

MRC PENSION SCHEME ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

Registrar of Occupational and Personal Pension Schemes Registration Numbers 19017402 and 19017401

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

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MRC PENSION SCHEME

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TRUSTEE AND ADVISERS

Trustee of the Scheme

M.R.C. Pension Trust Limited

Registered address

2nd Floor, David Phillips Building
Polaris House
North Star Avenue
Swindon, SN2 1FL

Correspondence address

7TH Floor, Caxton House
12, Tothill Street
London, SW1H 9NA

Trustee Directors

John Preston (Chair)

Professor Kelvin Cain PhD*

Hugh Dunlop

Louise McFarlane

Kevin Moreton PhD

Professor Ian Jackson PhD*

Carole Walker (resigned 31 May 2024)

David Brittain* (resigned 29 March 2025)

Allan MacLean

Suzanne Rupp* (appointed 1 June 2025)

The LawDebenture Pension Trust Corporation p.l.c.

represented by Jane Beverley (appointed 1 July 2024)

* Member Nominated Trustee Director

Investment committee

John Preston (Chair)

Professor Kelvin Cain PhD

Hugh Dunlop

Professor Ian Jackson

Jayne Atkinson#

Peter Morgan PhD#

#Co-opted member of the Committee

Administration and Communications committee

(first meeting 7 June 2024)

John Preston (Chair) (appointed 7 June 2024) (resigned as Chair 11 November 2024)

Jane Beverley (Chair) (appointed 1 July 2024 and Chair from 12 November 2024)

Louise McFarlane

David Brittain* (resigned 29 March 2025)

Allan MacLean*

Suzanne Rupp* (appointed 1 June 2025)

* Member Nominated Trustee Director

Secretary to the Trustee

Stuart McLean MBA FPMI (resigned 9 October 2024)

Mary Lambe (appointed 6 January 2025)

M.R.C. Pension Trust Limited

7th Floor, Caxton House

Tothill Street

London SW1H 9NA

Independent Auditor's

KPMG LLP

66 Queen Square

Bristol BS1 4BE

Legal Advisers

DLA Piper UK LLP

Suite 3C

The Plaza

Old Hall Street

Liverpool, L3 9QJ

Scheme Actuary

John Coulthard FIA

Aon Retirement Solutions

Verulam Point

Station Way

Hatfield Road

St Albans

AL1 5HE

Scheme Administrators

Aptia Limited

Maclarens House

Talbot Road, Stretford

Manchester

M32 0PF

Governance Advisor

Muse Advisory Ltd

KD Tower, Suite 10

The Cotterells, Hemel Hempstead

HP1 1FW

Secretarial Provider

Dalriada Trustees Ltd

46 New Broad Street

London, EC2M 1JH

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TRUSTEE AND ADVISERS (CONTINUED)

AVC Providers

Utmost Life and Pensions Services Limited
PO Box 177, Walton Street
Aylesbury
Bucks, HP21 7YH

Standard Life Assurance Limited
30 Lothian Road
Edinburgh, EH1 2DH

Covenant Advisor

PricewaterhouseCoopers LLP
7 More London
Riverside

Bankers

Royal Bank of Scotland plc
62/63 Threadneedle Street
PO Box 412
London, EC2R 8LA

Custodians

State Street Bank and Trust Company
Quartermile 3, 10 Nightingale Way
Edinburgh, EH3 9EG

Internal Auditor's

BDO LLP
55 Baker Street
London, W1U 7EU

Investment Consultants

Redington
Floor 6 One Angel Court
London EC2R 7HJ

Investment Managers

Ares Management Limited
10 New Burlington Street
London, W1S 3BE

Aviva Investors Jersey Unit Trust Management Limited
Fourth Floor, 1 IFC,
Esplanade, St Helier,
Jersey, JE2 3BX

BlackRock Investment Management (UK) Limited (until 5
September 2024)
12 Throgmorton Avenue
London
EC2N 2DL

First Sentier Investment Management (UK) Limited (until 24
September 2024)
23 St Andrew Square
Edinburgh, EH2 1BB

Hg Pooled Management Limited
2 More London Riverside
London, SE1 2AP

ICG
Procession House
55 Ludgate Hill
London, EC4M 7JW

Infracapital
10 Fenchurch Avenue
London, EC3M 5AG

Invesco Asset Management Limited (until 26 September
2024)
43-45 Portman Square
London W1H 6LY

Morgan Stanley Investment Management Inc (until 18
January 2024)
25 Cabot Square
Canary Wharf
London, E14 4QA

M&G (Guernsey) Limited
Dorey Court, Admiral Park,
St Peter Port,
Guernsey, GY1 2HT

Ninety One Fund Managers UK Limited
PO Box 9042
Chelmsford
CM99 2XL

Nuveen LLC
201 Bishopsgate
London, EC2M 3AE

Partners Group Management IX Limited
PO Box 477, Tudor House, Le Bordage
St Peter Port
Guernsey, GY1 1BD

Royal London Asset Management Limited
80 Fenchurch Street
London, EC3M 4BY

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TRUSTEE AND ADVISERS (CONTINUED)

Investment Managers (Continued)

State Street Global Advisers Limited
20 Churchill Place
Canary Wharf
London E14 5HU

Warburg Pincus International LLC
5-7 Carlton Gardens, St James's
London SW1Y 5AD

Principal Employer

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

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

TRUSTEE'S REPORT

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 is 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 10 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. Five Trustee Directors are appointed and can be removed by the principal sponsoring employer, including the Chair. The other four Trustee Directors are nominated by the members of the Scheme and are known as Member Nominated Trustee Directors. The nomination and election process for these Trustee Directors is subject to the regulations issued under the Pensions Act 2004 and the normal term of office is 4 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 and an adult dependant's pension was introduced from 1 April 2006 in respect of unmarried and unregistered active members with nominated long-term adult partners. 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 dependent 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 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.

MRC PENSION SCHEME

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TRUSTEE'S REPORT (CONTINUED)

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 2, 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.

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 2.

The Trustee Company

The Trustee met on 4 occasions during the year. The Investment Committee met on 5 occasions during the year and the Benefits Committee met on 5 occasions during the year.

Scheme specific Trustee training took place in January 2024, covering legal, actuarial and investment activities.

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 of 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.

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TRUSTEE'S REPORT (CONTINUED)

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 the 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		31 December 2019	
	MRC	Universities	Scheme	Scheme Total
	Section	Section	Total	£m
Liabilities	1,208.3	102.4	1,310.7	1,406.2
Assets	1,791.0	126.9	1,917.9	1,762.0
Surplus	582.7	24.5	607.2	355.8
Percentage funding level	148%	124%	146%	125%

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.

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TRUSTEE'S REPORT (CONTINUED)

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 2019	31 December 2022	31 December 2019
	SFO ¹ % p.a.	SFO % p.a.	SFO % p.a.	SFO% p.a.
Discount Rate	Pre-retirement: Aon's Gilt Prices Only gilt yield curve plus 2.5% p.a. Post-retirement: Aon's Gilt Prices Only gilt yield curve plus 0.5% p.a.	CPI inflation plus 2.2% p.a. initially reducing to plus 0% p.a. over 18 years. This equated to a discount rate of 4.2% p.a. initially reducing to 2% p.a. over 18 years	Pre-retirement: Aon's Gilt Prices Only gilt yield curve plus 0.6% p.a. Post-retirement: Aon's Gilt Prices Only gilt yield curve plus 0.25% p.a.	In line with assumed future CPI inflation, i.e. 2.0% p.a.
RPI	Aon's Gilt prices Only break-even RPI curve with no inflation risk premium deduction	N/A	Aon's Gilt prices Only break-even RPI curve with no inflation risk premium deduction	N/A
CPI	RPI inflation less 1.0% p.a. up to 2030 and RPI inflation less 0.1% p.a. thereafter	2.0	RPI inflation less 1.0% p.a. up to 2030 and RPI inflation less 0.1% p.a. thereafter	2.0
Rate of pay increase (excluding promotional increases)	CPI inflation plus 1.5% p.a.	3.5%	CPI inflation plus 1.5% p.a.	3.5%
Rate of increases to pension in payment in excess of GMPs ²	In line with CPI	In line with CPI	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	In line with CPI	In line with CPI
Post-retirement mortality	S3PMA / S3PFA_M – CMI2021	S3NXA x-1 – ONS 18	S3PMA / S3PFA_M – CMI2021	S3NXA x-1 – ONS 18

¹Statutory funding objective (Technical Provisions)

²Guaranteed Minimum Pension

³At 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.

