



List of content

1. Executive Summary

p. 3

2. Governance

pp. 4 - 5

3. Strategy

pp. 6 - 9

4. ESG Risk Management Process

pp. 10 – 12

5. Metrics & Targets

p. 13

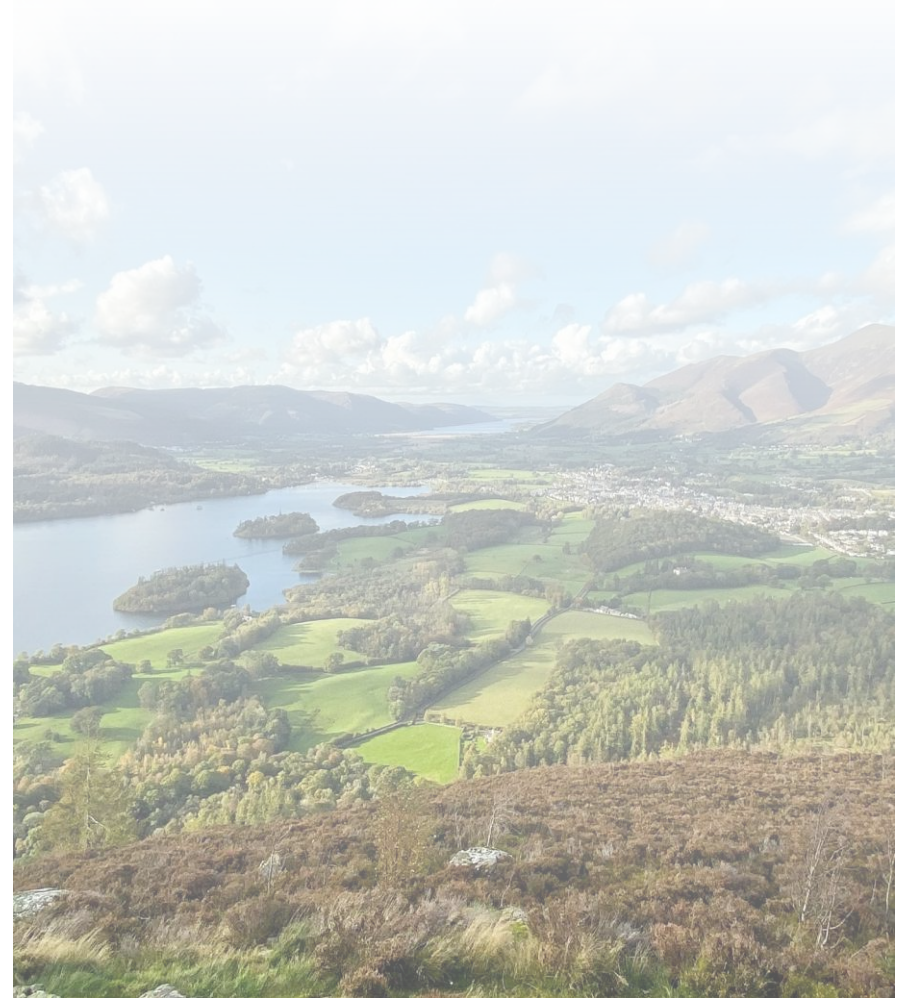
1. Executive Summary

STAR Capital Partnership LLP (“STAR”) is a leading private equity firm with over two decades of experience, dedicated to generating long-term value through strategic investments across sectors including infrastructure, energy, transportation and industrials.

This report outlines STAR’s approach to climate-related governance, strategy, risk management, and metrics and targets, in line with the TCFD recommendations. For the 2025 reporting cycle, STAR updated its climate scenario analysis across Net Zero 2050, Delayed Transition and Current Policies scenarios. The assessment indicates that STAR’s portfolio is broadly resilient, with transition risks identified as the most material climate-related risks and physical risks assessed as less material at portfolio level. Climate-related opportunities were also identified across the portfolio, particularly in areas linked to the transition to a low-carbon economy and improved operational efficiency.

STAR integrates climate-related risks and opportunities across its ESG risk management framework and investment lifecycle, including screening, due diligence, ownership and exit planning. Material findings may inform investment decisions, 100-day plans, portfolio monitoring and engagement with portfolio companies.

