British Coal Staff Superannuation Scheme TCFD Report

For scheme year ending March 2026

BCSSS
British Coal
Staff Superannuation Scheme

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Introduction

The Task Force on Climate-related Financial Disclosures (TCFD) allows the regulator, companies and investors to better understand their financial exposure to climate risk. As required by UK government legislation, the British Coal Staff Superannuation Scheme ("the Scheme") published its first report in 2022 and is now publishing its fifth report. This will be available to members and other interested parties and provides detail of how the Scheme is addressing the risks and opportunities associated with climate change and the climate transition.

About the Scheme

The Scheme is one of the larger occupational pension schemes in the UK, providing benefits for just over 37,000 pensioners and deferred members as at the end of March 2026. The Scheme was established by an Act of Parliament on 1 January 1947 following the nationalisation of the coal industry. The coal industry was privatised in December 1994 and because of this, contributing members of the Scheme became deferred members. The Coal Industry Act 1994 established the parameters under which the Scheme operates, with the Government in place as the Guarantor.

Coal Staff Superannuation Trustees Limited ("the Trustee") has ultimate responsibility for decision-making on investment matters. Coal Pension Trustees Investment Limited ("CPTI") was responsible for providing investment advice and investment management services to the Trustee during the period covered by this report. On 9 March 2026, the Trustee signed an Investment Management Agreement appointing BlackRock as the Scheme's fiduciary manager. BlackRock will advise the Trustee on investment strategy and manage the Scheme's investments on a day-to-day basis within clear parameters set and overseen by the Trustee, which retains responsibility for setting investment strategy and risk. The transition of assets commenced on 1 June 2026 and will be covered in next year's TCFD report. As at 31 March 2026, total Scheme assets were valued at £7.7bn.

The Scheme's approach to Climate and TCFD Summary

The Trustee's fiduciary duty is to act in the best interests of members, with the primary objective of paying all future member benefits (i.e. the Scheme's liabilities) from the Scheme's assets. The Scheme recognises climate change as a source of risk and opportunity with ongoing impact on asset pricing, making climate-related issues legitimate concerns for pension fund trustees. This wider context informs the Trustee's assessment of climate-related risks and opportunities. The following paragraphs frame the Scheme's approach in the wider climate and market context for the reporting period.

2025 continued the pattern of high emissions, warming global temperatures and renewables deployment. The period from 2015 onwards has contained the warmest years in the 176-year observational record, with the past three years being the three warmest years on record. The past three years (2023-2025) also marked the first period where the three-year average exceeded 1.5°C above pre-industrial levels. Concentrations of heat-trapping greenhouse gases and ocean heat content, which both reached record levels in 2024, continued to rise in 2025. (Data from World Meteorological Organisation).

Governments worldwide in 2025 continued to balance energy security concerns, inflationary pressure in supply chains, the cost-of-living crisis, geopolitical uncertainty, and the rapid scaling of AI infrastructure. While climate progress slowed in the US, China and India continued to lead global growth in renewable energy and electric vehicle adoption. Record energy demand and climate-related extremes highlighted the vulnerability of global systems, strengthening the case for better climate risk governance, stronger

data, and forward looking scenario analysis for long-term investment decision-making.

International climate discussions continued to focus on implementation through 2025 and into 2026, with greater emphasis on delivering country climate commitments, climate adaptation and financing the transition to a lower-carbon economy.

This fifth TCFD report describes the governance and risk management framework that applied during the reporting period for identifying, assessing and managing climate-related risks and opportunities, while recognising that these arrangements are expected to evolve following BlackRock's appointment as the Scheme's fiduciary manager.

The report also reflects the broader, industry-wide limitations that continue to affect climate-related reporting, including ongoing challenges relating to data coverage, data quality, methodologies and modelling approaches. Across the investment industry, significant work continues to improve the availability, consistency and reliability of climate-related data, models and assumptions; however, considerable challenges remain and many of the estimates presented in this report are therefore subject to a degree of uncertainty. This is particularly relevant to climate scenario analysis, which the Trustee re-ran during 2025 in line with regulatory requirements.

The Trustee has set an ambitious target for carbon emissions data coverage across the portfolio and has continued to make progress towards achieving this objective.

Since adopting Climate Change as a stewardship and investment theme, the Scheme has continued to develop its approach to managing climate-related risks and opportunities within the portfolio. During the reporting period, the principal change was the removal of a broad climate overlay from the passive equity mandate. This reflected the view that the pace of the climate transition is likely to vary across countries, regions and sectors, reducing the effectiveness of a blanket approach. As a result of this change, portfolio emissions within the equity allocation increased and moved more closely in line with the broader market. The Trustee also reviewed the level of conviction in, and overlap between, mandates that provide exposure to climate-related opportunities. While the Scheme disinvested from Commodities during the reporting period, it maintained exposure to a range of climate opportunity investments throughout the reporting period, including areas such as listed infrastructure and renewable energy, while also benefiting from the growing integration of renewable technologies across wider markets.

While emissions and intensity numbers for the portfolio are expected to fluctuate through time due to asset allocation changes, exposure to "Paris-aligned" investments (which may become "2 degree Aligned" investments) is expected to gradually increase with broad market progress.

Climate Metrics

As required by regulation the Trustee has committed to report on the following metrics, which are reported across all the Scheme's assets as far as is possible:

- **Total carbon emissions** – measures the absolute tonnes of carbon dioxide emissions for which an investor is responsible. Total emissions are what must be reduced to limit the carbon dioxide in the atmosphere and the degree of planetary warming. In line with regulations, the Scheme has reported on Scope 1 (direct emissions), scope 2 (purchased emissions) and Scope 3 (supply chain emissions).

- **Carbon intensity** – an efficiency metric based on absolute emissions relative to the enterprise value including cash (EVIC). EVIC is a measure of asset size so allows comparison of carbon efficiency.

- **Data coverage** – the proportion of the Scheme where reported (not proxied) Scope 1 and 2 carbon emissions data is available.

- **Paris Alignment** - per TCFD regulation, the Scheme has reported on the extent to which its assets are Paris Aligned in this TCFD report.

In line with statutory guidance, the Trustee has maintained a climate target for TCFD reporting since 2021, based on the third metric: data coverage. The target was reviewed in 2025 and the timeline was extended, as follows:

- Increase the proportion of the Scheme covered by reported (not proxied) Scope 1 and 2 carbon emissions data to 90% by the end of 2027.

Since measurement of the Scheme's emissions began at the end of September 2021, data availability has increased from 54% to 95% at the end of March 2026. However, much of the data still comes from proxies rather than directly reported company or asset data. Actual reported data has increased by 28%, from 39% to 67%. These numbers will continue to vary in the near term as data, methodologies and the Scheme's asset allocation evolve.

The Scheme has observed a decline in both absolute emissions and emissions intensity since measurement began. There is no specific emissions reduction target, and the Trustee expects emissions to fluctuate, both as markets evolve and if the Scheme allocates to higher starting emissions areas.

The Scheme also continued during the reporting period to monitor Paris Alignment to gauge the portfolio's alignment with the 1.5-degree Celsius goal of the Paris Agreement, albeit the 1.5 degree target may become a 2 degree target depending on UK legislation.

Key messages: climate transition, data progress and future priorities

During the reporting period, governments continued to balance energy security, affordability and economic pressures alongside long term climate goals. Shifts in U.S. federal climate policy have increased the role of state-level action, while scrutiny of ESG investing has reinforced the need for clear, resilient approaches from asset managers.

Global energy systems are also changing quickly. Demand is rising, supply chains remain under strain, and access to critical minerals is a growing concern. Despite that, progress across emerging economies has remained notable. Record renewable deployment across China and the Global South in 2024 positioned these regions to drive further clean energy growth over the course of 2025, although complete data for the full year is not yet available.

Within this environment, the Trustee continued to consider climate-related risks and opportunities as part of its wider investment oversight, recognising that the pace and nature of the climate transition varies across regions, sectors and asset classes. This context informed reporting and monitoring during the period, including the continued focus on climate data coverage and relevant risks within real assets such as property and infrastructure. Data quality improved, with reported emissions coverage rising to 67%, bringing the Scheme closer to its 90% target across public equity, private equity and property.

Looking ahead, the Trustee expects its approach to climate-related reporting and oversight to continue developing as the Scheme's governance and investment arrangements evolve following the appointment of BlackRock as fiduciary manager. BlackRock will provide advisory services and implement the portfolio on a day-to-day basis within the framework set by the Trustee, which retains responsibility for investment strategy, risk and oversight. The Trustee remains mindful of the financial relevance of climate-related risks and opportunities, while recognising that regulatory expectations, market practice and data availability continue to change. Future reporting will therefore reflect

the arrangements and priorities in place at that time, rather than implying a fixed approach at the date of this report.

Section 1 – Governance

The Trustee's existing governance arrangements remained in place until March 2026. Further detail on the framework that applied until March 2026 is provided in the detailed governance section later in this report. The new governance framework began to transition in March 2026 and a comprehensive update of the new arrangements will be provided in the Scheme's 2027 TCFD submission.

The Trustee agreed an Investment Belief in December 2024**: "Decisions involving Responsible Investment-related risks and opportunities are made with a financial focus and clear economic rationale."** This belief applied during the reporting period and continues to support the Trustee's approach to integrating climate-related considerations into investment decision-making.

During the reporting period, COM retained oversight of climate strategy, policy, metrics and targets, while ISC oversaw implementation. CPTI provided investment advice and investment management services, including advice on climate-related risks and opportunities, with climate matters reviewed regularly as part of the Scheme's governance processes.

Section 2 – Strategy, risks, opportunities, time frames

This section highlights how the Trustee identifies climate-related risks and opportunities which it considers will have an effect over the short, medium, and long term on the Scheme's investment strategy and funding. It also demonstrates how the Trustee considers where climate change, and actions to address climate change, might contribute positively to anticipated returns or to reduced risk. In addition, this section sets out changes over the past Scheme year.

Appropriate Time Periods over which the Scheme assesses Strategy:

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.

