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's (the "Scheme's") investments, and engagement activities have been followed during the year ended 31 August 2021 ("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 and was a founder member of Trade Union Share Owners in 2013 (see below for further details). 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 remains well informed on the latest guidance and issues in relation to ESG through thought pieces shared by XPS.

The Committee' 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 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, 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, there were no manager appointments.

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.

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 is set out below. This information has been provided by the investment managers directly or, in the case of the Aberdeen Standard UK equity portfolio, by PIRC, which implements voting in the Scheme's FTSE 350 holdings based on TUSO's Voting and Engagement Guidelines.

Aberdeen Standard – segregated UK equity portfolio

Voting Information			
PIRC voted on 97% of the 1,423 eligible votes.			
Investment Manager Client Consultation Policy on Voting			
The investment manager does not vote. Instead PIRC vote on the Trustees' behalf following the Trade Union Voting and Engagement Policies, available here: https://www.tuc.org.uk/sites/default/files/TUvotingandengagement.pdf			
Investment Manager Process to determine how to Vote			
The investment manager does not vote. The Trustees have instructed PIRC to vote the Aberdeen Standard equity portfolio in line with the policies set out above.			
How does this manager determine what constitutes a 'Significant' Vote?			
PIRC determines a "Significant Vote" as those where there is significant voting against the Company management's recommendations.			
Does the manager utilise a Proxy Voting System? If so, please detail			
See above			
Top Significant Votes during the Period			
Company	Voting Subject	How did the Investment Manager Vote?	Result
GRAFTON GROUP PLC	Re-elect Michael Roney - Chair (Non Executive)	Oppose	Pass
Mr. Roney is also chairing another company within the FTSE 350 index. It is considered that a chair cannot effectively represent two corporate cultures. The possibility of having to commit additional time to the role in times of crisis is ever present. Given this, a Chair should focus his attention onto the only one FTSE 350 Company. Finally it is noted that Mr. Roney received significant opposition in his re-election on the 2020 Annual General Meeting of 13.9% of oppose votes and the Company did not disclose how it has addressed the issue with its shareholders.			
CINEWORLD GROUP PLC	Approve Cineworld Group Plc Long Term Incentive Plan 2021	Oppose	Pass
Regarding eligibility, it is noted the committee may, at its discretion select any person who is an employee to participate in the plan. The vesting period is three years and as such is considered to be short-term, while performance targets have not been fully disclosed in a quantified manner at this time. LTIP schemes are not considered an effective means of incentivising performance and are inherently flawed. There is the risk that they are rewarding volatility rather than the performance of the company. They are acting as a complex and opaque hedge against absolute company underperformance and long-term share price falls. They are also a significant factor in reward for failure.			

ROYAL DUTCH SHELL PLC	Shareholder Resolution: To set and publish targets that are consistent with the goal of the Paris Climate Agreement	For	Pass
Most investors accept the Intergovernmental Panel on Climate Change (IPCC) recommendations that net emissions of carbon dioxide must fall by 45% by 2030 and reach 'net zero' by 2050 to maintain warming below 1.5 degrees Celsius and that these goals must be integrated into business planning decisions. Comprehensive reporting on climate impacts is in shareholders' interests both as a means of informing them of potential risks and opportunities faced by the company, of strategies put in place to manage those risks and opportunities, and of the evaluation of the potential impact of different scenarios, including a 1.5 degrees Celsius scenario, on their businesses, strategy, and financial planning.			
IMPERIAL BRANDS PLC	Approve the Remuneration Report	Oppose	Pass
The Company's incentive schemes permit awards which are greater than 10% of a participant's base salary. The ratio of CEO pay compared to average employee pay is unacceptable at 55:1. TUSO guidelines state that the ratio of CEO to average employee pay should not exceed 20:1.			

Aberdeen Standard – Liability Aware Equity and Credit Funds

These funds invest primarily in corporate bonds, 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.

