

Stantec Pension Plan (UK)

DC Chair's Statement for the year to 31 March 2025

Statement Regarding DC Governance

The Purpose of this Statement

This Statement has been prepared by the Trustees of the Stantec Pension Plan (UK) ('the Plan') in accordance with regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended). It sets out how the Trustees have met the statutory defined contribution (DC) governance standards during the Plan year ended 31 March 2025 ('the Plan Year').

The Trustees continually review and assess systems, processes and controls across key governance functions to determine whether these are consistent with those set out in regulatory guidance for defined contribution schemes.

This Statement covers the Plan year 1 April 2024 to 31 March 2025. The Statement will be published in the annual report and accounts.

The Plan is being used as a qualifying scheme for automatic enrolment purposes.

This Plan's Statement of Investment Principles ('SIP') was last updated in December 2024 and is available to view and download from the Plan website:

<https://broadstone.co.uk/wp-content/uploads/2025/01/Stantec-Pension-Plan-SIP-Defined-Contribution-Section-Final-December-2024.pdf>

Background

The Plan is a hybrid arrangement providing a combination 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 four sections:

1. Defined Contribution section
2. UK Defined Benefit section
3. Treatment Defined Benefit section
4. PBA Defined Benefit section

The funds offered by Aon to members in the DC section are 'wholly insured' meaning benefits are provided through a contract of insurance with Aon. As far as the underlying investments are concerned, the Trustees can only select investments that are contained within the contract into which they have entered. Whilst this might seem restrictive, there are certain advantages in using contracts of insurance and these are covered within this Statement.

Default Investment Arrangement

Members who join the Plan and who do not choose an investment option are placed into the Default Strategy. The Trustees are responsible for the Plan's investment governance, which includes setting and monitoring the investment strategy for the default arrangement.

Full details of the Default Strategy are set out in the Plan's Statement of Investment Principles in **Appendix A**. This information is also available via the online member portal.

The Trustees monitor the performance of the Default Strategy on a quarterly basis, at a minimum, and review against its benchmark and general market performance. The Trustees raise and discuss any concerns they have and whether action should be taken.

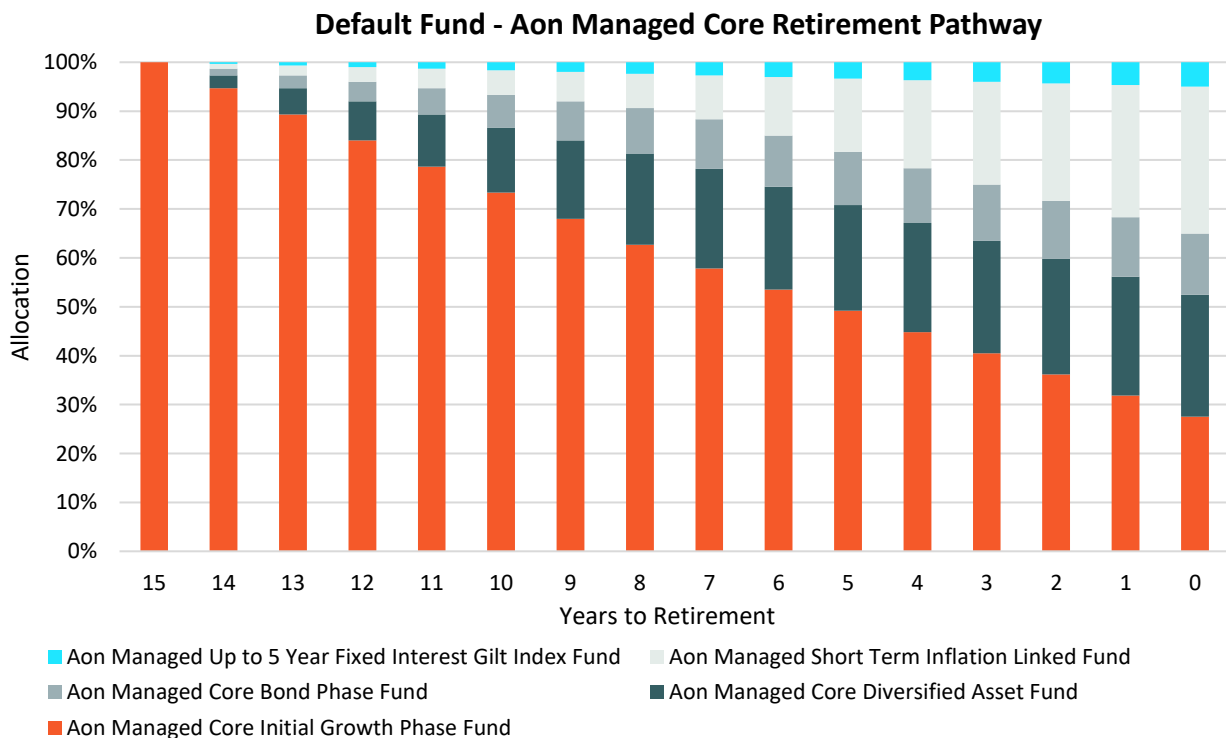
A full review of the Default Strategy took place on 26 April 2024, as part of the review of Aegon, the Plan’s previous investment and administration service provider. The review considered the default arrangement as well as the wider underlying investment fund range and fund usage. The review was undertaken by the Trustees’ appointed investment adviser, who, as an FCA authorised adviser with extensive experience of advising on occupational scheme investments, was deemed by the Trustees as having the required knowledge and skills to provide such advice.

