

Essar Oil (UK) Pension Scheme - Implementation Statement

Statement of Compliance with the Essar Oil (UK) Pension Scheme (the “Scheme”) Stewardship Policy for the year ending 31 July 2025.

Introduction

The Trustee has prepared this Implementation Statement in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the Pensions Regulator’s General Code of Practice. It sets out how the Trustee has complied with the Scheme’s Stewardship Policy and Statement of Investment Principles ([essar-sip-may-2024.pdf](#)) during the period from 31 July 2024 to 31 July 2025.

Overall, the Trustee is satisfied that:

- The Scheme investments have been managed in accordance with the Scheme’s stewardship Policy during the period;
- The Scheme’s investments have been managed in accordance with the remainder of the Scheme’s Statement of Investment Principles; and
- The provisions of the Statement of Investment Principles remain suitable for the Scheme’s members.

Statement of Investment Principles

The Trustee is scheduled to review the Statement of Investment Principles no later than July 2026.

The Trustee has prepared this Implementation Statement on the basis of the Statement of Investment Principles in force at May 2024, with reporting within this document in line with the Statement of Investment Principles applicable at the relevant time.

Scheme year investments

The primary objective of the Scheme is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependants, on a defined benefit basis.

The Trustee has overall responsibility for how the Scheme’s investments are governed and managed, in accordance with the Scheme’s Trust Deed and Rules, as well as Trust Law, Pensions Law and Pensions Regulations.

The Trustee monitors how well the investment adviser meets the objectives agreed with them, which are designed to align with the Trustee’s own objectives and investment strategy set out in the Statement of Investment Principles. The Trustee has set objectives for the adviser and is due to carry out an evidence-based review of the investment adviser’s performance against these objectives in December 2025. This will involve assessing the adviser against the different objectives and confirming whether the objectives have been achieved for the year.

The investment risks relating to the Scheme are described in the Statement of Investment Principles on page 3, and the expected return is described in the SIP on page 5.

The Trustee’s views on the expected levels of investment risks and returns inform decisions on the strategic asset allocation (i.e. what type of assets and areas of the world the Scheme invests in over the longer-term), and the style of management adopted by the Scheme.

The Trustee expects fund managers to invest the Scheme’s assets in the members’ best interests. With the aim of ensuring long-term, sustainable returns to provide benefits to the Scheme’s members, the fund managers are

expected to exercise voting power (where applicable) with the objective of preserving and enhancing long-term shareholder value. The Trustee meets from time-to-time with the fund managers to monitor their performance and conflicts of interest, whilst asking them to evidence the implementation of environmental, social and governance risk factors into their investment decision-making, including voting rights.

The Scheme's asset managers have conflicts of interest policies in place. The Trustee formally asks managers to confirm any conflicts of interest when managers meet with the Trustee. Managers have disclosed any potential or actual conflict over the period.

Stewardship policy

The Trustee Stewardship Policy sets out how the Trustee will behave as an active owner of the Scheme's assets which includes the Trustee approach to:

- The exercise of voting rights attached to assets; and
- Undertaking engagement activity, including how the Trustee monitors and engages with its investment managers and any other stakeholders.

The Scheme's Stewardship Policy is outlined in the Scheme's Statement of Investment Principles (SIP). As such, the Scheme's Stewardship Policy will be updated at the time of the Scheme's SIP review. This review will normally take place at least every three years in conjunction with the triennial Scheme's actuarial valuation but will also be reviewed annually. The last SIP review was completed in May 2024.

The Scheme's Stewardship Policy can be found within the Scheme's Statement of Investment Principles at: [Statement of Investment Principles May 2024 | Essar](#)

The Trustee has delegated voting and engagement activity in respect of the underlying assets to the Scheme's investment managers. The Trustee believes it is important that their investment managers take an active role in the supervision of the companies in which they invest in, both by voting at shareholder meetings and engaging with the management on issues which affect a company's financial performance.

The Trustee's own engagement activity of the Trustee is focused on their dialogue with their investment managers which is undertaken in conjunction with the investment advisers. The Trustee meets with its managers from time-to-time to discuss investment matters and considers the managers exercise of their stewardship both during these meetings and through reporting provided by their investment adviser.

