

TUC Superannuation Society Limited Implementation Statement

Purpose

This statement provides information on how, and the extent to which, the Committee's policies in relation to the exercising of rights (including voting rights), attached to the TUC Superannuation Society Limited (the "Scheme")'s investments, and engagement activities have been followed during the year ended 31 August 2020 ("the reporting year"). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

Background

The Committee has had long standing beliefs and policies around the importance of corporate governance and social, environmental and ethical issues. In June 2019, the Committee received further training on Environmental, Social and Governance ("ESG") issues from its Investment Adviser, XPS Investment ("XPS") and discussed its beliefs around those issues. This enabled the Committee to consider how to update its policy in relation to ESG and voting issues. The Committee's updated policy was documented in the updated Statement of Investment Principles dated October 2019.

The Committee' updated policy

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 divestment 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.

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.

The Committee recognises that where the Scheme invests in pooled funds voting rights will be exercised by the Investment Managers on behalf of the Committee.

Manager selection exercises

One of the main ways in which this updated policy is expressed is via manager selection exercises. 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 also seeks advice from XPS on the extent to which its views on ESG and climate change risks may be taken into account in any future investment manager selection exercises.

During the reporting year, the Committee introduced the following funds: Aberdeen Standard Liability Aware Profile funds, Aberdeen Standard Liability Aware Equity funds, and Aberdeen Standard Liability Aware Credit funds. Each fund range was recommended by XPS, using various criteria. One of the criteria - in acknowledgement of the Committee's ESG policy - was that the investment manager had been found to have a credible ESG capability, with decisions linked to that capability applied to the fund to an acceptable degree.

Ongoing governance

The Committee, with the assistance of XPS, monitor the processes and operational behaviour of the investment managers from time to time, to ensure they remain appropriate and in line with the Committee's requirements as set out in this statement. Further, the Committee have set XPS the objective of ensuring that any selected managers reflect the Committee's views on ESG (including climate change) and stewardship.

During the reporting year, the Committee has been actively engaged with the investment manager organisations appointed to the Scheme on the extent to which ESG considerations are incorporated into their funds' investment processes. The Committee recognises that the level of ESG integration within the investment processes is dependent on the asset class in question.

The Committee considers that the ESG capabilities of the investment managers are satisfactory for the Scheme overall, but notes that some improvement could be made for some of the funds in which the Scheme invests. ESG issues will be kept under review and the Committee will continue to communicate any concerns with the relevant investment manager organisations.

Beyond the governance work currently undertaken, the Committee believes that its approach to, and policy on, ESG matters will evolve over time based on developments within the industry and, at least partly, on a review of data relating to the voting and engagement activity conducted annually. Stewardship and ESG matters are therefore regularly discussed at Committee meetings and meetings of the Investment Sub-Committee.

Adherence to the Statement of Investment Principles

During the reporting year the Committee is satisfied that it followed its policy on the exercise of rights (including voting rights) and engagement activities to an acceptable degree.

Voting activity

The main asset class where the investment managers will have voting rights is equities. The Scheme has specific allocations to equities, and investments in equities will also form part of the strategy for the diversified growth funds in which the Scheme invests. Therefore, a summary of the voting behaviour and most significant votes cast by each of the relevant investment manager organisations (managers with whom the Scheme was invested during the year) is as follows.

Note that in this section “we” or “us” or “our” will often be written from the perspective of the investment manager, not the Scheme or Committee.

Segregated portfolio with Aberdeen Standard

Direct UK equity holdings

Within the Segregated UK Equity fund (managed by Aberdeen Standard) the Scheme arranges voting through a third party, PIRC. Whilst all efforts were made to obtain the information the third party is yet to respond at time of publication of this statement. We will continue to pursue this information from PIRC.

Standard Life Overseas Fund

Within the segregated portfolio the Scheme obtained exposure to the overseas market via an investment in the International Equity Pension Fund. This pooled fund itself holds units in the Standard Life Overseas Fund, the asset holding fund. We set out below the voting details provided by the fund manager for this fund.