The outcome of the review resulted in the Plan terminating its relationship with Aegon, and appointing Aon as its new investment and administration provider, with effect from 1 November 2024. Based on the analysis conducted, the Trustees believe that the investment fund options available with Aon are expected to provide better long-term investment performance as well as improved Environmental, Social and Governance (‘ESG’) integration. The chosen new default investment fund, with effect from 1 November 2024, is the Aon Managed Core Retirement Pathway Fund.

The Trustees also review the performance of the Default strategy against its aims, objectives and policies on a quarterly basis. This review includes an analysis of fund performance and member activity to check that the risk and return levels meet expectations. The Trustees’ performance reviews that took place during the Plan year concluded that the Default Strategy has been performing broadly as expected and remained consistent with the aims and objectives as stated in the SIP.

The Plan’s Default Strategy with Aon is designed to target gradual transition of a member’s fund in the fifteen years to their target retirement date to provide appropriate benefits. Members are able to choose between a selection of different variants of the fund, which target different retirement outcomes (e.g. cash sum, flexible income drawdown and annuity purchase). If members do not choose one of the variants then the default approach is to target flexible income drawdown.

The asset allocation of the default option is illustrated (showing underlying fund exposure) as per the chart below:



Asset allocation of the Default arrangement

The Trustees are required to disclose the full asset allocation of investments for the Default Strategy. The table below shows the percentage of assets allocated in the Plan's Default Strategy at various member ages to specified asset classes as at 31 March 2025. We have provided this information in line with statutory guidance.

Asset Class	Allocation (%) at Age 25	Allocation (%) at Age 45	Allocation (%) at Age 55	Allocation (%) at Age 65
Cash	0.2	0.2	0.2	0.1
Bonds	0.0	0.0	20.0	60.0
Corporate Bonds	0.0	0.0	13.3	25.0
Fixed Interest Government Bonds	0.0	0.0	1.7	5.0
Index-Linked Government Bonds	0.0	0.0	5.0	30.0
Other Bonds	0.0	0.0	0.0	0.0
Listed Equities	99.6	99.6	79.7	39.9
UK Equities	2.7	2.7	2.1	1.1
Developed Market Equities	96.4	96.4	77.2	38.6
Emerging Market Equities	0.6	0.6	0.4	0.2
Private Equity	0.0	0.0	0.0	0.0
Infrastructure	0.0	0.0	0.0	0.0
Property / Real Estate	0.0	0.0	0.0	0.0
Private Debt / Credit	0.0	0.0	0.0	0.0
Other	0.2	0.2	0.1	0.0
TOTAL	100.0	100.0	100.0	100.0

Source: Aon, as at 31 March 2025.

Investment Returns

Investment Returns of the Default Arrangement

This section sets out the annual return, after the deduction of member borne charges and transaction costs, for the default arrangement and investment options that members are able, or were previously able, to select and in which members' funds were invested during the Plan year. When preparing this section of the statement the Trustees have taken account of the relevant statutory guidance.

The investment returns, net of all fees borne by members of the Plan, are provided in the table below for the default arrangement in place. The Plan also provides funds in addition to those that form the default arrangement as self-select fund options.

The returns shown below are those that a typical member at various ages at 31 March 2025 would have received from the default arrangement, allowing for the lifestyling in place, had they been invested over the 1-year, 3-year and 5-year periods to 31 March 2025.

Default Arrangement Net of Fees Returns (Age at the start of the assessment period)	1 Year	3 Years	5 Years
25	3.0%	0.8% p.a.	8.2% p.a.
35	3.0%	0.8% p.a.	8.2% p.a.
45	3.0%	0.8% p.a.	8.2% p.a.
55	2.6%	-0.6% p.a.	5.5% p.a.
65	3.0%	-0.8% p.a.	4.2% p.a.

