

**UNIVERSITIES SUPERANNUATION SCHEME LIMITED (THE “TRUSTEE COMPANY”)
GOVERNANCE AND NOMINATIONS COMMITTEE (THE “COMMITTEE”) TERMS OF REFERENCE**

1 Establishment and Purpose

The committee is established by a resolution of the trustee company board (board) under article 50 of the Articles of Association to:

- 1.1 provide assurance to the board on relevant matters relating to its corporate governance capability; and
- 1.2 ensure the effective implementation of policy and practice in relation to governance arrangements and board and committee performance and effectiveness.

2 Authority

The committee is authorised by the board to obtain outside legal or independent professional advice, at the trustee company’s expense, and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

3 Membership

- 3.1 The committee chairman and members are appointed by the board and will comprise at least five members and will include the chairman of the board, at least one UUK director, one UCU director and one independent director and the group chief executive officer.
- 3.2 The most appropriate individual with the requisite skills for the role will be appointed chairman and will be someone other than the chairman of the board.
- 3.3 When considering matters relating to the membership of a committee, the relevant committee chairman will be a co-opted member to the committee for the discussion of that business.
- 3.4 Three committee members, including the committee chairman, will constitute a quorum.

4 Attendance & Attendees

Meetings will usually be attended by the group general counsel and the company secretary and other staff as determined by the GECO and agreed by the committee chairman. The assistant company secretary will also attend to record the minutes.

5 Meetings

The committee will meet three times a year normally in March, June and September.

6 Support

The company secretariat will be responsible for providing all relevant secretarial services to the committee.

7 Accountability and reporting

Minutes of meetings will be issued to all committee members and attendees and made available to board members. The committee is accountable to the board and will provide it with the following:

- 7.1 A report following each committee meeting; and
- 7.2 An annual report on the committee activities in the year, for inclusion in the trustee company’s annual report.

8 Responsibilities and scope of authority

Responsibilities are delegated to the committee by the board in line with its purpose. The scope and authority of each responsibility is determined by the board and defined below:

8.1 The committee has the following responsibilities and, subject to point 8.3, has full delegated authority for these matters:

- (a) Monitoring and reviewing the governance policy and the effectiveness of governance arrangements;
- (b) Ensuring the implementation of the board and committee performance management processes including an annual appraisal exercise;
- (c) Ensuring that an annual improvement plan and schedule of training and development for the board and committees are produced and monitoring their delivery;
- (d) Ensuring the effective implementation of plans for the orderly succession of appointments to the board and committees;
- (e) Approving person specifications for appointments and ensuring that they are shared with recruitment agencies where relevant or nominating bodies;
- (f) Ensuring the implementation of the agreed recruitment procedure for independent directors, board chairman, committee chairmen and members and the group chief executive officer and chief executive (USSIM).
- (g) Considering the reappointment of any independent director and non-director committee member at the conclusion of his or her specified term of office and making appropriate recommendations to the board;
- (h) Participating in the recruitment of nominated directors by having a UUK committee member or UCU committee member sit on the interview panel of their respective nominating bodies;
- (i) Participating in the recruitment of specialist advisers, the GCEO and chief executive (USSIM) as directed by the board;
- (j) Reviewing the succession plan for members of the group executive team;
- (k) Monitoring and reviewing the director induction programme and ensuring that it is completed by all new directors; and
- (l) Annually reviewing the status of USS in relation to the criteria for exemption from MNT requirements.

8.2 The following decisions are reserved by the board having received recommendations from the committee:

- (a) Approving significant amendments to the governance framework including the governance policy;
- (b) Approving any policy or procedural change that is not in line with the strategic and business plans;
- (c) Approving budgetary allocation for relevant governance functions;
- (d) Appointing independent directors (with the consent of the JNC);

- (e) Re-appointing, or not, any independent director at the conclusion of his or her specified term of office;
- (f) Appointing members and chairmen of committees and approving the composition of subsidiary company boards;
- (g) Approving the extension, in exceptional circumstances, of an independent director's tenure beyond the maximum term for a period of one year;
- (h) Invoking the reserved power to appeal a nomination in the event that the candidate is inappropriate and does not meet the criteria for appointment. This appeal will be made to the nominating bodies with a full rationale for the objection; and
- (i) Approving the annual improvement plan and schedule of training and education for the board and committees.

8.3 Any decisions taken under the delegated authority detailed in point 8.1 must be:

- (a) in accordance with the agreed strategic and business plans;
- (b) in line with relevant regulatory and statutory requirements; and
- (c) contained within the appropriate budget.

Where the above conditions are not satisfied, the committee should discharge its responsibilities by making a recommendation to the board.