



CLIMATE TRANSPARENCY REPORT 2019

Universities Superannuation Scheme - USS

About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2019 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2019 Reporting Framework response. The full Public Transparency Report is available here (https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-E9BF3247-953F-4B4C-927F-969BECB39809/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C*complete*%7C*public*/Merged/). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2019 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.1	✓	Public				
SG 01.2	✓	Public				
SG 01.3	✓	Public				
SG 01.4	✓	Public				
SG 01.5	✓	Public				
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	-	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 01.11 CC	✓	Public				
SG 01.12 CC	✓	Public				
SG 02.2	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	✓	Public				
SG 07.7 CC	✓	Public				
SG 07.8 CC	✓	Public				
SG 13.1	✓	Public				
SG 13.2	✓	Public				
SG 13.4 CC	✓	Public				
SG 13.5 CC	✓	Public				
SG 13.6 CC	✓	Public				
SG 13.7 CC	✓	Public				
SG 13.8 CC	✓	Public				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.4	✓	Public				
SG 14.5	✓	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	✓	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
SG 15.1	✓	Public				
SG 15.2	✓	Public				
SG 15.3	✓	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS

Name	Universities Superannuation Scheme - USS
Signatory Category	Corporate pension or superannuation or retirement or provident fund or plan
Signatory Type	Asset Owner
Size	US\$ > 50 billion AUM
Main Asset Class	Multi-Asset
Signed PRI Initiative	2006
Region	Europe
Country	United Kingdom
Disclosure of Voluntary Indicators	100% from 38 Voluntary indicators

Universities Superannuation Scheme - USS

Reported Information

Public version

Strategy and Governance

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Investment policy

SG 01

Mandatory

Public

Core Assessed

General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input checked="" type="checkbox"/> Fiduciary (or equivalent) duties <input checked="" type="checkbox"/> Asset class-specific RI guidelines <input checked="" type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Engagement policy <input checked="" type="checkbox"/> (Proxy) voting policy <input checked="" type="checkbox"/> Other, specify (1) Collaboration <input checked="" type="checkbox"/> Other, specify(2) SIP, Stewardship Code & Global Principles	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

SG 01.3

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)

Other description (1)

The scheme's Investment Beliefs highlight a commitment to collaboration. They state "the fund's interests are further protected from adverse impacts by collaboration with like-minded investors and engagement with government, industry and regulators". This belief/commitment to collaboration is reflected in the market-wide transformation work and collaborative initiatives outlined below.

- Other RI considerations, specify (2)

Other description (2)

The investment beliefs also discuss active management, internal resources, the illiquidity premium and "that investing responsibly and engaging as long term owners reduces risk over time and may positively impact fund returns". All these factors have influenced the scheme's approach to responsible investment.

SG 01.4

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

USS's Responsible Investment Statement, Statement of Investment Principles and Investment Beliefs - which are all available on the scheme's website - outline the framework for the consideration of ESG factors for the scheme and the opportunity for members to incorporate their individual ethical / sustainability preferences within the USS Investment Builder sections:

- <https://www.uss.co.uk/~media/document-libraries/uss/investments/ri/814-uss-responsible-investment-statement-june-2018-v1.pdf>
- <https://www.uss.co.uk/how-uss-invests/investment-approach/investment-beliefs-and-principles>
- <https://www.uss.co.uk/~media/document-libraries/uss/investments/2016statementofinvestmentprinciples.pdf?la=en>

The link to the real economy is discussed in our Responsible Investment Statement and the 'Responsible Investment Approach' page on the scheme's website. The scheme encourages good corporate management of ESG issues, and aims to ensure our assets contribute positively to our members' futures and the economy. See <https://www.uss.co.uk/how-uss-invests/responsible-investment/approach>. It notes we "*Ensure our assets contribute positively to our members' futures. The assets we own and the oversight we wield as a responsible owner play an important role in determining the wider future our members face and, therefore, the real value of their retirement income. We believe that our members want to retire into a world characterised by a healthy environment, vibrant economy and peaceful society, so we take into account factors which further this aim*".

We also include details of the schemes interpretation of fiduciary duty and its associated legal advice: <https://www.uss.co.uk/~media/document-libraries/uss/investments/ri/statement-of-trustee-on-fiduciary->

obligations-and-investment-approach.pdf.

SG 01.5

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

In addition to the **Statement of Investment Principles** and **Investment Beliefs** (see <https://www.uss.co.uk/how-uss-invests/investment-approach/investment-beliefs-and-principles>), the following key documents govern responsible investment at USS:

- **The USS Statement on Responsible Investment** <https://www.uss.co.uk/~media/document-libraries/uss/investments/ri/814-uss-responsible-investment-statement-june-2018-v1.pdf>
- **USS Responsible Investment Strategy** <https://www.uss.co.uk/~media/document-libraries/uss/investments/ri/ussrstrategy.pdf>
- **USS RI Approach** <https://www.uss.co.uk/how-uss-invests/responsible-investment/approach>
- **USS UK Voting Policy** <https://www.uss.co.uk/~media/document-libraries/uss/investments/riactivities/ukvotingpolicy.pdf>
- **USS UK Stewardship Code Statement** <https://www.uss.co.uk/~media/document-libraries/uss/investments/corporate-governance/uss-and-the-new-uk-stewardship-code.pdf>
- **USS Global Stewardship Principles** <https://www.uss.co.uk/~media/document-libraries/uss/investments/riactivities/ussglobalstewardshipprinciplesoct2015.pdf>
- **USS Governance Expectations for Hedge Funds** <https://www.uss.co.uk/~media/document-libraries/uss/investments/riactivities/expectationsgovernancehedgefunds2010.pdf?la=en>
- **USS Responsible Property Investment Policy** <https://www.uss.co.uk/~media/document-libraries/uss/investments/rpi/rpi-policy-apr18-mar19.pdf>
- **USS Responsible Property Investment Targets** <https://www.uss.co.uk/~media/document-libraries/uss/investments/rpi/rpi-managment-targets-apr18-mar19.pdf>
- **USS Private Markets Enhanced Due Diligence** <https://www.uss.co.uk/~media/document-libraries/uss/investments/riactivities/eddmr2014.pdf?la=en>

