MRC PENSION TRUST LIMITED

MRC PENSION SCHEME
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025
Scheme Registration Number: 19017402 and 19017401

MRC Pension Scheme

Annual Report for the year ended 31 December 2025

Contents

Trustee, Principal Employer and Advisers

Trustee

M.R.C. Pension Trust Limited
Registered address
2nd Floor, David Phillips Building
Polaris House
North Star Avenue
Swindon
SN2 1FL

Employer-nominated Trustee Directors

John Preston - Chair
Hugh Dunlop
Louise McFarlane
Kevin Moreton PhD
The LawDebenture Pension Trustee Corporation p.l.c. represented by Jane Beverley
 - Independent Trustee

Member-nominated Trustee Directors

Professor Kelvin Cain PhD
Professor Ian Jackson PhD
David Brittain (resigned 29 March 2025)
Suzanne Rupp (appointed 1 June 2025)
Allan MacLean PhD

Secretary to the Trustee

Mary Lambe

MRC Pension Team

Mary Lambe (Director of Pensions)
Fay Henrick (Pensions Manager)

Investment Committee

John Preston (Chair)
Professor Kelvin Cain PhD
Hugh Dunlop
Professor Ian Jackson PhD
Jayne Atkinson#
Peter Morgan PhD#
#Co-opted member of the Committee

Administration, Benefits and Communications Committee

Jane Beverley (Chair)
Louise McFarlane
David Brittain (resigned 29 March 2025)
Allan MacLean PhD
Suzanne Rupp (appointed 1 June 2025)

Trustee, Principal Employer and Advisers

Emergency Committee

John Preston (Chair)
Jane Beverley
Hugh Dunlop

Principal Employer

United Kingdom Research & Innovation (UKRI)
2nd Floor, David Phillips Building
Polaris House
North Star Avenue
Swindon
SN2 1FL

Scheme Actuary

John Coulthard (FIA) - Aon Retirement Solutions

Independent Auditor

KPMG LLP

Administrator

Aptia UK Limited

Investment Managers

Ares Management Limited
Aviva Investors Jersey Unit Trust Management Limited
Hg Pooled Management Limited
ICG
Infracapital
M&G (Guernsey) Limited
Ninety One Fund Managers UK Limited
Nuveen LLC
Partners Group Management IX Limited
Royal London Asset Management Limited
State Street Global Advisors Limited
Warburg Pincus International LLC

Investment Custodian

State Street Bank and Trust Company

Investment Adviser

Gallagher (previously known as Redington)

Additional Voluntary Contribution (AVC) Providers

Utmost Life and Pensions Services Limited
Standard Life Assurance Limited

Bank

Royal Bank of Scotland plc

Legal Advisers
DLA Piper UK LLP
Linklaters

Governance Adviser
Muse Advisory Ltd

Secretarial Provider
Dalriada Trustees Ltd

Covenant Adviser
PricewaterhouseCoopers LLP

Internal Auditors
BDO LLP

Communications Adviser
Like minds

Cyber Adviser
Crowe

Contact for further information and complaints about the Scheme
Correspondence address
M.R.C. Pension Trust Limited
7th Floor, Caxton House
12 Tothill Street
London
SW1H 9NA

A brief outline of the Scheme's status, administration and provisions

MRC Pension Scheme ("the Scheme") is governed by Trust Deeds and Rules which establish it as a registered pension Scheme for the purposes of the Finance Act 2004.

The Scheme is a defined benefit Scheme and administered by Aptia UK Limited in accordance with the establishing document and rules, solely for the benefit of its members and other beneficiaries.

As detailed further on page 9 with effect from 1 April 2018, the Medical Research Council (MRC) was absorbed into United Kingdom Research and Innovation (UKRI) and UKRI replaced MRC as Principal Sponsoring Employer. There are nine Directors of M.R.C. Pension Trust Limited, collectively referred to as “Trustee Directors”, or “the Board”. The Board is referred to as “The Trustee” in this report. The Board is supported by the Investment Committee (IC) and the Administration, Benefits and Communications Committee (ABCC). In addition, the Board has an Emergency Committee in place. Five Trustee Directors are appointed and can be removed by the Principal Sponsoring Employer, including the Chair. In addition there are four Trustee Directors who are appointed from the membership of the Scheme, known as Member Nominated Trustee Directors. The process to appoint these Trustee Directors is subject to the regulations issued under the Pensions Act 2004 and the normal term of office is four years. The first election took place in 2007 and subsequently have occurred on a rolling basis at the end of each term of office. A revised process including direct application was agreed by the Trustee in November 2024.

The retirement benefits of the Scheme for members joining prior to 1 April 2018 are generally an annual pension comprising 1/80th of pensionable salary for the last year of service multiplied by the years (including fractions) of service, and a lump sum retiring allowance of three times annual pension. From 6 April 2006, members have the option to exchange some of their pension for additional tax free cash at retirement. From 1 April 2018, new members have been receiving pension benefits on career average pensionable salary and retirement age linked to State pension age. The annual accrual rate is 1/60th for each year of service, with a lump sum available through pension commutation.

For the married members who joined before 1 April 2018 there is provision for a spouse's pension of one half the member's pension payable on death. From December 2005, registered civil partners became legally entitled to equivalent death benefits, but only in respect of service accrued since 6 April 1988. Following the merger of the supplementary section with the MRC section, cover for registered civil partners was extended to include all current service. From 1 April 2006 and subject to satisfying the criteria in the rules, the nominated long-term adult partner of an unmarried or unregistered member became entitled to a spouse’s pension following the member’s death. If no spouse’s pension is payable, a discretionary dependant’s pension may be payable to an individual wholly or partly financially dependent on the member. Cover has also been extended in accordance with the Marriage (Same Sex Couples) Act 2013. For members entitled to a career average pension, the equivalent contingent pension for an adult dependant is 1/160th for each year of service, which is the same rate of accrual for members with service prior to 1 April 2018.

There are also provisions for benefits covering death in service and early retirement on grounds of ill health. In most cases these are calculated as for normal retirement benefits but with enhanced service to normal retiring age. Following the merger of the supplementary section with the MRC section, a discretionary lump sum death benefit of four years' pensionable salary is payable in respect of members who die in service.

The Scheme contains provisions which permit additional contributions to be made to Additional Voluntary Contributions (AVC) Schemes operated in conjunction with Utmost Life and Pensions Services Limited (closed to new contributions) and Standard Life Assurance Limited. The option to buy additional years of service was withdrawn with effect from March 2014, however, members who selected the option prior to this date are able to continue to contribute. Since April 2006, members have the option to take some of or the entire AVC fund as a tax free lump sum on retirement. A review of the AVC provision in the Scheme started in 2025, it is due to conclude in 2026 with the aim of improving the offering in this area.

Annual pensions in payment (or preserved in the Scheme) are eligible for increases awarded by Pension Increases (Review) Orders which historically increase pensions in line with the index of retail prices. From April 2011, the Government has adopted the Consumer Price Index (CPI).

Office accommodation expenses and staff costs relating to the secretariat are fully reimbursed to MRC, as part of UKRI, by the Scheme; other running costs, investment management costs, and fees to professional advisers, including the administrator, are met directly by the Scheme.

More details of the provisions of the Scheme are given in the explanatory booklet issued to members, who may also examine the rules at the office of the Secretary to the Trustee as given on page 3, or on the member website at www.mrcps.co.uk. A member booklet is made available to both new and active members of the Scheme.

A Deed of Sectionalisation and Amendment was completed in December 2013. This created a separate Universities Section within the Scheme with effect from January 2014, which is funded by participating universities and UKRI as principal sponsoring employer. In order to comply with the provisions in respect of workplace pensions and auto enrolment, the minimum entry age was changed to 16 and the maximum entry age is the prevailing State Pension Age.

Each section has its own Pension Scheme Registration Number. The registration number of the MRC Section is 19017402 and of the Universities Section is 19017401.

A Deed of Participation and Substitution took effect from 1 April 2018, so that UKRI could replace MRC as principal sponsoring employer. A Deed of Amendment and Flexible Apportionment was effected from the same date and reflected the agreement reached following the cessation of MRC as a participating employer.

Amendments to the Rules and Changes to the Scheme

The original Definitive Trust Deed and twenty three Deeds of Amendment implemented since 1978 were consolidated in the Second Definitive Trust Deed and Rules in December 2005.

A number of changes in response to the Pensions Act 2004, Finance Act 2004 and Civil Partnership Act 2004 were introduced under an interim Deed of Amendment in March 2006.

A further consolidation exercise commenced in 2009 and was completed in December 2011, with the agreement of the Department for Business, Innovations and Skills and HM Treasury Department.

From 6 April 2016 the Scheme is no longer contracted out of the State Second Tier Pension as required by the Pensions Act 2014.

A Second Amending Deed was completed on 14 March 2018 to introduce retirement benefits on a career average basis for new members with effect from 1 April 2018.

Management of the Scheme

Trustee

Appointment and removal of Trustees/Management of the Scheme

During the year under review the Trustee of the Scheme has been M.R.C. Pension Trust Limited whose Directors are listed on page 1.

The Trustee Company

The Trustee met on 5 occasions during the year. The IC met on 4 occasions during the year and the ABCC met on 5 occasions during the year.

Scheme specific Trustee training took place in January 2025, covering legal, actuarial and investment activities.

Governance

The Trustee, through its Board of Trustee Directors, takes the management of the Scheme very seriously and endeavours to follow best practice in its approach to Scheme governance, subject to justifiable fees and costs.

The Trustee produces an annual business plan and budget against which Scheme performance and expenses can be measured. The Chair conducts regular one-to-one interviews to help individual Trustee Directors to assess their personal and collective contribution to the effective management of the Scheme. Throughout the year the Trustee has focused on strengthening the Scheme's risk management framework, with improved risk reporting to the Board and Committees. In addition, work to align to the requirements of the The Pensions Regulator's (TPR) General Code of Practice took place including improving the Effective System of Governance (ESOG) of the Scheme ahead of the first Own Risk Assessment (ORA) due in March 2026.

There has been no change to the strength of the principal employer's covenant or commitment to the Scheme, which is regularly monitored and reviewed by the Trustee, and its external Covenant Adviser, PwC, which considers the covenant to be "Strong".

Internal Controls

The Trustee maintains a register of key risks and BDO LLP acts as internal auditor to monitor internal controls relating to the financial security and efficient running of the Scheme including the monitoring of the internal controls of each investment manager, with particular focus on the indirect property portfolio and private equity portfolio. During 2025 a new topic based deep dive approach to internal audit was agreed by the Trustee enabling more detailed assessment of internal controls. The Risk Register underwent a substantive review with a new Register in place for the Scheme from March 2025. In addition, work to assess the Scheme's approach to monitoring internal controls was undertaken in 2025 to ensure it is robust and agile, as well as initial preparatory work for the Scheme's first ORA (delivered in March 2026).

Conflicts of Interest and the Bribery Act 2011

The Trustees Conflict of Interest Policy supports the Trustee in documenting and identifying what a conflict of interest is, the expectations in relation to conflicts and the process to follow if a conflict occurs or potentially occurs. It includes relevant aspects of the Bribery Act 2011 in relation to gifts and hospitality. The policy was updated in June 2025. The Trustee also maintains a register of interests, which is reviewed by the Secretary each year. Trustee Directors are required to declare any conflicts arising from agenda items at the start of every Trustee Board Investment Committee and Benefits Committee meeting.

Data Protection

In order to manage the Scheme and pay correct benefits at the right time to members and their dependants, some personal data is required. This data includes name, address, date of birth and National Insurance number. Until May 2018 the use of this data was regulated under the Data Protection Act 1998, which places certain responsibilities on those who exercise control over the data. Data controllers include UKRI, the Trustee and certain professional advisers including Aon and Aptia as scheme administrator.

The requirements of UK General Data Protection Regulation (GDPR) are met by the Trustee. The Trustee and its advisers reviewed requirements for how personal data is held and processed in 2025 and have updated the Data Protection Policy. In addition, the Scheme's privacy statement was being reviewed in March 2026 and a new Trustee related privacy statement has also been developed.

Statement of Trustee's Responsibilities

The Statement of Trustee's Responsibilities is set out on page 20 and forms part of this Trustee's Report.

Principal Employer

The Scheme is provided for all eligible employees of the Principal Employer whose registered address is United Kingdom Research & Innovation (UKRI), 2nd Floor, David Phillips Building, Polaris House, North Star Avenue, Swindon, SN2 1FL.

Financial development

The financial statements on pages 24 to 43 show that the value of the Scheme's assets increased during the year by £37.4m to £2,059.8m as at 31 December 2025. The increase was comprised of net withdrawals from dealings with members of £49.7m and a net increase in investment returns of £87.1m. The financial statements have been prepared and audited in accordance with the regulations made under Sections 41(1) and (6) of the Pensions Act 1995.

Report on actuarial liabilities

As required by Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102), the financial statements do not include liabilities in respect of promised retirement benefits.

Under section 222 of the Pensions Act 2004, every scheme (or section of a scheme) is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions, which represent the present value of benefits to which members are entitled based on pensionable service to the valuation date. This is assessed at least every 3 years using assumptions agreed between the Trustee and the employer and set out in the Statement of Funding Principles, a copy of which is available to Scheme members on request.

The latest actuarial valuation of each section of the Scheme was carried out as at 31 December 2022. This was the sixth actuarial valuation that was subject to the Scheme Specific Funding Requirements of the Pensions Act 2004.

The Trustee set up a Valuation Working Group in 2022 to consider the implications of Scheme maturity, future cashflow needs and funding guidance issued by the Pensions Regulator. On the basis of discussions held by the Valuation Working Group with the Actuary and approved by the Trustee, the preferred approach to the Statutory Funding Objective was to adopt a new discount rate methodology.

The new discount rates are set with reference to the market implied yields on UK government bonds plus a premium to allow for returns from growth assets such as equities and property held by the Trustee. This premium differs for pre-retirement and post-retirement for the Technical Provisions. Both the MRC and Universities Sections follow this approach, with the premia chosen prudently for each section depending on its investment strategy and maturity.

Assumptions are needed about the financial and demographic aspects of the expected future experience, including mortality assumptions, as part of the valuation process. Taking a prudent approach, the discount rate has been set using the gilt yield curve plus margins of 2.5% p.a. above for pre-retirement and 0.5% p.a. above post-retirement for the MRC Section, and margins of 0.6% p.a above for pre-retirement and 0.25% p.a above for post-retirement for the Universities Section. It has been assumed that general salary increases will exceed consumer price inflation (CPI) by 1.5% p.a. These assumptions will be reviewed as part of the 2025 valuation.

