



The Star Group Pension Scheme (“the Scheme”) Implementation Statement

5 April 2025

Background and Implementation Statement

Background

The regulatory landscape continues to evolve as ESG becomes increasingly important to regulators and society. The Department for Work and Pensions ('DWP') has increased the focus around ESG policies and stewardship activities by issuing further regulatory guidance relating to voting and engagement policies and activities. These regulatory changes recognise the importance of managing ESG factors as part of a trustee's fiduciary duty.

Implementation Report

This implementation report is to provide evidence that the Scheme continues to follow and act on the principles outlined in the SIP.

The SIP can be found online at the web address:

<https://www.stargrouppensions.com/statement-of-investment-principles-2024/>

Changes to the SIP are detailed on the following page.

The Implementation Report details:

- actions the Scheme has taken to manage financially material risks and implement the key policies in its SIP;
- the current policy and approach with regards to ESG and the actions taken with managers on managing ESG risks;
- the extent to which the Scheme has followed policies on engagement covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in the investment mandate;
- voting behaviour covering the reporting year up to 5 April 2025 for and on behalf of the Scheme including the most significant votes cast by the Scheme or on its behalf.

Summary of key actions undertaken over the Scheme reporting year

Over the reporting period the Trustees undertook the following strategic actions:

- Switching from a pooled liability hedging portfolio to a segregated portfolio with BlackRock, in order improve the overall operational flexibility of the mandate and provide additional collateral resilience.
- Implementing a new Asset Backed Securities (ABS) mandate with TwentyFour Asset Management, following a competitive selection exercise. This new allocation was funded from monies received from illiquid asset sales and excess LDI portfolio collateral.
- A full redemption request for the BlackRock Long Lease Property Fund was placed in December 2024, following a review of the fund by the Trustees' investment advisers.

Implementation Statement

This report demonstrates that The Star Group Pension Scheme has adhered to its investment principles and its policies for managing financially material consideration including ESG factors and climate change.



Signed

Position Chairman of Star Group Pension Trustees

Date 19th March 2026

Managing risks and policy actions DB

Risk / Policy	Definition	Policy	Actions and details on changes to policy
Interest rates and inflation	The risk of mismatch between the value of the Scheme assets and present value of liabilities from changes in interest rates and inflation expectations.	To broadly hedge the risks by using assets sensitive to interest rates and inflation, whilst ensuring compliance with all regulatory guidance in relation to leverage and collateral management.	The Trustees implemented a segregated LDI portfolio with BlackRock over the period. BlackRock manage this portfolio to the Scheme's specific liability benchmark
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values) and to meet regulatory guidance around providing collateral to the LDI mandate.	Over the period the Trustees invested in the TwentyFour Monument Bond, a daily dealt ABS fund. This was partly funded from the proceeds of previous illiquid asset sales and provides a potential source of LDI collateral given its low volatility and daily liquidity.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.	The new ABS fund with TwentyFour was selected in part due to the diversification it is expected to provide against the Scheme's other investments.
Credit	Default on payments due as part of a financial security contract.	To appoint investment managers who actively manage this risk by seeking to invest only in debt securities where the yield available sufficiently compensates the Scheme for the risk of default. To diversify this risk by investing in a range of credit markets across different geographies and sectors.	The Scheme's direct lending holdings are in the realisation period, meaning that the underlying loans are maturing, thereby gradually reducing the Scheme's credit risk over time as these are reinvested into higher quality assets, such as ABS. The new investment to ABS was selected by the Trustees due to the expected high credit quality of the underlying investments that will be made by the investment manager.

Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Scheme's investments.	<p>To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria:</p> <ol style="list-style-type: none"> 1. Responsible Investment ('RI') Policy / Framework 2. Implemented via Investment Process 3. A track record of using engagement and any voting rights to manage ESG factors 4. ESG specific reporting 5. UN PRI Signatory 6. UK Stewardship Code signatory <p>The Trustees' have delegated day-to-day responsibility of incorporating ESG factors to the Scheme's investment managers.</p>	Further detail provided later in this report.
Currency	The potential for adverse currency movements to have an impact on the Scheme's investments.	Hedge all currency risk on all assets that deliver a return through contractual income.	No actions or changes over the reporting period.
Non-financial	Any factor that is not expected to have a financial impact on the Scheme's investments.	Non-financial matters are not taken into account in the selection, retention or realisation of investments.	No actions or changes over the reporting period.