MRC PENSION SCHEME

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TRUSTEE'S REPORT (CONTINUED)

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 31 to 50 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 60 and 61.

Funding update

The Actuary prepares an interim funding update between valuations. The most recent annual update as at 31 December 2023 shows liabilities of £1,201.6m and a surplus of £654.2m compared to assets of £1,855.8m for the MRC Section. For the Universities Section, liabilities were £107.8m, resulting in a surplus of £39.1m compared to assets of £146.9m as at the same date. Each set of figures are 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 will 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% pensionable salary.

At the end of 2024 engagement with UKRI commenced on a reduction to the employer contribution to the MRC Section. Following agreement, a new employer rate for the MRC Section of 6.5% of pensionable pay was introduced for two years from 1 April 2025. All other participating employers' contribution rate in the MRC section from April 2025 is a rate of 7.4% of pensionable salary.

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.

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.

MRC PENSION SCHEME

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TRUSTEE'S REPORT (CONTINUED)

The Trustee produces an annual business plan against which Scheme performance 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 assessing and demonstrating compliance against the General Code from the Pensions Regulator which came into force on 28 March 2024.

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 Advisor, PwC, who considers the covenant to be "Strong". Members have the additional protection of the PPF should UKRI, as principal sponsoring employer, ever fall into financial difficulty.

Internal Controls

The Trustee maintains a register of key risks and BDO LLP act 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. The Risk Register underwent a substantive review in 2024 with a new Register in place for the Scheme from March 2025. In addition, work is underway to assess the Scheme's approach to monitoring internal controls to ensure it is robust and agile.

Bribery Act 2011 and Conflicts of Interest

The Trustee's conflicts of interest policy consists 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.

General Data Protection Regulations

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 MRC, UKRI, the Trustee and certain professional advisers including Aon and Aptia as scheme administrator.

In May 2018, a new European legal framework for the protection of personal data called the General Data Protection Regulations (GDPR) came into effect in the UK. Leaving the European Union has not affected GDPR in the UK. The Trustee and its advisers have reviewed how the new requirements affect the way in which personal data is held and processed and have produced a privacy statement and data protection policy document, which was updated in November 2021.

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 works closely with UKRI, particularly in regard to the most recent triennial actuarial valuation as at 31 December 2022.

MRC PENSION SCHEME

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TRUSTEE'S REPORT (CONTINUED)

Membership

Details of the membership of the Scheme as at 31 December 2024 are given below:

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

	Principal	Universities	Total 2024	Total 2023
	Section 2024	Section 2024		
ACTIVE MEMBERS				
Active members at the start of the year	1,225	344	1,569	1,613
Adjustments from prior year**	(16)	(6)	(22)	(27)
New entrants in the year*	182	-	182	189
Retirements	(29)	(7)	(36)	(44)
Death in service	-	-	-	(5)
Members leaving with preserved benefits	(57)	(10)	(67)	(95)
Leavers with benefits pending	(37)	-	(37)	(39)
Members leaving with a refund/set to no liability	(25)	-	(25)	(23)
ACTIVE MEMBERS AT THE END OF THE YEAR	1,243	321	1,564	1,569
PENSIONERS				
Pensioners at the start of the year	3,380	190	3,570	3,446
Adjustments from prior year**	42	4	46	39
Members retiring during the year	151	16	167	143
New spouse and dependent pensioners	30	-	30	22
Pensions ceased (including deaths)	(99)	(1)	(100)	(80)
PENSIONERS AT THE END OF THE YEAR	3,504	209	3,713	3,570
MEMBERS WITH PRESERVED AND DEFERRED BENEFITS				
Number at the start of the year	4,465	658	5,123	5,142
Adjustments from prior year**	(25)	1	(24)	(5)
Leavers during the year with preserved benefits	57	10	67	95
Pension sharing order	-	-	-	3
Deferred pensioners becoming pensioners	(122)	(9)	(131)	(99)
Transfers out during the year	(7)	(1)	(8)	(7)
Commutations	(1)	-	(1)	(3)
Deaths	(1)	(1)	(2)	(3)
MEMBERS WITH PRESERVED AND DEFERRED BENEFITS AT THE END OF THE YEAR	4,366	658	5,024	5,123
<i>Pending members* (as shown on the following page)</i>	291	13	304	278
TOTAL MEMBERSHIP AT THE END OF THE YEAR	9,404	1,201	10,605	10,540

Pensioner members include 501 (2023: 479) beneficiaries and dependants who are 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.

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

TRUSTEE'S REPORT (CONTINUED)

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 (formerly Mercer) process all leavers who left between 1 July and the date when the salary increase was agreed are processed. The 2023 pay award was implemented by UKRI in December 2023.

The impact is dependent on the length of delay in settling the pay review.

	MRC Section 2024	Universities Section 2024	Total 2024	Total 2023
PENDING MEMBERS*				
At the start of the year	264	14	278	267
Adjustments from prior period	4	-	4	(7)
New leavers with benefits pending	37	-	37	39
Leavers with refunds	(9)	(1)	(10)	(6)
Transfer out	(5)	-	(5)	(15)
Total	291	13	304	278

*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.

Financial development of the Scheme

The financial statements on pages 31 to 50 show that the value of the Scheme's assets increased during the year by £17.2m to £2,022.4m as at 31 December 2024. The increase was comprised of net withdrawals from dealings with members of £41.9m and a net increase in investment returns of £59.1m. 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.

Benefits paid

The benefits paid during the year to retiring members and to relatives and dependants of deceased members are shown in note 5 of the financial statements.

Transfer values

Cash equivalents paid during the year with respect to transfers have been calculated and verified in the manner prescribed by the Pensions 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.

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TRUSTEE'S REPORT (CONTINUED)

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

Pension Increases

The increase awarded in April 2024 was 6.7% and is based on the previous September CPI and is not capped. Members whose state pension age falls before 6 April 2016 retain statutory increase to GMP. The increase to their post 88 GMP is 3% and Pre 88 GMP is not increased. Where member's state pension age falls after 5 April 2016, excess increases are applied to those elements.

There were no discretionary increases.

Deferred pensions were increased in line with statutory requirements.

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 Utmost Life and Pensions and Standard Life. The contributions are invested on behalf of the individuals concerned to provide additional pension benefits within the overall limits laid down by HMRC.

A total of 43 (2023: 38) members contributed to money purchase AVCs as at 31 December 2024; the total value of the accumulated AVC funds held by Utmost Life and Pensions and Standard Life at that date was £2.7million (2023: £2.5million).

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 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 2024, Aptia produced Benefit Statements for active members of the Scheme and these were distributed during August 2024. Pension Savings Statements covering the 2023/2024 tax year were issued in September 2024. Copies of the summarised version of the 2023 Annual Report were circulated in December 2024. These are annual communication exercises undertaken by the Director of MRC Pensions and facilitated by Aptia 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 and the Universities payroll departments to ensure the delivery of timely and accurate data for benefit entitlements and administration.

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.

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TRUSTEE'S REPORT (CONTINUED)

The annual allowance of £50,000 was reduced to £40,000 with effect from April 2014. The tapering of the annual allowance, introduced in 2016 for high earners, was relaxed from April 2020. The standard annual allowance for the 2023/24 tax year is £60,000. However, the annual allowance is tapered (reduced) for higher earners.

The Lifetime Allowance (LTA) reduced from £1.8m to £1.5m with effect from 6 April 2012. With effect from 6 April 2014 the LTA was reduced to £1.25m and was further reduced to £1m with effect from April 2016. The LTA was index-linked from April 2018, but had been frozen at £1,073,100, the rate for the 2020/2021 tax year, until it was abolished from 6 April 2024.

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 Lifetime Allowance (LTA) 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 three updates to the Trustee during the Scheme year.

HMRC approval

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

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

TRUSTEE'S REPORT (CONTINUED)

Statement of Trustee's Responsibilities

Trustee's responsibilities in respect of the financial statements

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:

- (i) 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 the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- (ii) contain the information specified in the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the accounts have been prepared in accordance with the Statement of Recommended Practice Financial Reports of 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.

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

TRUSTEE'S REPORT (CONTINUED)

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 Redington. As at 31 March 2024 there remains a small amount of tobacco exposure within the MRC Section's portfolio, although this is immaterial and, as such, the Scheme's overall exposure is 0.0% of total assets (2023: less than 0.1%).

