

Waterways Pension Fund

Implementation Statement for the Fund year 1 April 2023 to 31 March 2024

Introduction

Under the current regulatory requirements, the Trustee is required to produce an annual Implementation Statement setting out how policies set out 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. This is the fourth such statement produced and includes a brief summary of how investment decisions are taken and details of recent updates to the SIP.

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 SIP was updated in July 2023 to incorporate the Fund's new stewardship policy and included detail on how the Trustee has integrated the monitoring of climate risk metrics into its wider reporting.

The AAP was not updated over the year.

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, and therefore have 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?

As noted above, the Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) to the investment managers. As part of the SIP, 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.

In terms of proxy service providers, Man Group uses Glass Lewis as its provider and 'Viewpoint' electronic voting platform to cast votes. Ruffer LLP uses ISS's 'ProxyExchange' electronic voting platform to vote. All voting decisions are made by the respective managers (no voting decisions are outsourced). 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 noting a number of recent changes to regulations in this area and the Trustee policies themselves.

Appendix

Voting Disclosures

	Man Progressive Diversified Risk Premia	Ruffer Absolute Return Fund
Holdings at period end (m)	£30,204,593	£23,418,388
No of meetings eligible to vote during the period	648	64
No of resolutions eligible to vote during the period	7953	1020
% of resolutions voted	99.6%	100.0%
% of resolutions voted with management	77.2%	94.9%
% of resolutions voted against management	21.7%	3.1%
% of resolutions abstained	0.7%	2.0%
% of meetings with at least one vote against management	82.6%	35.5%
% of resolutions where manager voted contrary to recommendation of proxy adviser?	13.9%	9.6%
Any use of proxy voting services during the period	Glass Lewis	Institutional Shareholder Services (ISS)

Summary of significant votes as identified by Man

	Citi Group Inc	Sumitomo Mitsui Financial Group Inc	Booking Holdings	Intel Corp.	Pfizer Inc.
Summary of resolution	Shareholder Proposal Regarding Report on Plastics	Shareholder Proposal Regarding Lobbying Activity Alignment with the Paris Agreement	Shareholder Proposal Regarding Aligning Business Strategy to the Paris Agreement	Shareholder Proposal Regarding Climate Policy	Shareholder Proposal Regarding Aligning GHG Reductions with Paris Agreement
How Man voted	For	For	For	For	For
Outcome of vote	The resolution failed.	The resolution failed.	The resolution failed.	The resolution failed.	The resolution failed.

Summary of significant votes as identified by Ruffer

	Banco Santander SA	JDE Peet's	BP Plc	Swire Pacific	ArcelorMittal
Summary of resolution	Governance - Remuneration of CEO and Executive Chair	Governance – Approve Company’s Remuneration Report	Environmental - Approve Shareholder Resolution on Climate Change Targets	Governance - Approve Issuance of Equity or Equity-Linked Securities without Pre-emptive Rights	Governance - Re-election of a Director
How Ruffer voted	For	For	Against	Against	For
Outcome of vote	The resolution passed with 74.6% votes in favour.	The resolution passed with 89.4% votes in favour.	The resolution failed with 83.3% votes against.	The resolution passed with 89.3% votes in favour.	The resolution passed with 94.9% votes in favour.