Changes to the SIP

Over the Scheme year the Trustees made changes to the SIP to reflect the recent regulatory requirements as well as updated the wording to reflect the move to a segregated liability hedging portfolio. The most recent SIP was signed 9 April 2024.

Leverage and collateral management

Date updated: April 2024

- The Trustees will adhere to all relevant regulatory guidance and requirements in relation to leverage and collateral management within the Scheme's liability hedging (LDI) portfolio.
- The Trustees have a stated collateral management framework. The Trustees have agreed a process for meeting collateral calls should these be made by the Scheme's LDI. The Trustees will review and stress test this framework on a regular basis.
- Further details on this can be found in the Scheme's IID which is available to members on request.

Risk Policies

Date updated: April 2024

Interest rates and inflation

- To broadly hedge the risks by using assets sensitive to interest rates and inflation, whilst ensuring compliance with all regulatory guidance in relation to leverage and collateral management.

Liquidity

- To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values) and to meet regulatory guidance around providing collateral to the LDI mandate.

Investment management arrangements

Date updated: April 2024

Custody of Scheme's holdings

- Where the scheme's assets are invested in pooled vehicles, the custody of the holdings is arranged by the investment manager.
- With regards to the Scheme's LDI portfolio, the Trustees have appointed a custodian to operate alongside the investment manager in place. The custodian provides safekeeping for the assets and performs all associated administrative duties.

Defined Contribution section (DC Section)

Date updated: April 2024

Scheme's DC Section

- Following an employee consultation, ongoing contributions to the DC Section ceased with effect from 1 March 2023 and were directed to the Scottish Widows Master Trust.
- Following advice, the Trustees decided to transfer existing members DC Section assets to the Scottish Widows Master Trust with an effective date of 24 July 2023.

Additional Voluntary Contributions ('AVCs')

- All of the Scheme's previous AVC arrangements have now been transferred to the Scottish Widows Master Trust. Members with DB AVCs which were transferred can transfer these back to the Scheme at retirement in order to retain the same options as prior to the transfer to the Scottish Widows Master Trust.

Appendix B

Date updated: April 2024

How the investment managers are incentivised to align their investment strategy and decisions with the Trustees' policies

- The Trustees have a segregated arrangement with its LDI manager, thereby allowing the investment manager to align their strategy with the Trustees' policies. This is reviewed on an ongoing basis.

Current ESG policy and approach

ESG as a financially material risk

The SIP describes the Scheme's policy with regards to ESG as a financially material risk. This page details how the Scheme's ESG policy is implemented. The next page details our view of the managers, our actions for engagement and an evaluation of the engagement activity.

Risk Management	<ol style="list-style-type: none">1. Integrating ESG factors, including climate change risk, represents an opportunity to increase the effectiveness of the overall risk management of the Scheme2. ESG factors can be financially material and managing these risks forms part of the fiduciary duty of the Trustees
Approach / Framework	<ol style="list-style-type: none">3. The Trustees should understand how asset managers make ESG decisions and will seek to understand how ESG is integrated by each asset manager.4. ESG factors are relevant to investment decisions in all asset classes.5. Managers investing in companies' debt, as well as equity, have a responsibility to engage with management on ESG factors.
Reporting & Monitoring	<ol style="list-style-type: none">6. Ongoing monitoring and reporting of how asset managers manage ESG factors is important.7. ESG factors are dynamic and continually evolving; therefore, the Trustees will receive training as required to develop their knowledge.8. The role of the Scheme's asset managers is prevalent in integrating ESG factors; the Trustees will, alongside the investment advisor, monitor ESG in relation to the asset managers' investment decisions.
Voting & Engagement	<ol style="list-style-type: none">9. The Trustees will seek to understand each asset managers' approach to voting and engagement when reviewing the asset managers' approach.10. Engaging is more effective in seeking to initiate change than disinvesting.
Collaboration	<ol style="list-style-type: none">11. Asset managers should sign up and comply with common codes and practices such as the UNPRI & Stewardship code. If they do not sign up, they should have a valid reason why.12. Asset managers should engage with other stakeholders and market participants to encourage best practice on various issues such as board structure, remuneration, sustainability, risk management and debtholder rights.