The Investment Committee ("IC") (see page 2 for membership) meet a minimum of 4 times during the year to discuss and review investment performance.

In Q1 2024, global equity markets continued to post strong returns, driven predominantly by the performance of the "Magnificent 7", a group of large US technology companies benefitting in part from the impact of generative of AI. Inflation continued to be a persistent theme in markets throughout 2024. In Q2, the European Central Bank became the first developed-market central bank to cut interest rates, with the Bank of England and Federal Reserve not following suit until August and September respectively. Q3 2024 began with heightened, but short lived, volatility as markets reacted to fears of a recession in the US and interest rate hikes in Japan. Whilst credit spreads remained tight relative to history, loans and structured credit assets were opportunities for relative value. Following the UK Government Budget announcement in October, UK government bond yields rose over Q4. Over the year, the funding level strengthened and the annual return of the assets for 2024 was a positive return of 3.0%, net of fees.

With the help of its investment consultant, Redington, the Trustee continues to monitor investment risk closely and comply with new statutory requirements on sustainable investment and a new 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 on the member website at [MRC-TCFD-Report-2023-Final-18.06.24.pdf](https://www.mrcps.co.uk/MRC-TCFD-Report-2023-Final-18.06.24.pdf)

The total investment return for the three years to 31 December 2024 was 1.0% per annum net of fees, compared to the benchmark return of -3.0%.

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 June 2020 and was updated in September 2024 to reflect the Scheme's strategy changes.

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YEAR ENDED 31 DECEMBER 2024

TRUSTEE'S REPORT (CONTINUED)

The comparative asset distribution of the Scheme as at 31 December 2024 and 31 December 2023 are noted in the table below (MRC Section only):

	31 Dec 2024	31 Dec 2023
	%	%
UK Corporate Bonds	9.2	6.8
Index linked securities	26.0	2.8
UK Equities	-	8.4
Overseas Equities	-	11.0
Property (Direct)	10.4	9.8
Pooled investment vehicles:		
Overseas Equity	16.1	16.5
Private Equity	11.1	12.1
Private Debt	5.4	5.6
Infrastructure	2.6	4.5
Property	9.3	9.4
Bonds	-	6.3
Credit fund	4.5	4.3
Cash	4.5	1.0
AVC Funds	0.1	0.1
Cash deposits and other investment balances	0.8	1.4
	<hr/> 100.0	<hr/> 100.0

At the year end, the Universities Section was 65% (2023: 71%) invested in UK Pooled Investment bonds and 35% (2023: 29%) in UK Pooled Investment equities (excluding cash)

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 11 of the Financial Statements.

Employer related investments

There were no employer related investments held at the year-end (2023: nil).

Custodial arrangements

The Trustee has appointed State Street as custodian for RLAM and State Street Investments. 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 managers.

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

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

TRUSTEE'S REPORT (CONTINUED)

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; and
- Corporate governance.

The Pensions Schemes Act 2021 requires pension schemes with assets above £1bn to make additional disclosures about climate change and sustainable investment from 2023. In 2024, the Scheme produced its second ("TCFD") report for the scheme year ending 31 December 2023 and is currently drafting its third annual report which will be published on the Scheme's website once completed.

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, Redington, monitors the exercising of rights (including voting rights) and reports on this to the Trustee regularly (see also information on Page 20).

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 and index-linked bonds.
- Cash.
- Property.
- Infrastructure.
- Private equity.
- 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).

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

TRUSTEE'S REPORT (CONTINUED)

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 September, putting in place a process for managing the Trustee bank account balance.

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 reviews the investment managers' policy in respect of financially material considerations on an annual basis to satisfy it that it is consistent with the above approach.

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.

MRC PENSION SCHEME

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TRUSTEE'S REPORT (CONTINUED)

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. Namely the risk:

- 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 focussing on one area initially. The chosen stewardship theme is "Climate Change".

Specific actions the Trustee has taken over 2024 to implement the updated Stewardship Policy are explained in the Implementation Statement on pages 51 to 59.

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;

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

TRUSTEE'S REPORT (CONTINUED)

- 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. 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.

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

TRUSTEE'S REPORT (CONTINUED)

- 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 time horizon) of the evaluation of the investment manager's performance and the remuneration for asset management services are in line with the Trustees' 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, in conjunction with its investment consultant, has processes in place to review investment turnover costs incurred by the Scheme on an annual basis. The Trustee receives a report which includes the turnover costs incurred by the investment managers used by the Scheme.

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.

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

TRUSTEE'S REPORT (CONTINUED)

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 2024.

	Year ended 31 December 2024	
	Scheme Return	Total Scheme Benchmark
	%	%
UK Corporate Bonds	2.5%	0.0%
UK Index-Linked Gilts	-10.7%	-10.8%
Equities	9.7%	19.5%
Property	6.7%	6.8%
Infrastructure	-14.1%	15.1%
Direct Lending	14.6%	9.0%
Private Equity	25.3%	20.8%
Multi Class Credit	11.8%	9.9%
Total Scheme	3.0%	-7.7%
3 years ended 31 December 2024	1.0%	-3.0%
5 years ended 31 December 2024	4.7%	1.2%
10 years ended 31 December 2024	7.3%	4.7%

*The performance figures broken down by asset class above exclude funds that were not invested for the full 12-month period (Morgan Stanley Emerging Market Equity Fund, State Street All World Equity Fund, four regional State Street Index Equity Sub-Funds, First Sentier Asia Pacific Select Strategy, Invesco Global Equity Income Strategy, and MRC Section Royal London Index-Linked Gilts Portfolio. 2024 Total Scheme performance is calculated using AUM and net cashflows over 2024, while the benchmark performance is calculated using the performance of the Scheme's liabilities on a Technical Provisions basis. Performance figures above exclude funds that were not invested for the full 12-month period (Baillie Gifford Global Equity mandate, Liontrust Equity mandate, Ninety One Global Equity Fund, ICG Total Credit Fund and Royal London Index Linked Fund)

As the table above shows, the overall return for the year was 3.0% 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.

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

TRUSTEE'S REPORT (CONTINUED)

Further information

Members are entitled to inspect copies of certain documents giving information about the Scheme. 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.

All members are encouraged to use the website at www.mrcps.co.uk.

Any member with a dispute about their pension entitlement, or a complaint, can use the "Internal Disputes Resolution Procedure" or, alternatively, they can obtain free advice or ask for a ruling 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 (the 'Scheme') to Aptia Group Limited) Maclaren House, Talbot Road, Streford, Manchester, M32 0PF.

MRC.Client@Aptia-UK.com

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

Acknowledgements

The Trustee wishes to record its thanks to Carole Walker, David Brittain and Stuart McLean for their services to the Scheme.

This report was approved by the Trustee and signed on its behalf by:

Signed by:

D944AD1B372143C.....
Chair

DocuSigned by:

7FE21FC2D95A4B1...
Director, Law Debenture Pension Trust Corporation plc

04-Jul-2025

04-Jul-2025

.....
Date

MRC PENSION SCHEME
YEAR ENDED 31 DECEMBER 2024

SUMMARY OF CONTRIBUTIONS

Trustee's Summary of Contributions payable under the Schedules in respect of the year ended 31 December 2024

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 16 December 2020 and subsequently on the 7 March 2024 for the MRC Section, and on 16 December 2020 and subsequently on the 13 March 2024 for the Universities Section.

Contributions payable under the Schedules

	MRC Section £000	Universities Section £000	Total £000
Employer:			
Normal contributions	8,513	5,498	14,011
Augmentation contributions	465	-	465
Employee:			
Normal contributions	3,432	1,047	4,479
Contributions payable under the Schedules (as reported on by the Scheme auditor)	12,410	6,545	18,955

Reconciliation of Contributions Payable under the Schedules of Contributions to Total Contributions reported in the Financial Statements

Contributions payable under the Schedules (as above)	12,410	6,545	18,955
Contributions payable in addition to those due under the Schedules (and not reported on by the Scheme auditor):			
Employee:			
Additional voluntary contributions	238	-	238
Added years contributions	62	41	103
Total contributions reported in the financial statements	12,710	6,586	19,296

Approved by the Trustee and signed on its behalf by:

Signed by:

.....D944AD1B372143C.....
Chair

DocuSigned by:

7FE21FC2D95A4B1...
Director, Law Debenture Pension Trust Corporation plc

04-Jul-2025

04-Jul-2025

Date

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEE OF THE MRC PENSION SCHEME

Statement about contributions

We have examined the Summary of Contributions payable under the Schedules of Contributions to MRC Pension Scheme in respect of the Scheme year ended 31 December 2024 which is set out on page 25.