Voting Information
Standard Life Overseas Pensions Fund
The fund manager has not provided stewardship code data at present
The manager voted on 97.1% of resolutions of which they were eligible out of 414 eligible votes.
Investment Manager Client Consultation Policy on Voting
The client is invested in a pooled product managed by ASI therefore no consulting on clients voting policy.
Investment Manager Process to determine how to Vote
Our voting policy is on our website.
How does this manager determine what constitutes a 'Significant' Vote?
<p>At Aberdeen Standard Investment we view all votes as significant and vote all shares globally for which we have voting authority, therefore we are unable to respond directly to this part of the request.</p> <p>Instead we believe we go beyond guidelines and endeavour to disclose all our voting decisions for all of our active and passive equity holdings. We provide full transparency of our voting activity on our publicly available website and fund specific voting reports on request. Each individual scheme will have their own views about which are the most significant votes - influenced by their sponsor, industry, membership and many other factors. If there are any voting themes, categories or specific company votes which your scheme is particularly interested in, please contact your relationship team</p>

<p>who would be happy to provide more information. In addition, our voting policy can also be found on our website.</p>			
<p>Does the manager utilise a Proxy Voting System? If so, please detail.</p>			
<p>We utilise the services of ISS</p>			
<p>Top Significant Votes during the Period</p>			
Company	Voting Subject	How did the Investment Manager Vote?	Result
<p>Please refer to "How does this manager determine what constitutes a 'Significant' Vote?"</p>			

Aberdeen Standard – Liability Aware Funds

These funds invest primarily in gilts and gilt-based derivatives, and any equity exposure in the Liability Aware Equity funds is obtained synthetically. Therefore, there is no voting activity associated with these funds.

Aberdeen Standard – Global Absolute Return Strategy fund

<p>Voting Information</p>			
<p>Aberdeen Standard Global Absolute Return Strategies Fund</p>			
<p>The fund manager has not provided stewardship code data at present</p>			
<p>The manager voted on 98.34% of resolutions of which they were eligible out of 3200 eligible votes.</p>			
<p>Investment Manager Client Consultation Policy on Voting</p>			
<p>The client is invested in a pooled product managed by ASI therefore no consulting on clients voting policy.</p>			
<p>Investment Manager Process to determine how to Vote</p>			
<p>Our voting policy is on our website.</p>			
<p>How does this manager determine what constitutes a 'Significant' Vote?</p>			
<p>At Aberdeen Standard Investment we view all votes as significant and vote all shares globally for which we have voting authority, therefore we are unable to respond directly to this part of the request. Instead we believe we go beyond guidelines and endeavour to disclose all our voting decisions for all of our active and passive equity holdings. We provide full transparency of our voting activity on our publicly available website and fund specific voting reports on request. Each individual scheme will have their own views about which are the most significant votes - influenced by their sponsor, industry, membership and many other factors. If there are any voting themes, categories or specific company votes which your scheme is particularly interested in, please contact your relationship team who would be happy to provide more information. In addition, our voting policy can also be found on our website.</p>			
<p>Does the manager utilise a Proxy Voting System? If so, please detail.</p>			
<p>We utilise the services of ISS</p>			

Top Significant Votes during the Period			
Company	Voting Subject	How did the Investment Manager Vote?	Result
Please refer to "How does this manager determine what constitutes a 'Significant' Vote?"			

Aberdeen Standard – Liability Managed Credit Fund

Voting Information			
Standard Life Liability Managed Credit Fund			
The fund manager has not provided stewardship code data at present			
The manager voted on 100% of resolutions of which they were eligible out of 1 eligible vote.			
Investment Manager Client Consultation Policy on Voting			
The client is invested in a pooled product managed by ASI therefore no consulting on clients voting policy.			
Investment Manager Process to determine how to Vote			
Our voting policy is on our website.			
How does this manager determine what constitutes a 'Significant' Vote?			
<p>At Aberdeen Standard Investment we view all votes as significant and vote all shares globally for which we have voting authority, therefore we are unable to respond directly to this part of the request.</p> <p>Instead we believe we go beyond guidelines and endeavour to disclose all our voting decisions for all of our active and passive equity holdings. We provide full transparency of our voting activity on our publicly available website and fund specific voting reports on request. Each individual scheme will have their own views about which are the most significant votes - influenced by their sponsor, industry, membership and many other factors. If there are any voting themes, categories or specific company votes which your scheme is particularly interested in, please contact your relationship team who would be happy to provide more information.</p> <p>In addition, our voting policy can also be found on our website.</p>			
Does the manager utilise a Proxy Voting System? If so, please detail.			
We utilise the services of ISS			
Top Significant Votes during the Period			
Company	Voting Subject	How did the Investment Manager Vote?	Result
Please refer to How does this manager determine what constitutes a 'Significant' Vote?			

