

Stantec Pension Plan (UK) – DC 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' Statement of Investment Principles (SIP) dated 22 December 2024 (as well as previous iterations applicable over the period dated 30 June 2023 and 1 June 2024) have been implemented.

It also includes the Trustees' voting and engagement policies, and any changes made during the Plan year, with the reasons for the changes. 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.

The SIP provides further background details on investment arrangements and should be read in conjunction with the Trustees' Chair Statement for the year ending 31 March 2025.

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

Investment objectives of the Plan

The objectives of the Plan are set out on page 4 of the SIP and are summarised below.

The Trustees' key objectives in respect of the default option of the DC Section are:

- Provide an element of protection against the effects of inflation by investing in growth assets where it is reasonable to do so based on the available investment time horizon as determined by the member's expected retirement age.
- Produce an 'at retirement' asset allocation that is suitable for the expected decumulation decision of a typical default investor.
- Reduce the risk that market movements in the years prior to a member's expected retirement age might lead to a substantial reduction in the benefits that could otherwise have been secured and/or the cash lump sum which could otherwise have been paid.

Stewardship policy

The Trustees' stewardship policy, as set out in the SIP dated 22 December 2024 (as well as previous iterations applicable over the period dated 30 June 2023 and 1 June 2024) is as follows:

The Trustees recognise their responsibilities as owners of capital, and believe that good stewardship practices, including monitoring and engaging with investee companies and exercising voting rights attaching to investments, protect and enhance the long-term value of investments. The Trustees have delegated to its investment managers the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, risks and ESG considerations.

The Trustees do not monitor or engage directly with issuers or other holders of debt or equity. They expect the investment managers to exercise ownership rights and undertake monitoring

and engagement in line with the managers' general policies on stewardship, as provided to the Trustees from time to time, taking into account the long-term financial interests of the beneficiaries (members). The Trustees seek to appoint managers that have strong stewardship policies and processes, reflecting where relevant the recommendations of the UK Stewardship Code issued by the Financial Reporting Council, and from time to time the Trustees review how these are implemented in practice.

Review of the SIP

The Trustees made changes to the investment strategy during the Plan year ending 31 March 2025. A revised Statement of Investment Principles was put in place, dated 22 December 2024, which reflects the switch of investment provider which took place, from Aegon to Aon.

The Trustees have a policy on financially material considerations relating to 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 Plan's SIP.

The Trustees' policies on financially and non-financially material considerations, as well as engagement and voting activities, were not changed during the year being reported.

Investment managers and funds in use

The investment funds used for the Plan are set out below.

Asset Class	Fund
<u>Aon Funds</u>	
Equities	Aon Managed Core Initial Growth Phase Fund
Multi-Asset	Aon Managed Core Diversified Asset Fund
Fixed Income	Aon Managed Short Term Inflation Linked Fund
Property	Aon Managed Property and Infrastructure Fund
Fixed Income	Aon Managed Passive Corporate Bond Fund
Fixed Income	Aegon BlackRock Over 15 Year Gilt Index Fund
Cash	Aon Managed Liquidity Fund
Equities	Aegon BlackRock World (ex-UK) Equity Index Fund
Equities	Aegon BlackRock UK Equity Index Fund
Equities	Aegon BlackRock US Equity Index Fund
Equities	Aegon BlackRock European Equity Index Fund
Equities	Aegon BlackRock Japanese Equity Index Fund
Equities	Aegon BlackRock Pacific Rim Equity Index Fund
Equities	Aegon BlackRock Emerging Markets Equity Fund
Equities	Aegon HSBC Islamic Global Equity Index Fund
Equities	Aegon LGIM Ethical UK Equity Index Fund

Asset Class	Fund
<u>Aegon Funds</u>	
Composite	Aegon BlackRock LifePath Capital TDF
Composite	Aegon BlackRock LifePath Flexi TDF
Composite	Aegon BlackRock LifePath Retirement TDF
Composite	Stantec Defensive Portfolio
Composite	Stantec Balanced Portfolio
Composite	Stantec Opportunity Portfolio
Equities	Aegon BlackRock World (ex-UK) Equity Index
Equities	Aegon BlackRock UK Equity Index
Equities	Aegon BlackRock US Equity Index
Equities	Aegon BlackRock European Equity Index
Equities	Aegon BlackRock Japanese Equity Index
Equities	Aegon BlackRock Pacific Rim Equity Index Fund
Equities	Aegon HSBC Islamic Global Equity Index
Equities	Aegon LGIM Ethical UK Equity Index Fund
Property	Aegon Property Fund
Fixed Income	Aegon Corporate Bond All Stocks Index Fund
Fixed Income	Aegon BlackRock Over 15 Year Gilt Index Fund
Cash	Aegon BlackRock Cash

For those funds which contain publicly listed equity holdings, information on resolution voting during the Plan year to 31 March 2025 is provided later in this statement.