Additionally, the Scheme also developed Ethical Guidelines for use in the ethical fund options offered under the USS Investment Builder - the DC section of the scheme. USS Investment Builder also includes a USS Sharia Fund. For more details see:

<https://www.uss.co.uk/~media/document-libraries/uss/member/member-guides/post-april-2016/a-guide-to-investing-in-the-uss-investment-builder.pdf>

No

I confirm I have read and understood the Accountability tab for SG 01

I confirm I have read and understood the Accountability tab for SG 01

SG 01 CC	Voluntary	Public	Descriptive	General
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**SG 01.6
CC**

Indicate the climate-related risks and opportunities that have been identified and factored into the investment strategies and products, within the organisation's investment time horizon.

Climate change is an issue of global significance. While there are uncertainties around the specific impacts, the predicted changes (e.g. rising sea levels/flooding/droughts) pose a threat to environmental, social, economic, and political stability, and to the businesses and other assets in which USS invests.

As changes in the climate could have major effects on both the economy and the quality of life of our members, issues related to climate change are legitimate concerns of pension fund trustees. The policy response to a changing climate, including the Paris Agreement and the targets for reducing emissions, also present both risks

and opportunities to USS.

The way in which our investee companies/assets manage these risks is therefore a concern, in line with our responsibility to safeguard the fund for the long-term benefit of our members. We expect companies in which we invest to analyse climate risks, both in terms of their carbon emissions and how they are adapting to a changing climate, to develop mitigation plans, and to disclose this information to investors. We also expect our investment managers to be addressing these risks where they are material.

USS considers climate change issues over the short, medium, and long term

- Short-term - stock price movements resulting from increased regulation to address climate change, or weather related events (e.g. storm damage/flooding etc.);
- Medium-term - regulation and other factors leading to changes in consumer behaviour and therefore purchasing decisions - an example of this would be the significant uptake in electric vehicles;
- Long-term - Adaptation risk, where changes to the climate mean that there are potential major impacts to assets that USS owns. Examples would include increased sea level rise for coastal infrastructure assets or supply chain impacts for companies as a result of severe weather events. We/investee companies could incur significant costs to protect our interests (if indeed this is possible) if these assets fail to demonstrate appropriate resilience.

An example of a long to medium term theme that USS has acted upon is the impact of the transition to a low carbon economy and its potential to change the demand for different commodities. The growth in electric vehicles means that demand for batteries increase: cobalt is one critical element in rechargeable batteries so demand is increasing. As a result, identifying ways to invest in cobalt in the short/medium term is a way to play this long term theme.

Climate change therefore represents potentially significant risks for the assets in which we invest. These risks can be:

- Physical - a changing climate may impact the viability of some assets or business models (e.g. flood risk for real estate, or drought/fire risk for timberland assets);
- Regulatory/transitional - where governments establish policies to reduce emissions or encourage changes in technology in the shift to a lower carbon future. This could lead to, for example, the stranding of coal assets;
- Reputational - where members/beneficiaries express concerns regarding investments in certain sectors associated with fossil fuels. This may have implications for the scheme's licence to operate.

SG 01.7 CC	Indicate whether the organisation has assessed the likelihood and impact of these climate risks?
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- Yes
 No

SG 01.9 CC	Indicate whether the organisation publicly supports the TCFD?
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- Yes
 No

SG 01.10 CC	Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.
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- Yes
 No

**SG 01.11
CC**

Describe how and over what time frame the organisation will implement an organisation-wide strategy that manages climate-related risks and opportunities.

USS already has in place processes for assessing climate change risk and opportunities in its investment processes. As described in other parts of this report, the scheme integrates climate change and other ESG related issues in its bottom-up assessment of public equity investments, and in the due diligence of its private equity and direct investments including infrastructure.

As noted in other sections of this report, the responsible investment team is also working with USS's internal investment risk team to assess how we can best undertake climate and carbon related stress testing and scenario analysis across the scheme.

The scheme has also in the past undertaken a strategic review for its investment committee of the options available to it in terms of addressing short medium and long-term climate change related risks and opportunities.

**SG 1.12
CC**

Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

SG 02

Mandatory

Public

Core Assessed

PRI 6

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 02.1

Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.