The results of the 2022 valuation were agreed by the Trustee and the Employer in December 2023 and showed that the MRC Section had a surplus of assets over liabilities of £582.7m and the Universities Section had a surplus of £24.5m. These surpluses corresponded to funding levels of 148% and 124% for the MRC and Universities Sections respectively.

The value of the whole Scheme's assets as at 31 December 2022 was £1,917.9m (compared with the previous valuation as at 31 December 2019, which was £1,762.0m). This reflects the significant upturn in global investment markets during the period since the last valuation.

The results of the valuation for each section are shown below:

	31 December 2022		
	MRC Section £m	**Universities Section £m**	**Scheme Total £m**
Liabilities	1,208.3	102.4	1,310.7
Assets	1,791.0	126.9	1,917.9
Surplus	582.7	24.5	607.2
Percentage funding level	148%	124%	146%

The Trustee recognises the strength of the employer covenant and the commitment UKRI has to the Scheme and considers that it is able to take a long-term view when reviewing funding levels and setting investment objectives.

The Trustee and MRC signed a Statement of Funding Principles for each section in March 2024.

The results of the next triennial valuation due as at 31 December 2025 are expected to be published towards the end of 2026.

If the Scheme was wound up on 31 December 2022, the actuary estimated the funding level for both the MRC Section and the Universities Section would have been 113%. Inclusion of this information does not imply that UKRI is planning to wind up the Scheme.

Actuarial Assumptions

The 2022 Actuarial Valuation was carried out by the Scheme Actuary (Mr John Coulthard of Aon) at 31 December 2022. Statements of Funding Principles include details of the actuarial assumptions used to assess the Scheme's liabilities (known as the Technical Provisions). The Pensions Regulator has issued a Code of Practice for the scheme specific funding regime and reviews valuations against this Code. The key actuarial assumptions adopted for the Technical Provisions of each section of the Scheme for the 2022 valuations and for the previous valuations of each section are summarised below. The Technical Provisions have been calculated using the projected unit method.

	MRC Section	Universities Section
	31 December 2022	31 December 2022
	SFO [1] % p.a	SFO % p.a.
Discount Rate	Pre-retirement: Aon's Gilts Prices Only gilt yield curve plus 2.5% p.a. Post-retirement: Aon's Gilts Prices Only gilt yield curve plus 0.5% p.a.	Pre-retirement: Aon's Gilts Prices Only gilt yield curve plus 0.6% p.a. Post-retirement: Aon's Gilts Prices Only gilt yield curve plus 0.25% p.a.
RPI	Aon's Gilts prices Only break-even RPI curve with no inflation risk premium deduction	Aon's Gilts prices Only break-even RPI curve with no inflation risk premium deduction
CPI	RPI inflation less 1.0% p.a. up to 2030 and RPI inflation less 0.1% p.a. thereafter	RPI inflation less 1.0% p.a. up to 2030 and RPI inflation less 0.1% p.a. thereafter
Rate of pay increase (excluding promotional increases)	CPI inflation plus 1.5% p.a.	CPI inflation plus 1.5% p.a.
Rate of increases to pension in payment in excess of GMPs[2]	In line with CPI	In line with CPI
Rate of deferred pension increases (on benefits in excess of GMPs)	In line with CPI	In line with CPI
Post-retirement mortality	S3PMA / S3PFA_M – CMI2021	S3PMA / S3PFA_M –CMI2021

[1]Statutory funding objective (Technical Provisions)
[2]Guaranteed Minimum Pension
[3]At the 2019 valuation, an age rating of minus 1 year was applied, and post-retirement mortality improvement assumptions were in line with the ONS 2018 population projections. At the 2022 valuation, best estimate scaling factors were applied to the mortality tables with no age rating, and post-retirement mortality improvement assumptions were in line with the CMI 2021 model.

As the 2022 valuation did not disclose a shortfall between the Scheme's assets and liabilities, the Trustee has not needed to agree with the Employer a recovery plan for making good a shortfall.

The Trustee monitors continuously the funding position of the Scheme with the help of the Scheme Actuary and its investment advisers and publishes an annual summary funding statement that is sent to all members each year. In addition, a summary of the results of the 2022 actuarial valuation has been sent to all members in Q2 2024.

The Financial Statements set out on pages 24 to 43 do not take into account the liabilities to provide pension benefits which fall due after the year end. In respect of each section of the Scheme, these liabilities are considered by the Scheme Actuary who carries out an actuarial valuation of such liabilities every three years. This valuation considers the funding position of each section of the Scheme and the level of contributions payable.

The formal actuarial certificates required by statute to be included in this Annual Report from the Scheme Actuary appear on pages 47 and 48.

Funding update

The Actuary prepares an interim funding update between valuations. The most recent annual update as at 31 December 2024 shows liabilities of £1,073.9m and a surplus of £793.7m when compared to assets of £1,867.7m as the same date for the MRC Section. For the Universities Section, liabilities were £99.8m, resulting in a surplus of £52.2m when compared to assets of £152.0m as at 31 December 2024. Each set of figures is based on the Statutory Funding Objective agreed for each section at the 2022 valuation.

Contributions

Employers' contributions

The Trustee and UKRI considered the valuation results very carefully, together with the advice given by the Scheme Actuary. They concluded that it would be appropriate for MRC (now UKRI) to continue making employer contributions to the MRC Section at a rate of 16% of pensionable salary. All other participating employers of the MRC Section contribute at a rate of 16.9% of pensionable salary.

Following the 2022 valuation, UKRI changed its contribution rate to the Universities Section from 27.1% of pensionable salary to 13.3% with effect from 13 March 2024 to reflect the cost of new benefits accruing. All other participating employers contribute at a rate of 16.9% of pensionable salary.

As a result of continued improvements to the estimated funding position of the MRC Section following the 2022 valuation, the Trustee and UKRI agreed to a reduction in the employer contribution rate for the MRC Section. With effect from 1 April 2025 UKRI pays contributions at a rate of 6.5% of pensionable salary, and other participating employers pay 7.4% of pensionable salary. These reduced rates are in place until 31 March 2027 when a new schedule of contributions will be due following the 2025 valuation.

Employees' contributions

Most active members will contribute to the MRC or Universities Sections of the Scheme either at the rate of 6.5% of salary (Normal Retirement Age 65 members) or at a rate of 6.25% of salary (Normal Retirement Age 60 members). A small minority of members have reserved rights to contribute to the Scheme at the rate of 5.25%, 5.5% or 6% of salary. These rates are set out in the Rules of the Scheme.

Late contributions

During the year there was a change at the Employer in respect of the payroll system. As a result there were a number of late contributions during the year as follows:

MRC Section

Employer and Employee normal contributions in respect of May, June, November and December 2025, totalling £1,377,337 were paid between 1 and 40 days later than required under the Schedule of Contributions.

Universities Section

Employer normal contributions in respect of June 2025, totalling £485,000 were paid 22 days later than required under the Schedule of Contributions.

The issues with late payments arose around the point of system black out, ahead of transition to new software by the Employer. The Trustee worked closely with the payroll team to ensure requirements to pay and remit contributions within statutory deadlines were clear and understood and late payment issues are now resolved. An internal audit report was prepared with relevant findings being shared with the Employer.

UK Research and Innovation

The Higher Education and Research Act 2017 paved the way for the creation of United Kingdom Research and Innovation (UKRI) with effect from 1 April 2018. As a result of the legislation, MRC forms part of this new consolidated research body, along with the other six research councils.

Although MRC continues to exist within UKRI with a significant degree of control over its funding, it has ceased to be an employing body and its Royal Charter has been revoked. UKRI has assumed MRC's role as Principal Sponsoring Employer of the MRC Pension Scheme.

The Trustee continues to work closely with UKRI on the triennial actuarial valuation as at 31 December 2025. The valuation is currently in progress.

Membership

The membership movements of the Scheme for the year are given below:

Members can be included in both the MRC Section and the Universities Section.

MRC Section

	Actives	Preserved and deferred	Pensioners	Pending members*	Total
At 1 January 2025	1,243	4,366	3,504	291	9,404
Adjustments	(54)	(16)	43	13	(14)
New entrants	94	-	-	-	94
Retirements	(22)	(122)	144	-	-
Leavers with deferred benefits	(35)	35	-	-	-
Deaths	-	(1)	-	-	(1)
Leavers with refunds	(12)	-	-	(16)	(28)
Leavers with no benefits	(1)	(1)	-	-	(2)
Leavers with options pending	(27)	-	-	27	-
Transfers out	(6)	(1)	-	(7)	(14)
Spouses and dependants	-	-	27	-	27
Pensions ceasing	-	-	(94)	-	(94)
Redundant and benefits preserved	(1)	1	-	-	-
At 31 December 2025	1,179	4,261	3,624	308	9,372

Universities Section

	Actives	Preserved and deferred	Pensioners	Pending members*	Total
At 1 January 2025	321	658	209	13	1,201
Adjustments	(7)	2	4	-	(1)
New entrants	1	-	-	-	1
Retirements	(19)	(5)	24	-	-
Leavers with deferred benefits	(4)	4	-	-	-
Deaths	(1)	-	-	-	(1)
Leavers with refunds	-	-	-	(2)	(2)
Pensions ceasing	-	-	(1)	-	(1)
Redundant and benefits Preserved	(8)	8	-	-	-
At 31 December 2025	283	667	236	11	1,197

Pensioners include 512 beneficiaries (2024: 501) receiving a pension.

Individual members can have more than one pension entitlement under the Scheme, due to separate periods of service, including being in receipt of a pension and accruing additional pensionable service.

New entrants to the Scheme are shown net of auto-enrolled members who opt out within three months of joining.

Adjustments from prior year include members for whom the status relating to the prior year was changed after the membership data was extracted and cleansed.

*Pending members - These are members who have, in the past, withdrawn from the Scheme with less than two years qualifying service. They have no entitlement to a preserved pension under the Scheme rules and have not yet decided upon either a refund of contributions or a transfer to another occupational pension scheme which are the only options available to such members.

Membership figures adjustments

MRC membership movements are further influenced by the pay award process as pay awards are agreed a number of months after the annual pay review date of 1 July; for leavers this is referred to as 'Pay After Date of Leaving' (PADL). The approved procedure is that deferred leavers are not processed until the pay award is agreed, so that information issued to members includes the benefit of the salary increase. Once the pay award is implemented by Aptia, all leavers who left between 1 July and the date when the salary increase was agreed are processed. The 2025 pay award was implemented by UKRI in December 2025.

Pension increases

The increase to non-GMP pension awarded in April 2025 was 1.7% and is based on the annual increase in CPI to the previous September and is not capped. Members whose state pension age falls before 6 April 2016 retain statutory increases to GMP. The increase to their Post 88 GMP is in line with the annual increase in CPI to the previous September, capped at 3% and Pre 88 GMP is not increased. Where a member's state pension age falls after 5 April 2016, increases are applied in line with non-GMP pension.

There were no discretionary increases.

Deferred pensions were increased in line with statutory requirements.

Calculation of transfer values

Cash equivalents paid during the year with respect to transfers have been calculated and verified in the manner prescribed by the Pension Schemes Act 1993 and do not include discretionary benefits.

New Public Sector Transfer Club tables came into effect from January 2011. Following discussions with the Scheme Actuary, the Trustee accepted the actuarial advice and adopted the new tables for Club transfers.

In 2010, the Trustee introduced a one year rule that applies to all transfers into the Scheme. This brought all transfers into line with the one year rule that applies to transfers under the Public Sector Transfer Club.

Since December 2012, the Scheme only accepts transfers from other schemes that participate in the Public Sector Transfer Club.

The Trustee and Aptia have signed up to the Pensions Regulator's pledge to protect members from pension scams.

Benefits paid

The benefits paid during the year to retiring members and to relatives and dependants of deceased members are shown in note 6 of the financial statements.

Additional voluntary contributions

Additional voluntary contributions (AVCs) shown in note 4 of the financial statements represent the combined total of contributions made to purchase additional service under the rules of the Scheme and those made to money purchase AVC facilities administered on the Trustee's behalf by Utmost Life and Pensions Services Limited and Standard Life Assurance Limited. Members' contributions to the money purchase AVC schemes are deducted from salary and paid direct to Standard Life. There are no ongoing contributions paid to the Utmost arrangement. The contributions are invested on behalf of the individuals concerned to provide additional pension benefits within the overall limits laid down by HMRC. The Trustee is undertaking a review of AVCs in the Scheme to improve the provision to members, the recommendations are due to be implemented in 2026.

A total of 43 (2024: 43) members contributed to money purchase AVCs as at 31 December 2025; the total value of the accumulated AVC funds held by Utmost Life and Pensions and Standard Life at that date was £2.4 million (2024: £2.7 million).

From 6 April 2006, members are able to make additional contributions of up to 15% including their normal contributions to the Scheme. Members also have the option to take some of or their entire AVC fund with Utmost Life and Pensions and Standard Life as a tax-free lump sum on retirement.

It is the responsibility of members to ensure that AVCs are deducted from salary by submitting requests to Aptia.

From April 2015 members have the right to transfer out their AVC pot prior to retirement and independently of main Scheme benefits.

Scheme administration

During 2025, Aptia produced Benefit Statements for active members of the Scheme and these were distributed during October 2025. Pension Savings Statements covering the 2024/2025 tax year were issued in October 2025. Copies of the summarised version of the 2024 Annual Report were circulated in November 2025. These are annual communication exercises undertaken by the MRC Pensions Team and facilitated by Aptia and Likeminds on behalf of the Trustee.

Aptia works closely with the staff at UKSBS, UKRI's payroll service provider, in Swindon to ensure the delivery of timely and accurate HR and payroll data for MRC staff in the Scheme. In addition, Aptia also works closely with the Francis Crick Institute, Innovate UK and the Medical Research Foundation as well as the Universities' payroll departments to ensure the delivery of timely and accurate data for benefit entitlements and administration. A new interface guide was issued to all participating employers in December 2025.

The Scheme connected to the Pensions Dashboard on 4 April 2026, in addition work was underway in 2025 on both the GMP rectification project (concluding 2026) and the GMP equalisation project (concluding 2027).

Legislation

The Trustee, with the assistance of Aptia, has taken the necessary steps to deal with the administration changes necessitated by the annual tax limit on pension contributions, which took effect from April 2011. Annual Benefit Statements have been revised to provide additional information to members. The Scheme has adopted a Pension Input Period (PIP) of 1 April to 31 March.

