

# Suncor Energy UK Pension Plan

## Implementation Statement covering 1 January 2021 to 31 December 2021

### 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 Plan year.

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/what-we-do/exploration-and-production/united-kingdom>.

### Voting and Engagement

The Trustees are keen that their investment managers are signatories 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

PIMCO GIS Income Fund

LGIM Matching Assets

The Trustees were unable to include voting data for some of the pooled funds (PIMCO GIS Income Fund and LGIM Matching Assets) 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.

	<b>Summary Info</b>
Manager name	Legal & General Investment Management
Fund name	UK Equity Index Fund
Approximate value of trustees' DB assets	c.£1.9m as at 31 December 2021
Number of Equity Holdings	572
Number of meetings eligible to vote	707
Number of resolutions eligible to vote	9923
% of resolutions voted	100%
% of resolutions voted with management	92.8%
% of resolutions voted against management	7.2%
% of resolutions abstained	0.0%
% of meetings with at least one vote against managements	45.7%
% of resolutions voted contrary to the proxy adviser recommendation	5.5%

	Summary Info
Manager name	Legal & General Investment Management
Fund name	World (Ex UK) Equity Index
Approximate value of trustees' DB assets	c.£39.2m as at 31 December 2021
Number of Equity Holdings	2462
Number of meetings eligible to vote	2493
Number of resolutions eligible to vote	29156
% of resolutions voted	99.8%
% of resolutions voted with management	78.9%
% of resolutions voted against management	20.2%
% of resolutions abstained	0.9%
% of meetings with at least one vote against managements	73.8%
% of resolutions voted contrary to the proxy adviser recommendation	14.2%

**c. Most significant votes over the year**

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

In determining significant votes, L&G's Investment Stewardship team considers 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.

Below is a sample of the significant votes made by the funds over the period to December:

Company name	Imperial Brands plc
Date of vote	2021-02-03
Summary of the resolution	Resolutions 2 and 3, respectively, Approve Remuneration Report and Approve Remuneration Policy.
How you voted	LGIM voted against both resolutions.
Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the 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.
Rationale for the voting decision	The company appointed a new CEO during 2020, who was granted a significantly higher base salary than his predecessor. A higher base salary has a consequential ripple effect on short- and long-term incentives, as well as pension contributions. Further, the company did not apply best practice in relation to post-exit shareholding guidelines as outlined by both LGIM and the Investment Association. An incoming CEO with no previous experience in the specific sector, or CEO experience at a FTSE100 company, should have to prove her or himself beforehand to be set a base salary at the level, or higher, of an outgoing CEO with multiple years of such experience. Further, we would expect companies to adopt general best practice standards. Prior to the AGM, we engaged with the company outlining what our concerns over the remuneration structure were. We also indicated that we publish specific remuneration guidelines for UK-listed companies and keep remuneration consultants up to date with our thinking.
Outcome of the vote	Resolution 2 (Approve Remuneration Report) received 40.26% votes against, and 59.73% votes of support. Resolution 3 (Approve Remuneration Policy) received 4.71% of votes against, and 95.28% support.
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM continues to engage with companies on remuneration both directly and via IVIS, the corporate governance research arm of The Investment Association. LGIM annually publishes remuneration guidelines for UK listed companies.
On which criteria (as explained in the cover email) have you assessed this vote to be "significant"?	We are concerned over the ratcheting up of executive pay; and we believe executive directors must take a long-term view of the company in their decision-making process, hence the request for executives' post-exit shareholding guidelines to be set.

Company name	Facebook, Inc.
Date of vote	2021-05-26
Summary of the resolution	Resolution 1.9 Elect Director Mark Zuckerberg
How you voted	Withhold
Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the 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.
Rationale for the voting decision	LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 we have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 we are voting against all combined board chair/CEO roles. Furthermore, we have published a guide for boards on the separation of the roles of chair and CEO (available on our website), and we have reinforced our position on leadership structures across our stewardship activities – e.g. via individual corporate engagements and director conferences.
Outcome of the vote	97.2% of shareholders supported the resolution.
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
On which criteria (as explained in the cover email) have you assessed this vote to be "significant"?	LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).