In FY25, all portfolio companies measured, monitored and reported Scope 1, 2 and 3 greenhouse gas emissions, and the share of portfolio companies with carbon emissions targets increased to 55%, compared with 36% in FY24. Continued integration of climate considerations into governance, investment decision-making and active ownership supports STAR’s long-term portfolio resilience.



2. Governance

At STAR, robust governance is the cornerstone of our approach to managing climate-related risks and opportunities. STAR has been assessing ESG risks in the various steps of its investment process for several years, including managing climate exposure where applicable.

2.1. Governance structure

2.1.1. Executive Board Oversight of Climate-related Matters

The Executive Board of STAR holds ultimate responsibility for overseeing the firm's Sustainable Investment Policy and the overarching climate strategy. The Board provides strategic direction for new investments and oversees the alignment of portfolio strategies with STAR's long-term sustainability goals.

Regular sustainability updates are provided to the Executive Board monthly, covering relevant developments across the portfolio and the firm. Where applicable, these updates include climate-related matters such as climate risk analysis findings, portfolio-level carbon performance, and progress toward emissions targets. These updates inform the ongoing review and refinement of the firm's sustainability strategy and policies.

Sustainability matters are on the agenda for each board meeting and incidents are escalated as appropriate to support ongoing oversight of climate-related risks and opportunities.

2.1.2. Management Responsibility

Management-level accountability is coordinated through the ESG Committee, chaired by the Head of Sustainability and composed of senior members of STAR who report directly to the Executive Board. From May 2026, a senior deal team partner will be chairing the Committee to further strengthen investment-level oversight.

The Committee oversees sustainability matters, including material climate-related risks and opportunities at both firm and portfolio level, ensuring climate considerations are integrated into the Investment Committee's processes and implemented by Portfolio teams through post-acquisition sustainability programmes across portfolio companies.

2.1.3. Organisational Hierarchy



Notes: 1) Please note other portfolio companies have ESG management committees reporting to the portfolio company boards

2.1.4. Integration into Investment Governance

Climate considerations are embedded into every stage of the investment lifecycle, beginning with ESG due diligence for all potential investments to identify material sustainability factors, including climate. The results of these assessments are integrated into 100-day plans for newly acquired assets to guide early-stage risk mitigation and data baselining. During the ownership phase, portfolio companies are required to annually report Scope 1, 2, and 3 greenhouse gas emissions, climate-related risks and opportunities, energy metrics, and decarbonisation initiatives. STAR utilises specialised third-party solutions to ensure accurate monitoring of KPIs and consistent data collection, with all climate-related findings documented through regular reporting mechanisms to the Board of Directors and fund investors.

2.1.5. Performance Evaluation and Compensation

To drive accountability and continuous improvement, STAR uses specific ESG-related objectives to evaluate staff performance. These objectives include:

- **ESG Integration:** assessing how effectively ESG factors are incorporated into STAR's investment activities.
- **ESG Strategy Development:** contributing to the advancement of STAR's overall ESG strategy and policy approach.
- **Stewardship Activities:** enhancing the organisation's stewardship activities and overall ESG performance.

These performance objectives are considered when reviewing compensation on an annual basis, incentivising board members and executives to prioritise ESG considerations.

2.1.6. Skills and Training

Building on the approach used for the 2023 TCFD report, STAR has refreshed its portfolio climate risk and opportunity assessment for the 2025 reporting cycle. The work is supported through structured workshops designed to build a shared understanding of climate resilience and to prioritise the most material risks and opportunities across the portfolio. Where relevant, STAR also draws on external specialist input to strengthen the scenario analysis and ensure the approach remains technically robust. The findings are incorporated into STAR's annual reporting and are intended to support ongoing Executive Board oversight of climate-related matters.

3. Strategy

STAR identifies and assesses climate-related risks and opportunities through climate scenario analysis. To support this work, STAR engaged a third-party consultant to test its investment strategy against three climate scenarios: Net Zero 2050, Delayed Transition, and Current Policies. The analysis draws on data from the IEA, NGFS, and IPCC, and covers short-, medium-, and long-term time horizons (1 year, 2030, and 2050).

3.1. Climate scenario analysis

3.1.1 Climate scenario descriptions

Net Zero 2050 scenario assumes strong global climate action and rapid emissions reductions aligned with a 1.5°C pathway, supported by coordinated policy and low reliance on carbon removal. Results in lower long-term physical and transition risks.