ESG summary and actions with the investment managers

Manager, fund	ESG Summary	Actions identified	Engagement with manager commentary
Partners Group – Private Credit Fund	The manager has a firmwide ESG policy that includes ESG targets that focus on climate change, diversity & inclusion, and corporate governance and is supported by a structured training programme and strong net zero commitments. At the fund-level ESG integration in the investment process is robust with an ESG scorecard utilised as part of the due diligence process. However, the fund lacks overarching quantifiable targets.	Isio proposed that the manager establish nature and biodiversity-related stewardship priorities and consider becoming a signatory to the Net Zero Asset Managers Initiative (NZAMI). At the fund-level the manager should begin reporting on temperature pathway alignment and emissions data and improve engagement reporting.	In line with the proposed actions from the previous report, the manager reviewed and updated their ESG scorecard, which now includes sustainability scoring for climate and social risks. In relation to engagement reporting, they can provide examples of using Sustainability-Linked Loans to incentivise portfolio companies to improve on ESG criteria and are able to provide a range of standardized ESG metrics, including TCFD metrics.
Alcentra – European Direct Lending (EDL) Fund III	The manager has a firmwide Responsible Investment policy and has achieved operational net zero, with a target of net zero by 2050 for investments. ESG is integrated into the investment process, and the manager has improved quarterly reporting of ESG metrics.	Isio proposed that the manager introduce explicit stewardship priorities in its RI policy and develop connections with academic institutions to develop a risk management framework. At the fund-level Isio proposed reviewing the ESG scorecard annually, and reporting on individual issuer ESG scores rather than aggregated fund-level data.	Alcentra has formalised a firm-wide net zero commitment and improved quarterly reporting of ESG metrics, in line with the previous proposed actions for engagement. Alcentra has made thorough ESG training available to employees, but it is not compulsory and progress has been made on engagement objectives, although further improvements are restricted by the maturity of the fund.
BlackRock – LDI portfolio	The manager has a clear firmwide ESG policy and stewardship priorities. The manager has a proprietary green bond taxonomy framework for LDI portfolios and rate green gilts within this. The portfolio reporting is limited due to quantity of data available.	At the fund-level the manager should provide evidence of engagement with counterparties and introduce reporting on counterparty ESG scores and metrics.	BlackRock continues to update counterparty credit risk scorecards but does not yet provide ESG scores. BlackRock are developing a broader scorecard for reporting and remains engaged on improving transparency.
BlackRock – Absolute Return Bond Fund (ARB)	The manager has a clear firmwide ESG policy and stewardship priorities, which are overseen by a well-resourced central team. ESG is integrated into credit selection. However,	Isio proposed that BlackRock introduce formal firm-level stewardship objectives within their ESG policy, commit to a Net Zero target, with meaningful interim targets and reconsider their position in relation to	BlackRock now models climate scenario impacts and reports against an implied temperature pathway in line with the previous proposed actions for engagement but the manager has made limited progress

