed to undertake ESG due diligence, for example flood risk assessments for real estate assets

Investment due diligence (indirect investments):

- Responsible investment approach and capabilities of external managers are assessed as part of pre-commitment due diligence and monitored on an ongoing basis
- This includes an evaluation of policies, ESG integration, governance arrangements and management capabilities and the manager's use of recognised industry frameworks

Asset management:

- Findings and outcomes from the due diligence can be actioned during our ongoing asset management activity via approved asset management plans and monitoring
- ESG data across assets is collected via an annual survey process. Where relevant, third-party specialists may be engaged to consolidate and analyse ESG data, for example Energy Performance Certificate (EPC) ratings and energy consumption for property assets
- Annual ESG Portfolio Review Committees are conducted to assess asset-level progress

Fixed income, treasury and trading

ESG research for credit assets:

- Given the scale of credit portfolios and the breadth of issuers, we use a combined approach of top-down ESG screening and bottom-up deep-dive analysis. This includes:
    - ESG screening across all corporate credit mandates to efficiently identify potential material ESG risks
    - Structured, in-depth ESG review for selected issuers using a consistent ESG template. This assessment is embedded in the overall investment case

ESG research for sovereign debt:

- Sovereign debt ESG risks are monitored by the Asset Allocation Committee using a multi-factor sovereign risk approach covering a range of governance and social indicators
- This top-down approach is supported by bottom-up ESG country assessments that consider indicators, for example, rule of law, corruption, human development, and climate risk

ESG research for asset-backed securities:

- ESG factors are considered in fundamental credit analysis which is often specific to either practices of the originator or servicer of special purpose vehicles and the underlying assets or recipients of loans

Public equities

- Our approach to responsible investment integration is designed into the investment process
- It evaluates financial materiality of ESG risks and opportunities through a consistently applied approach and is documented in a standardised responsible investment assessment template
- We consider a company's ESG risks and opportunities by assessing their relationships with a wide range of entities. These include employees and boards as well customers, regulators and the wider environment
- Findings are assessed and integrated into the wider judgement that determines the investment case
- Ongoing monitoring of the investment includes the relevant responsible investment issues that are identified during the investment process
- Where appropriate, these are discussed during company engagements and can inform our ongoing investment case and related voting decisions

Our approach to exclusions

In addition to exclusions related to international law treaties or conventions, we avoid investments with certain characteristics that we regard as a long-term financial risk to the Scheme. Some examples of these include tobacco manufacturing, and thermal coal mining where this makes up more than 15% of revenue.

We monitor the exclusions through established internal processes and review these regularly. We restrict the ability of internal managers to trade in excluded assets and work with external managers so that funds are aligned with our exclusions on a reasonable endeavours basis.

2

Market-wide and systemic risks

How we identify and respond to market-wide and systemic risks to promote well-functioning financial markets, including our engagement with policymakers, industry bodies and peers.

As a Universal Owner with in-house investment expertise and liabilities extending decades into the future, we believe that an active approach to responsible investment and stewardship is critical to well-functioning markets. We recognise that certain issues, such as climate change, pose market-wide or systemic risks and that these can translate into financially material factors in the short, medium and long term.

Public Affairs Advisory Group

The USS Public Affairs Advisory Group includes representatives from policy, pensions strategy, legal, compliance, private markets and responsible investment functions. It meets monthly to discuss live and emerging policy issues, engagement opportunities and approaches to consultation responses.

We assess market-wide and systemic issues at policy and asset level. For example, we recognise that risks and opportunities from climate change influence both the companies we invest in and our asset allocation approach. To assess the potential implications of climate change we developed climate scenarios that address physical and transition risk.

Case study: Updating our climate scenario approach

We recognised the need to strengthen and evolve our scenario analysis and, in response, developed a set of overarching scenarios that bring together individual theme-based scenarios.

The overarching scenarios embed climate analysis within a broader framework that considers climate alongside other structurally important themes such as AI, geopolitics and cyber. We expect the scenarios will provide a more holistic and decision useful assessment of how systemic risks and opportunities may evolve and affect the portfolio under different plausible future paths.

Policy advocacy

Part of our role in promoting the proper functioning of markets includes actively engaging with policymakers, standard setters and regulators in markets in which we invest as well as with our asset owner peers.

To achieve our objectives, we identify policy positions related to the Trustee’s responsible investment priorities, engage with government representatives who are shaping policy and provide input on the rules and frameworks set by regulators and other bodies.

Market-wide and systemic risks
Continued

Case study: The Policy Challenges of the Energy Transition

In November 2025 we published a paper entitled The Policy Challenges of the Energy Transition with support from Transition Risk Exeter (Trex). In this paper, we call for collaborative investor action and make the case for stronger action from the UK and other governments to provide clear policy frameworks to support each stage of the transition. What is needed in the very early stages of the transition will not be the same as at later stages, nor will it be the same across different sectors. We wrote to key Ministers, Special Advisers and officials within Government departments – Department for Energy Security and Net Zero (DESNZ), Department for Business and Trade (DBT), and Office for Investment – requesting meetings to discuss our policy aims.

Case study: Fiduciary duty: our views

At USS, we are clear that one of our primary fiduciary duties is to invest the Scheme's assets in the best financial interests of our members and beneficiaries. We are here to provide them with their promised pensions in our DB part and, for some members, a flexible pot of savings in our DC part.

Our position on fiduciary duty has long been consistent, and we do not believe legislative change in this area is necessary. We believe that our current duties mean that we need to consider a range of long-term systemic risks. That clarity of purpose underpins our stewardship approach.

"We are very clear on our current duty to act in members' best financial interests, and it has not constrained us from thinking about systemic issues like climate."

Carol Young,
USS Group Chief Executive Officer

As part of ongoing industry discussion about fiduciary duty, our Group Chief Executive Officer, Carol Young, gave evidence to the Work and Pensions Select Committee on this issue in February 2024 and we set out our perspective to the Pension Schemes Bill Committee in August 2025.