Delayed Transition scenario assumes Limited action until 2030 followed by rapid policy intervention and decarbonisation. Leads to a more disruptive transition, with higher transition costs, economic volatility, and elevated physical risks.

Current Policies assumes Limited additional climate action beyond existing policies, leading to continued high emissions and ~2.9°C warming by 2100. Transition risks stay relatively low, while physical risks increase significantly.

3.1.2 Climate scenario findings

3.1.2.1 Transition exposure

The analysis applies NGFS shadow carbon price assumptions to assess portfolio transition exposure through total scope 1-3 emissions, revenues, and carbon costs to 2050¹. Companies are classified from very low to very high exposure across current, 2030-, and 2050-time horizons.

Portfolio Company	Net Zero 2050			Delayed Transition			Current Policies		
	Baseline	2030	2050	Baseline	2030	2050	Baseline	2030	2050
ABL Technic	Very Low	Very Low	Low	Very low	Very low	Low	Very low	Very low	Very low
ASL Airlines	Very Low	Low	Moderate	Very low	Very low	Moderate	Very low	Very low	Very low
GenAir	Very low	Very low	Very low	Very low	Very low	Very low	Very low	Very low	Very low
GSLs	Very Low	Very Low	Very Low	Very Low	Very Low	Very Low	Very Low	Very Low	Very Low
Hawksford	Very low	Very low	Very low	Very low	Very low	Very low	Very low	Very low	Very low
MYFLEXBOX	Very low	Very low	Low	Very low	Very low	Low	Very low	Very low	Very low
Nextbike	Very low	Very low	Very low	Very low	Very low	Very low	Very low	Very low	Very low
Rail Operations Group	Very low	Very low	Very low	Very low	Very low	Very low	Very low	Very low	Very low
STR	Very low	Very low	Very low	Very low	Very low	Very low	Very low	Very low	Very low
V.Group	Very low	Moderate	High	Very low	Very low	High	Very low	Very low	Very low
Vincorion	Very low	Very low	Very low	Very low	Very low	Very low	Very low	Very low	Very low

Most portfolio companies have low emissions intensity and limited exposure to the transition risks reflected in the scenarios. Minor changes compared to the previous report are driven by updated emissions and scenario data, as well as changes in the portfolio.

ASL and V. Group show higher exposure under the Net Zero 2050 and Delayed Transition scenarios, where rising NGFS shadow carbon prices could result in higher carbon-related costs if emissions remain at similar levels through 2050. For V. Group, this exposure is primarily driven by Scope 3 emissions from ships. However, as V. Group does not own these ships, it is not expected to be directly impacted by carbon pricing to the same extent as companies with direct operational control over the emitting assets.

Notes: 1) <https://www.ngfs.net/ngfs-scenarios-portal/> (Scenario Explorer).

3.1.2.2 Physical exposure

The analysis applies climate scenario assumptions to assess portfolio physical risk exposure based on portfolio companies' own operational locations and exposure to acute and chronic climate hazards¹. Companies are classified from very low to very high exposure across the 2030, and 2050 time horizons².

Portfolio Company	RCP 2.6		RCP 6.0		RCP 8.5	
	2030	2050	2030	2050	2030	2050
ABL Technic	Low	Low	Low	Moderate	Low	High
ASL Airlines	Very low	Low	Very low	Low	Very low	Moderate
GenAir	Low	Low	Low	Moderate	Low	Moderate
GSLs	Very low	Low	Very low	Low	Very low	Moderate
Hawksford	Low	Low	Low	Moderate	Low	Moderate
MYFLEXBOX	Low	Low	Low	Moderate	Low	High
Nextbike	Low	Low	Low	Moderate	Low	High
Rail Operations Group	Low	Low	Low	Moderate	Low	Moderate
STR	Low	Low	Low	Moderate	Low	Moderate
V.Group	Moderate	Moderate	Moderate	High	Moderate	High
Vincorion	Low	Low	Low	Moderate	Low	High

Compared with the 2023 assessment, exposure scores have increased, particularly under long-term high-emissions scenarios. This is mainly driven by new scenario data and portfolio changes.