In our opinion contributions for the Scheme year ended 31 December 2024 as reported in the Summary of Contributions and payable under the Schedules of Contributions have in all material respects been paid:

- From 1 January 2024 until 6 March 2024 at least in accordance with the Schedule of Contributions certified by the actuary on 16 December 2020 and from 7 March 2024 until 31 December 2024 at least in accordance with the Schedule of Contributions certified by the actuary on 7 March 2024 for the MRC section; and
- From 1 January 2024 until 12 March 2024 at least in accordance with the Schedule of Contributions certified by the actuary on 16 December 2020 and from 13 March 2024 until 31 December 2024 at least in accordance with the Schedule of Contributions certified by the actuary on 13 March 2024 for the Universities section.

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 15, 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.

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.



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

7 July 2025
Date.....

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

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 2024 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 2024 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 its 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.

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE MRC PENSION SCHEME (CONTINUED)

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.

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE MRC PENSION SCHEME (CONTINUED)

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 26 of the annual report.

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 15, 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.

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE MRC PENSION SCHEME (CONTINUED)

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.



Gemma Broom
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE
Date..... 7 July 2025

MRC PENSION SCHEME
YEAR ENDED 31 DECEMBER 2024

FUND ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	MRC Section £000	Universities Section £000	Total 2024 MRC Section £000	Universities Section £000	Total 2023 £000
CONTRIBUTIONS AND BENEFITS						
Contributions						
Employers	4	8,978	5,498	14,476	9,524	11,055
Employee	4	3,732	1,088	4,820	3,571	1,157
Other income		-	-	-	2	-
		12,710	6,586	19,296	13,097	12,212
						25,309
Benefits	5	(54,738)	(1,211)	(55,949)	(50,889)	(1,297)
Transfers out	6	(2,547)	(61)	(2,608)	(1,074)	-
Payments to and on account of leavers	7	(49)	-	(49)	(45)	-
Administrative expenses	8	(2,509)	(102)	(2,611)	(2,362)	(115)
		(59,843)	(1,374)	(61,217)	(54,370)	(1,412)
						(55,782)
NET (WITHDRAWALS)/ADDITIONS FROM DEALINGS WITH MEMBERS		(47,133)	5,212	(41,921)	(41,273)	10,800
						(30,473)
INVESTMENT RETURNS						
Investment income	9	62,542	25	62,567	52,845	7
Change in market value of investments	11	4,204	71	4,275	58,664	9,405
Investment management expenses	10	(5,084)	(206)	(5,290)	(5,178)	(174)
Taxation		(2,440)	-	(2,440)	(76)	-
		59,222	(110)	59,112	106,255	9,238
						115,493
NET INCREASE IN THE FUND DURING THE YEAR		12,089	5,102	17,191	64,982	20,038
NET ASSETS OF THE SCHEME AT 1 JANUARY		1,858,296	146,917	2,005,213	1,793,314	126,879
NET ASSETS OF THE SCHEME AT 31 DECEMBER		1,870,385	152,019	2,022,404	1,858,296	146,917
						2,005,213

The notes on pages 33 to 50 form an integral part of these financial statements.

MRC PENSION SCHEME
YEAR ENDED 31 DECEMBER 2024

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)
AT 31 DECEMBER 2024

	Note	MRC Section	Universities Section	Total 2024	MRC Section	Universities Section	Total 2023
		£000	£000	£000	£000	£000	£000
INVESTMENT ASSETS							
Equities	11	-	-	-	356,325	-	356,325
Bonds	11	644,626	-	644,626	176,192	-	176,192
Pooled investment vehicles	11	982,009	142,017	1,124,026	1,096,062	141,968	1,238,030
Property	11	191,300	-	191,300	180,800	-	180,800
Derivatives	11	-	-	-	22	-	22
Other investment assets	11	9,752	7	9,759	17,978	14	17,992
AVC Investments	11	2,721	-	2,721	2,538	-	2,538
Cash	11	8,801	15	8,816	13,601	8	13,609
		1,839,209	142,039	1,981,248	1,843,518	141,990	1,985,508
INVESTMENT LIABILITIES							
Other investment liabilities	11	(4,721)	-	(4,721)	(5,103)	-	(5,103)
TOTAL INVESTMENTS		1,834,488	142,039	1,976,527	1,838,415	141,990	1,980,405
CURRENT ASSETS	13	37,345	10,200	47,545	23,236	5,313	28,549
CURRENT LIABILITIES	14	(1,448)	(220)	(1,668)	(3,355)	(386)	(3,741)
TOTAL NET ASSETS AT 31 DECEMBER		1,870,385	152,019	2,022,404	1,858,296	146,917	2,005,213

The financial statements 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 does take account of such obligations, is dealt with in the Report on Actuarial Liabilities included on page 7 of the Trustee's Report and these Financial Statements should be read in conjunction with that Report.

The notes on pages 33 to 50 form an integral part of these financial statements.

These financial statements were approved by the Trustee and signed on its behalf by:

Signed by:

D044AD4B3721420...

DocuSigned by:

7FE21FC2D95A4B1...
Director, Law Debenture Pension Trust Corporation plc

Chair

04-Jul-2025

04-Jul-2025

Date

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS

1 IDENTIFICATION OF FINANCIAL STATEMENTS

The MRC Pension Scheme is a defined benefit pension scheme. The Scheme comprises two sections. The Universities Section was set up on 1 January 2014 and is funded alongside the MRC Section. The Scheme is established in UK under English Law and 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 2023 shows a surplus of £654.2m for the MRC Section and a surplus of £39.1m 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 following principal accounting policies have been adopted and consistently applied in the preparation of the financial statements.

3.1 Accruals concept

The financial statements 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 investments are included in changes in market value. Difference 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 the exception of contributions deducted from auto-enrolled members during the opt-out period, which are accounted for on the

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 augmentations relate to the cost of augmenting benefits of certain retiring members, as advised by the Actuary, and are accounted for in accordance with the agreement under which they are paid.

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

3.4 Benefits

Benefits are accounted for in the period in which they fall due.

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

Where a member has a choice about the form of their benefit, the benefit is accounted for when the member notifies the Trustee of what form of benefit they will take. Where a member has no choice about the form of benefit, the benefit is accounted for in the period of when the liability arises.

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

Where the Trustee is required to settle tax liabilities on behalf of a member (such as where lifetime or annual allowances are exceeded) with a consequent reduction in that member's benefits receivable from the Scheme, any taxation due is accounted for on the same basis as the event giving rise to the tax liability and shown separately within benefits.

3.5 Transfers to and from other schemes

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.

3.6 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 Advisors who are

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

3.7 Investment income

Investment income is recognised as follows:

Dividend income from equity shares is recognised when the Scheme becomes entitled to the dividend. In the case of UK quoted shares this will be from the ex-dividend date.

Income from bonds is accounted for on an accruals basis. Interest purchased and sold on investment transactions is recognised as income in the Fund account

Rents are earned in accordance with the terms of the lease.

Income from cash deposits is accrued on a daily basis.

Investment income is reported net of attributable tax credits, but gross of withholding taxes which are accrued in line with the associated investment income. Irrecoverable withholding taxes are reported separately as a tax charge.

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.

3.8 Expenses

Administrative expenses, insurance premiums and investment management expenses are accounted for on an accruals basis.

4 CONTRIBUTIONS

	MRC Section 2024	Universities Section 2024	Total 2024	MRC Section 2023	Universities Section 2023	Total 2023
	£000	£000	£000	£000	£000	£000
Employers' Contributions						
Normal contributions	8,513	5,498	14,011	8,228	11,055	19,283
Augmentations	465	-	465	1,296	-	1,296
	8,978	5,498	14,476	9,524	11,055	20,579
Employees' Contributions						
Normal contributions	3,432	1,047	4,479	3,308	1,116	4,424
Additional voluntary contributions	238	-	238	192	-	192
Added years contributions	62	41	103	71	41	112
	3,732	1,088	4,820	3,571	1,157	4,728
	12,710	6,586	19,296	13,095	12,212	25,307

MRC paid additional Employer Contributions of £nil in 2024 (2023 £3.5m) towards the cashflow of the Universities section. MRC also paid £2.8m in 2024 (2023: £4.7m) 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.