Baillie Gifford – Multi Asset Growth

Voting Information

Baillie Gifford Multi Asset Growth Fund

The fund manager has not provided stewardship code data at present

The manager voted on 95.59% of resolutions of which they were eligible out of 590 eligible votes.

Investment Manager Client Consultation Policy on Voting

All voting decisions are made by our Governance & Sustainability team in conjunction with investment managers. We do not regularly engage with clients prior to submitting votes, however if a segregated client has a specific view on a vote then we will engage with them on this. If a vote is particularly contentious, we may reach out to clients prior to voting to advise them of this or request them to recall any stock on loan.

Investment Manager Process to determine how to Vote

Thoughtful voting of our clients' holdings is an integral part of our commitment to stewardship. We believe that voting should be investment led, because how we vote is an important part of the long-term investment process, which is why our strong preference is to be given this responsibility by our clients. The ability to vote our clients' shares also strengthens our position when engaging with investee companies. Our Governance and Sustainability team oversees our voting analysis and execution in conjunction with our investment managers. Unlike many of our peers, we do not outsource any part of the responsibility for voting to third-party suppliers. We utilise research from proxy advisers for information only. Baillie Gifford analyses all meetings in-house in line with our Governance & Sustainability Principles and Guidelines and we endeavour to vote every one of our clients' holdings in all markets.

How does this manager determine what constitutes a 'Significant' Vote?

The list below is not exhaustive, but exemplifies potentially significant voting situations:

- Baillie Gifford's holding had a material impact on the outcome of the meeting
- The resolution received 20% or more opposition and Baillie Gifford opposed
 - Egregious remuneration
 - Controversial equity issuance
- Shareholder resolutions that Baillie Gifford supported and received 20% or more support from shareholders
 - Where there has been a significant audit failing
 - Where we have opposed mergers and acquisitions
 - Where we have opposed the financial statements/annual report
 - Where we have opposed the election of directors and executives.

Does the manager utilise a Proxy Voting System? If so, please detail.

Whilst we are cognisant of proxy advisers' voting recommendations (ISS and Glass Lewis), we do not delegate or outsource any of our stewardship activities or follow or rely upon their recommendations when deciding how to vote on our clients' shares. All client voting decisions are made in-house. We vote in line with our in-house policy and not with the proxy voting providers' policies. We also have specialist proxy advisers in the Chinese and Indian markets to provide us with more nuanced market specific information.

Top Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Covivio REIT	Remuneration	Against	Pass

Following the AGM in 2020, we informed the company of our voting decision and advised that we expect more stretching performance criteria to apply to long term incentives going forward. We have yet to see improvements in the targets so will continue dialogue with the company and to take appropriate voting action.

We opposed five resolutions regarding the in-flight and proposed long term incentive scheme because it could lead to rewarding under-performance. All resolutions passed.			
EDP Renovaveis	Elect Director(s)	Against	Pass
We have taken action on the election of directors at the company since the 2018 AGM. Our concerns are regarding the attendance record of some directors, a lack of board independence and diversity. We have spoken to the company a number of times regarding these concerns and continue raise the issue and take action where possible. As the company has an 82% controlling shareholder, our ability to influence is limited, however we believe it important to hold the board accountable for our concerns.			
Gecina	Remuneration	Against	Pass
We have been opposing remuneration at the company since 2017 due to concerns with the targets applied to the restricted stock plan. We are yet to see improvements in the remuneration plan however continue to engage with the company to advise of areas for improvement. We opposed three resolutions relating to remuneration as we do not believe there is sufficient alignment between pay and performance. All resolutions passed.			
Merlin Properties	Remuneration - Report	Against	Pass
We opposed the resolution to approve the Remuneration Report because of concerns with quantum. We have been opposing remuneration at the company since 2017 and engaging with the company on the issue. In 2020, we saw significant improvements in the company's remuneration policy which is a positive outcome.			