Physical climate exposure across the portfolio is generally assessed as low to moderate, reflecting that most operations are located in Europe. V. Group is the main exception, with operational exposure in Southeast Asia, which is exposed to extreme heat, storms, and water scarcity. In Europe, exposure remains moderate overall, although selected locations in Southern and Central Europe show elevated risk towards 2050. The most relevant exposure relates to increased precipitation and flooding, particularly for ABL Technic, MYFLEXBOX, Nextbike, and Vincorion, which all have operations in Germany.

3.2. Materiality process

3.2.1. Long list development

To understand material climate-related risks and opportunities across the portfolio, STAR developed a long-list of potential risks and opportunities. The list was based on STAR's climate scenario analysis and informed by portfolio-specific data, peer benchmarking, and industry research. Supplier location exposure was also assessed and integrated into the materiality process. Most portfolio companies' largest suppliers are based in Europe, resulting in broadly similar supply chain exposure to the portfolio companies themselves. However, several portfolio companies also have suppliers across Asia and North America.

The long-list development was structured around the TCFD risk and opportunity categories and considered both physical and transition-related factors. The long-list included physical risks, such as acute and chronic climate-related events, as well as transition-related themes, including energy price volatility, reporting obligations, low-carbon products and services, operational efficiency and climate-informed strategies.

3.2.2. Scoring of anticipated financial effect

Each portfolio company was assigned a preliminary qualitative anticipated financial effect for each risk and opportunity over the most relevant time horizon. The assessment was based on the exposure identified through the scenario analysis and further refined using portfolio company-specific information, including activities, locations, value chain and operating context.

Notes: 1) Chronic climate hazards are mean air temperature, daily precipitation, wind speed. Acute climate hazards are wildfire, extreme heat, extreme precipitation, water stress; 2) <https://www.ngfs.net/ngfs-scenarios-portal/> (Climate Impact Explorer)

STAR assessed the potential financial impact of climate-related risks and opportunities at portfolio level using scores assigned to each portfolio company, weighted by ownership-adjusted revenue. This approach identified the risks and opportunities with the greatest potential financial relevance across the portfolio.

3.3. STAR's material climate-related risks and opportunities

STAR's material climate-related risks and opportunities were identified based on the potential financial impact and likelihood of occurrence across the different scenarios. An overview is provided below, with further details on the management of these risks and opportunities available in Chapter 4 – ESG Risk Management Process.

3.3.1. Material transition risks

The assessment indicates that transition risks are the most material climate-related risks for STAR's portfolio. The key themes identified include evolving regulation around fuel usage, changes in energy and input costs, and shifting customer demand towards lower-carbon products and services.

These risks are primarily relevant in sectors and business models with higher energy use, greater exposure to regulation, or products and services that may be affected by the transition to a low-carbon economy. The analysis indicates that policy, regulatory and market developments associated with the low-carbon transition are likely to be the main drivers of climate-related financial risk across the portfolio over the short to medium term.

3.3.2. Material physical risks

Physical climate risks were assessed as less material than transition risks at the portfolio level. The most relevant physical risks relate to acute weather events, specifically heavy precipitation and flooding, which may result in operational disruption, increased costs or damage to assets.

Portfolio-level exposure is generally considered moderate, although certain companies may be more exposed due to the location of their own operations or suppliers. The assessment indicates that acute physical risks are the most relevant physical climate risks for the portfolio over the short to medium term.

3.3.3. Material opportunities

The assessment identified climate-related opportunities across the portfolio, particularly in areas linked to the transition to a low-carbon economy. Relevant themes include low-carbon products and services, energy and resource efficiency, circular economy solutions, and climate-informed business strategy.

Several portfolio companies are positioned to benefit from increasing demand for solutions that support emissions reductions, operational efficiency and more sustainable resource use. The assessment also indicates opportunities to strengthen competitiveness and resilience through process improvements, technology upgrades and adaptation to changing expectations.

Overall, the assessment suggests that the transition to a low-carbon economy presents opportunities for portfolio companies to strengthen competitiveness, improve operational performance, and support long-term value creation.

3.4. Strategic Integration

3.4.1. Scenario Analysis and Planning

STAR uses climate scenario analysis to inform strategic and investment decision-making. The analysis provides insights into how climate-related risks and opportunities may affect the portfolio under different climate scenarios. The findings from the TCFD assessment indicate that STAR's investment strategy is broadly resilient, while also highlighting areas for further development. These include continued integration of climate considerations into investment processes, portfolio monitoring and engagement with portfolio companies.

