

STANTEC PENSION PLAN (UK) (“the Plan”)

IMPLEMENTATION STATEMENT FOR YEAR ENDING 31-03-2020

Introduction

This statement sets out the views of the Trustee in respect of the extent to which the Plan’s Statement of Investment Principles (‘SIP’) has been implemented during the period 01-04-2019 to 31-03-2020 (“the Plan Year”).

As the reporting requirements of this statement must relate to the Plan Year, the SIP against which the implementation requirements are being assessed is the version dated 30-09-2019 (attached as Appendix I to this statement).

The enclosed SIP was updated in September 2019 to take account of new legislative requirements so as to include:

- The Trustees’ policy for taking account of Financially Material Considerations within their investment strategy. Financially Material Considerations include the Environmental, Social and Governance (ESG) aspects of an investee company’s behaviour.
- The Trustees’ policy for engaging with investee companies and exercising their voting rights in order to influence positive corporate behaviour, particularly with regard to ESG matters (including climate change).
- The extent to which (if at all) the Trustees take account of Non-Financial Factors. Non-Financial Factors are factors that do not pose a risk to the prospect of the financial success of the investment and include such things as ‘the ethical views of Plan members’.

Plan structure

The Plan is a hybrid arrangement providing a mixture of defined benefits and defined contributions for plan members based on their date of joining the Plan and the circumstances under which they joined. The Plan consists of three main sections:

1. Stantec UK Defined Contribution section
2. Stantec UK Defined Benefit section
3. Stantec Treatment Defined Benefit section

In the Trustee’s opinion, they have fully complied with the requirements of the SIP during the Plan Year in respect of all three sections. The remainder of this Statement explains how the Trustees have complied with the various policies contained within the enclosed SIP in respect of each of the three sections of the Plan listed above.

Stantec UK Defined Contribution Section

Policy for compliance with Section 36 of the Pensions Act 1995 (choosing investments)

A full review of the underlying investment fund range, default option and fund usage was undertaken for this section of the Plan in November 2019. This review was undertaken by the Trustees' appointed investment adviser, who as an FCA authorised adviser with extensive experience of advising on occupational pension scheme investments, was deemed by the Trustees as having the required knowledge and skills to provide such advice.

The outcome of the review did not lead to any change in the range of funds being offered or the default fund being utilised.

During the Plan Year and following the market turmoil brought about as a result of the Covid-19 pandemic, Aegon suspended all trading in and out of their Property Fund with contributions automatically being diverted to a Replacement Cash Fund unless otherwise directed by the member. This was in line with action taken by other 'directly invested' commercial property funds. The suspension of the Property Fund was discussed with the Trustees' investment adviser and at the time of writing this statement the trading suspension remains in place although the Trustees have agreed the process to be followed in respect of reinvesting member contributions, including those temporarily held in the Replacement Cash Fund once the suspension is lifted.

Policy for taking into account financially material considerations, including environmental, social and governance aspects. In addition, the Policy for exercising voting rights, corporate governance and engagement principles.

In line with the Trustees' policy in these areas, all investment decisions are delegated to the managers of the underlying pooled funds. The Trustees have asked Aegon to complete the template questionnaire produced by the Pension and Lifetime Savings Association (attached as Appendix II to this statement) to obtain specific detail in respect of their voting and engagement activity during the Plan Year. Unfortunately, it was not possible for them to provide this information in time for the deadline by which this statement needed to be produced.

In light of this, the Trustees have reviewed Aegon's general policies in respect of Responsible Investment, as covered within their Responsible Investment Report 2019 (attached as Appendix III to this Statement). Key aspects of Appendix III as relevant to this section of the Plan are:

- Pages 6 to 19 covering Aegon's Responsible Investment Framework and Integration of ESG factors, including how they use active ownership to engage with issuers and investee companies and exercise their voting rights. **NB: references within these pages to 'Responsible Investment Solutions' refer to specific investment funds or solutions that are not currently either not available or not utilised through this section of the Plan and should be ignored.**
- Pages 36 to 44 covering Aegon's approach to investee engagement through 'Active Ownership'. This includes anonymised case studies on pages 42 and 43. **NB: the Trustees cannot be certain that the specific case studies detailed on pages 42 and 43 actually relate to investee companies within the specific funds available through this section of the Plan (although given the diverse spread of the investments within the overall fund range available it would be reasonable to**

assume that some of these case studies are relevant). In any event, these case studies give the Trustees some assurance as to the methodology and thought process adopted by Aegon when exercising voting rights on their behalf.

Policy for taking account of non-financial factors, including members' ethical views

In accordance with the policy set out under the SIP, the Trustees have not taken account of these factors during the Plan Year.

Stantec UK Defined Benefit Section

Policy for compliance with Section 36 of the Pensions Act 1995 (choosing investments)

No review of the investments under this section of the Plan has been undertaken during the Plan Year. As a result, this section of the Plan remains fully invested in the Clerical Medical With-Profits Fund (“With-Profits Fund”) in accordance with the contractual terms of the Group Pensions Contract.

