



USS

For members, for the future.

**Universities
Superannuation
Scheme**

Governance
Supplement 2024

Introduction

The governance arrangements of Universities Superannuation Scheme (USS or the scheme) are summarised in the Governance section of the scheme's Annual Report and Accounts for the year ended 31 March 2024 (the Report and Accounts) which can be viewed online at uss.co.uk/about-us/report-and-accounts.

This supplement provides additional information about how the Trustee Board of Universities Superannuation Scheme Limited (USSL or the trustee), the corporate trustee of the scheme, delivers effective leadership, strategy and oversight of USS. It also provides information about USS's wider governance. It should be read in conjunction with USS's Report and Accounts for the year ended 31 March 2024 uss.co.uk/about-us/report-and-accounts.

In respect of the financial year 2023/24, this supplement contains:

- A summary of the trustee's compliance with the Wates Corporate Governance Principles for Large Private Companies (the Wates Principles);
- Reports from each of the Trustee Board's standing committees about the activities they have undertaken during the year;
- Reports from the Joint Negotiating Committee (JNC) and the Advisory Committee. The JNC and Advisory Committee are stakeholder committees constituted under the Scheme Rules. They are distinct from, and separate to, the trustee, and play an important part in the governance of the scheme. For more information, please see their reports on pages 15 and 16 of this supplement; and
- Signposting to help readers locate additional information in relation to USS's corporate governance in the Report and Accounts and on uss.co.uk.

Corporate governance statement

for the financial year 1 April 2023 to 31 March 2024

USS's governance arrangements are designed to comply with applicable law and regulation, codes of practice and guidance issued by The Pensions Regulator (TPR) and by corporate governance bodies (in so far as they are applicable to a pension trustee), the Scheme Rules and other constitutional documents.

High quality governance and decision making is critical to success. USS's governance framework, which sets out the key responsibilities of the Trustee Board and its powers of delegation, supports the trustee's decision making and accountability as it discharges its duties as trustee of the scheme and fosters effective relationships with stakeholders.

As trustee of the scheme, USSL is responsible for ensuring that the pension scheme is run properly. This includes ensuring that the scheme's assets are invested in the best financial interests of members and beneficiaries, that contributions are collected, and that members' benefits are secure and paid in accordance with applicable law and regulation and the Scheme Rules. Having high standards of corporate governance is central to the trustee fulfilling this responsibility, and ensures that the Trustee Board engages with, and considers the interests of, its stakeholders as part of the board's decision-making process. Although the trustee is not required to comply with the reporting requirements set out by the Wates Principles, the trustee has adopted them to provide a framework for disclosure of its corporate governance arrangements where practicable, taking into consideration its status as a trustee of a pension scheme and a not-for-profit entity.

Below is a summary of the six Wates Principles and an explanation of how they apply to, and have been implemented by, the trustee. Further information about how the Wates Principles have been applied during the financial year can be found in the Report and Accounts.

The Wates Principles also serve as the framework to demonstrate how the trustee's directors have had regard for the matters set out in section 172(1)(a) to (f) of the Companies Act (which sets out the duty of the directors to promote

the success of the company) when performing their duties. This includes how the Trustee Board has engaged with and considered the interests of stakeholders including USS members, higher education employers, Universities UK (UUK), the University and College Union (UCU), the Group's employees, regulators and those in a principal business relationship with the trustee.

Further details about how the trustee directors have discharged their duties under section 172 of the Companies Act 2006 are set out in USSL's Report and Accounts which can be accessed at uss.co.uk/about-us/report-and-accounts.

Additional information about how USS is governed and run can also be accessed at uss.co.uk/about-us/how-were-governed.

Wates Principle One – Purpose and leadership
“An effective board develops and promotes the purpose of the Company, and ensures that its values, strategy and culture align with that purpose.”

USS's corporate purpose statement – *“Working with Higher Education employers to build a secure financial future for our members and their families”* – highlights the importance of the scheme's beneficiaries and puts them front and centre of what the trustee does.

The trustee's overall strategy is aligned with this purpose and is supported by three strategic priorities which are to ensure that:

- USS members feel financially more secure;
- USS is a sustainable scheme, for the long term; and
- USS is recognised as a competent scheme manager.

Further information about the strategic priorities is provided on page 9 of the Report and Accounts.

USS's three core corporate values – *Integrity, Collaboration and Excellence* – support the overall corporate purpose, shape USS's culture and reflect what is important about how USS operates. The Trustee Board also aims to ensure that there is ongoing dialogue with stakeholders to understand their needs when it is considering USS's values and strategic priorities.

To enable the Trustee Board to monitor USS's culture, it receives bi-annual reporting from the Chief HR Officer covering a range of employee related themes, including culture, employees' engagement with USS's corporate purpose and how employees are demonstrating USS's values. This information is compiled from proactive engagement with employees and managers including regular townhalls and employee engagement surveys. During the scheme year, the Group Executive Team (GET) conducted an annual organisational culture review in line with USS's Culture Framework. The review and the actions arising from it were agreed by the GET and reported to the Trustee Board.

Wates Principle Two – Board Composition
“Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the Company.”

To achieve effective leadership and discharge its duties successfully, the Trustee Board seeks to ensure that it has, and maintains, an appropriate balance of knowledge, skills and experience. The Trustee Board, which is led by an independent Chair¹, comprises skilled and

Note

¹ Independent in the sense that the Chair is not appointed by UUK or UCU.

Corporate governance statement for the financial year 1 April 2023 to 31 March 2024

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competent directors from a broad range of backgrounds. The Trustee Board is currently comprised of 12 non-executive directors:

- 4 appointed by UUK
- 3 appointed by UCU
- 5 (including the Chair) nominated by the Trustee Board (who are referred to as “independent directors”)

Collectively the members of the Trustee Board have significant experience and understanding of the Higher Education sector, in addition to the many other skills and competencies required to lead and oversee the largest private pension fund in the UK (by reference to assets under management). The Trustee Board has developed a competency matrix which reflects directors’ self-assessment of the skills and experience they bring to Trustee Board discussions, in line with pre-determined criteria aligned to current and future strategic priorities. The competency matrix is maintained and regularly reviewed by the Governance and Nomination Committee (GNC) to inform succession planning, identify any skills gaps/training needs and inform and shape recruitment priorities. The competency matrix provides assurance about the collective competency of the Trustee Board.

Please see further pages 40 to 42 of the Report and Accounts for a biography of each director and a summary of the directors’ collective competencies.

During the scheme year ending 31 March 2024, one trustee director retired having reached his final term of office and two trustee directors were subject to an appointment/re-appointment process. Details of the appointment/re-appointment process of trustee directors are provided on page 94 of the Report and Accounts and in the GNC report on page 8 of this supplement.

Supported by a global executive search and leadership consulting firm, the Trustee Board (via the GNC) also led a comprehensive recruitment exercise for the Group Chief Executive Officer (GCEO) role and appointed Carol Young as GCEO from September 2023 (when Bill Galvin stepped down from the role).

