Stantec Pension Plan (UK) – UK Defined Benefit Section
Implementation Statement for year ending 31 March 2021

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 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").

- Undertaken more detailed research regarding the voting and engagement activities of Scottish Widows. The outcome of this research is attached as Appendix VI 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.

- Reviewed the investment update provided to the Trustees on the Group Pension Contract in respect of performance and approach during 2020. This included a section on 'Responsible Investment' and is copied below:

  'During 2020, Scottish Widows significantly increased activity relating to responsible investment. This trend is expected to continue over the next few years. Executive oversight is provided by a Responsible Investment Committee, which with strong Board support, plays a pivotal role in setting Scottish Widows' sustainability agenda and provides strategic direction to our Responsible Investment activity.

> Over the coming years, our asset allocation models will increasingly incorporate climate-risk factors to inform more efficient portfolio optimisation decisions. Portfolios will become further resilient to changing customer preferences and growing risks to corporate performance stemming from even more stringent regulation.
>
> The dominant equity portion of the With-Profits Fund will have exclusions applied in the short term in line with Scottish Widows' published exclusions policy. The policy is designed to mitigate long-term investment risk by excluding investment in companies which fail to meet minimum criteria and / or invest in activities that are outside our Responsible Investment Framework. Tracker funds managed by Aberdeen Standard Investments on behalf of Scottish Widows do not currently inherit exclusions, however these tracker funds will have exclusions applied by revised index in Q1 2022.
>
> Schroders have strong credentials on an environmental, social and governance (ESG) basis, recently confirming their investments are 100% ESG integrated, across all asset classes. Schroders' integration approach spans the breadth of the investment process, from identifying trends, analysing securities and constructing portfolios through to engagement, voting and reporting.
>
> Climate change has already started to impact the performance of investments and will continue to do so in the decades ahead. This will be influenced by how successful the companies we invest in are in transitioning to a low-carbon economy. Those that fail to amend their businesses to be less carbon-intensive are at risk of being caught out by regulation or becoming out of favour with consumers and investors, leading to significant falls in their value.
>
> Taking account of the climate change risks and opportunities for the companies we invest in will be vital to limiting risk and maximising returns. Scottish Widows will use its size and influence to encourage the companies we invest in to make changes at the scale and pace needed, driving decarbonisation in the real economy.'

The Trustees have taken comfort from this additional information and particularly note the upcoming exclusions on tracker funds as well as the influence that Scottish Widows are looking to use to influence change.

The Trustees will continue to monitor updates and progress in respect of the Group Pensions Contract on ESG matters.

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.