Waterways Pension Fund
Implementation Statement for the Fund year 1 April 2025 to 31 March 2026

Introduction

Under the current regulatory requirements, the Trustee is required to produce an annual Implementation Statement setting out how policies in the Statement of Investment Principles (SIP) have been followed and describe any voting behaviour taken on behalf of the Trustee during the Fund year.

Summary of how investment decisions are taken

The Trustee is responsible for setting and monitoring the investment strategy for the Fund and for appointing investment managers. The Trustee consults with the Sponsoring Employer and seeks guidance and written advice from their legal and investment advisers as appropriate when undertaking these activities.

On a quarterly basis, the Trustee monitors the return of the Fund relative to the required return to achieve its funding objectives, its risk budget, sustainability risks, liability hedging and collateral positions. The Trustee has clearly defined targets against these metrics, and hence this monitoring helps to highlight if changes are needed to the investment strategy to remain 'on track'.

Summary of recent SIP and AAP updates

The Statement of Investment Principles ("SIP") and the Asset Allocation Policy ("AAP") document are reviewed at least once in each three- year period or when there is a material change to the circumstances of the Fund. The AAP was updated in October 2024 to bring it in line with the Fund's investment strategy. This implementation statement reports on the policies set out in the SIP, which was last updated in July 2023.

Summary of the Trustee's voting and engagement (stewardship) policies

The Trustee believes that good stewardship is an important part of general Fund governance. Stewardship refers to the responsible allocation and management of capital to create long-term value and sustainable benefits for the economy, the environment and society.

The Trustee's policy is to:

- Delegate all aspects of monitoring the behaviour of the underlying companies (as well as other relevant persons) to the individual investment managers. This includes delegating responsibility for the exercising of rights (including voting rights) attached to investments.

- Meet directly with each of its investment managers from time-to-time and, where relevant, question the managers on their activities with respect to stewardship and engagement.

The Trustee's ability to influence investment managers' voting and stewardship activities will depend on the nature of the investments held. As all of the Fund's assets are invested either in pooled funds – where the Trustee holds units in a fund rather than having any direct ownership rights over the underlying assets – or in LDI – where the underlying assets are mainly gilts and derivatives there is less scope for stewardship activities to be applied. However, the Trustee does take stewardship into account when selecting, monitoring and retaining its investment managers.

The Trustee has agreed a separate stewardship policy which focuses on how the Trustee practices effective stewardship as part of their fiduciary duty to act in the best financial interests of members. To best channel the Trustee's stewardship efforts, the Trustee has prescribed two key themes - climate change and biodiversity.

How have the Trustee's stewardship policies been followed?

The Trustee has made a commitment to monitor and disclose the voting behaviour carried out on its behalf.

The use of voting rights is most likely to be financially material in the sections of the portfolios where physical equities are held. In this context, voting is only relevant for the AQR Diversified Risk Premia Fund, Man Progressive Diversified Risk Premia Fund and Ruffer Absolute Return Fund I.

Over the Fund year, voting activities by AQR, Man Group and Ruffer LLP were undertaken with due consideration to investors' best interests considered on a fund wide basis and in accordance with the voting procedures set out in each manager's voting policy. The Trustee is not aware of any material departures from the managers' stated voting policies.

A summary of the managers' voting over the Fund year including significant votes cast is included in the appendix of this statement.

Summary

The Trustee is comfortable that the voting and engagement policies have all been adequately followed over the Fund year.

Appendix

Voting Disclosures

	Man Progressive Diversified Risk Premia	Ruffer Absolute Return Fund	AQR Diversified Risk Premia Fund
Holdings at period end	£36,081,244	-[1]	£17,525,772
No of meetings eligible to vote during the period	637	176	103
No of resolutions eligible to vote during the period	7447	2546	1516
% of resolutions voted	98.4%	99.1%	82.1%
% of resolutions voted with management	89.9%	96.7%	90.6%
% of resolutions voted against management	8.0%	2.4%	9.4%
% of resolutions abstained	0.2%	0.3%	0.4%
% of meetings with at least one vote against management	53.2%	18.0%	40.9%
% of resolutions where manager voted contrary to recommendation of proxy adviser?	4.9%	3.26%	0%[2]
Any use of proxy voting services during the period	Glass Lewis	Institutional Shareholder Services (ISS)	Institutional Shareholder Services (ISS)

[1]Ruffer was divested from in September 2025, holdings are not provided
[2]AQR did not vote contrary to the ISS Sustainable Policy recommendations during the period

Summary of significant votes as identified by AQR

AQR does not currently differentiate between "significant" and "non-significant" votes across their strategies. However, for the relevant period 1 April 2025 to 31 March 2026, AQR provided 3 example votes relating to climate change and broader environmental matters.