The Annual Allowance (AA) was introduced by the A-Day Pension Tax reforms in April 2006. The limit was originally set at £215,000 and since its introduction, the AA has been adjusted many times. In 2014 it dropped to £40,000, where it remained until it was raised to £60,000 from April 2023, where it remains.

A-Day also introduced the Lifetime Allowance (LTA) from April 2006 as a cap on total tax-relieved pension savings, starting at £1.5 million. Like the AA, the LTA has been adjusted many times reaching £1.8 million in April 2010 before being reduced in subsequent years to a low of £1 million. From April 2021 the LTA was set and frozen at £1.0731 million. The LTA charge was removed from April 2023 and the allowance was fully abolished on 6 April 2024, replaced by new allowances on tax-free lump sums.

The Lump Sum Allowance (LSA) and the Lump Sum and Death Benefit Allowance (LSDBA) were introduced on 6 April 2024 to replace the LTA. The LSA places a limit of £268,275 on the total amount of tax-free lump sums an individual can access. The LSDBA limits the total amount of tax-free lump sums that can be paid from pensions upon death, and includes any tax-free lump sums already accessed and tested against the LSA, and is set at £1,073,100. The LSA and LSDBA may be different for members who hold valid protection.

The Trustee worked with Aptia to ensure compliance with the tax changes, including abolition of the LTA and introduction of the LSA and LSDBA which came into effect from 6 April 2024.

The Pensions Act 2008 requires employers to auto enrol eligible staff in a qualifying pension scheme, starting with the largest employers from October 2012. The Department for Work and Pensions (DWP) gave MRC a staging date of 1 July 2013. Other employers that participate in the MRC Scheme may have a different staging date. As the Scheme is considered by the DWP to be a qualifying final salary pension Scheme that is still open to new members, MRC followed transitional arrangements and delayed the introduction of auto enrolment of existing staff until September 2017. MRC carried out a re-enrolment exercise in June 2016 in respect of staff recruited after the staging date that had opted out in the previous three years and again in March 2018, which coincided with the change of principal employer from MRC to UKRI. UKRI carried out a re-enrolment exercise on 1 April 2024.

Hutton Commission

The Hutton Commission, set up in 2010 to review public sector pension provision, issued its final recommendations in March 2011. The recommendations have been the basis of Government consultation with national Trade Unions. The proposed changes, in particular the proposed transitional arrangements, had been the subject of legal challenge. In July 2020, the Government issued a consultation on the implications of the Public Sector Pension Schemes Act 2013. The MRC Pension Scheme moved to career average for new entrant on and after 1 April 2018. There is no action required by the Trustee while the implications of the Public Service Pensions and Judicial Offices Act 2022 is being considered by UKRI. The Trustee is not aware of any plans to close the Scheme to new entrants or future accrual.

Internal Auditor's Report

The Internal Auditor provided four updates to the Trustee during the Scheme year.

HMRC approval

The Scheme is a 'registered pension scheme' for tax purposes.

Investment report

Investment policy and management

The Trustee is not licensed to invest directly and therefore appoints investment managers to carry out this function.

All investment managers are appointed by or on behalf of the Trustee to manage the Scheme under section 34(4) of the Pensions Act 1995 and are appropriately authorised or exempt under the Financial Services and Markets Act 2000. The Trustee takes professional advice on making and reviewing the appointment of investment managers.

The Trustee's long-term objective was to achieve an investment return of at least 2.2% above the rate of consumer price inflation. The strategy adopted to achieve that objective was to invest predominantly in return seeking assets such as equities and property, but with diversification of risk through investment in bonds and alternative asset classes. The Trustee and UKRI, as principal sponsoring employer, accept that this strategy may result in some volatility of return in the short term. Given the Scheme's strong accumulation of surplus over recent years, the investment strategy was reviewed following the 2022 valuation to consider more closely the performance of both its assets and liabilities. The revised 2022 valuation basis and evolution towards two-gilts-based measures will influence the Scheme's strategy to gradually reduce its allocation to return seeking assets such as equities and manage more closely the sensitivity of the funding level to both interest rate and inflation movements through investments into fixed income assets including gilts. This process to evolve the Scheme's investment strategy began at the end of 2024 for the MRC Section, with further transitions being completed over 2025 for both Sections.

The Trustee has continued to give careful consideration to the management and structure of the active and passive parts of the portfolio, the strategic asset allocation to UK and overseas equities, and diversification through alternative investments in order to reduce volatility, smooth investment returns and improve cash flow. Proper consideration is given to climate change and sustainable investment.

The mandates awarded to active managers exclude investment in tobacco. Investment managers that track an index or hold pooled funds may hold tobacco securities from time to time and this exposure is monitored by Gallagher (formerly Redington). As at 31 March 2025 the MRC Section's portfolio had no exposure to tobacco. While the Section's overall tobacco exposure was previously immaterial (0.0%), a small amount of tobacco exposure remained within the Partners Group Private Equity Portfolio, which has now been eliminated entirely. Similarly, the Universities Section saw a reduction in tobacco exposure over 2025. An initial small exposure deriving from the RLAM UK Long Corporate Bond Fund was removed towards the end of the year, leaving the Section with no remaining exposure to tobacco. As such, the Scheme has no exposure (2024: a small exposure which rounded to 0.0%).

The Investment Committee ("IC") (see page 1 for membership) meet a minimum of 4 times during the year to discuss and review investment performance.

In Q1 2025, markets faced rising volatility driven by US policy uncertainty and new tariffs. US equities posted rare weakness, led by sharp falls in the "Magnificent Seven", while European, UK and Chinese markets proved more resilient. Volatility continued into Q2 as geopolitical tensions and shifting US trade policy triggered sharp swings, though markets rebounded as the US softened its stance. Central banks in the UK and Europe cut rates to support slowing growth. Q3 saw strong gains across global markets, supported by robust corporate earnings, renewed enthusiasm for AI and confirmation of a long-anticipated US rate cut. Emerging markets outperformed amid improving Chinese growth and easing trade tensions. Markets posted steady gains in Q4 despite a prolonged US government shutdown and UK fiscal uncertainty ahead of the Autumn Budget. Precious metals rallied strongly, and central banks turned more dovish overall, though Japan tightened policy. Over the year, the funding level strengthened and the annual return of the assets for 2025 was a positive return of 4.8%, net of fees.

With the help of its investment consultant, the Trustee continues to monitor investment risk closely and comply with new statutory requirements on sustainable investment and a disclosure framework relating to the management of climate change risk. The Trustee's Task Force on Climate-related Financial Disclosures (TCFD) statement can be found here:

https://www.mrcps.co.uk/docs/scheme-documents/MRC-TCFD-2024_Statement%20(16_July_2025)_Final.pdf

The total investment return for the three years to 31 December 2025 was 4.9% per annum net of fees, compared to the benchmark return of 1.1%.

The Statement of Investment Principles ("SIP") is required by Section 35 of the Pensions Act 1995 and a copy is available on request or from the member website at www.mrcps.co.uk. A combined SIP covering both sections was produced in September 2024 and latest combined SIP was updated in June 2025 to reflect the Scheme's latest strategy changes.

The comparative asset distribution of the Scheme as at 31 December 2025 and 31 December 2024 are noted in the table below:

	MRC Section 31 Dec 2025	MRC Section 31 Dec 24	**Universities Section 31 Dec 25**	Universities Section 31 Dec 24
	%	%	%	%
UK Corporate Bonds	**8.9**	9.2	-	-
Index linked securities	**38.2**	26.0	**47.9**	-
Property (Direct)	**10.0**	10.4	-	-
Pooled investment vehicles:				
Overseas Equity	**11.9**	16.1	-	-
UK Equity	-	-	**10.8**	35.0
Private Equity	**9.7**	11.1	-	-
Private Debt	**4.7**	5.4	-	-
Infrastructure	**1.4**	2.6	-	-
Property	**8.9**	9.3	-	-
Bonds	-	-	**41.3**	65.0
Credit fund	**4.3**	4.5	-	-
Cash	**1.0**	4.5	-	-
AVC Funds	**0.1**	0.1	-	-
Cash deposits and other investment balances	**0.9**	0.8	-	-
	100.0	100.0	**100.0**	100.0

The Trustee has considered the nature, disposition and marketability of the Scheme's investments and considers them to be appropriate relative to the reasons for holding each class of investment. Details of the Investments are shown in note 10 of the Financial Statements.

Employer related investments

There were no employer related investments held at the year-end (2024: nil).

Custodial arrangements

The Trustee has appointed State Street Bank and Trust Company as custodian for the Scheme's assets managed by RLAM. For directly owned property, DLA Piper UK LLP is used for England and Wales and Brodies LLP for property owned in Scotland.

The other fund managers have appointed their own custodians, and these have not been appointed by the Trustee. BDO LLP conduct an annual reconciliation of segregated assets held by State Street to the asset values reported by the respective segregated manager.

The custodians are responsible for the safekeeping of share certificates and other documents relating to the ownership of listed investments, other than some directly managed property investments with Nuveen. Investments are held in the name of each custodian's nominee company, in line with common practice for pension scheme investments.

Trustee's policy on ESG and ethical investments

The Trustee attaches high importance to environmental, social and governance (ESG) and ethical considerations in relation to the selection of appropriate assets, and gives significant weight to these considerations both in determining investment policy and in selecting suitable investment managers. The investment managers appointed have been instructed to work proactively (using both formal and informal approaches) to promote the highest standards of:

- Socially responsible corporate behaviour
- Environmentally responsible corporate behaviour
- Corporate ethics
- Corporate governance

Rights attached to investments

The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attached to investments to the investment manager, subject to any specific instructions by the Trustee. The Trustee's investment consultant, monitors the exercising of rights (including voting rights) and reports on this to the Trustee regularly.

The Trustee's policy in relation to the kinds of investments to be held

The Trustee has full regard to its investment powers as set out in the Trust Deed and Rules.

The Scheme may invest in quoted and unquoted securities of UK and overseas markets including:
- Equities
- Fixed interest, index-linked bonds and other instruments
- Cash
- Property
- Infrastructure
- Private equity
- Private credit
- Hedge funds and pooled investment vehicles considered appropriate for tax-exempt registered occupational pension schemes

The Trustee has considered the attributes of the various asset classes (including derivative instruments), these attributes being:

- Security (or quality) of the investment
- Yield (expected long-term return)
- Spread (or volatility) of returns
- Term (or duration) of the investment
- Exchange rate risk
- Marketability/liquidity (i.e. the tradability on regulated markets)
- Taxation

The Trustee considers all of the stated classes of investment to be suitable to the circumstances of the Scheme. Given the size and nature of the Scheme, the Trustee has decided to invest through a combination of segregated mandates and pooled funds; any such investment is effected through a direct agreement with an investment manager.

The Trustee's policy in relation to the balance between different kinds of investments

The appointed investment managers will hold a diversified mix of investments in line with their agreed benchmark and within their discretion to diverge from the benchmark. Within each major asset class each manager will maintain a diversified portfolio of investments. The relative importance placed on diversification will vary based on the nature of the investment (for example, whether it is held for liability matching or return-seeking purposes).

The Trustee's policy in relation to the expected return on investments

The Trustee anticipates the expected return of the investment strategy to at least meet the overall required rate of return assumed in the Scheme Actuary's published actuarial valuation report in order to maintain a fully funded status under the agreed assumptions.

The Trustee's policy in relation to the realisation of investments

In the event of an unexpected need to realise all or part of the assets of the portfolio, the Trustee requires the investment managers to be able to realise the Scheme's investments in a reasonable timescale by reference to the market conditions existing at the time the disposal is required and subject to the best interests of the Scheme. The majority of the assets are not expected to take an undue period of time to liquidate. The MRC Section's Cashflow Management Policy was updated in June 2025, to replace the RLAM Cash Fund with the RLAM Index-Linked Gilts Fund as the reserve waterfall asset. The Universities Section's Cashflow Management Policy was updated to set a target bank account balance and to establish the waterfall fund for withdrawals and investments if the bank balance falls outside of the defined tolerance ranges.

The Trustee's policy in relation to financially material considerations

The Trustee expects its investment managers, where appropriate, to have taken account of financially material considerations, including (ESG) factors as part of their investment analysis and decision-making process. The Trustee's investment consultant reviews the investment managers' policy in respect of financially material considerations on an ongoing basis.

The Trustee’s policy in relation to the extent to which non-financial matters are taken into account

The Trustee’s approach is that the financial interests of the Scheme members are its first priority when choosing investments. The Trustee will take members’ preferences into account if it considers it appropriate to do so.

Non-financial matters may be taken into account if the Trustee has good reason to think that the members would share the concern; and that the decision does not involve a risk of significant detriment to members’ financial interests.

If the Trustee appoints investment managers to manage a segregated portfolio of equities or bonds, the managers have been given specific instructions not to invest in the shares of those companies whose predominant business revenues come from tobacco related products. Subject to that specific exclusion, the Trustee has delegated to the investment managers the selection of individual assets and the exercise of responsible ownership of the assets selected.

Risk capacity and risk appetite

The Trustee, after seeking appropriate investment advice, has selected a strategic asset allocation benchmark for the Scheme including control ranges for each asset class.

Subject to their respective benchmarks and guidelines, the investment managers are given full discretion over the choice of securities and are expected to maintain a diversified portfolio.

The Trustee is satisfied that the investments selected are consistent with its investment objectives, particularly in relation to diversification, risk, expected return and liquidity.

The Trustee’s policy in relation to risks

The Trustee considers the main risk to be that of the assets being insufficient to meet the Scheme’s liabilities as they fall due. The Trustee has assessed the likelihood of undesirable financial outcomes arising in the future.

Investment policies are set with the aim of having sufficient and appropriate assets to cover the Scheme’s Technical Provisions liabilities, and with the need to avoid undue contribution rate volatility.

In determining its investment strategy, the Trustee received advice from the investment consultant as to the likely range of funding levels for strategies with differing levels of investment risk relative to the Scheme’s liability profile. Taking this into account, along with the expected returns underlying the most recent actuarial valuation, the strategy is then adopted.

Although the Trustee acknowledges that the main risk is that the Scheme will have insufficient assets to meet its liabilities, the Trustee recognises other contributory risks, including the following:

- Associated with the differences in the sensitivity of asset and liability values to changes in financial and demographic factors
- Of the Scheme having insufficient liquid assets to meet its immediate liabilities
- Of the investment managers failing to achieve the required rate of return
- Of a lack of diversification of investments
- Of failure of the Scheme’s Sponsoring Employer to meet its obligations

The Trustee manages and measures these risks on a regular basis via actuarial and investment reviews, and in the setting of investment objectives and strategy.