LGIM – Dynamic Diversified Fund

Legal and General Investment Management Dynamic Diversified Fund
The fund manager has not provided stewardship code data at present
The manager voted on 99.8% of resolutions of which they were eligible out of 56,344 eligible votes.
Investment Manager Client Consultation Policy on Voting
LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all our clients. Our voting policies are reviewed annually and take into account feedback from our clients. Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as we continue to develop our voting and engagement policies and define strategic priorities in the years ahead. We also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.
Investment Manager Process to determine how to Vote
All decisions are made by LGIM's Investment Stewardship team and in accordance with our relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures our stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.
How does this manager determine what constitutes a 'Significant' Vote?

As regulation on vote reporting has recently evolved with the introduction of the concept of 'significant vote' by the EU Shareholder Rights Directive II, LGIM wants to ensure we continue to help our clients in fulfilling their reporting obligations.

We also believe public transparency of our vote activity is critical for our clients and interested parties to hold us to account.

For many years, LGIM has regularly produced case studies and/ or summaries of LGIM's vote positions to clients for what we deemed were 'material votes'. We are evolving our approach in line with the new regulation and are committed to provide our clients access to 'significant vote' information.

In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association consultation (PLSA). This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where we note a significant increase in requests from clients on a particular vote;
 - Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

We will provide information on significant votes in the format of detailed case studies in our quarterly ESG impact report and annual active ownership publications.

If you have any additional questions on specific votes, please note that we publicly disclose our votes for the major markets on our website. The reports are published in a timely manner, at the end of each month and can be used by clients for their external reporting requirements. The voting disclosures can be found by selecting 'Voting Report' on the following page:

http://documentlibrary.lgim.com/litlibrary/lglibrary_463150.html?req=internal

Does the manager utilise a Proxy Voting System? If so, please detail.

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. Our use of ISS recommendations is purely to augment our own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that we receive from ISS for UK companies when making specific voting decisions

To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what we consider are minimum best practice standards which we believe all companies globally should observe, irrespective of local regulation or practice.

We retain the ability in all markets to override any vote decisions, which are based on our custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows us to apply a qualitative overlay to our voting judgement. We have strict monitoring controls to ensure our votes are fully and effectively executed in accordance with our voting policies by our service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform us of rejected votes which require further action.

Top Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
BARCLAYS	Resolution 29 - Approve Barclays' Commitment in Tackling Climate Change Resolution 30 - Approve ShareAction Requisitioned Resolution	LGIM voted for resolution 29, proposed by Barclays and for resolution 30, proposed by ShareAction.	Resolution 29 - supported by 99.9% of shareholders Resolution30 - supported by 23.9% of shareholders

			(source: Company website)
<p>The hard work is just beginning. Our focus will now be to help Barclays on the detail of their plans and targets, more detail of which is to be published this year. We plan to continue to work closely with the Barclays board and management team in the development of their plans and will continue to liaise with ShareAction, Investor Forum, and other large investors, to ensure a consistency of messaging and to continue to drive positive change.</p>			
AMAZON	Shareholder resolutions 5 to 16	<p>Of 12 shareholder proposals, we voted to support 10. We looked into the individual merits of each individual proposal, and there are two main areas which drove our decision-making: disclosure to encourage a better understanding of process and performance of material issues (resolutions 5, 6, 7, 8, 10, 13, 15 and 16) and governance structures that benefit long-term shareholders (resolutions 9 and 14).</p>	<p>Resolution 5 to 8, and 14 to 16 each received approx. 30% support from shareholders. Resolutions 6 and 10 received respectively 16.7 and 15.3% support. Resolution 11 received 6.1% support. Resolution 12 received 1.5 % support. Resolution 13 received 12.2% support. (Source: ISS data)</p>
<p>Despite shareholders not giving majority support to the raft of shareholder proposals, the sheer number and focus on these continues to dominate the landscape for the company. Our engagement with the company continues as we push it to disclose more and to ensure it is adequately managing its broader stakeholders, and most importantly, its human capital.</p>			
EXXONMOBIL	Resolution 1.10 - Elect Director Darren W. Woods	Against	<p>93.2% of shareholders supported the re-election of the combined chair and CEO Darren Woods. Approximately 30% of shareholders supported the proposals for independence and lobbying. (Source: ISS data)</p>
<p>We believe this sends an important signal, and will continue to engage, both individually and in collaboration with other investors, to push for change at the company.</p> <p>Our voting intentions were the subject of over 40 articles in major news outlets across the world, including Reuters, Bloomberg, Les Échos and Nikkei, with a number of asset owners in Europe and North America also declaring their intentions to vote against the company.</p>			