During the passage of the Pension Schemes Bill a number of amendments sought to extend the definition of fiduciary duty. While we felt them unnecessary and these amendments were not adopted, we recognise that there is a need to support trustees more broadly to consider systemic risks in the context of their fiduciary duty. We therefore welcomed the Government's approach, which included our being invited to participate in a Department for Work and Pensions' Technical Working Group. This was established to develop further guidance, including practice examples, for schemes.

We will continue, including as members of this group, to look to shape Government's approach on this important issue in giving greater clarity to trustees, and remain focused on the proper protection of fiduciary duties in order to ensure that trustees are always able to make decisions that reflect the best financial interests of their members.

Carol Young, Group Chief Executive Officer, speaking at Pensions UK Investment Conference 2026. Photograph by Malcolm Cochrane

Market-wide and systemic risks
Continued

Responding to consultations

We responded to a range of consultations and surveys on stewardship and other responsible investment issues linked to the Trustee's responsible investment priorities, including:

Organisation	Topics
Department for Business and Trade	• Exposure Draft UK Sustainability Reporting Standards • Developing an oversight regime for assurance of sustainability-related financial disclosures • How investors engage and use climate-related financial disclosures
Department for Energy Security and Net Zero	• Transition Plan Requirements: Implementation Route • Renewables Obligations and Feed-In Tariffs
Financial Conduct Authority	• Aligning listed issuers' sustainability disclosures with international standards
Department for Work and Pensions	• TCFD Post Implementation Review Survey • Call for Evidence on Pension Schemes Bill

Industry initiatives and conferences

We participate in industry bodies, organisations and groups where they support our responsible investment and stewardship approach. Some examples in include Pensions UK, the UK Investment Association, the Investor Forum, the International Centre for Pension Management (ICPM), the International Corporate Governance Network (ICGN) and the UK Sustainable Investment and Finance Association (UKSIF).

We regularly review our involvement and relationship with each industry body, organisation and group; ensuring that these are aligned with our responsible investment priorities.

We also participate in events and conferences to learn, share experience and encourage other investors to be more active in stewardship and responsible investment activities. We believe it is in our members' best financial interests to increase the effectiveness of stewardship by engaging with peer asset owners.

Some examples include:

USS participant	Initiative
Head of Stewardship	• Joined a panel at the 2025 World Investment Summit on aligning climate stewardship and investment strategies across asset owners and asset managers • Presented at RI Europe on rethinking stewardship and engagement
Head of Investment Strategy and Advice	• Interviewed as part of the Accounting for Sustainability deep dive series, covering how top-down, narrative and other model approaches are being integrated into investment decision-making processes, informing asset allocation, enhancing risk assessment and supporting long-term strategic planning • Presented our climate scenario analysis approach and our views on transition at the Transition Plan Working Group meeting organised by The Pensions Regulator
Head of Private Markets	• Participated in a panel discussion at the 2026 Private Markets Pensions Investment Forum on 'Aligning policy ambition with pension fund reality'
Head of Investment Product Management	• Spoke at the 2026 UKSIF Ownership Day on a panel session focused on effective engagement with asset managers

3

Engagement with assets

How we engage to maintain or enhance the value of assets.

Being a responsible investor involves us engaging with the assets we invest in and being active owners of them. We select and prioritise engagements based on different factors, which can include:

- Alignment with our responsible investment priorities – climate, nature, people and governance
- The size of our investment
- The extent to which we have assessed that ESG factors are financially material
- An asset's public disclosure of ESG factors and performance

We use different tools to engage, including but not limited to:

- Direct engagement
- Collaborative engagement
- Voting

Engagement is fundamental to our stewardship approach, though we recognise that outcomes can be dependent on other factors including the views of the investors and the wider regulatory and policy environment.

Case study: Otis – engagement following our decision not to support management at their 2025 Annual General Meeting

Governance priority

Objective: The Developed Markets (DM) Equities team engaged with the Chair of the Remuneration Committee at Otis following our decision not to support executive compensation during the 2025 proxy season. For our active holdings, our approach starts from a position of supporting management. However, our view was that the one-time equity retention award granted to the CEO in 2024 with a target value of $24.9m was not aligned with shareholder interests.

Summary of activity: We met with the Remuneration Committee Chair to understand the board's rationale for this decision and provided feedback on future remuneration practices, succession planning and governance priorities. During the discussion, the Remuneration Committee Chair reaffirmed that the special grant was an exceptional measure to retain a CEO who has delivered value creation and operational transformation and remains critical to executing the next phase of the company's strategy. We reiterated our view that long-term incentive plans should address retention and that we welcomed the commitment not to issue further grants.

Outcome and next steps: We will follow up with the company when the Remuneration Committee and Board have agreed changes to the incentive programme.

Engagement with assets
Continued

Case study: Rollins – demonstrating how culture is important to long-term success

People priority

Objective: The DM Equities team hosted the CEO and Chief Financial Officer of Rollins at our offices in September 2025.

The purpose of the meeting was to deepen our understanding and knowledge of the business, including their culture. We considered how workplace culture can impact employees, as if managed poorly it can reduce productivity and lead to loss of talent. Pest control is a service industry where success relies on highly engaged, motivated and well-trained technicians.

Summary of activity: We were encouraged to learn that Rollins fosters a working environment built on teamwork, peer recognition and pride in delivering exceptional customer experiences. We understood that management believes this culture is hard to replicate at scale and sustains it through positive reinforcement and an emphasis on continuous improvement. We were also encouraged to learn that management aim to spend three days a week working in the field with technicians.

Outcome and next steps: We improved our understanding of Rollins' culture and management's commitment to maintaining this approach. We look forward to continuing these valuable conversations and having further opportunities to engage with management on how culture drives long-term success.