The Trustee undertakes monitoring of the investment managers’ performance against their targets and objectives on a regular basis.

Each fund or mandate in which the Trustee invests has a stated performance objective against which investment performance is measured. Within each asset class, the investment managers are expected to maintain a portfolio of assets (or funds), which ensures that the risk being accepted in each type of market is broadly diversified. The divergence of the actual distribution of the investments from the benchmark weighting is monitored by the Scheme’s investment managers. Any deviation from the target asset allocation is discussed periodically with the investment consultant.

Stewardship in relation to the Scheme’s assets

The Trustee has a fiduciary duty to consider its approach to the stewardship of the investments and to generate returns at an appropriate level of risk for the benefit of members and beneficiaries over the long term. The Trustee can promote an investment’s long term success through monitoring, engagement and/or voting, either directly or through its investment managers.

In 2023, the Scheme updated its Stewardship Policy which sits in a stand-alone document, separate from the SIP. This Policy articulates how the Trustee practises effective stewardship through the oversight and challenge of investment managers, rather than the Trustee itself operating directly as stewards of the underlying assets in which the Scheme invests.

The Stewardship Policy has raised the expectation for managers' stewardship activities, including outlining the significance of stewardship in the selection and monitoring of investment managers, expectations for investment managers' engagement activities, and expectations for investment managers' voting activities where relevant.

As per the DWP's suggestions, the Trustee has selected a stewardship theme which the Trustee will use to channel its stewardship efforts. The Trustee recognises there is a spectrum of sustainability-related challenges that are potentially financially material but believes it will be most effective in its oversight of investment managers by focusing on one area initially. The chosen stewardship theme is “Climate Change”.

Specific actions the Trustee has taken over 2025 to implement the Stewardship Policy are explained in the Implementation Statement.

Significance of stewardship in appointment and monitoring of investment managers

When selecting and monitoring the Scheme's investment managers, the Trustee considers a manager's ESG and Stewardship capabilities. This information is provided by the Scheme's investment consultant and through direct conversations with investment managers.

The Trustee will not appoint new investment managers that cannot demonstrate the standards to which the Trustee holds existing investment managers. These expectations can be summarised as:

- Effective processes for and delivery of stewardship activity, alignment with leading standards, and evidence of positive engagement outcomes related to our key themes;
- Provision of tailored reporting on stewardship activities and outcomes;
- Participation as appropriate in public policy debates and the development of best practices.

Engagement

The Trustee delegates responsibility for engaging with individual issuers to the Scheme's investment managers. The Trustee expects investment managers to engage with issuers to maintain or enhance long-term value of its investments and limit negative externalities on the planet and society. The Trustee recognises that there is no ‘one-size-fits-all' stewardship approach and instead encourages investment managers to prioritise stewardship opportunities and apply the most suitable/influential engagement strategies. This can be based on their in-depth knowledge of a given asset class, sector, geography and/or specific company or other asset.

Investment managers are expected to have robust ESG, climate change, and stewardship policies and processes in place. These are used to define how underlying companies are monitored and engaged with, how progress is measured, and when escalation is required. The Trustee expects manager engagement with companies to be underpinned by engagement on public policy matters where relevant. The Trustee expects that these assessments and progress in stewardship activities are tracked over time, to maintain continuity of activity and to assess the effectiveness of stewardship delivery.

Voting

The Trustee delegates responsibility for the exercise of rights (including voting rights) attaching to investments to the Scheme's investment managers.

Whereas voting responsibilities are outsourced to our investment managers, the Trustee recognise they have a fiduciary and regulatory responsibility to retain agency in the process. Investment manager oversight is the key mechanism for this, and the Trustee holds its investment managers accountable not only for voting activity as a whole, but also for how they have voted in significant votes.

The Trustee deems a significant vote to be described as meeting some or all of the following criteria, in addition to being climate change-related:

- *Votes relating to an issuer to which the Scheme has a large £ exposure;*
- *Votes which may be inconsistent between investment managers (while recognising manager views may differ, votes in opposite directions may neutralise our voting influence); and*
- *Votes identified due to potential controversy, which may be driven by the size and public significance of a company, the nature of the resolution, and the weight of shareholder vote against management recommendation.*

The Trustee's policy in relation to its investment managers

In detailing below the policies on the investment manager arrangements, the overriding approach of the Trustee is to select investment managers that meet the primary objectives of the Trustee. As part of the selection process and the ongoing review of the investment managers, the Trustee considers how well each investment manager meets the Trustee's policies and provides value for money over a suitable timeframe.

How the arrangement incentivises the investment manager to align its investment strategy and decisions with the Trustee's policies.

The Trustee has delegated the day to day management of the Scheme's assets to investment managers. Both the MRC and Universities Sections' assets are invested in a mixture of pooled funds and segregated mandates. The investment managers of both pooled funds and segregated mandates have their own policies and objectives and charge a fee, agreed with the investment manager, for their services. Such fees incentivise the investment managers to adhere to their stated policies and objectives.

How the arrangement incentivises the investment manager to engage and take into account financial and non-financial matters over the medium to long-term.

The Trustee, in conjunction with its investment consultant, appoints its investment managers to meet specific Scheme policies. It expects that its investment managers make decisions based on assessments about the financial and non-financial performance of underlying investments, and that they engage with issuers of debt or equity to improve their performance (and thereby the Scheme's performance) over an appropriate time horizon.

How the method (and horizon) of the evaluation of the investment manager's performance and the remuneration for asset management services are in line with the Trustee's investment policies

The Trustee expects its investment managers to invest the assets within their portfolio in a manner that is consistent with the guidelines and constraints set out in its appointment documentation. The Trustee reviews the investment managers periodically. These reviews incorporate benchmarking of performance and fees. The time horizon for the Trustee when reviewing performance will depend on the Trustee's investment beliefs and overall objectives for investing in the specific funds or mandates when the initial investment decision was made.

If the Trustee determines that the investment manager is no longer managing the assets in line with the Trustee policies, it will make its concerns known to the investment manager and may ultimately disinvest.

The Trustee pays its investment managers a management fee which is a fixed percentage of assets under management. Some investment managers also receive a performance incentive fee.

Prior to agreeing a fee structure, the Trustee, in conjunction with its investment consultant, considers the appropriateness of this structure, both in terms of the fee level compared to that of other similar products and in terms of the degree to which it will incentivise the investment manager.

How the Trustee monitors portfolio turnover costs incurred by the investment manager, and how they define and monitor targeted portfolio turnover or turnover range

The Trustee expects turnover costs of the investment managers to be in line with their peers, taking into account the style adopted by the investment manager, the asset class invested in and prevailing market conditions.

The Trustee does not explicitly monitor turnover, set target turnover or turnover ranges. The Trustee believes that the investment managers should follow their stated approach with a focus on risk and net return, rather than on turnover.

In addition, the individual mandates are unique and bespoke in nature and there is the potential for markets to change significantly over a short period of time.

The duration of arrangements with investment managers

The Trustee does not in general enter into fixed long-term agreements with its investment managers and instead retains the ability to change investment manager should the performance and processes of the investment manager deviate from the Trustee's policies. The Trustee may also change its investment manager if the original purpose of investing in a specific fund or mandate is no longer appropriate to meet the Trustee's overall strategic objectives.

However, the Trustee expects its manager appointments to have a relatively long duration, subject to the manager adhering to its stated policies, and the continued positive assessment of its ability to meet its performance objective.

Investment Performance

The Trustee adopts a Total Scheme Benchmark as the relevant measure of investment performance.

The table below notes the investment returns achieved by the Scheme's investments, by asset category (excluding cash), for the year to 31 December 2025.

	Scheme Return	Total Scheme Benchmark
	%	%
UK Corporate Bonds	3.4	6.8
UK Index-Linked Gilts	-	0.1
Equities	12.5	13.8
Property	5.3	5.5
Infrastructure	(14.4)	22.6
Direct Lending	7.6	5.9
Private Equity	3.8	12.8
Multi Class Credit	5.6	6.9
Total Scheme	**4.8**	**2.0**
3 years ended 31 December 2025	4.9	1.1
5 years ended 31 December 2025	4.5	0.9
10 years ended 31 December 2025	7.1	4.4

The performance figures broken down by asset class above exclude funds that were not invested for the full 12-month period (and the Universities Section Royal London Short Dated Credit Fund and the Universities Section Royal London Index-Linked Gilts Portfolio. 2025 Total Scheme performance is calculated using AUM and net cashflows over 2025, while the benchmark performance is calculated using the performance of the Scheme's liabilities on a Technical Provisions basis

The benchmark return at the total Scheme level (including 3, 5 and 10 years return) reflects the performance of the Scheme's liability benchmark (rather than a composite of the individual asset class benchmarks shown above). This comparison at the total scheme level aligns closely with the Trustee's primary objective.

As the table above shows, the overall return for the year was 4.8% after fees, which was significantly above the Total Scheme Benchmark. The Scheme's performance is above the benchmark when measured over the last 3 years, 5 years and 10 years.

Further information

Members can inspect Scheme documents at the Scheme's website, www.mrcps.co.uk. However if a member wants hard copies they are entitled to inspect copies of certain documents or in some circumstances copies of documents can be provided, but a charge may be made for hard copies of the trust documents (Deed and Rules) and of the Actuary's report.

Any member with a dispute about their pension entitlement, or a complaint, can use the "Internal Disputes Resolution Procedure". In addition, they can obtain free advice from The Pensions Ombudsman who can be reached at 10 South Colonnade, Canary Wharf, London E14 4PU; enquiries@pensions-ombudsman.org.uk

Any member who has a general request for information or guidance concerning pension arrangements can contact MoneyHelper or the Money & Pensions Service (MaPS) at Bedford Borough Hall, 138 Cauldwell Street, Bedford, MK42 9AB.

Any query about the Scheme, including requests from individuals for information about their benefits, should be addressed to:

The Trustee of MRC Pension Scheme, (c/o Aptia Group Limited) Maclaren House, Talbot Road, Stretford, Manchester, M32 0FP.

MRC.Client@Aptia-group.com

Or via the member portal at: Pensionuk.aptia-group.com

Approval

Signed by:

[redacted]

D944AD1B372F43C... Chair

DocuSigned by:

[redacted]

7FE21FC2D95A4B1... Trustee Director

Date: 15-Jul-2026

Statement of Trustee's Responsibilities

The audited financial statements, which are required to be prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, are the responsibility of the Trustee. Pension scheme regulations require the Trustee to make available to Scheme members, beneficiaries and certain other parties, audited financial statements for each Scheme year which:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the accounts have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

The Trustee has supervised the preparation of the financial statements and has agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. The Trustee are also responsible for:

- assessing the Scheme’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless it either intends to wind up the Scheme, or has no realistic alternative but to do so; and
- making available each year, commonly in the form of a Trustee’s annual report, information about the Scheme prescribed by pensions legislation, which it should ensure is fair and impartial.

The Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a Schedule of contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records of contributions received in respect of any active member of the Scheme and for monitoring that contributions are made to the Scheme in accordance with the schedule.

The Trustee is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities.

The Trustee is responsible for the maintenance and integrity of the Scheme and for the financial information included on the Scheme’s website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Trustee of The MRC Pension Scheme

Opinion

We have audited the financial statements of MRC Pension Scheme ("the Scheme") for the year ended 31 December 2025 which comprise the Fund Account and the Statement of Net Assets (available for benefits) and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year ended 31 December 2025 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Scheme in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to other entities of public interest. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Trustee has prepared the financial statements on the going concern basis as it does not intend to wind up the Scheme, and as it has concluded that the Scheme's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over the Scheme's ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Trustee's conclusions, we considered the inherent risks to the Scheme and analysed how those risks might affect the Scheme's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Trustee's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Scheme will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Trustee as to the Scheme's high-level policies and procedures to prevent and detect fraud as well as enquiring whether it has knowledge of any actual, suspected or alleged fraud.
- Reading Trustee and Investment sub-committee meeting minutes.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that the Trustee (or its delegates including the Scheme administrator) may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as the valuation of investments. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue in a pension scheme relates to contributions receivable as paid under an agreed Schedule or pre-determined by the Trustee and there are no subjective issues or judgements required.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted after the first draft of the financial statements have been prepared.
- Assessing whether the judgement made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Trustee and its delegates (as required by auditing standards), and discussed with the Trustee and its delegates the policies and procedures regarding compliance with laws and regulations.

As the Scheme is regulated by The Pensions Regulator, our assessment of risks involved gaining an understanding of the control environment including the Scheme's procedures for complying with regulatory requirements and reading the minutes of Trustee meetings.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Scheme is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related pensions legislation), and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Scheme is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation, or the loss of the Scheme's registration. We identified the following areas as those most likely to have such an effect: pensions legislation and data protection legislation, recognising the financial and regulated nature of the Scheme's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustee and its delegates and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We have reported separately on contributions payable under the Schedules of Contributions in our statement about contributions on page 44 of the annual report. The Trustee's report explains the implications of late contributions in the year on compliance with the relevant requirements of pensions regulations.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Trustee is responsible for the other information, which comprises the Trustee's Report, the Report on actuarial liabilities, the summary of contributions and the actuarial certification of the Schedules of Contributions. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon in this report.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on this work we have not identified material misstatements in the other information.

Trustee's responsibilities

As explained more fully in its statement set out on page 20, the Scheme Trustee is responsible for: supervising the preparation of financial statements which show a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to wind up the Scheme, or has no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Scheme Trustee in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Scheme Trustee those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme Trustee, for our audit work, for this report, or for the opinions we have formed.