The skills and competencies of the directors on the Trustee Board are maintained through training. On an annual basis, each trustee director completes the Trustee Board Skills Matrix, participates in an appraisal process and receives ongoing training from the executive and external providers where appropriate, in addition to their own personal development and training activities from their other roles.

An internally facilitated performance review of the Trustee Board is carried out periodically. Similar reviews are conducted every two years in respect of the Trustee Board’s standing sub-committees. These internal reviews are supplemented every two to three years by an externally facilitated review. During the scheme year, the Trustee Board and its committees (except for the Remuneration Committee which had already undertaken a review in November 2022) agreed actions following a combined performance review facilitated by the trustee’s Governance team. Further details of the trustee’s approach to ensuring the effectiveness of the Trustee Board are provided on pages 92 to 93 of the Report and Accounts.

A key role of the Chair of the Trustee Board is to develop working relationships with the GCEO and the executive team, whilst looking to provide an appropriate level of challenge, support and advice. The Chair facilitates the Trustee Board in making effective decisions and ensures that the Trustee Board (as a whole) offers appropriate challenge to executive proposals and considers the nature and extent of material risks faced by the organisation.

The Trustee Board continues to work to create a more diverse board of directors and recognises this as a continuing challenge. In undertaking all of its recruitment processes throughout the year, the GNC has been conscious of USS’s board diversity goals, with gender ratio goals for both the Trustee Board and USS Investment Management Limited (USSIM) Board having been met. Both boards are yet to meet their ethnicity diversity goals, but continue to undertake open, fair and transparent processes, wishing to encourage a wide range of applicants for all roles. More information about the balance and diversity of the current

Trustee Board and its equity, diversity and inclusion (EDI) goals can be found on page 40 of the Report and Accounts.

Further details of how the balance of responsibilities and accountability and decision making is maintained are provided on pages 39 to 40 of the Report and Accounts.

Wates Principle Three – Director Responsibilities

“The board and individual directors should have a clear understanding of their accountability and responsibilities. The board’s policies and procedures should support effective decision-making and independent challenge.”

As part of their appointment to the Trustee Board, each trustee director is required to complete TPR’s Trustee Toolkit to ensure that they have a good base level of understanding of the accountabilities and responsibilities that apply to pension trustees.

A thorough induction programme and ongoing training ensures that the Trustee Board as a whole, and each individual director, has a comprehensive understanding of the specific responsibilities and accountabilities of the Trustee Board and its directors. The Trustee Board is supported by specialist legal advice (from the in-house legal team and/or external advisers). Additional training sessions are made available as required to help trustee directors understand their responsibilities within the specific context of the scheme.

The trustee has adopted, and reviews annually, a Corporate Governance Framework Policy (which includes terms of reference for the Trustee Board, its standing committees and the GET). This policy documents whether the board, or one of its committees, has authority to take a particular decision. The Corporate Governance Framework Policy can be accessed at uss.co.uk/about-us/how-were-governed. In addition, the Trustee Board has adopted a code of conduct which sets out the standards expected of those who serve on the board.

The trustee maintains a conflicts of interest policy and a whistleblowing policy. The Trustee Board is required

Corporate governance statement for the financial year 1 April 2023 to 31 March 2024

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to be familiar and to comply with these policies. Conflicts of interest are considered and managed as necessary at each Trustee Board and committee meeting. The governance team maintains a register of interests which keeps record of director's disclosed interests. The application of the whistleblowing policy is supported by the appointment of a whistleblowers' champion who has responsibility for ensuring and overseeing the integrity, independence and effectiveness of the scheme's policies and procedures on whistleblowing.

Whilst the Trustee Board retains overall responsibility for strategic oversight of the scheme, it delegates certain roles and responsibilities to its specialist standing committees. Details of these committees and their composition are set out in the Corporate Governance Framework Policy.

All committees that act on delegated authority from the Trustee Board provide a report to the Trustee Board following each committee meeting.

The work of the GET complements, enhances and supports the work of the Trustee Board. The GET operates under the direction and authority of the GCEO. The Trustee Board delegates to the GCEO the execution of the Group's strategy and day-to-day management and operation of the Group's business in accordance with its approved business plan and budget.

The significant depth of experience and broad range of backgrounds, skills and competencies on the Trustee Board and each of its committees promotes independent challenge. This, together with the support of the executive and expert independent advisors supports effective decision making by the Trustee Board.

Details of key activities undertaken by the Trustee Board and its committees in the scheme year are set out on pages 43 to 44 of the Report and Accounts and in the committee reports within this supplement.

Wates Principle Four – Opportunity and Risk

“The board should promote the long-term sustainable success of the Company by identifying opportunities to create and preserve value and establish oversight for identification and mitigation of risks.”

The trustee's corporate purpose, and its strategy, reflect its role as the trustee of a pension scheme, and as a not-for-profit entity. Central to USS's role as trustee is its focus on delivering and demonstrating value-for-money (VfM) for members.

Each year the Trustee Board reviews USS's strategy and approves the strategic objectives and business plan and budget for the coming year. The Trustee Board also approves the key performance indicators that will be reported against. USS's strategic objectives are constructed in line with the trustee's agreed risk appetite statements.

There is a focus on the risks and opportunities inherent within the business plan and on related costs and VfM for the scheme to ensure that USS delivers the trustee's long-term priorities and VfM for members. For example, the trustee's investment approach of using mainly internal resource at USSIM to manage scheme assets aims to deliver better VfM for members compared to a more outsourced approach.

The Trustee Board is the sponsor of the USS risk management framework. This framework sets out the rules, frameworks and processes by which the Group implements effective risk governance over its activities. The Chief Risk Officer and the Group executive risk committee are responsible for the implementation of the framework.

All trustee directors are expected to familiarise themselves with the key challenges and areas of risk facing the UK Higher Education sector and changes in the pensions landscape.

The trustee's Risk Governance Policy and the Trustee Board's risk appetite statements are reviewed each year. Full details of high rated events (in relation to errors, breaches, near-misses, and operational losses) and the risk appetite key risk indicators versus targets are provided to the Trustee Board as part of the standard quarterly risk reports prepared by the executive.

For more details of USS's approach to risk management, see page 32 of the Report and Accounts. Pages 33 to 37 of the Report and Accounts also include a list of all principal risks, including mitigations, relevant to the Group.

Wates Principle Five – Remuneration

“A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the Company.”

The trustee's remuneration framework is designed to ensure that USS has access to the right mix of skills and expertise to deliver the trustee's long-term priorities and VfM for members. Paying for performance is key to the trustee's remuneration and incentive policy. The trustee seeks to reward contribution that is aligned to the needs of employers and members in a cost-effective manner.

Given the importance of attracting and retaining high-calibre employees in a competitive talent pool, USS seeks to pay staff at market rates commensurate with the skills and experience they bring to the scheme. Annual benchmarking is carried out on salaries and total compensation levels to ensure that the trustee's compensation arrangements remain competitive, taking account of USS's status as a pension scheme. Further details about USS's approach to remuneration can be found on pages 46 to 49 of the Report and Accounts.

