THE WELLCOME TRUST PENSION PLAN

TRUSTEE'S REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

Registrar of Occupational and Personal Pension Schemes Registration Number: 10102261

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TRUSTEE AND ADVISERS

Principal Employer

The Wellcome Trust Limited
Wellcome Trust
Gibbs Building
215 Euston Road
London NW1 2BE

Corporate Trustee

Wellcome Trust Pensions Trustee Limited

Trustee Directors

Capital Cranfield Pension Trustee Limited (appointed 1 September 2023, represented by Michele Hirons-Wood) (Chair from 1 January 2024)
Vivien Cockerill (Chair – Independent Trustee, resigned 31 December 2023)
Richard Gillingwater (Employer Nominated, resigned 31 December 2023)
Joanne Bugg (Employer Nominated)
Richard Eales (Employer Nominated, appointed 10 June 2024)
Richard Everett (Member Nominated)
Sarah Fromson (Employer Nominated)
Jill Saunders (Member Nominated)

Plan Actuaries and Consultants

Mercer Limited

Plan Actuary

Charles Cowling FIA
Mercer Limited

Plan Administrators and Consultants

Aptia UK Limited (from 1 January 2024)
Mercer Limited (until 31 December 2023)

Independent Auditor

Deloitte LLP

Investment Manager

Legal & General Assurance (Pensions Management) Limited

DC Investment Manager

Standard Life Assurance Limited

Annuity Providers

Standard Life Assurance Limited
Phoenix Life Assurance Limited
Aviva plc
The Prudential Assurance Company

AVC Providers

Standard Life Assurance Limited
AEGON (until September 2023)

Bankers

The Royal Bank of Scotland plc

Legal Advisers

CMS Cameron McKenna LLP

Address for enquiries

Trustee of the Wellcome Trust Pension Plan
c/o Aptia UK Limited
Post Handling Centre
Maclaren House
Talbot Road
Stretford
Manchester M32 0FP

Email: wellcome@mercer.com

TRUSTEE'S REPORT

The Trustee of The Wellcome Trust Pension Plan ("the Plan") is pleased to present the Trustee's Report and audited financial statements for the year ended 31 December 2023. 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 (i.e. the Audited Accounts Regulations).

The report sets out how the Plan is run, how the assets are invested, and the financial activity of the Plan in the year ended 31 December 2023.

Constitution of the Plan

The Plan was established on 1 June 1980 to provide benefits on a defined benefit basis for the employees of The Wellcome Trust Limited and any other associated employers admitted to the Plan. It also provides defined contribution benefits in respect of AVCs and some individual arrangements.

The Plan is operated in accordance with the Fourth Definitive Trust Deed and Rules dated 3 December 2019 and subsequent amending deeds.

The Plan is a Registered Pension Scheme under the Finance Act 2004.

The assets of the Plan are held by the Trustee and they are entirely separate from the Principal Employer.

Changes to the Plan

There have been no changes to the benefit and contribution structure of the Plan during the year ended 31 December 2023.

Appointment and Removal of Trustees/Trustee Directors

The Trustee of the Plan is Wellcome Trust Pensions Trustee Limited.

The Trustee Directors who served during the Plan year are listed on page 1, along with the changes since the last report.

At least one third of the Trustee Directors are nominated by Plan members. These member nominated Trustee Directors are elected from the membership of the Plan and cease to be eligible as Trustee Directors on leaving employment/ceasing to be members of the Plan. Employer nominated Trustee Directors serve until removed by the Employer. Member nominated Trustee Directors serve a maximum term of five years, after which they must stand down and may stand for re-election.

A Guide for Pension Scheme Trustees issued by The Pensions Regulator has been made available to all Trustee Directors. Members may obtain a copy from the Trustee at the address shown for enquiries on page 1.

During the year the Trustee Directors met four times. In addition, there was one meeting of the investment Sub-Committee.

The full Trustee Board attended the Buy-in and Equality, Diversity and Inclusion training conducted in December 2023

Plan Administration

Subsequent to the year end, the Mercer Limited UK pension administration business was acquired by Aptia UK Limited. As a result, Aptia UK Limited is now the pension administration service provider for the Plan, effective from 1 January 2024.

TRUSTEE'S REPORT (CONTINUED)

Membership

Details of the membership of the Plan as at 31 December 2023 are given below:

MEMBERS WITH DEFERRED BENEFITS	
Opening balance	1,324
Adjustments	1
Deaths	(2)
Transfers out	(1)
Retirements	(33)
MEMBERS WITH DEFERRED BENEFITS AT THE END OF THE YEAR	**1,289**
PENSIONERS	
Opening balance	339
Adjustments	1
Pensions commencing	33
New dependants	2
Deaths	(7)
Consolidation of records	(1)
PENSIONERS AT THE END OF THE YEAR	**367**
TOTAL MEMBERSHIP	**1,656**

Adjustments are members whose status has been changed where the change relates to a previous year.

Pensioners include individuals receiving a pension upon the death of their spouse.

Included within pensioners are 18 (2022: 18) pensioners whose pensions are paid from annuities held in the name of the Trustee.

Financial development of the Plan

The Fund Account on page 16 shows that the net withdrawals arising from dealings with members for the year were £8,575,805 (2022: £5,153,647). The net return on the Plan's investments for the year was a gain of £69,164,157 (2022: loss of £56,448,618). The total net movement in the Plan's assets for the year was an increase of £60,588,352 (2022: decrease of £61,602,265), giving net assets of the Plan at the year end of £444,237,029 (2022: £383,648,677). Further details of the financial developments of the Plan may be found in the audited financial statements on pages 16 to 27.

Actuarial Review

The financial statements set out on pages 16 to 27 do not take into account the liabilities to provide pension benefits which fall due after the year end. In respect of the Plan, these liabilities are considered by the Plan Actuary who carries out an actuarial valuation of such liabilities every three years. This valuation considers the funding position of the Plan and the level of contributions payable.

The most recent triennial valuation was carried out at 31 December 2022.

The formal actuarial certificate required by statute to be included in this Annual Report from the Plan Actuary appears on page 31. In addition, as required by FRS 102, the Trustee has included the Report on Actuarial Liabilities on pages 28 and 29, which forms part of the Trustee's Report.

TRUSTEE'S REPORT (CONTINUED)

Contributions

Contributions have been paid to the Plan in accordance with the Schedules of Contributions in force which were certified by the Plan Actuary on 12 September 2022 and 6 November 2023. A copy of the latest Schedule of Contributions is included on pages 30 and 31 of this report.

In accordance with the Schedule of Contributions certified by the Scheme Actuary on 12 September 2022, deficit funding contributions were not required and amounts equal to the levy payments made by the Plan to the Pension Protection Fund were payable by the Employer to the Plan within a year of them being paid by the Plan.

A new Schedule of Contributions was certified by the Plan Actuary on 6 November 2023 following the completion of the 2022 actuarial valuation. Deficit funding contributions are not required under this Schedule and amounts equal to the levy payments made by the Plan to the Pension Protection Fund are payable by the Employer within a year of them being paid by the Plan.

Additional Voluntary Contributions (AVCs) and other defined contribution benefits

The Plan has AVC arrangements with Standard Life Assurance Limited ("Standard Life") and until September 2023, AEGON, which is a brand name of Scottish Equitable plc ("AEGON Scottish Equitable").

Prior to the closure to future accrual, members were able to make additional voluntary contributions into the Plan. Further detail is given in note 12.7 to the financial statements.

From time to time, the Employer, with the agreement of the individual member, granted defined contribution benefits on severance. These benefits were regarded as money purchase benefits as defined in Section 181(1) of the Pension Schemes Act 1993. The DC augmentation funds are invested with Standard Life.

Transfer Values

All transfer values are calculated in accordance with the requirements of The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 using assumptions determined by the Trustee on advice provided by the Plan Actuary.

No discretionary benefits or increases in benefits are included in the calculation of transfer values.

Pension Increases

All pensions in payment are increased annually with effect from 1 April and are subject to increases in accordance with the Trust Deed and Rules, and may be further increased at the discretion of the Trustee with the consent of the Employer.

Any part of the pension which relates to Pensionable Service accrued prior to 1 April 1997 was increased by 3% (2022: 3%). Any part of the pension which relates to Pensionable Service accrued between 1 April 1997 and 31 March 2001 was increased by 5% (2022: 5%) being based on a minimum of 3% or the increase in the preceding January Retail Price Index, if higher, to a maximum of 5%. Any part of the pension which relates to Pensionable Service accrued on or after 1 April 2001 was increased by 5% (2022: 5%) being based on the preceding January Retail Price Index, to a maximum of 5%. Pensions for members of the Management Section of the Plan received an increase of 5% (2022: 5%) on all pension elements, being based on the preceding January Retail Price Index, to a maximum of 5%.

No additional discretionary increases were granted during the year ended 31 December 2023.

