TUC Superannuation Society Ltd

Statement of Investment Principles

June 2026

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01 Introduction

This document constitutes the Statement of Investment Principles ('the SIP') required under Section 35 of the Pensions Act 1995 for the TUC Superannuation Society Limited ('the Scheme'). It describes the investment policy being pursued by the Committee of Management ("the Committee") and is in accordance with the Government's voluntary code of conduct for Institutional Investment in the UK ("the Myners Principles"). This SIP also reflects the requirements of Occupational Pension Schemes (Investment) Regulations 2005.

Currently, the Scheme Actuary is Douglas Primrose of XPS Pensions and the Investment Adviser is XPS Investment (collectively termed 'the Advisers').

The Committee confirms that, before preparing this SIP, it has consulted with the employer, Trades Union Congress ('the Employer') and the Advisers and has obtained and considered written advice. The Committee believes the Advisers to be qualified by their ability and practical experience of financial matters and to have appropriate knowledge of the investment arrangements that the Scheme requires.

The Committee has appointed investments managers to manage the assets through a combination of direct investment in equities and investment in pooled funds. Any decision to amend the SIP or to appoint a new Investment Manager will be made after receiving investment advice from an FCA regulated firm.

02 Scheme governance

The Committee is responsible for the governance and investment of the Scheme's assets. The Committee considers that the governance structure set out in this SIP is appropriate for the Scheme as it allows the Committee to make the important decisions on investment strategy, while delegating the day-to-day aspects to the relevant Advisers. The responsibilities of each of the parties involved in the Scheme's governance are detailed in Appendix A.

The Committee believes that it should be collectively involved in the investment decision making function.

03 Investment objectives

The Committee has set the following investment objectives:

i. To ensure that the Scheme's assets together with the future contributions payable by the Employer and the members are invested in such a manner that there is a high probability the benefits for each member can be paid from the Scheme as they arise;

ii. To mitigate the risk of a funding shortfall giving rise to a request for additional contributions from the Employer following actuarial valuations;

iii. To maintain accrual of benefits for the active members;

iv. So far as is practicable and is consistent with the aforementioned objectives, to seek to restore pension increases previously given up by members.

v. To follow high standards of corporate governance and social and environmental management through the management of the Scheme's assets. The Committee is committed, in conjunction with its advisors, to engage with the managers to continue to improve their stewardship and ESG integration so as to promote the values and policies of the TUC.

The Committee believes the investment objectives and the resultant investment strategy are consistent with the actuarial valuation methodology and assumptions used by the Scheme Actuary.

04 Asset allocation strategy

The Committee has taken the view that the investment objective is best achieved by determining, and investing in accordance with, an appropriate split between "on-risk" assets (e.g. equities and 'rotational' funds) and "off-risk" assets (e.g. fixed and index-linked gilts and high quality corporate bonds that move broadly in line with movements in the Scheme's liabilities).

The allocation between the asset classes making up the on-risk and off-risk assets will vary over time to reflect, amongst other factors, the profile of the liabilities, the perceived relative value of the different asset classes and the perceived risk to the investment objectives. The current benchmark and target allocation is set out in Appendix B and any changes in such allocations will only be made after receiving written advice from the Investment Adviser that such allocation remains consistent with the investment objectives.

The Investment Managers and funds that the Committee has selected to achieve the investment objectives are detailed in Appendix B. If any changes are required to be made to the Investment Managers or funds, the Committee will first consult with the Investment Adviser but for the avoidance of doubt any such change will not in and of itself constitute a change of investment policy requiring a revision to this SIP. The asset allocation strategy also reflects the Committee's desire to have the ability to actively vote on shares within its UK equity portfolio.

04.01 Rebalancing Policy

The Committee, in conjunction with the Advisers, will monitor the actual asset allocation of the Scheme on a quarterly basis via the governance report. If the actual allocation moves further than -/+5% from the targeted allocation, the Committee will make a decision as to whether to switch assets back to the strategy following consideration of advice.

Cash inflows into the Scheme and cash outflows from the Scheme will be invested or disinvested respectively from the recommended funds so as to minimise the need to rebalance.

04.02 Alignment of incentives

Based on the structure set out in the Appendix, the Committee considers the arrangements with the Investment Managers to be aligned with the Scheme's overall strategic objectives. Details of each specific mandate are set out in agreements and pooled fund documentation with each Investment Manager.

The amounts allocated to any individual category or security will be influenced by the overall benchmark and objectives, varied through the Investment Managers' tactical asset allocation preferences at any time, within any scope given to them through any asset allocation parameters set by the Committee or governing the pooled funds in which the Scheme is invested.