Compensation for USSIM's investment management professionals is driven in part by performance against an 'investment balanced scorecard' and by delivery of strategic objectives and behavioural aspects. More information about the USS scorecard and its link to remuneration, and USS's remuneration principles is included on pages 22 and 23 of the Report and Accounts.

Corporate governance statement for the financial year 1 April 2023 to 31 March 2024

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The Remuneration Committee is responsible for reviewing the approach to – and all elements of – remuneration for the Group. This includes ensuring that the remuneration framework supports USS's EDI programme. The Committee works in conjunction with the USSIM Board (and the USSIM remuneration committee) in relation to the remuneration of USSIM employees. More information about the Remuneration Committee's activities during the financial year is contained within this supplement.

Wates Principle Six – Stakeholder Relationships and Engagement
“Directors should foster effective stakeholder relationships aligned to the Company's purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.”

The Trustee Board has overseen a range of activities to promote positive stakeholder relationships and engagement. Further details about engagement with stakeholders can be found on pages 10 to 15 of the Report and Accounts. A summary of employee engagement during the financial year, including details of our EDI programme, is included on pages 30 to 31 of the Report and Accounts. Some brief highlights are noted below.

The trustee supported the JNC [to the conclusion of the actuarial valuation of the scheme as of 31 March 2023 \(the 2023 valuation\)](#); and supported employers conducting a member consultation on proposed changes to the scheme.

A working group of the JNC supported by the trustee has been established to consider long-term stability for the scheme and has met on a monthly basis since June 2023.

The 2023 Institutions' Meeting took place in November. A full recording of the meeting is available on the USS website [here](#).

The trustee continued to support employers' pension managers on operational matters via the USS Institutions Advisory Panel.

USS has also engaged directly with employers as part of the [assessment of scheme covenant](#). Several webinars were held for employers to help develop their understanding of key projects, such as the Technical Provisions consultation.

In addition to direct engagement with employers, the trustee has also engaged with a range of Higher Education sector bodies; and this year met with representatives from UUK's Employers Pension Forum, the Russell Group Finance Directors Group and University Alliance. USS colleagues also presented at the annual Universities & Colleges Employers Association (UCEA) Pension Conference.

A trustee engagement event was held at the University of York in May 2023 and included a Q&A session on USS governance, benefits and investments. It was attended by around 200 USS members and included informal engagement with members of the University of York executive, the University Council and trade union branches.

The Trustee Board has also visited the University of Nottingham and the University of Lancaster in 2024 and is planning to hold further events that follow the same format, over the coming year.

In February 2024, colleagues from the USS Client Engagement team gave a presentation and answered member queries at an 'Employee Pensions Day' organised by the University of Nottingham.

On investment matters, the Employer Investment Discussion Forum met twice during the year. The Forum is made up of employer CFOs, members of the USSIM executive and trustee directors and has provided an opportunity for discussion on the Liability-Driven Investment crisis, the Valuation Investment Strategy (VIS), and ongoing work around responsible investment.

Ahead of the statutory employer consultation on the scheme's Statement of Investment Principles, the trustee held a programme of engagement with 20 individual employers and a broad range of sector bodies (including University

Alliance, UUK and its Employer Pension Forum, UCU and the Russell Group Finance Directors group) to update them on investment strategy for the USS Retirement Income Builder, to develop understanding of employer priorities and risk appetite and to provide an overview of the planned approach to the VIS.

Alongside this, colleagues from USSIM have met with UCU representatives to discuss responsible investment, as well as meeting with the member campaign group 'Divest USS' to provide informal briefings.

Stakeholder discussions on responsible investment have been informed by the [analysis on climate change scenarios created by the University of Exeter and USS \(published in the report “No Time To Lose – New Scenario Narratives for Action on Climate Change”\)](#).

The USS GCEO has prioritised meeting with a broad range of stakeholder representatives and sector bodies since joining USS and is undertaking an ongoing programme of engagement with the sector. In February 2024, she hosted a visit to the USS Liverpool office from the Pensions Minister, Paul Maynard, and took part in a meeting of the [Work and Pensions Select Committee](#) to discuss the fiduciary duties of pension schemes.

USS has created several channels to give employees the opportunity both to share views, and to obtain the information and resources they need about USS's corporate purpose and values, strategy and objectives, and day to day activities. Regular 'town halls' are held live (and recorded for all employees), to provide the opportunity for meaningful engagement with the executive.

To inform its decision making, the Trustee Board receives regular updates about employee engagement. Regular employee surveys include questions on engagement, diversity and inclusion, health and wellbeing and the scheme's values. The survey results are used to prioritise necessary action in response.

Group Audit and Risk Committee report

Introduction

The Group Audit and Risk Committee (GARC) was established by the Trustee Board to provide it with assurance:

- On matters relating to the adequacy and effectiveness of the USS Group's internal control and risk management framework;
- That appropriate financial reporting processes and controls are in place and operating effectively; and
- On the effectiveness of the internal and external audit functions.

The committee usually comprises four members, all of whom are non-executive directors. Three of the members are non-executive directors of the Trustee Board and one is a non-executive director (and Chair of the USSIM Audit Risk and Compliance Committee (USSIM ARCC)) of the Trustee's in-house investment manager USSIM. The membership was temporarily increased to five members when Mr Richard Metcalf joined the committee on 1 January 2024. Mr Metcalf is a USSIM non-executive director and is due to replace Mr Tony Owens as Chair of the USSIM ARCC (subject to Financial Conduct Authority (FCA) approval), when Mr Owens retires as a USSIM non-executive director (and a member of the GARC) on 31 October 2024. Mr Gary Dixon, a UUK nominated trustee director, has chaired the committee since 1 February 2021. Mr Dixon is a qualified Chartered Accountant and a Fellow of the ICAEW with over 35 years' financial experience.

Role

The committee plays a key role in ensuring that there is appropriate challenge of the USS Group's internal control and risk management framework and provides assurance to the Trustee Board on the robustness of these systems. The committee receives a quarterly update and report at the end of each financial year from the GCEO on the effectiveness of the internal control environment at the USS Group. The quarterly statement is based on the output of the executive risk committees and the operating committees of the pensions business and of USSIM. The end of year report is supported by assurance statements from each of the

heads of the teams that form the three lines of defence of the organisation's control framework. Regular reports are also received from the USSIM ARCC and the USSL Fair Value Committee. The committee Chair, and committee as necessary, are kept updated outside of the formal meeting schedule of high materiality risk events and breaches that may require notification to TPR or the FCA.

EY was appointed as external auditor for USS and its companies in late 2017, following a competitive tendering process. The appointment was made for an initial five-year term subject to satisfactory completion of the annual performance review process. Each year the committee reviews the performance and effectiveness of the external auditor and the appropriateness of the external audit partner. During the year, the committee concluded that EY had performed effectively since the last annual performance review. In line with best practice, at least once a year, and as required, the committee holds a meeting with the external auditor and without the executive present to discuss the auditor's remit, the quality of audit information it receives and any issues arising from the audit. EY had no material issues to raise with the committee.