Investment Governance

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

The Trustees do not actively obtain views of the membership of the Plan to help form their policies set out in the SIP as the Plan 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.

Trustee Policies

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

Requirement	Policy	Implementation of policy
<p>Process for Choosing Investments</p>	<p>Over the reporting period, the Trustees invested all of the Plan’s assets in an insurance policy with Aon and Aegon which offers members access to a wide range of pooled funds, some of which are external to Aon and Aegon, in addition to the default investment options which are target dated funds.</p> <p>The reasons for the Plan’s assets being insured are:</p> <ul style="list-style-type: none"> • The financial strength of Aon and Aegon • The security given by: <ul style="list-style-type: none"> I. its regulation by the Financial Conduct Authority/Prudential Regulatory Authority and II. the Financial Services Compensation Scheme. • The professional management of Aon’s and Aegon’s investment funds. • Aon and Aegon’s pension administration and investment experience • Aon and Aegon offer value for money by providing packaged investment and administration services. <p>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 Aon, and previously Aegon. The Trustees review the range of funds available under this section on a regular basis (typically annually).</p>	<p>No deviation from this policy over the year to 31 March 2025.</p>
<p>Risk Management and Measurement</p>	<p>The appointment relating to investment managers is based on the investment manager’s capability and therefore their perceived likelihood of achieving the expected return and risk characteristics required for the asset class/fund type being selected. Investments are made into pooled investment vehicles and as a result the Trustees accept that they cannot specify the risk profile and return targets of the manager, but the pooled funds are chosen with relevant characteristics and objectives to ensure an appropriate range of investment options for members. The Trustees evaluate investment manager performance by considering performance over both shorter and longer-term periods as available.</p>	<p>No deviation from this policy over the year to 31 March 2025.</p>

Default Investment Strategy	<p>The Trustees' key objectives for the default arrangement are to:</p> <ul style="list-style-type: none"> • Provide an element of protection against the effects of inflation by investing in growth assets where it is reasonable to do so based on the available investment time horizon as determined by the member's expected retirement age. • Produce an 'at retirement' asset allocation that is suitable for the expected decumulation decision of a typical default investor. • Reduce the risk that market movements in the years prior to a member's expected retirement age might lead to a substantial reduction in the benefits that could otherwise have been secured and/or the cash lump sum which could otherwise have been paid. 	<p>No deviation from this policy over the year to 31 March 2025.</p>
Day-to-Day Management of the Assets	<p>The pooled funds into which assets are invested do not have performance-based fees which could encourage the manager to make short term investment decisions to hit their profit targets.</p> <p>Based on the mandates currently held, the Trustees consider that the method of remunerating the investment manager is consistent with incentivising them to make decisions based on assessments of medium to long term financial and non-financial performance of an issuer of debt or equity.</p> <p>Encouraging a medium to long term view will in turn encourage the investment manager to engage with issuers of debt or equity in order to improve their performance in the medium to long-term. This is in line with the Trustees' investment policy.</p>	<p>No deviation from this policy over the year to 31 March 2025.</p>
Realisation of Investments	<p>The Trustees will realise assets as required following member requests to commence the taking of benefits.</p>	<p>No deviation from this policy over the year to 31 March 2025.</p>

**Financially and
Non-Financially
Material
Considerations**

The Trustees believe that the consideration of financially material Environmental, Social and Governance (ESG) factors in investment decision making can lead to better risk adjusted investment returns. The Trustees expect the investment managers, when exercising discretion in investment decision making, to take financially material ESG factors into account. On an ongoing basis the Trustees (delegating to their Investment Consultant where appropriate) assess the ESG integration capability of the investment managers.