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 BENEFITS

	MRC Section 2024 £000	Universities Section 2024 £000	Total 2024 £000	MRC Section 2023 £000	Universities Section 2023 £000	Total 2023 £000
Pension payments	45,899	765	46,664	41,656	679	42,335
Commutations and lump sum retirement benefits	8,545	446	8,991	8,486	617	9,103
Lump sums on death	39	-	39	692	1	693
Tax paid*	255	-	255	55	-	55
	54,738	1,211	55,949	50,889	1,297	52,186

*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.

6 TRANSFERS OUT

	MRC Section 2024 £000	Universities Section 2024 £000	Total 2024 £000	MRC Section 2023 £000	Universities Section 2023 £000	Total 2023 £000
Individual transfers out to other schemes	2,547	61	2,608	1,074	-	1,074

7 PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	MRC Section 2024 £000	Universities Section 2024 £000	Total 2024 £000	MRC Section 2023 £000	Universities Section 2023 £000	Total 2023 £000
Refunds to members leaving service	49	-	49	45	-	45

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 ADMINISTRATIVE EXPENSES

	MRC Section 2024	Universities Section 2024	Total 2024	MRC Section 2023	Universities Section 2023	Total 2023
	£000	£000	£000	£000	£000	£000
Administration and processing	754	36	790	765	35	800
MRC head office recharge	169	-	169	139	-	139
Actuarial fees	384	57	441	266	71	337
External audit fee	101	-	101	94	-	94
Tax services	23	-	23	2	-	2
Legal fees	505	-	505	138	-	138
Regulatory fees	74	9	83	491	9	500
Trustee fees and expenses	169	-	169	146	-	146
Internal audit fees	44	-	44	50	-	50
Other professional	234	-	234	250	-	250
Communication costs	52	-	52	14	-	14
Other expenses	-	-	-	7	-	7
	2,509	102	2,611	2,362	115	2,477

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

9 INVESTMENT INCOME

	MRC Section 2024	Universities Section 2024	Total 2024	MRC Section 2023	Universities Section 2023	Total 2023
	£000	£000	£000	£000	£000	£000
Dividends from equities	8,357	-	8,357	10,391	(1)	10,390
Income from bonds	8,024	-	8,024	6,811	-	6,811
Income from pooled investment vehicles	35,948	-	35,948	24,861	-	24,861
Net rental income	10,032	-	10,032	11,078	-	11,078
Interest on cash deposits	641	25	666	274	8	282
Foreign currency (loss)	(460)	-	(460)	(570)	-	(570)
	62,542	25	62,567	52,845	7	52,852

Included within dividends from equities is overseas investment income which has been stated gross of withholding taxes totalling £2,440k (2023: £76k), the increase is the year is due to all of the equity funds being closed. This represents irrecoverable withholding taxes which have been reported under 'Taxation' within the Fund Account.

Income from pooled investment vehicles has increased from last year as a result of increased income of £2.0m from Ares & £4.4m from Hg Capital; as the private equity funds mature they generate more income.

10 INVESTMENT MANAGEMENT EXPENSES

	MRC Section 2024	Universities Section 2024	Total 2024	MRC Section 2023	Universities Section 2023	Total 2023
	£000	£000	£000	£000	£000	£000
Administration, management & custody	3,304	206	3,510	3,798	174	3,972
Out-performance fee	271	-	271	530	-	530
Non-recoverable property expenses	2,233	-	2,233	2,000	-	2,000
VAT recovered	(724)	-	(724)	(1,150)	-	(1,150)
	5,084	206	5,290	5,178	174	5,352

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 INVESTMENTS

11.1 RECONCILIATION OF INVESTMENTS – MRC SECTION

Reconciliation of investments held at beginning and end of year:

	Value at 01 January 2024 £000	Purchases at Cost and Derivative payments £000	Sales Proceeds and Derivative receipts £000	Change in market value £000	Value at 31 December 2024 £000
Equities	356,325	64,108	(446,721)	26,288	-
Bonds	176,192	814,557	(283,096)	(63,027)	644,626
Pooled investment vehicles	1,096,062	375,475	(522,755)	33,227	982,009
Property	180,800	3,012	-	7,488	191,300
Derivatives - net	22	-	-	(22)	-
AVC investments	2,538	238	(305)	250	2,721
	1,811,939	1,257,390	(1,252,877)	4,204	1,820,656
Cash deposits	13,601				8,801
Accrued Income	14,352				6,880
Property debtors	3,278				2,872
Other investment assets	348				-
Property creditors	(4,552)				(4,721)
Other investment liabilities	(551)				-
	1,838,415				1,834,488

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.

At 31 December 2024, the Scheme held private equity and infrastructure investments with Partners Group of £84.125m (2023: £82.804m); private equity investments with Hg Capital of £60.536m (2023: £78.695m) and Warburg Pincus £61.817m (2023: £60.807m), private debt with Ares of £99.266m (2023: £102.298m) and infrastructure with Infracapital of £45.581m (2023: £82.701m). These holdings total 17.4% (2023: 20.3%) of the Scheme's net assets.

In Q1 2024 the Scheme closed the Morgan Stanley fund and transferred the proceeds into the Royal London (RLPPC Index Linked Fund within the pooled investment vehicle portfolio.

In Q3 2024 the Scheme sold the equity portfolios with State Street, First Sentier and Invesco. The proceeds were invested into a newly set-up Segregated RLAM Long-Dated-Indexed-Linked Fund and supported the restructuring of the existing RLAM Segregated Credit Fund.

In Q4 2024 the Scheme sold of the remainder of the equity portfolio with State Street and invested the proceeds into the new State Street all world screened index Equity Sub-Fund within the pooled investment vehicle portfolio. Within the pooled investment portfolio there was a full in-specie transfer from the existing State Street fund to the new State Street all world screened index Equity Sub-Fund.

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11.2 RECONCILIATION OF INVESTMENTS – UNIVERSITIES SECTION

	Value at 01 January 2024 £000	Purchases at Cost £000	Sales Proceeds £000	Change in market value £000	Value at 31 December 2024 £000
Pooled Investment Vehicles	141,968	-	(22)	71	142,017
Cash	8				15
Accrued income	14				7
	141,990				142,039

11.3 CONCENTRATION OF INVESTMENTS

The following asset, within the MRC Section, accounts for more than 5% of the Scheme's total net assets at 31 December 2024.

	2024 £000	2024 %	2023 £000	2023 %
Aviva Lime Property Fund	103,717	5.1	105,387	5.3
RLPPC index Linked Fund	-	-	110,822	5.5
State Street All World Screened Index Equity Sub-Fund	229,105	11.3	-	-

11.4 TRANSACTION COSTS

Included within the purchases and sales figures are direct transaction costs of £500,000 (2023: £501,000). Direct transaction costs incurred are analysed below:

	Fees £000	Commission £000	Stamp Duty £000	Total 2024 £000	Total 2023 £000
Equities	277	223	-	500	236
Property	-	-	-	-	265
	277	223	-	500	501

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.

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11.5 PROPERTY

	2024 £000	2023 £000
UK freehold property	149,950	142,875
UK leasehold property	41,350	37,925
	<hr/> 191,300	<hr/> 180,800

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.

11.6 POOLED INVESTMENT VEHICLES

	MRC Section 2024 £000	Universities Section 2024 £000	Total 2024 £000	MRC Section 2023 £000	Universities Section 2023 £000	Total 2023 £000
Equities	297,141	49,806	346,947	303,325	41,612	344,937
Bonds	53	92,211	92,264	116,538	100,356	216,894
Private equity	206,478	-	206,478	222,306	-	222,306
Private debt	99,266	-	99,266	102,298	-	102,298
Infrastructure	45,581	-	45,581	82,701	-	82,701
Property	169,811	-	169,811	171,940	-	171,940
Credit fund	82,083	-	82,083	78,238	-	78,238
Cash	81,596	-	81,596	18,716	-	18,716
	<hr/> 982,009	<hr/> 142,017	<hr/> 1,124,026	<hr/> 1,096,062	<hr/> 141,968	<hr/> 1,238,030

11.7 DERIVATIVES

The Trustee has authorised the use of derivatives by their investment managers as part of their investment strategy for the Scheme.