- Policy setting out your overall approach

URL/Attachment

- URL

URL

{hyperlink:https://www.uss.co.uk/~media/document-libraries/uss/investments/ri/814-uss-responsible-investment-statement-june-2018-v1.pdf}

- Attachment (will be made public)

Attachment

[File 1:USS Responsible Investment Statement June 2018.pdf](#)

- Formalised guidelines on environmental factors

URL/Attachment

URL

URL

{hyperlink:https://www.uss.co.uk/~ /media/document-libraries/uss/investments/riactivities/ussglobalstewardshipprinciplesoct2015.pdf}

Attachment (will be made public)

Formalised guidelines on social factors

URL/Attachment

URL

URL

{hyperlink:https://www.uss.co.uk/~ /media/document-libraries/uss/investments/riactivities/ussglobalstewardshipprinciplesoct2015.pdf}

Attachment (will be made public)

Formalised guidelines on corporate governance factors

URL/Attachment

URL

URL

{hyperlink:https://www.uss.co.uk/~ /media/document-libraries/uss/investments/riactivities/ussglobalstewardshipprinciplesoct2015.pdf?la=en}

Attachment (will be made public)

Fiduciary (or equivalent) duties

URL/Attachment

URL

URL

{hyperlink:https://www.uss.co.uk/~ /media/document-libraries/uss/investments/ri/statement-of-trustee-on-fiduciary-obligations-and-investment-approach.pdf}

Attachment (will be made public)

Asset class-specific RI guidelines

URL/Attachment

URL

URL

{hyperlink:https://www.uss.co.uk/how-uss-invests/responsible-investment/activities}

Attachment (will be made public)

Sector specific RI guidelines

URL/Attachment

URL

URL

{hyperlink:https://www.uss.co.uk/~media/document-libraries/uss/investments/rpi/rpi-working-group-remit-apr18-mar19.pdf}

Attachment (will be made public)

Screening / exclusions policy

URL/Attachment

URL

URL

{hyperlink:https://www.uss.co.uk/~media/document-libraries/uss/member/member-guides/post-april-2016/a-guide-to-investing-in-the-uss-investment-builder-print-version.pdf?la=en}

Attachment (will be made public)

Engagement policy

URL/Attachment

URL

URL

{hyperlink:https://www.uss.co.uk/how-uss-invests/responsible-investment/approach}

Attachment (will be made public)

(Proxy) voting policy

URL/Attachment

URL

URL

{hyperlink:https://www.uss.co.uk/~media/document-libraries/uss/investments/riactivities/ukvotingpolicy.pdf}

Attachment (will be made public)

Other, specify (1)

Other, specify (1) description

Hedge fund governance

URL/Attachment

URL

URL

{hyperlink:https://www.uss.co.uk/~media/document-libraries/uss/investments/riactivities/expectationsgovernancehedgefunds2010.pdf?la=en}

Attachment (will be made public)

Other, specify (2)

Other, specify (2) description

SIP, Stewardship Code & Global Stewardship Principles

URL/Attachment

URL

URL

{hyperlink:https://www.uss.co.uk/~media/document-libraries/uss/investments/riactivities/eddmar2014.pdf?la=en}

Attachment (will be made public)

We do not publicly disclose our investment policy documents

SG 02.2 Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

URL

URL

{hyperlink:https://www.uss.co.uk/how-uss-invests/responsible-investment/approach}

Attachment

Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment

URL

URL

{hyperlink:https://www.uss.co.uk/~media/document-libraries/uss/investments/ri/814-uss-responsible-investment-statement-june-2018-v1.pdf}

Attachment

Time horizon of your investment

URL/Attachment

URL

URL

{hyperlink:https://www.uss.co.uk/how-uss-invests/investment-approach/investment-beliefs-and-principles}

Attachment

Governance structure of organisational ESG responsibilities

URL/Attachment

URL

URL

{hyperlink:https://www.uss.co.uk/~media/document-libraries/uss/investments/2016statementofinvestmentprinciples.pdf?la=en}

Attachment

ESG incorporation approaches

URL/Attachment

URL

URL

{hyperlink:https://www.uss.co.uk/how-uss-invests/responsible-investment/activities}

Attachment

Active ownership approaches

URL/Attachment

URL

URL

{hyperlink:https://www.uss.co.uk/~media/document-libraries/uss/investments/corporate-governance/uss-and-the-new-uk-stewardship-code.pdf?la=en}

Attachment

Reporting

URL/Attachment

URL

URL

{hyperlink:https://www.uss.co.uk/how-uss-invests/responsible-investment/activities}

Attachment

Climate change

URL/Attachment

URL

URL

{hyperlink:https://www.uss.co.uk/~ /media/document-libraries/uss/investments/ri/taskforce-on-climate-related-financial-disclosures.pdf}

Attachment

Understanding and incorporating client / beneficiary sustainability preferences

URL/Attachment

URL

URL

{hyperlink:https://www.uss.co.uk/~ /media/document-libraries/uss/investments/ri/814-uss-responsible-investment-statement-june-2018-v1.pdf}

Attachment

Other RI considerations, specify (1)

Other RI considerations, specify (2)

We do not publicly disclose any investment policy components

SG 02.3 Additional information [Optional].

As well as the above documents and web pages, there are additional operational and implementation guidelines relating to RI that are applicable to different processes or mandates.

Some documents are available on the web pages referred to in the questions e.g. the processes for sovereign fixed income and environmental performance targets for real estate.

Other guidelines have not been published but may be referred to within the overarching approaches referenced in key governing documents for investment processes e.g. for stock lending recalls for voting and voting considerations in particular markets, such as Japan.