Over the short term the most material impact to the Scheme's assets associated with climate is likely to be Transition Risk and Opportunity. The Scheme has made certain investments in climate opportunities to take advantage of market moves likely to occur over a short-medium time horizon. The Scheme has also sought to ensure exposure to very at-risk companies/assets is reduced if not sufficiently managed or rewarded.

Even over the short term, the Scheme has already observed physical climate risks affecting the Real Asset portfolio. Examples include flood risk and retrofitting requirements within the property portfolio, as well as increased stranding risk, investment requirements, weather-related damage and higher insurance costs within UK infrastructure holdings.

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 60% of the Scheme's future payments (in real terms) are expected to be made over the next 10 years. During this period Transition Risk and Opportunity, Physical Risk and potentially Stranded Asset risk in some of the least efficient technologies, properties and companies are all relevant.

Long term: Defined as anything beyond 10 years up until 35 years (2059) when less than 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.

Climate Related Risks and Opportunities - Investments

Responsibility

The Trustee is responsible for setting the climate strategy and managing and monitoring climate risk as with all other areas of risk and strategy. Like other areas of investment, the Trustee delegated the implementation of the strategy and the management and monitoring of risk to CPTI who use external investment managers, data providers and advisors to assist.

High Level Strategy

During the most recent Scheme year the key developments around climate risk and opportunities focused on reviewing climate strategy in relation to an extended time horizon of transition in certain markets versus duration of Scheme liabilities. This reflected increasing divergence in the pace of climate transition across regions and sectors, reinforcing the importance of selective rather than broad-based positioning.

Risks and Opportunities

The Trustee continues to work to build an understanding of the possible impacts of climate across all areas of the portfolio. Each of the following areas of risk and opportunity are expected to be relevant to the Scheme:

- Physical Risk
- Transition Risk including Stranded Asset Risk
- Climate Opportunities and Solutions.

Understanding Scheme Exposure to Physical Risk

As the Scheme reports for **the Scheme year ending 31 March 2026**, it is clear that climate change is already influencing global economic conditions. Understanding and responding to climate-related risks supports the Trustee in continuing to act in members' long-term interests, with the aim of supporting stable and resilient pension outcomes over time.

Physical climate impacts are also increasingly visible. In 2025, global economic losses from natural catastrophes were estimated at around US$224–260 billion, with insured losses of approximately US$108–127 billion. This marked the sixth consecutive year in which insured losses exceeded US$100 billion, despite the absence of a major US hurricane landfall. Severe convective storms — including hail, tornadoes and straight-line winds — and wildfires were key contributors to these losses. More broadly, extreme weather events continued to demonstrate the economic relevance of physical climate risk, including severe winter storms in the US and record wildfire emissions in the EU. As a result, investment in adaptation and climate resilience is expected to remain a global priority in the years ahead. For the Scheme, continuing to understand how these risks may affect assets within the portfolio, and ensuring investment managers are appropriately assessing and managing those risks, remains an important area of focus.

In response to these risks, the Trustee has continued to build its understanding of the Scheme's exposure through manager engagement, asset-level discussions and regular climate reporting. This work is supplemented by formal climate scenario analysis, which helps assess how different climate pathways could affect the Scheme's assets over the longer term.

Climate Scenario Analysis

Scenario analysis is a valuable tool for assessing the potential impact of climate-related transition and physical risks on the Scheme's assets, as well as identifying climate-related opportunities that could contribute to future investment returns.

The Scheme is required to undertake climate scenario analysis at least every three years. This analysis was refreshed during 2025 and presented in the last TCFD report. The analysis was undertaken using MSCI's climate scenario modelling for the Scheme's public market assets. A summary of the results is provided below, with the full analysis available here.

Summary of results:

Under the **central 2°C Disorderly scenario**, the BCSSS portfolio is modelled to **decline in value by approximately 6% by 2050**, reflecting the combined effects of transition and physical climate risks over the next 25 years. While scenario analysis is inherently subject to modelling limitations and uncertainty, the results highlight the importance of maintaining a forward-looking approach to identifying, managing and monitoring climate-related risks and opportunities.

Although climate data and modelling techniques continue to evolve, several high-level conclusions can be drawn from the analysis and from more detailed assessments of real assets:

- Policy-driven transition costs and physical climate hazards, including coastal flooding, river low-flow and extreme heat, are expected to have a material impact on certain investments.
- The level of climate-related risk varies significantly by sector, geography and asset characteristics, with the timing and severity of impacts differing across holdings.
- Certain mandates, including Listed Infrastructure, and selected underlying assets exhibit elevated climate risk profiles and therefore warrant enhanced monitoring and engagement.

BCSSS Approach to Transition and Stranded Asset Risk

Transition risk refers to how assets will perform under a transition to a low carbon economy. This can be an orderly and gradual scenario, or a more disorganised scenario where regulation comes in suddenly, over a shorter period, and with greater market impact. Transition risk also incorporates shifting consumer preferences towards environmentally friendly products and services.

Stranded asset risk refers to the risk that an asset currently assumed to have value may lose much or all of its worth in the future. An asset's worth is based on its assumed future cashflows and therefore if these are lower, or last for less time, the asset is worth less. An asset can be stranded for regulatory reasons (i.e. not allowed to profit from the asset), or economic reasons (no longer profitable). Given a high proportion of the Scheme's liabilities will be met over the next decade stranded asset risk is lower for this Scheme than many others. As such, the first focus in this area is on assets with near term risks to pricing or profitability, or assets that are expected to become difficult to sell over the medium term. This is likely to evolve as the transition progresses.

CPTI, on behalf of the Scheme sought to understand this risk through careful engagement with managers, particularly on assets or companies that are clear laggards within their sectors. The Scheme has not adopted any exclusions in this area nor a Net Zero target.

As part of understanding transition and stranded asset risks, it is important to recognise how energy system pressures are evolving. While electricity demand is rising quickly as more of the economy electrifies and AI data centres grow the rapid rollout of renewables across the globe has meant that the use of Coal for example may have already peaked. The IEA's *Coal 2025* report expects global coal demand to reach its peak in 2025, China's coal demand in 2025 is expected to rise only +0.5% from 2024, after which the IEA projects a gradual decline through 2030. The UK used no coal for electricity generation in 2025.

At the same time, the overall increase in energy demand means natural gas will remain a key part of the transition, that said the cost and capability of batteries is progressing rapidly. Both the huge surge in expected electricity demand and the widespread blackout experienced across Spain's power grid in 2025 have sharpened the focus on grid stability and storage. Over the past three years, massive batteries have become a viable answer to keeping grids functioning with renewables. In California, solar and batteries are up and gas generation is down 37% since 2020.

For schemes, this evolving landscape heightens the importance of assessing potential stranded asset exposures within legacy fossil fuel infrastructure while ensuring alignment with an orderly transition, particularly as the energy system becomes increasingly dependent on robust grids, storage, reliable low-carbon power sources, and critical mineral supply chains.

The Scheme, like the vast majority of large asset pools and the market as a whole, has exposure to transition and stranded asset risk. Determining when assets are likely to become stranded and the right time to exit these in favour of other investments to maximise the financial benefits requires careful consideration, additionally the shortening time horizon of the Scheme means that stranded asset risk is likely less impactful for this Scheme than other investors.

How the Scheme Implements its Climate Strategy

The Scheme looks to consider climate risk, where relevant under the Scheme's time horizon. The below sets out how this is incorporated in each stage of portfolio management.

1) Strategy changes

In terms of high-level changes to funding strategy, asset allocation and planning, the Trustee and the broader market are still in the initial stages of considering how climate change will impact expected returns across asset classes, regions, sectors and in aggregate. In general, significant changes to high level strategy are not expected.

2) Manager assessment

For all new appointments, CPTI assesses external fund managers' understanding of and positioning around climate change, looking for assurance that risk is appropriately considered and priced, and opportunities are not being missed. This is documented as part of each investment decision and in ongoing monitoring.

Where CPTI has concerns around a manager's investment approach or stewardship in this area it will place the manager on a formal watchlist, which is presented to the Trustee on a quarterly basis and is subject to increased scrutiny until a decision on how to proceed is made.

For legacy private equity and debt exposures where CPTI cannot easily make changes, the priority is to understand the Scheme's exposure to risk and engage with the managers.

3) Reporting requirements

During the reporting period, CPTI sought to ensure all managers report on their exposure to climate risk and opportunities as well as their engagement and voting in this area.

Stewardship

The Trustee views stewardship as a key tool for enhancing value through reducing risk and focusing on opportunities. Climate change has been formally identified as a key focus of the Scheme's stewardship efforts.

The Scheme's role as a steward applies across all assets and geographies in which the Scheme invests. As the Scheme delegates the management of individual assets to its investment managers, the Scheme's key levers of control and influence in stewardship are the appointment of aligned managers and stewardship providers; and ongoing engagement, oversight and challenge of those managers and providers.

Climate Stewardship Engagement: Barclays PLC (Passive Equity Manager)

Rationale: As a major global bank, Barclays plays an important role in financing the transition to a lower-carbon economy. The engagement focused on how Barclays manages climate-related risks and opportunities, including its climate strategy, transition financing commitments, sector decarbonisation targets and disclosures. Given the financial materiality of these issues, the Investment Manager identified Barclays as a priority climate stewardship engagement.

Engagement Goals:

- Assess progress against Barclay's Net Zero by 2050 ambition and sector targets.
- Understand how Barclays supports clients through its Client Transition Framework.
- Encourage continued enhancement of climate related disclosures and transparency.

Investment Manager Actions: The Investment manager conducted a multi-year engagement programme with Barclays, including discussions with the Board Chair, executive leadership, senior management, sustainability specialists and Investor Relations. In 2025, engagements focused on sustainable and transition finance targets, sector decarbonisation pathways, client transition plans and planned disclosure enhancements.

Outcomes and Next Steps: The engagement enabled the Investment Manager to monitor Barclays' progress in developing its climate strategy, implementation and reporting. During 2025, Barclays published an updated Transition Update, including more detailed progress reporting, client transition case studies and sustainable and transition finance revenue disclosures. The Investment Manager will continue engaging with and monitoring Barclays' progress against its stated targets and climate-related commitments.