The Plan is also comprised of a diverse membership, expected to hold a broad range of views on ethical, political, social, environmental, and quality of life issues. The Trustees therefore do not explicitly seek to reflect any specific views through the implementation of the investment strategy, both financial and non-financial, but rather offer a broad range of investment options to meet align with these broad views.

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. The Trustees expect its investment managers, when exercising discretion in investment decision making, to consider non-financial factors only when all other financial factors should not lead to a material reduction in the efficiency of the investment. Members' views are not sought on non-financial matters in relation to the selection, retention and realisation of investments. A few of the ESG issues which the Trustees consider as part of the Plan's investment strategy include climate change, energy efficiency, human rights, audit quality and board structure.

No deviation from this policy over the year to 31 March 2025 (see below).

Engagement and Voting Rights

The Trustees recognise their responsibilities as owners of capital, and believe that good stewardship practices, including monitoring and engaging with investee companies and exercising voting rights attaching to investments, protect and enhance the long-term value of investments. The Trustees have delegated to its investment managers the exercise of rights attaching to investments, including voting right, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, risks and ESG considerations.

The Trustees do not monitor or engage directly with issuers or other holders of debt or equity. They expect the investment managers to exercise ownership rights and undertake monitoring and engagement in line with the manager's general policies on stewardship, as provided to the Trustees from time to time, taking into account the long-term financial interests of the beneficiaries. The Trustees seek to appoint managers that have strong stewardship policies and processes, reflecting where relevant the recommendations of the UK Stewardship Code issued by the Financial Reporting Council, and from time to time the Trustees review how these are implemented in practice.

No deviation from this policy over the year to 31 March 2025 (see below).

Financially and non-financially material considerations

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 Plan 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.

As part of the monitoring process, the Trustees have access to updates on governance and engagement activities by the investment manager.

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

The Trustees invest across a range of asset classes and styles and expects the investment manager to take into account ESG considerations by engaging with the underlying companies and where relevant, by exercising voting rights on these companies.

Voting rights and engagement activities

By the end of the Plan year, the majority of members were invested in the Aon Managed Core Retirement Pathway Fund – the Plan's default fund.

In the new Aon default fund, if a member is more than fifteen years from their target retirement age, their account will be predominantly invested in equities with the aim of achieving long term growth of savings. From 15 years before a member's target retirement age, their account will be gradually moved into a mix of assets which aims to manage risk and be suitable to drawdown their funds over time when they retire.

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 Aon (and, previously 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. Aon and Aegon have provided information regarding the voting activity of the funds that members currently invest in.

For reporting on voting (where applicable) and engagement activities for the Aon Managed Core Retirement Pathway default option, Aon have provided the Trustees with a voting summary report for the Aon Managed Core Initial Growth Phase Fund (i.e. the growth phase, which includes the highest allocation to listed equities).

With the exception of the following funds, all investments under the Plan are managed by BlackRock. The funds not directly managed by BlackRock (although noting the Aon funds may include underlying exposure) that are invested within the Plan as at 31 March 2025 are:

- Aon Managed Core Initial Growth Phase Fund
 - LGIM Global Developed Four Factor Scientific Beta Index Fund (underlying fund)
 - UBS Global Equity Climate Transition Fund (underlying fund)
- Aon Managed Core Diversified Asset Fund
 - LGIM Global Developed Four Factor Scientific Beta Index Fund (underlying fund)
 - UBS Global Equity Climate Transition Fund (underlying fund)
- Aon Managed Property and Infrastructure Fund
- HSBC Islamic Global Equity Fund
- Aegon LGIM Ethical UK Equity Index Fund

The BlackRock Stewardship team have published 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 the manager votes against directors due to insufficient progress on climate-related disclosures (particularly with regard to TCDS/SASB-aligned reporting); concerns about remuneration and/or over boarding; 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 below:

<https://www.blackrock.com/corporate/insights/investment-stewardship#engagement-and-voting-history>

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. In particular, all voting activities have been delegated to the investment managers, as the Trustees do not have any legal right to vote on the underlying holdings, given the pooled nature of the Plan's investments. The

Trustees' stewardship policy is detailed at the start of this document although this has not been shared with the investment managers to influence what they believe to be the most significant votes.

However, the Trustees will engage with their investment managers (via their investment consultant) 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 managers on these matters where they think this is in the best interests of members.

