Gender pay gap reporting 2023/24

Gender pay gap reporting requirements provide an opportunity for us and our peers to benchmark the progress being made in addressing this important issue.

The associated legislation requires us to publish data for Universities Superannuation Scheme Limited (**USS**) as the trustee company of the Universities Superannuation Scheme (the **scheme**) by virtue of headcount.

Defining the gender pay gap

Gender pay gap reporting involves six calculations that show the differences between the average earnings of men and women in each organisation, and their distribution across various pay quartiles. The gender pay gap is based on an hourly pay rate for each relevant employee, reflecting base salary, certain allowances and any incentive awards paid in the snapshot month. The bonus pay gap includes cash incentives plus any proceeds on exercise of long-term incentive plans paid over the relevant bonus period.

There is an important distinction between the gender pay gap and equal pay. The gender pay gap measures the difference in average pay between all men and women in the company. Equal pay is about paying men and women the same for equal or similar work. Equal pay is a legal requirement in the UK.

Due to the scale of USS, a small number of changes at senior levels can have a disproportionate impact on the gender gap data. This means we can expect a degree of volatility in the data from year to year – as we have seen in recent years. This makes it important to focus on the long-term direction of travel and long-term initiatives.

USS is committed to all areas of Equity, Diversity and Inclusion (EDI) and recognise this is an ongoing journey. We will need to see sustained movement before we are comfortable that the largely positive movement seen in the past year is a long-term trend.

What the 2023/24 USS data shows

The mean and median gender pay gaps have, encouragingly declined compared to last year, following a continued dedicated effort made on the EDI front, of which gender diversity is a key component.

The median and mean GPG figures are 29.8% and 31.1% and though the decline is small (in 2022/23, 32% and 34% respectively), it is a welcome trend, as it shows that our efforts in this area are showing positive results. In general, any large reduction is hard to achieve in one single year.

There continues to be a greater proportion of men than women in senior roles which means there are fewer women in roles where bonus potential is greater. We are

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working towards improving the proportion of females in senior roles through various initiatives, which we hope will show positive results in the following years.

Whilst the mean bonus gap has reduced from 61% to 58.1%, the median bonus gap for USS increased from 32% to 48.3%, due to a year-on-year reduction in the bonus median for USS's female employees which reflects a structural change in the female employee population.

The proportion of females receiving a bonus has gone up for USS from 78% last year to 90% this year. The proportion of male employees receiving a bonus has also gone up, but relatively less significantly from 81% to 85%.

During 2023/24 the *overall* gender balance for USS is 51%:49%.

Tables containing various USS analytics are shown towards the end of this page.

USS Investment Management Ltd

USS Investment Management Ltd (**USSIM**) is a wholly owned subsidiary, which provides in-house investment management and advisory services to the trustee. USSIM manages between 60% and 70% of the scheme's investments in-house.

As a subsidiary of USS with less than 250 employees, USSIM is not required by law to report its gender pay gap (GPG) statistics. However, we have taken a decision to voluntary publish GPG for USSIM to demonstrate our commitment to USS Values and good governance practices.

USSIM's GPG results show an encouraging trend, as there is a reduction in both pay gap and bonus gap from last year (2022/23).

USSIM's mean GPG narrowed to 20.7% from 24% (last year, 2022/23), while the median pay gap reduced from 25% to 21%. The mean bonus gap fell from 55% last year to 43.2% and median bonus gap reduced from 53% to 43.6%. This is a material reduction and reflects continuing efforts being made to reduce the total remuneration gap.

The percentage of females receiving a bonus has remained constant at 89.1% (88.2% for men) and the distribution of female employees across various pay quartiles has remained within a range of 2% change from last year, save for the upper quartile where the proportion of female employees has gone down from 24% to 18%.

During 2023/24 the overall gender balance for USSIM is 29%:71%.

Tables containing various USSIM analytics are shown towards the end of this page.

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Factors that will influence the pace of change

Across both USS and USSIM, we remain focused on identifying the right actions to achieve lasting, meaningful change. Our EDI programme continues to have a strong focus on gender (along with ethnicity and race, ability, social mobility, and LGBQT+) as part of our mission to create a *diverse and inclusive workplace that embraces individuality, where people are welcomed and feel comfortable in the knowledge they can be themselves*.

Developed and delivered in partnership with employees across the business, this includes a focus on applying a gender lens across all elements of the employee cycle, such as recruitment, performance management, working practices, career development, promotion, and remuneration.

Qualitative and quantitative updates on progress against our EDI objectives are provided to the Group Executive Team every six months.

The EDI activities are targeted across the employee cycle (recruiting and attracting diverse talent, creating an inclusive workplace and developing diverse talent and EDI awareness), to make a tangible impact to diversity and inclusion at USS and USSIM, and many deliverables are important actions to directly or indirectly reduce the gender pay gaps over the longer term – including for example:

- Continuing to develop our recruitment processes and partnerships to support diverse recruitment and selection, such as:

  - removing the requirement for candidates to provide *current salary* as part of the hiring process;
  - adding a question on our hiring requisition form that requires managers to confirm whether their role can be carried out on a flexible working basis (for instance, part time, term time only etc.);
  - using specialist software to scan our job profiles and advertisements for gendered nouns and pronouns;
  - expanding our equal opportunities statement and including wording on our job advertisements that encourages candidates to apply where they may not meet every requirement listed, but feel they have the capability and experience to do the role;
  - continuing to work alongside our PSL agencies to ensure their understanding of our EDI aims and their alignment to our commitment to EDI;
  - continue to enhance the EDI data we receive from candidates and third-party agencies to support ways in which we can improve.
- Reviewing employee policies, provision and support for parenthood and working parents, including parental leave, fertility, carers, pregnancy loss, still birth and flexible working.
- Implementing a support programme for employees returning from long term leave, such as maternity leave.

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- Continuing to work with the employee Gender Network on ways in which we can enhance inclusivity and address any specific barriers for women working at USSL.

2023/24 USS GPG data

	Mean	Median
Pay gap	31.1%	29.8%
Bonus gap	58.1%	48.3%

Proportion of employees awarded a bonus during the snapshot year

Male	Female
85%	90%

Pay quartiles

Pay quartile	Female	Male
Upper quartile	34%	66%
Upper middle quartile	40%	60%
Lower middle quartile	59%	41%
Lower quartile	70%	30%

2023/24 USSIM GPG data

	Mean	Median
Pay gap	20.7%	21.0%
Bonus gap	43.2%	43.6%

Proportion of employees awarded a bonus during the snapshot year

Male	Female
88.2%	89.1%

Pay quartiles

Pay quartile	Female	Male
Upper quartile	18%	82%
Upper middle quartile	20%	80%
Lower middle quartile	27%	73%
Lower quartile	50%	50%

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The data in this report is accurate and in line with the government reporting regulations.

Bill Galvin
Group CEO
Universities Superannuation Scheme Limited