

Universities Superannuation Scheme Limited (“USSL” or “Trustee”) Director Job Description

Position: Director of USSL board (“board”)

Responsible to: Chairman of the board

USSL is the corporate Trustee of the Universities Superannuation Scheme (“USS” or the “Scheme”). The role of the board (and therefore its directors) is the overall leadership, strategy and oversight of USSL and the subsidiaries that help run and invest its assets. As trustee, USSL (and its board) are subject to relevant provisions of trust law, are subject to fiduciary duties and are required to act in the best financial interests of the scheme’s beneficiaries. Being a member of the board also involves monitoring and oversight of USSL’s operations, ensuring competent and prudent management, sound planning, proper procedures for the maintenance of adequate systems of internal control, and for compliance with statutory and regulatory obligations.

Key responsibilities include overall oversight of the administration of the Scheme to ensure that:

- (i) USS is adequately funded;
- (ii) benefits are paid when they fall due;
- (iii) the Scheme is effectively administered in line with objectives and relevant legislation, regulation and regulatory guidance including that issued by the Pensions Regulator (TPR); and
- (iv) the Scheme and its administration continue to meet the needs of the UK higher education sector.

The board is composed of ten to twelve directors comprising:

- Four UUK appointed directors;
- Three UCU appointed directors¹; and
- Between three and five independent directors.

More information about the board appears at <https://www.uss.co.uk/how-uss-is-run/your-trustee/people/the-board>

Duties and powers

As a director of the Trustee the principles of trusteeship impose certain fiduciary duties and responsibilities on the board and each individual director. TPR’s *Trustee guidance* provides a general overview of the duties and responsibilities. These are broadly summarised below:

- To act within the framework of the law and the regulatory requirements and in accordance with the Scheme Rules and USSL’s Articles;
- To act in the best interests of members and other beneficiaries. A duty to balance fairly the interests of different groups, to act impartially between different classes of beneficiaries (not necessarily to act equally) and to not act with any sense of “constituencies”. Once appointed, all directors share the same responsibilities to the entire membership;
- To pay benefits on time and correctly;
- To act prudently, honestly and conscientiously, with the utmost good faith;
- To take advice on technical matters and on any other matters with which the director is not fully familiar. Decisions should be taken only by persons with the right skills, information and resources needed to take them effectively;
- To derive no personal gain from the Scheme (other than as a member, or by way of agreed director fees (as approved by the joint negotiating committee), or where payments have been authorised by the board, such interest having been declared where known);
- To invest and ensure the safe custody of the Scheme’s assets; and
- To ensure that proper records and accounts are kept and that information is communicated and disclosed as legally required.

¹ At least one of whom must be a pensioner member, as defined in the Articles of Association.

Directors' responsibilities

All directors of USSL are required to comply with the director responsibilities and duties set out in the Companies Act 2006 and any other relevant legislation. In order to carry out the principles outlined above, directors are expected to undertake the following:

- To adhere to the principles of trusteeship;
- To understand and be committed to the aims of USSL;
- To devote sufficient time to undertake the role, including preparation for meetings, board meetings and committee meetings of which they are a member;
- To review all documents required to be approved by the board;
- To constructively challenge, debate intelligently and test recommendations from committees (where applicable), the Group Executive and USS Investment Management Ltd (USSL's subsidiary investment management company);
- To ensure sufficient knowledge and understanding to undertake the role (both at commencement of their tenure and at all relevant times), including undergoing training and improving knowledge and understanding (on an ongoing basis) in accordance with the Trustee Knowledge and Understanding requirements of the Pensions Act 2004, any other relevant legislation and specific requirements of USSL;
- To reflect annually on board performance and individual performance and carry out identified actions for improvement, including undertaking appropriate training and education to develop and refresh knowledge and skills;
- To disclose any conflicts of interest;
- Not to use, directly or indirectly, or disclose any confidential information relating to the USSL or the Scheme²;
- To meet all legal and regulatory requirements in relation to fitness and propriety including (but not limited to) to honesty, integrity, financial soundness, competence and conduct;
- To submit to and satisfy the requirements of any appropriate criminal record, financial or other checks and provide any information or evidence reasonably required to establish a director's fitness and propriety or to satisfy any other regulatory requirements; and
- To undertake to inform the Trustee immediately if they cease to be eligible to serve as a director.

Technical and behavioural skills / competencies

The law requires that trustees and directors have knowledge and understanding in a number of specified areas. Although training is provided and the Trustee has the benefit of the skills of the Group Executive and the assistance of professional advisers, directors of the board are required to have the skills and competencies listed below at an appropriate level to enable them to discharge their functions as non-executive directors.

USS is the largest private pension fund in the UK by assets. Enabled by its relative scale, USSL chooses to perform many pensions administration and investment management activities in-house. This reduces agency issues, and overall costs, very significantly. USSL and USSIM therefore have significant responsibilities for the management and execution of complex operational and advisory functions at scale, and would in its own right be a sizable pensions administration or investment management business. The experience, expertise and capabilities required below should be seen as proportionate to the oversight and governance of an organisation of this nature.

