

The logo for MPS (Mineworkers' Pension Scheme) is a white circle containing the letters 'MPS' in a bold, green, sans-serif font.

**Mineworkers'**  
Pension  
Scheme



**Policy and Context Disclosure  
UK Stewardship Code 2025**

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## 1. Introduction

The Financial Reporting Council (FRC) defines stewardship as the responsible allocation, management and oversight of capital to create long-term sustainable value for clients and beneficiaries, leading to benefits for the economy, the environment and society. This definition closely reflects how the Trustee has long viewed stewardship. For the Scheme, stewardship is fundamentally about safeguarding members' benefits carefully and responsibly, recognising that well-governed, resilient companies and a stable economic system are essential to the payment and growth of members' pensions over time. These beliefs underpin the stewardship themes and priority areas adopted by the Scheme, which guide how stewardship efforts are focused across asset classes and over time.

The Scheme's approach to stewardship reflects the Trustee's fiduciary duty to act in members' best financial interests and forms an integral part of investment decision-making and oversight. Through stewardship, the Trustee seeks to oversee assets responsibly by identifying and managing financially material risks and opportunities that could affect members' benefits over the long term, holding investment managers to account, and influencing behaviour where this supports the creation of long-term, sustainable value.

This **Policy & Context Disclosure Report** explains the Mineworkers' Pension Scheme's approach to stewardship, setting out the principles, beliefs and governance structures that underpin this approach. It describes the Trustee's investment beliefs and stewardship themes, together with the governance, oversight and processes that support accountability and continuous improvement. Taken together, these elements provide the context for how stewardship is embedded within the Scheme's overall investment approach.

Across both the Policy & Context and the Activities & Outcomes reports, the Scheme sets out:

- its purpose, fiduciary responsibilities and approach to stewardship;
- the broader economic, market and system-wide risks that influence stewardship priorities;
- the main investment themes and stewardship activity undertaken;
- the outcomes achieved through engagement, voting and collaborative work; and
- the governance structures, oversight and processes in place to ensure accountability and ongoing improvement.

*The Financial Reporting Council (FRC) defines stewardship as the responsible allocation, management and oversight of capital to create long-term sustainable value for clients and beneficiaries, leading to benefits for the economy, the environment and society.*

This Policy & Context Disclosure has been prepared in accordance with the UK Stewardship Code 2026. In line with Financial Reporting Council (FRC) expectations, the Scheme does not intend to update this report annually. Instead, it will be reviewed and resubmitted on a four-year cycle, with the next scheduled update due in 2030, unless there is a material change to the Scheme's stewardship policies, governance arrangements or wider context that would necessitate an earlier update.

## 2. Policy and Context

### Scheme Background, Objectives, and Long-Term Vision

#### Background

The Mineworkers' Pension Scheme is a UK-based pension scheme providing benefits to just over 114,000 pensioners and deferred members as at 30 September 2025, the Scheme's most recent audited year-end at the reporting date. The membership is predominantly pensioners (95%), with deferred members accounting for the remaining 5%. At the most recent Actuarial Valuation (30 September 2023), the Scheme's average age, weighted by total pension, was 72 for pensioners and 59 for deferred members.

The Scheme was established in 1952 and remained open to contributions until 1994, when the coal industry was privatised and the Government assumed the role of Guarantor for the Scheme from British Coal. At that time, a provision was introduced under which 50% of any future surplus in the fund at future valuations would be used to increase members' benefits through bonuses, with the remaining 50% paid to the Government.

#### Trustees, Purpose and Culture

Five of the ten Trustees are elected by the membership, with elections held annually by constituency and Trustees serving five-year terms. All Trustees are responsible for representing members' views and interests; elected Trustees engage regularly with members and feed questions and insights into Coal Pension Trustees ("CPT"). The Scheme also maintains a website and an active social media presence.

The Board of Trustees ("the Trustee") has ultimate responsibility for investment decision-making, supported by Coal Pension Trustees Investment Limited ("CPTI"), which provides investment advice and management services. Day-to-day asset management is delegated to appointed investment managers. The Trustee's fiduciary duty is to act in members' best interests, with the primary objective of maximising total pensions over the full life of the Scheme.

The culture of the Trustee and CPTI, driven by senior leadership and the nature of the Scheme, focuses on delivering high growth over expected holding periods while considering all relevant risks and opportunities, with a strong emphasis on stewardship to improve member outcomes through risk mitigation and enhanced returns.

The Scheme has a fiduciary duty to meet members' benefit liabilities over both the short and long term. While a significant proportion of cash flows will be paid over the next 10 years, others continue for around 50 years. Accordingly, understanding and responding to long-term systemic risks, such as climate change and human rights, is central to the Trustee's fiduciary duty, ensuring short-term actions do not compromise long-term liabilities.

#### Investment Approach

The Scheme's investment approach is designed to support the long-term delivery of members' benefits, reflecting its maturity, cash flow profile and fiduciary objectives, while targeting returns to support future member bonuses. Capital is allocated with a focus on assets expected to deliver strong long-term growth over their holding period, alongside sufficient liquidity and resilience to meet benefit payments as they fall due. The approach balances investment in liquid growth assets with selective exposure to higher-returning illiquid opportunities, supported by a planned and disciplined approach cash flow planning and asset sales as the Scheme matures. The Scheme has a dedicated allocation to lower risk assets, which act as a source of cash during stressed market environments. Investment decisions are made within an agreed risk framework, with diversification across asset types and a clear linkage between investment and disinvestment planning to support both current cash flow needs and future value creation.

## Trustee Beliefs, Fiduciary Duty and Stewardship Priorities

### Fiduciary Duty

The Trustee has a fiduciary responsibility to act in the best financial interests of the Scheme's members. Stewardship is an integral part of fulfilling this duty. Effective stewardship, including active engagement with investee companies and managers, proxy voting, and oversight of systemic risks, supports the Scheme's objective of maximising long-term sustainable returns while protecting capital.

The Trustee recognises that material ESG risks such as climate change, poor governance practices and social instability can directly impact the financial performance of investments. Stewardship activities are therefore deployed not as an ethical overlay, but as a core part of managing financially material risks and opportunities. By exercising responsible stewardship, the Trustee seeks to enhance long-term investment outcomes, mitigate downside risks, and ensure the Scheme's ability to meet its liabilities over multiple decades.

Given the Scheme's long-term horizon, systemic risks require particular attention. The stewardship strategy is designed to ensure that short-term pressures do not compromise the Scheme's ability to meet member benefits over time. Stewardship is supported through internal resources and partnerships with specialist providers, ensuring robust engagement, voting and monitoring activities across the portfolio.

