

Implementation Statement for the Suncor Energy UK Pension Plan

Covering 1 January 2020 to 31 December 2020

1. Background

The Trustees of the Suncor Energy UK Pension Plan (the “Plan”) are required to produce a yearly statement to set out how, and the extent to which, the Trustees have followed the Plan’s Statement of Investment Principles (“SIP”) during the previous Plan year. This statement also includes the details of any reviews of the SIP during the year, any changes that were made and reasons for the changes. This is the first implementation statement produced by the Trustees.

A description of the voting behaviour during the year, either by or on behalf of the Trustees, or if a proxy voter was used, also needs to be included within this statement.

This statement should be read in conjunction with the SIP and has been produced in accordance with **The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018** and the subsequent amendment in **The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019**.

A copy of the most recent SIP can be found at <https://www.suncor.com/en-ca/about-us/exploration-and-production/united-kingdom>.

2. Investment Objectives and activity

DB Section

The objective of the Plan is over the long term, to achieve a return on the Plan’s assets which is consistent with the assumptions made by the Scheme Actuary and ensure sufficient liquidity to meet benefits as they fall due.

During the year, progress was reviewed on a regular basis. No formal manager selection or strategy decisions were made during the last Plan year, there were also no disinvestments made to meet cash flow requirements.

The SIP was fully reviewed and updated during the period to incorporate the Trustees’ policy on Environmental, Social and Governance (“ESG”) factors, stewardship and climate change, as required under new regulations.

3. ESG, Stewardship and Climate Change

The Plan’s SIP includes the Trustees’ policy on Environmental, Social and Governance (“ESG”) factors, stewardship and climate change. This policy sets out the Trustees’ beliefs on ESG and climate change, and the processes followed by the Trustees in relation to voting rights and stewardship.

The Trustees will review these policies further in the next Plan year and provide information in the next implementation statement. The Trustees also intend to interrogate the managers’ ESG policies including the application of voting rights in the next Plan year.

4. Voting and Engagement

The Trustees are keen that their investment manager is a signatory of the UK Stewardship Code, which they currently are.

The Trustees have elected to invest in pooled funds and the Trustees have delegated to their investment manager the exercise of voting rights. Therefore, the Trustees are not able to direct how votes are exercised and the Trustees have not used proxy voting services over the year. However, the Trustees will consider these policies in all future selections.

The Plan's funds are:

LGIM UK Equity Passive Fund

LGIM World (ex UK) Equity Index Fund

LGIM Active Corporate Bond – Over 10 year Fund

LGIM Over 5 year Index-Linked Index Fund

LGIM Over 15 year Gilts Index Fund

The Trustees were unable to include voting data for some of the pooled funds (LGIM Over 5 year Index-Linked Index Fund, LGIM Over 15 year Gilts Index Fund, LGIM Active Corporate Bond – Over 10 year Fund) due to the funds not holding physical equities, however they will continue to work with their advisers and investment managers with the aim of providing more information in future statements.

a. Description of Legal & General's voting processes

LGIM uses Institutional Shareholder Services' ('ISS') 'ProxyExchange' electronic voting platforms to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. LGIM's use of ISS recommendations is purely to augment their own research and proprietary environmental, social and governance (ESG) assessment tools.

To ensure their proxy provider votes in accordance with their position on ESG, LGIM have put in place a minimum standards custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what they consider are minimum best practice standards which LGIM believe all companies globally should observe, irrespective of local regulation or practice. In 2018, LGIM updated their Global Principles document which sets out minimum standards for governance across all companies globally.

In addition, LGIM have also set specific custom voting policies at an individual market level for those markets in which they adopt a stricter stance. All of LGIM's custom voting policies are developed in accordance with their publicly disclosed position on ESG in LGIM's Principles document and country specific policies.

LGIM retain the ability in all markets to override any vote decisions, which are based on their custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows LGIM to apply a qualitative overlay to their voting judgement.

LGIM has strict monitoring controls to ensure its votes are fully and effectively executed in accordance with their voting policies by their service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform them of rejected votes which require further action.

b. Summary of voting behaviour over the year

A summary of voting behaviour over the period is provided in the tables below.

| | Summary Info |
|---|---------------------------------------|
| Manager name | Legal & General Investment Management |
| Fund name | UK Equity Index Fund |
| Approximate value of trustees' DB assets | c.£16.5m as at 31 December 2020 |
| Number of Equity Holdings | 596 |
| Number of meetings eligible to vote | 1027 |
| Number of resolutions eligible to vote | 13941 |
| % of resolutions voted | 99.94% |
| % of resolutions voted with management | 93.05% |
| % of resolutions voted against management | 6.95% |
| % of resolutions abstained | 0.01% |
| % of meetings with at least one vote against managements | 3.26% |
| % of resolutions voted contrary to the proxy adviser recommendation | 0.75% |

| | Summary Info |
|---|---------------------------------------|
| Manager name | Legal & General Investment Management |
| Fund name | World (Ex UK) Equity Index |
| Approximate value of trustees' DB assets | c.£38.4m as at 31 December 2020 |
| Number of Equity Holdings | 2496 |
| Number of meetings eligible to vote | 3469 |
| Number of resolutions eligible to vote | 39168 |
| % of resolutions voted | 99.02% |
| % of resolutions voted with management | 80.62% |
| % of resolutions voted against management | 18.83% |
| % of resolutions abstained | 0.55% |
| % of meetings with at least one vote against managements | 6.34% |
| % of resolutions voted contrary to the proxy adviser recommendation | 0.25% |

c. Most significant votes over the year

Commentary on the most significant votes over the period is usually set out below.

In determining significant votes, L&G's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association consultation (PLSA). This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at L&G's annual Stakeholder roundtable event, or where we note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an L&G engagement campaign, in line with L&G Investment Stewardship's 5-year ESG priority engagement themes.

There were no significant votes made in relation to the securities held by both LGIM World (Ex UK) Equity Index Fund and LGIM UK Equity Index Fund during the reporting period.