Signed by:

[redacted]

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Gemma Broom

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

66 Queen Square

Bristol

BS1 4BE

Date: 16 July 2026

Fund Account

	Note	MRC Section £000	Universities Section £000	2025 Total £000	MRC Section £000	Universities Section £000	2024 Total £000
Employer contributions		**6,234**	**4,359**	**10,593**	8,978	5,498	14,476
Employee contributions		**3,875**	**969**	**4,844**	3,732	1,088	4,820
Total contributions	4	**10,109**	**5,328**	**15,437**	12,710	6,586	19,296
Other income	5	**2**	**-**	**2**	-	-	-
		10,111	**5,328**	**15,439**	12,710	6,586	19,296
Benefits paid or payable	6	**(57,472)**	**(1,944)**	**(59,416)**	(54,738)	(1,211)	(55,949)
Payments to and on account of leavers	7	**(1,064)**	**-**	**(1,064)**	(2,596)	(61)	(2,657)
Administrative expenses	8	**(4,623)**	**(45)**	**(4,668)**	(2,509)	(102)	(2,611)
		(63,159)	**(1,989)**	**(65,148)**	(59,843)	(1,374)	(61,217)
Net (withdrawals)/ additions from dealings with members		**(53,048)**	**3,339**	**(49,709)**	(47,133)	5,212	(41,921)
Returns on investments							
Investment income	9	**63,993**	**2,054**	**66,047**	62,542	25	62,567
Change in market value of investments	10	**19,762**	**6,337**	**26,099**	4,204	71	4,275
Investment management expenses	11	**(4,811)**	**(187)**	**(4,998)**	(5,084)	(206)	(5,290)
Taxation	12	**-**	**-**	**-**	(2,440)	-	(2,440)
Net returns on investments		**78,944**	**8,204**	**87,148**	59,222	(110)	59,112
Net increase in the fund during the year		**25,896**	**11,543**	**37,439**	12,089	5,102	17,191
Net assets at 1 January		**1,870,385**	**152,019**	**2,022,404**	1,858,296	146,917	2,005,213
Net assets at 31 December		**1,896,281**	**163,562**	**2,059,843**	1,870,385	152,019	2,022,404

The notes on pages 26 to 43 form part of these accounts.

Statement of Net Assets available for benefits

	Note	MRC Section £000	Universities Section £000	2025 Total £000	MRC Section £000	Universities Section £000	2024 Total £000
Investment assets							
Bonds	13	**881,509**	**76,682**	**958,191**	644,626	-	644,626
Property	14	**187,250**	**-**	**187,250**	191,300	-	191,300
Pooled investment vehicles	15	**785,974**	**83,629**	**869,603**	982,009	142,017	1,124,026
AVC investments	16	**2,407**	**-**	**2,407**	2,721	-	2,721
Cash	17	**11,394**	**168**	**11,562**	8,801	15	8,816
Other investment balances	18	**10,429**	**96**	**10,525**	9,752	7	9,759
		1,878,963	**160,575**	**2,039,538**	1,839,209	142,039	1,981,248
Investment liabilities							
Other investment balances	18	**(5,617)**	**-**	**(5,617)**	(4,721)	-	(4,721)
Total net investments	10	**1,873,346**	**160,575**	**2,033,921**	1,834,488	142,039	1,976,527
Current assets	23	**24,897**	**3,149**	**28,046**	37,345	10,200	47,545
Current liabilities	24	**(1,962)**	**(162)**	**(2,124)**	(1,448)	(220)	(1,668)
Net assets at 31 December		**1,896,281**	**163,562**	**2,059,843**	1,870,385	152,019	2,022,404

The accounts summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which takes into account such obligations, is dealt with in the report on actuarial liabilities on pages 6 to 8 of the annual report and these accounts should be read in conjunction with this report.

The notes on pages 26 to 43 form part of these accounts.

The accounts on pages 24 to 43 were approved by the Trustee (M.R.C. Pension Trust Limited) and signed on its behalf by:

Signed by:
[redacted]
D944AD15372T43C... Chair

DocuSigned by:
[redacted]
7FE21FC2D95A4B1... Trustee Director

Date: 15-Jul-2026

1. Identification of the accounts

The Scheme is established as a trust under English law.

The MRC Pension Scheme is a defined benefit pension Scheme, comprising a MRC Section and a Universities Section. The Universities Section was set up on 1 January 2014 and is funded alongside the MRC Section. The registered address of the Trustee is 2nd Floor, David Phillips Building, Polaris House, North Star Avenue, Swindon, SN2 1FL.

2. Basis of preparation

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS) 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Scheme" (revised June 2018) ("the SORP")

The financial statements are prepared on a going concern basis, which the Trustee believes to be appropriate as it believes that the Scheme has adequate resources to realise its assets and meet pension payments in the normal course of affairs (continue to operate) for at least the next twelve months.

The actuary prepares an annual funding update. The latest annual update as at 31 December 2024 shows a surplus of £792.7m for the MRC Section and a surplus of £52.2m for the Universities Section. This is separate to the quarterly funding updates provided to the Trustee. Due to the funding levels at the most recent formal valuation, the 2022 Actuarial Valuation, no deficit contributions are due to the Scheme. The Trustee regularly monitors the strength of the employer covenant which it views as strong. The sponsoring employer UKRI is dependent on funding from the Department for Science, Innovation and Technology (DSIT). The Trustee has no reason to believe that future funding will not be forthcoming from DSIT.

This assessment, together with income and capital growth from its assets gives the Trustee confidence to prepare the financial statements on a going concern basis.

3. Accounting policies

The principal accounting policies are set out below. Unless otherwise stated, they have been applied consistently year on year.

3.1 Accruals concept

The accounts have been prepared on an accruals basis.

3.2 Currency

The Scheme's functional currency and presentational currency is pounds sterling (GBP).

Foreign currency transactions are translated into sterling at the rate prevailing on the date of the transaction.

The market value of investments and other assets held and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the year end.

Differences arising on the translation or conversion of cash are included in the investment income.

3.3 Contributions

Contributions are accounted for in the period in which they fall due. Employee contributions, including AVCs and added years' contributions, are accounted for when deducted from member's pay, with exception of contributions deducted from auto-enrolled members during the opt-out period, which are accounted for on the earlier of receipt or the expiry of the opt-out period.

Employer normal contributions are accounted for on the same basis as employee contributions.

Employer augmentation contributions are accounted for in accordance with the agreement under which they are payable or, in the absence of an agreement, on a receipts basis.

Employer additional contributions are accounted for in accordance with the agreement under which they are payable or, in the absence of an agreement, on a receipts basis.

3.4 Transfers

Transfer values have been included in the financial statements when received and paid. They do not take account of members who have notified the Scheme of their intention to transfer.

Individual transfer values to and from other pension arrangements represents the amounts received and paid during the year for members who either joined or left the Scheme and are accounted for when a member exercises their option to transfer their benefit.

3.5 Payments to members

Pensions in payment are accounted for in the period to which they relate.

Other benefits, and any associated tax liabilities, are accounted for in the period in which they fall due for payment. Where there is a choice, benefits are accounted for on the later of the date of leaving, retirement or death and the date on which any option or notification is communicated to the Trustee. If there is no choice, they are accounted for on the date of retirement or leaving.

Where Trustees are required to settle tax liabilities on behalf of a member (such as when lifetime or annual allowances are exceeded) with a consequent reduction in that member's benefits receivable from the Scheme, this is shown separately within benefits.

Opt-outs are accounted for when the Scheme is notified of the opt-out.

3.6 Administrative and other expenses

Administrative expenses are accounted for in the period in which they fall due on an accruals basis.

Investment management expenses are accounted for in the period in which they fall due on an accruals basis.

Other payments are accounted for in the period in which they fall due on an accruals basis.

3.7 Investment income

Dividends from equities are accounted for on the ex-dividend date.

Income from bonds is accounted for on an accruals basis and includes interest bought and sold on investment purchases and sales.

Rental income is accounted for on an accruals basis and in accordance with the terms of the lease.

Investment Income arising from the underlying investments of the pooled investment vehicles is rolled up and either reinvested within the pooled investment vehicles and therefore is reflected in the unit price and reported within change in market value of investments, or, as agreed by the Investment Committee and on the advice of the investment consultant, is paid into the Scheme bank account for cashflow purposes and accounted for on an accruals basis when declared.

Income from cash and short term deposits is accounted for on an accruals basis.

Investment income includes withholding taxes. Withholding tax is accrued on the same basis as investment income. Where withholding tax is not recoverable, this is shown as a separate expense within investment returns.

3.8 Change in market value of investments

The changes in investment market values are accounted for in the year in which they arise and include profits and losses on investments sold as well as unrealised gains and losses in the value of investments held at the year end.

3.9 Valuation of investments

Investments are valued at fair value.

The majority of listed investments are stated at the bid price at the date of the Statement of Net Assets.

Listed investments are stated at bid price or the last traded price, depending on the convention of the stock exchange on which they are quoted, at the date of the statement of net assets.

Fixed interest and index linked securities (bonds) are stated at their clean prices. Accrued income is accounted for separately within investments.

Pooled Investment Vehicles are stated at bid price for funds with bid/offer spreads, or single price where there are no bid/offer spreads, as provided by the investment manager.

AVC investments are held in insurance policies and are valued at the closing surrender value of the policies as at the accounting date, as advised by the AVC providers.

Properties are recorded at the cost of the property at the time of purchase, including any capitalised stamp duty paid. Purchases also include subsequent capitalised improvement costs. Properties are subsequently revalued every year on an open market value basis. The properties were valued in compliance with the latest version of the RICS Valuation – Global Standards (incorporating the International Valuation Standards) and the UK national supplement (the “Red Book”) as at 31 December 2024 by CBRE Ltd, Valuation Advisers who are members of The Institute of Chartered Surveyors. Their registered address is Henrietta House, Henrietta Place, London, W1G 0NB.

Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.

All gains and losses arising on derivative contracts are reported within ‘Change in Market Value’.

The Trustee does not hold annuity policies in the name of the Trustee within the Scheme.

4. Contributions

	MRC Section £000	**Universities Section £000**	**2025 Total £000**	MRC Section £000	Universities Section £000	2024 Total £000
Employer contributions:						
Normal	**4,896**	**4,359**	**9,255**	8,513	5,498	14,011
Augmentations	**1,338**	**-**	**1,338**	465	-	465
	6,234	**4,359**	**10,593**	8,978	5,498	14,476
Employee contributions:						
Normal	**3,550**	**933**	**4,483**	3,432	1,047	4,479
Added years contributions	**47**	**36**	**83**	62	41	103
Additional voluntary contributions	**278**	**-**	**278**	238	-	238
	3,875	**969**	**4,844**	3,732	1,088	4,820
	10,109	**5,328**	**15,437**	12,710	6,586	19,296

MRC paid £1.9m in 2025 (2024: £2.8m) to the Universities Section, and will continue to pay amounts quarterly, to meet the requirements of the Schedule of Contributions. These amounts are included within Employers’ normal contributions.

5. Other income

	MRC Section £000	Universities Section £000	2025 Total £000	MRC Section £000	Universities Section £000	2024 Total £000
Miscellaneous income	**2**	**-**	**2**	-	-	-

Other income relates to Interest received from HMRC for a VAT reclaim and compensation from Aviva fund manager.

6. Benefits paid or payable

	MRC Section £000	Universities Section £000	2025 Total £000	MRC Section £000	Universities Section £000	2024 Total £000
Pensions	**47,666**	**967**	**48,633**	45,899	765	46,664
Commutation of pensions and lump sum retirement benefits	**9,638**	**926**	**10,564**	8,545	446	8,991
Lump sum death benefits	**114**	**51**	**165**	39	-	39
Taxation where lifetime or annual allowance exceeded	**54**	**-**	**54**	255	-	255
	57,472	**1,944**	**59,416**	54,738	1,211	55,949

Taxation may arise on benefits paid or payable in respect of members whose benefits exceeded the lifetime or annual allowance and who elected to take lower benefits from the Scheme in exchange for the Scheme settling their tax liability.

7. Payments to and on account of leavers

	MRC Section £000	Universities Section £000	2025 Total £000	MRC Section £000	Universities Section £000	2024 Total £000
Refunds of contributions in respect of non-vested leavers	**89**	**-**	**89**	49	-	49
Individual transfers out to other schemes	**975**	**-**	**975**	2,547	61	2,608
	1,064	**-**	**1,064**	2,596	61	2,657

8. Administrative expenses

	MRC Section £000	Universities Section £000	2025 Total £000	MRC Section £000	Universities Section £000	2024 Total £000
Actuarial fees	**909**	**36**	**945**	384	57	441
Administration fees	**1,759**	**-**	**1,759**	754	36	790
Audit fees	**87**	**-**	**87**	101	-	101
Trustee fees	**248**	**-**	**248**	169	-	169
Legal fees	**821**	**-**	**821**	505	-	505
Miscellaneous expenses	**4**	**-**	**4**	-	-	-
Scheme levies	**5**	**9**	**14**	74	9	83
Printing and communication expenses	**278**	**-**	**278**	52	-	52
MRC head office recharge	**123**	**-**	**123**	169	-	169
Other professional	**324**	**-**	**324**	234	-	234
Internal audit fees	**69**	**-**	**69**	44	-	44
Tax services	**(4)**	**-**	**(4)**	23	-	23
	4,623	**45**	**4,668**	2,509	102	2,611

Administrative expenses are only recognised in the Universities Section where these expenses are specifically invoiced to that section.

Increased expenses in the year are due to various projects, including Pensions Dashboards, and Guaranteed Minimum Pension (GMP) projects.

9. Investment income

	MRC Section £000	Universities Section £000	2025 Total £000	MRC Section £000	Universities Section £000	2024 Total £000
Dividends from equities	**92**	**1**	**93**	8,357	-	8,357
Income from bonds	**12,420**	**531**	**12,951**	8,024	-	8,024
Income from pooled investment vehicles	**36,875**	**1,153**	**38,028**	35,948	-	35,948
Net rents from properties	**10,882**	**-**	**10,882**	10,032	-	10,032
Interest on cash deposits	**3,724**	**369**	**4,093**	641	25	666
Foreign currency (loss)	**-**	**-**	**-**	(460)	-	(460)
	63,993	**2,054**	**66,047**	62,542	25	62,567

Included within dividends from equities in the prior year was overseas equity investment income which was stated gross of withholding taxes totalling £2,440k. All equities were disinvested in 2024.

Included within interest on cash deposits is bank interest in respect of interest earned on the Scheme's accounts between September 2017 and December 2024, which was paid post year end.

10. Reconciliation of investments

MRC Section

	Market value at 1 January 2025 £000	Cost of investments purchased £000	Proceeds of sales of investments £000	Change in market value £000	**Market value at 31 December 2025 £000**
Bonds	644,626	595,995	(369,909)	10,797	**881,509**
Property	191,300	2,440	(9,960)	3,470	**187,250**
Pooled investment vehicles	982,009	36,199	(237,478)	5,244	**785,974**
AVC investments	2,721	278	(843)	251	**2,407**
	1,820,656	634,912	(618,190)	19,762	**1,857,140**
Cash	8,801			-	**11,394**
Other investment balances	5,031			-	**4,812**
	1,834,488			19,762	**1,873,346**

Universities Section

	Market value at 1 January 2025 £000	Cost of investments purchased £000	Proceeds of sales of investments £000	Change in market value £000	**Market value at 31 December 2025 £000**
Bonds	-	134,017	(56,994)	(341)	**76,682**
Pooled investment vehicles	142,017	32,342	(97,408)	6,678	**83,629**
	142,017	166,359	(154,402)	6,337	**160,311**
Cash	15			-	**168**
Other investment balances	7			-	**96**
	142,039			6,337	**160,575**

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

The liquidity of the underlying investments of the Scheme varies across asset classes and according to market conditions. Where the investments are held in pooled vehicles, contract terms can also restrict realisation. The exceptions are investments held in the alternatives portfolio, where some specialist investment managers have an initial lock up on money of up to three years, with liquidity thereafter occurring only on specific monthly, quarterly or annual dates.