### Policies

The Scheme has a formal Responsible Investment Policy and a Stewardship Policy, both published on the Scheme website ([here](#)) and originally adopted in 2021. The policies set out the Scheme's approach to responsible investment and stewardship across all asset classes and geographies, aligned with the UK Stewardship Code 2026. These policies articulate the Trustee's belief that stewardship is an essential component of fulfilling its fiduciary duty to act in the best financial interests of members and beneficiaries.

The Stewardship Policy defines stewardship as the responsible allocation, management, and oversight of capital to create long-term value for members and beneficiaries, supporting sustainable benefits for the economy, the environment, and society. Stewardship activities include engagement, voting, monitoring, escalation, and collaborative initiatives across both public and private markets.

Stewardship priorities focus on addressing financially material risks and opportunities in areas such as climate change, biodiversity, human rights, labour rights, diversity and inclusion, and corporate governance. Many stewardship activities are delegated to external investment managers and specialist stewardship providers, notably EOS at Federated Hermes, under clear oversight and accountability frameworks.

The Stewardship Policy also sets out principles for voting practices, recognising voting as an important tool for protecting and enhancing shareholder value. EOS and the Scheme's investment managers are expected to promote good corporate governance aligned with international standards.

The Stewardship Policy is reviewed periodically to ensure it remains fit for purpose, with the next formal review scheduled for 2026 to reflect evolving best practice, regulatory expectations, and the Scheme's ongoing commitment to continuous improvement.

The Scheme is a large, mature defined benefit pension scheme, with a focus on securing members' accrued benefits as the Scheme progresses towards later stages of maturity. This profile shapes the Trustee's approach to stewardship, which is taken seriously but applied proportionately. Stewardship responsibilities are integrated across the investment and operations functions and supported by specialist external providers where necessary, rather than delivered by a large standalone internal team. The Trustee considers this structure to be appropriate given the size and complexity of the Scheme, its delegated investment

arrangements, and its objective of delivering secure, long-term outcomes for members while making effective and efficient use of resources.

To support the effective delivery of these policies in practice, the Trustee has established clear processes for policy review, assurance and ongoing evaluation of effectiveness. These processes are designed to ensure that the Scheme's stewardship framework remains proportionate, robust and aligned with members' long-term financial interests, and that policies continue to reflect evolving regulatory expectations, market developments and best practice.

#### **Policy review, effectiveness and assurance**

A key part of the Trustee's risk management framework is a programme of assurance to ensure that the risks of the Scheme are being managed and the controls in place are robust.

An annual, risk-assessed assurance plan is agreed by the Trustee and overseen through the Risk and Assurance Sub-Committee. This brings together internal audit, targeted management reviews and specialist third-party assurance where required, with findings reported to the Trustee and actions tracked through established governance processes.

Within this overarching framework, the Trustee's approach to stewardship policy development, implementation and review is treated as an integral part of its broader risk and assurance arrangements.

The Scheme continuously seeks to improve all policies and processes in relation to stewardship wherever possible. In 2021 the Trustee agreed a new Responsible Investment Policy, which included a dedicated section on climate change, as well as a new Stewardship Policy, which replaced the previous corporate governance policy. Since 2022 the policies agreed during 2021 have been embedded, with a focus on improving processes, integrating stewardship and assessing the

effectiveness of the external investment managers and EOS. These policies are reviewed periodically.

As part of this ongoing review and improvement cycle, the Trustee has agreed to review and update the Responsible Investment policy in 2026, not least to reflect changes to the portfolio since the policy was agreed, with the introduction of new mandates, collaborative engagement groups, and an ongoing review of Trustee investment beliefs. Ahead of the policy review, stewardship activity has continued, with CPTI engaging with managers in public markets through an established framework covering voting, laggards and controversial exposures. In private markets, CPTI has developed guidance and an evolving and proportionate approach to stewardship, recognising that practices are still maturing and are applied in a way that reflects asset-specific risks, structures and opportunities for influence.

The Trustee also sets quantitative metrics and targets where relevant to support oversight and accountability. In line with The Taskforce on Climate-related Financial Disclosures (TCFD) requirements, the Trustee has set metrics and a target for climate data which are part of the Responsible Investment Policy. These are formally reviewed on an annual basis and referenced in the Scheme's TCFD report.

This assurance framework extends beyond stewardship activities to reflect the wider range of risks the Trustee oversees across the portfolio. In addition to stewardship process assurance, the operational due diligence (ODD) framework developed with an external consultant in 2023 was refreshed and applied across the portfolio during 2024 and 2025. The process is designed to enhance the assessment of operational risks for both new and incumbent investment managers and to support continued oversight of key operational practices. CPTI maintain Operational Risk Assessment (ORA) ratings for each Investment Manager that also feed into CPTI's 'Investment Manager watch list'.

Given the importance of engagement and voting to the Scheme's stewardship approach in public markets, specific assurance arrangements are also in place for EOS activities.

For process assurance, EOS performs a sample-based audit of approximately 50 meetings every 6 months where an EOS engagement professional has manually applied the clients' chosen vote policy instruction. The audit is performed by the Voting and Engagement Support team with any anomalies reviewed by the Engagement Regional Team Leads. The purpose of the audit is to identify where an engager has applied a vote instruction contrary to the clients' chosen vote policy and has not provided an appropriate rationale. The process has been reviewed and agreed as appropriate by CPT's risk function. Separately, EOS ask ISS to provide evidence of a selection of auto-instructed meetings to ensure accuracy of client policy interpretation and operational workflow.

Additional independent challenge is provided through external analysis and review. One of the key tools CPTI has used for assurance around engagement and voting is the additional look-through and analysis of this activity that an external consultant, Gallagher has been asked to conduct on the Scheme's behalf. This has prompted a number of discussions around policy and process with EOS and the managers during 2025.

These assurance and review activities feed into the Trustee's ongoing assessment of manager performance and stewardship effectiveness. All key manager relationships are reviewed, including their actions on stewardship and responsible investment more generally, on a regular basis and at least annually. CPTI request, review and challenge case studies around key stewardship themes such as climate change and social factors at least annually. Each of these reports is reviewed and approved by the CIO and the full Trustee Board.

