

## **MINEWORKERS' PENSION SCHEME**

### **TRUSTEE POLICY AND PROCEDURES ON MANAGING CONFLICTS OF INTEREST**

#### **1. Introduction**

- 1.1 This policy sets out the principles for managing potential conflicts of interest which may arise in the conduct of Trustee business and decision making, in order to minimise and manage potential conflicts of interest to which the Scheme may be exposed. It outlines the policy and procedures adopted to identify, consider and manage conflicts of interest.
- 1.2 The issue of conflicts of interest is concerned with the risk that other interests or duties may conflict, or be perceived as conflicting, with the duties of a Trustee, Scheme official or Scheme adviser.
- 1.3 All Trustees are expected to comply with the spirit of this policy as well as its content and to report any potential conflicts that may arise through the existing reporting lines and the procedures set out below.

#### **2. Objectives**

- 2.1 The objective of this policy is to ensure that any potential conflicts which may arise are properly and quickly identified and managed to ensure that the Trustees are acting in accordance with their fiduciary obligations to the Scheme beneficiaries and the terms of the Scheme's governing documents.
- 2.2 In operating a policy and procedure for managing conflicts of interest, the Trustees have agreed that these should operate to ensure that conflicts of interest should not act to the detriment of the Trustees' obligations to beneficiaries, or in contravention of the Scheme's governing documentation. Trustees will therefore:-
  - acknowledge and declare any individual potential or actual conflict of interest for the information of other Trustees;
  - in advance where possible, agree how conflicts of interest will be managed;
  - identify, monitor and manage potential or actual conflicts of interest of Scheme officials and Scheme advisers.
- 2.3 Scheme officials and Scheme advisers are also required to comply with this policy. This will include a declaration of actual and potential conflicts of interest at the time of appointment and throughout their period of appointment. In addition, they must notify the meeting of any potential or actual conflict that may be relevant to that meeting.
- 2.4 This policy will be reviewed by Coal Pension Trustees (CPT) as part of the 'Annual Review of Scheme and CPT Policies' any changes will be brought to RASC for approval.

#### **3. Duties of Trustees**

- 3.1 Trustees have an overriding duty to act in accordance with their fiduciary obligations to Scheme beneficiaries and the terms of the Scheme's governing documents.

- 3.2 The Scheme's appointed and elected Trustees have responsibilities associated with their posts or duties in other organisations connected with or independent of this Scheme. Conflicts of interest may accordingly occur where there is an actual or potential conflict between Trustee duties and duties owed to any other persons or organisation and may arise either for the Trustee or any Scheme adviser. Guidance Notes issued by the Pension Regulator (TPR) can be found on the TPR's website and include examples of potential conflicts of interest.
- 3.3 It is important to note that Trustees who knowingly act where they have a non-trivial conflict of interest are putting themselves at risk of a claim for breach of trust.

#### **4. Procedures**

4.1 The following procedures on identifying, monitoring and managing conflicts of interest will be adopted to help the Trustees meet their objectives: -

##### 4.2 Identifying Conflicts

- The Trustees must take all reasonable steps to identify conflicts of interest and consider any conflicts that have arisen or may arise in the future and notify the other Trustees and CPT as soon as practically possible.
- For the purposes of identifying the types of conflict of interest that arise, or may arise, and whose existence may entail a material risk of damage to the Scheme's interests, the Trustees must take into account, as a minimum, whether the Trustees or a relevant person, or a person directly or indirectly linked to the Scheme:
  - is likely to make a financial gain, or avoid a financial loss, at the expense of the Scheme;
  - has an interest in the outcome of a service provided to the Scheme or of a transaction carried out on behalf of the Scheme, which is distinct from the Scheme's interest in that outcome;
  - receives or will receive from a person or organisation other than the Scheme, an inducement in relation to a service provided to the Scheme, in the form of monies, goods or services, other than the standard commission or fee for that service.
- The Scheme will maintain a conflict of interest register which will be maintained by CPT. The register will record conflicts and interests of the Trustees and key advisers to the Scheme, including CPT and will be made available on BoardPacks. Each Trustee to whom this policy applies must declare all external interests, which includes:
  - Directorships (paid or unpaid)
  - Partnership interests
  - Proprietary interests
  - Consultancy arrangements
  - Charitable trusteeships
  - Other trusteeships
- It is the Scheme's policy to review the number and nature of directorships held by all Trustees. This is to ensure that any such outside interests do not conflict with the activities and the interests of the Scheme.
- All external interest declarations will be recorded on the Scheme's conflicts of interest register.

- Newly appointed or elected Trustees will be provided with a copy of the Scheme's conflicts of interest policy and will be required to agree to comply with it. This will include a declaration of actual and potential conflicts of interest on appointment. Training and advice will be made available as appropriate.
- Declarations of potential conflicts of interest will be made in advance, or as appropriate be made known to other Trustees at the start of any discussion or meeting where declaration of the potential conflict may be relevant. The Trustees will consider what action may be required with regard to any issue declared or identified.
- Declarations made in the course of Scheme business will be recorded in the register. Declarations made at Scheme meetings, and action taken to manage the conflict, will be recorded in the minutes and cross referenced in the register.
- Trustees will accept that on occasion it may be appropriate for them to withdraw from discussion and/or withdraw from voting on a particular issue where a potential conflict is recognised.

#### 4.3 Conflict Monitoring

- The Scheme has implemented a number of procedures and controls to detect conflict situations as they arise and RASC shall ensure that the conflicts of interest register is updated accordingly. Once conflicts have been identified, further procedures and controls monitor the effectiveness of the management arrangements of such conflicts.
- On a quarterly basis the Trustees are asked by CPT to review their individual conflicts of interest register entry and where required confirm any amendments or additions.
- The register is then reviewed annually by RASC.
- Each Trustee is required to sign off their entry on the conflicts of interest register confirming that it is correct and complete on an annual basis.
- Where deficiencies are reported, RASC will ensure that appropriate steps are taken to address the identified deficiencies and delegate to CPT the resolution and remediation of the conflict.

#### 4.4 Conflict Management

- Where conflicts are unavoidable, the Trustees will take appropriate measures to mitigate and manage such conflicts in a manner that seeks to ensure that Trustees are not advantaged and that the Scheme is not adversely affected. The Scheme's best interests remain paramount.
- Minutes of Trustee meetings will clearly detail any conflicts which arose during a decision-making process and record the action taken to manage the conflict.
- Independent legal advice on conflicts will be sought where such a conflict could have the potential to be detrimental to the conduct or decisions taken by the Trustees, in order to help decide the best approach to manage or avoid the conflict.