10.1 Transaction costs

Transaction costs are included in the cost of purchases and sale proceeds. Direct transaction costs incurred are shown below:

MRC Section

	Fees £000	**Commissions £000**	**Taxes £000**	**2025 £000**	2024 £000
Equities	**-**	**-**	**-**	**-**	500
Total 2025	**-**	**-**	**-**	**-**	
Total 2024	277	223	-		500

There are no direct transaction costs associated with Bonds trading in the MRC section as these are accounted for by a price adjustment. Costs are also borne by the Scheme in relation to transactions in pooled investment vehicles. These are accounted for by an adjustment of the bid/offer spread of units. It has not been possible for the Trustee to quantify such indirect transaction costs.

11. Investment management expenses

	MRC Section £000	**Universities Section £000**	**2025 Total £000**	MRC Section £000	Universities Section £000	2024 Total £000
Administration, management and custody fees	**2,561**	**187**	**2,748**	3,304	206	3,510
Out-performance fee	**545**	**-**	**545**	271	-	271
Non-recoverable property expenses	**2,388**	**-**	**2,388**	2,233	-	2,233
VAT recovered	**(683)**	**-**	**(683)**	(724)	-	(724)
	4,811	**187**	**4,998**	5,084	206	5,290

12. Taxation

The MRC Pension Scheme is a registered pension scheme for tax purposes under the Finance Act 2004. The Scheme is therefore exempt from income tax and capital gains tax except for certain withholding taxes relating to overseas investment income. Tax charges are accrued on the same basis as the investment income to which they relate.

13. Bonds

For the MRC Section £166,564 (2024: £169,004) relates to fixed interest and £714,945 (2024: £475,622) are index-linked government bonds. For the Universities Section £76,682 (2024: nil) relates to index-linked government bonds. All amounts are reported in £'000.

14. Property

	MRC Section £000	Universities Section £000	2025 Total £000	MRC Section £000	Universities Section £000	2024 Total £000
Freehold	**145,050**	**-**	**145,050**	149,950	-	149,950
Leasehold	**42,200**	**-**	**42,200**	41,350	-	41,350
Total property investments	**187,250**	**-**	**187,250**	191,300	-	191,300

The properties are stated at open market value determined by CBRE Ltd, a member of the Royal Institute of Chartered Surveyors, which is independent of the Trustee and Employer, and which have experience in the areas in which the properties are located. Valuations are performed as at 31 December each year. The principal assumptions on which the valuations are based are rental income from the current tenants, the remaining term of current leases and market rents by area for the locations in which the properties are based.

15. Pooled investment vehicles

	MRC Section £000	Universities Section £000	2025 Total £000	MRC Section £000	Universities Section £000	2024 Total £000
Equities	**223,527**	**17,382**	**240,909**	297,141	49,806	346,947
Bonds	**1**	**66,247**	**66,248**	53	92,211	92,264
Private equity	**181,659**	**-**	**181,659**	206,478	-	206,478
Private debt	**87,218**	**-**	**87,218**	99,266	-	99,266
Infrastructure	**26,854**	**-**	**26,854**	45,581	-	45,581
Property	**166,078**	**-**	**166,078**	169,811	-	169,811
Credit fund	**81,146**	**-**	**81,146**	82,083	-	82,083
Cash	**19,491**	**-**	**19,491**	81,596	-	81,596
	785,974	**83,629**	**869,603**	982,009	142,017	1,124,026

16. AVC investments

The Trustee holds assets which are separately invested from the main fund to secure additional benefits on a money purchase basis for those members who have elected to pay Additional Voluntary Contributions.

Members participating in this arrangement receive an annual statement made up to 31 December each year, confirming the amounts held to their account and movements during the year.

The total amount of AVC investments at the year end is shown below:

	MRC Section £000	Universities Section £000	2025 Total £000	MRC Section £000	Universities Section £000	2024 Total £000
Utmost - unit trusts	**286**	**-**	**286**	291	-	291
Standard Life - with profits	**67**	**-**	**67**	57	-	57
Standard Life - unit trusts	**2,054**	**-**	**2,054**	2,373	-	2,373
	2,407	**-**	**2,407**	2,721	-	2,721

17. Cash

MRC Section

	Assets £000	Liabilities £000	2025 £000	Assets £000	Liabilities £000	2024 £000
Sterling	**11,389**	**-**	**11,389**	8,773	-	8,773
Foreign currency	**5**	**-**	**5**	28	-	28
	11,394	**-**	**11,394**	8,801	-	8,801

Universities Section

	Assets £000	Liabilities £000	2025 £000	Assets £000	Liabilities £000	2024 £000
Sterling	**168**	**-**	**168**	15	-	15

18. Other investment balances

MRC Section

	Assets £000	Liabilities £000	2025 £000	Assets £000	Liabilities £000	2024 £000
Investment income receivable	**7,840**	**-**	**7,840**	6,880	-	6,880
Property debtors/ (creditors)	**2,589**	**(5,617)**	**(3,028)**	2,872	(4,721)	(1,849)
	10,429	**(5,617)**	**4,812**	9,752	(4,721)	5,031

Universities Section

	Assets £000	Liabilities £000	2025 £000	Assets £000	Liabilities £000	2024 £000
Investment income receivable	**96**	**-**	**96**	7	-	7

19. Fair value hierarchy

The fair value of financial instruments has been disclosed using the following fair value hierarchy:

Level 1 — Unadjusted quoted prices in active markets for identical assets or liabilities which the reporting entity can access at the assessment dates.

Level 2 — Inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly or indirectly. Observable inputs are inputs which reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity.

Level 3 — Unobservable inputs for the asset or liability. Unobservable inputs are inputs which reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

A fair value measurement is categorised in its entirety on the basis of the lowest level input which is significant to the fair value measurement in its entirety.

The Scheme's investment assets and liabilities fall within the above hierarchy as follows:

	2025 Level 1 £000	2025 Level 2 £000	2025 Level 3 £000	2025 Total £000
MRC Section				
Bonds	-	881,509	-	881,509
Property	-	-	187,250	187,250
Pooled investment vehicles	-	324,165	461,809	785,974
AVC investments	-	2,340	67	2,407
Cash	11,394	-	-	11,394
Other investment balances	4,812	-	-	4,812
	16,206	1,208,014	649,126	1,873,346
Universities Section				
Bonds	-	76,682	-	76,682
Pooled investment vehicles	-	83,629	-	83,629
Cash	168	-	-	168
Other investment balances	96	-	-	96
	264	160,311	-	160,575
	16,470	1,368,325	649,126	2,033,921

19. Fair value hierarchy - continued

Analysis for the prior year end is as follows:

	2024 Level 1 £000	2024 Level 2 £000	2024 Level 3 £000	2024 Total £000
MRC Section				
Bonds	-	644,626	-	644,626
Property	-	-	191,300	191,300
Pooled investment vehicles	-	460,872	521,137	982,009
AVC investments	-	2,664	57	2,721
Cash	8,801	-	-	8,801
Other investment balances	5,031	-	-	5,031
	13,832	1,108,162	712,494	1,834,488
Universities Section				
Bonds	-	-	-	-
Pooled investment vehicles	-	142,017	-	142,017
Cash	15	-	-	15
Other investment balances	7	-	-	7
	22	142,017	-	142,039
	13,854	1,250,179	712,494	1,976,527

Properties, including property pooled funds, and Limited Partnership type funds, as well as with-profits AVCs, have been included in level 3 having no equivalent asset available in an open market and therefore requiring specialised valuation techniques. Directly held properties are valued as stated in note 3.9 on page 28.

20. Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk and other price risk.

- Currency risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- Interest rate risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- Other price risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The SORP recommends these risk disclosures are made for all investments.

The Scheme has exposure to these risks because of the investments it makes to implement its investment strategy described in the Trustee's Report. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment manager agreements in place with the Scheme's investment managers and monitored by the Trustee and its investment consultant, Gallagher by regular reviews of the investment portfolios.

Further information on the Trustee's approach to risk management and the Scheme's exposure to credit and market risks is set out below. This does not include AVC investments as these are not considered significant in relation to the overall investments of the Scheme.

(i) Credit Risk

The Scheme is subject to credit risk because of the direct investments in bonds and has cash balances through its segregated mandates. The total value exposed to this risk is shown in the table in note 10. The Scheme also invests in pooled investment vehicles and is therefore indirectly exposed to credit risks from the underlying assets held within the pooled funds.

Direct credit risk is mitigated either by the underlying assets of the pooled arrangements being ring-fenced from the assets of the investment manager or, in the case of insurance policies, by capital requirements and the Prudential Regulatory Authority's regulatory oversight.

A summary of pooled investment vehicle by type of arrangement is shown in the table below.

	MRC Section 2025	Universities Section 2025	Total 2025	MRC Section 2024	Universities Section 2024	Total 2024
	£000	£000	£000	£000	£000	£000
Unit linked insurance policies	156,828	50,549	207,377	229,106	142,017	371,123
Property unit trusts	109,811	-	109,811	114,380	-	114,380
Limited partnerships	295,731	-	295,731	351,325	-	351,325
Open ended funds	223,604	33,080	256,684	287,198	-	287,198
	785,974	83,629	869,603	982,009	142,017	1,124,026

In addition, investments are made only with suitably regulated investment managers. The Trustee carries out due diligence checks when appointing new investment managers to ensure the credit risk to which the Scheme will be exposed through the appointment is appropriate.

Direct credit risk arises primarily through the bond assets held and is mitigated by the use of suitably diversified segregated mandates and pooled funds, and by these investments being predominantly held in investment-grade bonds.

The Trustee considers financial instruments to be investment grade if rated BBB or higher, using RLAM composite rating determined by taking the S&P rating first and, if unavailable, the Moody's rating; otherwise the Fitch rating is used.

The credit ratings of the segregated bond funds are as follows:

Source of credit risk	**Investment Grade**		**Non-Investment Grade**		**Total**	
2025	**£000**	%	**£000**	%	**£000**	%
RLAM MRC Section Segregated Bond Portfolio	163,731	96.7	5,588	3.3	169,319	100.0
RLAM MRC Section Segregated Index Linked Gilts	712,190	100.0	-	-	712,190	100.0
RLAM Universities Section Segregated Index Linked Gilts	76,682	100.0	-	-	76,682	100.0

Source of credit risk	**Investment Grade**		**Non-Investment Grade**		**Total**	
2024	**£000**	**%**	**£000**	**%**	**£000**	**%**
RLAM MRC Section Segregated Bond Portfolio	165,135	96.3	6,345	3.7	171,480	100.0
RLAM MRC Section Segregated Index Linked Gilts	473,146	100.0	-	-	473,146	100.0

The pooled investment vehicles and cash held within the segregated portfolios are all unrated and are not included in the table above.

Indirect credit risk arises through the bond and cash pooled investment vehicles.

The key sources of credit risk at year-end are set out below – all of these funds are treated as being 100% exposed to direct or indirect credit risk:

MRC Section

Source of credit risk	Exposure at start of year £000	Exposure at end of year £000	% of section's net assets at year end
RLAM Corporate Bonds (direct, segregated)	169,004	166,564	8.8
RLAM Index-Linked Gilts (direct, segregated)	475,622	714,945	37.8
RLAM Sterling Extra Yield Bonds (indirect, pooled)	53	1	-
RLCM Cash Plus Fund (indirect, pooled)	81,596	19,491	1.0
ICG Multi-Class Credit (indirect, pooled)	82,084	81,146	4.3

Universities Section

Source of credit risk	Exposure at start of year £000	Exposure at end of year £000	% of section's net assets at year end
RLAM Index-Linked Gilts (direct, segregated)	-	76,682	47.0
RLPPC UK Corporate Bonds (indirect, pooled)	30,962	33,023	20.3
RLAM Index Linked Bonds (indirect, pooled)	61,249	-	-
RLAM Investment Grade Short Dated Credit (indirect, pooled)	-	33,081	20.3

The index-linked gilts corporate bond allocations in the MRC Section and Universities Section listed above invest predominantly in investment grade assets, whilst the RLAM Sterling Extra Yield Bond Fund (an allocation within RLAM's Segregated Bond Portfolio) invests mainly in sub-investment grade or unrated bonds. The ICG Multi-Class Credit fund invests in predominantly sub-investment grade bond assets.

In the past, UK government bonds were assumed to be risk-free. However, since the credit worthiness was downgraded to AA from AAA, this is included in the tables above, even though it is widely accepted that UK government bonds are still deemed to be broadly risk-free.

The return expected from all of the above assets is believed to be sufficient to compensate for the level of credit risk involved.

(ii) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

(iii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Scheme is subject to currency risk as a number of the underlying investments held through its pooled fund arrangements are held in non-Sterling denominated securities. Currency hedging is applied at the total pooled fund level for some of the Scheme's holdings. The Trustee actively hedges some of the currency exposure within its passive regional equity funds; however no overall currency overlay applies. Some equity, private equity, debt and infrastructure funds are unhedged and therefore indirect currency risk occurs as a result of the underlying assets of the fund.

The segregated funds across both sections have no net unhedged exposure to currency risk:

MRC Section

The pooled investment funds exposed to direct currency risk (after allowing for this hedging) at the year-end are:

Source of currency risk	USD exposure £000	EUR exposure £000	JPY exposure £000	Other exposure £000	Total non-sterling exposure 2025 £000	Total non-sterling exposure 2024 £000
Pooled equities	120,485	22,173	11,192	65,562	219,412	286,152
Pooled private equity/debt/infrastructure	76,810	68,718	-	20,209	165,737	182,075
Total					385,149	468,227

Universities Section

Source of currency risk	USD exposure £000	EUR exposure £000	JPY exposure £000	Other exposure £000	Total non-sterling exposure 2025 £000	Total non-sterling exposure 2024 £000
Pooled equities	10,916	1,422	1,029	4,015	17,382	48,258
Pooled credit	3	3	-	-	6	-
					17,388	48,258

(iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Scheme is primarily subject to interest rate risk from the bond assets which it holds through its segregated mandate and pooled fund arrangements. This includes the use of gilts, corporate bonds and swaps to obtain interest rate exposure within the funds.