### Beliefs

The Trustee has agreed a set of investment beliefs, which align with its culture and cover return, risk, future expectations, illiquidity, complexity, sustainability and internal governance structure. The Trustee has a specific belief in relation to sustainable investment, which is included in the Scheme's Responsible Investment policy. The specific belief is outlined below:

*Long-term investment success should come from a focus on sustainability. In particular, environmental, social and governance ("ESG") factors can have a material impact on long-term investment returns. They should be considered before any investment is made.*

- *Investments with good or improving ESG characteristics are more likely to deliver long term sustainable returns.*
- *The more long-term an investment, the more important ESG factors become.*
- *Ignoring environmental and societal and regulatory issues can create investment and reputational risk, which ultimately reduce returns.*
- *Being a good steward of assets can lead to better risk adjusted returns.*

These investment beliefs are agreed by the Trustee, acting on behalf of all members and beneficiaries, and in their best financial interests. The beliefs reflect the Trustee's assessment of the factors most likely to influence the Scheme's ability to meet pension obligations in full over the long term. By embedding sustainability and stewardship considerations within its investment beliefs, the Trustee seeks to protect members' pensions from financially material risks, support more resilient long-term returns, and enhance the security of members' benefits across different economic and market conditions.

In practice, the beliefs play a unifying role across the Scheme's stewardship approaches. While these beliefs are intentionally high-level, they provide the framework within which the Trustee approaches stewardship, manager oversight and the consideration of ESG-related risks and opportunities. The beliefs inform expectations of investment managers and service providers, and help shape the Scheme's stewardship priorities. Practical application of these beliefs is evidenced through the Scheme's Responsible Investment policies, ongoing monitoring activities and the stewardship activities and outcomes described in the Activities and Outcomes report.

### Trustee Focus on Themes

Building on its investment beliefs, the Trustee has identified a small number of priority stewardship themes where it believes focus and oversight are most relevant to long-term financial outcomes for members. Following a survey in 2021 of Trustee views on various stewardship issues, one of the outcomes was a renewed focus on human rights issues. This led to a policy aimed at minimising the risk of investing in companies which were in breach, or at significant risk of breaching, UN Global Compact ("UNGC") principles. During 2022 this policy was implemented and CPTI has continued working with the investment managers through 2024 to ensure that they are not investing in companies that breach UNGC principles or, where potential breaches have been flagged, that the managers are responding appropriately. Human rights are a key focus within the Scheme's stewardship approach across public equities and public credit and within CPTI's own engagement with both public and private markets fund managers.

The Trustee considers these themes to be directly relevant to financial outcomes, as they are expected to influence long-term economic growth, asset values and cashflows over the period in which the Scheme must meet its pension obligations. Focusing stewardship and capital towards these areas is intended to support sustainable investment returns and reduce the risk of adverse outcomes that could otherwise affect the security and future growth prospects of members' pensions.

The Trustee has also chosen two specific investment themes where they and CPTI believe that there is a long-term opportunity for better than market growth. The first is the climate theme and the second is healthcare.

**Climate:** In 2021, the investment thesis for the **Climate Theme** was established on the premise that the shift toward a low-carbon economy would drive structural growth for many years to come. This transition, encompassing sectors such as sustainable energy, transportation, and food systems, was anticipated to gain momentum as governments, investors, and consumers increasingly recognised both the environmental necessity and economic benefits of moving away from fossil fuels. As a result, this theme was expected to reshape asset pricing across various asset classes.

The Climate Theme was structured around two primary focuses:

1. *Transition/climate opportunities:* Investments in companies benefiting from the shift to a low-carbon economy were viewed as opportunities, with an expectation for these investments to deliver above-average, compounding returns over time. This included identifying innovative technologies and emerging companies capable of capturing market share in areas like energy, recycling, and sustainable food production.
2. *Assets at risk:* It was recognised that many sectors were not yet fully pricing in the risks of stranded assets or the impact of the broader transition. Companies or assets resistant to change were viewed as vulnerable to declines in value, particularly as regulatory pressures and technological advancements increased the financial costs associated with carbon-intensive projects. Reducing exposure to these high-risk assets was a key strategy to protect the portfolio from potential downsides.

In addition to growth and return generation, the Climate Theme also aimed to balance downside protection, increase diversification, and provide income certainty. Recognising the complex, evolving nature of the transition, the approach required adaptive strategies to avoid overconcentration, address technological disruptions, and stay responsive to regulatory shifts. This strategy reflected the belief that climate-aligned investments would outperform traditional sectors over the medium to long term while requiring agility to navigate rapid changes in the landscape.

For members, the Climate Theme is intended to support the security and sustainability of their pensions by both capturing long-term growth opportunities arising from the transition and reducing exposure to assets whose values may be impaired by regulatory change, technological disruption or physical climate risks. The Trustee views this as an important way of protecting the Scheme against downside risk, supporting stable long-term returns, and managing risks that could otherwise undermine the Scheme's funding position over time.

In 2025, the Climate Theme and its implementation were reviewed to ensure they continued to reflect changing climate-related risks and the potential financial risks to the Scheme.

**Healthcare:** In 2022, CPTI presented healthcare to the Trustee as an area in which the team had confidence that high future growth could be delivered for the Scheme's assets.

The Trustee considers healthcare to be a theme with clear relevance to members' long-term interests, given its potential to support durable growth, resilient cashflows and diversification benefits within the portfolio. In addition, the Trustee recognises that improvements in healthcare outcomes, productivity and workforce participation are linked to broader economic stability, which in turn supports the Scheme's ability to generate the returns needed to meet pension payments now and in the future.

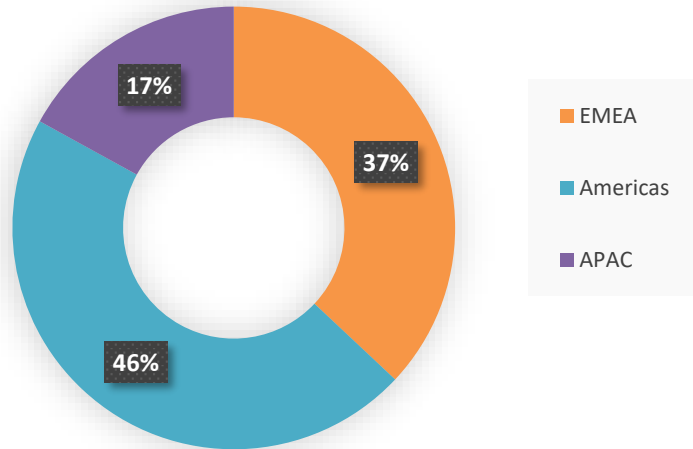
### Overall approach

Taken together, these beliefs, themes, policies and assurance activities reflect an integrated approach to stewardship across the Scheme. Stewardship considerations are embedded across CPTI, forming part of the day-to-day responsibilities of all team members. This is complemented by dedicated resource within the investment operations function to support responsible investment activity, including governance, oversight and coordination. ESG factors are taken into account across CPTI when making investment decisions, ensuring stewardship is considered alongside financial risk and return throughout the investment process.