3.4.2 Climate Risk Integration in Investment Process

The climate risk analysis indicates that, while several portfolio companies are exposed to transition and physical climate-related risks, many are already taking steps to strengthen resilience and manage potential impacts. These include improving emissions data, exploring emissions reduction measures, increasing operational and energy efficiency, and assessing opportunities to support customer decarbonisation where relevant.

To support proactive climate risk management, identified material climate risks are incorporated into the 100-day plans for new investments, helping to prioritise early-stage mitigation actions and value creation opportunities. This approach supports the long-term resilience of the portfolio under a range of climate scenarios.

3.4.3. Ongoing Monitoring and Reporting

STAR continuously monitors climate-related risks and opportunities and regularly updates its assessments to reflect

evolving information and market conditions. Climate-related risks and opportunities are identified through climate scenario analysis and portfolio-specific assessments, with anticipated financial impacts evaluated at both company and portfolio level. The results are integrated into asset management plans and engagement activities with portfolio companies, while key findings are reported to the Executive Board to support ongoing oversight, strategic decision-making, and annual climate-related disclosures.

3.4.4. Resilience of strategy

STAR's portfolio is considered broadly resilient under the climate scenarios assessed. Transition risks are generally more material than physical risks, particularly for companies with higher energy use, emissions exposure or sensitivity to changing regulation, customer requirements and market conditions. Where higher exposures were identified, findings are used to inform portfolio company engagement. STAR will continue to monitor these exposures as scenario data, regulation and portfolio company performance evolve.

Portfolio companies are implementing initiatives to strengthen resilience and capture opportunities. These include measures to improve energy and resource efficiency, reduce emissions, optimise processes, invest in relevant technologies and adapt products and services to support the low-carbon transition.

Overall, the assessment indicates that STAR's strategy is well-positioned to respond to climate-related risks and opportunities. Continued integration of climate considerations into investment processes, ownership activities and portfolio company strategies is expected to support the long-term resilience of the portfolio.

4. ESG Risk Management Process

STAR employs a comprehensive risk management framework to identify, assess, and manage ESG risks and opportunities, including climate-related ones, throughout the investment lifecycle and in accordance with the TCFD recommendations. The framework is designed to mitigate material risks and leverage opportunities for value creation, supporting the long-term resilience of STAR's investments.

ESG and climate-related considerations are embedded in STAR's broader investment risk management framework and active ownership approach and are assessed alongside other risk types. STAR identifies and assesses climate-related risks during screening and due diligence, manages material findings through 100-day plans and ownership-phase engagement, and monitors progress through annual portfolio company reporting and asset management reviews. These processes are integrated into STAR's broader ESG risk management framework and inform Investment Committee discussions, portfolio monitoring and reporting to governance bodies

4.1. Integrating ESG across the Investment Cycle

4.1.1. Pre-investment Phase: Screening and Prioritising

During the pre-investment phase, STAR considers material ESG risks and opportunities relevant to the target company. Climate-related risks and opportunities may also be assessed where relevant, including where they could affect the company's resilience, performance, or long-term value potential.

STAR uses an ESG Due Diligence Questionnaire to support a consistent assessment across potential investments. The ESG Committee supports the evaluation of ESG risks and opportunities identified during ESG due diligence, including climate-related matters. The final assessment is incorporated into the overall risk analysis presented to the Investment Committee, enabling material risks and opportunities to be considered as part of investment decision-making.

Before completion, a 100-day plan is developed for each company acquired under the STAR IV Fund and STAR III Fund. The plan reflects relevant due diligence findings and identifies priority actions for the early ownership period, including measures to address material risks and capture value creation opportunities. These may include governance improvements, data collection, emissions measurement, climate-related risk assessment, operational efficiency initiatives, and other ESG-related actions.

4.1.2. Ownership Phase: Managing Risks

During the ownership phase, the Investment Committee is responsible for overseeing the monitoring and management of material ESG and climate-related risks and opportunities. STAR works with the portfolio companies to ensure that relevant risks, objectives, and actions are integrated into governance structures, monitoring practices, and reporting processes.

4.1.2.1. Governance Enhancements

Where appropriate, STAR supports governance enhancements at portfolio company level. This may include the adoption of formal rules of procedure for boards and committees, clarification of ESG responsibilities, and the establishment of dedicated ESG Committees to oversee material ESG and climate-related matters.