Escalation and Exclusions

During the reporting period, a key part of engagement was escalation. CPTI sought to determine whether the investment managers' and third-party providers' engagement was effective and, where it was not, whether investing in a particular manager, sector, company or asset continued to make sense. For areas with elevated levels of risk of financial loss the Trustee may consider exclusions. Thus far the Trustee has a formal engage and/or exclude policy only for investments that violate the UN Global Compact principles. The Scheme has also, where relevant, previously adjusted voting and engagement responsibilities between fund managers and its stewardship services provider, EOS, reflecting its assessment of the provider's stewardship capabilities.

Collaborative Engagements

Whilst the Scheme is not a direct member of any climate-related collaborative engagement groups, many of the Scheme's managers and service providers are. Despite the current political landscape which has caused a number of market participants to withdraw from such initiatives, CPTI have been encouraged to report that EOS and two of the Scheme's strategic partner investment managers remained steadfast members of these groups through the reporting period covered in this report.

Climate Stewardship Engagement - Pemex (Emerging Market Debt Manager / Climate Action 100+)

Rationale: The engagement focused on improving carbon disclosures and environmental practices at Pemex, a state-owned oil and gas company with material exposure to climate transition and operational environmental risks. The company had been developing a Sustainability Plan for 2030-2050, making the engagement particularly relevant to understanding its climate strategy, short-term targets and future reporting framework.

Engagement Goals:

- Improve carbon disclosure and environmental practices through the Climate Action 100+ engagement.
- Track publication of Pemex's Sustainability Plan and assess its short-term climate goals.
- Review progress on field gas optimisation, carbon reporting and first time TCFD disclosure.

Investment Manager Actions: The investment manager co-led the Climate Action 100+ engagement, including a call with Pemex ahead of publication of its Sustainability Plan and follow-up email dialogue after the plan was delayed. The investment manager questioned short-term targets, alignment with a 1.5-degree pathway, climate reporting and potential green or sustainable bond issuance.

Outcomes and Next Steps: Pemex indicated that its Sustainability Committee and a consulting firm were finalising the plan before Board approval. The Investment manager will continue to press for publication and review the plan once available. Improved disclosure on field gas optimisation, continued carbon reporting and first-time TCFD reporting provide useful indicators to monitor.

Monitoring and Engagement on Exclusions, Laggards and Controversies

In line with the Scheme's Stewardship Policy, the Scheme has focussed stewardship on material factors relating to environmental, social or governance issues.

During the reporting period CPTI has had access to data from two ESG data providers, MSCI and Sustainalytics via EOS, which facilitates the process of monitoring these factors. Within private markets, some limited data is available from external providers, but monitoring largely relies on ongoing engagement with managers and oversight of their activities.

Alongside monitoring compliance with its Exclusions Policy, the Trustee has also monitored the Scheme's exposure to ESG laggards, controversies and UNGC Watchlist companies on a regular basis. Where the data providers highlight a relevant holding, CPTI has contacted the manager responsible for the position and engaged with them on their rationale for holding and understanding of the risk and the data provider's view. This rationale would be documented, and CPTI would continue to engage on a regular basis whilst the position was held. This engagement has also fed into CPTI's overall view of the manager's approach.

The case study below highlights engagement undertaken by an investment manager with an investee company in relation to a controversy that formed part of discussions with the manager during the Scheme's ESG risk monitoring process.

Controversy Engagement - Veolia Environnement (Investment Grade Credit Manager)

Rationale: The engagement was prompted by controversy concerns after Veolia was downgraded to an MSCI Orange Flag and placed on the UN Global Compact Watchlist. Allegations linked to a Colombia landfill raised environmental and community impact concerns, while the manager also needed to assess whether the controversy affected the status of Veolia's green bond proceeds and related sustainable investment assessment.

Engagement Goals:

- Understand Veolia's response to the controversy and related NGO allegations.
- Confirm whether green bond proceeds were linked to the implicated operations.
- Review disclosure, site monitoring and post-2019 operational improvements.

Investment Manager Actions: The investment manager engaged on the new MSCI cases and challenged the company on its response. It reviewed company testing, asked for further disclosure, discussed operational improvements and explored whether biogas or waste-to-energy could mitigate landfill impacts. It also completed a check against the EU Taxonomy and reviewed the eligible green project list.

Outcomes and Next Steps: The investment manager confirmed that green bond proceeds were not being used for the operations implicated in the allegations and that the Colombia landfill was not in the eligible green project list. Veolia remains on enhanced monitoring, with the investment manager tracking MSCI controversy changes, UNGC Watchlist status and regulatory updates.

Voting

The Scheme seeks, wherever practicable, to vote on every resolution at all meetings of companies in its portfolios. Voting is regarded as an important part of the Scheme's stewardship activities and as a means of achieving positive change.

During the reporting period, CPTI monitored the Scheme's voting activity across key themes, including climate-related matters and relevant shareholder resolutions. While voting decisions are made by external parties, CPTI reviewed voting outcomes to understand how those decisions are being made and to support constructive engagement with managers and third-party engagement providers where needed.

An example of where the Scheme has voted against management on a climate resolution is included below.

Climate Resolution – Voting Case study: EOS – Santos

Following engagement on climate strategy and transition planning, EOS voted against Santos's climate transition plan in 2025. Although the company had made progress, EOS concluded that its approach did not yet meet sector best practice in managing climate-related financial risks and opportunities. The vote signalled the need for further improvements in the company's transition planning and alignment with the goals of the Paris Agreement.

Climate Related Risks and Opportunities – Funding

Funding Strategy

The Trustee's primary funding responsibility is to pay all future member benefits (i.e. the Scheme's liabilities) from the Scheme's assets.

In order to meet the future payments, the Scheme's assets need to generate a return in excess of that available on "risk-free" assets such as UK Government Bonds. As such, the Scheme invests in a proportion of return seeking assets.

Ultimately, if the Scheme's funding strategy is unsuccessful (i.e. there are insufficient assets available to meet member's benefit payments), funding will be provided by the UK Government who is the Scheme's Guarantor.

Climate Related Risks and Opportunities

Given the Scheme invests in return seeking assets, the biggest climate related risk and opportunities to the funding strategy are those that impact such investments. These risks and opportunities have been covered in detail above.

Climate change could also impact the level of benefit payments that the Scheme makes to members, either as result of changes in mortality levels or due to changes to future levels of inflation. Here, the maturity of the Scheme is likely to be a key factor, as the average age of members (weighted by pension amount) is around 78 and over 60% of the Scheme's future payments (in real terms) are expected to be made over the next 10 years.

So, for climate change to have a meaningful impact on the future benefit payments from the Scheme it is likely that these impacts will need to happen in the next 10 years.

It is unlikely that climate change is going to have a material impact on the life expectancy of the Scheme's members (and therefore the associated pension payments to members), particularly given the vast majority of members live in the UK where the physical risks of climate change are less extreme, relative to some other parts of the world. And whilst, for example, climate change could increase the number of heat-related deaths in the summer, this may well be offset by a reduction in cold-related deaths in the winter.

A more meaningful area of impact on future benefit payments could be the impact climate change has on inflation, as around 67% of members benefits increase each year in line with inflation. As discussed earlier in this report, the Scheme's work in this area is ongoing, and the completed scenario analysis alongside other emerging insights will be important to this work.

Covenant Risk

Whilst the Scheme does not have a sponsoring employer, should the Scheme's funding strategy fail, funding will be provided by the UK Government under the terms of the Government guarantee. As such, climate change is not expected to affect the ability of the Scheme's sponsor to support the Scheme.

Overall Progress on Strategy

The Trustee continues to work to integrate climate risk and opportunity throughout the funding strategy. Whilst some areas, for example physical risk and climate scenarios, remain in early stages, regular reporting and discussion on transition risk and opportunities has been rolled out across the majority of Scheme assets for a number of years. Qualitative understanding and interrogation of climate risks and opportunities is a key part of manager selection and monitoring, and climate change is a core focus of the Scheme's stewardship efforts.

Section 3 – Risk management and monitoring

The Trustee's goal is to identify, monitor and manage climate risks and opportunities across the whole portfolio, public and private. Whilst this remains a work in progress for the Scheme and wider industry, the Trustee now has a substantial level of information included in regular reporting around risks and opportunities in this area.

Risk Appetite

While climate risk has not altered the Trustee's overall risk appetite, climate-related considerations have informed the Scheme's portfolio, approach and choice of providers over time as part of broader investment decision-making.

How the Trustee Assesses the Risks and Opportunities

Qualitative assessment helps evaluate how scenarios may affect asset classes, sectors and regions, supported by detailed discussions with managers and research providers. CPTI has drawn on qualitative risk assessments from MSCI and stewardship insights from EOS (the Scheme's stewardship provider). Discussion of both company and broad market/asset class risks and opportunities have also been part of regular ongoing conversations with the Scheme's managers, advisors and broader network including ESG and stewardship collaborative groups. Given limited data coverage and quality in parts of the portfolio, combining qualitative insight with quantitative analysis remains essential.

In preparing regular reporting for the Investment Sub-Committee (ISC), CPT and CPTI collated reports using data directly extracted from tools available in-house in conjunction with data sourced from third party managers. The reports were reviewed and overseen by CPTI before being presented to the Trustee.

The following quantitative data has been reported to ISC regularly:

- Carbon emissions and intensity across the portfolio (Scope 1, 2 and 3)
- Degree of Paris Alignment
- Level of investment in climate opportunities
- ESG laggards
- Controversy exposure

At present, full coverage of the portfolio is not available. During the reporting period CPTI continued to work on improving coverage through data providers and engagement with managers. In the absence of reported data, appropriate proxies have been used. There is currently limited data and understanding around physical risk, however scenario analysis is another key tool to gain understanding of risk and opportunities.

Monitoring of Risk Metrics

The ISC has been presented with climate risks and TCFD metrics on a regular basis. The Trustee Board formally reviews climate risks (including metrics and targets) at least once a year ahead of the publication of the Scheme's TCFD report.

The TCFD recommends that trustees should increase the frequency of monitoring if risk levels approach pre-determined risk appetites. The Trustee has not yet determined tolerances in this area given data and methodologies are still being constructed but will continue to develop its approach here.