² In order to discharge this responsibility, it is essential for directors to separate this role from any other positions/commitments.

Technical competencies³

- **Strategic thinking:** Focus on strategic issues and a willingness to share responsibility for USSL's strategic vision; impact of legislative requirements; link between strategy and daily running of the Scheme.
- **Pension Technical:** Legal and regulatory framework; trust, pensions and tax law as applied to both defined benefit and defined contribution schemes.
- **Funding:** Principles for funding of the Scheme and valuing of liabilities; the impact of the employers' financial position; impact of USSL's investment policy.
- **Investment:** Investment principles, practices and options; the nature of risk and reward; asset classes and strategic asset allocation.
- **Administration:** Administration and audit requirements, application of the Scheme Rules, operational risks and risk management.

Behavioural competencies

- **Communication and influence:** Transfer of thoughts and expression of ideas; influencing others and gaining their support.
- **Planning and organising:** Establish courses of action to achieve objectives; determine priorities; allocate resources effectively.
- **Teamwork:** Cooperate and work with others toward solutions that accomplish objectives.
- **Decision-making:** Make rational and realistic decisions, using relevant knowledge and experience.
- **Leadership:** Create a shared vision and sense of direction; clarify means of achievement; generate enthusiasm, commitment and trust to the vision, purpose and values of the Trustee; commitment to the code of conduct.

TPR's Scope Guidance document and Code of Practice for Trustee Knowledge, Understanding and Conversance should be consulted for more details on technical competencies.

Specific Skills and Experience

It would be beneficial if the successful individual has knowledge, skills and experience at a senior level in a substantial organisation or as a strategic adviser to such an organisation, in one or **preferably more of the areas (set out in order of desirability):**

Remuneration

- Understanding of the role recruitment, motivation and retention strategies in the long-term health and success of an organisation.
- Experience of remuneration policy and practices in particular knowledge of performance related pay structures and how risk is managed.
- Knowledge or experience of the dynamics of a fund management business and its remuneration structures.
- Knowledge/experience of remuneration committees and an understanding of their effective operation.

Finance knowledge and understanding

- An understanding of financial statements and the implications of the data and notes therein.
- Experience of audit committees and an understanding of their effective operation.

³ An appropriate level of numerical skills is key to fulfilling the 'funding' and 'investment' technical competencies.

- Recent and relevant financial experience (e.g. as an advisor to or CFO (or deputy CFO (or equivalent)) of a pension fund or investment business) and/or a professional qualification from one of the professional accountancy bodies.
- Practical experience (or knowledge) of asset management accounting and accounting for special purpose vehicles.

Although the areas of knowledge and experience listed above should be viewed as the priority, other areas that would be beneficial are:

Pensions strategy, policy and member engagement

- Knowledge/understanding of strategic pension policy related issues.
- Knowledge/understanding of the higher education sector; its culture, values, priorities and challenges.
- Experience (or knowledge of) managing defined benefit occupational arrangements (funding and contributions).
- Experience (or knowledge of) managing a defined contribution occupational arrangement (including additional voluntary contributions (AVCs)) including the development of new member facing services, flexibilities and products.
- Experience (or knowledge of) effective member engagement, education and communication.

Governance

- The principles and practice of effective, accountable and efficient corporate governance including strategic planning and objective setting models, schemes of delegation, assurance frameworks and successful relationship management practices. Evidenced by for example, governance experience as a senior non-executive director at board or council level.
- The Trustee's role in, and responsibilities for, effective governance and leadership.

Business, Technical and Process Skills

- Comprehensive experience of risk management and auditing processes, particularly in comparable organisations, an ability to receive and challenge, if required, assessments on the sufficiency of controls, an appreciation of process improvement opportunities, and the ability to effectively communicate with colleagues, management and auditors in these areas.

Time Commitment

In addition to being members of the USSL board, it is anticipated that directors will become members of at least two of the board's sub-committees, and may be asked to chair a committee. Directors are expected to attend all (or almost all) meetings. The USSL board typically meets 8 times a year in person (and additional meetings are arranged where necessary). Directors are also required to attend the annual Institutions Meeting and the additional training and strategy sessions arranged for the USSL board throughout the year. The board's sub-committees typically meet 4-8 times per year. In addition, directors are encouraged to participate in other events for stakeholders or staff e.g. Investment Team Open Day. Meetings are held at USSL's offices in London or Liverpool.

USSL is committed to ensuring that its board has all of the necessary knowledge and understanding to run the scheme. For this reason, prior to commencement of their appointment to the board, USSL directors are required to complete the TPR toolkit (or evidence their completion of an equivalent programme). On appointment they will also be expected to complete an induction programme (leading to an enhanced time commitment during their initial few months on the board).