Governance and human resources

SG 07 CC	Voluntary	Public	Descriptive	General
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SG 07.5
CC

Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

Board members or trustees

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other Chief-level staff or head of department

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Portfolio managers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Investment analysts

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Dedicated responsible investment staff

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

External managers or service providers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other role, specify (1)

Other description (1)

Other role, specify (1)

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other role, specify (2)

Other description (2)

Other role, specify (2)

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

SG 07.6 CC	For board level roles for which have climate-related issues oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.
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The USS Ltd board has ultimate responsible for addressing all issues relevant to the scheme, and this includes the oversight and management of climate change related risks and opportunities. The USS Ltd board has supported the schemes' activities associated with addressing climate change risk and opportunities since 2001, when the scheme did its first work assessing the implications of the issue for institutional investors[1].

The board agrees the RI strategy, and formally reviews the RI team's activities annually. The trustee directors sign off key focus areas and policies, including the fund's on-going activities relating to climate change. In addition to this annual reporting cycle, the board receives other input on ESG management, including climate change, as and when necessary. It also receives regular updates on the climate change related activities that the scheme's executive are involved in. In addition, the USS board has received training on climate change as part of its training on responsible investment.

The trustee board delegates responsibility for day-to-day management of the scheme to the group executive. The investment committee, a committee of the board, takes the lead in oversight of the executive's management of climate change and other ESG related issues. Further information on USS's response to climate change is outlined in the scheme's response to TCFD - see <https://www.uss.co.uk/~media/document-libraries/uss/investments/ri/taskforce-on-climate-related-financial-disclosures.pdf> .

[1] <https://www.uss.co.uk/~media/document-libraries/uss/investments/riactivities/uss-climate-change--a-risk-management-challenge-for-investors-2001.pdf?la=en>

SG 07.7 CC	For the management-level roles that assess and manage climate-related issues, provide further information on the structure and process involved.
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USS is unlike the majority of pension funds in that it has an in-house asset manager, USS Investment Management, which manages the majority (around 75%) of the scheme's assets. USSIM provides investment advice and management activities for USS, and includes advice on climate change and other ESG / RI issues.

Unlike the vast majority of Assets Owners, USS demonstrates and resources its commitment to RI and addresses issue like climate change through the employment of in house responsible investment experts. USSIM has an RI team of five, and a separate Sustainability Manager for the scheme's property portfolio and Private Market Group assets. Having this internal resource means that expertise on the investment implications of climate change is readily available to both trustees and the executive, and the RI team provides input to the trustee board on ESG issues, including climate change, as and when required.

Day-to-day oversight and management of the scheme's climate strategy rests with the RI team. The team works with the internal asset managers to ensure integration of climate change and other ESG risks into investment decision making across asset classes where they are material. The RI team leads much of the stewardship activity associated with encouraging both listed companies and other assets to manage better climate change related risks. In addition, USS's internal fund managers will also frequently directly engage on ESG issues both

individually and in conjunction with the RI team.

Whilst the USS Investment Management CIO / CEO has ultimate responsibility for climate change related activities, the oversight of the RI function is via the Head of Equities, a member of USS Investment Management's executive committee.

Details of the RI team's activities, including actions associated with climate change, can be found here: <https://www.uss.co.uk/how-uss-invests/responsible-investment>. The scheme's responsible property investment targets can be found here: <https://www.uss.co.uk/how-uss-invests/the-fund/investments/private-markets/property>.

SG 07.8 CC	Explain how the organisation engages external investment managers on the TCFD recommendations and its implementation.
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- Incorporation of TCFD in Annual Report
- Incorporation of TCFD in regular client reporting
- Request that investment managers complete PRI Climate indicators
- Request responses to TCFD Fund Manager questions in the PRI Asset Owner guide

ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1
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SG 13.1	Indicate whether the organisation undertakes scenario analysis and/or modelling and provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).
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- Yes, to assess future ESG factors

	Describe
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The scheme uses scenario analysis in individual stock analysis. Examples are provided in the climate change related sections of this report.

- Yes, to assess future climate-related risks and opportunities

	Describe
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The scheme is looking to develop its climate change scenario planning analysis during 2019, building on carbon footprinting work in previous years. See specific text on this in climate change sections.

- No, not to assess future ESG/climate-related issues

SG 13.2	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.
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We do the following

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify
- We do not consider ESG issues in strategic asset allocation

SG 13.3

Additional information. [OPTIONAL]

USS has taken an integrated approach to ESG matters, with environmental, social and governance factors considered in analysis for stocks, market level and asset class allocations. Where appropriate, scenario analysis will be used to develop the investment thesis for both public and private market investments. As we do not have specific ESG related mandates, it can be difficult to track or capture the inclusion of ESG considerations at the macro level for the scheme.

The scheme uses scenario analysis in individual stock analysis. Examples are provided in the climate change related sections of this report.

Note, the implications of a deal or no-deal Brexit on financial markets has been a clear focus for the scheme in 2018. Whilst regulatory and political risks are often closely linked to our reporting of social and governance activities for the scheme, we have not sought to report on Brexit-related investment decisions in this report.

SG 13 CC	Voluntary	Public	Descriptive	General
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SG 13.4 CC

Describe how the organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, the results and any future plans.

- Initial assessment
- Incorporation into investment analysis

Describe

Where appropriate, portfolio managers have used carbon price scenario analysis to refine models and investment cases for a particular investment. For example, scenario modelling for a blended carbon tax assumption was used to consider the potential impacts on returns under differing carbon price scenarios for a private market transaction in the US. It has also been used in assessing carbon risk in public equity investments.