The committee approves the external audit plan annually and oversees the integrity of the financial reporting process and production of the scheme's annual report and accounts and those of USSL before submission to the Trustee Board for approval. It provides assurance to the Trustee Board that the financial statements and accompanying information are fair, balanced and understandable and have been prepared in accordance with the applicable accounting framework. The committee also oversees the integrity of the financial reporting process and production of the USSIM annual report and accounts, through assurance provided by the USSIM Board. The committee receives regular updates from EY on the progress of the USSL subsidiary audits to ensure they are delivered in the required timeframe and the resulting accounts filed on time.

The committee monitors the performance and effectiveness of the Group's internal audit function. Discussions with the Head of Internal Audit are held without the executive present at least once a year, and as required, to discuss the effectiveness of the function.

The committee also oversees the effectiveness of the Compliance and Risk functions and spends time with the executive responsible for each function to provide feedback on performance and perspective on where improvements could be made.

Key activities in 2023/24

The committee monitors the internal controls in place at USS and challenges their effectiveness. During the year, the GCEO changed with the resignation of Mr Bill Galvin and appointment of Mrs Carol Young from 4 September 2024. The committee has kept under review the assessments made by the executive about the continued robustness of the Group's processes and controls as a result of the change in GCEO and has been reassured that no material issues were identified and that the control environment and culture around risk reporting has remained robust during the period.

The committee receives a regular update on cyber risk. During the year, it considered known and emerging cyber trends and the security controls in place at USS to mitigate cyber threats including how they are reviewed and monitored on an ongoing basis to ensure their effectiveness. The committee considered the impact of the Capita cyber incident and considered the scope and output from both internal and external reviews of the incident, which looked, in detail, at the impact of the cyber incident, the steps taken by the executive after the event and lessons learned. The committee explored with the executive how it keeps pace with and maintains staff alertness to the changing nature of cyber risk. Whilst not immune from attack, as demonstrated by the attack on Capita, the committee is satisfied that USS has adequate protective controls in place, and that the executive reacted appropriately to the impact of the Capita cyber incident on the scheme and members.

Group Audit and Risk Committee report

Continued

Other activities in 2023/24

The committee has continued to be kept up to date by the executive on the robustness of Capita's control environment, as it relates to the provision of pension administration services to USS, and the appropriateness and timeliness with which Capita has addressed any areas of concern. The committee is satisfied that, despite the contract with Capita coming to an end, with services due to be transitioned to a new provider, the relationship with Capita is being actively managed by the executive to ensure the continuation of service levels, which included the successful implementation of the scheme benefit changes following the 2023 valuation.

The committee reviewed and approved (where changes were made) the USS Group Anti-Money Laundering, Conflicts of Interest, Counter Terrorism, Financing and Financial Sanctions, Tax, Risk Governance, Anti-Bribery, Corruption and Personal Account Dealing, Group Gifts and Hospitality, Group Code of Conduct, Anti-Fraud Policies and the USS Compliance Manual.

Membership

Appointed by the Trustee Board

Mr Gary Dixon (Chair), Mr Tony Owens, Mr Russell Picot, Ms Helen Shay and Mr Richard Metcalf (from 1 January 2024)

Governance and Nominations Committee report

Introduction

The Governance and Nominations Committee (GNC) was established by the Trustee Board and comprises five members: four non-executive directors of the Trustee Board and Carol Young, the GCEO. Ms Ellen Kelleher, an independent non-executive director, has been Chair of the GNC since 1 October 2022. The USSIM Board Chair is also a regular attendee at the GNC, to ensure that there is good communication and connection between the governance practices of both USS boards.

Role

On behalf of the Trustee Board, the GNC is responsible for:

- Overseeing the effectiveness of the operation of USS Group's governance framework having regard to corporate governance best practice, as applicable;
- Overseeing the composition of the Trustee Board and USSIM Board (including the fitness, propriety and competence of Trustee Board directors);
- Overseeing and participating in the recruitment process for Trustee Board and USSIM Board directors, committee members, the GCEO and the USSIM CEO;
- Overseeing Group executive and senior management succession planning, performed by the GCEO;
- Overseeing the regular effectiveness reviews of the Trustee Board and USSIM Board and their respective standing committees; and
- Approving the induction plans and ongoing training programmes for the Trustee Board and USSIM Board directors and committee members and overseeing their implementation.

Key activities in 2023/24

Succession planning and recruitment activities have formed a large part of the GNC's activities during the year, with recruitment processes for several significant roles across USS.

Following the announcement in September 2022 that Bill Galvin was stepping down as GCEO, the GNC (assisted by an external search firm) undertook a recruitment process to find a candidate to take on this role. This process resulted in the GNC recommending to the Trustee Board the appointment of Carol Young as GCEO and a USSIM Board director

from September 2023. The GNC has also overseen Carol's induction process.

During the scheme year, several trustee directors reached the end of their terms of office – one reached their final term of office and was therefore retiring; whereas the other directors were eligible for re-appointment for another term of office following a recruitment process. The GNC used the trustee's skills and competency matrices to develop role profiles for each role, and:

- In the case of the Trustee Board Chair role (an independent director role) – where the GNC is responsible for undertaking the recruitment process – the GNC undertook an open, fair and transparent recruitment process which resulted in Dame Kate Barker being re-appointed for a second four-year term of office.
- In the case of the director roles where the appointments are made by either UUK or UCU – a representative from the GNC participated in their recruitment processes, and the GNC had a role in ensuring that UUK and UCU's recruitment processes met relevant Master Trust regulatory requirements. UUK's recruitment processes resulted in Professor Adam Tickell being appointed to the Board to replace Professor Sir Anton Muscatelli. At the time of writing, other UCU and UUK director recruitment processes are ongoing for appointments/re-appointments due to take effect over the Summer 2024.

The GNC oversaw the recruitment process for two new non-executive directors to join the USSIM Board, to replace directors retiring from their roles.

The GNC also made recommendations to the Trustee Board with regards to a new executive director joining the USSIM Board and the re-appointment of the USSIM Board Chair for a second term of office.

As part of its consideration of succession planning (and 'bunching' of several terms of office coming to an end during 2024–25), the GNC considered options for changing the length of trustee directors' terms of office to prevent the future concentration of recruitment processes. Having consulted with both UUK and UCU, the trustee Articles of Association were updated to permit a maximum term of office of up to five years. This change means that the Trustee Board may, in

certain circumstances, appoint directors for shorter terms or agree to extend terms of office (within the maximum permitted in the trustee articles) in order to manage succession and continuity of directors on the Trustee Board.

In undertaking these recruitment processes, the GNC has been conscious of USS's board diversity goals, with gender ratio goals for both the Trustee Board and USSIM Board having been met. Both boards are yet to meet their ethnicity diversity goals, but continue to undertake open, fair and transparent processes, wishing to encourage a wide range of applicants for all roles. The GNC has also ensured that EDI remains high on the agenda for both the board and executive, and in the boards' training plans, which the GNC reviews and monitors throughout the year.