	2024 Assets £000	2024 Liabilities £000	2023 Assets £000	2023 Liabilities £000
Equity futures	-	-	22	-

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11.8 DERIVATIVE CONTRACTS OUTSTANDING

Futures contract

Within the State Street Segregated Equity Portfolio there are futures contracts as follows:

Contracts	Expiration	Underlying Investment	Notional Value	2024	
				Asset Value £000	Liability Value £000
				-	-
Contracts	Expiration	Underlying Investment	Notional Value	2023	2023
				Asset Value £000	Liability Value £000
Future x 11	Less than 1 year	FTSE 100 IDX	GBP853,215	22	-

11.9 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 amount of AVC investments held at the year-end are as follows:

	2024	2023
	£000	£000
Utmost		
– unit trusts	291	319
Standard Life		
– with profits	57	55
– unit trusts	2,373	2,164
	2,721	2,538

11.10 CASH DEPOSITS

	2024	2023
	£000	£000
UK Cash	8,788	13,141
Overseas Cash	28	460
	8,816	13,601

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11.11 FAIR VALUE HIERARCHY

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

Level 1	The unadjusted quoted price for an identical asset in an active market
Level 2	Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3	Inputs are unobservable for the asset or liability

Assumptions used to value the assets and liabilities are as follows:

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 3.6 on page 34 and using the assumptions stated in note 11.5.

The Scheme's investment assets and liabilities have been fair valued using the above hierarchy categories as follows:

MRC Section	Level 1 £000	Level 2 £000	Level 3 £000	Total 2024 £000
Bonds	-	644,626	-	644,626
Pooled investment vehicles	-	460,872	521,137	982,009
Property	-	-	191,300	191,300
AVC investments	-	2,664	57	2,721
Cash	8,801	-	-	8,801
Other investment balances – net	5,031	-	-	5,031
	13,832	1,108,162	712,494	1,834,488

Universities Section	Level 1 £000	Level 2 £000	Level 3 £000	Total 2024 £000
Pooled investment vehicles	-	142,017	-	142,017
Cash and accrued income	22	-	-	22
	22	142,017	-	142,039

MRC Section	Level 1 £000	Level 2 £000	Level 3 £000	Total 2023 £000
Equities	356,325	-	-	356,325
Bonds	-	176,192	-	176,192
Pooled investment vehicles	-	516,817	579,245	1,096,062
Property	-	-	180,800	180,800
Derivatives – net	-	22	-	22
AVC investments	-	2,483	55	2,538
Cash	13,601	-	-	13,601
Other investment balances – net	12,875	-	-	12,875
	382,801	695,514	760,100	1,838,415

Universities Section	Level 1 £000	Level 2 £000	Level 3 £000	Total 2023 £000
Pooled investment vehicles	-	141,968	-	141,968
Cash and accrued income	22	-	-	22
	22	141,968	-	141,990

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11.12 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, Redington 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 notes 11.1 and 11.2. The Scheme also invests in pooled investment vehicles and is therefore directly exposed to credit risk with the investment managers listed on page 3 in respect of the pooled fund units held and 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.

POOLED INVESTMENT VEHICLES BY TYPE

	MRC Section 2024	Universities Section 2024	Total 2024	MRC Section 2023	Universities Section 2023	Total 2023
	£000	£000	£000	£000	£000	£000
Unit linked insurance policies	229,106	142,017	371,123	268,754	141,968	410,722
Property unit trusts	114,380	-	114,380	116,318	-	116,318
Limited partnerships	351,325	-	351,325	407,306	-	407,306
Open ended funds	287,198	-	287,198	225,548	-	225,548
Cayman exempted fund	-	-	-	78,136	-	78,136
	982,009	142,017	1,124,026	1,096,062	141,968	1,238,030

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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		Unrated		Total	
	£'000	%	£'000	%	£'000	%	£'000	%
2024								
RLAM Main Section Segregated Bond Portfolio	165,135	96.3	6,345	3.7	-	-	171,480	100.0
RLAM Main Section Segregated Index Linked Gilts	473,146	100.0	-	-	-	-	473,146	100.0
Source of credit risk	Investment Grade		Non-Investment Grade		Unrated		Total	
2023	£'000	%	£'000	%	£'000	%	£'000	%
RLAM Main Section Segregated Bond Portfolio	169,497	96.2	6,695	3.8	-	-	176,192	100.0

The pooled investment vehicles and cash held are all unrated.

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)	125,575	169,004	9.0
RLAM Index-Linked Gilts (direct, segregated)	50,617	475,622	25.4
RLAM Sterling Extra Yield Bonds (indirect, pooled)	5,715	53	-
RLCM Cash Plus Fund (indirect, pooled)	18,716	81,596	4.4
RLPPC Index-Linked Funds S Acc (indirect, pooled)	110,822	-	-
ICG Multi-Class Credit (indirect, pooled)	78,238	82,084	4.4

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 UK Corporate Bonds (indirect, pooled)	31,866	30,962	20.4
RLAM Index Linked Bonds (indirect, pooled)	68,490	61,249	40.3

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 bonds assets.

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 segregated mandates and 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 net unhedged exposed to currency risk (after allowing for this hedging and including uncommitted cash) are as follows:

MRC Section

Source of currency risk	USD exposure (£'000)	EUR exposure (£'000)	JPY exposure (£'000)	Other exposure (£'000)	Total non-sterling exposure at 2024 (£'000)	Total non-sterling exposure at 2023 (£'000)
Segregated equities	-	-	-	-	-	199,969
Segregated credit	-	-	-	-	-	1,145
Total					-	201,114

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

MRC Section

Source of currency risk	USD exposure (£'000)	EUR exposure (£'000)	JPY exposure (£'000)	Other exposure (£'000)	Total non-sterling exposure at 2024 (£'000)	Total non-sterling exposure at 2023 (£'000)
Pooled equities	179,541	26,697	15,691	64,223	286,152	142,139
Pooled credit	-	-	-	-	-	1,600
Pooled private equity/debt/infrastructure*	91,161	73,115	-	17,799	182,075	220,472
Total					468,227	364,211

*Currency risk for the Infracapital funds was calculated based on available data provided by Infracapital. This includes assumptions around currency exposures of several portfolio assets based on prevailing data.

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Universities Section

Source of currency risk	USD exposure (£'000)	EUR exposure (£'000)	JPY exposure (£'000)	Other exposure (£'000)	Total non-sterling exposure at 2024 (£'000)	Total non-sterling exposure at 2023 (£'000)
Pooled equities	32,753	3,402	3,013	9,090	48,258	40,148
Total					48,258	40,148

(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 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)	125,575	169,004	9.0
RLAM Index-Linked Gilts (segregated)	50,617	475,622	25.5
RLAM Sterling Extra Yield Bonds (pooled)	5,715	53	-
RLCM Cash Plus Fund (pooled)	18,716	81,596	4.4
RLPPC Index-Linked Funds S Acc (pooled)	110,822	-	-
ICG Multi-Class Credit (pooled)	78,238	82,083	4.4

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 Bonds (pooled)	68,490	61,249	40.3
RLAM UK Corporate Bonds (pooled)	31,866	30,962	20.4

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(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 other price risk	Exposure at start of year (£'000)	Exposure at end of year (£'000)	% of section's net assets at year end
Equity segregated investments	356,325	-	-
Equity pooled fund investments	303,325	297,140	15.9
Property segregated investments	180,800	191,300	10.2
Property pooled fund investments	171,940	169,811	9.1
Infrastructure pooled fund investments	82,701	47,170	2.5
Private equity pooled fund investments	222,306	206,478	11.0
Private debt pooled fund investments (indirect)	102,298	99,266	5.3

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 £49.8m (2023: £41.6m).

12 TAX

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 CURRENT ASSETS

	MRC Section 2024 £000	Universities Section 2024 £000	Total 2024 £000	MRC Section 2023 £000	Universities Section 2023 £000	Total 2023 £000
Cash balance	32,744	9,297	42,041	18,658	3,873	22,531
Contributions due						
- from employers	862	747	1,609	834	1,352	2,186
- in respect of employees	353	86	439	343	87	430
Pensions paid in advance	3,096	70	3,166	3,010	-	3,010
Vat receivable	125	-	125	35	-	35
Other debtors	165	-	165	356	1	357
	37,345	10,200	47,545	23,236	5,313	28,549

All contributions due at the year-end have been paid to the Scheme subsequent to the year end in accordance with the Schedules of Contributions.

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 CURRENT LIABILITIES

	MRC Section 2024 £000	Universities Section 2024 £000	Total 2024 £000	MRC Section 2023 £000	Universities Section 2023 £000	Total 2023 £000
Unpaid benefits	144	-	144	584	-	584
Accrued expenses	1,300	48	1,348	2,767	107	2,874
Other creditors*	4	172	176	4	279	283
	1,448	220	1,668	3,355	386	3,741

* Other creditors 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.