For example, as part of the analysis for an investment in a Japanese publicly listed utility, the portfolio manager applied a cost of carbon in their modelling of the company's future returns to assess the impact of the imposition of such a charge. This was undertaken to assess this risk even though Japan has no current price placed on carbon emissions, and is not expected to introduce one in the near future.

In private markets, USS considered how climate change regulations could impact a US oil and gas debt investment. The deal team developed modelling for a blended carbon tax to calculate the potential impacts on returns under differing carbon price scenarios and considered how these could affect the exit price and schedule for debt repayments.

Resilience to physical climate change is also assessed, particularly in real assets such as infrastructure, real estate and direct [private equity like] investments. Several of the scheme's direct infrastructure holdings, such as the scheme's UK water assets and a US port, have produced detailed climate scenario models as part of their resilience planning.

The scheme's risk and RI teams are looking to develop scheme-level carbon modelling, building on the carbon footprinting work undertaken over several years for the scheme's public market and other investments.

- Inform active ownership
- Other

SG 13.5 CC	Indicate who uses this analysis.
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- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

SG 13.6 CC	Indicate whether the organisation has evaluated the impacts of climate-related risk, beyond the investment time-horizon, on the organisations investment strategy.
-----------------------	--

- Yes

Describe

USS is currently assessing the most appropriate mechanism for undertaking climate related stress testing and scenario analysis to build into the scheme's overall risk framework - see SG 14CC.

- No

SG 13.7 CC	Indicate whether a range of climate scenarios is used.
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- Yes, including analysis based on a 2°C or lower scenario
- Yes, not including analysis based on a 2°C or lower scenario
- No, a range is not used

SG 13.8 CC	Indicate the climate scenarios the organisation uses.
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Provider	Scenario used
IEA	<input checked="" type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)
IEA	<input type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario
IEA	<input type="checkbox"/> Sustainable Development Scenario (SDS)
IEA	<input type="checkbox"/> New Policy Scenario (NPS)
IEA	<input type="checkbox"/> Current Policy Scenario (CPS)
IRENA	<input type="checkbox"/> RE Map
Greenpeace	<input type="checkbox"/> Advanced Energy [R]evolution
Institute for Sustainable Development	<input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)
Bloomberg	<input type="checkbox"/> BNEF reference scenario
IPCC	<input type="checkbox"/> Representative Concentration Pathway (RCP) 8.5
IPCC	<input type="checkbox"/> RPC 6
IPCC	<input type="checkbox"/> RPC 4.5
IPCC	<input type="checkbox"/> RPC 2.6
Other	<input type="checkbox"/> Other (1)
Other	<input type="checkbox"/> Other (2)
Other	<input type="checkbox"/> Other (3)

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
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SG 14.1

Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)
- Other, specify(2)
- None of the above

SG 14.2

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments

Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.

	trillions	billions	millions	thousands	hundreds
Total AUM		1	000	000	000
Currency	GBP				
Assets in USD		1	280	992	651

Specify the framework or taxonomy used.

Climate change, and the policy response to it, provides investors with opportunities to invest in the transition to a low carbon future. Investing in such opportunities provides the scheme with some resilience against the impacts of a changing climate. USS has in excess of £700m in committed financing to UK renewables. Investments include L1 Renewables which is USS's wholly owned renewable lending platform established in 2014. L1 Renewables supports UK onshore wind projects and project finance loans to operational wind farms, and also supports waste and biomass energy production. L1 Renewables has a total commitment of circa £520m. In 2017 USS also acquired direct equity interests in a number of offshore wind farms from a sale by the UK government of the Green Investment Bank. Finally, the scheme also has c. £360 million invested in timberland which acts as a carbon sink. These investments have been made by USS Investment Management based on the attractiveness of the risk adjusted returns consistent with our fiduciary duties.

- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify
- None of the above

SG 14.3

Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify
- None of the above

SG 14.4

If you selected disclosure on emissions risks, list any specific climate related disclosure tools or frameworks that you used.

As part of our ESG integration our portfolio managers (across a number of asset classes), conduct analysis of carbon risk (including regulatory risk) where this is material to the investment case. We utilise investment research that incorporates scenario analysis pertaining to carbon risks. We use a number of different tools for assessing emissions risk; Bloomberg's Carbon Footprinting Tool, MSCI Carbon Data and screening tools and Trucost's Carbon Reporting Service.

Carbon footprinting

USS has a long standing commitment to carbon footprinting, which we have been undertaking since 2009 for our public equity portfolio. From these footprints we have sought to factor climate change considerations into our investment decisions where it has a financial bearing.

Initially the carbon footprinting exercise was undertaken using an external specialist data analysis firm. The scheme then started to undertake internal carbon footprints as this enabled us to have a more timely assessment of individual portfolios exposure to carbon. In our latest footprinting, we have attempted to assess the carbon exposures across all asset classes. Given the complexity of this, we have once again started to use the services of a specialist in this area.

For each public equity portfolio, the carbon footprinting enabled the identification of the top 10 assets responsible for contributing to the carbon footprint of that portfolio. This information was communicated to individual portfolio managers and analysts to ensure that they are aware of where their greatest exposures lay. These data can be used for:

- Enhanced engagement
- Improved integration of carbon data in investment models.

