

Stantec Pension Plan (UK) – UK Defined Benefit 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 and Personal Pension Schemes (Disclosure of Information) Regulations 2013, as subsequently amended, including amendments to transpose the EU Shareholder Rights Directive (SRD II) into UK law. In particular, it confirms how the investment principles, objectives and policies of the Trustees' Statements of Investment Principles (SIPs) dated April 2024, which reflects the investment strategy in place at the start of the year, and December 2024, which reflects the investment strategy in place at the end of the year, have been implemented.

It also includes the Trustees' voting and engagement policies, as well as details of any review of the SIP during the year, subsequent changes made and the reasons for the changes (if any). A description of the voting behaviour during the year, either by or on behalf of the Trustees, or if a proxy voter was used, is also included within this Statement.

This Statement covers the period 1 April 2024 to 31 March 2025.

Investment objectives of the Section

The Trustees' objectives for setting the investment strategy of the UK Defined Benefit Section (the 'Section') of the Stantec Pension Plan (UK) have been set broadly with regard to the Section's Statutory Funding Objective set out in the Statement of Funding Principles. However, the Trustees also have regard to the Section's funding position on an indicative solvency ('buyout') funding basis, as it determines the Section's ultimate funding requirements and members' long-term benefit security.

The Trustees' primary objectives are set out on page 4 of the SIP dated December 2024 and are as follows:

- To ensure that the assets are of a nature to enable the Trustees to meet the Section's benefits as they fall due.
- To invest the Section's assets in an appropriately diverse and liquid range of investments.
- To invest in a way that is consistent with the Section's funding objectives, i.e. to invest so that the investment return assumptions used to determine the Trustees' funding plan have a reasonable chance of being achieved in practice.
- To target a level of hedging of 100% against the interest rate risk and inflation risk associated with the Section's total buyout liabilities.

The Trustees' objectives did not change between the April 2024 SIP, reflecting the investment strategy in place at the start of the year, and the December 2024 SIP, reflecting the investment strategy in place at the end of the year.

The Trustees appreciate that these objectives are not necessarily mutually exclusive.

The Trustees also recognise that it is currently necessary to accept some risk in the investment strategy to achieve the overall funding objective.

Review of the SIP

The SIP was last reviewed in December 2024. The Trustees updated the SIP to take account of changes made to the investment strategy over the period covered by this Statement.

Prior to this, the SIP had last been updated in April 2024 to take account of changes to the investment strategy that were implemented in the prior Section year.

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 later in this Statement and are detailed in the Trustees' SIPs. The Trustees' policies on financially material and non-financially material considerations, as well as voting and rights and engagement activities, were not updated between the April 2024 and December 2024 SIPs.

Investment manager and funds in use

The Trustees' investment strategy for the Section as at the start of the year was as shown in the below table, which is reflected in the April 2024 SIP.

Asset Class	Fund	Target Asset Allocation
Corporate bonds	Insight Buy and Maintain Bond Fund	40%
	Insight Long Dated Buy and Maintain Bond Fund	
Government bonds	Insight Index-Linked Gilts 2041-2050 Fund	59%
	Insight Index-Linked Gilts 2051-2060 Fund	
	Insight Index-Linked Gilts 2061-2070 Fund	
Cash	Insight Sterling Liquidity Fund	1%
Total		100%

The Trustees revised the Section's investment strategy during the year to reflect updated hedging requirements associated with the Section's 2024 actuarial valuation. Whilst the hedging targets against interest rate risk and inflation risk did not change, a reduction in the Section's overall estimated buyout liability value arising from the new actuarial valuation worked to reduce the level of assets that needed to be invested in government bond funds to meet the target level of interest rate and inflation exposure.

The Trustees' investment strategy in place as at the end of the year is as shown in the table below, and is reflected in the December 2024 SIP.

Asset Class	Fund	Target Asset Allocation
Corporate bonds	Insight Buy and Maintain Bond Fund	40%
	Insight Long Dated Buy and Maintain Bond Fund	
Government bonds	Insight Gilts 2061-2070 Fund	50%
	Insight Index-Linked Gilts 2031-2040 Fund	
	Insight Index-Linked Gilts 2041-2050 Fund	
	Insight Index-Linked Gilts 2051-2060 Fund	
	Insight Index-Linked Gilts 2061-2070 Fund	
Cash	Insight Sterling Liquidity Fund	10%
Total		100%

Under the revised investment strategy, the Trustees continue to aim to hedge 100% of the interest rate risk and inflation risk associated with the Section's total estimated buyout liabilities.

Investment governance

The Trustees are responsible for making investment decisions, and seek advice as appropriate from Broadstone Corporate Benefits Limited ('Broadstone'), as the Trustees' investment consultant.