Source: Aon. Fund performance is net of fees, and for illustrative purposes shows blended returns (net of fees) of both the Aegon LifePath Flexi default until 31 December 2024, and the Aon Managed Core Retirement Pathway default from 1 January 2025 until 31 March 2025. It should be noted that while new contributions were transferred to Aon from 1

November 2024, members' accrued benefits/pots were bulk transferred from Aegon to Aon in December 2024 which is why we have shown performance for the Aegon default up to 31 December 2024.

Investment Returns of the Self-Select Funds

The table below shows the net investment returns achieved by each of the self-select funds for the Plan year to 31 March 2025. Fund performance is net of fees and shown as provided by the Plan's investment manager.

Net of Fees Returns	Used in Default?	1 Year	3 Years	5 years
<u>Aon Funds*</u>				
Aon Managed Core Initial Growth Phase Fund	Yes	4.0%	7.9%	14.6%
Aon Managed Core Diversified Asset	Yes	3.4%	3.5%	7.0%
Aon Managed Short Term Inflation Linked Fund	Yes	3.2%	3.4%	3.6%
Aon Managed Property and Infrastructure Fund	Yes	3.8%	-2.9%	5.5%
Aon Managed Passive Corporate Bond Fund	No	2.5%	-1.0%	-0.5%
Aegon BlackRock Over 15 Year Gilt Index Fund	No	-8.3%	-15.8%	-13.6%
Aon Managed Liquidity Fund	No	5.0%	4.0%	2.3%
Aegon BlackRock World (ex-UK) Equity Index Fund	No	2.9%	7.2%	14.6%
Aegon BlackRock UK Equity Index Fund	No	9.2%	5.8%	11.1%
Aegon BlackRock US Equity Index	No	3.7%	8.1%	16.4%
Aegon BlackRock European Equity Index	No	2.3%	7.2%	12.2%
Aegon BlackRock Japanese Equity Index Fund	No	-4.1%	5.3%	7.1%
Aegon BlackRock Pacific Rim Equity Index Fund	No	-6.8%	-3.0%	6.5%
Aegon BlackRock Emerging Markets Equity Fund	No	7.6%	1.8%	7.4%
Aegon HSBC Islamic Global Equity Index Fund	No	3.2%	8.9%	16.1%
Aegon LGIM Ethical UK Equity Index Fund	No	3.0%	8.1%	15.1%
<u>Aegon Funds**</u>				
Aegon BlackRock LifePath Capital 2043-2045	No	2.9%	3.6%	11.3%
Aegon BlackRock LifePath Flexi 2064-2066	No	3.0%	5.2%	13.5%
Aegon BlackRock LifePath Retirement 2061-2063	No	3.0%	5.2%	13.4%
Stantec Balanced Portfolio	No	4.5%	3.6%	8.1%
Aegon BlackRock World (ex-UK) Equity Index	No	2.8%	7.2%	14.6%
Aegon BlackRock UK Equity Index	No	9.2%	5.8%	11.1%
Aegon BlackRock US Equity Index	No	3.7%	8.1%	16.4%
Aegon BlackRock European Equity Index	No	2.3%	7.2%	12.2%
Aegon HSBC Islamic Global Equity Index	No	3.2%	8.9%	16.1%
Aegon Corporate Bond All Stocks Index Fund	No	2.5%	-1.0%	-0.5%
Aegon BlackRock Cash	No	5.0%	4.0%	2.3%

Source: Aon and Aegon. Fund performance is net of fees. *Whilst the Aon Managed Active Corporate Bond Fund And the Aon Managed Up to 5 Years UK Gilt Index Fund are part of the default strategy, neither fund is available as a self-select option for members. **Net investment returns taken from Aegon's quarterly investment report for Q1 2025 and are provided for these funds only.

Core Financial Transactions

During the period from 1 April 2024 to 31 March 2025, the Trustees have monitored the core financial transactions related to the DC Section to ensure they were processed promptly and accurately. The Plan's previous administrator, Aegon, was replaced by the Trustees during the Plan year following a review of their investment and administration provider. The new administrator, Aon, was appointed on 1 November 2024.

The Trustees have received assurance from Aegon and Aon that there were adequate internal controls in place to ensure that core financial transactions relating to the Plan were processed promptly and accurately during the Plan year to 31 March 2025.

Core financial transactions include:

- The investment of contributions to the Plan
- The transfer of assets relating to members into and out of the Plan
- The transfer of assets relating to members between different investments within the Plan
- Payments from the Plan to, or in respect of, members

The Plan has a Service Level Agreement ('SLA') in place with its administrator, Aon, which covers the accuracy and timeliness of all core financial transactions (and non-financial matters). Broadstone provides quarterly reports to the Trustees setting out how effectively core financial transactions are processed to facilitate the ongoing monitoring by the Trustees of agreed Service Levels.

The format of the detailed administration report displays the SLAs and records where the SLAs have been met or where further action is required to ensure that the SLAs are met. The Trustees have appropriate service agreements in place with their advisers and administrators are aware of their key contacts and processes for escalating any issues.