USS's public equity portfolio has consistently had a lower carbon footprint than its benchmark; as a predominantly actively managed portfolio, USS's internal investment team can choose which companies in which to invest. This enables them to incorporate ESG issues, including climate related factors, into their decisions. As previously noted, we publish our public equity carbon footprint as part of our commitment to the Montreal Pledge. The detailed results of this exercise were presented to individual portfolio managers and the trustees of the scheme. See <https://www.uss.co.uk/~media/document-libraries/uss/investments/riactivities/carbonfootprintmontrealpledge.pdf?la=en>

The scheme is unusual in that it has undertaken carbon footprinting across a number of assets (including fixed income, direct assets and hedge funds). We do not believe it appropriate to publish these footprint data at the present time for a number of reasons including the following:

- The methodologies for a number of asset classes are nascent and therefore it would be premature to publish footprint data based on methodologies which will change.

- Carbon data itself is lacking for some asset classes - for example private equity.
- Whilst we collect data on energy use for our direct real estate assets, we do not collect tenant data. As a result, the footprints do not necessarily give a meaningful analysis.

To stimulate debate on and development of carbon footprinting methodologies, USS participated in a video interview with Trucost / S&P Dow Jones Indices to discuss the approach USS has taken to measure carbon footprinting across all asset classes (not just public equities), and some of the challenges we encountered when we tried to do this. This can be viewed here: <https://www.uss.co.uk/how-uss-is-run/views-from-uss/carbon-footprinting>.

USS also participated in discussions on the issues facing carbon footprinting with a group of other asset owners. A report of these discussions, "If carbon footprinting is the answer, then what is the question?", which was published to help move forward the development of cross asset class footprinting, is available here:

https://www.responsible-investor.com/home/article/carbon_footprint_pie/P0/.

We have also encouraged our private equity GP's to consider the collection of carbon data and requested portfolio level information in 2018 to feed into our carbon footprinting and scenario planning work at scheme level.

The Transition Pathway Initiative (TPI)

The scheme continues to play an active role in the Transition Pathway Initiative (TPI). Partnering with other global pension funds, FTSE and the Grantham Institute (part of LSE), this project tracks companies' policies and practices towards managing a shift to a 2degree world - see <http://www.lse.ac.uk/GranthamInstitute/tpi/>.

The scheme used TPI analysis within its voting and engagement activities during the year. For example:

- Pioneer Natural Resources' poor performance in the TPI assessment (Level 0 - Unaware of climate change risk) was reflected in our decision to vote against the Chair of the Company's Health, Safety and Environmental practices committee.
- Entergy Corporation's high ranking (Level 4 - Strategic Assessment - the company integrates a strategic understanding of the carbon transition into decision making) by TPI was a factor in our decision to support management and vote against a shareholder resolution which asked for additional reporting on climate change.
- Anhui Conch's (a Chinese cement company) poor score on TPI was a factor in our decision to request additional up-to-date environmental and social reporting from the company in our voting and engagement letter. The company operates in emerging markets and TPI analysis helped us assess the extent of the gap in disclosure between the company and its developed market peers.

The scheme also participated in a TPI event with the Chairs of Royal Dutch Shell and AngloAmerican.

Other activities

USS has also written to heavy carbon emitting companies in our listed equity portfolio. We asked these companies to explain what action they had taken in response to the Paris Agreement and what scenario analysis was undertaken. We encouraged firms to go public with this disclosure. The responses received helped to inform our engagement activities.

USS is a participant in GRESB and GRESB Infrastructure and we expect our externally appointed real estate investment managers and direct infrastructure assets to participate.

USS continues to hold a position as advisor to the IIGCC board. The IIGCC provides a forum for investors to agree common and consistent expectations on disclosure on the management of climate change risk and a conduit for the communication of these expectations to investee companies. We consider that the IIGCC has made an invaluable contribution to improving disclosure on climate change risk through these activities. See <http://www.iigcc.org/>.

For additional information on the scheme's approach to climate change and activities in this area see: <https://www.uss.co.uk/how-uss-invests/responsible-investment/activities/climate-change>.

SG 14 CC	Voluntary	Public		General
SG 14.6 CC	Please provide further details on these key metric(s) used to assess climate related risks and opportunities.			

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Climate-related targets	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets			The scheme has also established targets for the management of energy (and therefore emissions) at its most significant direct property holdings. The headline policies are made publically available online, with detailed property level targets used internally for management of the assets.
Weighted average carbon intensity	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			Used as part of footprint exercise
Carbon footprint (scope 1 and 2)	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			<p>The scheme is unusual in that it has undertaken carbon footprinting across a number of assets (including fixed income, direct assets and hedge funds). We do not believe it appropriate to publish these footprint data at the present time for a number of reasons including the following:</p> <ul style="list-style-type: none"> • The methodologies for a number of asset classes are nascent and therefore it would be premature to publish footprint data based on methodologies which will change. • Carbon data itself is lacking for some asset classes – for example, private equity. • Whilst we collect data on energy use for our direct real estate assets, we do not collect tenant data. As a result, the footprints do not necessarily provide meaningful insights into carbon risk. <p>To stimulate debate on and development of carbon footprinting methodologies, USS participated in a video interview with Trucost / S&P Dow Jones Indices to discuss the approach USS has taken to measure carbon footprinting across all asset classes (not just public equities), and some of the challenges we encountered when we tried to do this. This can be viewed here.</p> <p>USS also participated in discussions on the issues facing carbon footprinting with a group of other European asset owners. A report of these discussions, "If carbon footprinting is the answer, then what is the question?", which was published to help move forward the development of cross asset class footprinting, is available here.</p> <p>USS publishes the targets it sets for environmental and social issues associated with management of its real estate assets. These have been available on the fund's internet site for a number of years.</p>
Portfolio carbon footprint	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			<p>The scheme is unusual in that it has undertaken carbon footprinting across a number of assets (including fixed income, direct assets and hedge funds). We do not believe it appropriate to publish these footprint data at the present time for a number of reasons including the following:</p> <ul style="list-style-type: none"> • The methodologies for a number of asset classes are nascent and therefore it would be premature to publish footprint data based on methodologies which will change.