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 88.5%of resolutions of which they were eligible out of 1335 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 advisors 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
VONOVIA SE	Amendment of Share Capital	Against	Pass
We opposed two resolutions which sought authority to issue equity because the potential dilution levels are not in the interests of shareholders.			
SIX FLAGS ENTERTAINMENT CORPORATION	Remuneration - Say on Pay	Against	Pass
We opposed the executive's remuneration as several aspects are not in line with best practice.			
RIO TINTO PLC	Remuneration - Report	Against	Pass
We opposed the remuneration report as we did not agree with the decisions taken by the Remuneration Committee in the last year regarding executive severance payments and the vesting of long-term incentive awards.			
GREGGS PLC	Remuneration - Report	Against	Pass
We opposed the resolution to approve the Remuneration Report because of the Remuneration Committee's decision not to align executive directors' pensions with the workforce until four years after the Investment Association's guidance.			
DUFRY AG	Amendment of Share Capital	Against	Pass
We opposed six resolutions which sought authority to issue equity because the potential dilution levels are not in the interests of shareholders.			

LGIM – Dynamic Diversified Fund

Voting Information
Legal and General Investment Management Dynamic Diversified Fund
The fund manager has not provided stewardship code data at present
The manager voted on 99.9% of resolutions of which they were eligible out of 54913 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 (PLSA) guidance. 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 provide information on significant votes in the format of detailed case studies in our quarterly ESG impact report and annual active ownership publications. The vote information is updated on a daily basis and with a lag of one day after a shareholder meeting is held. We also provide the rationale for all votes cast against management, including votes of support to shareholder resolutions. If you have any additional questions on specific votes, please note that LGIM publicly discloses its vote instructions on our website at: https://vds.issgovernance.com/vds/#/MjU2NQ==/			
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
Barrick Gold Corporation	Resolution 1.2 Elect Director Gustavo A. Cisneros	Withhold	93.0% of shareholders supported the resolution.
LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf. For 10 years, we have been using our position to engage with companies on this issue. As part of our efforts to influence our investee companies on having greater gender balance, in 2020, LGIM increased its expectations on gender diversity on the board by placing a vote against the largest 100 companies in the S&P500 and the S&P/TSX where there is less than 25% women on the board. In 2021, we expanded the scope of our vote policy to include all companies in the S&P 500 and the S&P/TSX. Our expectation is for all companies in this market to reach a minimum of 30% women on the board and at senior management level by 2023.			
Wheaton Precious Metals Corp.	Resolution a1 Elect Director George L. Brack	Withhold	87.6% of shareholders supported the resolution.
LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf. For 10 years, we have been using our position to engage with companies on this issue. As part of our efforts to influence our investee			

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<tr><td>Duke Energy Corporation</td><td>Resolution 1.1 Elect Director Michael G. Browning</td><td>Withhold</td><td>88.1% of shareholders supported the resolution.</td></tr>
<tr><td colspan="4">LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 we have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 we are voting against all combined board chair/CEO roles. Furthermore, we have published a guide for boards on the separation of the roles of chair and CEO (available on our website), and we have reinforced our position on leadership structures across our stewardship activities – e.g. via individual corporate engagements and director conferences.</td></tr>
<tr><td>Prologis, Inc.</td><td>Resolution 1.a Elect Director Hamid R. Moghadam</td><td>Against</td><td>93.5% of shareholders supported the resolution.</td></tr>
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<tr><td>The Southern Company</td><td>Resolution 1e Elect Director Thomas A. Fanning</td><td>Against</td><td>91.8% of shareholders supported the resolution.</td></tr>
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<tr><td>American Tower Corporate</td><td>Resolution1i Elect Director Pamela D.A. Reeve</td><td>Against</td><td>90.5% of shareholders supported the resolution.</td></tr>
<tr><td colspan="4">The company is deemed to not meet minimum standards with regards to climate risk management and disclosure.</td></tr>
<tr><td>Recruit Holdings Co., Ltd.</td><td>Resolution 5 Amend Articles to Allow Virtual Only Shareholder Meetings</td><td>Against</td><td>83.8% of shareholders supported the resolution</td></tr>
<tr><td colspan="4">A vote against this proposal is warranted because:- Japanese companies are able to hold virtual meetings using temporary regulatory relief (without amending articles) for two years, but the passage of this proposal will authorize the company to hold virtual meetings permanently, without further need to consult shareholders, even after the current health crisis is resolved.- The proposed language fails to specify situations under which virtual meetings will be held, raising concerns that meaningful exchange between the company and shareholders could be hindered, especially in controversial situations such as when shareholder proposals are submitted, a proxy fight is waged, or a corporate scandal occurs.</td></tr>
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