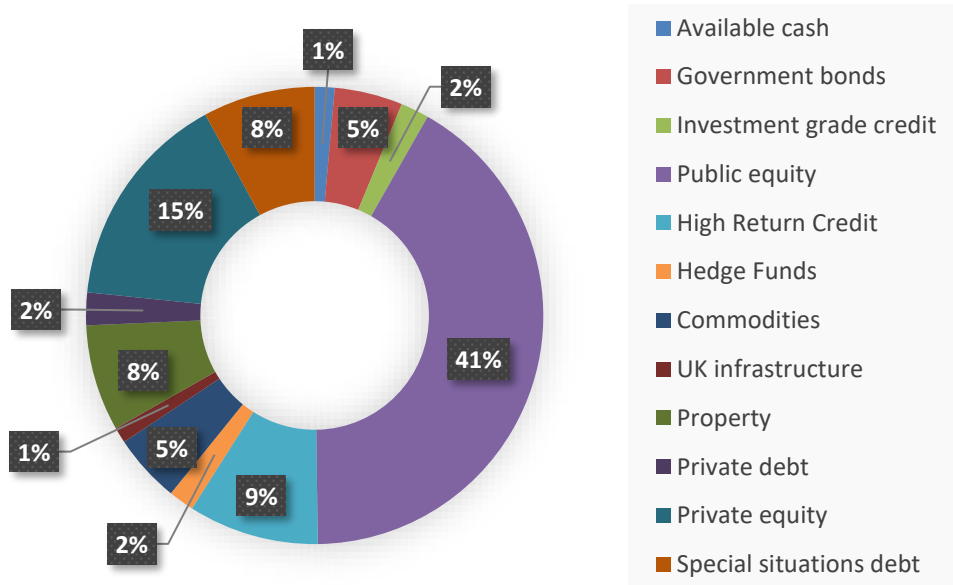
Diversification is a key consideration, particularly when integrating stewardship and responsible investment themes. By spreading investments across asset classes, geographies, and sectors, investors can mitigate risks while enhancing long-term sustainability outcomes.

A well-diversified portfolio includes a mix of asset classes, each contributing different risk-return profiles and sustainability considerations. Allocations to **public equity** create opportunities for active stewardship, which can come through engagement and voting; **fixed income** provides opportunities for engagement as with equities as well as the opportunity to invest in green bonds and sustainability-linked bonds; **private market** investments allow for more influence at the company level and often easier sustainability integration; **real estate** offers opportunities to invest in assets which are transitioning; and **infrastructure** investments enable a more direct focus on impactful longer-term assets.

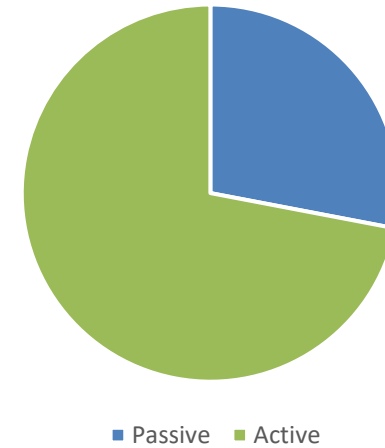
### MPS asset allocation by Geography



### MPS Asset Allocation



### MPS Passive/Actively Managed Assets



#### Assets under management

The Scheme's audited net assets as of 30 September 2025 totalled £10.5 billion and the non-audited asset value totalled c. £10.53 billion as of 31 December 2025. A summary of the Scheme's assets by asset class, geography and active vs. passive as of 31 December 2025 is provided above. The Scheme's AUM is 100% invested through external managers.

#### Time horizons

The primary responsibility of the Trustee is to administer the Scheme in accordance with the Rules and for the benefit of all beneficiaries over the whole life of the Scheme. Given the specific context of the Scheme, the Trustee has considered its own objectives carefully. Over 2022 and 2023 the Trustee actively reviewed the time horizon of the Scheme as set out below. While the Scheme maintains a multi-year investment horizon, the Trustee is cognisant that a significant proportion of the liability cash flows will be paid out within the next 10 years. The Trustee has defined time horizons as follows:

**Short term:** Everything up to 3 years in the future. This would cover the Scheme's next actuarial valuation (undertaken every 3 years) and is in line with the Scheme's economic scenario modelling, which is used to assess risk and asset allocation.

**Medium term:** Defined as the period between 3 and 10 years. The end of this period is aligned with long term expected return forecasting which is done over 10 years. Over 50% of the Scheme's future payments (in real terms) are expected to be made over the next 10 years.

**Long term:** Defined as anything beyond 10 years up until 35 years (2060) when only 1% of the Scheme's future payments (in real terms) are expected to remain. All risks and opportunities are relevant over this period, however the Scheme's risk taking capacity is likely to be greater in the medium term than the long term.

## Scheme and Stewardship Governance

The Scheme's governance structure provides clear oversight and accountability for stewardship in the interests of members. Ultimate accountability for stewardship rests with the Committee of Management (CoM), which sets the responsible investment and stewardship policies and oversees key stewardship-related risks and metrics and is accountable for ensuring stewardship is embedded within the organisation and investment processes. CoM delegates detailed scrutiny of investment risks and opportunities, including stewardship matters, to the Investment Sub-Committee (ISC), which provides focused challenge to the CPTI investment team, supported by external advisers, while the Risk and Assurance Sub-Committee (RASC) oversees the wider risk management framework to ensure appropriate assurance and controls.

### Trustee skill, experience and ongoing training

The profiles and experience of the Trustee Directors of the Mineworkers' Pension Scheme can be accessed via [this link](#) to the Scheme website. Five of the ten

members of the Trustee body are elected from and by the membership. The five elected members represent geographical constituencies across the UK and any member is entitled to stand for election for five-year terms.

Specific relevant skill sets:

- The member elected Trustee Directors have direct experience working in an industry with human rights, safety and environmental risks and have a clear understanding of these issues and in dealing with labour rights.
- The appointed Trustee Directors have significant financial, asset management and pensions experience as well as team leadership and business leadership.
- The investment advisors are industry experts with direct and relevant experience covering macroeconomics, investment strategy and risk across multiple asset classes.