				<ul style="list-style-type: none"> • Carbon data itself is lacking for some asset classes – for example, private equity. • Whilst we collect data on energy use for our direct real estate assets, we do not collect tenant data. As a result, the footprints do not necessarily provide meaningful insights into carbon risk. <p>To stimulate debate on and development of carbon footprinting methodologies, USS participated in a video interview with Trucost / S&P Dow Jones Indices to discuss the approach USS has taken to measure carbon footprinting across all asset classes (not just public equities), and some of the challenges we encountered when we tried to do this. This can be viewed here.</p> <p>USS also participated in discussions on the issues facing carbon footprinting with a group of other European asset owners. A report of these discussions, “If carbon footprinting is the answer, then what is the question?”, which was published to help move forward the development of cross asset class footprinting, is available here.</p> <p>USS publishes the targets it sets for environmental and social issues associated with management of its real estate assets. These have been available on the fund’s internet site for a number of years.</p>
Total carbon emissions	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	this number drops out of the total fund carbon footprint		
Carbon intensity	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			

SG 14.7 CC	Describe in further detail the key targets.
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Targettype	Time Frame	Description	Attachments
<input checked="" type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target	multiple years	The scheme has established targets for the management of energy (and therefore emissions) at its most significant direct property holdings. The headline policies are made publicly available online, with detailed property level targets used internally for management of the assets. https://www.uss.co.uk/~media/document-libraries/uss/investments/rpi/rpi-managment-targets-apr18-mar19.pdf	
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			

**SG 14.8
CC**

Indicate whether climate-related risks are integrated into overall risk management and explain the risks management processes for identifying, assessing, and managing climate-related risks.

- Process for climate-related risks is integrated into overall risk management
- Process for climate-related risks is not integrated into our overall risk management

Please describe

USS is currently assessing the most appropriate mechanism for undertaking climate related stress testing and scenario analysis to build into the scheme's overall risk framework - see below.

USS has the advantage of in-house expertise in fund management and responsible investment, which work in tandem to ensure that the scheme suitably assesses and manages the risks posed by a changing climate and the policy response to it. Asset managers take responsibility for identifying and managing all risks associated with their investments, and this includes climate change. USS Investment Management's RI team and property sustainability manager both work with the managers to help ensure that climate risks are being assessed and addressed, and work more broadly across the fund and externally on the issue.

Carbon Footprint

The scheme has, for a number of years, been calculating the carbon footprint of its internally managed public equity investments. In addition to being able to estimate a total footprint for public equities against the benchmark, the footprint also enables us to identify and analyse the most carbon intensive companies in each equity portfolio, helping to inform our engagement and voting activity and allowing carbon risk to be integrated into our investment analysis. The scheme has engaged with companies where there are concerns. The outcomes of this process are published on the USS website as part of its commitment to the Montréal Pledge. Every time the scheme has undertaken carbon footprinting, its public equity portfolio has been 'underweight' (less carbon intensive) than its benchmarks. For details of the overall footprint of the scheme's public equity portfolios when last assessed, please see USS's disclosures[1] in relation to its commitment to the Montréal Pledge.

[1] <https://www.uss.co.uk/~media/document-libraries/uss/investments/riactivities/carbonfootprintmontrealpledge.pdf>

SG 14.9 CC	Indicate whether the organisation undertakes active ownership activities to encourage TCFD adoption.
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Yes

Please describe

USS actively engages with companies and other assets to encourage the adoption of TCFD. We have also specifically asked certain companies in the resource sector to complete scenario analysis in line with the TCFD. In addition:

- USS is a participant in the CA100+ collaboration with other asset owners and managers.
- We actively encourage our private equity managers to provide the data needed to complete TCFD reporting, both directly and at conferences.

Further details of USS's approach to engagement are in other sections of this report.

No, we do not engage

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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SG 15.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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Yes

SG 15.2	Indicate the percentage of your total AUM invested in environmental and social themed areas.
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	%
--	---

1

SG 15.3	Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.
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	Area
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- Energy efficiency / Clean technology
- Renewable energy

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure

% of AUM

1

- Hedge funds
- Cash
- Other (1)

Brief description and measures of investment

USS has in excess of £700m in committed financing to UK renewables.

Investments include L1 Renewables which is USS's wholly owned renewable lending platform established by USS in 2014 supporting UK onshore wind projects and project finance loans to operational wind farms. See <http://l1renewables.co.uk/>.

Additionally USS owns direct equity interests in a number of offshore wind farms sold by the UK government of the Green Investment Bank.