Manager	Fund	Resolutions voted on	Total Resolutions Voted:		
			For	Against	Abstained
Aon	Aon Managed Core Initial Growth Phase Fund*	n/a**	91%	9%	0%
LGIM	LGIM Global Developed Four Factor Scientific Beta Index Fund*	12,059	79%	21%	0%
UBS	UBS Global Equity Climate Transition Fund*	11,378	92%	8%	0%
Aon	Aon Managed Property and Infrastructure Fund	n/a**	93%	7%	0%
BlackRock	Aegon BlackRock LifePath 2061-2063 Target Date Fund	91,134	92%	7%	1%
BlackRock	Aegon BlackRock World (ex-UK) Equity Index Fund	22,844	95%	5%	0%
BlackRock	Aegon BlackRock UK Equity Index Fund	9,588	98%	2%	0%
BlackRock	Aegon BlackRock US Equity Index Fund	6,874	98%	2%	0%
BlackRock	Aegon BlackRock European Equity Index Fund	6,898	91%	8%	1%
BlackRock	Aegon BlackRock Japanese Equity Index Fund	5,679	98%	2%	0%
BlackRock	Aegon BlackRock Pacific Rim Equity Index Fund	1,330	93%	7%	0%
BlackRock	Aegon BlackRock Emerging Market Equity Fund	2,732	89%	5%	6%
HSBC	Aegon HSBC Islamic Global Equity Fund	1,677	78%	22%	0%
LGIM	Aegon LGIM Ethical UK Equity Index Fund	16,720	82%	18%	0%

*The voting data is identical for the Aon Managed Core Diversified Asset Fund. The UBS Global Equity Climate Transition Fund and the LGIM Global Developed Four Factor Scientific Beta Index Fund are underlying funds within the Aon Managed Core Initial Growth Phase Fund.

**Aon did not directly vote (due to the funds being Aon funds of funds) hence showing not applicable for the resolutions voted on by Aon but the total resolutions voted is the votes cast by the underlying fund managers within each fund.

All of the Plan's assets are invested in pooled funds. Information regarding proxy voting is detailed below:

- LGIM do not use a proxy-voting service and voting is performed in-house.
- Meanwhile, Aon uses both Glass Lewis and Institutional Shareholder Services (ISS) whilst both BlackRock, HSBC and UBS use the latter only.

Significant votes

The Trustees believe the following are the most significant votes undertaken by the investment managers on their behalf over the Plan year:

SIGNIFICANT VOTE 1	
Fund	Aegon BlackRock World (ex-UK) Equity Index Fund
Company	Berkshire Hathaway Inc.
Date	4 May 2024
Resolution	Disclose BHE's Emissions and Progress Towards Goal in Consolidated Report
Why significant	Additional information regarding the company's plan to manage their strategy in the context of a transition to a low-carbon economy will help investors assess long-term risks and opportunities on this economically material issue.
How voted	VOTED FOR
Manager Comments	<i>BlackRock Investment Stewardship publishes "vote bulletins" and "case studies" on key votes at shareholder meetings to provide insight into certain vote decisions the team expects will be of particular interest to clients. These bulletins and case studies are intended to explain vote decisions relating to proposals addressing a range of corporate governance issues, including sustainability-related matters that may be material to a company's business model, that are on the agenda for a shareholder general meeting.</i>
Vote outcome	Fail

SIGNIFICANT VOTE 2	
Fund	LGIM Global Developed Four Factor Scientific Beta Index Fund
Company	Walmart Inc.
Date	5 June 2024
Resolution	Establish a Company Compensation Policy of Paying a Living Wage
Why significant	Shareholder resolution - Income Inequality: A vote in favour is applied as LGIM would encourage the company to establish a compensation policy that ensures employees earn a living wage. This is because paying a living wage may reduce the potential negative financial impacts that stem from low worker morale/poor health/absenteeism/presenteeism, high staff turnover etc..
How voted	VOTED FOR
Manager Comments	<i>LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.</i>
Vote outcome	Pass

The Trustees believe that the most significant votes detailed above are aligned with the Plan's stewardship priorities as detailed at the start of this document.

