2026 Climate Change Report



Your pension is invested to make sure it can be paid in full, now and in the future. Climate change can affect how investments perform, so we as Trustee actively monitor and manage climate-related risks to protect your pension and support long-term value.

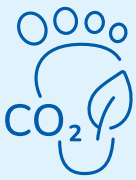
Our priority remains clear: paying members' pensions as they fall due. Managing climate-related risks is part of good long-term investment management and helps us protect the value of the Fund over time.

Research suggests that where pension savings are invested can make a real difference. For example, research by the campaign Make My Money Matter shows that a sustainable pension can be far more effective at reducing carbon emissions than many individual lifestyle changes combined.

MNOPF

Our climate goal

We have set a clear long-term objective for the Fund:



To reduce the carbon emissions linked to the Fund's investments by approximately

50% by 2030

This supports our wider approach to managing long-term investment risks and helping ensure the Fund remains resilient in a changing global economy.

Our progress

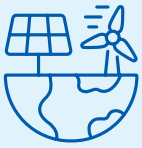
To understand the climate impact of the Fund, we review carbon data across our investments where it is available, and we have been doing so since 2022. This includes looking at emissions linked to the companies and assets we invest in.



More of the Fund's money is now invested in companies with credible climate plans

One of the ways the Trustee tracks progress is by looking at how many of the companies invested in have **approved, science-based plans to reduce their carbon emissions**.

In 2022, around 1 in every 10 tonnes of emissions linked to members' pensions came from companies with a **clear, independently-checked plan to reduce emissions**. Today, that figure is closer to 1 in 5.



Increasing investment in climate solutions

A greater proportion of the Fund is invested in activities that **directly support climate solutions**, such as renewable energy, energy-efficient buildings and cleaner technologies.

This has grown from 4% to 12% of the Fund's return-seeking assets over the same period.



Clear progress towards the Fund's long-term climate goal

Since 2022, the total measured **carbon emissions linked to the Fund's investments have reduced by around a third.** This is equivalent to removing around 6,000 cars from the road for a year.

Looking ahead

Over the coming years, we expect further improvements in climate data as reporting standards continue to develop. Better information helps us make better-informed decisions and strengthens our understanding of climate-related risks and opportunities.

Our focus remains on:

- Improving the quality of climate data,
- Monitoring progress towards our carbon reduction goal, and
- Making sure climate considerations are reflected in investment decisions.

How we take action through stewardship

One of the most effective ways we can influence positive change is through **stewardship**, which involves engaging with the companies and organisations in which the Fund is invested, to help drive improvements to reach our climate goals.

This includes:

- Voting on key issues at shareholder meetings,
- Engaging directly with companies to encourage better practices, and
- Focusing on areas such as climate change, human rights and labour standards.

Our Delegated Chief Investment Officer (Willis Towers Watson) supports this work through a market-leading specialist engagement provider Hermes EOS. This helps ensure voting decisions are well informed and aligned with the Fund's stewardship priorities. Through this partnership, companies are engaged on their approach to climate risks, emissions reduction and long-term sustainability.

How climate change can affect pensions

Climate change can affect how the Fund's investments perform, both now and over the long term. Things like extreme weather, new climate-related laws, or big shifts in energy markets can all influence how companies perform. When that happens, it can affect the value of the Fund's investments and how the Fund chooses to invest.

Climate change is not only a source of risk – it can also create investment opportunities. As the economy changes, some businesses may benefit from demand for cleaner energy, new technology and more efficient use of resources. These opportunities are considered where they support long-term value for the Fund.

Climate-related risks and opportunities are identified, assessed and managed where they could affect investment performance. These considerations form part of the Fund's wider, long-term approach to managing investments and supporting members' pensions.

You can read more about the Fund's climate approach and stewardship activity on the Fund website: **www.mnopf.co.uk/publications_reports.html**



Examples of engagement over the year

Improving climate reporting in a lending portfolio

One of the Fund's lending managers had limited carbon emissions information available for some of the companies it had lent money to. This made it more difficult to understand the climate-related risks within the portfolio. WTW engaged with the manager to improve how climate information is collected and reported. The manager continues to enhance its reporting processes, helping to improve the quality and coverage of climate data. Better information supports more informed investment decisions and a stronger understanding of climate-related risks within the Fund.

Encouraging greater transparency on pay equality

A company held within one of the Fund's equity portfolios provided limited information on pay equality across its workforce. Hermes EOS engaged directly with the company and encouraged greater transparency around pay gaps and workforce equality. The company subsequently expanded its reporting and published additional information on pay equality within its sustainability reporting. Greater transparency helps investors understand how companies attract, develop and retain employees, which can be an important factor in long-term business performance.

Improving climate data from a high-yield bond manager

One of the Fund's high-yield bond managers had not provided carbon emissions data, meaning only a small proportion of the portfolio's climate footprint could be assessed. WTW engaged with the manager to explain the importance of climate reporting and to request the missing information. Following this engagement, the manager provided full carbon emissions data, increasing coverage from around 5% to 100%. This significantly improved transparency and enables more effective monitoring of climate-related risks within the portfolio.