Deferred pension benefits in excess of the Guaranteed Minimum Pension are increased by a fixed rate of 5% per annum for benefits relating to Pensionable Service accrued prior to 1 April 2003. For Pensionable Service accrued on or after 1 April 2003 benefits are increased by the preceding September Retail Prices Index, to a maximum of 5%.

TRUSTEE'S REPORT (CONTINUED)

GMP Equalisation

On 26 October 2018, the judgment handed down in the case of Lloyds Banking Group Pension Trustees Limited v Lloyds Bank PLC and others determined that members' Guaranteed Minimum Pension (GMP) benefits should be equalised between men and women. Following on from the original judgment, a further High Court ruling on 20 November 2021 has provided clarification on the obligations for trustees. This judgment focused on the GMP treatment of historic transfers out of members' benefits, an issue which had not been addressed in the 2018 GMP ruling. Under this ruling, trustees are required to review historic transfer values paid from May 1990 to assess if any top up payment is required to be paid to the receiving scheme, to reflect members' rights to equalised GMP benefits.

No provision has been included in the financial statements at this stage, as any increases in benefits in respect of past service are expected to be immaterial, but any additional liabilities identified on completion of the review will be included in future financial statements.

Investment Management

The Plan's assets are invested in accordance with Section 35 of the Pensions Act 1995 (the Act) and the Occupational Pension Schemes (Investment) Regulations 2005, and any subsequent additional regulations.

The day-to-day management of the Plan's investments has been delegated by the Trustee to the investment manager, Legal & General Assurance (Pensions Management) Limited ("Legal & General"), and their report appears on page 10.

In 2022, the Trustee took investment advice from Mercer and consulted with the Employer before deciding to switch from LGIM's Developed Markets (ex-Tobacco) passive equity pooled fund to the LGIM Futures World (ex-Tobacco) strategy for developed markets. The Sterling hedging position for the Plan will be managed by requesting the manager to change between the Sterling hedged/unhedged share class within this Future World "fund of two" strategy. The Trustee took careful cognisance of the estimated transition costs, modest increase in investment management costs and the stability of organisational and operational arrangements, before making the decision. This was implemented in February 2023.

In November 2023, in consultation with Mercer, the Trustee decided to de-risk the investment portfolio. The de-risking process will be completed in two phases.

During the first phase, the Trustee made several changes to its investment strategy. These changes included reducing exposure to LGIM's Future World (ex-Tobacco) strategy and completely divesting from LGIM's Future World Emerging Markets passive equity pooled fund. Additionally, the Trustee initiated investments in the LGIM Sterling Liquidity Fund, LGIM UK Gilts All Stocks, and LGIM UK Index-Linked Gilts All Stocks.

The second phase of the de-risking process is expected to occur in 2024. This process will include a more prudent and detailed analysis of liabilities, thereby constructing a relevant liability benchmarking portfolio.

The remuneration of Legal & General is assessed on a quarterly basis on the market value of the Plan's assets under management in each pooled investment fund or each "fund of two" at the end of every quarter. The Trustee considers that this is the most appropriate fee structure for index tracking pooled funds or holdings in a "fund of two" investment.

A Statement of Investment Principles has been produced as required by Section 35 of the Pensions Act 1995 and is available from the Plan administrators on request.

The securities underlying the units held in the pooled investment vehicles are held and recorded by custodians appointed by the investment manager. The investments are held in designated nominee accounts. The Trustee has implemented mandates ensuring that the rights attaching to Plan investments are acted upon.

TRUSTEE'S REPORT (CONTINUED)

Investment Management (Continued)

In endeavouring to invest in the best financial interests of the beneficiaries, the Trustee has elected to invest through pooled funds. As such, it cannot directly influence the social, environmental and ethical policies and practices of the companies in which the pooled funds invest. However, the Trustee also understands that it must consider all factors that have the ability to impact the financial performance of the Plan's investments over the appropriate time horizon. These include, but are not limited to, environmental, social and governance (ESG) factors.

The Trustee recognises that ESG factors, such as climate change, can influence the investment performance of the Plan's investments and, therefore, it is in the members' and Plan's best interests that such factors are taken into account in the investment process. Consequently, the Trustee will work with its investment consultant to help select investment managers that have an appropriate rating for ESG factors. The Trustee will review available products and approaches to ESG factors and strive for the Plan to continue to deliver strong risk adjusted returns, incorporating responsible investment principles into the process where possible.

The Trustee has received a copy of the investment manager's published corporate governance policy that explains the manager's approach to socially responsible investment and investment rights. The Trustee is satisfied with the policies as described in these documents.

By investing the Plan's developed market equities in the Future World fund that excludes tobacco companies, the Trustee is pursuing a policy that considers ESG factors and is consistent with the Wellcome Trust's endowment portfolio, which does not invest directly in tobacco companies, as well as with Wellcome's mission to improve human and animal health globally.

The Trustee believes that widespread adoption of good corporate governance practice will improve the quality of management and, as a consequence, is likely to increase the returns available to long term investors.

The Trustee has undertaken to apply the seven principles of the UK Stewardship Code, given their responsibilities as asset owner. A copy of the Plan's Stewardship Code statement is appended to the SIP and is hosted on the FRC's website.

The Trustee has reviewed and accepted the investment manager's Stewardship Code statement.

The Trustee's Engagement Policy Implementation Statement, which sets out voting and engagement information undertaken by the Plan's investment managers for the year ending 31 December 2023, is included on pages 34 to 58 of the financial statements.

There were no employer-related investments held during the current or prior year.

Trustee's Policies with Respect to Arrangements with Asset Managers

The Trustee continually assesses and reviews the performance of its adviser in a qualitative way.

The investment managers are appointed by the Trustee based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and desired risk characteristics. The Trustee utilises the investment advisers' forward-looking manager research ratings in decisions around the selection, retention and realisation of manager appointments. These ratings are based on the investment advisers' assessment of the investment manager's idea generation, portfolio construction, implementation and business management.

The Trustee receives quarterly monitoring reports on the performance of the underlying investment managers from its investment adviser, which presents performance information over 3 months, 1 year and 3 years. The reports show the absolute performance and performance against the manager stated benchmark (over the relevant time period) on a net of fees basis. It also provides returns of market indices so that these can also be used to help inform the assessment of the underlying manager' performance.

TRUSTEE'S REPORT (CONTINUED)

Trustee's Policies with Respect to Arrangements with Asset Managers (Continued)

The reporting reviews the performance of the Plan's individual funds against their benchmarks and of the Plan's assets in aggregate against the Plan's strategic benchmark. The Trustee focus is primarily on long term performance but short term performance is also reviewed. The Trustee may review a manager's appointment if:

- There are sustained periods of underperformance or unexplained outperformance;
- There is a change in the portfolio manager;
- There is a change in the underlying objectives of the investment manager;
- There is a significant change to Mercer's rating of the manager.

Portfolio turnover costs refer to those incurred due to the buying, selling, lending or borrowing of investments. Given that the Plan invests in a range of pooled investment vehicles, the Trustee does not have an overall portfolio turnover target. The Trustee monitors the transaction costs incurred by the investment manager within the funds used.

The Trustee receives MiFID II reporting from the investment managers, which provides this information, but does not actively monitor portfolio turnover costs. This position is kept under review.

The investment manager in which the Plan's assets are invested does not have performance-based fees which could encourage the manager to make short term investment decisions to hit their profit targets.

The Trustee therefore considers that the method of remunerating investment fund managers is consistent with incentivising them to make decisions governed by their respective indices for their existing passive funds. Should the Trustees invest in active funds at a future date, the investment manager's decisions should be based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity. By encouraging a medium to long-term view, the Trustee believes it will in turn encourage the investment managers to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.

The Trustee accepts that it cannot influence the charging structure of the pooled funds in which the Plan is invested but is satisfied that the ad-valorem charges for the different underlying funds are clear and are consistent with each pooled fund's stated characteristics. The Trustee is therefore satisfied that this the most appropriate basis for remunerating the underlying investment managers and is consistent with the Trustee policies as set out in the SIP.

Internal Dispute Resolution (IDR) Procedure

The Trustee adopted a dispute resolution procedure, a copy of which can be requested from the Plan Administrator.

Any member with a complaint against the Plan or a query about their pension entitlement which they consider has not been satisfactorily addressed can use the "Internal Disputes Resolution Procedure" or, alternatively, they can obtain free advice through The Money and Pensions Service (MaPS) who can be reached at Bedford Borough Hall, 138 Cauldwell Street, Bedford, MK42 9AP. If a member has a complaint which MaPS is unable to resolve then they can ask for a ruling from the Pensions Ombudsman who can be reached at 10 South Colonnade, Canary Wharf, London, E14 4PU.

TRUSTEE'S REPORT (CONTINUED)

Further Information

Members are entitled to inspect copies of documents giving information about the Plan. In some circumstances copies of documents can be provided, but a charge may be made for copies of the trust documents (Deed and Rules) and of the Actuary's report.