Case study: Semiconductor manufacturers – assessment of water scarcity

Nature and People priorities

Objective: In 2025 the Global Emerging Markets (GEMs) Equities team worked with the Responsible Investment and Investment Strategy and Advice teams to assess water-related risks in the global semiconductor industry, focusing on three of our GEMs holdings: Taiwan Semiconductor Manufacturing Company (TSMC), Samsung Electronics and SK Hynix.

Semiconductor manufacturing is highly water-intensive, requiring large volumes of ultra-pure water for cleaning and rinsing of silicon wafers during chip manufacture. The manufacturing of semiconductors also generates large amounts of wastewater contaminated with heavy metals and chemicals. Global demand for semiconductors is accelerating – driven by a greater demand for internet data, artificial intelligence (AI), national security priorities and supply-chain reshoring. Secure access to high-quality water and managing environmental impact are critical to the sector's long-term resilience.

Summary of activity: We questioned if water scarcity could pose a financial risk to semiconductor manufacturers if fabrication plants lost production days, particularly in water-stressed regions. Climate change is heightening physical risks, with increasing drought risk in key hubs such as Taiwan and the southwestern United States. For example, the 2020-21 drought in Taiwan forced TSMC to source emergency water supplies to maintain production. In addition to physical risks, regulatory and reputational pressures are increasing as wastewater from the manufacturing process can contain heavy metals, chemicals and excess heat. Both Samsung Electronics and TSMC have adopted Alliance for Water Stewardship certification and, as part of our engagement, we encouraged SK Hynix to also review the certification.

During our research, we engaged with industry experts and reviewed physical risk datasets (including MSCI physical risk indicators), in addition to data, targets and environmental commitments from the three companies themselves. We also engaged directly with the companies to discuss their water management policies, including water usage and pricing and how water issues are quantified in their capital investment decisions.

Outcome and next steps: Our assessment concluded that near-term financial risks from water shortages are currently limited, as TSMC, Samsung Electronics and SK Hynix are supported by government funded infrastructure such as dedicated pipelines and water reclamation facilities, reflecting their national strategic importance. Each company is investing in water-efficiency measures and water recycling, with targets for reclaimed-water usage at some new fabrication plants.

Although operational disruptions appear unlikely in the near term, we believe water remains a potentially material ESG issue due to externalities such as community impacts, pollution risks and long-term climate pressures. We will therefore continue to monitor water usage and discharge within our regular engagement with these companies.

Engagement with assets
Continued

Case study: Coterra Energy – climate disclosure journey

Climate priority

Objective: Our Fixed Income and Responsible Investment teams engaged with Coterra Energy (Coterra) as part of our broader assessment of our investable universe. Although we were not invested at the time of the engagement, we wanted to understand how the company is approaching emissions reduction performance and disclosure following the merger with Devon Energy in February 2026.

Summary of activity: We discussed climate-related reporting and Scope 3 emissions when we met with Coterra management as our transition risk assessment of the company highlighted it as a poor performer. Management acknowledged existing gaps and indicated that they are planning a CDP submission and fuller Scope 3 emissions assessment once the post-merger integration is complete.

Management emphasised their preference for demonstrating actual operational performance over ‘box-ticking’, noting that their methane and greenhouse gas intensities are low relative to peers and that external frameworks often reward methodology over real-world results. They highlighted strong methane management practices, including membership of the Oil and Gas Methane Partnership 2.0, with the aim of reaching Gold Standard Level 5 in 2026. Management highlighted its progress in electrifying midstream and compression assets in the Permian Basin, resulting in near-zero site-level emissions, and that it occasionally sells gas at a loss rather than flaring, reinforcing an approach that prioritises reducing air pollution and avoiding unnecessary environmental harm.

Outcome and next steps: The engagement provided more visibility on Coterra’s emissions management plan and strengthened our conviction that post-integration disclosure improvements and a better aligned climate approach are forthcoming. We will continue to monitor Coterra’s progress.

Case study: SEGRO – the sustainability implications of their data centre growth strategy

Nature priority

Objective: Our Fixed Income and Responsible Investment teams engaged with SEGRO, a UK property investment and development company, to focus on better understanding the sustainability implications of its growing data centre strategy and how nature-related risks are being managed, given the significant water usage associated with data centres.

Summary of activity: Following our ESG credit assessment, we met with the company to discuss the operational, regulatory and environmental considerations linked to its approach to data centre expansion.

The company clarified that all currently operational facilities use air-cooling systems with minimal water demand, while a new project will rely on a closed-loop cooling system designed to minimise ongoing water consumption.

We also discussed the nature-related risks linked to construction, including land disturbance, habitat loss, reliance on virgin materials and regulatory requirements such as the UK’s Biodiversity Net Gain legislation, which mandates that a development will result in 10% more or better quality natural habitat than there was before development.

In response, SEGRO highlighted that biodiversity considerations are embedded in project design, with developments incorporating features such as thoughtful planting and roof-space optimisation. SEGRO has begun a portfolio-wide biodiversity assessment in partnership with NatureMetrics to develop a more holistic post-construction understanding of habitat health and species presence. Importantly, this is the first time the company has undertaken biodiversity monitoring at scale.

Outcome and next steps: The meeting provided a clearer view of the environmental constraints associated with data centre growth, SEGRO’s evolving mitigation measures, and how regulatory compliance – particularly relating to nature and water – is shaping future development. We also gained better insight into how these issues interact with the company’s broader net-zero strategy, including the need to manage embodied carbon in construction and the long-term implications of nature-related risks.

We will continue monitoring SEGRO’s progress, particularly how biodiversity assessments inform future development, how nature and water risks evolve as data centre exposure increases, and how incoming regulation influences delivery timelines and strategic development choices.

Engagement with assets
Continued

Case study: Progressing Moto's energy transition strategy

Climate priority

Objective: We are the majority controlling shareholder in the UK's largest motorway services company, Moto. We work with and support the company's energy transition strategy to a sustainable, low-carbon future by investing in electric vehicle charging infrastructure and renewable energy.