The Committee will ensure that the Scheme's assets are predominantly invested in regulated markets to maximise their security.

Investment Managers are incentivised to perform in line with expectations for their specific mandate as their continued management of the Scheme's assets – and hence the fees they receive – is dependent upon them doing so. They are therefore subject to performance monitoring and reviews based on a number of factors linked to the Committee's expectations.

The Committee encourages Investment Managers to make decisions in the long-term interests of the Scheme. The Committee expects the Investment Managers to engage with management of the underlying issuers of debt or equity and the exercise voting rights in line with the governing documents (in the case of pooled funds) or the investment mandate guidelines provided (in the case of segregated funds). Aberdeen have a mandate to follow the Trade Union Share Owners Trade Union Voting and Engagement Guidelines in respect of the UK equity mandate. This expectation is based on the belief that such engagement can be expected to help Investment Managers to mitigate risk, improve long term returns and influence ESG behaviours in line with the Committee's views.

As covered in more detail in this document, the Committee also requires the Investment Managers to take ESG factors and climate change risks into consideration within their decision making as the Committee believes these factors could have a material financial impact in the long-term and that addressing them is in the overall interests of Scheme members. The Committee therefore makes decisions about the retention of Investment Managers, accordingly.

04.03 Expected returns

The actively managed funds are expected to outperform their respective benchmarks over the longer term. The targets for each of the asset classes and specific funds are detailed in Appendix A and B.

04.04 Diversification

The choice of asset classes is designed to ensure that the Scheme's investments are adequately diversified given the Scheme's circumstances. The Committee will monitor the strategy regularly to ensure that it is comfortable with the level of diversification.

04.05 Suitability

The Committee has taken advice from the relevant Advisers to ensure that the asset allocation strategy is suitable for the Scheme, given its investment objectives. The Committee has chosen to hold a significant proportion of the Scheme's assets in liability driven investment and credit funds (the 'off-risk' assets) to provide a large degree of protection against movements in the Scheme's liabilities resulting from changes in interest rates and inflation.
The aim of the return-seeking assets (e.g. equity funds) is to provide additional expected returns above those achieved by the off-risk assets, consistent with investment objectives iii and iv.

04.06 Liquidity

The majority of the Scheme's assets are invested in asset classes that are expected to be sufficiently liquid to be readily realised if required. The exception is the investment in the BlackRock Diversified Private Debt Fund, which is held in a closed-ended vehicle. This investment is illiquid in nature, and capital can typically only be realised through distributions over the life of the fund or via the secondary market, where liquidity may be limited. Before deciding to invest in the BlackRock Fund the Committee reviewed the Scheme's liquidity needs to confirm that the Scheme maintained a sufficient allocation to liquid assets.

05 Strategy Implementation

The Committee has decided to appoint three investment managers and use active management for all the asset classes where active management is offered as it believes that value can be added above the benchmark for these asset classes over the medium and long term.

05.01 Mandate and Performance Objectives

The Investment Managers have a mandate to manage the assets of the Scheme in accordance with the implementation details.

05.02 Manager Agreement

The Committee and the directly appointed Investment Managers have agreed, and will maintain, formal Manager Agreements setting out the scope of the Investment Manager's activities, its charging basis and other relevant matters. The directly appointed Investment Managers have been provided with a copy of the SIP and are required to exercise its powers with a view to giving effect to the principles contained herein and in accordance with subsection (2) of Section 36 of the Pensions Act 1995.

05.03 Custody

The custodians used are responsible for the safe-keeping of the Scheme's assets.

- For the segregated portfolio, the Committee has appointed Citigroup NA as their custodian
  For pooled funds, custodianship arrangements are delegated to the respective investment managers, who are responsible for appointing custodians for all investors in their funds.
  The exception is the BlackRock Diversified Private Debt Fund, where custodianship is provided by State Street Custodial Services (Ireland) Limited, appointed by BlackRock.

06 Corporate governance and social, environmental and ethical issues

The Committee believes that the rights attaching to investments, including voting rights, are an important asset of the pension fund and should be valued and used accordingly. The Committee believes high standards of corporate governance and social and environmental management make a positive contribution to long-term company performance and help guard against both reputational and operational risk. The Committee is aware that alongside regulatory requirements, the main mechanism for holding companies to account in the UK for all aspects of their financial and non-financial performance is shareholder action, which may take the form of engagement, share voting or share selling or purchases. The Committee recognises that this gives all owners of UK shares a responsibility to ensure that their influence as shareholders is used responsibly.