The Trustee also monitors its compliance with its Stewardship Policy on a regular basis through and is satisfied that it has complied with the Scheme's Stewardship Policy over the last scheme year.

Voting activity

The Trustee seeks to ensure that managers are exercising voting rights and, where appropriate, monitors managers' voting patterns. The Trustee also monitors votes cast by managers on particular companies or issues that affect more than one company.

The Trustee has investments across multiple asset classes, such as money market funds, bonds, direct lending, multi-asset credit, property and liability driven investments. As the Trustee no longer holds direct equity exposure, voting activity is no longer able to be reported as bonds, properties and credit holdings do not generally confer to voting rights.

Proxy voting activity

Over the last 12 months, the Trustee has participated in several proxy votes in relation to the merger of the Federated Hermes Property Unit Trust with the L&G Managed Property Fund. This merger followed a significant redemption request from a large LGPS pool investor in the FHPUT which impacted the viability of the fund. Over

the reporting period, the Trustee participated in proxy votes to support the continued discussion, and ultimate merger, of the two funds. Federated Hermes exercised the proxy votes on behalf of the Scheme.

Engagement activity

The Trustee hold meetings with their investment managers from time-to-time where stewardship issues are discussed in further detail. Over the last 12 months, the Trustee has not met with any of its five managers.

The Trustee receives annual reporting on manager's engagement activity. The following table summarises the key engagement activity for the 12-month period ending 31 July 2025.

Manager	Company	Subject (theme and summary)	Outcome
Schroders Investment Management	N/A	Engagement with retail companies to understand their efforts in addressing the cost of living crisis.	Schroders engaged with companies on worker pay, wider benefits, employee engagement and executive pay. These insights have allowed Schroders to outline several areas where they think the approach can be improved.
Partners Group	Accelya	As part of an exit announcement, Partners engaged with the company about the realisation of first lien investment.	The full realisation generated an Internal Rate of Return (glRR) of 12.7% and a Total Value to Paid-in Capital (TVPI) multiple of 1.69x.
Partners Group	Thinkproject	As part of an exit announcement, Partners engaged with the company about the realisation of first lien investment.	The full realisation generated an Internal Rate of Return (glRR) of 8.8% and a Total Value to Paid-in Capital (TVPI) multiple of 1.37x.
ICG	Dave & Buster's	Environmental: due diligence on the company's ESG policy and whether it had any emission reductions or net zero initiatives in place.	Engagement responses indicated that emissions were less relevant to the company given the nature of the operations. The company has an official note on corporate social responsibility and a public sustainability report which indicates a focus on energy and water management through high-efficiency equipment and fixtures.
Federated Hermes	N/A	Manager engaged with directly managed assets and achieved additional green certification.	Engagement with assets included various aspects of ESG, including energy use, water use, water creation and recycling and social impact. Green certification was achieved on two industrial assets using active score and mode score which produces a certifiable score around the connectivity of an asset to the wider community.

Summary of manager engagement activity

The following table summarises the key engagement activity for the 12-month period ending 31 July 2025

Manager	Number of engagements	Topic engaged on
Schroders Structured Equity*	287	Environmental (177), Social (66), Governance (32), Other (12)
Partners Group	10	Environmental (0), Social (0), Governance (0), Other (10)
ICG Global Total Credit*	57	Environment (30), Social (15), Governance (12)
Federated Hermes Property Unit Trust	n/a	Federated Hermes pursues an active engagement strategy and 100% of its assets have engagement on various environmental, social and governance topics including net zero, biodiversity and social value.

**Information to 31 December 2024*

Use of a proxy adviser

The Scheme's investment managers have made use of the services of the following proxy voting advisors over the Scheme year as detailed below:

Manager	Proxy Advisor used
Schroders	Glass Lewis

Review of policies

The Trustee has committed to reviewing the managers' Responsible Investment (RI) policies on an annual basis. This next review of the managers' RI policies will consider the managers broader approach to responsible investment issues in addition to considering any change in approach by the manager over the year. The Trustee will also consider changes to their managers voting policies.

The Trustee and their investment advisers remain satisfied that the responsible investment policies of the managers and, where appropriate, the voting policies remain suitable for the Scheme.

Prepared by:

Trustee of the Essar Oil (UK) Pension Scheme

December 2025