Policy for taking into account financially material considerations, including environmental, social and governance aspects. In addition, the Policy for exercising voting rights, corporate governance and engagement principles.

In line with the Trustees’ policy in this area, all investment decisions are delegated to the manager of the With-Profits Fund. The Trustees have asked the With-Profits Fund manager to complete the template questionnaire produced by the Pension and Lifetime Savings Association (attached as Appendix II to this statement) to obtain specific detail in respect of their voting and engagement activity during the Plan Year. Unfortunately, it was not possible for them to provide this information in time for the deadline by which this statement needed to be produced.

In light of this, the Trustees have:

- Reviewed the Principles and Practices of Financial Management (“PPFM”) for the With-Profits Fund. Unfortunately, the PPFM does not contain any information in respect of voting and engagement practices, nor does it contain any information in respect of the manager’s approach to financially material considerations such as environmental, social and governance aspects, including climate change (“ESG matters”).
- Directly obtained the views of Scottish Widows as the parent company responsible for the With-Profits Fund in respect of ESG matters. Their response, which details their ‘sustainable investment and engagement model’ is included within the enclosed SIP as Appendix I to this Statement.
- Undertaken more detailed research regarding the voting and engagement activities of Scottish Widows. The outcome of this research is attached as Appendix IV to this Statement and includes a specific case study in respect of direct voting activity on BP. As BP are one of the top 10 equity holdings within the With-Profits Fund (extract below), the case study is directly relevant to this section of the Plan.

Top 10 equity holdings as at 31.12.2019

HSBC Holdings	GlaxoSmithKline
Royal Dutch Shell A	British American Tobacco
BP	Diageo
Royal Dutch Shell B	National Grid
AstraZeneca	Vodafone Group

Policy for taking account of non-financial factors, including members’ ethical views

In accordance with the policy set out under the SIP, the Trustees have not taken account of these factors during the Plan Year.

Stantec Treatment Defined Benefit Section

Unlike the previous two sections of the Plan, this section is not a ‘wholly insured’ arrangement. As a result, the enclosed SIP covers a wider range of policy areas against which this Statement needs to assess the extent to which the Trustees have implemented such policies.

Implementation of overall Objectives

During the Plan year, there have been no changes to the overall investment strategy for this section of the Plan and Charles Stanley Asset Management (CSAM) continue to provide fiduciary management services in line with an agreed strategic ‘Flight Plan’ that is targeting a self-sufficiency funding basis.

Implementation of Investment Policy (and wider investment related areas)

The investment policy remains unchanged and CSAM have utilised a combination of Growth Assets (Return Seeking) and Matching Assets (Liability Matching) in order to achieve the overall objective in line with the agreed policy. In implementing the Investment Policy, the Trustees and CSAM have complied with the principles and policies documented with the SIP in respect of:

- Investment management
- Return on investments
- Types of investments held
- The balance between the types of investments held
- The ability to sell investments to raise capital where required (e.g. to pay large transfers out)
- The overall risk budget documented within the flight plan

Policy for taking into account financially material considerations, including environmental, social and governance aspects. In addition, the Policy for exercising voting rights, corporate governance and engagement principles.

In line with the Trustees’ policy in this area, voting and engagement decisions during the Plan Year were delegated to the Fiduciary Manager (CSAM). CSAM’s policy on voting and engagement is as follows:

“We believe voting is an effective method of engagement. We use the services of proxy voting service provider Institutional Shareholder Services (ISS) to advise us on corporate governance issues and provide voting recommendations on our top 100 holdings of equity and fund securities. The advice of our proxy voting service provider is based on the UK Corporate Governance Code and its own set of voting principles built on a collection of industry best practice guidelines, which are designed to protect and enhance shareholders’ interests. ISS has a long-standing relationship with many of the UK-listed issuers within its coverage universe and regularly engages with the senior management teams of such issuers. With in-depth knowledge of the UK Corporate Governance Code and a long history of corporate engagement, we believe the provision of voting advice from our proxy service provider enhances our engagement with investee companies. However, we are not bound to follow the advice of ISS and retain

the ultimate say on which way to vote on each item raised at general and extraordinary shareholders meetings, based on what we believe is in the best interests of our clients. Where we believe it would assist shareholder interests, we may inform the company in advance of our voting intentions. We do not engage in securities lending with client holdings.”

The voting and engagement record for the top 10 holdings are included in Appendix V to this Implementation Statement.

Policy for taking account of non-financial factors, including members’ ethical views

In accordance with the policy set out under the SIP, the Trustees have not taken account of these factors during the Plan Year.

KEN WILCOCK

Date: 6 October 2020

Signed for and on behalf of the Trustees of the Plan

Enc:

- Appendix I** Statement of Investment Principles (signed 30-09-2019)
- Appendix II** Pension and Lifetime Savings Association – Manager Voting Questionnaire
- Appendix III** Aegon Responsible Investment Policy (December 2019)
- Appendix IV** Research into the voting and engagement activities of Scottish Widows
- Appendix V** Charles Stanley Asset Management voting and engagement record for the Treatment Section of the Plan