4.1.2.2. Managing Transition Risks

STAR considers transition risks by assessing, where relevant, how changes in regulation, carbon price, markets, technology, customer expectations, and the shift towards a low-carbon future may affect portfolio companies. To proactively manage transition risks, STAR excludes investments in the Oil & Gas and natural resources sectors across all private equity funds. This strategy reduces STAR's exposure to potential impacts associated with market shifts towards a low-carbon economy. At portfolio company level, exposure to transition risks was assessed to identify where Portfolio Teams may be required to adjust strategy. In addition, companies annually disclose their processes for identifying and mitigating transition risks.

4.1.2.3. Managing Physical Risks

STAR assesses both physical and acute physical climate-related risks by considering the exposure of portfolio companies' key operations, assets, and supply chains to climate-related events and longer-term changes in climate conditions. These risks may affect business continuity, costs, or asset resilience.

Compared to the previous analysis for 2023, a more detailed assessment has been conducted for 2025 to support the further integration of physical climate-related risk findings into the investment process, portfolio monitoring, and value creation planning. Physical risks have been assessed based on exposure and potential impacts on both portfolio companies and STAR overall, enabling Portfolio Teams to determine where action plans or strategic adjustments may be required.

4.1.2.4. Monitoring & Reporting

To enhance ESG risk management, STAR has invested in software systems designed to facilitate accurate and consistent data collection across portfolio companies. This technology supports effective decision-making by providing insights into ESG performance and helping to track progress on key climate-related metrics, including Scope 1, 2, and 3 GHG emissions, energy consumption, emission reduction targets, and the identification and management of climate-related risks and opportunity on a company level.

Regular reporting mechanisms provide relevant information to portfolio company boards, STAR governance bodies, and fund investors. This includes ongoing updates on ESG performance, progress against established targets and objectives, and material risks or issues requiring further attention.

4.1.3. Exit Phase: Evidencing progress

During the exit phase, ESG and climate-related risks and opportunities may be considered as part of exit planning and due diligence processes where relevant. STAR maintains historical ESG and climate-related data for portfolio companies following exit, enabling it to track and demonstrate progress achieved during the ownership period and support transparent reporting on material ESG and climate-related matters.

Remaining issues and opportunities may be reviewed to support the company's exit narrative and evidence how relevant ESG and climate-related considerations have been managed during STAR's ownership period.

5. Metrics & Targets

STAR tracks progress against climate-related targets at portfolio level, with a focus on carbon emissions measurement, monitoring, and reduction. All portfolio companies measured, monitored, and reported Scope 1, 2, and 3 GHG emissions in FY25. In addition, the share of portfolio companies with carbon emissions targets increased to 55%, compared with 36% in FY24. These indicators support STAR's oversight of portfolio climate performance and help assess progress in strengthening emissions management across the portfolio.

The below table provides an overview of STAR's carbon emissions, followed by a breakdown on scope 3, category 15 emissions (investments).

5.1. Carbon Emissions for STAR

	2023	2024	2025
Scope 1, TCO ₂ e	0	0	0
Scope 2 (market based), TCO ₂ e	0	0	0
Scope 3 (incl. investments), TCO ₂ e	1,027,139	1,152,994	695,745
Scope 3 (excl. investments), TCO ₂ e	307	179	118

5.2. Portfolio Emissions for 2025

	Equity ownership %	Total emissions ¹ tCO ₂ e	Scope 1 & 2 ¹ tCO ₂ e	Scope 3 ¹ tCO ₂ e
ASL	49%	1,290,999	667,539	623,459
GSLS	93%	1,505	988	517
Hawksford	78%	1,198	459	739
ROG	64%	1,553	736	817
Vincorion	88%	9,017	3,904	5,112
ABL Technic	89%	29,558	19,620	9,938
MYFLEXBOX	96%	2,122	5	2,117
V Group	16%	1,529,745	138	1,529,608
Nextbike	93%	4,533	1,510	3,023
STR	57%	1,597	144	1,454
GenAir	69%	1,970	584	1,386
Total²		2,873,797	695,627	2,178,170

Notes: 1) Emissions based on STAR III and IV ownership percentage; 2) TASC has been excluded from 2025 reporting due to data constraints following STAR's exit from the company in March 2026.