Engagement activities

The Trustees have also delegated engagement activities to their investment managers, with their notable engagement activities during the Plan year to 31 March 2025 provided below:

- **BlackRock** has had extensive, multi-year engagements with Shell where they have discussed, among other topics, board composition, corporate strategy and the board's oversight of, and management's approach to climate-related risks and opportunities. At Shell's May 2024 AGM,

BlackRock highlighted two key votes. The first was a management proposal to approve Shell's Energy Transition Strategy. BlackRock supported this proposal, as in its view Shell has provided, and continues to provide, a clear assessment of its plans to manage material climate-related risks and opportunities and continues to demonstrate progress against its Energy Transition Strategy. Additionally, BlackRock notes that Shell has made several adjustments to its climate-related targets due to developments in energy markets and the strategic shift in its power business. For example, Shell retired its 2035 net carbon intensity (NCI) target of 45% because of uncertainty regarding the pace of the global low-carbon transition. The second was a shareholder proposal which advised Shell to align its medium-term emissions reduction targets covering the Greenhouse Gas (GHG) emissions of the use of its energy products (scope 3) with the goal of the Paris climate agreement. BlackRock did not support this shareholder proposal because, in their view, the proposal is overly prescriptive. BlackRock believes it is the role of company leadership to set and implement the company's strategy. In their assessment, support of this proposal would contradict the energy transition strategy 2024 that has been put forward by the board and management team.

- **LGIM** Engaged with Walmart Inc, an American multinational retail corporation that operates a chain of hypermarkets, discount department stores and grocery stores, over 2024. LGIM contacted Walmart in relation to establishing a company compensation policy of paying a living wage and have been engaging with them on the topic for several years. In 2023, LGIM launched their income inequality engagement campaign, targeting 15 of the largest global food retailers, to which Walmart is a part of. LGIM voted for this policy, where they have been encouraging Walmart to establish a compensation policy that ensures employees earn a living wage, to reduce potential negative financial impacts that stem from low worker morale, poor health or high staff turnover. Over 2024 LGIM held a series of engagement meetings with Walmart. While the company has improved on some areas, in terms of training opportunities, the company does not have a policy yet in place and still pays employees under the living wage. LGIM continue to engage with Walmart and publicly advocate their position on this issue.
- **UBS** engaged with BHP Group over 2024. They met three times in 2024, primarily focusing on the release of their new Climate Transition Action Plan (CTAP). BHP Group are a leading producer of iron ore, copper and metallurgical coal. The company is a significant carbon emitter but a key enabler of the energy transition. In 2024, UBS met with the CFO, participated in their group investor engagement sessions and had bilateral discussions with BHP Group in the lead up to and after the release of the new CTAP. The focus was on Scope 3 emissions, physical risk and scenario analysis use for transition planning. UBS requested further disclosure on its Scope 3 emissions, given 97% of their total emissions are Scope 3. UBS also requested an update on Paris alignment scenarios the company uses to set strategies. Due to the speed of the transition expected to influence the demand for key minerals, and be a key driver of the sector's performance, UBS believed this is important to report on. In their new CTAP, BHP enhanced their Scope 3 strategy disclosures, including their view on steelmaking technologies and pipeline of abatement projects. BHP have also provided an initial framing of their assessment process on physical risk and further assessments are underway. UBS will continue to engage in 2025, focusing on the lack of clarity on outlook for metallurgical coal and the scale of expected use of offsets in BHP's net zero target.

Signatories to the UNPRI (United Nations Principles for Responsible Investment) will receive an overall 'score' which represents how well ESG metrics are incorporated into managers' investment processes. Investment managers will submit a transparency report on their processes across different categories which is then assessed by the UNPRI and graded in a formal report. Scores are presented in performance bands ranging from 1 to 5 stars. The latest UNPRI scores of the investment managers are outlined in the table below.

Manager*	Asset Class	UNPRI Score
BlackRock	Passive Equities	★★★★
	Property & Fixed Income	★★★★★
HSBC	Passive Equities	★★★★
LGIM	Passive Equities, Property & Fixed Income	★★★★★

*Although UBS is a signatory of the UNPRI, we did not receive any information regarding a formal score.

The Trustees also consider the 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 Broadstone.

Signed: **DARREN HOWARTH**

Date: **8 SEPTEMBER 2025**

On behalf of the Trustees of the Stantec Pension Plan (UK) - DC Section