15 RELATED PARTY TRANSACTIONS

Key Management Personnel

Under Financial Reporting Standard 102 the Trustee is deemed to be a "related party" of the Scheme. With the exception of the Chairman, 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 2024 four active members and four pensioner members served as Trustee Directors.

During the year, the Scheme paid £6,819 (2023: £2,825) of Trustee Director expenses for replacement equipment and travelling to meetings. This amount is included within Trustee fees and expenses in Note 8, on page 37.

During the year LawDebenture was appointed as a professional Trustee, the Scheme paid £41,400 in fees, and the fees outstanding at 31 December 2024 were £20,700.

In addition, each pensioner Trustee Director is paid an allowance per meeting attended of £750 per meeting by the Scheme. From April 2024 this was changed to a fixed fee of £7,000 per annum for each Trustee Director, this will be paid directly from UKRI and reimbursed by the Scheme on receipt of a quarterly invoice. The first payment made from UKRI including backdated pay was included in the September 2024 recharge invoice.

Furthermore, the Scheme paid an attendance allowance of £750 per meeting attended by Mr Morgan as co-opted member of the Investment Committee. From April 2024 this was changed to a fixed fee per annum and will be paid directly by UKRI and reimbursed by the Scheme on receipt of a quarterly invoice. The first payment made from UKRI including backdated pay was included in the September 2024 recharge invoice.

Jayne Atkinson also a co-opted member of the Investment Committee receives an allowance of £1,742 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 £61,246 (2023: £16,174) of Trustee fees outstanding.

These amounts are included within the Trustee fees and expenses in Note 8, on page 37.

16 TRANSFERS BETWEEN SECTIONS

During the year cash was transferred from the Universities Section to the MRC Section in relation to benefits which were paid in total from the MRC Section but derived in part in the Universities Section.

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 CAPITAL COMMITMENTS

The Scheme had the following capital commitments at 31 December 2024:

Fund	CCY	Total Commitment '000	Outstanding Commitment 2024 '000	Outstanding Commitment 2023 '000
Hg Capital 7 C LP private equity	GBP	12,751	74	185
Hg Capital 8 C LP private equity	GBP	13,563	295	1,547
Hg Capital 9 C LP private equity	EUR	17,800	4,471	4,088
Hg Capital Mercury C LP Limited Partners	GBP	-	-	272
Hg Capital Mercury 2 A LP private equity	GBP	7,500	630	630
Hg Capital Mercury 3 A LP private equity	EUR	17,800	7,384	5,324
Hg Saturn A LP private equity	GBP	9,912	785	1,458
Infracapital Fund II infrastructure	GBP	60,000	1,291	1,928
Infracapital Greenfields	GBP	30,000	682	2,733
Infracapital Fund III infrastructure	GBP	25,000	2,879	4,035
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	8,540	13,940
Ares Capital Europe IV (G) Levered	GBP	30,000	6,117	7,597
Ares Capital Europe V (G) Levered	GBP	90,000	16,525	17,720
Warburg Pincus Global Growth E	USD	63,200	3,666	3,666

18 SUBSEQUENT EVENTS

UKRI paid £0.5m in February 2025 to the Universities Section and will continue to pay amounts quarterly, to meet the requirement of the Schedules of Contributions certified by the Actuary on the 13 March 2024.

19 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.

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Virgin Media Case

In June 2023, the High Court handed down a decision in the Virgin Media Ltd versus NTL Pension Trustees II Ltd, which considered the implications of Section 37 of the Pension Schemes Act 1993, which required that the rules of a salary-related contracted-out pension scheme cannot be altered, in relation to post April 1997 service, unless the actuary confirmed that the scheme would continue to satisfy the statutory standards. The High Court found that, where the required actuarial confirmation was not supplied, the effect of Section 37 was to render the relevant amendment to any contracted-out right automatically void. It also held that references in the legislation included both past and future service rights and that the requirement for actuarial confirmation applied to all amendments to the rules of a contracted-out scheme. This decision was appealed to the Court of Appeal and, in July 2024, the Court of Appeal upheld the decision of the High Court.

On 5 June 2025 the Government announced they will introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards. The Trustee awaits further details from Government on this legislation.

The Trustee is investigating the possible implications on the Plan of the above with its advisers but, it is not possible, at present, to estimate the potential impact, if any, on the Plan.

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

IMPLEMENTATION STATEMENT FOR THE YEAR ENDING 31 DECEMBER 2024 (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 2024 to meet the DWP's updated 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 2024 to 31 December 2024. 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 September 2024, the SIP was revised to better align with the Scheme's long-term investment objectives and to reflect a series of agreed de-risking transitions formally agreed by the IC in March 2024 (previous SIP dated November 2022). References to the Investment Sub-Committee ("ISC") were updated throughout to the Investment Committee ("IC") to reflect the Scheme's new governance structure. The investment strategy was updated to reflect the Trustee's shift in mindset towards preservation of the strong funding level surplus, aiming to continue to generate returns whilst considering an appropriate level of risk.

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 2024. 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 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 2024 to implement the updated Stewardship Policy are explained in the subsequent sections of this Statement.

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

IMPLEMENTATION STATEMENT FOR THE YEAR ENDING 31 DECEMBER 2024 (forming part of the Trustee's Report) (CONTINUED)

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 advisor and through direct conversations with investment managers.

Where the Trustee has appointed managers to manage segregated portfolios of equities or bonds, the Trustee has instructed managers not to invest in the shares 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 advisor to monitor tobacco exposure within its pooled investments and assess whether this is in-line with expectations.

Over the year, the MRC Section's tobacco exposure relative to overall assets was reduced. This reduction was driven by State Street applying Tobacco Screens to the Scheme's pooled equity funds, which contributed to most of the Scheme's tobacco exposure over 2023. There remains a small level of tobacco exposure deriving from the Partners Group Private Equity Portfolio, similar to last year, although this is immaterial.

At the end of 2024, the MRC Section restructured its investment in four State Street Equity Sub-Funds into one investment in the State Street All World ESG-Screened Index Equity Fund, replicating the FTSE All World Index with an ESG screen. This fund has an explicit tobacco exclusion policy.

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 manager 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 advisor.

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 annual 'Meet the Managers' Engagement Day, the Trustee met with three of the Scheme's managers across different asset classes, Royal London Asset Management, Ninety One, and Aviva. 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 future engagements with the Scheme's investment managers as part of its manager monitoring, recognising its investment advisor also monitors the Scheme's investment managers.

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 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:

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

IMPLEMENTATION STATEMENT FOR THE YEAR ENDING 31 DECEMBER 2024 (forming part of the Trustee's Report) (CONTINUED)

Voting (Continued)

- *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 2024.

During 2025, the Trustee plans to continue to monitor the Scheme's managers from both a performance and stewardship perspective.

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

IMPLEMENTATION STATEMENT FOR THE YEAR ENDING 31 DECEMBER 2024 (forming part of the Trustee's Report) (CONTINUED)

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: Barclays Plc

Focus of the engagement: Integrate just transition throughout Barclays' net-zero plan.

Details of the engagement: RLAM met with Barclays' (a UK multinational bank) sustainability team as part of their collaborative engagement with banks on just transition, aiming to integrate this issue throughout their net-zero plan and address questions regarding RLAM's recently published investor expectations.

Outcome of the engagement: The meeting with Barclays' sustainability team was positive, providing valuable feedback on RLAM's investor expectations. Barclays acknowledged the importance of just transition integration and identified it as a key area in its human rights assessment. The company is incorporating just transition into products like greener home rewards and green mortgages. The bank's decarbonisation target for the mortgage sector aims to avoid restricting financing for those in need. Just transition is also part of its transition finance framework. Barclays is refining just transition in commercial lending and recognises its importance in North America, aligning with RLAM's guidelines. RLAM will continue to monitor the bank's disclosures on just transition and will look to assess the bank against its investor expectations in the future.

Ninety One – Direct Engagement

Company: Waste Management, Inc.

Focus of the engagement: Positive progress on science-based targets.

Details of the engagement: As part of Ninety One Sustainable Equity team's investment process for the Global Environment strategy, they identify annual engagement goals to positively influence companies' management of material ESG risks and opportunities.