The assets which are exposed to UK interest rate risk are primarily being held in order to offset the interest rate risks to which the Scheme would otherwise be exposed through its liabilities, as well as acting as a diversified asset class to equities. As such, these assets are viewed as risk-reducing for the Scheme overall.

All the Scheme's assets have exposure to indirect interest rate risk.

The key sources of direct interest rate risk are set out below:

MRC Section

Source of interest rate risk	Exposure at start of year £000	Exposure at end of year £000	% of section's net assets at year end
RLAM Corporate Bonds (segregated)	169,004	166,564	8.8
RLAM Index-Linked Gilts (segregated)	475,622	714,945	37.8
RLAM Sterling Extra Yield Bonds (pooled)	53	1	-
RLCM Cash Plus Fund (pooled)	81,596	19,491	1.0
ICG Multi-Class Credit (pooled)	82,083	81,146	4.3

Universities Section

Source of interest rate risk	Exposure at start of year £000	Exposure at end of year £000	% of section's net assets at year end
RLAM Index-Linked Gilts (segregated)	-	76,682	47.0
RLAM Index Linked Bonds (pooled)	61,249	-	-
RLAM UK Corporate Bonds (pooled)	30,962	33,023	20.3
RLAM Investment Grade Short Dated Credit (pooled)	-	33,081	20.3

(v) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Scheme is subject to other price risks (directly and indirectly) in relation to the equities and other assets held through its segregated mandates and pooled funds arrangements. This risk is managed through the Scheme's chosen investment strategy, by giving appropriate consideration to the size of the allocations to make to these types of investments. It is also managed through using segregated and pooled funds which invest in a suitably diversified manner, or which, when combined into the overall portfolio, provide this suitable level of diversification.

The key sources of other price risk are listed below.

MRC Section

Source of interest rate risk	Exposure at start of year £000	Exposure at end of year £000	% of section's net assets at year end
Equity pooled fund investments	297,140	223,527	11.8
Property segregated investments	191,300	187,250	9.9
Property pooled fund investments	169,811	166,078	8.8
Infrastructure pooled fund investments	47,170	45,581	2.4
Private equity pooled fund investments	206,478	181,659	9.6
Private debt pooled fund investments (indirect)	99,266	87,218	4.6

The Universities Section is invested in UK government and corporate bonds and global equities via pooled investment vehicles therefore there is indirect other price risk with respect to the global equities of £17.4m (2024: £49.8m).

21. Concentration of investments

The following investments each account for more than 5% of the Scheme's net assets at the year end:

	2025		2024	
	£000	**%**	£000	%
Aviva Lime Property Fund	**102,803**	**5.0**	103,717	5.1
State Street All World Screened Index Equity Sub- Fund	**156,828**	**7.6**	229,105	11.3

22. Employer-related investments

There was no employer-related investment as at 31 December 2025 (31 December 2024: none).

23. Current assets

	MRC Section £000	Universities Section £000	2025 Total £000	MRC Section £000	Universities Section £000	2024 Total £000
Contributions due from the employer in respect of:						
- Employer	**293**	**614**	**907**	862	747	1,609
- Employees	**294**	**76**	**370**	353	86	439
Pensions paid in advance	**3,212**	**84**	**3,296**	3,096	70	3,166
VAT recoverable	**100**	**-**	**100**	125	-	125
Amounts due between sections	**89**	**-**	**89**	160	-	160
Other debtors	**2,728**	**362**	**3,090**	5	-	5
Cash deposits held	**18,181**	**2,013**	**20,194**	32,744	9,297	42,041
	24,897	**3,149**	**28,046**	37,345	10,200	47,545

The contributions due as at 31 December 2025 were received after the year end in accordance with the due date set out in the Schedules of Contributions.

Included within other debtors for both sections is accrued bank interest, relating to interest earned on the Scheme's accounts between September 2017 and December 2024, which was paid post year end.

24. Current liabilities

	MRC Section £000	Universities Section £000	2025 Total £000	MRC Section £000	Universities Section £000	2024 Total £000
Lump sums on retirement payable	**586**	**7**	**593**	144	-	144
Death benefits payable	**15**	**-**	**15**	-	-	-
Refunds of contributions payable	**18**	**-**	**18**	-	-	-
Taxation payable	**3**	**-**	**3**	4	-	4
Administrative expenses payable	**526**	**1**	**527**	376	2	378
Investment management expenses payable	**814**	**52**	**866**	924	46	970
Amounts due between sections	**-**	**89**	**89**	-	160	160
Other creditors	**-**	**13**	**13**	-	12	12
	1,962	**162**	**2,124**	1,448	220	1,668

Amounts due between sections in the Universities Section are amounts due to the MRC Section in relation to benefits paid by the MRC Section to or on behalf of members who were accruing benefits in both sections.

25. Related party transactions

Under Financial Reporting Standard 102 the Trustee is deemed to be a "related party" of the Scheme. With the exception of the Chairman and the Chair of the ABCC, the other Directors of the Trustee Company have an interest as either a pensioner or active member of the Scheme due to their service as an employee with the employer. During 2025 three active members and four pensioner members served as Trustee Directors.

During the year, the Scheme paid £4,190 (2024: £6,819) of Trustee Director expenses for replacement equipment and travelling to meetings.

During the year the Scheme paid £85,200 (2024: £41,400) of professional Trustee fees to LawDebenture, and the fees outstanding at 31 December 2025 were £21,300 (2024: £20,700).

In addition, each pensioner Trustee Director is paid a fixed fee of £7,120 per annum (2025 figure), this will be paid directly from UKRI and reimbursed by the Scheme on receipt of a quarterly invoice.

The Scheme pays a co-opted member of the Investment Committee a fixed fee of £4,120 per annum (2025 figure) and this is paid directly by UKRI and reimbursed by the Scheme on receipt of a quarterly invoice. Another member of the investment Committee receives an allowance of £1,860.29 per month paid directly from the Trustee bank account.

The Chair receives remuneration from UKRI which is reimbursed by the Scheme on receipt of a quarterly invoice.

At the year-end there were £83,219 (2024: £61,246) of Trustee fees outstanding, £57,418 of this relates to Trustee fees that are paid from the employer and then reimbursed by the Scheme.

These amounts are included within the Trustee fees in Note 8, on page 30.

26. Capital Commitments

The Trustee does not necessarily expect all of these commitments to be called, as capital drawdowns are dependent on underlying investment activity, pipeline deployment and market conditions.

The Scheme had the following capital commitments at 31 December 2025:

Fund	CCY	Total Commitment '000	Outstanding Commitment 2025 '000	Outstanding Commitment 2024 '000
Hg Capital 7 C LP private equity	GBP	12,751	74	74
Hg Capital 8 C LP private equity	GBP	13,563	295	295
Hg Capital 9 C LP private equity	EUR	17,800	4,806	4,471
Hg Capital Mercury 2 A LP private equity	GBP	7,500	630	630
Hg Capital Mercury 3 A LP private equity	EUR	17,800	7,353	7,384
Hg Saturn A LP private equity	GBP	9,912	1,070	785
Infracapital Fund II infrastructure	GBP	60,000	1,291	1,291
Infracapital Greenfields	GBP	30,000	1,026	682
Infracapital Fund III infrastructure	GBP	25,000	2,879	2,879
Partners Group Value 2011 private equity	EUR	12,000	1,677	1,677
Partners Group Infra 2015 infrastructure	USD	31,000	4,967	4,967
Partners Group Value 2017 private equity	EUR	56,600	15,591	15,591
Partners Group Direct Infrastructure III	USD	30,000	7,100	8,540
Ares Capital Europe IV (G) Levered	GBP	30,000	6,117	6,117
Ares Capital Europe V (G) Levered	GBP	90,000	16,525	16,525
Warburg Pincus Global Growth E	USD	63,200	3,666	3,666

27. Contingent Assets/Liabilities

GMP equalisation

In October 2018, the High Court determined that benefits provided to members who had contracted out of their pension scheme must be recalculated to reflect the equalisation of state pension ages between May 1990 and April 1997 for both men and women. Following a further High Court ruling on 20 November 2020 further clarification was provided in respect of transfer value payments. The Trustee is reviewing, with their advisers, the implication of these rulings on the Scheme and the equalisation of guaranteed minimum pensions between men and women in the context of the rules of the Scheme and the value of any liability. This review is ongoing. As soon as the review is finalised and any liability quantified, members affected will be contacted. The Scheme Actuary has advised that cost implications will not be material and has included a contingency of £4.4m in the 2022 actuarial valuation.

Virgin Media Case

In June 2023, the High Court handed down a decision in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law.

On 29 April 2026, the Pensions Schemes Bill received royal assent (becoming the Pension Schemes Act 2026), passing into law legislation which, in relation to validity issues arising from the Virgin Media ruling, gives affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historical benefit changes met the necessary standards.

Given the legislative solution provided by the Pension Schemes Act 2026, the Trustee does not expect the Virgin Media ruling to impact the Scheme.

Qualified statement about contributions

We have examined the summary of contributions payable under the Schedules of Contributions to the MRC Pension Scheme ("the Scheme") in respect of the Scheme year ended 31 December 2025 which is set out on page 46.

In our opinion contributions for the Scheme year ended 31 December 2025 as reported in the Summary of Contributions and payable under the Schedules of Contributions have in all material respects:

For the MRC Section:

- been paid from 1 January 2025 to 13 March 2025 at least in accordance with the Schedule of Contributions certified by the Actuary on 7 March 2024; and
- except for the departure described in the basis for qualified statement about contributions section of our report, been paid from 14 March 2025 to 31 December 2025 at least in accordance with the Schedule of Contributions certified by the Actuary on 14 March 2025.

For the Universities Section:

- except for the departure described in the basis for qualified statement about contributions section of our report, been paid at least in accordance with the Schedule of Contributions certified by the Actuary on 13 March 2024.

Basis for qualified statement about contributions

MRC Section

As explained in the Trustee's report on page 9, Employer and Employee normal contributions in respect of May, June, November and December 2025, totalling £1,377,337 were paid between 1 and 40 days later than required under the Schedule of Contributions.

Universities Section

As explained in the Trustee's report on page 9, Employer normal contributions in respect of June 2025, totalling £485,000 were paid 22 days later than required under the Schedule of Contributions.

Scope of work

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the Summary of Contributions have in all material respects been paid at least in accordance with the Schedules of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedules of Contributions.

Respective responsibilities of Trustee and auditor

As explained more fully in the Statement of Trustee's Responsibilities set out on page 20, the Scheme's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised Schedules of Contributions showing the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme. The Trustee is also responsible for keeping records in respect of contributions received in respect of members of the Scheme and for monitoring whether contributions are made to the Scheme in accordance with the Schedules of Contributions.

It is our responsibility to provide a statement about contributions paid under the Schedules of Contributions to the Scheme and to report our opinion to you.

Independent Auditor's Statement about Contributions to the Trustee

The purpose of our work and to whom we owe our responsibilities

This statement is made solely to the Scheme's Trustee, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to it in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee, for our work, for this statement, or for the opinions we have formed.

Signed by:
[redacted]
4E459DC066C444F...

Gemma Broom
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

Date: 16 July 2026

Trustee's Summary of Contributions payable under the Schedules in respect of the year ended 31 December 2025.

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Trustee. It sets out the employer and employee contributions payable to the Scheme under the Schedules of Contributions certified by the actuary on the 7 March 2024 and on 14 March 2025 for the MRC Section, and on 13 March 2024 for the Universities Section. The Trustee's report explains the implications of late contributions in the year on compliance with the relevant requirements of pensions regulations.

	MRC Section £000	Universities Section £000	**2025 Total £000**
Contributions payable under the Schedule of Contributions and the Scheme rules and the recommendations of the Actuary:			
Employer contributions:			
Normal	4,896	4,359	**9,255**
Augmentations	1,338	-	**1,338**
	6,234	4,359	**10,593**
Employee contributions:			
Normal	3,550	933	**4,483**
Contributions payable under the Schedules of Contributions and the Scheme rules and the recommendations of the Actuary (as reported on by the Scheme auditor)	9,784	5,292	**15,076**
Other contributions:			
Employee Additional Voluntary Contributions	278	-	**278**
Employee Added Years Contributions	47	36	**83**
Total contributions reported in the accounts	10,109	5,328	**15,437**

Late contributions

During the year there was a change at the Employer in respect of the payroll system. As a result there were a number of late contributions during the year as follows:

MRC Section

Employer and Employee normal contributions in respect of May, June, November and December 2025, totalling £1,377,337 were paid between 1 and 40 days later than required under the Schedule of Contributions.

Universities Section

Employer normal contributions in respect of June 2025, totalling £485,000 were paid 22 days later than required under the Schedule of Contributions.

The issues with late payments arose around the point of system black out, ahead of transition to new software by the Employer. The Trustee worked closely with the payroll team to ensure requirements to pay and remit contributions within statutory deadlines were clear and understood and late payment issues are now resolved. An internal audit report was prepared with relevant findings being shared with the Employer.

Approved by the Trustee (M.R.C. Pension Trust Limited) and signed on its behalf by:

Signed by:
[redacted]
D94AD1E372743C... .... Chair

DocuSigned by:
[redacted]
7FE21FC2D95A4B1... .... Trustee Director

Date: 15-Jul-2026

Actuarial Certificate

Certification of schedule of contributions

Name of scheme: Medical Research Council Pension Scheme – MRC Section

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective can be expected to continue to be met for the period for which the schedule is to be in force.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 7 March 2024.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound up.

Signature	DocuSigned by John Coulthard ECSC4CABE878443...	Date	Mar 14, 2025
Name	John Coulthard	Qualification	Fellow of the Institute and Faculty of Actuaries
Address	Verulam Point Station Way St. Albans AL1 5HE	Name of employer	Aon Solutions UK Limited

Certification of schedule of contributions

Name of scheme: Medical Research Council Pension Scheme – Universities Section

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective can be expected to continue to be met for the period for which the schedule is to be in force.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 7 March 2024.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Group's liabilities by the purchase of annuities, if the Group were to be wound up.

Signature	DocuSigned by: John Coulthard ECSC4CABE873443	Date	13 March 2024
Name	John Coulthard	Qualification	Fellow of the Institute and Faculty of Actuaries
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APPENDIX 1
MRC PENSION SCHEME YEAR ENDED 31 DECEMBER 2025

IMPLEMENTATION STATEMENT FOR THE YEAR ENDING 31 DECEMBER 2025 (forming part of the Trustee's Report)

Introduction

Under regulatory requirements covering occupational pension schemes, M.R.C. Pension Trust Limited (the 'Trustee'), on behalf of the MRC Pension Scheme (the 'Scheme'), is required to publish an annual Implementation Statement stating how the policy covered in the Statement of Investment Principles (the 'SIP') regarding the exercise of the rights (including voting rights) attaching to the investments and the undertaking of engagement activities in respect of the investments has been followed.