During the reporting year, our Private Markets Direct Equities team continued to work with the Moto management team on its ESG strategy – which is focused on the priority areas of People, Planet and Product.

Summary of activity: Moto continues to progress towards its goal of becoming the UK's number one en route electric charging destination by expanding the number of ultra-rapid electric vehicle chargers (>250kW) at its sites across the UK. The company finished 2025 with 1,009 ultra rapid electric vehicle chargers (200 more chargers since 2024). This includes the launch of Moto's owner-operator charge points 'Moto Charge' at Toddington Services in December 2025 and the launch of the UK's first public electric heavy goods vehicle (HGV) charge points at Exeter in January 2026.

For the second year running, Moto was recognised in The Sunday Times Best Places to Work list and named in the Top 10 Best Place to Work for very large companies (2k+ employees).

Outcome and next steps: We continue to work with and support Moto's management team to drive the energy transition strategy such as passenger car electric vehicle and eHGV charging capabilities, which we believe will help ensure the business enhances its value proposition for customers and support the wider energy transition across the UK.

Case study: Sparrow shared ownership – a long term, regulated housing investment

Governance and People priorities

Objective: We launched Sparrow Shared Ownership (Sparrow) in August 2024 through Sparrow Housing Group as a regulated, for profit registered provider of social housing focused exclusively on shared ownership homes. Sparrow supports around 3,000 shared owners across England, providing scale, geographic diversification, and a stable operating base. Additionally, it is a platform for USS to invest in the UK housing sector through affordable housing, while generating long-term inflation linked cash flows.

Summary of activity: Sparrow operates within the social housing regulatory framework and is subject to ongoing oversight by the Regulator of Social Housing (RSH). 2025 marked Sparrow's first full year of operation. During the year we established in-house capability across finance, operations, customer services and governance, supported by appropriate systems, controls and assurance processes.

Outcome and next steps: In December 2025, the RHS issued its first regulatory judgement of Sparrow, awarding the highest possible gradings for Consumer Standards (C1*), Governance (G1*) and Financial Viability (V1*). These grades provide external validation that Sparrow is operating with strong governance and financial resilience and achieves appropriate customer outcomes.

Sparrow demonstrates that shared ownership can be both a socially purposeful and financially sustainable investment. Sparrow will continue to invest responsibly, supporting more people with high quality, affordable shared ownership homes, while continuing to deliver excellent service to existing shared owners.

Engaging with investors

We undertake collaborative engagement as a tool to address systemic issues, promote effective markets or escalate an individual company matter.

We engage alongside other investors through investor associations and networks such as the Institutional Investors Group on Climate Change (IIGCC), and the International Corporate Governance Network (ICGN).

Case study: Roundtable with asset owners on The Policy Challenges of the Energy Transition

Following publication of our paper – The Policy Challenges of the Energy Transition (see case study on page 21), we hosted an in-person roundtable discussion with eight of our UK asset owner peers. The objective of the roundtable was to align with like-minded investors to collectively push for stronger policy frameworks that accelerate the energy transition in the UK. We have plans to extend this collaboration beyond the UK to work with international peers and encourage them to engage with the governments in their countries on this global topic. Climate, including the transition, is just one of our responsible investment priorities; we aim to continue to collaborate with our peers to inform future engagement with policymakers on topics linked to our four priorities.

4

Voting

How we exercise our voting rights and responsibilities.

Voting approach

Voting is central to effective stewardship. Where we do not directly manage the companies we invest in, voting provides essential checks and balances on management behaviour and company performance to help secure the value of our investments over time.

We recognise there can be limitations to the efficacy of voting in isolation and, where relevant, our vote decisions are supported by engagement and ongoing dialogue with companies.

During the reporting year, the Trustee agreed a set of Voting Principles to steer the approach and ensure voting decisions and behaviours are aligned with the best long-term financial interests of members.

The Stewardship and Voting Policy was updated in March 2026, which confirms USSIM's commitment to implement stewardship, engagement and voting activities consistent with applicable law and regulation and with USS's broader approach to responsible investment. The Policy was updated to reference the new Voting Principles and to clarify the roles of the Trustee and of USSIM in undertaking stewardship and voting activities.

On behalf of the Scheme, we aim to vote on all publicly-listed assets where we have discretion, and do so by complying with the Trustee's Voting Principles. We use a proxy exchange platform that supports vote execution and provides voting research as detailed in the Service providers section.

Delegation of voting rights and oversight of asset managers

USS expects USSIM and its external managers, where appropriate, to exercise their voting rights consistent with its responsible investment approach.

We maintain Voting Guidance that is aligned to the Voting Principles. Where we have discretion to vote, we consider a range of factors, including but not limited to the following:

- Context, including any legal requirements and local market practices
- Voting positions which are informed by voting rationales
- Third-party research
- Ongoing engagements
- Individual company circumstances

To inform its oversight, the Investment Committee receives twice-yearly updates from USSIM, consisting of a pre-voting season briefing and a post-voting season report. These updates address the evolving context for voting and the implications for how we may vote.