The Sustainable Equity team aims for all companies in the strategy to have science-based targets by 2030 to ensure effective management of carbon risk. Waste Management is the largest waste-collection and processing company in the US. By improving resource efficiency, Waste Management is helping to deliver real world decarbonisation. A key component of this is the permanent sequestration of carbon and other greenhouse gases through its extensive landfill network. The company employs methane capture technology on an increasing portion of its landfill sites, using the gas to make automotive fuel and generate electricity.

Outcome of the engagement: Waste Management's decarbonisation goals have now been validated by the Science-Based Target Initiative (SBTi). The primary driver for achieving their emissions reduction target will be continuing to increase gas collection from their landfill sites. A co-benefit of collecting more landfill gas and converting it to renewable energy is that there is a revenue opportunity from the sale of the energy, alongside its carbon reduction benefits. These decarbonisation goals are strongly linked with the company's strategy and directly support the expansion of their renewable energy businesses.

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

IMPLEMENTATION STATEMENT FOR THE YEAR ENDING 31 DECEMBER 2024 (forming part of the Trustee's Report) (CONTINUED)

Nuveen – Collaborative Engagement

Topic: Engaging with tenants to remove gas from their premises and/or look to install photovoltaic panels (PV's).

Details of the engagement: As part of the Fund's ESG strategy to enhance its Global Real Estate Sustainability Benchmark ("GRESB") score, the Property Manager initiated efforts to collect utility data from tenants for performance tracking. Initial attempts faced challenges with low tenant response rates. Consequently, Nuveen has integrated the Arbnco platform to automatically receive annual energy consumption data from the majority of the tenants, significantly boosting the Fund's energy coverage. Ongoing discussions with tenants continue to secure water and waste data. Nuveen has been actively engaging with tenants during 2024 to remove gas from their premises and/or look to install photovoltaic panels (PV's) where they can be equally matched against a tenant's on-site electricity consumption. The energy generated by the PV's is sold back to the tenants under a power purchase agreement, generally at a discount to the prevailing market rate. It is therefore of benefit to the incumbent tenant and also generates a return for MRC. This is often a lengthy process to conclude due to the various barriers to execution. For example, Nuveen conducted a positive dialogue with Triangle Foods Cooperative in Elland (77,000 sq ft industrial unit) where the installation of PV's appeared to be viable. Given the nature of the tenant, the installation of discounted green energy would be beneficial to their business operations.

Outcome of the engagement: Roof investigations prevented the install as the load of the PV's and supporting structure would be too heavy for the older roof structure. This was a frustrating outcome given the overall benefits, to the tenant, Fund and environment. Nuveen continue to explore opportunities across the wider portfolio where PV installations can help mitigate energy consumption from the national grid.

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

IMPLEMENTATION STATEMENT FOR THE YEAR ENDING 31 DECEMBER 2024 (forming part of the Trustee's Report) (CONTINUED)

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, respectively.

MRC Section:

Holding	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	503	100.0%	11.9%	ISS	9.2%
First Sentier Asia Pacific Select Strategy	419	100.0%	2.6%	Glass Lewis	9.5%
Invesco Global Equity Income Strategy	643	100.0%	3.7%	Proxy Voting and Governance team and the Global Invesco Proxy Advisory Committee ("Global IPAC")	5.8%
State Street FTSE All Share Ex Tobacco ¹	9,829	99.9%	6.0%	ISS	6.1%
State Street North America (100% Hedged) ESG Screened Index Equity Sub-Fund ¹	7,914	99.8%	7.3%	ISS	8.5%
State Street Japan (100% Hedged) ESG Screened Index Equity Sub-Fund ¹	6,088	100.0%	8.3%	ISS	6.0%
State Street Europe ex UK (100% Hedged) ESG Screened Index Equity Sub-Fund ¹	8,873	96.8%	11.1%	ISS	6.6%

¹ Restructured into the State Street All World ESG Screened Index Equity Sub-Fund in October 2024.

² Invested in October 2024.

MRC PENSION SCHEME
YEAR ENDED 31 DECEMBER 2024

IMPLEMENTATION STATEMENT FOR THE YEAR ENDING 31 DECEMBER 2024 (forming part of the Trustee's Report) (CONTINUED)

Universities Section:

Holding	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
State Street All World ESG Screened Index Equity Sub-Fund	69,845	97.5%	16.1%	ISS	8.7%

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

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.

	Ninety One	First Sentier	Invesco
Company name	NextEra Energy, Inc.	Midea Group Co. Ltd	Old Dominion Freight Line, Inc.
Date of vote	23/05/2024	15/04/2024	15/05/2024
Size of holding at date of vote	0.10%	4.15%	Top 25 holding within fund
Type of proposal	Management	Management	Shareholder
Summary of the resolution	Report on Climate Lobbying	Approval of the 2024 Employee Stock Ownership Plan (ESOP)	Shareholder resolution to adopt GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal
Manager's vote	For	For	Against
If a vote against management, was this intent communicated ahead of the vote?	N/A – manager voted 'for' the proposal put forward by management	N/A – manager voted 'for' the proposal put forward by management	N/A – manager and management both voted against the shareholder proposal
Outcome of the vote	Fail	Pass	Fail

MRC PENSION SCHEME
YEAR ENDED 31 DECEMBER 2024

IMPLEMENTATION STATEMENT FOR THE YEAR ENDING 31 DECEMBER 2024 (forming part of the Trustee's Report) (CONTINUED)

Significant votes (Continued)

	Ninety One	First Sentier	Invesco
Rationale for the voting decision	Additional disclosure around the company's framework for identifying alignments and its approach to addressing misalignments would allow shareholders to better evaluate the company's lobbying efforts and align it with best practices that have been undertaken by some of its peers and is unlikely to be unduly burdensome for the company.	Glass Lewis recommended voting against the ESOP because NED's may participate and there are therefore conflicts of interest. First Sentier voted contrary to their advisor because their track-record and accounts indicated no legitimate concern.	Invesco are of the view that a vote against the proposal was warranted as they share the company management's view that it would be irresponsible to commit to the request before completing the necessary foundational steps. The board disclosed the company's existing oversight of climate-related risks, which included reviews by the risk committee and day-to-day management by an internal ESG working group. Given this, Invesco were comfortable that the current programs and structure in place ensured that the company was implementing a responsible climate and sustainability strategy. Therefore, support for this proposal was not considered in shareholders' best interest.
Implications of the outcome	While we monitor the voting outcomes, we use our own issuer-specific assessment to inform our engagement plan and strategy, and it is this which determines our future steps.	N/A	Continue to monitor and engage with the company on GHG reduction targets in the future.
How does this vote relate to the Scheme's stewardship policy?	Relates to the Trustee's stewardship priority of Climate Change.	Relatively large holding whereby First Sentier voted against the proxy advisor.	Relatively large holding within the fund and relates to the Trustee's stewardship priority of Climate Change, and highlights the manager's engagement with the company.

MRC PENSION SCHEME
YEAR ENDED 31 DECEMBER 2024

IMPLEMENTATION STATEMENT FOR THE YEAR ENDING 31 DECEMBER 2024 (forming part of the Trustee's Report) (CONTINUED)

Significant votes (Continued)

	State Street
Company name	Bank of Montreal
Date of vote	16/04/2024
Type of resolution	Shareholder
Size of holding at date of vote	0.10%
Summary of the resolution	Shareholder Proposal 4: Report on Impact of Oil and Gas Divestment
Manager's vote	Against
If a vote against management, was this intent communicated ahead of the vote?	N/A – manager and management both voted against the shareholder proposal
Outcome of the vote	Fail
Rationale for the voting decision	This proposal does not merit support as the company's disclosures pertaining to climate change are reasonable.
Implications of the outcome	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?	Relates to the Trustee's stewardship priority of Climate Change.

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

ACTUARIAL CERTIFICATES

MRC Section

Certification of schedule of contributions

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

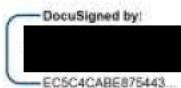
Adequacy of rates of contributions

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 Group's liabilities by the purchase of annuities, if the Group were to be wound up.

Signature	DocuSigned by:  EC5C4CABE875443...	Date	7 March 2024
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

MRC PENSION SCHEME

YEAR ENDED 31 DECEMBER 2024

ACTUARIAL CERTIFICATES (CONTINUED)

Universities Section

Certification of schedule of contributions

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

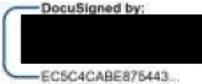
Adequacy of rates of contributions

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

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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:  ECSC4CABE875443...	Date	13 March 2024
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