The Committee wishes to ensure that its influence as a share owner is used to safeguard and raise standards of corporate governance and social and environmental management within its investee companies and believes that this will contribute to raising long-term financial returns. This will primarily be done through voting and engagement with investee companies, both directly by the Committee and by delegation of these voting rights to the Investment Managers in respect of pooled investments. However, in extreme circumstances, the Committee would consider disinvestment as an option.

In formulating the Scheme's approach to voting and engagement, the Committee has regard to the following:

- The interests of the Scheme beneficiaries. This means that financial returns are a major consideration for the Committee. However, this does not exclude other considerations that may have an impact on, or be a reflection of, the broader interests of the Scheme members, including their views on matters such as (but not limited to) ethical issues and social and environmental considerations. It also recognises that good corporate governance and high standards of social and environmental management can contribute towards long-term financial returns.

- Subject to this consideration, the following considerations are also taken into account:

    - The need to ensure that the Scheme does not undermine the work of the TUC by acting in a way that contradicts publicly-stated TUC policy.

    - The desirability and appropriateness of using the voting and engagement rights of the TUC's pension fund to promote the values and policies of the TUC.

The Scheme has joined together with a number of other trade union pension funds to form Trade Union Share Owners. The aim of this group is to collaborate on voting and engagement with companies in order to put trade union values at the heart of our stewardship practices.

Trade Union Share Owners has developed a set of Trade Union Voting and Engagement Guidelines (available at: *https://www.tuc.org.uk/sites/default/files/tucfiles/TUC_Trade_Union_Voting_and_Engagement_Guidelines_March_2013.pdf) to guide the group's voting and engagement activity. The Trade Union Voting and Engagement Guidelines reflect a trade union perspective on corporate governance and stewardship.*

Where the Scheme holds segregated funds and is able to determine its own voting policy, it follows the Trade Union Voting and Engagement Guidelines in terms of voting at company AGMs and in terms of its engagement strategies.

Trade Union Share Owners has hired Pensions Investment Research Consultants Ltd (PIRC) to issue voting recommendations at FTSE 350 company meetings based on our Voting and Engagement Guidelines. The Scheme follows these recommendations, unless it chooses to override the recommendation in a particular case. The Scheme has contracted PIRC to carry out voting implementation on behalf of the Scheme.

Where the Scheme invests in pooled funds, the Committee will seek arrangements that allow it to determine the exercise of rights (including voting rights) relating to its investments with a view to influencing the policies and practices of the companies in which the funds invest. Current industry practice is that responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments is delegated to the Investment Managers, although a few investment managers now allow clients invested in pooled funds to influence voting in respect of their share holdings. In these circumstances, the Committee encourages them to engage with investee companies and vote whenever it is practical to do so on material matters such as strategy, capital structure, conflicts of interest policies, risks, social and environmental impact and corporate governance as part of their decision-making processes, and to take account of the TUC's views on relevant matters. The Committee requires the Investment Managers to report on significant votes made on behalf of the Committee.

In order to ensure sufficient oversight of the engagement and voting practices of their managers, the Committee may periodically meet with their Investment Managers to discuss engagement which has taken place. The Committee will also expect their Investment Adviser to engage with the managers from time to time as needed and report back to the Committee on the stewardship credentials of their managers. The Committee will then discuss the findings with the Investment Adviser, in the context of their own preferences, where relevant. This will include considering whether the manager is a signatory to the UK Stewardship Code. The Committee recognise the Code as an indication of a manager's compliance with best practice stewardship standards

If the Committee becomes aware of an Investment Manager engaging with the underlying issuers of debt or equity in ways that it deems inadequate or that the results of such engagement are mis-aligned with the Committee's expectation, then the Committee may consider terminating the relationship with that Investment Manager. Before appointing a new Investment Manager or pooled fund the Committee conducts a thorough review of their ESG policies and practices as part of that appointment process and will continue to review these on a regular basis. The Committee aims to engage with all its Investment Managers on their ESG policies and practices and to try to influence such policies where appropriate and possible. Consideration of ESG policies and practices will be undertaken as part of future Investment Manager appointment processes.

07 Monitoring

07.01 Funds

The Committee will monitor the performance of the funds against the stated performance objectives through reports received from the Investment Managers and their Investment Adviser.

The Committee, or the Advisers on behalf of the Committee, will regularly review the performance of the Investment Managers to satisfy themselves that the Investment Managers continue to carry out their work competently and in line with their respective mandates.

If the Committee is not satisfied with the performance of an Investment Manager, it will ask the Investment Manager what steps they intend to take to rectify the situation. If the response does not meet the Committee's requirements, it will look to appoint a new Investment Manager after consultation with the Investment Adviser.