External managers

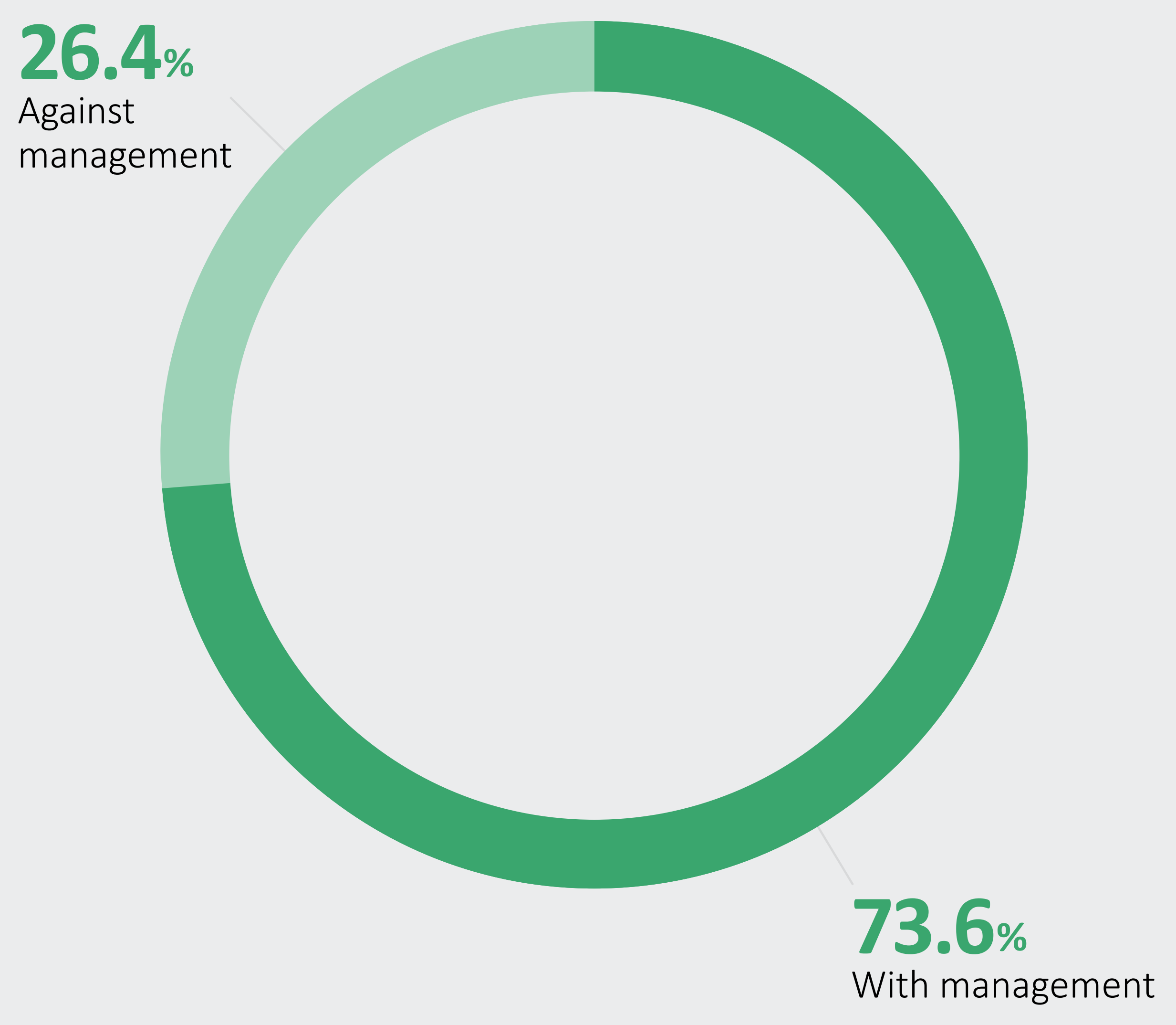
USS expects its external managers to vote in line with their own voting policies. USSIM communicates the Trustee's Voting Principles with external managers and monitors the voting and stewardship practices as part of the external manager oversight and monitoring process. As part of our monitoring and engagement programme with external managers, we engage with managers to encourage greater alignment with international best practice and/or the USS Stewardship and Voting Policy, where appropriate.

Voting
Continued

Scheme voting statistics

The statistics below cover those holdings in mandates where USSIM has discretion to vote (together representing over 99% of the Scheme's equity holdings). We aim to vote on all resolutions, abstaining only in exceptional circumstances. Our approach starts from a position of supporting management unless there are good reasons not to.

	Voting statistics response	
	April 2024 - March 2025	April 2025 - March 2026
How many meetings was USS eligible to vote at?	**1,960**	**2,204**
How many resolutions was USS eligible to vote on?	**28,301**	**29,586**
What percentage of resolutions did we vote on for which USS was eligible?	**99.6%**	**99.4%**
Of the resolutions on which USS voted, what percentage did we vote with management?	**65%**	**73.6%**
Of the resolutions on which USS voted, what percentage did we vote against management?	**32.2%**	**26.4%**
What percentage of resolutions, for which USS was eligible to vote, did we abstain from?	**2.8%**	**0.3%**
In what percentage of meetings, for which USS was eligible to attend, did we vote at least once against management?	**81.8%**	**72.7%**



USS Global Votes, April 2025 to March 2026

During the year, the three most common categories of resolutions where we voted against the recommendations of management were:

1. Director Elections
2. Remuneration
3. Audit and Reporting

Votes on resolutions relating to director elections can be used to express a wide variety of matters, while those on audit and reporting and remuneration typically relate to specific concerns. For example, we may vote against a director election when we have material concerns with a board's approach to managing systemic risks, such as climate change.

Voting
Continued

Significant votes

Below are details of USS's most significant votes during the period 1 April 2025 to 31 March 2026.

Our most significant votes are identified using our set of criteria based on those of Pensions UK for best practice. These criteria include:

- Alignment with our responsible investment priorities (climate, nature, people, and governance)
- Being material to USS's position as a Universal Owner
- The company in question having previous, current or expected engagement

