The Star Group Pension Scheme ("the Scheme") Implementation Statement

5 April 2026

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-priciples-2024/

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 2026 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 the income to accumulation share class in the J.P. Morgan Infrastructure Investment Fund.
- Increasing the allocation to TwentyFour Monument Bond Fund using monies received from illiquid asset distributions and redemptions.
- Full disinvestments from the direct lending mandates held with Alcentra and Partners Group following secondary market transactions that settled in the Scheme's Trustee's bank account in April 2026. The sale proceeds were invested into the Scheme's LDI portfolio.

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

Date

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 Scheme continued to hedge interest rate and inflation risk through its LDI portfolio. At year end the target hedge ratios were 90% on both interest rates and inflation on a gilts plus 0.5% liability basis.
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 the proceeds from the secondary market sale of the Scheme's direct lending mandates into the LDI portfolio. The Trustees also reinvested the partial redemption proceeds from the BlackRock LLP fund into the TwentyFour Monument Bond fund, providing additional headroom in the LDI collateral waterfall.
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 Scheme's current asset allocation is monitored quarterly against the strategic target to minimise material deviations.
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 two direct lending mandates were sold over the period, with the sale proceeds reinvested into the LDI portfolio, thereby reducing the Scheme's credit risk.

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.	To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria: 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 The Trustees' have delegated day-to-day responsibility of incorporating ESG factors to the Scheme's investment managers.	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

No changes were made to the SIP during the 12-month period to 5 April 2026.

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	1. Integrating ESG factors, including climate change risk, represents an opportunity to increase the effectiveness of the overall risk management of the Scheme 2. ESG factors can be financially material and managing these risks forms part of the fiduciary duty of the Trustees
Approach / Framework	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	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	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	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
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, the fund does not have specific ESG objectives or stewardship priorities.	Isio recommended enhancements to investment approach, reporting, and stewardship practices. This includes setting fund-specific ESG objectives, strengthening reporting by introducing social metrics in quarterly reporting, and enhancing stewardship through the development of fund-level stewardship policies and providing evidence of related engagement activities.	BlackRock publish firm-level stewardship priorities on their website with a clear focus on climate and natural capital. However, the manager has made limited progress on setting fund-level objectives.
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.	Isio recommended enhancements to risk management and stewardship practices. This includes providing counterparty ESG scores and metrics, as well as strengthening stewardship by evidencing engagement with counterparties.	BlackRock made limited progress on providing counterparty engagement evidence and introducing counterparty ESG scores and metrics reporting over the reporting period.
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 no actions given the Trustee's decision to disinvest from the fund.	
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	Isio recommended enhancements across reporting and risk management practices. This includes providing regular reporting on ESG metrics and emissions data, as well as strengthening risk management by incorporating ESG data from external	J.P. Morgan provide fund-level carbon footprint figures within annual client reporting, however they are yet to introduce GHG emissions data to these reports.

	and actively engages with holdings.	providers during the due diligence process and ongoing monitoring.	
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 recommended that the manager strengthen its investment approach, reporting, and risk management practices. This includes introducing clear ESG objectives and stewardship priorities within the investment process, enhancing reporting by providing a breakdown of scores across environmental, social, and governance (E, S and G) factors, and reviewing the ESG scorecard and risk management framework more frequently, ideally on an annual basis.	TwentyFour has a dedicated ESG specialist who works alongside the investment team to implement ESG strategy at the fund-level. However, progress on explicit fund-level ESG objectives and reporting is limited.

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 2026

Fund name	Engagement summary	Commentary
Alcentra – European Direct Lending Fund ("EDL") III*	Total engagements: 52 Environmental: 13 Social: 12 Governance: 3 Strategy: 24 Number of entities engaged: 37	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. An example of a significant engagement for the Fund: **Motorcycle industry company:** Alcentra engaged with this company to stress the importance of integrating ESG criteria into strategies and to support them in building a robust sustainability plan. The company has since agreed to implement ESG integration goals, explore options for the implementation of a formal ESG strategy and to focus on monitoring progress against regulatory requirements.
BlackRock – Absolute Return Bond Fund	Total engagements: 139 Environmental: 31 Social: 25 Governance: 83 Some engagements cover multiple topics and include multiple company meetings during the year with the same company. Number of individual companies engaged: 51	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. Although BlackRock were unable to provide detailed descriptions of their engagements, they have now been able to provide an overview of topics and numbers of engagements, as well as brief summaries of the topics discussed in each engagement.
BlackRock – LDI portfolio	BlackRock currently do not provide details of their engagement activities at a mandate level for LDI portfolios.	Within LDI portfolios, there are three avenues where ESG factors can be considered: 1. the cash fund which is used to support the derivative exposure

		2. the derivative counterparties BlackRock use 3. the physical instruments held 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.
BlackRock – UK Long Lease Property Fund	BlackRock currently do not provide details of their engagement activities at a Fund level due to the nature of the Fund's holdings.	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.
J.P. Morgan - Infrastructure Investment Fund ('IIF')*	JP Morgan do not currently provide a breakdown of strategy level numbers for annual engagement. Over 2025, JP Morgan estimated that the Fund had 100 engagements (this comprised of Board Meetings, portfolio company strategy days, IIF Investor Committee Meetings, various summits and various cohort meetings) with its 18 portfolio companies.	J.P. Morgan Asset Management (JPMAM) is actively engaged with the underlying portfolio companies and management teams, particularly with regards to ESG matters. 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. An example of a significant engagement for the Fund: **Multinational, multiservice energy provider –** J.P. Morgan Asset Management utilised their 100% governance control over the company to position a new project as a model of sustainable infrastructure. The site's existing infrastructure was leveraged to lower carbon footprint while optimising operating cost and help customers reach sustainability goals.
Partners Group – Private Credit Fund	Partners Group have confirmed that due to the vintage of the fund, there were no engagements undertaken over the reporting period.	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 and no longer engage with the underlying holdings as a senior debt holder.
TwentyFour – Monument Bond Fund	Total engagements: 212 Environmental: 14 Social: 9 Governance: 15 Other: 174 *'Other' covers borrower meetings which includes both*	TwentyFour explicitly considers ESG factors in the investment process for all funds managed. TwentyFour engage with every company that issues, manages or services any instruments where it is invested with the aim of ESG disclosures and performance. An example of significant engagement: **UK mortgage and secured loan provider** – TwentyFour engaged with the firm in Q1 2026 to understand the rationale behind the higher than peer swap rate on a newly launched Residential Mortgage Backed Securities

	roadshow meetings with issuers as well as one to one meetings. These include wide ranging discussions but usually governance issues. Number of individual companies engaged: 150	transaction as this was less attractive. The provider explained the high rate was due to interest rate volatility following the conflict in the Middle East. However, the provider agreed to reduce the rate by 20 basis points to better support the debt investors in the transaction. TwentyFour were comfortable with this, and the engagement was completed.

*Alcentra and J.P. Morgan were only able to provide figures covering the 12-month period to 31 December 2025.

Voting (for equity/multi asset funds only)

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

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