The actual performance against the SLAs achieved by Aegon over each quarter during the Plan year ending 31 March 2025 is as follows:

Date	SLA %
1 April 2024 to 30 June 2024	93.2%
1 July 2024 to 30 September 2024	95.5%
1 October 2024 to 31 December 2024	94.9%

The actual performance against the SLAs achieved by Aon over the most recent quarter during the Plan year ending 31 March 2025 is as follows:

Date	SLA %
1 January 2025 to 31 March 2025	95.6%

The Plan has a target of achieving at least 95% of core administration processes in order to meet agreed SLAs, which has been achieved in two of the four quarters over the Plan year, while the missed quarters were considered to be immaterial.

Despite the switch of administrator during the Plan year, we note that Aon utilise Aegon's administrative capability through a sub-contracting arrangement, so there is continuity in terms of day-to-day administration services. This means that Aegon continue to effectively manage the day-to-day administration processes, investing contributions, investment switches and payment of benefits. However, Aon is ultimately responsible for the delivery of investment management and administrative services to the DC Section of the Plan and its members. In addition, Aon have agreed enhanced administration service level standards with Aegon which are more favourable when compared to Aegon's standard service level standards agreed with other clients.

The Trustees ensure that the Plan's administrator works closely with the employer, specifically in relation to joiners and leavers to avoid delays in providing relevant information.

Internal control measures are in place that ensure contributions are checked, reconciled and that they are paid in accordance with the contribution schedules in place. Financial transactions are subject to annual audit requirements as part of the production and audit of the Trustees' Annual Report and Accounts.

The Trustees consider all areas of risk and specifically risks of significant impact such as fraud (including pension liberation), investment, management of costs, administration, regulatory requirements, operational procedures, communications and member understanding, corporate activity relevant to the Plan (including employer covenant) and options at retirement. Historically, the consideration of these risks was undertaken at the annual risk committee meeting during which the comprehensive business plan was reviewed and updated as required.

In anticipation of the publication of the Pensions Regulator's General Code of Practice, the Trustees decided to develop a shorter form and more user-friendly register which focuses on the 20 most significant Plan-specific risks. The risk register has been developed by a sub-committee of the Trustees comprising the Chair of Trustees and another trustee who has significant experience in risk management. The risk register is reviewed and updated by the sub-committee on a quarterly basis and is then presented at the next quarterly trustees meeting. The Trustees consider that the development of this risk register has been a valuable development of continuously managing risks associated with the Plan.

The Trustees have also carried out an initial gap analysis to identify the areas to be addressed by the Plan as a result of the publication of the General Code and are currently working on updates to processes and policies to meet these requirements.

The Trustees have reviewed their data management procedures and those of their service providers and have a post 25 May 2018 data protection policy in place. During 2021 and 2022, a review of the data management procedures and policies was carried out and brought up to date to reflect, for example, changes in service providers to the Plan. The next review of data management procedures and policies is due to take place late in 2025 and during 2026.

In accordance with regulation 24 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended), the Trustees have reviewed their core financial transactions and with the exception of the quarter running from 1 April – 30 June 2024, have concluded that the administrator has been operating appropriate procedures, checks and controls within the agreed SLAs. Following the change of administration provider, with effect from 1 November 2024, the Trustees are comfortable that Aon have in place an administration process which offers improved service level standards to that offered directly by the previous provider, Aegon.

Member-borne charges and transaction costs

The Trustees are required to set out the ongoing charges borne by members in this statement, which are annual fund management charges plus any additional fund expenses, such as custody costs, but excluding transaction costs; this is known as the Total Expense Ratio (TER). The TER is paid by the members and is reflected in the unit price of the funds.

Members currently meet investment management and administration costs, but all other costs (Plan governance, communications and investment advice) are met by the Employer.

The Trustees are also required to separately disclose transaction cost figures that are borne by members. In the context of this statement, transaction costs shown are those incurred when the Plan's fund managers buy and sell assets within investment funds. A negative transaction cost typically occurs when the change in market value on the day of sale/purchase more than offsets the implicit transaction costs associated with that sale/purchase.

The charges and transaction costs have been supplied by Aon, the Plan's investment manager, for the funds available to members on an ongoing basis. There is no missing transaction cost data.

When preparing this section of the statement the Trustees have taken account of the relevant statutory guidance.

Default Arrangement

The Plan's funds are managed by Aon, which replaced the previous default arrangement, the Aegon LifePath Flexi during the Plan year, with effect from 1 November 2024. The Default Strategy has been set up as target date funds so that members' assets are automatically moved between different investment funds as they approach their target retirement date. This means that the level of charges and transaction costs will vary depending on how close members are to their target retirement date and in which funds they are invested.