To the extent possible, climate risk metrics are monitored for every asset class in the portfolio, however some areas remain a work in progress. More broadly the Trustee acknowledges that all areas of its assets and the broader economy are exposed to some level of climate risk and opportunity and that these risks are systemic and cannot be fully divested or diversified away.

Section 4 - Metrics and Targets

Overview

In compliance with TCFD regulations, the Trustee agreed three climate metrics and a target in 2021. Two of these metrics, total carbon emissions and carbon intensity, are required by statutory guidance. The third metric, data quality, was also agreed in 2021 alongside an ambitious target of 90% reported emissions by the end of 2024. Last year the Trustee acknowledged that this target was not met, reviewed and agreed a revised target date of 2027. A fourth metric on Paris Alignment was added in 2023 to meet regulatory requirements.

The subsequent pages detail Scheme data under these metrics.

Over the previous four TCFD cycles there has been steady improvement in reported emissions data across most asset classes. However, the progress in improvement has now levelled out. The Trustee will review this target in due course.

Carbon Emissions Data Quality/Coverage by Asset Class

Data Quality: The accuracy, completeness, and reliability of information pertaining to carbon emissions, used to effectively assess the Scheme's financed carbon emissions.

Figure 1

The following table shows the data quality currently available by asset class and at the total Scheme level as of 31st March 2026:

Asset Class	% coverage (including proxy and reported data)	% coverage (reported data only)	% of total Scheme NAV (excluding cash)
Public equity	99%	89%	26%
Private equity	92%	0%	9%
Private debt	11%	0%	4%
Liability driven assets (LDI)	99%	99%	15%
Investment grade credit	98%	91%	20%
IG Securitised credit	100%	0%	7%
EMD Corporate	100%	95%	1%
EMD Sovereign	100%	100%	1%
HY Securitised Credit	100%	0%	3%
Special situations debt	100%	5%	4%
Infrastructure	86%	86%	2%
Property	100%	81%	8%
Total (reflecting asset allocation)	**95%**	**67%**	**100%***

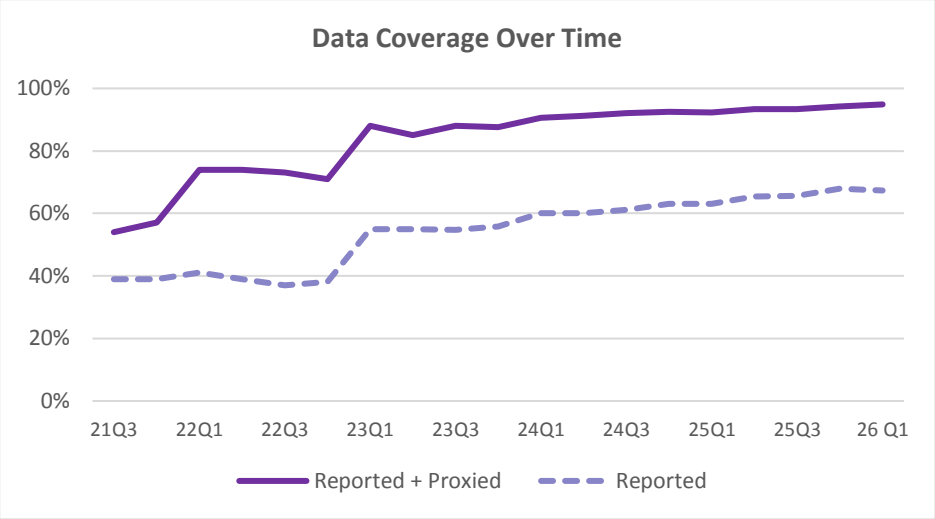
Sources: MSCI, eFront and managers;
*The Methodologies section includes information about assets where there is currently no accepted methodology of reporting carbon emissions and have therefore been excluded from the total calculation.

Reported Scope 1 and 2 data coverage increased by 4% at the total Scheme level over the reporting year, primarily reflecting changes in asset allocation towards areas of the portfolio with higher reported data coverage.

From 30th September 2021, when measurement of the Scheme's emissions began, to 31st March 2026, data coverage has increased by 41% including both proxy and reported data, and by 28% for coverage including reported data only.

Figure 2 below shows the trend in data quality through time.

Figure 2



Total Scheme Scope 1 and 2 Carbon Emissions and Intensity

Carbon Emissions: refers to the absolute greenhouse gas emissions associated with the portfolio, expressed in tons of CO2. Total emissions are what must be reduced in order to limit the carbon dioxide in the atmosphere and the degree of planetary warming.

Carbon Intensity: is the portfolio's exposure to carbon-intensive companies, expressed in tons of CO2 per the enterprise value of the company/asset including cash (EVIC). It allows a comparison between companies and assets of varied sizes.

Scope 1 & 2: Scope 1 and 2 emissions are those directly produced by the companies/assets through burning fossil fuels or indirectly through purchased energy.

Figure 3

The following table shows the Scope 1 and 2 carbon emissions and intensity by asset class and at the total Scheme level as of 31st March 2026:

Asset Class	Scheme emissions (thousands of tonnes of CO2)	Benchmark emissions (thousands of tonnes of CO2)	Scheme Intensity (EVIC)	Benchmark Intensity (EVIC)
Public equity	138	118|151[1]	72	60|76[1]
Private equity	72	42[2]	102	60[2]
Private debt	1	4	28	125
Liability Driven Assets[4]	N/A	N/A	140	TBC
Investment grade credit	51	128	35	90
Securitised Credit	15	TBC	31	TBC
EMD Corporate	53	65	533	655
EMD Sovereign[4]	N/A	N/A	979	TBC
HY Securitised Credit	6	TBC	29	TBC
Special situations debt	21	23	71	77
Infrastructure	5	TBC	36	TBC
Property	2	TBC	3	TBC
Total*	**363**	**353**[3]	**61**	**60**

Public market and Property carbon data shown to end March 2026, all other data as of December 2025.

[1] Secondary benchmark shown for public equity emissions and intensity represents the public equity AIP benchmark.

[2] FTSE All World benchmark (the primary benchmark) used as a proxy for Private equity benchmark.

[3] The benchmark total is the Scope 1 and scope 2 emissions of the FTSE All World Index for the asset value CPTI have data for.

[4] The Scheme does not report absolute emissions as there is currently no agreed methodology of apportioning country-level emissions to investors. The Methodologies section includes information about assets where there is currently no accepted methodology of reporting carbon emissions and have therefore been excluded from the total calculation.

Scope 1 and 2 total carbon emissions are reported at each asset class level where possible and aggregated at the Scheme level. The Scheme is focused on collecting reported data for Scope 1 and 2 emissions but will use proxied data to fill in any gaps.

The metrics and methodology in each asset class have been chosen in-line with industry consensus, more information can be found in the methodologies section.

As indicated in the table above (Figure 3), the Scheme's absolute emissions and emissions intensity are both slightly higher than the FTSE All World benchmark at the total portfolio as of 31st March 2026.

Total Scheme carbon intensity has fallen since reporting began, reflecting the impact of the Scheme's approach, which takes account of climate-related risks and opportunities but also overall changes in the market.

There has been an increase in recent periods mainly due to the removal of the climate overlay in the passive equity portfolio and higher emissions associated with Emerging Market Corporate Debt, where issuers typically operate in more carbon intensive sectors and have slower structural decarbonisation pathways. Overall, the Scheme continues to maintain a lower carbon intensity than at the starting point, however, the Scheme has no formal emissions targets and some fluctuation is expected as asset allocations change.

Figures 4 and 5 show the total carbon emissions and carbon emissions intensity for the Scheme's public equity portfolio at the end of each quarter from Q3 2021 when the metrics were agreed, and tracking began. Reviewing emissions in the public equity portfolio, where emissions data availability is consistent and the allocation is material to the Scheme, is helpful to see trends over time. In each case, changes through time are shown as well as the comparison with the relevant asset class benchmark.

Figure 4

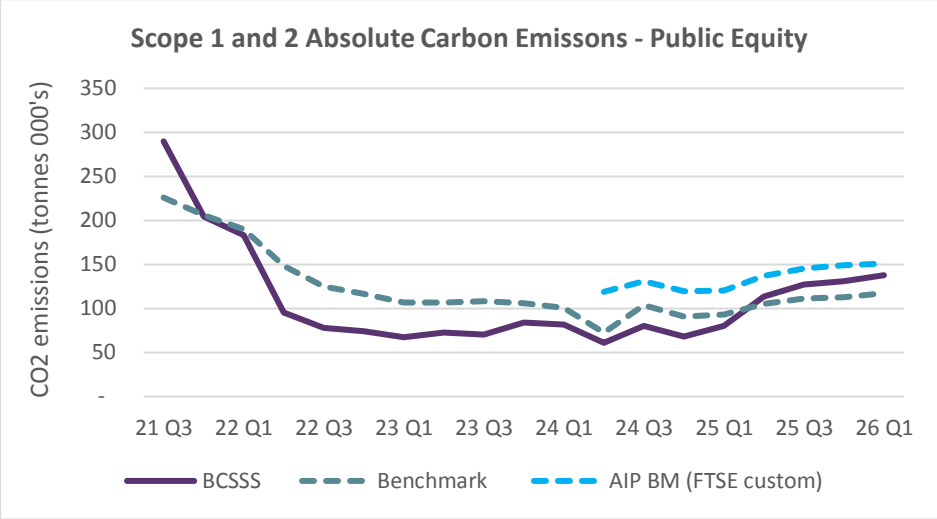
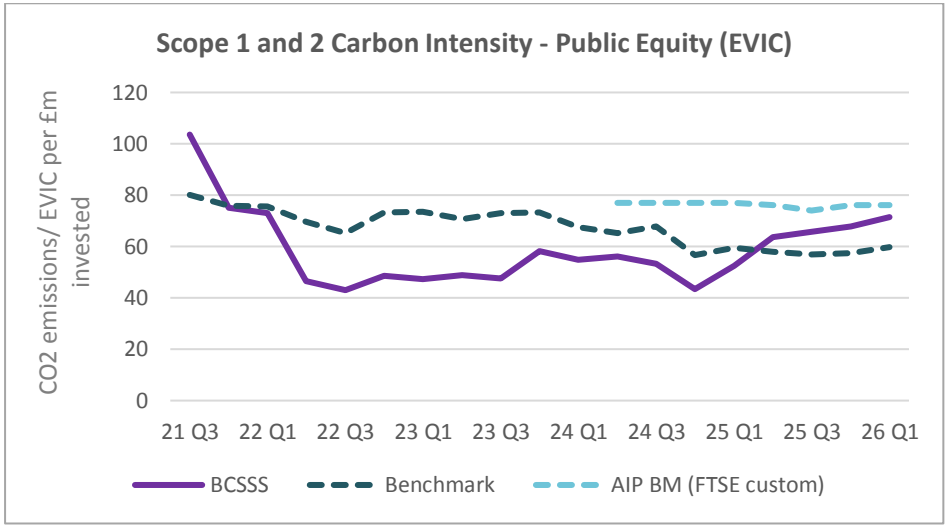


Figure 5



Source: MSCI

Both absolute carbon emissions and carbon intensity within the public equity portfolio have fallen since tracking of these measures commenced. The trends shown in **Figures 4 and 5** illustrate the changes made to the portfolios in respect of emissions intensity since March 2021. These reductions predominantly relate to the transition of the passive mandate in Q4 2021, the termination of a semi-active equity mandate in Q2 2022 and the introduction of climate-focused equity mandates that, by design, have lower carbon emissions intensity.