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

The Trustee of the Wellcome Trust Pension Plan
c/o Aptia UK Limited
Post Handling Centre
Maclaren House
Talbot Road
Stretford
Manchester M32 0FP

Email: wellcome@mercer.com

This report, including the Investment Report and the Members' Information, was approved by the Trustee on
11 July 2024 | 16:00:31 BST
....

and signed on its behalf by:

Signed by:
Michele Hirons-Wood
DD4FDDF59DD64FA...
....

Trustee Director

Signed by:
Sarah Fromson
C56281E77021474...
....

Trustee Director

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

Trustee's Responsibilities in Respect of Financial Statements

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102), are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

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

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparing of the financial statements on a going concern basis unless it is inappropriate to presume that the Plan will not be wound up.

The Trustee is also responsible for making available certain other information about the Plan in the form of an annual report.

The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Plan and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

Trustee's Responsibilities in Respect of Contributions

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising a Schedule of Contributions showing the rates of contributions payable towards the Plan by or on behalf of the Employer of the Plan and the dates on or before which such contributions are to be paid.

The Trustee is also responsible for adopting risk-based processes to monitor whether contributions are made to the Plan by the Employer in accordance with the Schedule of Contributions. Where breaches of the Schedule of Contributions occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

INVESTMENT MANAGER'S REPORT

Legal & General Assurance (Pensions Management) Limited

The assets of the Plan are invested in an insurance policy with Legal & General Assurance (Pensions Management) Limited, part of the Legal & General Group, which is one of the largest financial institutions in the United Kingdom.

The policy is designed for corporate and public sector pension schemes and takes full advantage of the tax exemptions available to an insurance policy of this type. It is a unitised policy and the value of the units fluctuates directly in relation to the value of the underlying assets. All units are redeemable at bid prices that are calculated from independent, external pricing sources. The assets underlying the units are held by independent corporate custodians which are regularly reviewed by external auditors.

Legal & General's investment objective is to maintain the Plan's distribution as close as possible to the benchmark shown below by the application of cash flows.

The value of the units held under the policy at the beginning and end of the reporting period, on a bid price basis were:

Investment Funds	**Value and Distribution 31 December 2023**		**Value and Distribution 31 December 2022**	
	£	**%**	**£**	**%**
All Stocks Gilts Index Fund	113,839,018	26.0	-	-
All Stocks Index-Linked Gilts Fund	150,967,985	34.5	-	-
Future World (ex-Tobacco) for Developed Markets Equity Fund	131,151,894	29.9	-	-
Sterling Liquidity Fund	42,151,713	9.6	-	-
World Emerging Market Equity Index Fund	-	-	107,151,627	28.3
World Developed (ex-Tobacco) Equity Index Fund - GBP Hedged	-	-	271,185,725	71.7
Total Assets	**438,110,610**	**100.0**	**378,337,352**	**100.0**

The unit prices for these valuations were based on market closing prices on the previous working day. The values shown include any activity that took place on the valuation days.

Performance

The time-weighted investment returns to 31 December 2023 on the Plan's assets were as follows:

	1 Year	**3 Years**	**5 Years**
Total Plan	18.45%	6.43%	10.75%

Performance figures shown for periods in excess of one year are annualised

SUMMARY OF CONTRIBUTIONS

Trustee's Summary of Contributions payable under the Schedules of Contributions in respect of the Plan year ended 31 December 2023

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 member contributions payable to the Plan under the Schedules of Contributions certified by the Plan Actuary on 12 September 2022 and 6 November 2023.

Contributions payable under the Schedules in respect of the Plan year		**£**
Employer:	Contributions in respect of expenses	217,181
Total contributions payable under the Schedules (as reported on by the Plan auditor) and reported in the financial statements		217,181

Signed on behalf of the Trustee on 11 July 2024 | 16:00:31 BST

Signed by:
Michele Hirons-Wood
DD4FDDF59DD64FA...

Trustee Director

Signed by:
Sarah Fromson
C56281E77021474...

Trustee Director

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEE OF THE WELLCOME TRUST PENSION PLAN

We have examined the Summary of Contributions to The Wellcome Trust Pension Plan for the Plan year ended 31 December 2023 to which this statement is attached.

Statement about contributions payable under the Schedules of Contributions

In our opinion contributions for the Plan year ended 31 December 2023 as reported in the Summary of Contributions and payable under the Schedules of Contributions have in all material respects been paid for the period 1 January 2023 to 5 November 2023 at least in accordance with the Schedule of Contributions certified by the Plan Actuary on 12 September 2022 and for the period 6 November 2023 to 31 December 2023 at least in accordance with the Schedule of Contributions certified by the Plan Actuary on 6 November 2023.

Scope of work on Statement about Contributions

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 Plan and the timing of those payments under the Schedules of Contributions.

Respective responsibilities of the Trustee and auditor

As explained more fully in the Statement of Trustee's Responsibilities, the Plan's Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a Schedule of Contributions and for monitoring whether contributions are made to the Plan by the Employer in accordance with the Schedule of Contributions.

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

Use of our report

This statement is made solely to the Trustee, as a body, in accordance with regulation 4 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our work has been undertaken so that we might state to the 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 Trustee as a body for our work, for this statement, or for the opinion we have formed.

DocuSigned by:
Deloitte LLP
64792DA3B0E04D9...

Deloitte LLP
Statutory Auditor
Reading, United Kingdom

11 July 2024 | 19:42:37 BST
Date: ……………………………………………..

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE WELLCOME TRUST PENSION PLAN

Opinion

In our opinion the financial statements of The Wellcome Trust Pension Plan:

- show a true and fair view of the financial transactions of the Plan during the year ended 31 December 2023 and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 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.

We have audited the financial statements which comprise:

- the Fund Account;
- the Statement of Net Assets; and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Plan's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustee is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE WELLCOME TRUST PENSION PLAN (CONTINUED)

Other information (Continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Trustee

As explained more fully in the Statement of Trustee's Responsibilities, the Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Plan'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 the Trustee either intends to liquidate the Plan or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Plan's industry and its control environment, and reviewed the Plan's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of the Trustee's and pension scheme management about their own identification and assessment of the risks of irregularities, including those that are specific to the Plan's business sector.

We obtained an understanding of the legal and regulatory framework that the Plan operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Pension Act 1995, the Pensions Act 2004, the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 and the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013; and

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE WELLCOME TRUST PENSION PLAN (CONTINUED)

Extent to which the audit was considered capable of detecting irregularities, including fraud (Continued)

- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Plan's ability to operate or to avoid a material penalty. These included the Plan's regulatory requirements.

We discussed among the audit engagement team including relevant internal specialists such as industry specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the misappropriation of investment assets due to the significant size of investment transactions and balances, and the importance of the investments to the funding of the Plan. In response we have:

- obtained an understanding of the relevant controls over investment holdings and transactions;
- agreed investment holdings to independent confirmations; and
- agreed investment and cash reconciliations to independent sales and purchase reports and bank statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of the Trustee and management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of Trustee and subcommittees meetings.

Use of our report

This report is made solely to the Plan's Trustee, as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Plan's Trustee those matters we are required to state to them 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 Plan's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Deloitte LLP
64792DA3B0E04D9...

Deloitte LLP
Statutory Auditor
Reading, United Kingdom

Date: 11 July 2024 | 19:42:37 BST

FUND ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £	2022 £
CONTRIBUTIONS AND BENEFITS			
Employer contributions	4	217,181	3,299,191
Member contributions	4	-	194,236
Total contributions		217,181	3,493,427
Other Income	5	1,687	-
		218,868	3,493,427
Benefits paid or payable	6	(7,971,974)	(7,718,838)
Payments to and on account of leavers	7	(43,901)	-
Administrative expenses	8	(778,798)	(809,310)
Other payments	9	-	(118,926)
		(8,794,673)	(8,647,074)
NET WITHDRAWALS FROM DEALINGS WITH MEMBERS		(8,575,805)	(5,153,647)
RETURNS ON INVESTMENTS			
Investment income	10	1,320	425
Investment management expenses	11	(511,498)	(431,907)
Change in market value of investments	12.1	69,674,335	(56,017,136)
NET RETURNS ON INVESTMENTS		69,164,157	(56,448,618)
NET INCREASE /(DECREASE) IN THE FUND DURING THE YEAR		60,588,352	(61,602,265)
NET ASSETS OF THE PLAN AT 1 JANUARY		383,648,677	445,250,942
NET ASSETS OF THE PLAN AT 31 DECEMBER		444,237,029	383,648,677

The notes on pages 18 to 27 form an integral part of these financial statements.