The Trustees do not actively obtain 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, which the Trustees expect to hold a broad range of views on ethical, political, social, environmental, and quality of life issues.

The Trustees have put in place strategic objectives for Broadstone, as the Trustees' investment consultant, as required by the Occupational Pension Schemes (Governance and Registration) (Amendment) Regulations 2022, which were last reviewed by the Trustees in November 2023. These objectives cover demonstration of adding value, delivery of specialist investment consultancy services, proactivity of investment consultancy advice, support with scheme management, compliance, and service standards.

Monitoring of investment arrangements

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

Trustees' policies

The table below sets out how, and the extent to which, the relevant policies in the Section's SIP dated December 2024 have been followed:

Requirement	Policy	Implementation of Policy
Selection of Investments	<p>The Trustees may select investments from a wide range of asset classes from time to time, including, but not restricted to UK equities, overseas equities, government bonds, corporate bonds, commercial property and alternative asset classes, such as hedge funds, private equity and infrastructure.</p> <p>The investments selected will generally be traded on regulated markets and, where this is not the case, any such investments will be kept to a prudent level.</p> <p>The Trustees may also:</p> <ul style="list-style-type: none"> Invest in products that use derivatives where this is for the purpose of risk management or to improve the efficiency of the management of the Section's investments. Hold insurance policies such as deferred or immediate annuities which provide income to the Section, matching part or all of the future liabilities due from it. Hold a working cash balance for the purpose of meeting benefit payments due to members and the expenses of running the Section. 	No deviation from this policy over the year to 31 March 2025.

Requirement	Policy	Implementation of Policy
Target Asset Allocation	<p>The Trustees will set a Target Asset Allocation, determined with the intention of meeting their investment objectives.</p> <p>The Target Asset Allocation will be set taking account of the characteristics of different asset classes available and will be reviewed in light of any changes to the Trustees' view of the Sponsoring Employer's covenant, the nature of the Section's liabilities or relevant regulations governing pension scheme investment.</p> <p>The Trustees have agreed the range of funds to be used in the investment strategy, taking into account the maturity of the Section's liabilities, and to ensure the range is sufficiently robust to allow easy adjustment between the funds as the Trustees' risk appetite changes and the Section matures.</p>	<p>No deviation from this policy over the year to 31 March 2025.</p> <p>The Trustees' Target Asset Allocation as at the year end is reflected in the SIP dated December 2024.</p>
Delegation to Investment Managers	<p>The Trustees will delegate the day-to-day management of the Section's assets to professional investment managers and will not be involved in the buying or selling of investments.</p>	<p>No deviation from this policy over the year to 31 March 2025.</p>
Maintaining the Target Asset Allocation and Target Hedging Ratios	<p>The Trustees have responsibility for maintaining the overall balance of the asset allocation and Target Hedging Ratios. The Trustees monitor the asset allocation on a regular basis with the assistance of their adviser, Broadstone, and will consider switching assets between funds on a periodic basis.</p>	<p>No deviation from this policy over the year to 31 March 2025.</p> <p>The asset allocation and level of hedging exposure provided by the assets at the year end were broadly in line with their targets and are reflected in the December 2024 SIP.</p>
Realising Investments	<p>The Trustees make disinvestments from the Investment Manager with the assistance of their administrators, Broadstone, as necessary, to meet the Section's cashflow requirements.</p> <p>New money will be invested (or disinvestments required for cash flow purposes) to maintain the asset allocation and hedging levels, as far as possible.</p>	<p>No deviation from this policy over the year to 31 March 2025.</p>
Performance Benchmarks and Objectives	<p>The corporate bond funds are actively managed and have objectives to achieve long-term returns in excess of the yields available on comparable portfolios of UK gilts, to compensate for the additional risk associated with investing in diversified portfolios of debt securities.</p> <p>The government bond funds are passively managed and have objectives to achieve long-term returns in line with the yields available on comparable portfolios of UK gilts or index-linked gilts.</p> <p>The cash fund is actively managed and has an objective to achieve a return in line with the return on comparable money market funds and prevailing short-term interest rates.</p>	<p>The performance benchmarks and objectives were reviewed on a quarterly basis over the year to 31 March 2025.</p> <p>There were no changes to the funds' performance benchmarks and objectives over the year.</p>