Trustee training is undertaken at Trustee meetings, sub-committee meetings and through other external training as appropriate and is monitored in the Trustee Training log. In addition to CPTI keeping a record of any formal training provided by CPTI or third-party providers, Trustees are also required to record any training sessions or seminars they attend independently. This combined log enables the Chair of CoM with CPTI to keep a watching brief of those subjects the Trustees are voluntarily pursuing, with a view to providing supplementary training on matters of particular interest and identifying any gaps in the Trustees' knowledge and arranging for this to be addressed. Whilst no formal trustee training was delivered during the year, an extended trustee session was held to consider climate-related risks and opportunities and associated stewardship considerations for specific investments. This discussion was informed by the findings of a full climate scenario analysis undertaken during the year and provided an opportunity for trustees to deepen their understanding of the issues and implications for the Scheme.

Trustees also have previously received training on TCFD regulation and respective Trustee duties and in relation to Paris Alignment, Net Zero and Scope 3 carbon

emissions reporting. In each case, training was provided by subject matter experts within CPTI alongside external parties.

Overall responsibility for Responsible Investment (RI) and stewardship sits with the Chief Investment Officer (CIO) but is also a collective responsibility for the wider Coal Pension Trustee Investments (CPTI) team and two members of the Investment Operations team. CPTI is responsible for embedding RI and stewardship considerations within investment decision making, implementation and oversight.

Day-to-day stewardship implementation is undertaken by CPTI, led by the CIO, with support from the Responsible Investment team. The Responsible Investment team provides thematic focus and oversight of manager engagement activity, helping to ensure stewardship practices remain aligned with CoM-approved policies and members' long-term interests. ESG and stewardship considerations are integrated into CPTI's day-to-day investment decision making and oversight, including investment strategy, asset allocation, manager selection, monitoring and reporting, and are assessed as part of all investment and disinvestment decisions.

#### **CPTI team skills, experience and ongoing training**

The CPTI CIO brings extensive experience in responsible investment and stewardship, developed through senior roles within a global investment consultancy and as CIO of a large occupational pension scheme. This experience is complemented by prior participation in external advisory bodies focused on asset owner stewardship and responsible investment best practice.

The CIO is supported by an experienced Investment Team with a broad and complementary skill set spanning asset classes, governance and risk management. Responsible Investment considerations are embedded within the team's core responsibilities, ensuring ESG risks, opportunities and stewardship priorities are

routinely reflected in investment decision making, mandate design and manager oversight.

Additional support is provided by the Investment Operations function, which contributes expertise in governance, oversight and coordination of investment and service providers. This helps to support the consistent application of Responsible Investment and stewardship expectations across internal processes and in collaboration with external investment managers, advisers, consultants and specialist providers. Overall, the combination of internal expertise and external support is considered appropriate and effective for the Scheme.

#### **Incentives**

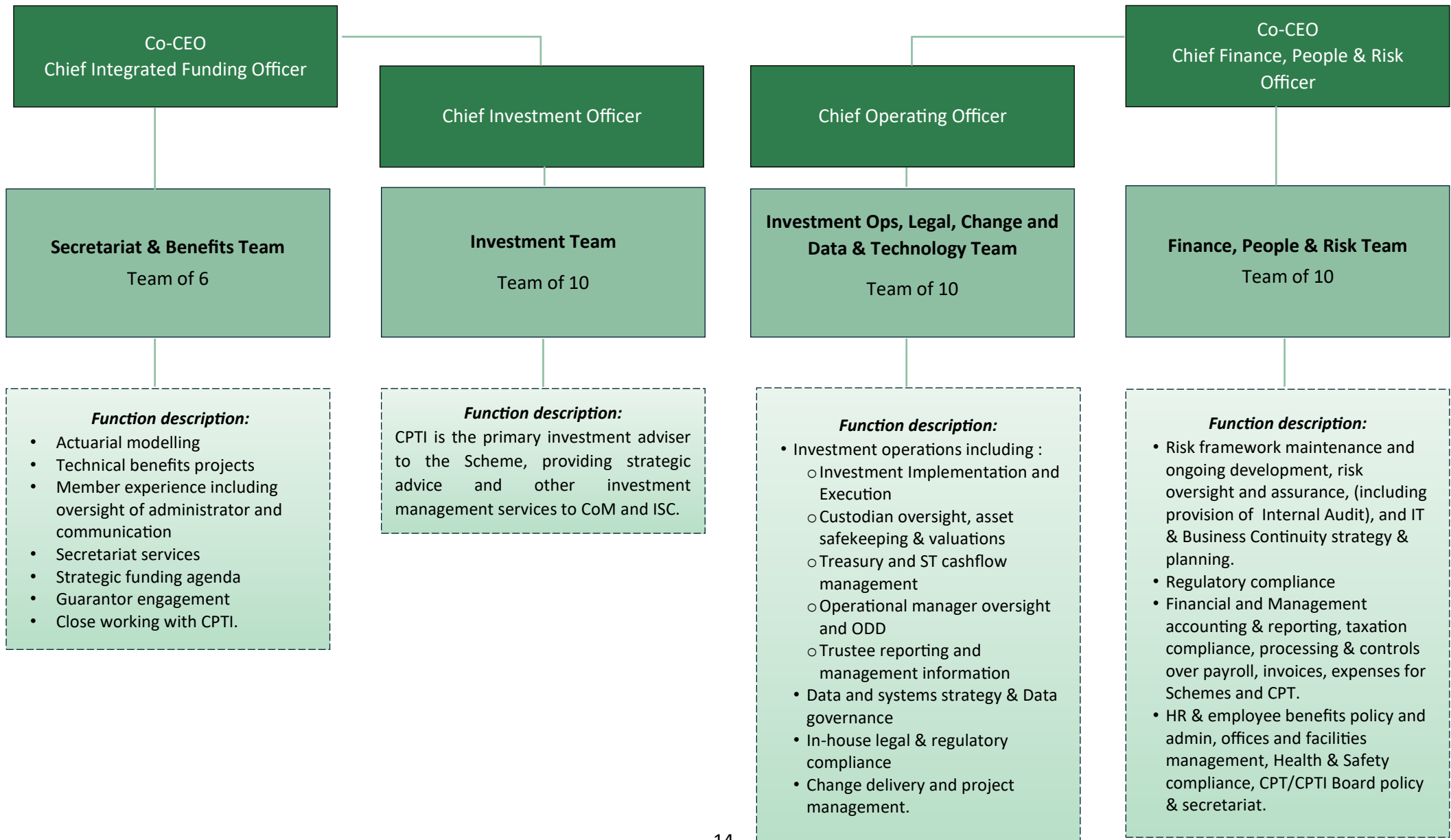
All investment decisions taken on behalf of the Scheme consider ESG factors, with team incentives aligned in large part to the advice provided to the Trustee, effective implementation and the outcomes of decision-making.