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) AT 31 DECEMBER 2023

	Note	2023 £	2022 £
INVESTMENT ASSETS			
Pooled investment vehicles	12.4	438,110,610	378,337,352
Insurance policies – annuities	12.5	1,613,000	1,622,000
DC investments	12.6	587,811	573,619
AVC investments	12.7	3,432,132	3,261,347
Cash in transit		9,149	19,667
TOTAL NET INVESTMENTS		443,752,702	383,813,985
CURRENT ASSETS	14	771,091	924,726
CURRENT LIABILITIES	15	(286,764)	(1,090,034)
NET ASSETS OF THE PLAN AT 31 DECEMBER		444,237,029	383,648,677

The financial statements summarise the transactions of the Plan 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 Plan year. The actuarial position of the Plan, which does take account of such obligations, is dealt with in the Report on Actuarial Liabilities included on pages 28 and 29, and these financial statements should be read in conjunction with that Report.

The notes on pages 18 to 27 form an integral part of these financial statements.

These financial statements were approved by the Trustee on 11 July 2024 | 16:00:31 BST and were signed on its behalf by:

Signed by:
Michele Hirons-Wood
DD4FDDF59DD64FA...
....
Trustee Director

Signed by:
Sarah Fromson
C56281E77021474...
....
Trustee Director

NOTES TO THE FINANCIAL STATEMENTS

1 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 Schemes" (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 Plan has adequate resources to realise its assets and meet pension payments in the normal course of affairs (continue to operate) for at least twelve months from the date of approval of these financial statements.

2 IDENTIFICATION OF THE FINANCIAL STATEMENTS

The Plan is established as a trust under English law. The addresses for enquiries to the Plan are included on page 8 of the Trustee's Report.

3 ACCOUNTING POLICIES

The following principal accounting policies have been adopted 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 Plan's functional currency and presentational currency is pounds sterling (GBP).

3.3 Contributions

Contributions in respect of expenses are accounted for as they fall due under the Schedule of Contributions in force.

Employer augmentation contributions are accounted for in accordance with the agreement under which they are paid.

3.4 Payments to members

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

Benefits are accounted for in the period in which the member notifies the Trustee of their decision on the type or amount of benefit to be taken, or if there is no member choice, on the date of retiring or leaving.

Individual transfers out of the Plan are accounted for when member liability is discharged which is normally when the transfer amount is paid.

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

3.5 Expenses

All the costs of managing and administering the Plan are borne by the Plan, except for certain administration and accounting services provided to the Plan by the Employer for which no fees are charged. The Employer pays amounts into the Plan equal to the Pension Protection Fund and the Pension Regulator levies and until the closure of the Plan to future accrual, the insurance premiums for death in service benefits of the Plan.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 ACCOUNTING POLICIES (CONTINUED)

3.6 Investment income

Income generated by the pooled investment vehicles is not distributed, but is retained within the fund and reflected in the market value of the units.

Purchases of annuities and annuity income received in respect of annuity policies held in the name of Trustee are accounted for as purchases and sales against annuity policy investments. Those purchased in the name of the members are shown as purchase of annuities within benefits paid or payable, as the liability of the Plan is then discharged.

3.7 Valuation of investments

Investments are valued at fair value.

Unitised pooled investment vehicles (including DC and AVC investments) have been valued at the latest available bid price or single price provided by the investment manager.

Realised and unrealised gains and losses on investments are dealt with in the fund account for the year in which they arise.

Annuities purchased in the name of the Trustee which fully provide the pension benefits for certain members are included in these financial statements at the amount of the related obligation, determined by using the most recent Plan Funding valuation assumptions and methodology. Annuity valuations are provided by the Plan Actuary. Annuities are issued by Standard Life, Phoenix Life, Aviva and Prudential.

4 CONTRIBUTIONS

	2023 £	2022 £
Employer's Contributions		
Normal contributions	-	2,593,096
Augmentation contributions	-	10,518
Contributions in respect of expenses	217,181	695,577
	217,181	3,299,191
Members' Contributions		
Normal contributions	-	13,220
Additional voluntary contributions	-	181,016
	-	194,236
	217,181	3,493,427

Following the closure of the Plan to future accrual normal contributions ceased with effect from 30 June 2022.

In accordance with the Schedule of Contributions certified by the Scheme Actuary on 12 September 2022, deficit funding contributions were not required and amounts were payable by the Employer to the Plan equal to the levy payments made by the Plan to the Pension Protection Fund within a year of them being paid by the Plan.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 CONTRIBUTIONS (CONTINUED)

A new Schedule of Contributions was certified by the Plan Actuary on 6 November 2023 following the completion of the 2022 actuarial valuation. Deficit funding contributions are not required under this Schedule and amounts equal to the levy payments made by the Plan to the Pension Protection Fund are payable by the Employer within a year of them being paid by the Plan.

5 OTHER INCOME

	2023 £	2022 £
Compensation	1,687	-
	1,687	-

6 BENEFITS PAID OR PAYABLE

	2023 £	2022 £
Pension payments	5,426,819	5,077,401
Commutations and lump sum retirement benefits	2,519,895	2,534,591
Taxation where lifetime or annual allowance exceeded	25,260	106,847
	7,971,974	7,718,838

Pension payments include £179,000 (2022: £177,000) annuity income paid by the annuity providers.

7 PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	2023 £	2022 £
Individual transfers out to other schemes	43,901	-
	43,901	-

8 ADMINISTRATIVE EXPENSES

	2023 £	2022 £
Administration and processing	110,547	112,264
Actuarial and consultancy fees	395,641	282,161
Audit fees	26,720	22,714
Legal fees	28,614	25,089
Pension Protection Fund and Pension Regulator Levies	217,181	366,651
Sundry expenses	95	431
	778,798	809,310

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 OTHER PAYMENTS

	2023 £	2022 £
Premiums on term insurance policies	-	118,926
	-	118,926

Following the closure of the Plan to future accrual group life premiums are payable directly by the Employer.

10 INVESTMENT INCOME

	2023 £	2022 £
Interest on cash deposits	1,320	425
	1,320	425

11 INVESTMENT MANAGEMENT EXPENSES

	2023 £	2022 £
Administration, management and custody	511,498	431,908
	511,498	431,908

12 INVESTMENTS

12.1 RECONCILIATION OF INVESTMENTS

	Value at 1 January 2023 £	Purchases at cost £	Sales proceeds £	Change in market value £	Value at 31 December 2023 £
Pooled investment vehicles	378,337,352	1,262,256,011	(1,271,711,312)	69,228,559	438,110,610
Insurance policies – annuities	1,622,000	-	(179,000)	170,000	1,613,000
DC investments	573,619	-	(35,941)	50,133	587,811
AVC investments	3,261,347	-	(54,858)	225,643	3,432,132
	383,794,318	1,262,256,011	(1,271,981,111)	69,674,335	443,743,553
Cash in transit	19,667				9,149
	383,813,985				443,752,702

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 and any investment income retained within the funds.

12.2 TRANSACTION COSTS

Indirect costs are borne by the Plan in relation to transactions in pooled investment vehicles. These are accounted for by an adjustment of the bid/offer spread of units.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12.3 CONCENTRATION OF INVESTMENTS

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

	2023 £	2023 % of net assets	2022 £	2022 % of net assets
All Stocks Index-Linked Gilts Fund	150,967,985	34.0	-	-
Future World (ex-Tobacco) for Developed Markets Equity Fund	131,151,894	29.5	-	-
All Stocks Gilts Index Fund	113,839,018	25.6	-	-
Sterling Liquidity Fund	42,151,713	9.5	-	-
World Developed (ex-Tobacco) Equity Index Fund - GBP Hedged	-	-	271,185,725	70.7
World Emerging Markets Equity Index Fund	-	-	107,151,627	27.9

12.4 POOLED INVESTMENT VEHICLES

	2023 £	2022 £
Equity Funds	131,151,894	378,337,352
Bonds	264,807,003	-
Cash Funds	42,151,713	-
	438,110,610	378,337,352

12.5 INSURANCE POLICIES – ANNUITIES

Annuities purchased in the name of the Trustee which fully provide the pension benefits for certain members are included in these financial statements at the amount of the related obligation, determined by using the most recent Plan Funding valuation assumptions and methodology. Annuity valuations are provided by the Plan Actuary. Annuities are issued by Standard Life, Phoenix Life, Aviva and Prudential.

	2023 £	2022 £
Insurance policies – annuities	1,613,000	1,622,000
	1,613,000	1,622,000

12.6 DC INVESTMENTS

	2023 £	2022 £
Standard Life	587,811	573,619
	587,811	573,619

The above investments which are separately invested from the main fund to secure additional benefits on a money purchase basis relate to DC augmentations granted on severance to members. 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. DC assets are allocated to members.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12.7 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 amounts of AVC investments held at the year end are as follows:

	2023 £	**2022 £**
Standard Life	3,432,132	3,259,395
AEGON	-	1,952
	3,432,132	3,261,347

12.8 FAIR VALUE HIERARCHY

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

Level 1 The unadjusted quoted price in an active market for identical assets or liabilities which the entity can access at the assessment dates.

Level 2 Inputs other than the quoted prices included within Level 1 that are observable (i.e. developed for the asset or liability either directly or indirectly).