Over the reporting year, emissions intensity has increased as a result of the removal of the climate overlay in passive public equity, as noted above. While it is now slightly above the FTSE All World Index, it remains below the Trustee benchmark (AIP), which reflects the regional exposures of the public equity portfolio. The regionally weighted Trustee benchmark is weighted 40% Americas, 30% Asia-Pacific and 30% EMEA. The Scheme's emissions intensity is expected to vary over time with asset class shifts and regional and sector views.

Figure 6

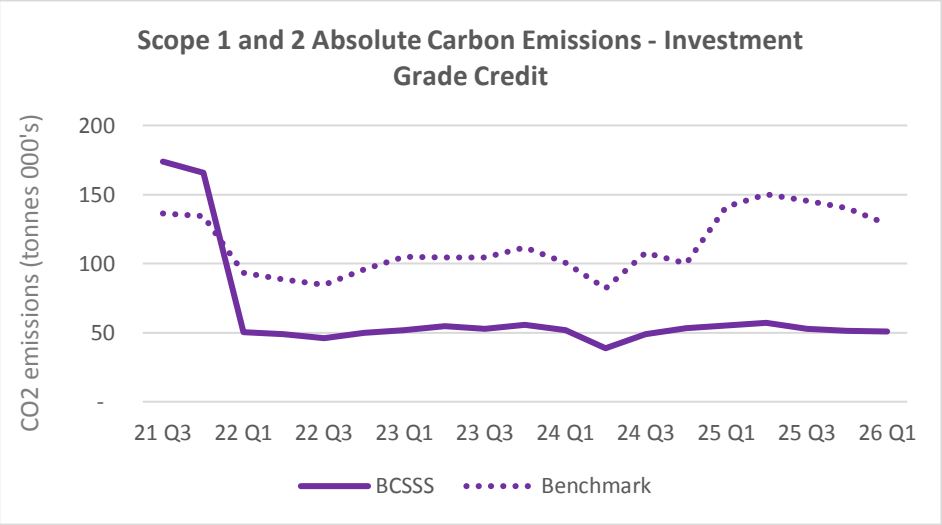
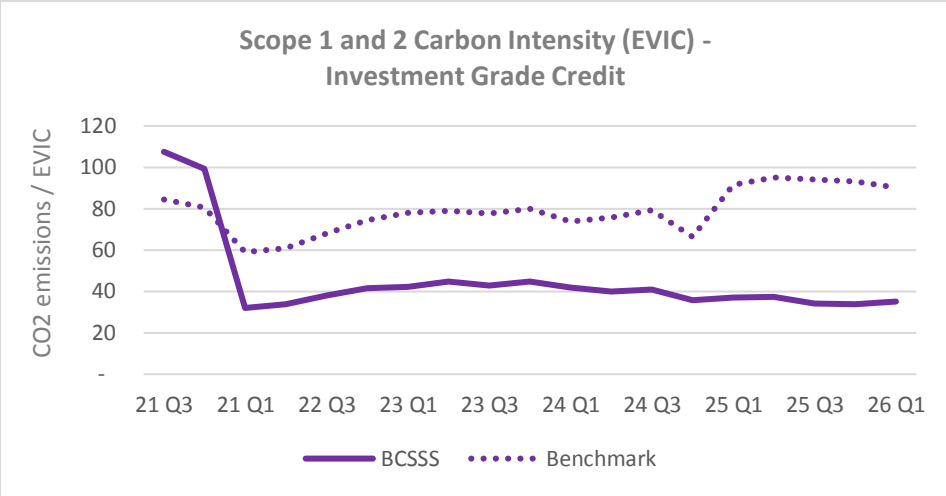


Figure 7



Source: MSCI, Benchmark: BBG Global Aggregate Corporate Hedged Index

Both absolute emissions and emissions intensity within investment grade credit have fallen following the transition in February 2022 to mandates considering risk in this area. Over the last reporting year these metrics have remained largely the same.

Scope 3 Carbon Emissions

Scope 3: refers to indirect greenhouse gas emissions both upstream and downstream of an organisation's main operations.

Upstream: refers to indirect greenhouse gas emissions that occur prior to the company's operations, including those from the production and manufacture of purchased goods and services.

Downstream: refers to indirect greenhouse gas emissions that occur after the company's operations, including those from the distribution, use, and end-of-life stages of sold goods and services.

Scope 3 emissions, constituting 90% of the equity benchmark's total emissions, encompass indirect impacts throughout a product's life cycle. Focusing solely on Scope 1 and 2 emissions may neglect supply chain issues and promote the use of opaque and lengthy supply chains by both companies and countries. Understanding Scope 3 emissions, including the full life cycle of a product, is crucial for risk management, robust corporate governance, and future planning.

Challenges: Addressing Scope 3 emissions poses challenges related to limited data access and varying methodologies across suppliers, leading to potential inaccuracies. Aggregating data faces difficulties, with upstream emissions for one company becoming downstream for another, causing double or triple counting in total portfolio emissions.

Double or triple counting is a deliberate feature of Scope 3, used to create shared responsibility – the double counting also leads to fast downward curves when emissions are cut. Data reporting in Scope 3 is currently extremely limited. Even where data is reported, methodologies vary hugely. As such, unlike with Scope 1 and 2, best practice is to use estimated, not reported, data to allow like for like comparisons.

Therefore, the approach we continue to use in TCFD reporting on Scope 3 is to use estimates provided by MSCI for public assets. For their modelling, MSCI use the publicly available Greenhouse Gas Protocol (GHGP) framework for Scope 3 emissions accounting.

The Scheme's approach to measuring Scope 3 emissions currently covers public markets (public equity and investment grade credit) and real estate. MSCI's coverage of Scope 3 data covers the Scheme's public markets, and real estate Scope 3 emissions have been provided by the manager. The Scheme expects to extend the reach of Scope 3 reporting across other asset classes in due course, but currently the lack of data and coverage in other asset classes currently remains too low for inclusion into the Scheme's report.

The following tables show Scope 1, 2 and 3 emissions and intensity by asset class and total Scheme as at 31 March 2026:

Figure 8

Asset class (NAV)	Carbon emissions (thousands of tonnes of CO2)				
	Scheme Scope 1 & 2	Scheme Scope 3	Scheme Scope 1, 2 & 3	Benchmark Scope 1, 2 & 3	
Public equity (£1.9bn)	138	976	1,114	1,015	1,250[1]
Investment grade credit (£1.5bn)	51	827	878	754	
Property (£611m)*	1	6	7	TBC	

Figure 9

Asset class (NAV)	Carbon intensity (EVIC/NAV)				
	Scheme Scope 1 & 2	Scheme Scope 3	Scheme Scope 1, 2 & 3	Benchmark Scope 1, 2 & 3	
Public equity (£1.9bn)	72	506	578	517	633[1]
Investment grade credit (£1.5bn)	35	579	614	533	
Property (£611m) *	1	13	14	TBC	

[1] Secondary benchmark shown for public equity emissions and intensity represents the Trustee's public equity benchmark.

[2] Scope 3 property emissions and emissions intensity relate only to the Nuveen Portfolio.

Compared with the FTSE All World Index, the public equity portfolio's emissions and carbon intensity are higher when Scope 3 emissions are included. This largely reflects the portfolio's overweight exposure to utilities, industrials and materials sectors relative to the benchmark, partially offset by a lower allocation to energy stocks. The difference is most pronounced within utilities, where downstream emissions associated with the end use of energy products typically form a significant component of reported Scope 3 emissions.

When compared with the Trustee's public equity benchmark, the emissions and intensity numbers (including Scope 3) are lower for the Scheme. This is due to stock selection in areas like industrials, metals, mining and energy.

The investment grade credit portfolio is above benchmark once Scope 3 emissions are included. Although Scope 1 and 2 emissions are below benchmark, this is more than offset by estimated Scope 3 exposure, particularly downstream emissions within Industrials, alongside overweight exposure to Consumer Discretionary and Utilities.

Over the reporting period the Property portfolios' Scope 3 emissions increased. This mainly reflects a higher level of proxied data than previously.

Paris Alignment

Global data shows that 2024 was the first year on record with global temperatures exceeding 1.5°C above pre-industrial levels. Following another exceptionally warm year in 2025, the three-year average across 2023-2025 now sits above 1.5°C, an important marker for climate risk assessment, despite the Paris Agreement focusing on multi-decade averages rather than individual years.

Whilst the Scheme has not committed to a Net Zero target, and whilst the likelihood of the threshold being breached has increased, the Paris Agreement remains relevant in understanding the portfolio's climate transition risk. As regulation and investment patterns rapidly shift around the climate transition, it is critical for investors to understand the cost and path for each company or asset to reposition for Net Zero in the same way they consider other major investment scenarios.

The Trustee notes that, as with Net Zero, the Scheme is not required to set a Paris Alignment commitment although the Scheme is required to report on the extent to which its assets are Paris Aligned or not.