Note - USS does not have specific target allocations to specific environmental or social themed assets and we have not calculated the percentage figure for AUM (hence reporting 1% for all the entries). All the investments outlined in SG15.3 have been made by USS Investment Management based on the attractiveness of the risk adjusted returns consistent with our fiduciary duties.

- Green buildings

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property

% of AUM

1

- Infrastructure
- Hedge funds
- Cash
- Other (1)

Brief description and measures of investment

The Whiteley Shopping Centre which was constructed by USS, achieved a BREEAM Excellent sustainability rating becoming the first UK shopping centre to achieve the standard. See:

<https://www.whiteleyshopping.co.uk/community/whiteley-green>.

Note - USS does not have specific target allocations to specific environmental or social themed assets and we have not calculated the percentage figure for AUM (hence reporting 1% for all the entries). All the investments outlined in SG15.3 have been made by USS Investment Management based on the attractiveness of the risk adjusted returns consistent with our fiduciary duties.

- Sustainable forestry

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure

% of AUM

1

- Hedge funds
- Cash
- Other (1)

Brief description and measures of investment

The scheme has c. £360 million invested in ASA and/or FSC certified timberland in Australia and the US.

Note - USS does not have specific target allocations to specific environmental or social themed assets and we have not calculated the percentage figure for AUM (hence reporting 1% for all the entries). All the investments outlined in SG15.3 have been made by USS Investment Management based on the attractiveness of the risk adjusted returns consistent with our fiduciary duties.

- Sustainable agriculture
- Microfinance
- SME financing

Asset class invested

- Listed equity

% of AUM

1

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure
- Hedge funds
- Cash
- Other (1)

Brief description and measures of investment

USS invests in banks and financial institutions in developed and emerging markets. Whilst we have not sought to measure their impacts and contributions to SME financing, many of the institutions will have an allocation to SME finance. See for example, Standard Chartered's sustainability website - <https://www.sc.com/en/sustainability/>.

Note - USS does not have specific target allocations to specific environmental or social themed assets and we have not calculated the percentage figure for AUM (hence reporting 1% for all the entries). All the investments outlined in SG15.3 have been made by USS Investment Management based on the attractiveness of the risk adjusted returns consistent with our fiduciary duties.

- Social enterprise / community investing
- Affordable housing
- Education

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity

% of AUM

1

- Property
- Infrastructure
- Hedge funds
- Cash
- Other (1)

Brief description and measures of investment

The scheme holds emerging market education focussed assets and nurseries in its private equity portfolios and property portfolios respectively.

Note - USS does not have specific target allocations to specific environmental or social themed assets and we have not calculated the percentage figure for AUM (hence reporting 1% for all the entries). All the investments outlined in SG15.3 have been made by USS Investment Management based on the attractiveness of the risk adjusted returns consistent with our fiduciary duties.

- Global health

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity

% of AUM

1

- Property
- Infrastructure
- Hedge funds
- Cash
- Other (1)

Brief description and measures of investment

USS has investments in private equity and listed equity which have a focus on healthcare, including companies which are focusing on the development of healthcare infrastructure in developed and emerging markets. The scheme is also invested in companies working in areas such as occupational health, biotech, diagnostic care and equipment.

Note - USS does not have specific target allocations to specific environmental or social themed assets and we have not calculated the percentage figure for AUM (hence reporting 1% for all the entries). All the investments outlined in SG15.3 have been made by USS Investment Management based on the attractiveness of the risk adjusted returns consistent with our fiduciary duties.

- Water

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)

% of AUM

1

- Fixed income - Securitised
- Private equity

% of AUM

1

- Property
- Infrastructure
- Hedge funds
- Cash
- Other (1)

Brief description and measures of investment

USS holds significant direct investments in UK water company debt, as well as listed bonds and equity in private and listed water utilities. We also hold investments in designers and manufacturers of water infrastructure equipment across the full water-cycle including water pumps, treatment, testing and metering equipment. Such investments support water companies to provide clean, safe, potable water and waste water treatment to protect waterways and seas.

For example see

- <https://www.uss.co.uk/news/all-news/2018/03/uss-completes-investment-in-yorkshire> and
- <https://www.uss.co.uk/how-uss-invests/the-fund/investments/private-markets/private-credit/yorkshire-water-case-study>.

Note - USS does not have target specific allocations to specific environmental or social themed assets and we have not calculated the percentage figure for AUM (hence reporting 1% for all the entries). All the investments outlined in SG15.3 have been made by USS Investment Management based on the attractiveness of the risk adjusted returns consistent with our fiduciary duties.

- Other area, specify

Public transport

Asset class invested

- Listed equity

% of AUM

1

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure

% of AUM

1

- Hedge funds
- Cash
- Other (1)

Brief description and measures of investment

USS is invested in Globalvia, an international toll road concession company.
<https://www.uss.co.uk/news/all-news/2014/03/uss-commits-150m-to-globalvia>

The scheme is also invested in Heathrow, an international hub airport. See
<https://www.uss.co.uk/how-uss-invests/the-fund/investments/private-markets/real-assets/heathrow-case-study>.

USS is also invested in public transport - rail links - which provide efficient and lower carbon transport from two airports in Australia.

Note - USS does not have specific target allocations to specific environmental or social themed assets and we have not calculated the percentage figure for AUM (hence reporting 1% for all the entries). All the investments outlined in SG15.3 have been made by USS Investment Management based on the attractiveness of the risk adjusted returns consistent with our fiduciary duties.

No