Level 3 Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

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

The Plan's investment assets fall within the above hierarchy as follows:

	Level 1 £	**Level 2 £**	**Level 3 £**	**Total 2023 £**
Pooled investment vehicles	-	438,110,610	-	438,110,610
Insurance policies	-	-	1,613,000	1,613,000
DC investments	-	587,811	-	587,811
AVC investments	-	3,138,908	293,224	3,432,132
Cash in transit	9,149	-	-	9,149
	9,149	441,837,329	1,906,224	443,752,702

	Level 1 £	**Level 2 £**	**Level 3 £**	**Total 2022 £**
Pooled investment vehicles	-	378,337,352	-	378,337,352
Insurance policies	-	-	1,622,000	1,622,000
DC investments	-	573,619	-	573,619
AVC investments	-	2,965,574	295,773	3,261,347
Cash in transit	19,667	-	-	19,667
	19,667	381,876,545	1,917,773	383,813,985

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12.9 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 Trustee determines its investment strategy after taking advice from a professional investment advisor. The Plan has exposure to these risks because of the investments it makes in following the investment strategy set out below. The Trustee manages investment risks, including credit risk and market risk, within agreed parameters which are set taking into account the Plan's strategic investment objectives.

For Plan's assets, these investment objectives are implemented through the investment management agreements in place with the Plan's investment managers and monitored by the Trustee by regular review of the investment portfolio.

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

(i) Investment Strategy

After consultation between the Trustee, the Investment Sub-Committee and the Wellcome Trust, it has been agreed that the Plan will de-risk the investment portfolio. The de-risking process will be completed in two phases.

Given this investment strategy, the Wellcome Trust has offered a firm commitment to the Trustee to support the Plan financially, which has been evidenced in writing.

The current broad split of the Plan's assets following the Phase 1 de-risking investment strategy is as follows:

30% in Global Developed Market equities;
26% in Gilts – All Stocks;
34% in Index-Linked Gilts – All Stocks; and
10% in Cash

The second phase of the de-risking process is expected to occur in 2024.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12.9 INVESTMENT RISKS (CONTINUED)

(i) Investment Strategy (Continued)

Initially, after a review by the Investment Sub-Committee with the assistance of their advisers and after consultation with the Wellcome Trust, the Trustee has developed and implemented a framework to switch the assets in the Global Developed Market equities between currency hedged and unhedged share classes of the same fund. The Trustee hedges the Plan's developed market equity exposure back to Sterling when GBP falls significantly below purchasing power parity ("PPP") on a trade weighted basis and will reverse that hedge if and when, in the opinion of the Trustee, GBP rises significantly above purchasing power parity ("PPP").

In 2022, the Trustee took investment advice from Mercer and consulted with the employer before deciding to switch from LGIM's Developed Markets (ex-Tobacco) passive equity pooled fund to the LGIM Futures World (ex-Tobacco) strategy for developed markets. The Sterling hedging position for the Plan will be managed by requesting the manager to change the Sterling hedged/unhedged ratio within this Futures World "fund of two" strategy. The Trustee took careful cognisance of the estimated transition costs, modest increase in investment management costs and the stability of organisational and operational arrangements, before making the decision. This was implemented in February 2023.

In 2023, the Trustee decided to switch from LGIM's Emerging Markets passive equity pooled fund to the LGIM Futures World Emerging Markets passive equity pooled fund. The Trustee took careful cognisance of the estimated transition costs, modest increase in investment management costs and the stability of organisational and operational arrangements, before making the decision.

The Trustee sets the investment strategy for the Plan taking into account considerations such as the strength of the employer covenant, the long-term liabilities of the Plan and the funding agreed with the Employer. The investment strategy is set out in its Statement of Investment Principles ("SIP") with details of any changes during the year included in the Trustee's report.

(ii) Credit risk

To gain exposure to certain asset classes in a cost effective way (in both monetary and governance terms), the Plan invests in pooled investment vehicles. Therefore, the Plan is directly exposed to credit risk of these pooled investment vehicles. The value of assets invested in pooled funds and therefore directly exposed to credit risk as a result of this at year end was £438,110,610 (2022: £378,337,352).

The Plan is subject to indirect credit risk due to bonds, money market instruments and cash held within pooled investment vehicles. The value of assets exposed indirectly to credit risk as a result of this at year end was £306,958,716 (2022: NIL).

A summary of the pooled investment vehicles by type of arrangement is shown below.

	2023 £	2022 £
Unit linked insurance contracts	438,110,610	378,337,352
	438,110,610	378,337,352

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled investment manager, the regulatory environments in which the pooled investment manager operates and diversification of investments amongst a number of pooled arrangements. The Trustee carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitors any changes to the regulatory and operating environment of the pooled investment manager.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12.9 INVESTMENT RISKS (CONTINUED)

(ii) Credit risk (Continued)

In addition, the Plan is exposed to direct credit risk on £1,613,000 (2022: £1,622,000) of insurance policies, in the event of the insurance companies which hold the annuities failing. These are historic contracts with various insurers which secure benefits for a few individuals and there was due diligence at the point of purchase. They are gradually expiring.

(iii) Currency risk

The Plan is not subject to indirect currency risk in 2023. In 2022, the Plan had indirect currency risk exposure because the underlying holdings of the pooled investment vehicles held may be denominated in a non-sterling currency and were not fully currency hedged by the investment manager. The value of holdings subject to this risk in 2022 was £107,151,627. This value includes pooled investment vehicles that have only a partial exposure to currency risk.

To limit currency risk, the Trustee has implemented a currency hedging strategy, hedging the Plan's developed market equity exposure back to Sterling when GBP falls significantly below purchasing power parity (PPP) on a trade weighted basis and reversing that hedge if and when, in the opinion of the Trustee, GBP rises significantly above PPP.

(iv) Interest rate risk

The Plan is exposed to direct interest rate risk on £1,613,000 (2022: £1,622,000) of insurance policies, due to the interest element in calculating the net discount rate when valuing the policies. The Trustee manages the Plan's interest rate risk by considering the net risk when taking account of how the liabilities are valued.

The Plan is subject to indirect interest rate risk on bond holdings, via pooled investment vehicles, and liquidity funds. The value of holdings subject to this risk in 2023 is £306,958,716 (2022: NIL).

The Trustee have set a benchmark allocation of 60% bonds. If interest rates fall, the value of these assets will rise to help match a proportion of the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, these assets will fall in value (as will the actuarial liabilities) due to an increase in the discount rate. As at year end, the Trustee expect these assets to capture 90% (2022: NIL) of the change in actuarial liability value due to interest rate movements.

Changes in interest rates will affect the value of the insurance contracts held by the Plan in the same way but are expected to match 100% of the variation in actuarial liability value.

(v) Other price risk

Other price risk arises principally in relation to the Plan's non-bond assets, which includes equities held in pooled investment vehicles. The Plan manages this exposure to other price risk by investing globally across equity markets. At the year-end, the Plan's exposure to investments subject to indirect other price risk through its equity pooled investment vehicles at the year-end was £131,151,894 (2022: £378,337,352).

The Plan is exposed to direct other price risk on £1,613,000 (2022: £1,622,000) of insurance policies, due to the inflation element in calculating the net discount rate when valuing the policies. As with interest rate risk, the Trustee manages the Plan's interest rate risk by considering the net risk when taking account of how the liabilities are valued.

13 TAX

The Wellcome Trust Pension Plan is a registered pension scheme for tax purposes under the Finance Act 2004. The Plan 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 CURRENT ASSETS

	2023 £	2022 £
Bank balance	269,732	488,762
Pensions prepaid	467,244	420,758
Due from Employer	2,220	2,220
Sundry debtors	31,895	12,986
	771,091	924,726

15 CURRENT LIABILITIES

	2023 £	2022 £
Unpaid benefits	3,661	562,389
Accrued expenses	281,615	526,157
Sundry creditors	1,488	1,488
	286,764	1,090,034

16 EMPLOYER RELATED INVESTMENTS

There were no employer related investments held in the current or prior year.

17 RELATED PARTY TRANSACTIONS

The Principal Employer provides the Plan with some basic administrative services, such as dealing with member queries, for which no charge is levied. The fees of the Trustee were met by the Principal Employer. The fees for the year ended 31 December 2023 were £63,500 (2022: £39,612).

Levy payments to the Pension Protection Fund of £217,181 (2022: £366,651) were paid directly by the Employer.

Sarah Fromson and Joanne Bugg are deferred members and retain an entitlement to a deferred pension from the Plan on reaching retirement age. Richard Everett and Jill Saunders are pensioner member and receive benefits on the same basis as other members of the Plan in accordance with the Trust Deed and Rules.

18 GMP EQUALISATION

On 26 October 2018, the judgment handed down in the case of Lloyds Banking Group Pension Trustees Limited v Lloyds Bank PLC and others determined that members' Guaranteed Minimum Pension (GMP) benefits should be equalised between men and women. Following on from the original judgment, a further High Court ruling on 20 November 2021 has provided clarification on the obligations for trustees. This judgment focused on the GMP treatment of historic transfers out of members' benefits, an issue which had not been addressed in the 2018 GMP ruling. Under this ruling, trustees are required to review historic transfer values paid from May 1990 to assess if any top up payment is required to be paid to the receiving scheme, to reflect members' rights to equalised GMP benefits.