	the fund does not have specific ESG objectives or stewardship priorities.	CA100+ and NZAMI membership at the firm-level. At the fund-level they should set ESG objectives, introduce stewardship policies to then provide evidence of these engagements and include social metrics in quarterly reporting.	on setting fund-level objectives or reporting social metrics.
BlackRock – UK Long Lease Property (LLP) Fund	The manager applies a robust ESG process across its Real Assets platform and collaborates with industry initiatives. Due to nature of the asset class, the Fund has a limited level of control to implement some ESG practices.	Isio proposed that the manager provide evidence of detailed ESG metrics within their regular reporting cycle, implement quantifiable ESG targets for the fund and produce an ESG scorecard (in line with best practice).	The manager currently reports on GHG emissions (including scope 3) but provides limited additional ESG metrics. Isio continues to engage to improve data coverage.
J.P. Morgan – Infrastructure Investment Fund ('IIF')	The manager has strong ESG integration at firm and fund level, in line with peers in the market. The manager has a robust approach to stewardship and has comprehensive reporting at firm level. The fund uses an asset-specific ESG scorecard and actively engages with holdings.	Isio proposed that the manager's Net Zero target should be expanded to capture all assets under management. Provide quarterly reporting of ESG metrics and GHG emissions data. Consider using ESG data sources from external providers during the due diligence process and ongoing monitoring	Since the previous report the manager has introduced fund-specific ESG policies and objectives. Isio engaged with the manager in March 2025 following their withdrawal from the Net Zero Asset Managers Initiative (NZAMI) and review of the Diversity, Equity, and Inclusion (DEI) initiatives to understand the reasoning and outcomes related to these decisions.
TwentyFour – Monument Bond Fund	The manager uses a proprietary ESG scoring & engagement tracking system as part of the investment process and excludes issuers that score poorly. However there no net zero commitment at the manager or fund level and limited ESG objectives, with no explicit objectives at the fund-level. ESG reports are available quarterly with metrics and engagement included. The manager is limited by the availability of data in ABS market.	Isio proposed that the manager become a signatory to CA100+ and the Net Zero Asset Managers Initiative (NZAMI) and establish explicit firm-level stewardship priorities. At the fund-level the manager should introduce clear ESG objectives and stewardship priorities, include dedicated ESG professionals, provide reporting that breaks down scores by E, S and G factors, and review the ESG scorecard and risk framework more frequently, ideally on an annual basis	Some progress has been made on providing the breakdown of ESG scores and the manager is able to report E, S and G scores separately for the Sustainable Enhanced income ABS Funds. Isio will continue to engage on progress for the Monument Bond Fund.

Engagement

As the Scheme invests via fund managers the managers provided details on their engagement actions including a summary of the engagements by category for the 12-month period to 5 April 2025

Fund name	Engagement summary	Commentary
Partners Group – Private Credit Fund	Total Engagements: 6 Exit: 4 Corporate: 2	<p>The PMCS 2018 is a Direct Lending Fund which has now reached maturity and is distributing capital back to investors. Therefore, Partners Group have no further scope to apply ESG considerations in their investment selection process, however, they can still engage with underlying holdings as a senior debt holder.</p> <p>An example of a significant engagement for the Fund:</p> <p>Aroma-Zone (Trading Update) – The company had residual credit yet to be realised. The manager engaged with Aroma-Zone through board-level discussions during 2024, attending a meeting in December where the company reported strong performance. This success is due to a high customer retention rate compared to other retail players.</p>
Alcentra – European Direct Lending Fund (“EDL”) III	Total engagements: 126 Environmental: 34 Social: 39 Governance: 17 Strategy: 36 ESG Questionnaires: 37 Number of entities engaged: 37	<p>The manager engages directly with companies through management meetings, sponsor meetings, and diligence reviews on ESG matters. They believe that their stewardship activities directly support their objective of delivering strong, long-term investment returns for their clients.</p> <p>An example of a significant engagement for the Fund:</p> <p>Digital advertising services company: Alcentra highlighted its engagement with the company as part of Alcentra’s transition toward Sustainability-Linked Loans (SLLs). The engagement aimed to embed robust ESG KPIs into the loan structure, focusing on emissions measurement, employee engagement, and ESG awareness at senior levels. Alcentra provided detailed feedback and learning materials for the company’s proposed KPIs, encouraging the company to enhance its climate disclosures and governance practices. As a result, the company committed to developing a climate transition plan, formalising key policies, and improving employee engagement.</p>
BlackRock – Liability hedging	BlackRock currently do not provide details of their engagement activities at a mandate level for LDI portfolios. However, this is something they are looking to implement. Isio	<p>Within LDI portfolios, there are 3 avenues where ESG factors can be considered:</p> <ol style="list-style-type: none"> 1. the cash fund which is used to support the derivative exposure