#### **Training and ongoing learning**

CPTI prioritises ongoing learning to keep skills and knowledge current as Responsible Investment expectations and best practice evolve. This is supported through regular insights from strategic partners, engagement specialists and ongoing dialogue with external investment managers, alongside participation in industry conferences and peer-led sessions focused on areas such as climate risk, biodiversity loss and modern slavery. This continued learning informs the Scheme's evolving approach and supports CPTI's ability to adapt effectively in a changing Responsible Investment landscape.

The governance structure for stewardship and responsible investment (RI) is embedded within the Scheme's wider governance. The table below shows each body's place in overall governance and the specific stewardship/RI responsibilities and oversight.

Governance body / role	Description of Committee or body	Stewardship / RI responsibilities
<b>Committee of Management (CoM)</b>	Highest governing body composed of member-elected Trustee Directors and appointed Trustee Directors usually from the financial sector. Sets strategy and key policies, and holds ultimate accountability for risk and policies.	Approves the Scheme's RI and stewardship policies and priorities. Receives and scrutinises reporting on stewardship activity and has ownership of oversight of key metrics.
<b>Investment Sub-Committee (ISC)</b>	Sub-committee of CoM, providing oversight and challenge of investment risks and opportunities, investment policy and strategy, and monitoring of performance, costs and operational investment risk. Oversees investment risks and opportunities and is responsible for oversight and providing detailed challenge to the investment function.	Oversees implementation of RI and stewardship in the investment process, including manager expectations. Reviews stewardship-related reporting, challenges progress against objectives, and escalates recommendations / issues to CoM.
<b>Risk and Assurance Sub-Committee (RASC)</b>	Sub-committee of CoM. Oversees the design and operation of the overall risk management framework and assurance activities to support effective financial management, reporting and operational control.	Provides oversight that stewardship/RI-related risks (including policy compliance and key operational controls) are identified, monitored and managed within the Scheme's risk framework. Seeks assurance where required and escalates material issues to CoM. Monitors best practice in Corporate Governance, especially requirements of the UK Stewardship Code, and suggesting appropriate enhancements to CoM.
<b>Coal Pension Trustees (CPT)</b>	Delivers services to CoM and Sub-committees under an established governance framework.	Supports stewardship/RI governance through meeting administration, agenda planning and information flows (e.g., ensuring stewardship items and reporting are presented to CoM/ISC and actions are tracked).
<b>Coal Pension Trustee Investments (CPTI)</b>	Investment function (led by the CIO) responsible for advice and the day-to-day portfolio oversight and implementation of investment strategy.	Implements CoM's RI and stewardship policies across the portfolio ensuring asset portfolio best captures opportunities and manages risks. Oversees managers, ensures stewardship expectations are embedded, and reports to ISC/CoM on activity, outcomes, and portfolio risks/opportunities.
<b>Responsible Investment (RI) function</b>	Provides specialist RI support, expertise and research across investment and operations.	Coordinates the RI and stewardship framework. Proposes key themes and priorities, oversees implementation, supports engagement and voting processes, and works with / challenges investment managers and internal stakeholders. Provides analysis and reporting to CPTI and governance committees.



## Conflicts of Interest

As part of its governance framework, the Trustee has developed policies to identify, manage and disclose any potential conflicts of interest that may arise, which includes in relation to stewardship activities. The Trustee's conflict of interest policy covers the Trustee themselves, key advisers to the Scheme and CPTI staff. The policy is posted on the Scheme website at the following [link](#).

One potential conflict relates to the principal/agent problem where a member of CPTI staff or a Trustee has an ethical or moral view that might not be aligned with members' financial outcomes. This is addressed by ensuring the Trustees and CPTI staff have a strong focus on the fiduciary duty to members and delivery of the financial outcomes required.

In terms of conflicts related to stewardship, it is believed that appointing a separate stewardship provider (EOS) who does not make active investment decisions reduces inherent conflicts.

Additionally, CPTI ensures that all investment managers have robust conflicts of interest policies and actively investigates any conflicts it perceives in the management of the Scheme's assets. This conflict of interest and the pros and cons of a close relationship to corporate leadership of assets invested in is a key focus of CPTI's discussions on stewardship.

EOS has a group conflicts of interest policy and conflicts of interest register which requires that it identifies and manages actual or potential conflicts of interest between itself and its clients, or between different clients of EOS. In the event that a conflict occurs between EOS and its client then it is the clients' interests that are put first. Some examples of actual conflicts previously identified, recorded and escalated by EOS are provided on the final page of their stewardship conflicts of interest policy, which can be found at the following [link](#).

CPTI observes evidence of greater independence from management when analysing EOS' voting implementation versus the asset managers. The asset managers vote in line with management more often than EOS does. When deciding whether voting should reside with managers or EOS this has actively influenced the decision to lean towards EOS in several cases.

Another clear conflict which comes up regularly is that between short term financial gains and those over the medium and longer term which the Trustee must carefully balance to fulfil its fiduciary duty to all members. This is an issue that CPTI continues to challenge managers on if they appear overly focused on the short term.

## Providers/suppliers, systems and technology

Delivering effective stewardship across a diversified, global portfolio requires a combination of internal oversight and external specialist support. The Scheme works in partnership with a range of providers and suppliers to ensure high-quality engagement, robust voting practices, independent assurance, and access to timely ESG data and insights.

Each supplier is selected based on its ability to enhance the Scheme's stewardship activities and support the Trustee in meeting its fiduciary duties. Stewardship partners are subject to regular review and oversight, and their performance is assessed based on outcomes achieved for the Scheme's investments.

This section introduces the key providers and suppliers that support the Scheme's stewardship work, briefly outlining their role and how they contribute to the overall stewardship framework.

### EOS

EOS at Federated Hermes is a leading stewardship service provider that collaborates with institutional investors to promote responsible investment practices. With assets under advice totalling \$2.3 trillion as of December 31, 2025,

EOS leverages its significant influence to engage with companies on ESG issues, aiming to enhance long-term shareholder value and drive sustainable outcomes.

EOS was appointed by CPTI to provide additional engagement and voting services on a large proportion of the Scheme's public market assets (both equity and credit). This partnership enables CPTI to access EOS's extensive resources and collaborate with other asset owners to enhance engagement efforts. This also provides an independent challenge on engagement, voting and risk assessment. EOS's experienced team, with diverse backgrounds in industry, academia, law, consultancy, and sciences, conducts these engagements, ensuring effective communication across various markets and sectors.