Requirement	Policy	Implementation of Policy
Investment Management Charges	<p>The annual investment management charges of the funds used are set out on page 12 of the December 2024 SIP and are as follows:</p> <ul style="list-style-type: none"> Insight Buy and Maintain Bond Fund: 0.15% Insight Long Dated Buy and Maintain Bond Fund: 0.15% Insight Gilts Funds: 0.05% Insight Index-Linked Gilts Funds: 0.05% Insight Sterling Liquidity Fund: 0.10% 	<p>There were no changes to the funds' investment management charges over the year to 31 March 2025.</p> <p>The Section's charges as at the year end were in line with the SIP dated December 2024.</p>
Financially and Non-Financially Material Considerations	The Trustees' policies on financially and non-financially material considerations are set out on page 8 of the December 2024 SIP and in full below.	No deviation from these policies over the year to 31 March 2025.
Engagement and Voting Rights	The Trustees' voting and engagement policy is to use their investments to improve the Environmental, Social and Governance behaviours of the underlying investee companies. These ESG topics encompass a range of priorities, which may over time include climate change, biodiversity, the remuneration and composition of company boards, as well as poor working practices. The Trustees believe that having this policy and aiming to improve how companies behave in the medium and long term will protect and enhance the value of their investments and is in the members' best interests. The Trustees will aim to monitor the actions taken by the Investment Manager on their behalf and if there are significant differences from the policy detailed above, they will escalate their concerns which could ultimately lead to disinvesting their assets from the Investment Manager.	No deviation from this policy over the year to 31 March 2025 (see below).
Additional Voluntary Contributions (AVCs)	The Section holds funds accumulated in respect of AVCs separately from the assets backing defined benefits, with Aegon.	No changes to the AVC arrangements over the year to 31 March 2025.

Financially and non-financially material considerations

The Trustees recognise that ESG issues can and will have a material impact on the companies, governments and other organisations that issue or otherwise support the assets in which the Section invests. In turn, ESG issues can be expected to have a material financial impact on the returns provided by those assets. The Trustees delegate day-to-day decisions on the selection of investments to the Investment Manager. The Trustees have an expectation that the Investment Manager 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 the associated assets.

The Trustees' views on how ESG issues are taken account of in each asset class used over the year is set out below:

Asset Class	Active/Passive	Trustees' Views
Corporate bonds	Active	The Trustees expect the Investment Manager to take financially material ESG factors into account, given the active management style of the funds and the ability of the manager to use its discretion to generate higher risk-adjusted returns. The Trustees also expect their Investment Manager to engage with investee companies, where possible, although they appreciate that fixed income assets do not typically attract voting rights.
Government bonds	Passive	The underlying assets of the government bond funds consist of UK government bonds. 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.
Cash	Active	The underlying assets of the cash fund consist of primarily short-term money market instruments, 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.

The Trustees do not currently impose any specific restrictions on the Investment Manager with regard to ESG issues, but will review this position from time to time. The Trustees receive information from the Investment Manager on its approach to selecting investments and engaging with issuers with reference to ESG issues.

With regard to the specific risk to the performance of the Section's investments associated with the impact of climate change, the Trustees take the view that this falls within their general approach to ESG issues. The Trustees regard the potential impact of climate change on the Section's assets as a longer term risk and likely to be less material in the context of the short to medium term development of the Section's funding position than other risks. The Trustees will continue to monitor market developments in this area with their investment adviser.

Where ESG issues 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. The Trustees expect the Investment Manager, when exercising discretion in investment decision making, to consider non-financial factors only when all other financial factors have been considered and in such a circumstance the consideration of non-financial factors should not lead to a reduction in the efficiency of the investment.

Voting rights

The Trustees invested in pooled investment funds solely with Insight during the period, and they acknowledge that this limits their ability to directly influence the Investment Manager.

All voting activities have been delegated to the Investment Manager, as the Trustees are unable to vote on the underlying holdings, given the pooled nature of the Section's investments. However, the pooled fund investments held with Insight over the period do not contain equity holdings, and as such Insight did not exercise any voting rights during the period on behalf of the Trustees.

Engagement activities

The Trustees have also delegated engagement activities to the Investment Manager. A notable engagement activity Insight undertook during the year is provided below:

- Insight engaged with Duke Energy in 2024, one of America's largest energy holding companies, who are planning to achieve net zero methane emissions by 2030 and net zero carbon emissions from electricity generation by 2050, to support the clean energy transition. Insight note that Duke Energy are investing in major electric grid upgrades and more environmentally-friendly power generation processes, including expanded energy storage, renewables, natural gas, and nuclear.

Insight note that Duke Energy's transition plan relies heavily on natural gas and coal being phased-out by 2035, whilst a recent sale of their renewables business has led to the percentage of energy generated from renewables falling to 3%, making their 18% by 2030 target more challenging to meet. Duke Energy has also refreshed their human rights policy to extend coverage to access to water and data privacy, alongside more community engagement, and have increased disclosure regarding the skills and training of their Board of Directors, to strengthen governance.

Insight note that Duke Energy has been receptive to engagement and keen to understand Insight's recommendations. Insight will continue to monitor Duke Energy's progress with regard to its renewables targets.

The Trustees also consider an investment manager's policies on stewardship and engagement when selecting and reviewing investment managers.

Signed: Darren Howarth

Date: 18 June 2025

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