Climate

Company and date of AGM	Macquarie Group Limited 24/07/2025	ANZ Group Holdings Limited 18/12/2025
Summary of resolution	Shareholder Resolution 5b: Approve the Climate Risk Exposure and Management Disclosures	Shareholder Resolution 9: Approve Customer Transition Approach and Climate Commitments
Size of holding at date of vote (% scheme assets)	0.01	0.01
Type of holding	Passive, externally managed	Passive, externally managed
Vote	FOR (management recommendation was AGAINST)	FOR (management recommendation was AGAINST)
Rationale for vote	We agreed with the shareholder's view that the company's fossil fuel financing policies lagged domestic and international peers. We noted that Macquarie has withdrawn from the Net Zero Banking Alliance, did not appear to have a robust policy on fossil fuel financing and had not disclosed any requirements for fossil fuel clients to have climate transition plans (CTPs). We believe this exposed the company and its shareholders to increasing climate-related financial risks. As such, we supported this shareholder resolution and voted FOR which was against the recommendations of the company's board.	ANZ is one of Australia's biggest funders of fossil fuels. We believed that this undermines the bank's commitments to the climate goals of the Paris Agreement and net zero emissions by 2050. The shareholder resolution highlighted that ANZ's current disclosures relating to its Climate Transition Plan (CTP) expectations are the weakest of Australia's big four banks. This exposes the bank to heightened financial, legal, regulatory and reputational risks. These concerns led us to support the shareholder resolution and vote FOR, which the bank's board recommended voting against.
Vote outcome	While the resolution was defeated, 35.2% of votes were instructed FOR	While the resolution was defeated, 19.4% of votes were instructed FOR
Implications of the outcome	35.2% of votes supporting the shareholder resolution is considered significant and demonstrates that the company has an opportunity to better manage its risks relating to its exposure to climate matters. We will continue to exercise our voting rights in an effort to influence for improvements.	The voting outcome shows that management has strong support from its shareholders. However, we continue to consider this issue to be material for the company and will utilise our future voting rights to recognise formally our concern to the company.
Criteria selected for this vote to be significant and link to the USS RI priorities	This vote was assessed as significant owing to it aligning with our climate priority, which, in turn, supported our position as a Universal Owner. We also recognised that a significant number of shareholders voted FOR the proposal.	This shareholder resolution sought to address the issue of climate transition and fossil fuel financing, which aligns with our long-standing priority to consider climate financial risks and opportunities.

Voting
Continued

Nature

Company and date of EGM	The Home Depot 22/05/2025	Yum! Brands, Inc. 15/05/2025	ANZ Group Holdings Limited 18/12/2025
Summary of resolution	Shareholder Resolution 5: Disclose a Biodiversity Impact and Dependency Assessment Shareholder Resolution 6: Report on Efforts to Reduce Plastic Use	Shareholder Resolution 5: Comply with World Health Organization Guidelines on Antimicrobial Use Throughout Supply Chains	Shareholder Resolution 7: Approve Disclosure of Financed Deforestation
Size of holding at date of vote (% scheme assets)	0.2	0.2	0.01
Type of holding	Active internally managed, and passive externally managed	Active internally managed, and passive externally managed	Passive, externally managed
Vote	Resolution 5: AGAINST (management recommendation was AGAINST) Resolution 6: AGAINST (management recommendation was AGAINST)	FOR (management recommendation was AGAINST)	FOR (management recommendation was AGAINST)
Rationale for vote	We consider nature-related issues, including ecosystem dependency and impacts on biodiversity via deforestation or plastic pollution, to have potential financial materiality for the company. We recognised the significance of the concerns raised by the shareholders but felt it most effective to engage with the company. Additionally, as part of our integrated approach to responsible investment, our shareholding in the company is an active investment and therefore one where we can prioritise the subject matter of this resolution for proactive engagement with potential future escalation through our voting rights. We have provided meaningful feedback and supporting rationale on specific areas for improvement, via a letter to the company. We will continue to monitor the company's progress and will take voting action in the future should we believe this is warranted.	Yum! Brands is one of the world's largest meat buyers owing to its operation of +60k restaurants. We believed that the company's approach to managing the issue surrounding anti-microbial resistance (AMR) is material to the company. We also felt that the company's reported management of AMR has significant influence on its peers' approaches. While we recognised that the company had taken measures to reduce the risk of AMR in some of its animal protein supply chains, we believe compliance with World Health Organization guidelines on antimicrobial use in food-producing animals is in the best interests of shareholders, and that the company could enhance its policies to further address this material risk. As a result, we did not support the recommendations of management and voted FOR this shareholder resolution similar to last year.	We supported this shareholder resolution that requested the company assess and disclose the bank's exposure to deforestation. It was understood that ANZ (inclusive of Suncorp) had the second highest exposure of its peers to financed deforestation. We believed this exposed the bank to regulatory risks, which shareholders were not able to determine owing to the bank's lack of disclosed information. The lack of information also heightened concerns surrounding the effectiveness of the bank's management of this risk.

Voting
Continued

Vote outcome	Resolution 5: The resolution was defeated with 83.4% of votes instructed AGAINST Resolution 6: The resolution was defeated with 83.0% of votes instructed AGAINST	While the resolution was defeated, 12.5% of votes were instructed FOR	While the resolution was defeated, 23.5% of votes were instructed FOR
Implications of the outcome	The vote outcome reinforces the position that shareholders did not seek to hold management to account publicly on this issue. However, we consider plastic waste and related sustainability matters to have potential financial materiality for the company. We will continue our engagement with the company to encourage improvements and monitor improvements.	The vote outcome suggests that the company's shareholders are not overly concerned with its approach to AMR. We retain our concern that inadequate management of AMR could have direct and material impact on the financial prospects of the company. We will continue to monitor the measures the company takes to address AMR and will exercise our voting rights accordingly.	We expect the board to address some of the key areas recommended by this shareholder proposal given that nearly a quarter of votes supported this resolution.
Criteria selected for this vote to be significant and link to the USS RI priorities	This vote was assessed as significant owing to it aligning with our nature priority.	The subject of the resolution was considered to have potential long-term financial materiality to the company, and one where Yum! Brands should be leading its peers.	Climate change and nature degradation share common drivers and reinforcing impacts. Deforestation is the largest driver of biodiversity loss and a major driver of GHG emissions, with land-use change, one of the five impact drivers, the leading cause. The underlying issue of deforestation that was addressed by this shareholder resolution sits under our nature priority, which we consider relevant both from our position as a Universal Owner as well as being financially material to the company.