The Trustee measures Paris Alignment using a binary target, with CPTI assessing each portfolio's companies or assets using data from MSCI or directly from managers. This is straightforward for some asset classes but more complex — or occasionally not possible — for others, as outlined in the methodologies section. An asset is considered "Paris Aligned" if it is on a **credible**, appropriately paced **pathway to Net Zero**, rather than already at Net Zero.

Whilst there were notable improvements in some asset classes over the year, mainly due to assets with low alignment being sold, total portfolio alignment improved modestly from 23% to 25%. However, the Scheme continues to lag the FTSE All World, which saw a larger increase during the year. The Scheme's lag compared to the benchmark reflects both the removal of the passive equity overlay and differences in the equity portfolio versus the FTSE All World.

Through time the level of Paris Alignment across the portfolio is expected to increase as managers seek to incorporate transition risk and opportunities, and as individual assets and companies make progress in clarifying their transition plans and timing. This however is very dependent on global government policy.

CPTI believe all companies and assets should understand the cost and practicality of becoming Paris Aligned. Assets without a plan, or where costs are too high, face a greater risk of becoming stranded. This metric is therefore

monitored closely. The definition of Paris Alignment may also shift over time as temperature increases already in the system become clearer.

Figure 10 below shows the current look-through level of Paris Alignment across the total portfolio as at the end of March 2026.

Figure 10

Asset class	% of asset class that is Paris Aligned as at March 2026
Property	45%
Investment grade credit	44%
Public equity	47%
Infrastructure	37%
Emerging market debt	7%
Private equity; Private debt; Special situations debt	*No data*
Liquid securitised assets; Government bonds; Hedge funds; and Other *	*N/A*
Total portfolio alignment	**25%**
Alignment of assets where data has been provided	**44%**
FTSE All World alignment (science-based targets)	**51%**

Source: Investment Managers/SBTi; * asset classes for which Paris Alignment is not an applicable metric.

Public equity continues to exhibit relatively high levels of Paris Alignment at 47%, while investment grade credit improved slightly to 44%. Property and infrastructure alignment remained unchanged at 45% and 37% respectively.

Section 5 – Conclusion

This fifth statutory TCFD Report demonstrates the British Coal Staff Superannuation Scheme Trustee's continued commitment to understanding and managing the financial risks and opportunities presented by climate change. Over the past year, the Scheme has maintained its strategic focus on climate risk, adapting its approach in response to evolving market conditions, regulatory developments and the maturing profile of the Scheme.

The Trustee has continued to make progress in improving data coverage and quality, with reported (not proxied) carbon emissions data now available for 67% of assets and overall carbon emissions data coverage (including proxies) increasing to 95%. The ambitious target of 90% reported (not proxied) data by the end of 2027 reflects both the complexity of the challenge and the Trustee's determination to drive further improvements in the quality, availability and consistency of climate-related data.

The Scheme's carbon intensity has fallen since measurement began in 2021, although the Trustee expects emissions to fluctuate, both as markets evolve and if the Scheme allocates to higher starting emissions areas. The Trustee continues to focus on understanding both climate-related risks and opportunities across the portfolio while recognising that emissions metrics are expected to fluctuate over time as markets evolve and asset allocation changes.

Throughout the reporting period, the Scheme has continued to balance climate-related considerations with its fiduciary duty to members, recognising the shortening duration of the Scheme's liabilities relative to the longer time horizons over which many climate risks and opportunities may emerge. Stewardship remains an important tool for understanding and managing climate-related risks, while the Scheme's approach to Paris Alignment remains pragmatic and financially focused, centred on credible transition plans and ongoing engagement with managers and investee companies.

The climate scenario analysis refreshed during 2025 reinforces the importance of maintaining a forward-looking approach to risk management. Under the central 2°C Disorderly scenario, the portfolio is projected to experience an approximate **6% reduction in value by 2050**, reflecting the combined effects of transition and physical climate risks. While such modelling is inherently uncertain and subject to significant limitations, it provides valuable insight into potential future risks and supports ongoing monitoring and engagement with higher-risk assets and managers.

The regulatory, market and data landscape continues to evolve rapidly and will require ongoing adaptation and collaboration with asset managers, data providers and other stakeholders. Following BlackRock's appointment as the Scheme's fiduciary manager, the Trustee remains responsible for investment strategy, risk and oversight. BlackRock will support the Trustee through its advisory services and day-to-day implementation of the portfolio within the parameters set by the Trustee, including the appropriate incorporation of climate-related considerations into investment decision-making, risk management and stewardship activities.

Governance in detail

As set out in the first TCFD report, the Trustee has an established governance framework for considering all investment opportunities and risks. The Trustee's climate governance approach, outlined below, was formalised in 2021 as an extension of these existing arrangements and remained largely unchanged during the reporting period covered by this report. Updated climate governance arrangements and the Scheme's future approach will be communicated by the Trustee in the 2027 TCFD report, reflecting BlackRock's role as the Scheme's fiduciary manager in providing advisory services and implementing the portfolio within the framework set by the Trustee.

Committee of Management ("COM")

COM consists of all eight members of the Trustee board. COM retains responsibility for all key areas of policy which includes the overarching Responsible Investment ("RI") Policy. Climate has been an important theme within the RI policy and the most recent review of the policy in 2021 resulted in a dedicated section on climate (link). The key roles retained by COM are as follows:

- Managing the risk of climate on Funding Strategy.
- Approve and regularly review the RI policy, which includes a specific climate policy.
- Provide clear guidance to the Investment Sub-Committee within the Terms of Reference for overseeing implementation of COMs policy regarding climate.
- Establish climate metrics to monitor and report publicly as part of TCFD requirements. In 2021, COM agreed the following key metrics to report on:
  - Absolute carbon emissions across the portfolio.
  - Carbon emissions intensity across the portfolio.
  - Percentage of the portfolio on which acceptable (reported not proxied) carbon emissions data is available.
  - In 2023, as required by the TCFD regulation, COM also agreed to report on Scope 3 emissions and the degree of Paris Alignment across the Scheme's assets.
- Establish a climate target and report progress towards this target as part of TCFD requirements. In 2021, COM agreed the following target:
  - Increase the proportion of the Scheme on which acceptable (reported not proxied) carbon emissions data (Scope 1 and 2) is available to 90% by the end of 2024.
- COM extended the target date to 2027 in 2025.
- Review progress against the climate data target, and whether the target remains relevant or needs replacing.
- Publish an annual TCFD Report within 7 months of the end of each Scheme year on a publicly available website, accessible free of charge.
- Ensure knowledge and understanding of climate issues across the Trustee and its advisors are sufficient to address the issues presented.

Investment Sub-Committee ("ISC")

ISC consists of four of the eight-member Trustee board and currently has two investment advisers who are non-voting members of the sub-committee. During the reporting period there were three investment advisers. COM delegates to ISC the ongoing oversight of investment risks and opportunities, including those relating to climate. ISC is responsible for:

- Implementation of investment strategy.
- Monitoring the agreed climate metrics to be reported publicly as part of the TCFD reporting, as well as any additional metrics that ISC believe are appropriate.

- Reviewing progress against the established climate target as set out above and acting as necessary to ensure the Scheme remains on track.
- Reviewing whether the agreed climate metrics should be changed through time and making any proposals to COM.
- Reviewing the climate scenario analysis and agreeing any investment changes required as a result.
- Setting and reviewing any additional metrics relating to climate and broader ESG risks as part of ongoing investment activity; and
- Overseeing CPTI's implementation of climate risk management and opportunity capture.

Climate and broader ESG metrics are reported in each quarterly ISC meeting pack. COM formally reviews the climate data and metrics following the end of each Scheme year.

Coal Pension Trustees Investment Limited ("CPTI")

During the reporting period, CPTI was responsible for providing investment advice and investment management services to the Trustee. As set out in its Investment Management Agreement, a subset of CPTI was responsible for the implementation of the Scheme's RI policy, including in relation to climate and advising the Trustee on ongoing management issues. This included:

- Ensuring climate risks and opportunities are assessed and addressed across all areas of the portfolio.
- Ensuring that the Scheme's providers are aligned in their management and reporting of climate risk and opportunity and stewardship of the Scheme's assets.
- Ensuring investment thinking evolves to stay on top of a fast-changing opportunity set.
- Advising the Trustee on governance, risk and opportunities, metrics and targets.
- Ensuring the TCFD mandated scenario analysis is conducted; and
- Providing all required reporting and market information.

Risk management

The ISC receives quarterly information on carbon emissions data, the level of investment in quantitatively assessed current climate opportunities, the performance of the climate theme and investments in potentially risky areas such as ESG laggards and controversies. This is discussed as part of the regular meeting agenda. The Scheme (and the market more broadly) is yet to build out an approach to systematically analyse physical risk data. Beyond these regular quantitative updates, CPTI assesses climate risks and opportunities as part of all regular review meetings with managers and any new manager due diligence. It is also a focus of all stewardship discussions. CPTI or the Trustee may also identify areas of risk and opportunities through external meetings, training and their own networks and studies. All of this is then fed back into the ongoing qualitative and quantitative evaluation of risks and opportunities.

Whilst there is no one risk indicator or target around climate change, the Trustee believes through the combination of the below, as well as ongoing developments, a good picture of potential risk and opportunity is being built:

- Monitoring carbon emissions and intensity data on an absolute basis and versus the benchmark.
- Monitoring investment in climate opportunities.
- Monitoring exposure to laggards and controversies and engaging on these.

The Risk and Assurance Sub Committee ("RASC"), which consists of four of the eight-member Trustee board, is responsible for overseeing overall compliance with policies and risk tolerances. As above, there are no formal risk limits or tolerances set for climate change. Aside from any issues raised by the sub-committees, COM will formally review climate risk annually before publishing the Scheme's TCFD report.

Knowledge, understanding and training

The Trustee is required by regulation to have the necessary expertise in relation to climate-related risks and opportunities and to ensure that those appointed to advise it have appropriate knowledge and experience. The Trustee and its advisers seek to maintain and develop their understanding of climate-related matters through regular governance discussions, adviser input and training where required. Through COM and sub-committee meetings, the Trustee reviews and challenges the assessment, management and monitoring of climate-related risks and opportunities on behalf of the Scheme. Climate-related matters have been discussed at a number of ISC and COM meetings during the reporting period.

