

## **CCHT PENSION FUND**

### **ENGAGEMENT POLICY IMPLEMENTATION STATEMENT**

For the year ended 31 March 2021

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#### **Introduction**

The Trustees of the CCHT Pension Fund (the 'Fund') have a fiduciary duty to consider their approach to the stewardship of the investments, to maximise financial returns for the benefit of members and beneficiaries over the long term. The Trustees can promote an investment's long-term success through monitoring, engagement and/or voting, either directly or through their investment manager. Since the transitioning to the new strategy investing only in bonds over the year, the Trustees recognise the scope for impact is now more limited.

This statement sets out how, and the extent to which, in the opinion of the Trustees, the policies (set out in the Statement of Investment Principles) on the exercise of rights (including voting rights) attaching to the investments, and engagement activities have been followed during the year ending 31 March 2021. This statement also describes the voting behaviour by, or on behalf of, the Trustees.

The Trustees, in conjunction with their investment consultant, appoints their investment manager and chooses the specific pooled funds to use in order to meet specific policies. They expect their investment manager to make decisions based on assessments about the financial of underlying investments (including environmental, social and governance (ESG) factors, and that they engage with issuers of debt or equity to improve their performance (and thereby the Fund's performance) over an appropriate time horizon.

The Trustees have decided that the financial interests of the members is their first priority when choosing investments. The Trustees will take members' preferences into account if they consider it appropriate to do so.

#### **Stewardship - monitoring and engagement**

The Trustees recognise that the investment manager's ability to influence the companies (prior to fully disinvesting from equities) in which they invest will depend on the nature of the investment.

The Trustees' policy was to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment manager and to encourage the manager to exercise those rights. The investment manager, when applicable, is expected to provide regular reports for the Trustees detailing their voting activity.

The Trustees' policy is to delegate responsibility for engaging and monitoring investee companies to the investment manager and expects the investment manager to use its discretion to maximise financial returns for members and others over the long term.

As investments are held in pooled vehicles, the Trustees do not envisage being directly involved with peer to peer engagement in investee companies.

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#### **Investment manager engagement policies**

The Fund's investment manager is expected to have developed and publicly disclosed an engagement policy. This policy, amongst other things, provides the Trustees with information on how the investment manager engages in dialogue with the companies it invests in and how it exercises voting rights. It also provides details on the investment approach taken by the investment manager when considering relevant factors of the investee companies, such as strategy, financial and non-financial performance and risk, and applicable social, environmental and corporate governance aspects.

Links to the investment manager's engagement policy or suitable alternative is provided in the Appendix.

#### **Exercising rights and responsibilities**

The Trustees recognise that different investment managers should not be expected to exercise stewardship in an identical way, or to the same intensity.

The investment manager is expected to disclose annually a general description of their voting behaviour, an explanation of the most significant votes cast and report on the use of proxy voting advisers.

The investment manager publishes online the overall voting records of the firm on a regular basis.

The investment manager uses proxy advisers for the purposes of supplementing its own research, advice or voting recommendations that relate to the exercise of voting rights. However, all voting decisions are made by LGIM in its capacity as the Scheme's investment manager.

The Trustees do not carry out a detailed review of the votes cast by or on behalf of their investment manager but rely on the requirement for their investment manager to provide a high-level analysis of their voting behaviour.

The Trustees consider the proportion of votes cast, and the proportion of votes against management to be an important (but not the only) consideration of investor behaviour.

The latest available information provided by the investment manager is as follows:

<b>Voting behaviour Investment manager</b>	<b>Period</b>	<b>Proportion of votes cast</b>	<b>Proportion of votes against management</b>
LGIM	31/12/2019-31/12/2020	99%	17%

#### **Trustees' assessment**

As the Trustees' investment strategy is invested predominantly in government bonds the scope for voting and engagement activities and environmental, social and governance impact of the investment portfolio is considered to be limited. The Trustees may receive input, including ratings from the investment consultant from time to time to assist its decision making.

The Trustees may also consider reports provided by other external ratings providers.

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Where an investment manager has received a relatively low rating from the investment consultant or from other external rating providers, the Trustees will consider whether to engage with the investment manager.

The Trustees have reviewed the investment manager's policies relating to engagement and voting and how they have been implemented and have found them to be acceptable at the current time.

The Trustees recognise that engagement and voting policies, practices and reporting, will continue to evolve over time and are supportive of their investment manager being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020.

#### Appendix

Links to the engagement policies for the investment manager can be found here:

Investment manager	Engagement policy	Annual disclosure statement
Legal & General Investment Management	<a href="https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-engagement-policy.pdf">https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-engagement-policy.pdf</a>	<a href="https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/active-ownership-report-2020.pdf">https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/active-ownership-report-2020.pdf</a>