No provision has been included in the financial statements at this stage, as any increases in benefits in respect of past service are expected to be immaterial, but any additional liabilities identified on completion of the review will be included in future financial statements.

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 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 Plan members on request.

The most recent triennial actuarial valuation of the Plan effective as at 31 December 2022 showed that the accumulated assets of the Plan represented 159% of the Plan's technical provisions in respect of past service benefits; this corresponds to a surplus of £140.6m at the valuation date.

	£m
The value of the technical provisions was:	237.6
The value of the assets at that date was:	378.2

If the Plan had been discontinued and wound up at 31 December 2022 there would have been insufficient assets to buy out the accrued benefits through the purchase of annuity policies with an insurer. The estimated discontinuance (or wind up) funding level was 95%, corresponding to a shortfall of £20.4m.

The value of technical provisions is based on Pensionable Service to the valuation date and assumptions about various factors that will influence the Plan in the future, such as the levels of investment returns and pay increases, when members will retire and how long members will live. The method and significant actuarial assumptions used in the calculations are as follows:

Method

The actuarial method to be used in the calculation of the technical provisions is the Projected Unit Method.

Significant Actuarial Assumptions

Discount interest rate: Calculated using the Mercer Gilt Curve plus 2.5% per annum at each term.

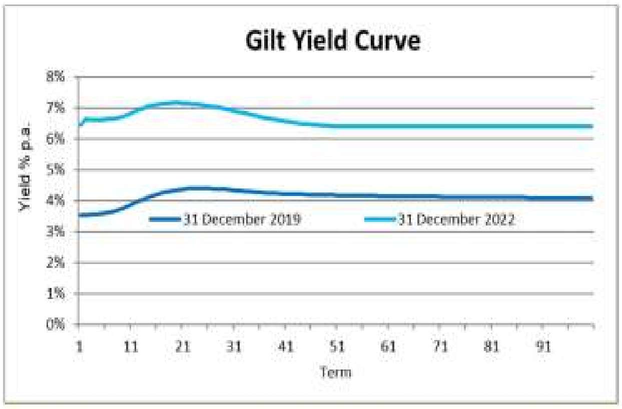
Rate of inflation - Retail Prices Index: Calculated using the Gilt Inflation Curve with no adjustments

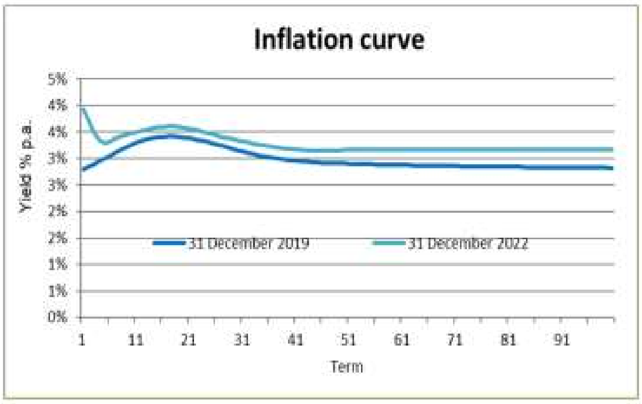
Revaluation of pensions in deferment: Elements of pension in deferment which have future revaluation in line with RPI subject to a maximum of 5% per annum calculated as revaluing at the assumed rate of RPI inflation, subject to a maximum assumption of 5% per annum.

Pension increases: Pension increases will be calculated using the Black-Scholes stochastic model applying any applicable maximum and/or minimum rates, the RPI/CPI inflation assumption and an assumed inflation volatility of 1.75%.

REPORT ON ACTUARIAL LIABILITIES (CONTINUED)

Significant Actuarial Assumptions (Continued)





Source: Mercer

Mortality: No allowance made for pre-retirement mortality.

Post-retirement mortality - 101% of the mortality rates in the S3PMA for males and 97% of the S3PFA_M for females, projected to the valuation date in line with the approach below.

Allowance for the future improvements: CMI core projection model with a 1.5% per annum long term projected rate of improvement and a smoothing parameter (Sk) of 7.5, an additional improvement parameter of nil, and with nil weighting on 2020 and 2021 mortality experience (CMI_2020 [1.5%] S=7.5, =0, w2020=0, w2021=0), using a year of birth approach.

Next actuarial valuation

The next triennial valuation is due to be carried out as at 31 December 2025.

SCHEDULE OF CONTRIBUTIONS

Schedule of Contributions

The Wellcome Trust Pension Plan

This schedule of contributions has been prepared by the Trustee, after obtaining the advice of Charles Cowling, the Plan Actuary. It replaces the previous schedule of contributions which was actuarially certified on 26th November 2020.

In preparing this schedule of contributions, account has been taken of contributions due in the period between 31 December 2022 and the commencement of this schedule under the previous schedule(s) of contributions, together with any further contributions paid during the same period.

Period covered by this schedule of contributions

This schedule of contributions takes effect from the date it is certified by the Plan Actuary. It ends on five years after the date is certified by the Plan Actuary.

Contributions by Employer in respect of expenses

The Employer will pay amounts into the Plan equal to the levy payments made by the Plan to the Pension Protection Fund. Such amounts will be paid by the Employer within a year of them being paid by the Plan.

Contributions by Employer in respect of the shortfall in funding.

None.

Additional Employer contributions

The Employer may pay additional contributions of any amount and at any time from those set out above.

Signatures

Signed on behalf of the Trustee:

Name: Vivien Cockerill

Position: Independent Chair of Trustees

Date: 01 November 2023

Signed on behalf of the Wellcome Trust Limited:

Name: Richard Eales

Position: Interim Chief Finance Officer

Date: 06 November 2023

SCHEDULE OF CONTRIBUTIONS (CONTINUED)

Actuary's Certification of Schedule of Contributions

The Wellcome Trust Pension Plan

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 could have been expected on 31 December 2022 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 (i.e. signed on behalf of the trustees on) 1st November 2023

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

Signature:	DocuSigned by:	Date:	06 November 2023
Name:	Charles Cowling	Qualification:	Fellow of the Institute and Faculty of Actuaries
Address:	Belvedere 12 Booth Street Manchester M24AW	Name of Employer:	Mercer Limited

MEMBERS' INFORMATION

INTRODUCTION

The Plan 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.

The registration number in the Register of Occupational and Personal Pension Schemes is 10102261.

Other information

(i) The Pensions Ombudsman (TPO) deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes. Members have the right to refer a complaint to TPO free of charge.

Contact with TPO about a complaint needs to be made within three years of when the event(s) being complained about happened or, if later, within three years of when a member first knew about it (or ought to have known about it). There is discretion for those time limits to be extended.

TPO now operates an Early Resolution Service (ERS) in addition to its normal Adjudication Service that aims to provide a quick, informal and streamlined process. Any member that elects to use the ERS does not need to follow the Trustee's Internal Dispute Resolution Procedure (IDRP). However, should any complaint that has gone through the ERS remain unresolved, TPO expects the IDRP to be followed prior to the complaint being passed to its Adjudication Service. Enquiries should be addressed to:

The Pensions Ombudsman
10 South Colonnade
Canary Wharf
London
E14 4PU

☏ 0800 917 4487
✉ enquiries@pensions-ombudsman.org.uk
💻 www.pensions-ombudsman.org.uk

(ii) Pension Wise, the Money Advice Service and The Pensions Advisory Service have been consolidated into one brand – MoneyHelper. MoneyHelper is committed to ensuring that people throughout the UK have guidance and access to the information that they need to make effective financial decisions over their lifetime. MoneyHelper is a free service provided by the Money and Pensions Service. The contact details are:

MoneyHelper
Bedford Borough Hall
138 Cauldwell Street
Bedford
MK42 9AP

☏ 0800 011 3797
✉ pensions.enquiries@moneyhelper.org.uk
💻 www.moneyhelper.org.uk

(iii) The Pensions Regulator (TPR) can intervene if it considers that a scheme's trustees, advisers or the employer are not carrying out their duties correctly. The address for TPR is:

Telecom House
125-135 Preston Road
Brighton
BN1 6AF

☏ 0345 600 0707
✉ report@tpr.gov.uk
💻 www.thepensionsregulator.gov.uk

MEMBERS' INFORMATION (CONTINUED)

Other information (Continued)

(iv) The Pension Protection Fund (PPF) was established under the Pensions Act 2004 to pay compensation to members of eligible defined benefit pension schemes, when the sponsoring employer has suffered a qualifying insolvency event, and where the scheme is assessed as having insufficient assets to cover PPF levels of compensation.

The PPF is funded by a retrospective levy on occupational pension schemes.