The investment management charges of the Default Strategy depend on the member's period to their target retirement date and are between 0.22% and 0.23% per annum. This means that for every £1,000 invested the investment management charge is between £2.20 and £2.30 a year. The TERs and transaction costs over the Plan year at different terms to retirement for a member invested in the Default Strategy are detailed in the following table:

	TER (p.a.)	Transaction costs
More than 15 years	0.23%	0.05%
10 years	0.22%	0.05%
5 years	0.22%	0.06%
1 year	0.22%	0.06%
At retirement	0.22%	0.06%

The Trustees confirm that all the charges for the default investment strategy are comfortably below the statutory investment management charge cap (0.75% p.a.) for the default fund strategy of defined contribution schemes used for auto-enrolment.

Self-select options

In addition to the Default Strategy, members also have the option to invest in several other self-select funds. The level of charges for each self-select fund (including those used in the Default Strategy) is set out in the following table along with the transaction costs over the Plan year. The underlying funds used within the Default Strategy are shown in bold.

Aon Fund	TER (p.a.)	Transaction costs
Default Strategy (Managed Core Retirement Pathway)	0.22% - 0.23%	0.05% - 0.06%
Aon Managed Core Initial Growth Phase Fund	0.23%	0.05%
Aon Managed Core Diversified Asset Fund	0.22%	0.02%
Aon Managed Short Term Inflation Linked Fund	0.20%	0.04%
Aon Managed Property and Infrastructure Fund	0.41%	0.16%
Aon Managed Passive Corporate Bond Fund	0.21%	0.00%
Aegon BlackRock Over 15 Year Gilt Index Fund	0.18%	0.04%
Aon Managed Liquidity Fund	0.20%	0.01%

Aon Fund	TER (p.a.)	Transaction costs
Aegon BlackRock World (ex-UK) Equity Index Fund	0.18%	0.03%
Aegon BlackRock UK Equity Index Fund	0.18%	0.08%
Aegon BlackRock US Equity Index Fund	0.18%	0.03%
Aegon BlackRock European Equity Index Fund	0.18%	0.04%
Aegon BlackRock Japanese Equity Index Fund	0.18%	0.04%
Aegon BlackRock Pacific Rim Equity Index Fund	0.18%	-0.03%
Aegon BlackRock Emerging Markets Equity Fund	0.33%	0.00%
Aegon HSBC Islamic Global Equity Index Fund	0.47%	0.00%
Aegon LGIM Ethical UK Equity Index Fund	0.47%	0.01%

Source: Aon. Whilst the Aon Managed Active Corporate Bond Fund and Aon Managed Up to 5 Years UK Gilt Index Fund are both part of the default strategy, neither fund is available as a self-select option for members.

Aegon Fund	TER (p.a.)	Transaction costs
Aegon BlackRock LifePath Capital TDF	0.29%	0.01% - 0.05%
Aegon BlackRock LifePath Flexi TDF	0.29%	0.04%
Aegon BlackRock LifePath Retirement TDF	0.29%	0.02%
Stantec Defensive Portfolio	0.23%	0.03%
Stantec Balanced Portfolio	0.23%	0.03%
Stantec Opportunity Portfolio	0.26%	0.03%
Aegon BlackRock World (ex-UK) Equity Index	0.21%	0.03%
Aegon BlackRock UK Equity Index	0.21%	0.08%
Aegon BlackRock US Equity Index	0.21%	0.00%
Aegon BlackRock European Equity Index	0.21%	0.04%
Aegon BlackRock Japanese Equity Index	0.21%	0.04%
Aegon BlackRock Pacific Rim Equity Index Fund	0.21%	-0.03%
Aegon HSBC Islamic Global Equity Index	0.50%	0.00%
Aegon LGIM Ethical UK Equity Index Fund	0.41%	0.01%
Aegon Property Fund	0.91%	0.04%
Aegon Corporate Bond All Stocks Index Fund	0.22%	0.00%
Aegon BlackRock Over 15 Year Gilt Index Fund	0.21%	0.04%
Aegon BlackRock Cash	0.20%	0.01%

Source: Aegon

The transaction costs over the year are within the ranges we would normally expect, and do not exceed 0.16% per annum (including the presence of negative transaction costs over the Plan year). There are no exit charges for members who elect to transfer-out their member pension fund out of the Plan.