Voting
Continued

People

Company and date of EGM	**Alphabet, Inc.** 06/06/2025	**Microsoft Corporation** 05/12/2025
Summary of resolution	Shareholder Resolution 12: Publish a Human Rights Impact Assessment of AI Driven Targeted Advertising	Shareholder Resolution 8: Report on Risks of Operating in Countries with Significant Human Rights Concerns
Size of holding at date of vote (% scheme assets)	0.2	0.8
Type of holding	Passive, externally managed	Active internally managed, and passive externally managed
Vote	FOR (management recommendation was AGAINST)	FOR (management recommendation was AGAINST)
Rationale for vote	We appreciated that Alphabet had disclosed its policies and oversight frameworks that sought to manage and monitor AI-related risks. At the time of the vote, the company had reached a USD 1.4 billion settlement with the State of Texas relating to the company's tracking and collection of users' data. Due to increasing AI-related risks and heightened regulatory scrutiny, we believe shareholders would benefit from enhanced disclosure. Therefore, we considered that the substance of this resolution merited our support given the then recent and related issue faced by the company.	We believed that this shareholder resolution merited support owing to our belief that the requested information would be beneficial to investors. The resolution highlighted that Microsoft faces heightened human rights risks as it continues its significant build-out of data centres, globally.
Vote outcome	While the resolution was defeated, 14.3% of votes were instructed FOR.	While the resolution was defeated, 27.5% of votes were instructed FOR.
Implications of the outcome	This outcome reinforces that management retains strong support on its already disclosed policies. However, we continue to consider this issue to be material for Alphabet and will monitor company disclosure on management of AI-related risks.	While the voting outcome demonstrates that the company retains strong support, the level of dissent of management's recommendation highlights that this is an issue that the company should be managing better. We will continue to monitor the company's progress to ensure we are exercising our voting rights consistently and cease to support similar resolutions if the company in fact does take steps towards bridging this gap.
Criteria selected for this vote to be significant and link to the USS RI Priorities	This vote was assessed as significant owing to it aligning with our people priority. We also deemed the underlying issue of the shareholder resolution to be material to the company's long-term success.	This vote was assessed as significant owing to it aligning with our people priority and the company's increasing exposure to this theme. Microsoft is also an active investment position, where greater clarity on material risks can enhance our understanding of our investment thesis.

Voting
Continued

Governance

Company and date of EGM	Tesla, Inc. 06/11/2025	UnitedHealth Group Incorporated 02/06/2025
Summary of resolution	Resolution 4: Approve Issuance of Common Stock to Elon Musk Pursuant to CEO Performance Award	Resolution 2: Advisory Vote to Ratify Named Executive Officers' Compensation
Size of holding at date of vote (% scheme assets)	0.2	0.1
Type of holding	Passive, externally managed	Active internally managed (exited active position February 2026), and passive externally managed
Vote	AGAINST (management recommendation was FOR)	FOR (management recommendation was FOR)
Rationale for vote	While we recognised that the proposed compensation scheme supported shareholders' understanding of the CEO's motivations, provided clarity on specific safeguards that prevent manipulation of the scheme's intentions, and defined succinctly the targets that the CEO aspires to and is responsible for delivering; our concern was largely centred around the consideration that the proposed shareholder value transfer would be excessive at 12% of the company's issued shares. We also recognised that while some tranches of the proposed award are linked to stretching targets, the compensation scheme would provide substantial reward for meeting a routine expectation of the CEO (an approved CEO succession plan). On balance, the concerns were considered sufficient to merit voting against the CEO's proposed compensation plan.	We had reservations with the company's executive pay structure. Our concern centred on the award of a significant number of shares that were not subject to the achievement of pre-determined performance conditions. Generally, we do not support these pay structures as we believe they do not support a performance-based culture where individuals and shareholders' interests are aligned. However, in this instance, we recognised the challenging period in which the company was operating that was beyond its control and the need for stability within the senior management team. Owing to exceptional circumstances and our understanding of the company, we voted in favour of the executive compensation and wrote to the company expressing our concerns and rationale for support.
Vote outcome	While the resolution was passed, 23.0% of votes were instructed AGAINST.	The resolution was passed with 60.0% of votes instructed FOR.
Implications of the outcome	The vote outcome is considered significant given that more than 20% of votes were cast against the proposal. This includes the votes directly controlled by the CEO. Excluding the CEO's votes, those voting against was around 30%.	The 40% vote against highlights significant shareholder concern, which will likely result in the company conducting a shareholder outreach. We will seek to encourage the company to address shareholder concerns in order to avoid further dissent in future years.
Criteria selected for this vote to be significant and link to the USS RI priorities	This vote was assessed as significant owing to it aligning with our governance priority. It also sets a precedent in terms of accepted shareholder dilution from remuneration arrangements, and highlights the concentration of influence from one individual, which is not perceived as a good governance practice.	This vote was assessed as significant owing to it aligning with our governance priority. Additionally, it related to an active investment position where we exercised judgement based on our understanding of the unique circumstances facing the company.

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External managers

How we integrate stewardship considerations into the selection and oversight of external managers.

Our Responsible Investment Policy applies to all of the Scheme's assets, whether these are managed by USSIM or by external managers. We consider our oversight of external managers as part of our stewardship approach as we seek to ensure broad alignment with our responsible investment beliefs, as well as informing our understanding of market practices.

We assess a manager's approach to responsible investment prior to appointment and regularly post-investment. This involves reviewing external managers' responsible investment-related resources, policies, processes and stewardship activities. We take a qualitative approach that recognises that responsible investment approaches can take many forms and will also vary by asset class.

Due diligence on new managers

Our assessment of a manager's responsible investment capabilities, as part of our due diligence process, helps to establish a baseline view of the manager's approach, which in turn forms the basis for our monitoring programme. Our views on a new manager or strategy are informed by a combination of data rooms, fund due diligence questionnaires and published reports, as well as meetings with analysts, portfolio managers and responsible investment and sustainability specialists.

