



Responsible Investment Beliefs and Ambition Statement

The trustee is a long-term, responsible investor with a legal duty to invest in the best financial interests of our members and beneficiaries, having regard to the position of the scheme as a whole, so we can pay pensions long into the future.

We believe that when our investments are run effectively and their environmental and social risks, like climate change or health and safety, are appropriately managed, risk-adjusted returns can be improved over the long-term.

To achieve this, we have a set of responsible investment beliefs and ambitions which have been set by the trustee.

Our beliefs

- Responsible investment involves acting as an engaged and active long-term owner to reduce risk over time and to seek to improve risk-adjusted returns. Active ownership involves engagement as a long-term owner of assets, being focused on sustainability, good corporate governance, actively engaging with the trustee's investment managers (both internal and external) and taking into account all financially material considerations in relation to the selection, retention, and realisation of investments.
- As a Universal Owner, we are exposed to certain market-wide or systemic issues which could impact the investment returns we seek. With risks that are systemic, it is unlikely that portfolio diversification alone will be enough to avoid all material risks in the same way as can be achieved with non-systemic risks. We therefore act as an active and engaged long-term owner to address them, together with other Universal Owners, to minimise the financial impact such issues can have on the scheme's investments. The overall risk to market returns (beta) is one of the biggest risks members face.
- As a Universal Owner, we have a role to play in promoting the proper functioning of markets and economies. This includes actively engaging with policymakers and regulators in markets in which we invest, in order to articulate the concerns of asset owners and long-term investors.



- We believe that collaboration with other long-term investors is likely to improve the impact of our interventions.
- We believe that responsible investment integration and high-quality stewardship in all asset classes will contribute to better outcomes for members.

Our ambitions

- We will be rated highly by our stakeholders for the quality and clarity of our communications on responsible investment, and for our engagement efforts with stakeholders.
- We want to be seen as the leading UK asset owner with respect to responsible investment, and among the leading asset owners globally, in areas that are key priorities for our scheme.

How do our beliefs and ambitions benefit the scheme?

- These beliefs focus our responsible investment work in areas that we believe are most important to the scheme – areas which give rise to financial and reputational risk.
- By being vocal and prepared to act on things that are an agreed priority for USS (because they are financially material in either reducing risk or maximizing return) we believe the speed of positive change in these areas will be faster/greater, which will benefit members more.
- Further integrating responsible investment into all our investment activities will drive better returns and reduce risk. All investment decisions will be subject to a responsible investment lens and our engagement activity, which we believe improves financial outcomes in the long-term, will be more fulsome and thus generate more positive impact.
- Being clear about what we want to achieve will help our stakeholders measure our success in our efforts and feel confident we are delivering positive outcomes for members.