EOS plays a crucial role in supporting the Scheme's stewardship activities through:

1. **Engagement and Voting Services:** EOS provides comprehensive engagement and voting services on a large proportion of the Scheme's public market assets, advocating for responsible business practices and sustainable growth.
2. **Collaborative Influence:** By pooling the Scheme's assets with those of other institutional investors globally, EOS amplifies the collective voice, enhancing the potential for meaningful corporate and public policy influence.
3. **Knowledge and Training:** EOS offers CPTI valuable insights and training, particularly on emerging themes in responsible investment and direct company engagement strategies.

The appointment of EOS does not replace the stewardship responsibilities of asset managers, as they retain ultimate control over buy and sell decisions. Instead, CPTI believes that having both the managers and EOS engaged in stewardship enhances oversight, fosters constructive challenge, and helps pinpoint key areas for CPTI to focus on when reviewing EOS, the managers, and the underlying holdings. CPTI

focuses on monitoring the work carried out by EOS on behalf of the Scheme, and this is done as follows:

- Regular meetings, in person and online
- Sitting in on live engagements
- Analysis of research
- Analysis of engagement data and reporting

### Gallagher

Gallagher is an independent investment consultancy that offers a comprehensive range of outcome-oriented advice, research, and technology to pension funds, wealth managers, and institutional investors globally.

CPTI collaborates with Gallagher to enhance the stewardship efforts of the Scheme. This partnership grants the Scheme access to Gallagher's voting analysis services, which are integral to its stewardship activities. Gallagher provides detailed annual voting activity reports, offering CPTI a comprehensive understanding of the Scheme's voting patterns and effectiveness. Gallagher plays a pivotal role in supporting the Scheme's stewardship initiatives through:

1. **Voting Analysis Services:** Gallagher conducts in-depth analyses of the Scheme's voting activities, identifying trends, policy implementation, and instances where votes were not cast.
2. **Manager Accountability:** Gallagher's assessments provide CPTI with insights into the strengths and areas for improvement of the Scheme's voting agents, enabling informed engagement and ensuring that managers' activities align with the Scheme's objectives.

### MSCI

MSCI is a leading provider of ESG ratings, climate data, and analytics, serving institutional investors globally. Their comprehensive ESG solutions assist clients in assessing and managing ESG risks and opportunities across various asset classes.

CPTI's partnership with MSCI offers the Scheme access to MSCI's extensive ESG data for public assets, including ESG risk ratings, carbon emissions metrics, controversies, and screening data, facilitating informed decision-making and effective engagement with investment managers.

#### **eFront**

For private market investments, CPTI uses eFront to gain greater transparency of underlying exposures, supporting a clearer view of portfolio composition and informing where data availability is most feasible for monitoring and reporting purposes.

#### **JP Morgan**

In private equity, investments in funds and co-investments are regularly evaluated. For example, consideration of ESG factors for both fund and co-investment opportunities are critical input to the monitoring process as well as the ongoing stewardship of these assets. CPTI and JP Morgan, the Scheme's Private Equity advisor, will function as a steward of the underlying assets on the Scheme's behalf and raise any queries or challenges with the underlying manager. This includes taking Limited Partner Advisory Committee (LPAC) seats where possible and pushing for agendas to include ESG priorities.

#### **Systems and technology supporting stewardship**

The Scheme's stewardship activities are supported by a small number of trusted data providers, specialist platforms and internal management information systems. MSCI ESG and climate data is accessed through direct feeds and the MSCI One platform, supporting holdings-based analysis, engagement prioritisation and manager oversight, while EOS at Federated Hermes provides research, engagement intelligence and Scheme-specific voting and engagement reporting through its EOSi platform. These systems are selected to enhance transparency, data quality and accountability, with oversight maintained through regular review of outputs and engagement with providers. AI-based screening tools will be used where applicable, responsibly and subject to appropriate governance and controls.

## **Member communication and dialogue with beneficiaries**

Accountability to members is a core element of the Scheme's stewardship approach. Alongside strong governance, policies and assurance processes, the Trustee places importance on clear, accessible and timely communication with beneficiaries, enabling members to understand how stewardship is carried out on their behalf and how it supports the long-term security of their pensions.

The Scheme provides members with regular information on stewardship activity through a combination of public reporting and ongoing disclosures. On a quarterly basis, the Scheme publishes summary information on voting and engagement activity undertaken by EOS at Federated Hermes and the Scheme's investment managers in relation to public equities. These disclosures include high-level statistics on key engagement topics and Public Policy highlights reported by EOS, covering significant engagement activity and contributions to regulatory consultations.

In addition, the Scheme publishes an annual UK Stewardship Code report and an annual Task Force on Climate-related Financial Disclosures (TCFD) report, both of which are made publicly available on the Scheme's website. Together, these reports explain the Scheme's stewardship priorities, governance arrangements and key areas of focus, and provide transparency on how stewardship supports the Trustee's fiduciary duty to members.

Members are able to contact the Trustee's office directly using the contact details provided by the Scheme. Any queries or views received from members are considered by the Secretariat and, where relevant, passed to CPTI for review and response. Queries of this nature are welcomed and help inform understanding of member interests and areas where further explanation or clarity may be helpful.

Alongside formal reporting, the Scheme communicates with members through its website, email communications (where members have provided contact details), periodic newsletters and written correspondence on matters of importance. These

channels are used to keep members informed of developments affecting the Scheme and to signpost stewardship-related publications, supporting transparency and ongoing engagement in a manner that is appropriate to the Scheme's size, structure and membership profile.

The following section considers the wider economic, market and systemic environment in which the Scheme's stewardship approach operates, and how these external factors help shape stewardship priorities in the interests of members.

## **3. The Macro Environment and Themes**

### **Macro Environment**

The macro-environment is crucial when presenting the Scheme's stewardship approach because it provides the broader context in which investment decisions are made and risks are assessed. The macro environment shapes the way that CPTI and the Trustee prioritise investment and stewardship decisions and can impact how stewardship is aligned with long-term goals.

CPTI considers any market-wide and systemic risks when setting its economic scenarios and investment themes. These are regularly debated at weekly team meetings and strategy meetings and are escalated to the Trustee where appropriate. CPTI also receives regular questions and challenges from the Trustee on these issues. The Scheme has access to data produced by asset liability modelling tools as well as cashflow forecasting technology. These models and tools are key inputs used when looking at different Scheme risks and to stress test different downside scenarios. Examples of significant market-wide risks on which the Trustee is focused are geopolitics, climate change and inflation. Inflation in particular is a key sensitivity for the Scheme in terms of both its assets and liabilities.

CPTI continually engages with the Trustee, advisors, strategic partners, asset managers and other asset owners to discuss market-wide and systemic risks.