	Tyson Foods	Danske Bank A/S	Nordea Bank Abp
Summary of resolution	Environmental – Report on Environmental and Human Health Impacts from Waste Lagoons.	Environmental – Approve Divestment from Fossil Fuel Companies that do not have a Transition Plan in Line with the Paris Agreement.	Environmental – Approve Proposal Regarding Business Activities in the Arctic Region.
How AQR voted	For	Against	Against

Rationale for vote	Increased transparency is likely to benefit shareholders by helping them evaluate how effectively the company is addressing known environmental and human health risks and managing potential future exposures.	The Company has recently taken steps to address the issues raised by the proponent. Company's policy on fossil fuel companies, adopted in 2024, has only now been fully implemented. Pursuant to the policy, the number of fossil fuel companies the Company is permitted to invest in has been reduced from approximately 2,000 to 300.	The Company has recently taken steps to address the issues raised by the proponent. For example, the Company stated they have reduced their lending exposure to upstream oil and gas companies by 99% since 2019 and completely ceased lending to new customers in the segment. Further, they do not provide dedicated finance to expansion of oil and gas, unconventional oil and gas or Arctic drilling.
Outcome of vote	Failed	Failed	Failed

Summary of significant votes as identified by Man

For the relevant period 1 April 2025 to 31 March 2026, Man Group provided 5 significant votes in line with DWP's guidance.

We have provided a sample of 3 below:

	Bristol-Myers Squibb Co.	**Citigroup Inc**	**Costco Wholesale Corp**
Summary of resolution	Climate Change - Voted against a shareholder proposal regarding formation of corporate sustainability committee.	Climate Change – Voted against a shareholder proposal regarding audited report on financial statement assumptions regarding climate change.	Climate Change – Voted against a shareholder proposal regarding report on financial risks and costs of climate commitments.
How Man voted	Against	Against	Against
Rationale for vote	Man voted against as this proposal, rather than improving governance, is designed to create a board mechanism to scrutinise and challenge Bristol-Myers Squibb's ESG and social commitments on financial grounds. The company's existing board oversight and disclosure already adequately address legitimate investor concerns in this area	Man voted against as this proposal, rather than improving disclosure, is designed to undermine Citigroup's net-zero commitments by anchoring the audit to a fossil-fuel-aligned methodology. Citigroup's existing regulatory and voluntary climate disclosures already substantially address legitimate investor needs.	Man voted against as this proposal, rather than improving transparency, is designed to call into question the financial basis of Costco's climate commitments. Costco's existing climate disclosures, including its Climate Action Plan and scenario analysis, already substantially address legitimate investor needs.
Outcome of vote	Failed	Failed	Failed

Summary of significant votes as identified by Ruffer

For the relevant period 1 April 2025 to 31 March 2026, Ruffer provided 203 significant votes which they define themselves. Ruffer defines a significant vote as any vote against management or against an ISS recommendation, any vote in breach of criteria included in Ruffer's internal voting guidelines, any shareholder resolution, any climate related resolution, any management-proposed climate-related resolution or dissident shareholder slate (US only). Please note that these votes were made during the period that the investment was held (divestment September 2025).

We have provided a sample of 3 below:

	Citigroup Inc.	Alphabet Inc.	Severn Trent Plc
Summary of resolution	Climate Change – Voted against issuing audited report on financial statement assumptions and climate change.	Climate Change – Voted for the disclosure of additional information on how the company will meet its 2030 climate goals.	Climate Change – Voted for approving Net Zero transition plan.
How Ruffer voted	Against	For	For
Rationale for vote	Citi publishes numerous disclosures on its approach to risk management around Climate Change and monitoring per TCFD. Ruffer are satisfied that sufficient disclosures are provided and are not sure of the value of forcing further disclosures. Further, within the proposal, implicit is an underlying is a lack of support/ scepticism about the goals of Paris, NZE, and NZAM to which Ruffer do not agree.	Ruffer supports the disclosure of additional information illustrating if and how a company will meet its 2030 climate goals, given Alphabet's GHG emissions were 13% higher in 2023 than the previous year and 48% higher than in 2019. The proponent request that the disclosure go beyond the existing disclosure, and so the disclosure requested is not duplicative and recommends disclosures such as scenario analyses based contingency plan, stress tests and the identification of anticipated emissions savings per strategy to help guide shareholders.	" As it pertains to Ruffer's five-point checklist: 1) Comprehensive, third-party assured GHG footprint across Scope 1, 2 and 3. 2) Paris-aligned, science-based targets out to 2035 with a comment to review targets. 3) Well-specified waterfall and glidepath charts showing steps to get to net zero 4) Defensible internal carbon price that drives capital allocation decisions. = £248/tonne used in project appraisals 5) 20% of Long-Term Incentive Plan linked to carbon reduction.
Outcome of vote	Fail	Fail	Pass