Trustee training is undertaken through Trustee meetings, sub-committee meetings and external training as appropriate. Training records are maintained to help identify subjects that Trustee Directors are considering and to highlight any areas where supplementary training may be beneficial.

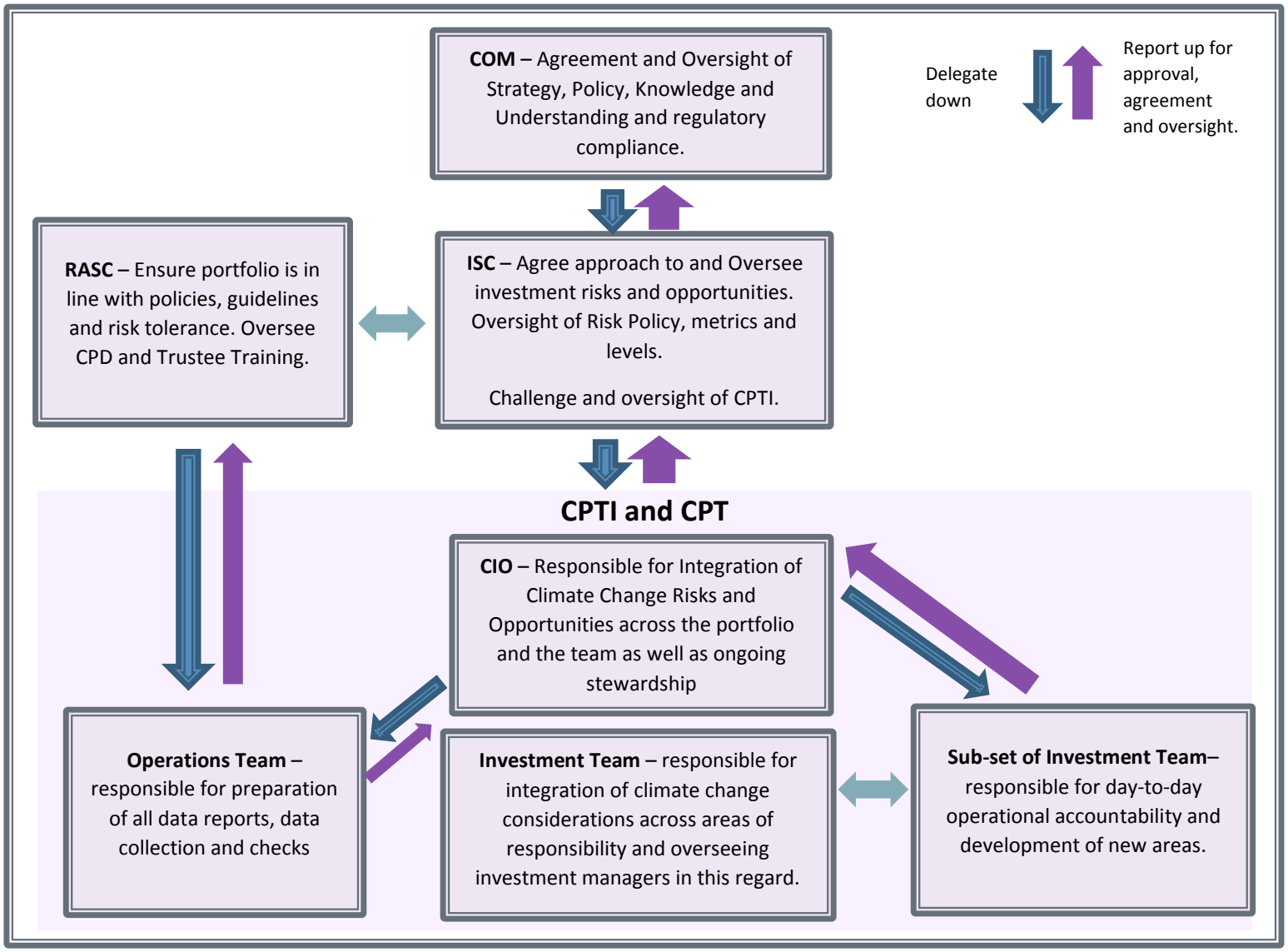
No specific additional Trustee training on mandatory climate disclosures was required during the reporting period, as there were no material regulatory updates in this area.

The Trustee also had independent investment advisers who attended ISC meetings and provided expert investment input and challenge on behalf of the Trustee.

During the reporting period, relevant investment team members were also subject to internal training and competency requirements, with access to ongoing training including on climate-related risks and opportunities.

Climate Oversight Governance Structure

Represents the governance until 9th March 2026 when the transition to BlackRock as the Fiduciary manager began.



Methodologies

The following section goes into detail on the methodologies used to calculate the metrics relating the Scheme's TCFD report, as well as identifying the data resources used by CPTI. Any changes to methodologies or resources over the reporting year have been covered earlier in the report.

Data quality

CPTI assesses reported data coverage using information from independent data providers in public markets (public equity and public credit). Reported data is available on the majority of Real Assets which is received directly from the managers and based predominantly on actual energy use. In private equity and private debt, limited reported information is available, some of which is provided by managers based on underlying company information and the remaining portion of data is approximated via proxies based on company sector and geography. The data collected is aggregated at the asset class level and then shown at the portfolio level in the main body of the report.

As of 31st March 2026, 67% of the Scheme's data comes from reported company or asset data. As such, the actual carbon emissions of the Scheme could differ significantly from what is reported in this report using best estimates and proxies as well as noting the level of unreported data. That said, the most robust methodologies are being used for estimates and the Trustee has clear sight of the areas of the portfolio that are more or less carbon intensive. As some areas of the portfolio are not currently covered, the total emissions number in this report is expected to be an underestimate. Increasing data coverage and accuracy is a key focus for the Trustee. Where proxy data is used, this is based on the actual sector and regions of the assets where available and thus is expected to be an indicative (if not accurate) estimate of actual data.

In line with DWP guidance, some asset classes have been excluded from the metrics and targets data due to there being no way to calculate or indeed assign emissions to them. These asset classes include, hedge funds and cash. Specifically for the Scheme, the majority of excluded assets are cash, derivative based assets such as Brevan Howard (the hedge fund manager) which represent 0.2% of total Scheme valuation as at end March 2026. The total reported data coverage shown in the main report excludes these assets.

Hedge funds pose a challenge as there is no clear emissions-generating entity associated with instruments like rate and currency futures. Brevan Howard notes the absence of an industry standard for calculating emissions in the instruments they trade, reinforcing the practical impossibility of assigning emissions to this asset class.

Carbon Emissions and Intensity

While there is little ambiguity when it comes to calculating carbon emissions, there are a number of different methods for calculating carbon intensity. The Trustee has chosen to calculate intensity based on absolute emissions relative to the enterprise value of the company/asset including cash (EVIC). This metric has been chosen as it is in-line with industry consensus, although there is a greater degree of variability in metrics used here versus absolute emissions and the metric used may change in future. Additional metrics are monitored where appropriate to particular assets, for example looking at intensity/sales in public equities and intensity per square meter in real estate or per unit of energy produced in certain infrastructure assets. Scope 3 emissions are shown in the main body of the report where possible – currently this is just proxy data for public assets and some reported data provided by the manager for property.

Methodologies used for calculating carbon emissions and intensity figures differ across asset classes. These are outlined below:

Public equity and corporate credit: For public equity and corporate credit, Scope 1 and 2 carbon data is sourced from MSCI or the manager and is based primarily on company reported emissions with proxy data used to supplement any gaps. Carbon emissions are apportioned to the investor, based on

investors share of the EVIC of a company. Scope 3 emissions are estimated for all public market investments.

Property: Scope 1 and 2 property emissions are received from the managers on an annual basis and are based on landlord energy use only. To calculate carbon intensity, the team have used *tons of CO_2 per the Gross asset value*. The chosen metric aligns well with EVIC (used for Public Equity and Investment grade credit) due to the fact that both metrics consider the total value of the assets and, as such, are somewhat comparable.

Infrastructure: Infrastructure emissions are received from the managers on an annual basis, based on reported energy use at the asset level.

Private equity and private credit: Private equity fund data is a combination of reported data and estimated data through ClarityAI provided by eFront. For private credit, data is a combination of data received from investment managers and a proxy based on a 50/50 public equity/loan index.

Government bonds and Liability Driven Assets: Government bond emissions intensity is calculated as the emissions of a country shown per **GDP** (source: World Bank and manager). The Scheme does not report absolute emissions as there is currently no agreed methodology of apportioning country-level emissions to investors. Emissions per **GDP** is a better metric than emissions per capita for comparing government bond emissions intensity because it accounts for economic productivity differences, enables fairer comparisons across developed and emerging markets, aligns with sovereign risk factors, and provides a more stable measure over time.

Securitised: Data for securitised assets has been calculated and provided by the manager using proxy estimates based on a similar securitised fund. Proxies are created at the deal level, quantifying expected carbon from each underlying asset backing the particular securitisation.

Paris alignment

The approach taken to assessing Paris Alignment for each asset class is outlined below:

Public equities and corporate credit

CPTI has assessed Paris Alignment in public markets based on a single metric: whether or not a company has a carbon emissions reduction target approved by the Science Based Targets initiative (SBTi). Targets are considered science-based if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement. CPTI note that using this metric alone may not be a true representation of the Scheme alignment – on one side, a company may be aligned but not yet have had its target approved by SBTi, on the other, some companies may have had SBTi targets approved but could rely on partial offsets (which are newly being considered by SBTi).

As with public markets, CPTI has assessed Paris Alignment in the emerging market debt portfolio, though only for the portion of that portfolio that is invested in corporate bonds (there is no agreed methodology as of yet to deem whether or not a government bond is Paris Aligned.) The same SBTi metric is used here.

Infrastructure:

The infrastructure holdings exhibit varying degrees of alignment. One manager has identified their holdings as 100% Paris Aligned, reflecting investments tailored to support a low-carbon economy. Conversely, another manager has not yet conducted a formal assessment against Science Based Targets for climate impact, resulting in their holdings being categorised as "Not Aligned" for the current reporting period. The Scheme is in the process of exiting some of this latter portfolio and some was sold over the reporting year.