Illustration of charges and transaction costs

Over time the charges and transaction costs that are taken out of a member's pension savings can reduce the amount available to the member at retirement. The Trustees have set out below illustrations of the impact of charges and transaction costs on different investment options in the Plan. The illustrations have been prepared in accordance with the DWP's statutory guidance on "Reporting costs, charges and other information: guidance for trustees and managers of occupational pension schemes" on the projection of an example member's pension savings. As each member has a different amount of savings within the Plan and the amount of any future investment returns and future costs and charges cannot be known in advance, the Trustees have had to make a number of assumptions about what these might be. The assumptions are explained below:

- the "before costs" figures represent the savings projection assuming an investment return with no deduction of member borne fees or transaction costs. The "after costs" figures represent the savings projection using the same assumed investment return but after deducting member borne fees and an allowance for transaction costs.
- The transaction cost figures used in the illustration are based on those provided by the managers over the past year (the guidance stipulates that five years should be used where this data is available).
- The illustrations are shown for the default arrangement, as well as two funds from the Plan's self-select fund range in which members are currently invested. The range of self-select funds shown in the illustrations include only those funds with a non-zero investment amount, and are:
 - The fund with the highest annual member borne charges – this is the Aon Managed Property and Infrastructure Fund; and
 - The fund with the lowest annual member borne charges – this is Aon Managed Long Term Inflation Linked Fund.

The compounding effect of charges on an active member's fund can be illustrated as follows:

Projected pension pot in today's money

Illustration for an "Average" member

Years to retirement age	Default Strategy – Core Retirement Pathway		Aon Managed Property and Infrastructure Fund		Aon Managed Long Term Inflation Linked Fund	
	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
24	£39,200	£39,200	£39,200	£39,200	£39,200	£39,200
20	£64,900	£64,300	£63,800	£62,600	£57,800	£57,500
15	£106,400	£104,400	£102,800	£98,900	£83,700	£82,700
10	£159,400	£154,800	£153,500	£144,700	£108,200	£106,400
7	£196,000	£189,300	£190,800	£177,800	£127,100	£124,600
5	£222,400	£213,900	£219,200	£202,700	£140,500	£137,400
3	£249,900	£239,400	£250,700	£230,000	£154,600	£150,800
1	£278,300	£265,500	£285,700	£259,900	£169,400	£164,900

Projected pension pot in today's money						
0	£292,800	£278,800	£304,600	£276,000	£177,100	£172,100

Projected pension pot in today's money

Illustration for a "Young" member

Years to retirement age	Default Strategy – Core Retirement Pathway		Aon Managed Property and Infrastructure Fund		Aon Managed Long Term Inflation Linked Fund	
	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
40	£5,200	£5,200	£5,200	£5,200	£5,200	£5,200
30	£47,100	£46,300	£45,700	£44,200	£38,400	£38,000
20	£121,000	£117,000	£114,000	£106,600	£80,600	£79,000
15	£177,000	£169,700	£164,100	£150,600	£105,900	£103,200
10	£248,000	£235,400	£229,200	£206,300	£128,500	£124,800
7	£296,700	£279,900	£277,200	£246,600	£146,800	£142,200
5	£331,400	£311,300	£313,700	£276,800	£159,800	£154,400
3	£367,300	£343,600	£354,100	£310,000	£173,500	£167,300
1	£404,200	£376,600	£399,100	£346,400	£187,800	£180,700
0	£423,000	£393,300	£423,400	£366,000	£195,200	£187,600

Notes:

- Values shown are estimates and are not guaranteed. The illustration does not indicate the likely variance and volatility in the possible outcomes from each fund. The numbers shown in the illustration are rounded to the nearest £100 for simplicity.
- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.

Annual salary growth and inflation is assumed to be 2.5%. Salaries could be expected to increase above inflation to reflect members becoming more experienced and being promoted. However, the projections assume salaries increase in line with inflation to allow for prudence in the projected values.

The starting pot size used is £39,200 for an "Average" member and £5,200 for a "Young" member. The projection is for 24 years for the "Average" member, and 40 years for the "Young" member, being the approximate duration that these members have until they reach the Plan's Normal Pension Age.

The starting salary is assumed to be £39,200 per annum for an "Average" member and £31,600 per annum for a "Young" member. Total contributions (employee plus employer) are assumed to be 9% of salary per year.

The projected gross annual returns (before charges and inflation) for the fund choices are as follows:

- **Default Strategy:** from 4.5% to 8.5% per annum, depending on the proximity to retirement
- **Aon Managed Property and Infrastructure Fund:** 8.0% per annum

- **Aon Managed Long Term Inflation Linked Fund:** 5.0% per annum

Trustee Knowledge and Understanding

The Trustees are required to maintain appropriate levels of knowledge and understanding to run the Plan effectively. Each Trustee must:

- be conversant with the Trust Deed and Rules of the Plan, the Plan's Statement of Investment Principles and any other document recording policy for the time being adopted by the Trustee relating to the administration of the Plan generally; and
- have, to the degree that is appropriate for the purposes of enabling the individual to properly exercise his or her functions as trustee, knowledge and understanding of the law relating to pensions and trusts and the principles relating to investment of the assets of occupational pension schemes.

