

Waterways Pension Fund

Implementation Statement for the Fund year 1 April 2024 to 31 March 2025

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 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 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 Man Progressive Diversified Risk Premia Fund and Ruffer Absolute Return Fund I.

Over the Fund year, voting activities by 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
Holdings at period end	£30,725,211	£24,125,198
No of meetings eligible to vote during the period	643	68
No of resolutions eligible to vote during the period	7741	1134
% of resolutions voted	99.5%	100.0%
% of resolutions voted with management	76.8%	96.9%
% of resolutions voted against management	22.7%	3.0%
% of resolutions abstained	0.2%	0.1%
% of meetings with at least one vote against management	80.0%	26.5%
% of resolutions where manager voted contrary to recommendation of proxy adviser?	15.2%	4.2%
Any use of proxy voting services during the period	Glass Lewis	Institutional Shareholder Services (ISS)

Summary of significant votes as identified by Man

	Bank Of Nova Scotia	Kansai Electric Power Company Incorporated	General Motors Company	PepsiCo Inc	United Parcel Service Inc
Summary of resolution	Shareholder Proposal that they adopt an annual advisory voting policy regarding its environmental and climate objectives and action plan.	Shareholder Proposal to accelerate the decarbonisation of Operations and Supply Chain.	Shareholder Proposal to add Additional Disclosures on Sustainability Risks Within the Supply Chain.	Shareholder Proposal conduct a Racial Equity Audit to identify potential shortcomings.	Shareholder Proposal to add additional disclosures to the Diversity and Inclusion Report.
How Man voted	For	For	For	For	For
Outcome of vote	Failed	Failed	Failed	Failed	Failed

All climate-related votes were shareholder resolutions and are unlikely to gain enough support to pass. However, several more strongly supported resolutions required a company response outlining how shareholder concerns will be addressed.

Summary of significant votes as identified by Ruffer

	Bank of America	Suncor Energy	General Motors	Genmab	Berkshire Hathaway
Summary of resolution	Energy transition - request of a report on clean energy supply financing ratio.	Energy transition – shareholder proposal requesting disclosure of audited results of a climate transition assessment.	Biodiversity – Voted in favour of a shareholder resolution requesting a report on the use of deep-sea mined minerals in production and supply chains.	Remuneration - Approve guidelines for incentive-based compensation for its executive management and board.	GHG emissions/ Climate Change – Voted in favour of a shareholder proposal requesting a report on measurement, disclosure and reduction of greenhouse gas emissions.
How Ruffer voted	Against	Against	For	For	For
Outcome of vote	Failed	Failed	Failed	Passed	Failed