	<p>remains in contact with BlackRock on engagement reporting.</p>	<ol style="list-style-type: none"> 2. the derivative counterparties BlackRock use 3. the physical instruments held <p>For derivative counterparties, BlackRock conduct in-depth due diligence reviews focused on the credit fundamentals of the counterparty which includes criteria on governance. In addition, BlackRock continues to work on incorporating an 'Environmental' screening across the counterparties used.</p>
<p>BlackRock – Absolute Return Bond Fund</p>	<p>Total engagements: 236</p> <p>Environmental: 52</p> <p>Social: 43</p> <p>Governance: 141</p> <p>Some engagements cover multiple topics and include multiple company meetings during the year with the same company.</p> <p>Number of individual companies engaged: 80</p>	<p>BlackRock engage with portfolio companies through their Active Investment Stewardship team. This team works closely with BlackRock's active portfolio management and fixed income teams.</p> <p>Although BlackRock were unable to provide detailed descriptions of their engagements, they have now been able to provide an overview of topics as well as numbers of engagements.</p> <p>Isio will continue to work with BlackRock in order to progress their engagement data process.</p>
<p>BlackRock – UK Long Lease Property Fund</p>	<p>BlackRock currently do not provide details of their engagement activities at a Fund level. However, this is something they are looking to implement. Isio remains in contact with BlackRock surrounding the firm's engagement reporting.</p>	<p>BlackRock's ESG related engagement is led by the BlackRock Investment Stewardship team. BlackRock lease on full repairing and insuring terms, which means that whilst a tenant is in a property, BlackRock have little control over that property, therefore engagement opportunities are limited.</p>
<p>J.P. Morgan - Infrastructure Investment Fund ('IIF')</p>	<p>JP Morgan do not currently provide a breakdown of strategy level numbers for annual engagement.</p> <p>Over 2024 the Fund reported a total of 100 engagements (this comprised of Board Meetings, portfolio company strategy days, IIF Investor Committee Meetings, various summits and various cohort meetings).</p>	<p>J.P. Morgan Asset Management (JPMAM) is actively engaged with the underlying portfolio companies and management teams, particularly with regards to ESG matters.</p> <p>Each portfolio company customises an ESG framework crafted by the Fund's team, which includes specific goals and objectives, training, monitoring procedures, and best practice implementation. The Fund encourages alignment of the management teams with ESG objectives through compensation structures. ESG is also a Board agenda item, and all companies participate annually in the GRESB assessment to benchmark ESG performance and identify areas for improvement.</p> <p>An example of a significant engagement for the Fund:</p> <p>South Jersey Industries (SJI) –.As a 100% owned portfolio company, SJI was actively engaged to implement decarbonisation initiatives that are aligned with the UN Sustainable Development Goals. SJI committed to reducing Scope 1 and 2 emissions by 70% by 2030 and achieving carbon neutrality by 2040. The engagement addressed climate-related risks and opportunities, with actions including investments in renewable natural gas (RNG) projects, solar energy, and emissions reduction strategies. Outcomes included measurable</p>

progress on RNG infrastructure and enhanced ESG integration, demonstrating JP Morgan's governance-led stewardship and commitment to sustainable value creation.

<p>TwentyFour – Monument Bond Fund</p>	<p>Total engagements: 230</p> <p>Environmental: 18</p> <p>Social: 13</p> <p>Governance: 12</p> <p>Other: 187</p> <p><i>'Other' covers borrower meetings which includes both roadshow meetings with issuers as well as one to one meetings. These include wide ranging discussions but usually governance issues.</i></p> <p>Number of individual companies engaged: 150</p> <p>Please note engagement figures cover the 12 months to 31 December 2024 and the scheme has not held this fund for the entire period.</p>	<p>TwentyFour explicitly considers ESG factors in the investment process for all funds managed. TwentyFour engage with companies who 'take action' by identifying and selecting companies based on the criteria they have in place. This can range for any size company. There is a particular focus to carbon emission engagements and all portfolio management teams collaborate on these engagements.</p> <p>An example of a significant engagement for the Fund:</p> <p>Principality Building Society – TwentyFour engaged with the firm to improve their environmental approach. This was due to the lack of Energy Performance Certificate (EPC) data, specifically the financed emissions. Since the discussion with their ESG team, the company improved their EPC coverage from 49% to 79%. Following this improvement, the firm are aware of wider ESG possibilities to set meaningful targets.</p>
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Voting (for equity/multi asset funds only)

There are currently no funds held by the Scheme which have direct or indirect equity voting rights.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.