The GNC oversaw effectiveness reviews of both the Trustee Board and USSIM Board, including the Trustee Board's committees, (facilitated by the USS Governance team) and the implementation of agreed actions and recommendations arising from those reviews. The GNC is currently in the process of identifying and working with an external provider to carry out an external effectiveness review to begin later in 2024.

The GNC is also responsible for overseeing completion of individual director appraisals. Having considered the outcomes of the most recent round of director appraisals, and reviewed the external interests of board members, the GNC remains satisfied that Trustee Board and USSIM Board directors continue to be fit and proper, commit sufficient time to their roles and that their external interests are unlikely to conflict with their trustee/USSIM roles.

The GNC has also kept itself up to date with developments in corporate governance and regulatory best practice on governance matters, reviewing its own practices against these requirements where relevant.

Membership

Appointed by the Trustee Board

Ms Ellen Kelleher (Chair), Dame Kate Barker, Professor Sir Paul Curran, Mr Bill Galvin (until 3 September 2023), Dr David Watts and Mrs Carol Young (from 4 September 2023).

Investment Committee report

Introduction

The Investment Committee of the Trustee Board is established under the articles of association of the trustee company to advise the trustee company on all questions relating to the investment of the assets of the scheme. As at the scheme year-end 31 March 2024, the committee consisted of five members who are members of the Trustee Board (as listed below in the 'membership' section of this report). The committee is chaired by Mr Russell Picot. During the year, Professor Sir Anton Muscatelli came to the end of his term as a director and member of the committee on 31 March 2024. Professor Adam Tickell was appointed as a director and member of the committee with effect from 1 April 2024.

Role

The Investment Committee considers the investment strategy for the scheme and provides recommendations to the Trustee Board. The discretionary day to day management of the scheme's assets has been delegated to USSIM, and the Investment Committee oversees USSIM's investment management performance.

The Investment Committee regularly reviews investment performance and risk reports from USSIM. It receives regular investment manager presentations in order to provide assurance to the Trustee Board that USSIM's management of scheme assets is in line with the strategy set by the trustee and agreed targets. On behalf of the Trustee Board, the Investment Committee undertakes regular reviews of key investment documents including the Statement of Investment Principles. It also reviews the Investment Management and Advisory Agreement (the IMAA, which is the contract between the trustee and USSIM) and associated Instruction Letters which accompany the IMAA. The Investment Committee also considers various investment strategy proposals and valuation related investment matters as required.

Key activities in 2023/24

A significant activity for the committee over the year was its role in supporting the Trustee Board with the 2023 valuation and associated investment related activities. This involved working with USSIM (as principal investment adviser to the Trustee), Mercer (as DB

investment adviser) and the Scheme Actuary (Aaron, Punwani from LCP) to provide recommendations to the Trustee Board in relation to the investment related assumptions to go into the valuation, as well as consideration of the Valuation Investment Strategy (VIS) that the scheme should adopt following the completion of the valuation.

Following engagement with stakeholders over the new VIS framework and approach to the trustee's investment strategy, in March 2024 the committee reviewed and recommended that updates be made to the trustee's Statement of Investment Principles (SIP) and associated investment beliefs and began a formal SIP consultation process with employers. This consultation commenced on 25 March 2024 and, following consideration of the feedback received, resulted in the finalisation of the trustee's main SIP (and any consequential changes required to the trustee's DC default SIP) in May 2024.

Another important task for the committee this year (as it is every year) was to assess the performance of USSIM using the investment balanced scorecards developed for this purpose. The committee undertook its mid-year review in September 2023, and finalised its assessment over two meetings in February 2024. Further details of the committee's scoring of USSIM's performance for 2023 can be found on pages 22 to 23 of the Report and Accounts. As part of this process, the committee provided feedback and confirmed its expectations for the coming year for USSIM to focus on during 2024.

At each of its meetings, the Investment Committee reviewed and challenged reporting from USSIM, including: investment performance and risk reporting; asset allocation and strategy reporting; and reporting from the USSIM Chief Executive Officer and USSIM Board Chair on key matters within the USSIM business relevant to delivering USSIM's investment management and advisory services to the trustee. This included the development of investment teams and mandates within USSIM, and presentations from the newly appointed Head of Responsible Investment. In addition to this regular reporting, the committee also received updates and specific reporting on market events and assets, including the trustee's investment in Thames Water. The committee also

oversaw how USSIM was managing the scheme's investments through the ongoing geopolitical instability, falling inflation and more muted increases in interest rates when compared to the previous year. Further details on the scheme's investment strategy and performance over the year can be found on pages 16 to 21 of the Report and Accounts.

The trustee's approach to environmental, social and governance (ESG) factors, including climate change, in its investment portfolio remained an important area of focus for the committee over the year. With assistance and advice from USSIM (and input from its external investment advisers), the trustee developed its responsible investment (RI) ambition statement, including defining the medium-term priorities for the scheme. The Investment Committee also welcomed and discussed USSIM's industry-leading collaboration with the University of Exeter on a new approach to climate scenarios with the publication of the 'No Time to Lose' report. More information on the work with the University of Exeter is given on page 20 of the Report and Accounts. USSIM's work with the Cambridge Universal Ownership Initiative was also covered.

The committee reviewed and recommended changes to the trustee's responsible investment and voting policies as well as overseeing USSIM's implementation of these policies. The committee received updated reporting from USSIM on the carbon footprint of the trustee's investment portfolio and the work (both completed and planned) to ensure that USSIM, the companies in which it invests, and the trustee's other investment managers recognise climate change risk in their investment management processes such that the trustee might achieve its net zero ambition.

The Investment Committee's away day is an important part of the committee's annual calendar, and an opportunity for the committee to consider strategic investment matters and risks facing the scheme and markets over the long-term. The 'No Time to Lose' report, climate scenarios and RI were central parts of the away day, as was consideration of the USS trustee's role as a universal asset owner and engagement with companies,

Investment Committee report

Continued

regulators and the UK Government, as well as the risks and opportunities presented by artificial intelligence.

Annual activities completed by the committee included: reviewing and recommending to the Trustee Board the investment business plan and budget; reviewing the quality of advisory services provided by USSIM, Mercer (for DB) and LCP (for DC); developing and recommending the SIP Implementation Statement to the Trustee Board; and reviewing investment related policies and their operation by USSIM. The committee also considered reporting on how the scheme's DC product offering, and the investment costs of the DC scheme, compare with peers to ensure that these remain appropriate, and the scheme continues to offer value for money to members.

In addition to its regular meetings, the committee also held workshops and training sessions to discuss topics in detail with USSIM, external advisers and industry specialists.

Membership

Appointed by the Trustee Board

Mr Russell Picot (Chair), Dame Kate Barker, Mr Andrew Brown, Mr Alain Kerneis, Professor Sir Anton Muscatelli (until 31 March 2024) and Professor Adam Tickell (from 1 April 2024).

