

Stantec Pension Plan (UK) – PBA Section

Statement of Investment Principles – Implementation Statement

The purpose of this Statement is to provide information which is required to be disclosed in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment) 2019 Regulations. In particular, it confirms how the investment principles, objectives and policies of the Trustees' Statement of Investment Principles (SIP) have been implemented.

The SIP in force is the SIP dated 16 July 2019 of the Section's predecessor prior to the novation of all assets and liabilities from the Peter Brett Associates Retirement Benefits Scheme to the PBA Section of the Scheme in January 2021.

The SIP provides further background details on investment arrangements.

This Statement covers the period 1 April 2020 to 31 March 2021.

Investment managers and funds in use

Asset Class	Fund	Target Asset Allocation
Global equities	LGIM Global Equity Fixed Weight 50:50 Index Fund	30%
Risk-controlled multi-asset	LGIM Dynamic Diversified Fund	35%
Property	LGIM Managed Property Fund	10%
LDI solution	LGIM Matching Core Funds	25%
Total		100%

Strategy Review

The Section's assets were novated from the Peter Brett Associates Retirement Benefits Scheme in January 2021, after the Section was established following Stantec UK Limited becoming the principal employer of the Peter Brett Associates Retirement Benefits Scheme.

There have been no changes to the investment manager or target asset allocation over the year.

Scheme Governance

The Trustee board is responsible for making investment decisions and seeks advice as appropriate.

The Trustees do not actively obtain the views of the membership of the Section to help form their policies set out in the SIP as the Section is comprised of a diverse membership, expected to hold a broad range of views on ethical, political, social, environmental, and quality of life issues.

The Section's policy with Legal & General Investment Management ('LGIM') was set up in January 2021. Following the initial set up of the policy, there were no changes to the investment management agreement with LGIM during the year.

Statement of Investment Principles

The Trustees adopted the Statement of Investment Principles (SIP) from the Section's predecessor (the Peter Brett Associates Retirement Benefits Scheme) in January 2021.

The Trustees have a policy on financially material considerations relating to Environmental, Social and Governance (ESG) issues, including the risk associated with the impact of climate change. In addition, the Trustees have a policy on the exercise of rights and engagement activities, and a policy on non-financial considerations. These policies are set out below and are detailed in the SIP.

There were no departures from the policies set out in the SIP, including the Trustees' policies on financially and non-financially material considerations, during the year.

Policy on financially and non-financially material considerations

Trustees' Policy: *The Trustees recognise that Environmental, Social and Governance (ESG) issues can and will have a material impact in the companies, governments, and other organisations that issue or otherwise support the assets in which the Section invests. In turn, ESG issues can and will have a material financial impact on the returns provided by those assets.*

The Trustees delegate responsibility for day-to-day decisions on the selection of investments to the Investment Managers. The Trustees have an expectation that the Investment Managers will consider ESG issues in selecting investments or will otherwise engage with the issuers of the Section's underlying holdings on such matters in a way that is expected to improve the long-term return on its assets.

The Trustees do not currently impose any specific restrictions on the Investment Managers with regard to ESG issues but will review this position from time to time.

The Trustees view climate change as less likely to be a material risk in the context of the short to medium term development of the Section's funding position than other risks but continue to monitor developments in this area in conjunction with their adviser.

Where ESG factors are non-financial (i.e. they do not pose a risk to the prospect of the financial success of the investment) the Trustees believe these should not drive investment decisions.

Members' views are not sought on financial or non-financial matters in relation to the selection, retention and realisation of investments.

There have been no changes to the Trustees' policy, nor any departures from their policy, during the year.

The Trustees note that the manner by which financially material ESG factors will be taken into account in an investment strategy or pooled fund offering will depend on the underlying asset classes within the pooled fund offering and the management style (e.g. active or passive).

The Trustees are satisfied that the funds currently invested in by the Section are managed in accordance with their views on financially material considerations, as set out below, and in particular with regards to the selection, retention, and realisation of the underlying investments held.

The Trustees have access to updates on governance and engagement activities by the investment manager, and input from their investment advisors on ESG matters. These views are also taken into account when appointing and reviewing investment managers.

The Trustees acknowledge that they are delegating the consideration of financially material factors in relation to determining the underlying holdings to their investment managers, given they are investing in pooled funds.

A summary of the Trustees’ views for each asset class in which the Section invests is outlined below.