(v) The Trust Deed and Rules, the Plan details, and a copy of the Schedule of Contributions and Statement of Investment Principles are available for inspection free of charge by contacting the Trustee at the address shown for enquiries in this report. Any information relating to the members' own pension position, including estimates of transfer values should also be requested from the administrators of the Plan, Aptia UK Limited, at the address detailed in this report.

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT

For the Year Ended 31 December 2023

Section 1:

Introduction

This statement sets out how, and the extent to which, the Statement of Investment Principles ("SIP") produced by the Trustees have been followed during the year running from 1 January 2023 to 31 December 2023 (the "Plan Year"). This statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, the subsequent amendment in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the statutory guidance on reporting on stewardship in the implementation statement dated June 2022.

The statement is based on, and should be read in conjunction with, the relevant version of the SIP that was in place for the Plan Year, which was the SIP dated December 2023 (covering the period between 31 Dec 2022 and 31 Dec 2023).

Sections 2.1 and 2.2 of this statement sets out the investment objectives of the Plan and changes which have been made to the SIP during the Plan Year, respectively.

Section 2.3 of this statement sets out how, and the extent to which, the policies in the Defined Benefit ("DB") Section and Defined Contribution ("DC") Section of the SIP have been followed. **The Trustee can confirm that all policies in the SIP have been followed in the Plan Year.**

A copy of the SIP is available online.

Sections 3 and 4 include information on the engagement and key voting activities of the underlying investment managers within each Section of the Plan.

Section 2:

Statement of Investment Principles

Investment Objectives of the Scheme

The Trustee believes it is important to consider the policies in place in the context of the objectives they have set.

DB Section

The objectives for the **DB Section** of the Plan are as follows:

The Trustee's primary investment objective for the Plan is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due.

In doing so, the Trustee also aims to maximise returns at an acceptable level of risk taking into consideration the circumstances of the Plan.

The Trustee has also received confirmation from the Plan Actuary during the process of revising the investment strategy that their investment objectives and the resultant investment strategy are consistent with the actuarial valuation methodology and assumptions used in the Statutory Funding Objective.

DC Section

Some contributions are made on a money purchase basis and from time to time, at the request of the employer with the agreement of the individual member, the Plan grants money purchase benefits ("DC augmentations") on severance which are facilitated via the AVC arrangement. Members of the Plan with such DC augmentations and who do not make an explicit choice regarding the investment of their funds are invested in the default strategy.

As set out in the SIP, the DC Section's default strategy has the following objectives:

- To have a flexible approach aiming to "stay invested";
- To be appropriate for members who are undecided on how to use their savings or who want to take a flexible income;
- To achieve moderate growth in a fund with relatively low volatility until such a time as the member is ready to make decisions on how to use their savings.

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (CONTINUED)

In determining the investment strategy for the default, the Trustee received formal written investment advice from their investment consultants. The Trustee has explicitly considered the trade-off between risk and expected returns when establishing the balance between different kinds of investments.

The Trustee wrote to the only member in the default strategy in September 2023 to remind them of their current investments and the alternative investment options available. The Trustee will continue to review the default strategy over time, at least triennially, or after significant changes to the Scheme's demographic or membership behaviour, it should be noted that a formal strategy review is due to take place during the 2024 Plan year.

The policies set out in the SIP are intended to help meet the overall investment objectives of the Plan.

Review of the SIP

During the year, the Trustees reviewed and amended the Plan's SIP twice, taking formal advice from its Investment Consultant (Mercer Limited ("Mercer")). In June 2023, the Trustee decided to switch from LGIM's Emerging Markets passive equity pooled fund to the LGIM Future World Emerging Markets passive equity pooled fund. A revised SIP was signed in June 2023 to reflect this change.

In November 2023, in consultation with Mercer, the Trustee decided to de-risk the investment portfolio. The de-risking process will be completed in two phases. At the time of preparing this document, the Plan had completed Phase 1 of the de-risking process. During the first phase, the Trustee made several changes to its investment strategy. These changes included reducing exposure to the LGIM Future World (ex-Tobacco) strategy and completely divesting from the LGIM Future World Emerging Markets passive equity pooled fund. Additionally, the Trustee initiated investments in the LGIM Sterling Liquidity, LGIM UK Gilts All Stocks and LGIM UK Index-Linked Gilts All Stocks funds. A revised SIP was Signed in December 2023 to reflect these changes.

Assessment of how the policies in the SIP have been followed for the Plan Year

The information provided in this section highlights the work undertaken by the Trustee during the year, and sets out how this work followed the Trustee's policies in the SIP (Signed December 2023), relating to the DB Section and DC Section of the Scheme.

In summary, it is the Trustee's view that the policies in the SIP have been followed during the Plan Year.

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (CONTINUED)

Investment Mandates

Securing compliance with the legal requirements about choosing investments

Policy

As required by legislation, the Trustee consults a suitably qualified person when making investment selections by obtaining written advice from its Investment Consultant. The policy is detailed in Section 4 (DB Section) and 3 (DC Section) of the SIP, of the Plan.

DB	DC
How has this policy been met over the Plan Year?	**How has this policy been met over the Plan Year?**
The Trustee confirms that advice was received from its investment advisor where required. The changes in the investment strategy have been covered in Section 2 above.	The Trustee confirms that no investment changes were made during the Plan Year.

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (CONTINUED)

Realisation of Investments

Policy

The Trustee's policy is to invest in pooled vehicles, which in turn invest in securities traded on recognised exchanges.

DB	DC
How has this policy been met over the Plan Year? The Plan's assets are invested in pooled vehicles and in a fund of two strategy. Under both approaches, these ultimately in invest in securities traded on recognised exchanges. The Plan invests with an investment manager that is highly rated by Mercer in relation to ESG considerations. When implementing a new manager, they would consider the ESG rating of the manager and balance against the prospects of the fund achieving its objective.	**How has this policy been met over the** Plan **Year?** The Trustee's administrators will realise assets following member requests on retirement or earlier where required. The Trustee receives administration reports on a quarterly basis to ensure that core financial transactions are processed within SLAs and regulatory timelines. No investment changes were made over the year covered by this statement; all investments continue to be held in daily dealt pooled investment vehicles with a high degree of liquidity. There were no issues with liquidity over the Plan Year.

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (CONTINUED)

Environmental, Social and Governance ("ESG")

Financial and non-financial considerations and how those considerations are taken into account in the selection, retention and realisation of investments

DB Policy

The Plan's SIP outlines the Trustee's beliefs on ESG factors (including climate change). Further details are included in Appendix 4 of the SIP, which applies to the DB Section only of the Plan. The Trustee keeps its policies under regular review.

DB only

How has this policy been met over the Plan Year?

The Investment Consultant periodically reports any change in its ESG ratings to the Trustee on an ongoing basis and makes recommendations to the Trustee, as appropriate. The Trustee has delegated responsibility for the selection, retention, and realisation of investments to their investment managers and accordingly, the Trustee seeks to manage the risks and opportunities associated with these ESG factors by selecting industry leaders in investment management who are committed to the Principles for Responsible Investment ("UNPRI") (as they apply to the sector in which the manager invests or the strategy pursued by the manager) and against criteria which include ESG considerations. ESG and the level of integration will differ across asset classes and by investment manager.

The Trustee does not require the Scheme's investment managers to take non-financial matters into account in their selection, retention and realisation of investments.

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (CONTINUED)

DC Policy

The Plan's DC SIP outlines the Trustee's policy on ESG factors (including climate change) in Section 9. The Trustee keeps its policies under regular review.

DC only
How has this policy been met over the Plan Year?
The Trustee has elected to invest through pooled funds and as such has delegated responsibility for the selection, retention, and realisation of investments to their investment managers. Accordingly, the Trustee seeks to manage the risks and opportunities associated with these ESG factors through the manager selection, retention and monitoring process. ESG and the level of integration will differ across asset classes and by investment manager. ESG ratings are monitored as part of the annual Value for Members Assessment in respect of the DC Section. The Trustee does not require the Scheme's investment managers to take non-financially material matters into account in their selection, retention and realisation of investments.

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (CONTINUED)

Voting and Engagement Disclosures

The exercise of the rights (including voting rights) attaching to the investments and undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, the Trustees' would monitor and engage with relevant persons about relevant matters).

Policy

The Trustee has delegated its voting rights to their investment managers. Where applicable, investment managers are expected to provide voting summary reporting on a regular basis, at least annually. The Trustee have not been asked to vote on any specific matters over the Plan year.

The Trustee does not use the direct services of a proxy voter, although the investment managers may employ the services of proxy voters in exercising their voting rights on behalf of the Trustee.

Further details are set out in Appendix 1 of the SIP, which applies to the DB and DC Sections of the Plan. In addition, it is the Trustee's policy to obtain reporting on voting and engagement and to periodically review the reports to ensure the policies are being met.

DB and DC

How has this policy been met over the Plan Year?

During 2023, voting and engagement summary reports from the Plan's investment managers were provided to the Trustee for review to ensure that they were aligned with the Trustee's policy. The Trustee does not use the direct services of a proxy voter.