Pensions Committee report

Introduction

The Pensions Committee is a committee of the Trustee Board providing oversight of the administration and management of the scheme's pensions business. The committee comprises six members (as listed below in the 'membership' section of this report): four non-executive directors of the Trustee Board and two members of the executive. Ms Marian D'Auria, an independent non-executive director, is Chair of the committee.

Role

The Pensions Committee oversees the performance of the scheme's pensions business, including:

- the scheme's administration and the services provided to employers and scheme members;
- member and employer engagement and experience (other than in relation to valuations);
- the scheme's approach to any material regulatory, policy or strategy developments impacting the Pensions Business; and
- the development, agreement and implementation of changes to the Scheme Rules.

Key activities in 2023/24

A key focus of the committee during the financial year, was the committee's oversight of USS's tender process for the provision of a new pensions administration platform provider. Over the course of 2023, the committee considered the key elements of the tender process, including functionality requirements that were required to fulfil the trustee's related strategic objectives, and the broader resourcing impacts on the Pensions Business. After several formal updates and informal briefings designed to keep the committee appropriately informed as the tender process progressed, the committee recommended to the Trustee Board the selection of Procentia Ltd as preferred supplier. Further details about the Pensions re-platforming are provided on page 14 of the Report and Accounts.

Another key matter for the Pensions Committee during the year was a supplier data breach. USS's current pensions platform provider, Capita, suffered a cyber-attack, which included USS member data. The committee oversaw how the

executive managed the response to the data breach, and the provision of support and advice to members and employers on this matter. The committee was kept informed throughout the financial year on various aspects of USS's ongoing response to the cyber incident, including how the executive was keeping regulatory bodies (TPR and Information Commissioners Office (ICO)) informed as the situation developed. Further detail on the cyber incident are provided on page 11 and 12 of the Report and Accounts.

The committee played an important role leading up to and following the conclusion of the 2023 valuation. This included supporting the Trustee Board with certain obligations, such as overseeing: (i) a statutory employer consultation with affected employees on proposed scheme benefit changes; and (ii) the executive's readiness for benefit changes, including the development and testing of all the required system changes and implementation of the consequential operational changes to scheme benefits from 1 April 2024.

The committee continued its oversight of the executive's delivery of the Trustee Board's strategic priorities for the pensions business during the financial year. This included implementation of a strategy to enhance direct communications to active members of the scheme as they progress through their pension journey with USS. The committee reviewed the executive's evidence based on member participation, demographics and feedback that informed the scheme's strategy.

Pensions Operations

As part of its responsibilities delegated by the Trustee Board, and following advice from the Scheme Actuary, the committee approved the scheme's actuarial factors (used to calculate certain DB-related pension benefits from the scheme) following the 2023 valuation and changes in market conditions. Further information on the 2023 valuation is included within the Report and Accounts.

In addition, the committee has reviewed several proposed amendments to the Scheme Rules, including: (i) to allow USS to conform to the new fines regime created by the Pension Schemes Act 2021; (ii) to amend benefits and contributions with effect from 1 April 2024 and facilitate

uplifted benefits in relation to service between 1 April 2022 and 31 March 2024 as part of the 2023 valuation process; (iii) to reflect the abolition of the Lifetime Allowance with effect from 6 April 2024; and (iv) to facilitate the transfer of UUK's powers and responsibilities under the Scheme Rules as employer representative to UCEA.

Employer participation

During the year, the committee considered various strategic employer participation issues and provided input into the trustee's decision-making on such matters.

With regards to employers, the committee also:

- Considered the effectiveness of the trustee's Debt Monitoring Framework (DMF) and oversaw changes to the DMF following a review undertaken by the executive of the wider covenant support measures;
- Oversaw the continuing development of the trustee's employer participation policies and delegations;
- Considered a number of specific employer debt cases and participation requests received during the year; and
- Received the results from the annual attestation exercise coordinated by the executive, designed to ensure that each participating employer had adhered to its key actions and responsibilities as a participating employer in USS.

DC Investment Builder

On behalf of the Trustee Board, the committee undertook an annual review of the ongoing suitability of the Investment Builder product range. The committee's review considered the likely changes in the member demographic that would be seen from April 2024 as a result of the change in DB salary pension accrual cap arising out of the 2023 valuation. Following this review, the committee recommended modest amendments to the existing Investment Builder policy beliefs to the Trustee Board. The trustee will undertake a full review of the USS DC Section default strategy during 2024. In addition, within DC, the committee:

- Provided the Investment Committee and Trustee Board with the committee's conclusions from its annual suitability review of the Investment Builder ethical products;

Pensions Committee report

Continued

- Recommended to the Trustee Board, the scheme's updated DC business plan, and the scheme's supervisory return (which documents how the Trustee Board has oversight of, and monitors governance activities and administration, including relevant systems, processes and policies surrounding the DC element of the scheme); and
- Examined the trustee's external DC Value for Member assessment, which compares the scheme's DC product to several master trust peer schemes across several categories, before its submission to the Trustee Board for approval.

The committee also held a joint DC strategy session with the Investment Committee to consider key developments in the marketplace and regulatory environment, and development of DC member proposition. The aim of the meeting was to help ensure that USS continues to offer members and employers value for money as a DC provider.

Membership

Appointed by the Trustee Board

Ms Marian D'Auria (Chair), Mr Bill Galvin (until 3 September 2023), Ms Ellen Kelleher, Mrs Helen McEwan (CPO), Mr Will Spinks, Dr David Watts and Mrs Carol Young (from 4 September 2023).

Remuneration Committee report

Introduction

The Remuneration Committee (Remco) ensures that remuneration arrangements for USS (both the trustee, USSL, and its investment management subsidiary, USSIM) promote the recruitment, motivation and retention of high calibre employees, within a competitive market, to support the delivery of the trustee's long-term strategic objectives for the scheme and support the purpose, values and culture of the USS Group.

On behalf of the Trustee Board, the committee considers and approves the structure of compensation and all long-term incentive plans for USS staff.

Together with the Trustee Board Chair, the committee also has a role in overseeing and making recommendations to the Board on director and committee member fees across USS's governance structure (within relevant fee caps and frameworks agreed with the JNC).

The committee comprises four members who are serving non-executive directors of the Trustee Board. Mr Will Spinks, a UUK-nominated director, is Chair of the committee. Aon is the appointed independent remuneration advisor for the committee and provides compensation benchmarking for USSIM. Willis Towers Watson provides compensation benchmarking for pension roles and support functions. In addition, the Chair of the USSIM Board attends each meeting to provide a direct link from the remuneration discussions and proposals from the USSIM Board (and its Remuneration Committee) for approval by the committee. Similarly, the Chair of the Remuneration Committee attends USSIM Remuneration Committee meetings to maintain communication between the committees.