Asset Class	Actively or Passively Managed?	Comments
Global equities	Passive	The Trustees acknowledge that the investment manager must invest in line with specified indices and, therefore, may not be able to disinvest from a particular security if they have concerns relating to ESG. The Trustees expect the investment manager to take into account ESG considerations by engaging with companies that form the index, and by exercising voting rights on these companies.
Risk-controlled multi-asset funds	Active	The Trustees expect the investment manager to take financially material ESG factors into account, given the active management style of the fund and the ability of the manager to use its discretion to generate higher risk adjusted returns. The Trustees also expect the investment manager to engage with the underlying investee companies, where possible, although it appreciates that fixed income assets within the portfolio do not typically attract voting rights.
Property	Active	The Trustees believe there is less scope for the consideration of ESG issues to improve risk-adjusted returns in this asset class because of the nature of the securities. However, the Trustees expect the investment manager to have regard to ESG issues when properties are being sold and purchased within the portfolio, together with any opportunities to re-develop existing properties with ESG issues in mind.
LDI	Active	The underlying assets of the LDI solution consist of government bond funds and derivative contracts, with no underlying investee companies as such. Therefore, the Trustees believe there is less scope for the consideration of ESG issues to improve risk-adjusted returns in this asset class because of the nature of the securities.

Policy on the exercise of voting rights and engagement activities

Trustees’ Policy: *The Trustees delegate responsibility for engagement with the issuers of the Section’s underlying investment holdings and the use of voting rights is delegated to their Investment Manager. The Investment Manager provides, on request, information to the Trustees on their actions in relation to engagement and use of voting rights.*

There have been no changes to the Trustees’ policy, nor any departures from their policy, during the year. All voting activities have been delegated to the investment manager, as the Trustees do not have any legal right to vote on the underlying holdings, given the pooled nature of the Section’s investments.

The Trustees currently invest in pooled investment funds with the investment managers, and they acknowledge that this limits their ability to directly influence each investment manager. However, the Trustees periodically meet with their investment managers, to engage with them on how they have taken ESG issues and voting rights into account for the investment approaches they manage on

behalf of the Trustees. As part of this, the Trustees will seek to challenge their investment manager on these matters where they think this is in the best interests of members.

Within the current investment arrangements, global equity and risk-controlled multi-asset funds contain equity holdings. Therefore, these funds have voting rights attaching to these underlying equities.

The investment manager sets their own voting policy and will often engage with investee companies directly.

The Trustees have delegated engagement activities to their investment manager, and they report quarterly to the Trustees on how they have voted on behalf of the Trustees for the underlying holdings.

A summary of the votes made by the investment manager from 1 April 2020 to 31 March 2021 on behalf of the Trustees (where the investment owns equities) is provided in the table below. The analysis is based on the latest information available from the investment manager.

Manager	Pooled or Segregated?	Third Party Proxy Policy Used	Resolutions Voted On	Resolutions Voted:		
				For	Against	Abstained
LGIM	Pooled	Not used – in house	67,905	81%	18%	1%

The voting activity set out above is presented at the company level, rather than being scheme or fund specific. The Trustees will work with their investment manager to obtain more detailed fund-specific voting information in future years.

The Trustees have requested details of the significant votes made on behalf of the Trustees (where voting rights are attached). Details of these significant votes are provided below, together with engagement activities where voting rights are not held by the investment manager. The notable engagement activities of the investment manager (as determined by the holding that has affected the most change in the manager’s opinion) are provided below:

- LGIM put forward a proposal to Amazon emphasising the important role that worker representation plays in supporting companies. This is in direct response to accusations against Amazon concerning its interference with efforts by its workers to unionise. As a consequence of these actions, Amazon has launched its Global Human Rights Principles, which recognise the fundamental rights of workers to organise, and commissioned a human rights impact assessment (with an external consultant). LGIM is continuing to engage with the company to ensure that Amazon's commitments to upholding human rights are maintained.

The Trustees are comfortable with the investment manager’s approach for exercising rights and conducting engagement activities, and specifically that they attempt to maximise shareholder value as a long-term investor.

The Trustees also consider investment managers’ policies on stewardship and engagement when selecting and reviewing investment managers.

Monitoring of Investment Arrangements

In addition to any reviews of investment managers or approaches, and direct engagement with investment managers (as detailed above), the Trustees receive performance reports on a quarterly basis from LGIM, together with performance reports from Broadstone on a quarterly basis to ensure the investment objectives set out in their SIP are being met.

Signed: Darren Howarth

Date: 29 September 2021

On behalf of the Trustees of the Stantec Pension Plan (UK) – PBA Section