Responsible investment and stewardship are referenced in our contractual terms with managers, where possible. We request that our managers report on, and commit to responding to ad hoc data requests, regarding responsible investment and stewardship in support of our analysis or reporting. We have also encouraged the use of standardised data platforms and participation in industry initiatives.

Tailoring due diligence to specific asset classes

Our due diligence varies across asset classes, reflecting the specific attributes of those asset classes or strategy types.

In private markets, for example, we sometimes make a commitment to a fund where the assets have not yet been acquired – so-called blind pools. In these situations, our due diligence will focus on the manager's policy and processes and, where possible, case studies from previous funds. This focus on previous funds enables us to assess how well ESG factors have been incorporated in previous investments and whether we can expect the new fund to meet our expectations.

External managers
Continued

Ongoing monitoring and review

Our interaction with external managers does not stop upon investment. We follow up regularly to assess whether a manager's approach has changed and whether they are delivering on commitments made in the initial due diligence. The frequency and type of monitoring is tailored to the mandate, asset class and our responsible investment assessment. For example, in public markets, we review stewardship and engagement publications, voting records, engagement case studies and other forms of responsible investment reporting, as appropriate. If a manager's commitment to embedding responsible investment considerations within the strategy diminishes post-investment, we will typically escalate our engagement, with additional research and meetings, often including senior management, to discuss our concerns and steps that might be taken to address any issues. For public market managers we include responsible investment-related questions within our quarterly monitoring questionnaires to ensure that material changes to responsible investment policies, activities or concerns arising with portfolio assets are tracked and managed appropriately.

Setting clear expectations for managers

We have clear expectations around what effective stewardship should look like in our mandates. We consider a manager's approach to stewardship in our selection process and then seek to monitor engagement activity as part of our regular manager oversight. We challenge managers if we feel that they are not delivering on their stewardship commitments or if areas require additional attention. Should our managers fail to deliver on their commitments we can express our concerns in the following ways:

- Placing an external manager on a watch list
- Engaging the external manager's senior management, board or investment committee
- Reducing our exposure to the external manager
- Terminating the contract and/or not reappointing the external manager if stewardship failings persist

Case study: Engaging with our external managers on our climate responsible investment priority

We have a relationship with Royal London Asset Management (RLAM) dating back over a decade. RLAM runs a sterling corporate bond mandate for us that sits within our high-grade credit allocation. We have regular contact with the manager, involving quarterly update meetings and an annual in-person deep dive.

As part of our annual review in February 2026, we met with representatives from RLAM's Responsible Investment and Credit teams. They provided an update on their approach to assessing climate risk within the portfolio and how it connects with their stewardship and engagement approach. We discussed their proprietary Climate Transition Assessment framework, used to assess underlying issuers' alignment with the transition to net zero, and reviewed the profile of our portfolio against this framework. RLAM prioritise net zero engagement with higher emitters that have low alignment scores across 12 indicators. These indicators cover actions such as reaching net zero emissions in a time frame aligned with the Paris Agreement, lobbying for policies that accelerate the transition, and aligning capital expenditures and accounting practices to the delivery of net zero. We noted that RLAM is well-aligned with our stewardship approach as their 2026–2028 priority engagement issues match our responsible investment priorities of climate, nature, people and governance.

One of the higher emitters in the RLAM portfolio is APA, an Australian natural gas company. RLAM identified the potential for stranded asset risk relating to APA's vast gas pipeline network and to date have relatively low conviction in the firm's transition credentials. However, Australia remains heavily dependent on coal, with gas seen as a solution for short- and medium-term emissions reductions as part of the journey to the transition to net zero. This demonstrates that assessment of portfolio climate risks always benefits from being bottom-up and contextualised.

Consistent with our approach of targeting areas of higher risk, RLAM will continue to engage with APA and other high emitters in our portfolio on our behalf. They expect any identified transition-related risks to be adequately mitigated, with insights on climate risk supplementing evaluations of bond pricing and structure, and overall portfolio positioning. These discussions will continue to form an important basis for our future interactions with RLAM.

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Service providers

How we monitor and hold stewardship service providers to account.

Relationship with external investment advisers

In addition to the advice from USSIM, USS has contracts in place with two external investment advisers. For the year ending 31 March 2026, USS's external investment advisers were Mercer (for DB matters) and LCP (for DC matters). Both advisers attend all Investment Committee meetings and provide independent insight and challenge to the committee's consideration of USSIM's investment strategy proposals and on the reporting provided by USSIM. USS may also request formal investment advice from these advisers or other external advisers (in addition to or instead of that from USSIM), as it deems appropriate.

As required under the Occupational Pension Schemes (Scheme Administration) Regulations 1996, trustees of a 'relevant trust scheme' are required to: (1) set objectives for investment consultancy service providers and review their performance against those objectives at least every 12 months; and (2) review, and if appropriate revise, the objectives at least every three years and without delay after any significant change in investment policy.

In early 2025, USS reviewed the performance of its external investment advisers against their respective objectives set for them by us. The triennial review of the objectives themselves took place in February 2026. The Trustee is not required to do this in respect of USSIM as it is a wholly owned subsidiary of the Trustee. However, the Trustee rates the performance of USSIM in the same survey. The main mechanism for rating advisers is set out in the respective Investment Frameworks.

Use of proxy service providers

USSIM uses a third-party platform to support the management of proxy voting. The main services provided include administration of voting (notification and execution), research, primary publications, and reporting.

We formally meet with the provider at least twice per year to review our service. These meetings cover technical updates and any issues, vote execution and vote decisions, as well as market developments and conflicts of interest.

We also input into the platform's specific voting policy positions. This helps to shape their view of the market which informs the development of their voting policy.

During the year, USS's internal audit team reviewed the use of the service provider. The audit concluded that there were no material challenges, and enhancements to voting process documents have since been made to further strengthen our controls.

USS *For members, for the future.*

For further information on responsible investment and stewardship at USS, please contact:

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