07.02 Advisers

The Committee will monitor the quality of advice given by the Advisers on an ongoing basis. The Committee is asked to complete a client satisfaction survey from the Advisers on a regular basis and the Advisers will seek to address any concerns raised.

07.03 Portfolio turnover costs

The Committee requires the Investment Managers to report on actual portfolio turnover at least annually, including details of the costs associated with turnover, how turnover compares with the range that the Investment Manager expects and the reasons for any divergence.

07.04 Investment Manager duration

Appointments of Investment Managers are expected to be long-term, but the Committee will review the appointment of the Investment Managers in accordance with their responsibilities.

07.05 Performance and remuneration reporting

The Committee receives regular performance monitoring reports from the Investment Adviser, which consider performance over the quarter, one and three year periods.

This monitoring helps to determine an Investment Manager's ongoing role in implementing the investment strategy. If there are concerns, the Committee may carry out a more in-depth review of a particular Investment Manager.

Investment Managers will also attend the Committee's meetings as requested. The Investment Adviser has also carried out a review of how well the Committee's guidelines in relation to ESG factors are incorporated into each Investment Manager's processes and the Committee will re-assess progress on ESG issues periodically.

07.06 Other

The Committee is required to review this SIP on a triennial basis, or, without undue delay, following any changes to the investment strategy.

08 Fees

08.01 Investment Managers

The Committee will seek to ensure that the fees paid to the Investment Managers and their expense ratios are consistent with levels typically available in the industry for the nature of services provided. The current fee basis for each of the investment pools is set out in Appendix B.

Fund manager remuneration is considered as part of the manager selection process. It is also monitored regularly with the help of the Investment Adviser to ensure it is in line with the Committee's policies and with fee levels deemed by the Investment Adviser to be appropriate for the particular asset class and fund type.

The Investment Managers discloses their fees, use of commissions, and other transaction costs in accordance with the Financial Conduct Authority ('FCA') Rules.

08.02 Advisers

Fees paid to the Advisers are based either on actual time spent and hourly rates for relevant individuals, or on fixed fees agreed in advance for specifically defined projects.

08.03 Committee

None of the Committee is paid directly for their duties. Their expenses are met and they are given time off from their other employment duties to attend the periodic Committee meetings.

09 Risks

The Committee recognises a number of risks involved in the investment of assets of the Scheme:

i. The risk of failing to meet the objectives as set out in Section 3 - the Committee has set the asset allocation strategy after discussion with the Advisers in order to mitigate this risk.

ii. The risk of adverse consequences arising through a mismatch between the Scheme's assets and its liabilities. This is addressed through the asset allocation strategy and through regular actuarial and investment reviews and the funding target.

iii. Risk of lack of diversification of investments - addressed through the use of funds and the Investment Managers' mandates.

iv. Risk of holding assets that cannot be easily sold should the need arise - addressed through investment in funds with frequent dealing dates and a focus on large capitalisation equities.

v. Underperformance risk - addressed through monitoring closely the performance of each fund and taking necessary action when this is not satisfactory.

vi. Organisational risk - addressed through separation of the custodial function from the Investment Managers and by independent oversight by the Advisers.

vii. Sponsor risk - the risk of the Employer ceasing to exist, which for reasons of prudence, the Committee has taken into account when setting the asset allocation strategy.

viii. Market risk - the risk, illustrated by the financial crisis, of the market value of investments falling across the market as a whole, and of significant falls in all major UK and overseas share indices. This risk is mitigated by ensuring that Scheme assets are used to improve the governance and management of investee companies through engagement with investee companies and share voting at company AGMs. In addition, the Committee expects the Scheme's directly appointed Investment Managers to ensure that their practices (for example, on stock lending) do not create instability in financial markets and that their influence is used to promote market stability. The Committee does not wish its shares to be lent in circumstances that could contribute to market or corporate instability, and expects the directly appointed Investment Managers to have a responsible policy on stock lending for all its assets under management that includes ensuring that stock lent is recalled in time for AGM and EGM votes.

The Committee will keep these risks under regular review.

10 Other issues

10.01 Statutory Funding Requirement

The Committee has obtained and considered proper advice on the question of whether the investments are satisfactory having regard to both the investment objectives and statutory funding requirements. The funding position is reviewed periodically by the Scheme Actuary, with a full actuarial valuation every three years.

The Committee will consider with the Advisers whether the results of these actuarial valuations suggest that any change to investment strategy is necessary to ensure continued compliance with the statutory funding requirement.