Role

Remco provides review of and robust challenge to remuneration arrangements for staff (including senior management), in order to provide assurance to the Trustee Board that compensation complies with agreed remuneration principles, industry standards, regulations and good practice. The committee uses external advice, comparing employee roles to peer organisations to satisfy itself that total remuneration costs, including long-term incentive plans and Group deferred bonus awards (applicable to a limited employee population), and aggregate bonus awards are aligned to industry trends and balance stakeholder and member interests. The USS remuneration framework is designed to ensure that USS can attract and retain talent and skills within the organisation to deliver the scheme's long-term priorities and value for money for members. The principles that underpin our approach to remuneration are as follows:

- The foundation of our remuneration approach is to promote alignment to our scheme's interests.
- We focus on long term success, applying appropriate metrics and overlaying judgement.
- Remuneration outcomes for individuals reflect the importance we attach to adherence to our values, behavioural standards and organisational risk management culture.
- Using external advice, we compare our employee roles to peer organisations with the aim of ensuring our approach is fair, for individuals and in aggregate.
- We differentiate pay outcomes based on team and individual performance.
- We endeavour to ensure a fair and transparent approach to remuneration.

Incentives for all employees are based on performance and vary depending on which part of the organisation an employee works in. Whilst any incentive awards are discretionary, where awarded, some aspects of USSIM compensation are linked to long term investment performance, whilst other aspects are based on a more qualitative assessment of an individual's performance (as they are for USSL employees).

The committee challenges the executive and the proposals made by the USSIM Board, ensuring that the proposals: (i) demonstrate a clear and robust link

between reward and performance, seeking assurance that a rigorous process of performance appraisal is in place, with appropriate controls to manage behaviour and manager discretion; (ii) comply with the requirements of regulatory and governance bodies; and (iii) satisfy the expectations of stakeholders and remain consistent with the expectations of the employee population. The USSIM Remuneration Committee has the same approach to governance and oversight as the committee.

Key activities in 2023/24

The key activity for Remco, as it is every year, was to consider the recommendations made by the USSIM Board and the USS executive in relation to remuneration proposals (salaries and incentive awards) for staff across the London and Liverpool offices. In reviewing the remuneration proposals for 2023/24, the committee challenged the executive to ensure that the proposals were appropriately balanced whilst reflecting USS's remuneration principles. In addition, the committee considered the findings from the executive's Remuneration Risk Adjustment Committee, made up of the control function heads, whose purpose is to assess risk and compliance culture in the organisation (including any material risk events) and how these should be treated in any performance assessment and remuneration decisions. Considering these factors in the executive's recommendations, how risk and compliance matters have been taken into account, and the advice and benchmarking information provided by the committee's external adviser, Aon, the committee approved the remuneration proposals for 2023/24. Further information about total remuneration paid to USS employees is provided on pages 47 to 48 within the Report and Accounts.

Outside of its key activity to review and approve remuneration proposals, during the year the committee held a joint meeting with the USSIM Remuneration Committee to allow both committees to consider more people focused matters outside of the year-end remuneration processes. This included gender and ethnicity pay gap analysis and a review of remuneration and benefit related policies. This year, in particular, the executive had reviewed and enhanced

Remuneration Committee report

Continued

a number of employee policies and benefits in support of its EDI strategy. During the year, the committee also approved the reappointment of Aon as the lead remuneration adviser for USS following a selection process managed by the executive and recommended to a selection panel comprising a sub-set of both the USSL and USSIM Remuneration Committees.

Together with the Chair of the Trustee Board, the Remco provided recommendations to the Board in respect of director and committee member fees. This included ongoing dialogue with the JNC with regards to the appropriate level of fees payable to JNC members (which are paid to JNC members directly or to their employers in order to buy-out their time), following the JNC's review of the time commitment and expectations for this role in USS's governance.

The committee also oversaw the executive's response to developments in remuneration related regulations and good market practice, including: (i) a review of the scheme's remuneration practices against a 'Dear RemCo Chair' letter published by the FCA in October 2023; and (ii) approval of updates to the list of roles/employees identified as Material Risk Takers (as defined by the FCA) for the purposes of remuneration governance.

The committee also oversaw the steps taken by the executive to enable USS achieve accreditation from the Real Living Wage Foundation.

Membership

Appointed by the Trustee Board:

Mr Will Spinks (Chair), Mr Andrew Brown, Mr Gary Dixon, and Dr Alain Kerneis

Advisory Committee report

Introduction

The Advisory Committee is established under the Scheme Rules, and it exercises the dispute resolution function on behalf of the trustee under section 50 of the Pensions Act 1995. Its role also extends to advising the trustee on matters on which it requires advice, including those relating to:

- The exercise by the trustee of its powers and discretions (other than those matters falling within the jurisdiction of the trustee's investment committee);
- Difficulties in the interpretation or application of the Scheme Rules; and
- Complaints received from members/former members, ex-spouse participants or participating employers.

The Advisory Committee comprises three representatives of UUK and three representatives of UCU. The members of the Advisory Committee appoint its Chair. When exercising its dispute resolution function, two additional members who are trustee directors (one appointed by UUK directors and one by UCU directors) attend its meetings.

The committee met four times during the year.

Key activities in 2023/24

During the period 1 April 2023 to 31 March 2024, the committee considered eleven complaints received under stage 2 of the internal dispute resolution (IDR) procedure from scheme members (or their representatives) or their beneficiaries. The complaints covered various topics including retirement quotation errors, incapacity retirement applications, cash equivalent transfer values, discretionary lump sum payments, additional voluntary contributions, and eligible dependants' pensions. The committee upheld one of the cases and distress and inconvenience payments were awarded in five of the cases considered.

In addition, the trustee received five IDR stage 2 complaints relating to the Capita cyber incident which occurred in March 2023. These complaints were referred by the additional members of the Advisory Committee to the Trustee Board for consideration under Scheme Rule 65.6.1. as they determined that these complaints involved a significant issue of principle or policy.

The Advisory Committee also oversees cases referred to The Pensions Ombudsman (TPO) by members of USS or their beneficiaries and received regular updates on the progress and outcome of all applicable cases. During the year, there has been one TPO case upheld, one case partially upheld and two cases not upheld. In addition, the Advisory Committee received regular updates on non-USS TPO cases and industry developments.

One of the functions of the Advisory Committee is to oversee the implementation of USS's dispute resolution policies and procedures.

The committee received a report from the trustee's executive team providing an overview of the complaints received in the period 1 April 2022 to 31 March 2023. These included complaints received informally, as well as those received under stage 1 and stage 2 of the IDR procedure, and complaints referred to TPO. The number of formal and informal complaints received during the year decreased from the level in the previous year while the number of complaints referred to TPO was broadly consistent.

Under the USS Augmentation Policy, the Advisory Committee provides the trustee with any advice it may require in relation to the use of its augmentation power under the Scheme Rules, as well as a recommendation in respect of any proposed uses of the augmentation power. During the year, the committee considered a proposal to use the augmentation power and its recommendation to the trustee was that the proposal was consistent with the USS Augmentation Policy and should therefore be granted.