### **Geopolitics**

CPTI and the Trustee recognise the importance of understanding, monitoring, and responding to the effects of geopolitical tensions within the investment decision making process. Geopolitical risks can impact asset valuations, supply chains, market stability and reputational risk.

Through 2025, CPTI focused on key geopolitical risks including shifts in U.S. policy (notably tariffs), conflict in the Middle East, and ongoing tensions between Russia and Ukraine.

These risks were assessed for their potential impact on markets, including volatility, inflation, and sanctions. U.S. trade policy was seen as particularly influential. While a ceasefire was reached between Israel and Hamas, broader regional tensions escalated, involving Iran and the United States, while the Russia–Ukraine conflict continued to help shape global risk sentiment. Key priorities continued to include monitoring U.S.–China relations, global energy strategy, and developments in ESG-related regulation, particularly where geopolitical shifts may affect sectors such as technology, energy, and defence.

Rising geopolitical tensions may also prompt governments to adjust policy timelines, including on climate initiatives, reinforcing the need for proactive risk management alongside long-term objectives.

### **ESG Backlash**

By 2026, the backlash against ESG investing in the United States has become more embedded and institutionalised. What gained momentum in 2025 as a political campaign framing ESG as “woke capitalism” has since translated into a more complex mix of state-level legislation, regulatory actions, and legal scrutiny. In several Republican-led states, restrictions on the consideration of ESG factors by public pension funds remain in place, while additional measures have targeted

asset managers' voting and engagement practices. At the federal level, increased attention on proxy advisers and fiduciary interpretation has added further uncertainty around the scope of permissible stewardship activity.

CPTI has continued to monitor these developments through 2025 and into 2026, with a particular focus on implications at the asset manager level. The central concern remains whether legislative and regulatory constraints could inhibit asset managers' ability to exercise effective stewardship on behalf of the Scheme. Limitations on engagement or proxy voting, particularly on issues such as climate risk or diversity, equity and inclusion, may weaken corporate accountability and constrain investors' ability to influence factors that are financially material over the long term. In this context, the team remains attentive to how managers navigate evolving legal requirements while continuing to fulfil their fiduciary responsibilities and protect long-term value for Scheme members.

CPTI remains committed to monitoring how asset managers navigate these challenges, ensuring that their stewardship activities align with the Scheme's expectations. The team continues to engage with managers to assess whether political and legal pressures are influencing their approach to ESG integration, proxy voting, and engagement strategies. Where necessary, CPTI will challenge asset managers to uphold their stewardship responsibilities and maintain a focus on long-term financial sustainability, irrespective of political pressures.

### Climate change

Addressing the systemic issue of climate change has been a key focus since 2021. CPTI and the Trustee believe climate risk could have a material impact on the long-term performance of the Scheme's assets. This is formally documented in the Scheme's Responsible Investment policy and Stewardship policy as well as the Scheme's fourth TCFD report, which includes refreshed Climate Scenario Analysis, published on 30th April 2026 and is available via this [link](#).

As noted earlier, recent years have highlighted the complex and evolving nature of the climate challenge, with progress towards global decarbonisation occurring alongside heightened geopolitical, economic and social pressures. Factors such as energy security concerns, inflationary pressures and increased political scrutiny of ESG-related activity are contributing to a more uneven pace of transition across regions and sectors. The Trustee recognises that these dynamics have important implications for transition risk, investment strategy and stewardship priorities over the long term. Further detail on climate risks, scenario analysis and the Scheme's approach to managing these issues is set out in the Scheme's TCFD report referenced above.

## Responsible Investment Risks

As discussed earlier in the reporting section 2, the Trustee has agreed two specific *investment* themes expected to drive material risks and opportunities over the medium term – **climate change** and **healthcare**. Both are rooted in ESG considerations and directly inform the implementation of the Scheme's asset allocation. Alongside these themes, the CPTI team also considers responsible investment risks across the broader portfolio. Key responsible investment risks include:

1. **Human Rights:** The Trustee believes in the necessity to focus on human rights issues within the context of investment. CPTI focus on monitoring exposure to human rights abuses through a risk mitigation lens, focusing on reputation and financial risks associated with human rights abuses. This is monitored through screening for UNGC violators. CPTI also closely monitor the supply chain processes of the Scheme's real asset managers in property and infrastructure who are more exposed to direct risks.
2. **UN Global Compact (UNGC):** The Trustee and CPTI team believe that the Scheme should never be invested in any company or asset that is doing something illegal. As such, a focus area for the risk overlay looks at UNGC violators – i.e. any company that is in violation of any of the ten principles

of the compact that relate to human rights, labour, environment and anti-corruption.

3. **ESG Controversies:** The Trustee and CPTI team believe that companies involved in ESG controversies pose both reputational and financial risks, as do companies who are laggards within either E, S or G.
4. **DE&I:** The CPTI team believe that diverse and inclusive teams are more likely to make good investment decisions and keep up with a rapidly changing environment. Considering DE&I within the investment process means effectively managing risks such as workforce stability, talent attraction, effective decision-making/group think and investment performance.

**Responsible Investment Overlays/Tilts:** Though less direct than a thematic allocation, overlays and tilts enable the team to create or steer mandates towards benefiting from ESG opportunities and mitigating risks. For example through a UNGC violators exclusion or a controversial weapons exclusion. The Scheme currently implements a controversial weapons exclusion policy, ensuring that no companies derive more than 10% of their revenue from nuclear weapons and/or no companies that are non-compliant with the following treaties:

- The Convention on Cluster Munitions (2008)
- The Anti-Personnel Landmines Treaty (1997)
- The Biological Weapons Convention (1975)
- The Chemical Weapons Convention (1977)

#### Evaluation of impact on stewardship and member outcomes

These wider market themes have helped shape how the Scheme looks after members' pensions in a changing and sometimes uncertain world. By keeping a close watch on issues such as geopolitical tensions, climate change and changes in attitudes to responsible investment, the Trustee and CPTI have been better placed to focus stewardship activity on the risks and opportunities most likely to affect the Scheme's long-term financial health. In practice, this has meant clearer

expectations of asset managers, stronger challenge where long-term risks could be overlooked, and continued emphasis on responsible behaviour by the companies in which the Scheme invests. While these actions do not produce immediate or visible outcomes, they are intended to support members by improving risk management, protecting the value of the Scheme's assets over time, and helping to ensure the Scheme remains well-placed to pay members' benefits as they fall due.

Signed by the Chief Investment Officer of Coal Pension Trustees Investments,  
on behalf of Trustees of the Mineworkers' Pension Scheme Limited