

STANTEC PENSION PLAN (UK) – DC SECTION

IMPLEMENTATION STATEMENT FOR YEAR ENDING 31 March 2022

Introduction

On 6 June 2019, the Government published the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 (the "Regulations"). The Regulations require that the pension scheme trustees outline how they have ensured that the stewardship policies and objectives set out in the Plan's Statement of Investment Principles ("SIP") have been adhered to, by preparing an Implementation Statement. The Implementation Statement must:

- Explain how and the extent to which pension scheme trustees have followed their engagement policy, which is outlined in the SIP.
- Explain any changes made to the SIP during the Plan year and the reason for the change.
- Describe the voting behaviour by, or on behalf of the trustees (including the most significant votes cast by trustees or on their behalf) during the scheme year and state any use of the services of a proxy voter during that year.

Scheme Stewardship Policy Summary

The below bullet points summarise the Stewardship Policy for the DC Section of the Plan in force over the reporting year to 31st March 2022.

The Trustee recognises the importance of its role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the members invest, as ultimately this creates long-term financial value for the Plan and its beneficiaries.

- The Trustees do not invest members' contributions directly in assets such as equities and bonds, instead they use a range of investment funds provided by Aegon
- The Trustees annually review the stewardship activity of Aegon to ensure the Plan's stewardship policy is being appropriately implemented in practice. The Trustees receives regular reports on stewardship activity carried out by Aegon.
- As part of the management of the member's assets, the Trustees expect Aegon to:
 - Ensure that (where appropriate) the underlying investment managers exercise the Trustees' voting rights in relation to the member's assets; and
 - Report to the Trustees on stewardship activity by underlying investment managers as required.
- The Trustees will engage with Aegon as necessary for more information, to ensure that robust active ownership behaviours, reflective of the active ownership policies, are being actioned.

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 the Plan in November 2021. 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. No changes were made to the SIP during the Plan year ending 31 March 2022.

Throughout the previous Plan year and following the market turmoil brought about as a result of the Covid-19 pandemic, Aegon had 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. During the Plan year ending 31 March 2022, the Aegon Property Fund re-opened for new contributions as well as enabling members to divest funds with effect from 26 January 2022.

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 to obtain specific detail in respect of the voting and engagement activity during the Plan year. Aegon have provided information regarding the voting activity of the funds that members currently invest in.

With the exception of the two funds listed below, all investments under the Plan are managed by Blackrock. The two funds not managed by Blackrock account for 2% of total monies invested within the Plan (as at 15 November 2021).

- Aegon HSBC Islamic Ethical Equity Fund
- Aegon LGIM Ethical UK Equity Fund

The BlackRock Stewardship team publishes statements on the BlackRock analysis, engagements and votes in relation to certain high-profile proposals at company shareholder meetings. BlackRock publish these bulletins to highlight several of their key voting rationales as informed by their global voting guidelines, including when we vote against directors due to: insufficient progress on climate-related disclosures (particularly with regard to TCFD/SASB-aligned reporting); concerns about remuneration and/or overboarding; concerns about board oversight; and risk management in high profile situations, among others. BlackRock do not disclose vote intentions in advance of shareholder meetings as they do not see it as their role to influence other investors. BlackRock's role is to send a signal to the company about how well they believe the board and management has done in delivering long-term shareholder value. BlackRock vote bulletins can be found here: <https://www.blackrock.com/corporate/about-us/investment-stewardship#engagement-and-voting-history>

Voting and Engagement activity – Underlying Managers

Over the period, the majority of members were invested in the Aegon BlackRock LifePath Flexi Plan or the Aegon BlackRock LifePath Retirement Plan.

LifePath Flexi will automatically change the investment mix towards an asset allocation split of approximately 40% global equities and 60% fixed income by its target retirement date. When the relevant fund reaches its target date, members will be invested directly in an undated LifePath Flexi fund which will maintain the same 40%/60% asset allocation mix into retirement to support income

drawdown. This option assumes members are comfortable to remain invested in retirement and that they are aware that this means their fund may fall in value.

LifePath Retirement will glide towards an asset allocation split of approximately 75% fixed income and 25% cash by its target retirement date. This option assumes members will take 25% of the fund as tax free cash at the point of retirement and purchase an annuity with the remainder of the fund.

For reporting on voting (where applicable) and engagement activities for LifePath, Aegon have provided the Trustees with the following vote summary report for the 2058-2060 vintage in the growth phase of LifePath where it is 100% invested in equities which have voting rights. The voting captured in this growth phase vintage is applicable for all vintages.

Reporting Period: 04/01/2021 to 03/31/2022						
Voting Statistics	Total	Percent				
Votable Meetings	8175					
Meetings Voted	7884	96.44%				
Meetings with One or More Voted	2854	34.91%				
Votable Ballots	12395					
Ballots Voted	11920	96.17%				
Note: A meeting is votable when one or more ballots are eligible to vote at the meeting, and difference						
	Management Proposals		Shareholder Proposals		All Proposals	
	Total	Percent	Total	Percent	Total	Percent
Votable Proposals	80903		2468		83371	
Proposals Voted	76650	94.74%	2378	96.35%	79028	94.79%
FOR Votes	68393	84.54%	1611	65.28%	70004	83.97%
AGAINST Votes	6396	7.91%	707	28.65%	7103	8.52%
ABSTAIN Votes	1550	1.92%	59	2.39%	1609	1.93%
WITHHOLD Votes	253	0.31%	1	0.04%	254	0.30%
Votes WITH Management	69894	86.39%	2169	87.88%	72063	86.44%
Votes AGAINST Management	6757	8.35%	209	8.47%	6966	8.36%

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.

Summary

Overall, the Trustees are of the opinion the stewardship carried out on behalf of the Plan is at an acceptable level, and in line with the stewardship policy as stated in the SIP. The Trustees note the efforts from Aegon in monitoring the appointed underlying investment managers and encouraging better practices where appropriate.

The Trustees recognise that it has a responsibility as a large institutional investor to encourage and promote high standards of stewardship in relation to the assets that the Plan invests in. Accordingly, the Trustees continue to expect improvements over time, in line with the increasing expectations on investment managers and their significant influence to generate positive outcomes for the members, through considered voting and engagement.

KEN WILCOCK

For and on behalf of the Trustees of the Plan

Date: 20 October 2022