A working group comprised of members of the committee also provided guidance to the trustee in relation to the principles to be applied in determining a 'dependant' based on financial dependency as set out in the Scheme Rules and relevant legislation and on the exercise of the trustee's discretion. The working group was established to review these issues and recommendations were made in respect of the appropriate governing principles to be applied by the trustee.

The Advisory Committee has oversight of commutation payments made by the trustee to members on grounds of serious ill-health. Such payments are usually approved by the Chair of the committee and a senior officer of USS. During the year, the committee oversaw 46 approvals for commutation payments on grounds of serious ill-health.

During the year, the Advisory Committee received training on: (i) the effect of changing real interest rates on Cash Equivalent Transfer Values; and (ii) the ill-health retirement application process and full commutation process.

Membership

UUK appointees:

Mr Cliff Vidgeon (Chair), Dr Tony Bruce (until his passing in March 2024) and Mr Denis Linfoot OBE.

UCU appointees:

Mr Sunil Banga, Professor Dennis Leech and Dr Carlo Morelli (appointed to the committee in place of Dr Chris Grocott, with effect from 29 June 2023).

Additional members:

Mr Will Spinks (a UUK appointed director) and Mr Andrew Brown (a UCU appointed director).

Joint Negotiating Committee report

Introduction

The Joint Negotiating Committee (JNC) was established under the Scheme Rules. Its constitution, powers and responsibilities are set out in the Scheme Rules. The JNC's main purpose is to initiate amendments to the Scheme Rules and to approve rule changes proposed by the trustee or the Advisory Committee. The JNC also plays a key role in the context of scheme funding. If, following an actuarial valuation of the scheme, the trustee determines that the cost sharing provisions under the Scheme Rules are triggered, the JNC also has the power to decide how the cost of the contribution increases or decreases should be shared between employers and members and/or whether there should be a change to future scheme benefits. There are also certain other decisions under the Scheme Rules that require the JNC's approval such as increases in fees for directors and certain other committee members, and whether payment of investment management costs from the fund and the cap on such costs remains appropriate.

The JNC comprises five representatives of UUK and five representatives of UCU, together with an independent committee member who acts as Chair. In recognition of the time commitment involved in discharging their duties as members of the JNC, eligible UCU and UUK members are able to claim a fee which is payable to them or their employer institutions.

Mr Akbar Khan was appointed as the permanent Chair of the JNC with effect from 1 January 2023.

The JNC formally met 12 times during the year. It also met informally on a number of occasions to monitor progress on the valuation timeline. JNC members were also involved in a number of working groups including the Valuation Technical Forum and the Stability Working Group details of which are provided below.

Key activities in 2023/24

During the financial year, the JNC:

- Considered the results of the March 2023 valuation and following considerable work by all parties, took decisions in relation to reducing the member contribution rate from 9.8% to 6.1%, and the employer contribution rate from 21.6% to 14.5% from 1 January 2024. The JNC also agreed to improve the benefit design which included increasing the accrual rate to 1/75th, increasing the DB/DC Salary Threshold to over £70,000 and improving Inflation protection (which were implemented from 1 April 2024).
- Had representatives from the JNC join the Valuation Technical Forum. This enabled early and informal discussion between the USS trustee, UCU and UUK in relation to some of the technical aspects of the 2023 valuation. In particular:
 - The development of the scheme's funding position;
 - The key assumptions that may have an impact on the scheme's funding position and how changes in individual assumptions can impact both the overall funding position and the pricing of benefits; and
 - How the range of risks considered support both the scheme in general and the valuation methodology.
- Had members attend the Stability Working Group which is focussed on ensuring the long term stability of the scheme whilst reducing the need for short term changes to benefits and/or contributions from valuation to valuation.
- Reviewed and consented to seven deeds of amendment to the Scheme Rules. These covered:
 - 20th Deed – this enabled the trustee to establish a bank account in its name, to be held separately to the scheme and which shall not form part of the scheme's assets, to meet any civil penalties (and similar or associated costs) levied by TPR against the trustee in respect of the scheme, which could not otherwise be met from the scheme due to legislative restrictions on paying such a fine following the implementation of a new fines regime from 1 October 2021.
 - 21st Deed – this implemented several minor amendments which had no practical impact on the application of the Scheme Rules, some non-substantive/minor changes that mostly bring the rules in line with the intention and/or practice, and a few amendments that would result in a change to practice but are considered minor improvements or are changes at the request of the JNC.
 - 22nd Deed – this Deed made changes to the contribution rate and amended the allocation of member and employer contributions to the USS Investment Builder with effect from 1 January 2024.
 - 23rd Deed – this Deed made changes to the scheme benefits with effect from 1 April 2024 as recommended by the JNC as part of the 2023 valuation process.
 - 24th Deed – this Deed provided an uplift to benefits recommended to the trustee by the JNC in relation to service between 1 April 2022 and 31 March 2024.
 - 25th Deed – this Deed formalised the transfer of the role of employer representative body for certain purposes in relation to the scheme from UUK to UCEA.
 - 26th Deed – Following the 2023 spring budget, changes to the Lifetime Allowance Framework were introduced under the Finance (No.2) Act 2023. This Deed amended the Scheme Rules to be compliant with the revised legislation with effect from 6 April 2024.

Joint Negotiating Committee

Continued

- Worked with USS to issue two joint letters from USS, UUK and UCU in relation to proposed changes to TPR's funding code for DB Pension Schemes.
- Worked with USS to postpone changes to Early Retirement Factors.
- Received regular updates regarding the funding status of the scheme.
- Received regular regulatory updates.

In addition, during the year, the JNC received briefings from the executive and the Scheme Actuary, Aaron Punwani of Lane Clark & Peacock, the trustee's actuarial adviser.

Representatives from the Trustee Board were invited to and attended all standard meetings with the JNC. The trustee directors attended as observers as part of the drive to become more visible to the JNC and in line with the recommendation from the Joint Expert Panel.

Further details on the JNC along with summary reports from each of its meetings can be found online.

<https://www.uss.co.uk/about-us/how-were-governed/joint-negotiating-committee>

Membership during the year

Independent committee member:

Mr Akbar Khan (Chair)

UUK appointees:

Mrs Margaret Monckton, Mr Anthony Odgers, Mr Stuart McLean (until 8 September 2023), Dr Carol Costello, Mr Mike Shore-Nye, Ms Sharon Moore (from 9 September 2023).

UUK alternate:

Mr Cliff Vidgeon

UCU appointees:

Dr Justine Mercer (until 8 June 2023), Dr Deepa Govindarajan Driver, Dr Jackie Grant, Mr Mark Taylor-Batty, Ms Jenny Lennox (until 8 July 2023), Dr Marion Hersh (from 9 June 2023), Ms Shahenda Suliman (from 9 July 2023).

UCU alternates:

Dr Donna Brown (from 9 June 2023), Ms Sarah Joss (from 9 June 2023), Mr Dooley Harte (from 9 July 2023).