This knowledge has been required in a variety of recent situations, including:

- The merger of the Peter Brett Associates Retirement Benefits Scheme into the Plan in January 2021 and, thereafter, the integration of the created PBA Section of the Plan.
- The admission of Barton Willmore Holdings Limited as a participating employer of the Plan with effect from 1 January 2023. All Barton Willmore Holdings Limited employees have been offered membership of the DC Section from that date. Similarly, the admission of Hydrock Limited (and associated employers) from 1 January 2025.
- The work to transition the DC Section investment management and administrative service provider for the Plan from Aegon to Aon.

The Trustees have measures in place to secure compliance with the legal and regulatory requirements regarding conversance and knowledge and understanding. Details of how the conversance and knowledge and understanding requirements have been met during the period covered by this statement are set out below:

- All Trustees have either completed the online trustee Toolkit or are required to complete this within six months of taking up office. The Trustees are tasked with completing new modules or amended modules as they are added or changed. In addition, the Trustees will revisit modules to refresh their knowledge periodically as necessary.
- The Trustees meet at least quarterly, and each meeting incorporates an update on key legislative developments, and each quarterly meeting incorporates a DC Governance and Administration review that includes measurement of performance against agreed KPIs.
- Trustees are encouraged to identify gaps in their knowledge and an annual training day takes place (in November or December) which is specifically designed to address the training need identified across both DC and DB sections of the Plan. The last annual training day took place on 11 December 2024 covered the following areas:
 - ESG/climate change
 - A general regulatory update, including recent and forthcoming changes
 - Legal update, particularly focussing on the Virgin Media/S37 case
- Historically, the Trustees have completed self-evaluation questionnaires. The results of these questionnaires were somewhat subjective with the answers provided by each Trustee being influenced by their personal interpretation of the questions. As a result, it was felt preferential for the Trustees to evaluate their own training requirements by regularly comparing their knowledge against the Pension Regulator's Scope Guidance, and this process is working well. Consequently, a separate 'board effectiveness' exercise was not deemed necessary during the Plan year.

- The Trustees take regular investment advice from their investment consultant on matters relating to the Plan's DC Section investments – including quarterly performance and a more detailed annual review. In addition, the Trustees conduct a detailed review of their overall provider at least every five years. The latest review of DC section providers commenced late in 2023. Potential providers as well as Aegon (the Plan's previous provider) were approached for proposals and, after a detailed review by the Trustees, presentations were delivered to the Trustees by potential providers. Having sought advice from the Trustees' investment advisers, Broadstone, it was agreed that Aon would be appointed to provide investment management and administration services to the DC section of the Plan. The transition of member assets from Aegon to Aon was completed during the Plan year, in December 2024.
- The Trustees maintain a training register to keep a log of all training undertaken. A minimum of 40 hours Continuous Professional Development (CPD) per Plan year must be recorded by each Trustee. Training logs are reviewed as part of each quarterly meeting and CPD is a standing agenda item at meetings. During the Plan year, each trustee undertook more than the minimum number of hours of CPD.
- For the Plan, the professional Trustee is Align Pensions Limited, who are represented by Darren Howarth. Darren has passed the PMI Level 3 Award in Pension Trusteeship (Defined Contribution and Defined Benefit) Unit 1 and Unit 2 exams respectively. As a result, Darren was awarded the title of a fully accredited professional independent trustee under the Association of Professional Pension Trustees (APPT) accreditation process. The training undertaken by the professional Trustee includes training on professional skills, cyber security, the General Code, Pension dashboards, the abolition of the Lifetime Allowance, developments in long term interest rates and economic markets, developments in pensions policy, future developments in investment stewardship, trustee protections and insurance, matters to consider in relation to defined benefit surpluses and how to approach pension disputes.
- All the Trustees are familiar with the current Plan governing documentation, including the Trust Deed & Rules (together with amendments), the SIP and key policies and procedures. In particular, the Trustees refer to the Trust Deed & Rules as part of considering and deciding to make any changes to the Plan and, where relevant, deciding individual member cases, and the SIP is formally reviewed at least every three years and as part of making any change to the Plan's investments.
- The Trustees keep up to date with developments in the DC landscape and new guidance issued by the Pensions Regulator.

Taking account of the above factors, the Trustees believe that their combined knowledge and understanding, together with available advice, enables them to properly exercise the required functions and have therefore met the requirements of the Section 247 and 248 of the 2004 Act (requirement for knowledge and understanding) during the Plan Year.