Appendix A Responsibilities

Committee of Management

The Committee of the Scheme is responsible for, amongst other things:

i. Determining the investment objectives of the Scheme and reviewing these from time to time.
ii. Agreeing an investment strategy designed to meet the investment objectives of the Scheme.
iii. Reviewing at least triennially the content of the SIP and modifying it if deemed appropriate, in consultation with the Advisers.
iv. Reviewing the suitability of the investment policy following the results of each actuarial or investment review, in consultation with the Advisers.
v. Assessing the quality of the performance and process of the Investment Managers by means of regular reviews of the investment results and other information, by way of meetings and written reports, in consultation with the Advisers.
vi. Selecting assets which are consistent with the investment strategy after consultation with the Advisers.
vii. Assessing the ongoing effectiveness of the Advisers.
viii. Consulting with the Employer when reviewing investment policy issues.
ix. Monitoring compliance of the investment arrangements with this SIP on an ongoing basis.
x. Informing the Advisers of any changes to Scheme benefits or significant changes in membership.

Investment Adviser

The Investment Adviser will be responsible for, amongst other things:

i. Advising the Committee on review of this SIP.
ii. Advising the Committee how any changes within the Scheme's benefits, membership and funding position may affect the manner in which the assets should be invested.
iii. To the extent requested to do so, undertaking reviews of the Scheme's investment arrangements including reviews of the Investment Managers' performance and advising on the selection of a new Investment Manager (s).

Scheme Actuary

The Scheme Actuary will be responsible for, amongst other things:

i. Performing the triennial (or more frequently as required) valuations and advising on the appropriate contribution levels.
ii. Commenting on the appropriateness of the investment strategy relative to the liabilities of the Scheme at the triennial valuations.
iii. Advising the Committee of any changes to contribution levels and funding levels.

Investment Managers

The Investment Managers will be responsible for, amongst other things:

i. Day-to-day investment decisions
ii. Ensuring the assets are rebalanced in accordance with the mandate
iii. Ensuring the assets remain adequately diversified and liquid in accordance with the mandate; and
iv. Providing quarterly performance updates

Appendix B
Strategic asset allocation

The Committee has appointed three Investment Managers: Aberdeen and Legal and General ("L&G") and Blackrock, to manage the assets of the Scheme.
Having considered advice from the Advisers, and also having due regard for the objectives, the current liabilities of the Scheme together with their expected timing, the risks of and to the Scheme and the covenant of the Employer, the Committee has decided upon the following benchmark allocation as being the basis for measuring investment performance.

Fund	Asset class	Benchmark allocation (%)
On-risk assets		47.7
Aberdeen UK Equity	UK Equities	11.9
L&G Dynamic Diversified Fund	Diversified Growth Fund	5.3
Aberdeen Diversified Growth and Income Fund	Diversified Growth Fund	15.2
BlackRock Diversified Private Debt Fund	Private Debt	15.3
Hybrid assets		8.2
Aberdeen Liability Aware Equity Profile Funds	Equity-Linked LDI	8.2
Off-risk assets		44.1
Aberdeen Buyout Ready Credit Funds	Buy and Maintain Credit	25.6
Aberdeen Liability Aware Profile Funds	LDI	15.6
Aberdeen Deposit and Treasury Fund	Cash	2.9
Total		100.0

Note that the target asset allocation is as at 31 March 2026. The BlackRock Fund is distributing cash quarterly. The Committee has agreed that proceeds received from BlackRock that are not needed to meet the Scheme's cashflow needs will be invested in the L&G Fund. As a result, it is expected that, all else equal, the allocation to the BlackRock Fund will fall and the allocation to the L&G Fund will rise. The Committee will update the SIP from time to time but will not reflect each BlackRock distribution in an updated SIP.

The Aberdeen Liability Aware Funds (including Equity-Linked LDI Funds, Buy and Maintain Credit Funds, and LDI Funds) are set up so as to hedge approximately 100% of interest rate movements and 100% of inflation rate movements in the liabilities as measured by the Scheme's Technical Provisions. This will be reviewed regularly, at least once every three years following each actuarial valuation, when updated expected future benefit cashflows can be provided to Aberdeen.

The Committee has agreed the following guidelines and constraints with Aberdeen in respect of the Committee's segregated UK equity portfolio:

- Aberdeen will consider and assess the merits of all future Government sponsored IPOs and present its views to the Committee prior to taking action
- No more than 5% of the equity of any company may be held by the Scheme.

This strategic benchmark allocation was last reviewed and agreed in Q1 2026.

Contact us

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Registration

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Authorisation

XPS Investment Limited is authorised and regulated by the Financial Conduct Authority for investment and general insurance business (FCA Register No. 528774).