From 1 October 2022, further Department for Work and Pensions ('DWP') guidance on the reporting of stewardship activities through Implementation Statements came into effect. This statement aims to consider this guidance and outlines the actions the Trustee has taken in 2025 to meet the DWP's stewardship expectations, although the Trustee recognises this is an evolving area, where best practice develops over time.

This Statement, prepared by the Trustee on behalf of the Scheme, covers the period from 1 January 2025 to 31 December 2025. The Trustee is comfortable that the policies stated within the SIP have been adhered to over the period. Please note, this Statement does not disclose stewardship in relation to the Scheme's AVC investments.

Summary of Statement of Investment Principles updates over the period

In June 2025, in practising good governance the Statement of Investment Principles (SIP) was reviewed and updated to maintain alignment with the Scheme's investment policies. Reference to conducting an investment turnover cost review on an annual basis was removed, with the view that the Trustee has sufficient processes in place in conjunction with its investment adviser to review investment turnover costs incurred by the Scheme.

The Trustee has made informed strategic investment decisions in accordance with its rights and responsibilities to enable the achievement of the Trustee's long-term investment objectives as set out in the SIP.

The Scheme's SIP can be found here.

The Trustee's Stewardship Policy

There were no changes made to the Stewardship Policy over 2025. The Stewardship Policy sits in a stand-alone document separate from the SIP. This Policy articulates how the Trustee practices effective stewardship through the oversight and challenge of investment managers, rather than the Trustee itself operating directly as steward of the underlying assets in which the Scheme invests.

The Stewardship Policy sets the expectation for managers' stewardship activities, including outlining the significance of stewardship in the selection and monitoring of investment managers, expectations for investment managers' engagement activities, and expectations for investment managers' voting activities where relevant.

As per the DWP's suggestions, the Trustee has selected a stewardship theme which it will use to channel its stewardship efforts. The Trustee recognises there is a spectrum of sustainability-related challenges that are potentially financially material but believes it will be most effective in its oversight of investment managers by focusing on one area initially. The chosen stewardship theme is "Climate Change".

Specific actions the Trustee has taken over 2025 to implement the updated Stewardship Policy are explained in the subsequent sections of this Statement.

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Significance of stewardship in appointment and monitoring of investment managers

When selecting and monitoring the Scheme's investment managers, the Trustee considers a manager's integration of Environmental, Social and Governance ("ESG") factors and Stewardship capabilities. This information is provided by the Scheme's investment adviser and through direct conversations with investment managers.

Where the Trustee has appointed managers to manage segregated portfolios of bonds, the Trustee has instructed managers not to invest in the securities of those companies whose predominant business revenues come from tobacco-related products. The Scheme receives an annual tobacco exposure report from the Scheme's investment adviser to monitor tobacco exposure within its pooled investments and assess whether this is in-line with expectations.

Over the year, the MRC Section removed its small, indirect tobacco exposure, and as at 31 March 2025 had no exposure to tobacco. While the Section's overall tobacco exposure was previously immaterial (0.00%), a small amount of tobacco exposure remained within the Partners Group Private Equity Portfolio, which has now been eliminated entirely.

Similarly, the Universities Section saw a reduction in tobacco exposure over 2025. An initial small exposure deriving from the RLAM UK Long Corporate Bond Fund was removed toward the end of the year, leaving the Section with no remaining exposure to tobacco.

To help in its monitoring, the Trustee also receives annual ESG analysis on its managers, such as carbon emission reporting. Through this reporting, the Trustee is able to track the carbon emission changes of each mandate and assess whether this is in-line with the Trustee's expectations. Where it is not, the Trustee may consider engaging with the relevant manager directly, or via the Scheme's investment adviser.

Engagement

The Trustee delegates responsibility for engaging with individual issuers to the Scheme's investment managers. The Trustee understands that engagements carried out by investment managers are likely to vary in nature by asset class. With that in mind, three examples across different asset classes are given in Appendix A.

As part of the Investment Committee's annual 'Meet the Managers' Engagement Day, the Trustee met with four of the Scheme's managers across a range of asset classes including Royal London Asset Management (Gilts and Credit), Ninety One (Public Equities), M&G (Secure Income Property), and ICG (Multi-Class Credit). The Trustee engaged with the investment managers on the funds' performance, investment approach and ESG integration and stewardship. Overall, the Trustee was satisfied with the investment managers' activities and comfortable with their approach to ESG and stewardship.

The Trustee intends to continue future engagements with the Scheme's investment managers as part of its manager monitoring, recognising its investment adviser also monitors the Scheme's investment managers on a real-time basis and will raise any pertinent issues with the Trustee as appropriate.

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Voting

The Trustee delegates responsibility for the exercise of rights (including voting rights) attaching to investments to the Scheme's investment managers. The Trustee is not aware of any material departures from the managers' stated voting policies and is comfortable that voting by managers has been in line with the Trustee's policies and stewardship priority, as set out in its SIP and stewardship policy. Given the nature of these mandates and the fact that voting activities appear to be undertaken in line with the managers' voting policies, the Trustee is comfortable that the voting policies for the Scheme have been adequately followed over the period.

The Scheme's Stewardship Policy offers a definition of what the Trustee deems to be a significant vote. A significant vote is described as meeting some or all of the following criteria, in addition to being climate change-related:

- *Votes relating to an issuer to which the Scheme has a large £ exposure;*
- *Votes which may be inconsistent between investment managers (while recognising manager views may differ, votes in opposite directions may neutralise our voting influence); and*
- *Votes identified due to potential controversy, which may be driven by the size and public significance of a company, the nature of the resolution, and the weight of shareholder vote against management recommendation.*

Voting statistics for each of the Scheme's relevant managers, as well as a selection of significant votes cast on behalf of the Scheme over the period are shown in Appendix B.

Looking ahead

It is the Trustee's belief that the policies set out in the SIP regarding the exercise of rights attaching to investments and the undertaking of engagement activities in respect of the investments have been followed over 2025.

During 2026, the Trustee plans to continue to monitor the Scheme's managers from both a performance and stewardship perspective.

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Appendix A

The Trustee expects the nature of engagement to vary between asset classes. The Trustee also believes engagement can take place across the Scheme's investments and is not restricted to equity investments. With this in mind, below are three examples of engagement within the fixed interest, equity and property asset classes.

RLAM – Direct Engagement

Company: Centrica Plc

Focus of the engagement: Net Zero - Discussing Centrica's progress on its climate transition report, including lobbying, physical climate risk disclosures, and integration of biodiversity into strategy.

Details of the engagement: RLAM met with Centrica, a UK energy company, to provide feedback on the improvements seen in its new climate transition report and to ask further questions to gain clarity on lobbying, physical climate risk, and the company's biodiversity practices. The report demonstrated improved transparency around emissions offsetting, remuneration, decarbonisation strategies, directly addressing areas RLAM had previously raised.

Outcome of the engagement: Centrica has made significant progress following RLAM's engagements. Its latest climate transition report demonstrates improved transparency on emissions offsetting, remuneration, and decarbonisation strategies, addressing areas RLAM previously raised. Centrica clarified its lobbying position, confirming that it had exited a controversial trade body in 2023 and committed to greater disclosure through a new trade association report. It now assesses trade associations for alignment with the Paris Agreement and Just Transition principles and has committed to a twelve-month engagement plan for those not aligned.

On physical climate risk, Centrica provided disclosures consistent with the TCFD, highlighting its low exposure due to asset location and lifecycle, while proactively managing risks such as extreme weather and sea-level rise. Biodiversity was acknowledged as an emerging priority, with existing action plans and strategies in place to meet the policy requirement that development projects deliver a measurable net gain - typically at least 10% - as a condition of planning approval. While net gain strategies are still developing, current disclosures remain largely focused on climate-related impacts. A follow-up engagement letter will be issued to maintain engagement and encourage further progress on integrating biodiversity considerations into corporate reporting and strategy.

Ninety One – Direct Engagement

Company: Taiwan Semiconductor Manufacturing Company (TSMC)

Focus of the engagement: Climate change and carbon reduction targets under the Institutional Investors Group on Climate Change (IIGCC) Net Zero Engagement Initiative.

Details of the engagement: This engagement was undertaken through Ninety One's collaborative work with the IIGCC's Net Zero Engagement Initiative (NZEI), which Ninety One co-led. TSMC is a key holding with significant Scope 2 and 3 emissions, making its decarbonisation strategy central to portfolio impact. Ninety One's objective was to evaluate progress in setting credible, science-based targets aligned with the SBTi Net-Zero Standard, and to discuss the robustness of its renewable energy sourcing strategy across geographies. In April 2025, TSMC published a net-zero roadmap aligned with the SBTi Corporate Net-Zero Standard, including commitments to 60% renewable energy by 2030, 100% by 2040, and net zero by 2050. Ninety One met management in Taipei in September 2025 to discuss renewable sourcing challenges and progress. TSMC confirmed that all overseas sites currently operate on 100% renewable energy, primarily via unbundled Renewable Energy Certificates (RECs). Ninety One encouraged the company to improve disclosure and increase direct procurement via Power Purchase Agreements (PPAs) or onsite generation.

Outcome of the engagement: Following the meeting, Ninety One collaborated with NZEI participants to align engagement priorities for 2026, focusing on target verification, renewable sourcing transparency, and inclusion of water-related disclosures such as Per- and Polyfluoroalkyl Substances (PFAS) pollution risks. TSMC's commitment to SBTi-verified net-zero targets represents significant progress towards Ninety One's engagement goals. TSMC demonstrated early leadership in transparency, though Ninety One continue to press for improvements in the quality of renewable sourcing and disclosure granularity. Ninety One's next steps are to submit the updated NZEI engagement plan to the IIGCC, monitor TSMC's SBTi certification timeline, and reconvene with the collaborative group within six months to review progress. While further progress is required, Ninety One are encouraged by TSMC's direction and see its actions as a foundation for sustained emissions reductions and long-term alignment with a credible net-zero trajectory.

Aviva – Collaborative Engagement

Topic: Tenant Engagement Programme - Securing a long-term lease extension with the BBC while improving the building's energy efficiency and supporting decarbonisation.

Details of the engagement: This engagement relates to work undertaken with the BBC, the tenant of the BBC Worldwide HQ in London. The Fund has owned the property since 2015 and, over the last few years, engagement has focused on establishing the BBC's appetite to remain beyond the lease expiry in 2040 and on identifying solutions to improve the building's energy performance. A Net Zero Carbon Audit was carried out and discussions with the tenant explored energy-efficiency building improvements, including degasifying the building.

Outcome of the engagement: Aviva agreed with the tenant to contribute £941,000 towards the costs of energy-efficiency and degasification works. In return, Aviva restructured the lease to include a 10-year extension, alongside revising the rent review clause and lowering the rent by 20%. These changes increased the value of the investment by £3.3 million, roughly a 4% increase. The works will future-proof the building through decarbonisation and improved energy efficiency.

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Appendix B

Summary of voting over the period

The managers in the below table provided details of their voting behaviour and significant votes over the period, in line with the Pensions and Lifetime Savings Association's Vote Reporting Template. Their responses are summarised in the table below. The information is sourced directly from the managers unless otherwise stated and corresponds to the MRC Section and the Universities Section.

From 1 April 2025 onwards, State Street amended the voting policy applied to the State Street All World ESG Screened Index Equity Sub-Fund. From 1 January to 31 March 2025, the fund followed State Street's Global Proxy Voting and Engagement Principles, while from 1 April 2025 onwards, it adopted State Street's Sustainability Proxy Voting Policy. As these policies apply different criteria for determining and reporting significant votes, State Street has supplied two discrete data sets, one for Q1 and one covering Q2-Q4. Given they relate to different voting policies, the data can't be combined and has therefore been reported separately in the below table.

Holding	Section	Number of resolutions eligible to vote	% of resolutions voted	% of resolutions voted against management	Proxy adviser*	% of resolutions voted contrary to the recommendation of the proxy adviser
Ninety One Global Environment Fund	MRC	498	99.6%	6.5%	ISS	6.3%
State Street All World ESG Screened Index Equity Sub-Fund (Q1 2025)	MRC & Universities	18,192	100.0%	8.3%	ISS	N/A
State Street All World ESG Screened Index Equity Sub-Fund (Q2 2025 – Q4 2025)	MRC & Universities	48,270	100.0%	16.8%	ISS	N/A

*Managers employ proxy advisers to recommend ways in which to vote on particular resolutions.

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Significant votes

The following tables provide a significant vote example for each relevant manager. In practice, the managers vote on a wider range of topics than the examples listed below. The Trustee has asked managers to provide examples that are in line with the Trustee's definition of what constitutes a significant vote as outlined in the Stewardship Policy, where possible.

	Ninety One	State Street
Company name	Waste Management, Inc.	Shell Plc.
Date of vote	13/05/2025	20/05/2025
Size of holding at date of vote	4.57%	0.24%
Type of proposal	Management	Shareholder
Summary of the resolution	Elect Director Victoria M. Holt.	Request that company discloses whether and how its demand forecast for LNG, LNG production and sales targets, and new capital expenditure in natural gas assets, are consistent with climate commitments, including the target to reach net zero emissions by 2025.
Manager's vote	For	For
If a vote against management, was this intent communicated ahead of the vote?	N/A – Ninety One voted 'for' the proposal put forward by management.	State Street voted against management. State Street do not communicate voting decisions to companies in advance.
Outcome of the vote	Pass	Fail
Rationale for the voting decision	Ninety One were of the view that Victoria Holt's continued presence on the board is well justified. She brings valuable expertise in digital innovation and sustainability - areas increasingly critical to corporate strategy. Her role also supports the board's gender diversity, which currently stands at just 33%.	State Street were of the view that this proposal merits support as per voting guidelines.
Implications of the outcome	While Ninety One monitor the voting outcomes, they use their own issuer-specific assessment to inform their engagement plan and strategy, and it is this which determines Ninety One's future steps.	Where appropriate State Street will contact the company to explain their voting rationale and conduct further engagement.
How does this vote relate to the Scheme's stewardship policy?	It relates to an issuer for which the Fund has a relatively large holding and contributes to strengthening sustainability expertise on the board.	Relates to the Trustee's stewardship priority of Climate Change.