Real estate:

Previously Carbon Risk Real Estate Monitor (CRREM) analysis (based on benchmark assumptions of carbon intensity) has shown that all the real estate assets would be stranded by 2050 and are therefore currently not Paris Aligned. However, this is purely based on a snapshot of the assets in their current state, with no improvements made between now and 2050, so was not a good indicator of what will actually occur. As units become vacant and undergo refurbishment, a large part of the refurbishment focuses on reducing the carbon intensity of the property. The Scheme's property manager has a Net Zero target of 2040, ahead of the Paris Alignment target, and as such, anticipates that all properties would comply with the Paris Agreement once fully incorporated into asset level business plans.

The Scheme's real estate manager has a model to estimate Paris Alignment. Note the alignment scores do not take into account upcoming capital expenditure which would reduce energy consumption.

Other asset classes:

The Scheme's Private Debt, Private Equity and Special Situations Debt allocations include a large number of commitments made several years ago. These assets are in gradual run-off, many of which are expected to be paid out to the Scheme over the next several years. Given this CPTI are mainly focusing the Paris Alignment assessment on the remainder of the Scheme's assets.

For some asset classes in which the Scheme is invested such as government bonds, securitised credit, commodities and hedge funds, there is no current market accepted methodology for assessing Paris Alignment and thus these portfolios have been classified as N/A and will be excluded from the overall calculation – noting what percentage of the total portfolio falls under this category.

Following engagement last year regarding the possible labelling of "green gilts" as Paris aligned investments, the team continues to apply the Paris Alignment metric on a binary Aligned/Not Aligned basis, with the option to explore a more graduated scale in future.

2025 Climate Scenario Analysis

Introduction

As required every three years, during 2025 the Trustee undertook new climate scenario analysis. This analysis was first included in the Scheme's October 2025 TCFD submission and is restated in this report to support the Trustee's ongoing assessment of the Scheme's resilience to different future outcomes.

The analysis highlights how different climate pathways could impact the value, risk and resilience of the Scheme over time. Whilst the output can provide some useful indications of whether the Scheme is likely to face losses due to climate transition/damage and where climate-related opportunities might emerge, there are significant limitations to both data and modelling as well as mismatches with the Scheme's investment horizon.

Approach

Understanding the performance of the Scheme's assets under various scenarios is a key part of the risk management and asset allocation approach. This applies to climate in the same way inflation or recessionary scenarios are considered. The approach here is both quantitative where possible, and qualitative to ensure a deeper understanding of the Scheme's assets and circumstances.

Scenario Analysis Methodology and Caveats

In preparation for this second round of scenario analysis, the team at CPTI met with a number of service providers during 2024 to explore their models but ultimately decided to use MSCI to conduct the analysis utilising public assets as an indicator for the full Scheme results.

Given the limitations to the data and modelling discussed below, CPTI has advised the Trustee to focus on relative impacts versus specific numerical data and whether impacts are positive or negative.

Understanding the analysis helps the Trustee to ensure that appropriate consideration is being given to the risks and opportunities presented by climate change and transition as highlighted within the analysis.

Limitations to the analysis

Data limitations

CPTI note that the climate analysis has been limited to identifiable public assets. Analysis is not applicable across private assets and also excludes securitised credit and any derivatives exposures such as commodities and hedge funds. That said, given the analysis is derived from estimations based on broad sector and geography classification we expect similar private market exposures to bear a reasonable resemblance to high level public market conclusions, and thus the analysis can be used to understand the likely direction of impacts of different scenarios across the whole Scheme assets.

For physical risk analysis to be truly accurate and complete, exact locations of all assets, workforces and full supply chains would need to be known. Unfortunately, this complete data set is not yet available and thus the results are based on proxies and estimations of both the assets held and the likely path of climate transition and climate change.

Modelling limitations

There are a number of limitations to the modelling. The scenarios remain very long-term, and this doesn't align with the Scheme's time-horizon – it is impossible to separate out the impact to assess over the relevant timeframe for the Scheme's assets. The scenario modelling also assumes assets are held constant over this very long period and also that there are no changes within the profile of each asset. Scientists do not know accurately what the result of global warming will be, in particular there are various tipping points expected to exponentially increase problematic changes, and it is unclear when these will be reached. Also changing weather patterns and damages are occurring significantly faster than predicted and in different locations.

Furthermore, many factors remain outside the scope of the analysis, such as mass immigration and conflict caused by climate change.

Climate Scenarios

Per regulation, CPTI has analysed the impact of 3 climate scenarios, as set out below, of which ***2°C Disorderly is the selected central scenario based on current policy expectations.***

CPTI notes that the analysis has not been conducted under a 1.5°C scenario, this is because the team believe it is very unlikely that global temperature rises will now be limited to 1.5°C All scenarios are modelled over 25 years to 2050.

Scenario	Description	Risks and impact
2°C Orderly	Global warming reaches 2°C above pre-industrial levels, and the transition to a low-carbon economy is **well-managed and predictable.**	The key risk here is transition risk – i.e. the cost to companies of regulation and spending to reach net zero – e.g. carbon tax, retrofitting. Stranded asset risk will also be high in this scenario.
2°C Disorderly	Global warming reaches 2°C above pre-industrial levels, and the transition to a low-carbon economy is characterized by **significant disruptions and surprises.**	As above the risk here is transition risk, the cost is higher here given the lack of planning. Given the delay in action, physical damage is also higher in this scenario.
3°C	Global warming reaches 3°C above pre-industrial levels, and there are significant physical damages to assets and cost to GDP.	This scenario includes the highest impact of asset damage. Other sources of models also include a 4 degree scenario. Any of these scenarios are expected to significantly underestimate the actual cost to assets.

Methodology – the climate analysis is produced by MSCI using their proprietary models, incorporating the scenarios developed by The Network for Greening the Financial System (NGFS), other frameworks and data sources. The NGFS is a global network of central banks and financial supervisors and aims to accelerate the scaling up of green finance and develop recommendations for central banks' roles in addressing climate change.

BCSSS Liquid Portfolio – High Level Scenario Analysis Results

The table below shows the cumulative impact of the 3 climate scenarios on BCSSS's public assets through to 2050. The impact is split into 3 areas – both the negative and positive impact of changing regulation/consumer preferences plus physical damages.

	Climate Transition Regulation Impact on Scheme Total Value (%)			Physical Impact on Scheme Total Value (%)			Opportunities Impact on Scheme Total Value (%)			Aggregated Impact on Scheme Total Value (%)		
	2°C	2°C	3°C	2°C	2°C	3°C	2°C	2°C	3°C	2°C	2°C	3°C
Predicted Value change on BCSSS Public Assets	Disorderly	Orderly	Hot House World	Disorderly	Orderly	Hot House World	Disorderly	Orderly	Hot House World	Disorderly	Orderly	Hot House World
	-3.7	-1.8	-1.6	-3	-3	-3.9	0.7	0.6	0.4	-6	-4.2	-5.1

Under the central scenario (2°C Disorderly) the portfolio is **projected to lose 6.0% of its value by 2050** due to the combined effects of disruptive policy action, physical climate risks and only modest gains from climate-related opportunities. This is subject to significant uncertainty.

The above analysis has been conducted on the Public Equity portfolio in its entirety, Investment Grade Credit and Emerging Markets Debt portfolio (Corporate Bonds only), as of 30th June 2025. While private assets have not been modelled the overall results of private equity and private credit are expected to have a high level of overlap with their public counterparts given the estimations, modelling and data gaps encountered in the modelling.

BCSSS Liabilities

There are 2 key areas where BCSSS's liabilities could be affected by climate change and/or climate transition. These are as follows

- If UK inflation rates change in future as a result of climate change/climate transition.

- If BCSSS members live longer or die sooner as a result of climate change/climate transition.

The impact on the liabilities is limited by the maturity of the Scheme - the average age of members is 78 and we expect that around 65% of the Scheme's future payments (in real terms) will be made within 10 years. So, for climate change/transition to have a meaningful impact on the liabilities, these impacts will need to happen soon.

The scenario analysis modelling on previous pages does not consider the impact on the BCSSS liabilities. The MSCI scenarios do not consider inflation changes and generally there is no market consensus around how climate will impact inflation. However, if climate change/transition shifted inflation the results are expected to be as follows:

UK Inflation changes by	Sum of all expected future payments changes by
+/- 0.25% pa today	+/- 2.2%
+/- 0.25% pa in 10 years	+/- 0.8%

The impact climate change/transition will have on member life expectancy is extremely hard to predict. However, given the maturity of the Scheme it is not expected to be a key mortality impact. The BCSSS liability projections use broadly best estimate life expectancy assumptions that are reviewed on a triennial basis.

The BCSSS has a UK Government Guarantee which means that if there are insufficient assets to meet member pension payments, then funding will be provided by UK government. This provides a resilience to the Trustee's funding strategy and means that employer covenant is less of a factor for BCSSS.

Conclusions and next steps

Under the central 2°C Disorderly scenario, the BCSSS portfolio is modelled to lose 6% in value by 2050, driven by both transition and physical risks over the next 25 years. **Whilst this is very much an approximation it does underscores the need for integrated, forward-looking strategies to safeguard value and harness opportunities.**

Key takeaways

Whilst data and modelling remain flawed there are some high-level conclusions that can be reached from the analysis and from deeper dives in real assets.

Policy-driven transition costs and physical hazards (coastal flooding, river low-flow and extreme heat) are expected to have significant impacts. The extent of this is determined by industrial sector and asset location and depending on timing may be more or less relevant.

Select mandates (e.g. Listed Infrastructure) and select assets exhibit elevated risk profiles requiring greater monitoring/engagement.

Recommended actions

- Continue engagement with high-risk managers and assets to ensure risks are being considered and mitigated effectively.
- Continue to rerun scenario analysis every three years with consideration of this every year.
- Continue to consider climate risks and opportunities that are relevant within the Scheme's time-horizon.

Signed by the Chair of Coal Staff Superannuation Scheme Trustees Limited