

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

1 Establishment

The committee is established under article 49 of the Articles of Association of the trustee company and rule 63 of the scheme rules to:

- 1.1 Advise the trustee company board (board) on all strategic matters relating to the investment of the assets of the scheme, having regard to regulatory requirements and having taken appropriate advice; and
- 1.2 Provide oversight of the investment of the scheme’s assets.

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

Membership of the committee is established under rule 63.2 of the rules.

- 3.1 The committee chairman and members are appointed by the board having received advice from the governance and nominations committee;
- 3.2 The most appropriate individual with the requisite skills for the role will be appointed chairman;
- 3.3 At least one member of the committee will be a non-executive director of USS Investment Management Limited (USSIM);
- 3.4 Membership of the committee is not fewer than four nor more than ten persons;
- 3.5 At least two members of the committee will be members of the board (ordinary committee member) and no more than five members of the committee may be persons co-opted by the trustee company because they have relevant specialist skills or are able to give competent advice to the trustee company on the investment policy of the fund (special committee member);
- 3.6 A member of the board with the requisite skills may be appointed a special committee member; and
- 3.7 Four committee members, comprising two ordinary committee members and two special committee members, will constitute a quorum.

4 Attendees

Committee meetings will normally be attended by the group chief executive officer (GCEO), chief executive of the investment subsidiary (USSIM), chief financial officer, chief operating officer of USSIM, the minute secretary (currently the company secretary) and other investment staff as agreed with the chairman.

5 Meetings

The committee will meet at least quarterly, in accordance with the scheme rules. Meetings normally take place in February, May, July, September and November each year. The committee also holds an annual away day each year, usually in November.

The committee may delegate authority to sub-committees. Such delegation will be agreed by the committee.

6 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:

- 6.1 A report following each committee meeting; and
- 6.2 An annual report, summarising the investment activities for the year, for inclusion in the trustee company's annual report.

7 **Responsibilities**

Responsibilities are delegated to the committee by the board to allow it to fulfil its purpose. The scope and authority of each responsibility is determined by the board and defined below:

- 7.1 **The committee has the following responsibilities and, subject to point 7.3, has full delegated authority for these matters:**
 - (a) Monitoring and reviewing the strategic asset allocation of the scheme, risk tolerance, asset class ranges and frequency of rebalancing and the inclusion of new asset classes or strategies;
 - (b) Determining the appropriate benchmarks, risk parameters and performance targets across mandates, consistent with the board's guidance on required returns and risk; monitoring the overall performance of the scheme and each of the appointed investment managers and making recommendations to the board related to performance;
 - (c) For the agreed strategic asset allocation, setting the overall active risk budget for the scheme and approving the allocation of this risk budget between asset classes and strategies, except to the extent delegated to USSIM or other managers;
 - (d) Developing and maintaining the scheme's approach to investment and operational risk, including the maintenance of group policies, and the monitoring and management of investment and operational risks, including adherence to the strategic asset allocation of the fund by investment managers;
 - (e) Reviewing, at least annually, and determining compliance with, the investment beliefs and Statement of Investment Principles (SIP) and, where appropriate, recommending changes to the board;
 - (f) Establishing, reviewing at least annually and determining compliance with the Investment Policy Implementation Document (IPID);
 - (g) Overseeing the delivery of services under the investment management agreement with USSIM and the services provided by other managers, to the extent that this is not delegated to USSIM. Where required by investment management agreements, and in accordance with relevant regulation, provide instructions or directions to investment managers;
 - (h) Approving and overseeing the criteria for the selection and review of investment managers, excluding alternative asset managers for USSIM;
 - (i) Recommending to the board, should this be determined to be in the best interest of the scheme, that additional managers should be directly appointed by the trustee company;
 - (j) Reviewing and advising on changes to the investment management agreement with USSIM at least annually;
 - (k) Recommending to the board, should this be determined to be in the best interests of the scheme, that the investment management agreement with USSIM or any other manager directly appointed by the trustee company should be terminated;
 - (l) Establishing policies in relation to the allocation of cash available for investment to investment managers;

- (m) Reviewing and selecting the range of investment options under money purchase additional voluntary contributions (“MPAVCs”) arrangements to ensure that they are appropriate for the scheme’s members;
- (n) Ensuring that the scheme’s assets are held either in the name of the scheme or with a professional custodian;
- (o) Approving the investment report for inclusion in the scheme’s financial statements;
- (p) Reviewing the costs of investment management, and the relevant sections of the trustee company business plan;
- (q) Maintaining or overseeing the trustee company’s policy on responsible investment and extra-financial issues and assuring itself of compliance in practice;
- (r) Approving and reviewing USSIM’s derivatives policy;
- (s) Reviewing relevant statements and submissions related to investment regulation by the FCA or other regulatory authorities; and
- (t) Reviewing the investment committee terms of reference at least annually.

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

- (a) Setting and approving changes to the strategic asset allocation of the scheme, risk tolerance, asset class ranges and frequency of rebalancing and the inclusion of new asset classes or strategies;
- (b) Approving the Statement of Investment Principles (SIP);
- (c) Approving the investment management agreement with USSIM or any other manager directly appointed by the trustee company;
- (d) Approving the termination of the investment management agreement with USS Investment Management Limited;
- (e) Approving the business plan and overall budgets for the trustee company and USSIM having received recommendations from the finance and policy committee;
- (f) Approving the appointment of professional custodians; and
- (g) Approving changes to the terms of reference for the investment committee.

7.3 Any decisions taken under the delegated authority detailed in point 7.1 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.