Value for members

VFM criteria	RAG outcome	Notes to support RAG outcome
Fair Charges for Services		<p>The only costs and charges incurred by members are the total expense ratio and the transaction costs reflected in the performance of the underlying investments.</p> <p>The total costs for each available fund is below the 0.75% maximum annual default fund charge imposed by legislation. All funds have a total expense ratio below 0.50%, including the default strategy which has an annual charge ranging from 0.22% to 0.23% depending on how far a member is from retirement. Meanwhile, transaction costs range from 0.05% to 0.16% per annum.</p> <p>All other costs associated with the running and operation of the Plan are met by the sponsoring employer. These include, but are not limited to:</p>

		<ul style="list-style-type: none"> • The costs for the provision of professional trustee services • The costs associated with the operation of an employee benefit portal that incorporates certain pension aspects • The provision of ad-hoc member communications • The provision of educational support (video content, webcasts etc) via the member portal and directly from Broadstone Financial Solutions <p>It should also be noted that an online member portal is also made available to deferred members who have left the employment of the sponsoring employer.</p> <p>Finally, the Plan also offers a salary exchange facility for the payment of member contributions (which then become additional employer payments) which results in a reduction in the net cost of contributions for employees.</p>
Valuable Investment Solutions		<p>The range of investment solutions includes:</p> <ul style="list-style-type: none"> • A default 'target date' strategy that automatically alters the underlying asset allocation during the investment duration so as to target a specific asset allocation at the members anticipated retirement that is in line with the expected benefit choice requirement of the typical default investor (drawdown/ flexible access) • Two alternative 'target date' strategies that can be selected should the investor wish to target annuity purchase or full encashment at retirement (as opposed to drawdown/ flexible access) • A range of 16 other self-select investment options covering a wide variety of asset classes and geographical regions. This range of funds also includes Ethical and Property & Infrastructure fund options.
Retirement Options		<p>Members have a wide variety of options, including:</p> <ul style="list-style-type: none"> • Annuity purchase (via advised or non-advised Open Market Options) • Drawdown (via a transfer to the Aon Master Trust arrangement or to an alternative arrangement of the members choice) • Uncrystallised Pension Funds Lump Sum (UFPLS), also known as 'full encashment' • Partial transfers or partial crystallisation – should a member wish to take any of the above options utilising just part of their fund and leaving the remainder invested (except UFPLS, which would require full encashment unless a partial transfer occurred before UFPLS taken)
Communication and Engagement		<p>As part of the due diligence in selecting the Aon arrangement, the Trustees discussed the various communications and engagement facilities available from Aon, including:</p> <ul style="list-style-type: none"> • Annual Statements and other statutory communications • 'Wake-up' communications that commence 15 years from anticipated retirement • Access to an online facility that provides, amongst other things: <ul style="list-style-type: none"> ○ Fund projections based on current assets and future contributions ○ 'what-if' projection tools ○ Shortfall calculations ○ Information and education on retirement options.

		In addition to this, members receive a newsletter at least once a year and also have a dedicated e-mail helpdesk where they can contact experienced Plan administrators who can provide information and support.
Security of Member Information and Assets		<p>As part of the due diligence undertaken in 2024 as part of the selection process, the Trustees gained comfort with Aon's security processes and procedures, including information security, combatting cyber-crime and protecting members and Trustees against financial crime (such as money laundering).</p> <p>As the techniques used by fraudsters are constantly developing, the Trustees do not feel that this area is ever likely to be deemed 'Green' as there will be a constant need for Aon to stay 'one step ahead' of potential fraudsters. The trustees have maintained focus on this matter and have established a sub-committee to specifically consider cyber risk and associated mitigating measure across the Plan.</p>

Communicating with members

The Trustees endeavour to provide Plan communications that are accurate, clear, understandable and engaging.

The Trustees, with their advisers, carefully consider all member communications and review common communications periodically (such as retirement quotation packs and benefit statements). The Trustees work closely with the Plan's investment advisers to ensure member interests are understood and represented in all decision making.

Members are regularly informed about the importance of reviewing their investment choices, and extensive retirement packages are sent to members which cover all disclosure requirements, including clear details of the retirement choices available to them, how they work and details of the Government's Pension Wise service.

Members receive an annual benefit statement which sign-posts them to where they can find this Statement to understand the investment they hold, the returns on investment, the charges/transaction costs and how these represent value for members.

In addition to annual benefit statements, newsletters are sent to all members providing details of current issues and items of interest. The newsletters are provided at least once a year. Ad hoc announcements are also sent periodically as the Trustees deem necessary.

The Trustees provide an interactive website facility to help members plan for retirement. The Trustees have issued a privacy notice covering General Data Protection Regulation requirements to all members

Following the switch of provider on 1 November 2024, the Trustees issued announcements to members regarding the transition of the investment management and administration service to Aon.

Signed: DARREN HOWARTH

Date: 8 SEPTEMBER 2025

Chair of Trustees for the Stantec Pension Plan (UK)

Appendix A – SIP