The Trustee supports the aims of the UK Stewardship Code and its investment managers are encouraged to report their adherence to the Code. Within the DB Section, LGIM have confirmed that they are signatories of the 2020 UK Stewardship Code. For the DC section, Standard Life have confirmed that they are signatories of the 2020 UK Stewardship Code.

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (CONTINUED)

Monitoring the Investment Managers

Incentivising asset managers to align their investment strategies and decisions with the Trustee's policies

Policy

The Trustee's policy is set out in Section 5.3 and 5.4 of the SIP, which applies to the DB and DC Sections of the Plan.

DB	DC
How has this policy been met over the Plan Year?	**How has this policy been met over the Plan Year?**
The Trustee receives annual monitoring reports on the performance of the underlying investment manager from their investment adviser, which presents performance information over 3 months, 1 year and 3 years. The reports show the absolute performance and performance against the manager stated benchmark (over the relevant time-period) on a net of fees basis. It also provides returns of market indices so that these can also be used to help inform the assessment of the underlying manager' performance. The Trustee uses the wider relationship of the Sponsor to negotiate a competitive fee. The Trustee considers that the method of remunerating investment fund managers is consistent with incentivising them to make decisions governed by their respective mandates. Investment fund managers are remunerated as a percentage of assets managed, with no performance fees or minimum/maximum holding periods. As a result, the fund managers may be replaced without financial penalty (although transition costs may apply) should the Trustee believe this is appropriate.	The Trustee monitors the performance of the Plan's most popular AVC investments annually with their Investment Consultant. When considering investment performance, the Trustee focuses on long-term performance. The Trustee is satisfied that the investment fund managers' short term performance will not impact long-term goals. In particular, none of the funds have performance fees in place, which could encourage managers to make short term investment decisions to achieve short term targets at the expense of longer term performance. The Trustee considers that the method of remunerating investment fund managers is consistent with incentivising them to make decisions governed by their respective mandates. Investment fund managers are remunerated as a percentage of assets managed, with no performance fees or minimum/maximum holding periods. As a result, the fund managers may be replaced without financial penalty (although transition costs may apply) should the Trustee believe this is appropriate. The charges paid to Standard Life for their services were analysed as part of the annual Value for Members assessment for the DC Section, which was conducted by the Scheme's Investment Consultant.

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (CONTINUED)

Evaluation of asset managers' performance and remuneration for asset management services

Policy

The Trustee's policy is set out in Section 9 (DB Section) and 6 (DC Section) of the SIP, of the Plan.

DB	DC
How has this policy been met over the Plan Year?	**How has this policy been met over the Plan Year?**
The Trustee receives annual monitoring reports (with quarterly summary received from the fund manager) of the underlying investment managers from their investment adviser, which presents performance information over 3 months, 1 year and 3 years. The reports show the absolute performance and performance against the manager stated benchmark (over the relevant time period) on a net of fees basis. It also provides returns of market indices so that these can also be used to help inform the assessment of the underlying manager' performance.	The Trustee receives a summary from the fund managers. Fund performance is evaluated against the manager's stated benchmark in the annual Value for Members assessment.

Monitoring portfolio turnover costs

Policy

The Trustee's policy is set out in Section 9.5 of the SIP, which applies to the DB and DC Sections of the Plan.

DB	DC
How has this policy been met over the Plan Year?	**How has this policy been met over the Plan Year?**
The Trustee does not have an overall portfolio turnover target but reviews turnover at least annually and uses input from the investment advisor to assess the reasonableness of turnover and of associated costs.	Over the year covered by this statement, the Trustee considered the levels of transaction costs as part of their annual Value for Members assessment as at 31 December 2023 and published this information as part of the costs and charges disclosures mandated by regulations governing the Chair's Statement.

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (CONTINUED)

DB	DC
The Trustee receives MiFID II reporting from the investment managers annually, which provides this information and are satisfied that this was in accordance with their expectations.	At present, the Trustee notes a number of challenges in assessing these costs: • No industry-wide benchmarks for transaction costs exist • Explicit elements of the overall transaction costs are already taken into account when investment returns are reported, so any assessment must also be mindful of the return side of the costs. Given that the Plan invests in a range of pooled funds, many of which invest across a wide range of asset classes, the Trustee does not have an overall portfolio turnover target for the Plan.

The duration of the arrangements with asset managers

Policy

The Trustee is a long-term investor and does not seek to change the investment arrangements on a frequent basis. Further details of the Trustee's policy are set out in Section 4.2 (DB Section) and Section 8 (DC Section) of the SIP, of the Plan.

DB	DC
How has this policy been met over the Plan Year? The Trustee is a long-term investor. However, over the Plan year, the Trustee de-risked its portfolio and made several changes to its investment strategy. This was driven by strategic reasons and not investment manager performance concerns, and in particular the Trustee has not made any change to the investment manager.	**How has this policy been met over the Plan Year?** The Trustee is a long-term investor and is not looking to change investment arrangements on a frequent basis. All the funds are open-ended with no set end date for the arrangement. The self-select fund range and default option are reviewed on at least a triennial basis. A manager's appointment may be terminated if it is no longer considered to be optimal nor have a place in the default strategy or self-select fund range.

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (CONTINUED)

Strategic Asset Allocation

Kinds of investments to be held, the balance between different kinds of investments and expected return on investments

DB

Policy

The Trustee's policy on the kinds of investments to be held and the balance between different kinds of investments can be found under the following sections of the SIP:

Investment Strategy (SIP Section 2)

How has this policy been met over the Plan Year?

After consultation between the Trustee, the Investment Sub-Committee and the Wellcome Trust, it was agreed that the Plan would de-risk the investment portfolio. The de-risking process will be completed in two phases. At the time of preparing this document, the Plan had completed Phase 1 of the de-risking process.

The Plan investment arrangements were reviewed in over Q4 2023 following which a number of changes were agreed. In particular, the following was agreed:

- Fully disinvest from LGIM Futures World Emerging Markets Passive Equity Fund
- Reduce holdings to LGIM Future World (ex-Tobacco) Fund – CSUF

DC

Policy

The Trustee's policy on the kind of investments to be held and the balance between different kinds of investments can be found under the following sections of the SIP:

Default Investment Option (DC SIP Section 1)

Kind of Investments to be held (DC SIP Section 4)

How has this policy been met over the Plan Year?

The Trustee wrote to the only member in the default strategy in September 2023 to remind them of their current investments and the alternative investment options available. The Trustee will continue to review the default strategy over time, at least triennially, or after significant changes to the Scheme's demographic or membership behaviour, it should be noted that a formal strategy review is due to take place during the 2024 Plan year.

Other risk were managed during the year as described in the SIP (DC SIP Section 5).

The Trustee also received updates from the Investment Consultant on developments concerning the investment manager.

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (CONTINUED)

DB	DC
• Invest proceeds to LGIM UK Gilts All Stocks Gilts Index Fund, LGIM UK Index-Linked Gilts All Stocks and LGIM Sterling Liquidity Fund. The revised target investment strategy was assessed to have an expected return sufficient to achieve the funding objective of the Plan, with a reduced level of investment risk that was consistent with the return. The SIP was updated in December 2023 to reflect the agreed changes to the investment arrangements. The Trustee regards the basic distribution and balance of the assets to be appropriate for the Plan's objectives and liability profile.	

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (CONTINUED)

Risks, including the ways in which risk are to be measured and managed

DB

Policy

The Trustee recognises a number of risks involved in the investment of the assets of the DB Section and that the choice and allocation of investments can help to mitigate these risks. Details of these risks and how they are measured and managed can be found under the following section of the SIP:

Risk Management (Section 8 and Annex A of the SIP)

How has this policy been met over the Plan Year?

On a quarterly basis, the Trustee reviews the Plan's asset allocation compared with target and may make rebalancing decisions to ensure that the overall level of risk and return is maintained. Over the year, the Trustee de-risked their portfolio.

DC

Policy

The Trustee recognises that in a defined contribution arrangement, members assume the investment risks themselves. The main types of investment risks and how they are monitored and managed are detailed in the following section of the SIP:

Risks (DC SIP Section 5)

How has this policy been met over the Plan Year?

As detailed in Annex A and Section 5 of the DC Section of the SIP, the Trustee considers both quantitative and qualitative measures for investment risks when deciding investment policies, strategic asset allocation, the choice of investment fund managers / funds / asset classes.

DB and DC

The Trustee maintains a register of key risks, including investment risks and ESG factors, which is reviewed annually by the Trustees or more frequently if new risks are identified. The register of key risks rates the impact and likelihood of the risks and identifies mitigating factors and additional action taken.

Section 3

Engagement Activity by the Plan's Investment Managers

The following are examples of engagement activity undertaken by the Plan's investment managers.

DB	DC
LGIM engages with the following companies on Climate Change 1. Exxon Mobile- What LGIM did: LGIM engaged with Exxon Mobil since 2016, and the company willingly participated in discussions and meetings. However, LGIM identified several areas of concern, including the lack of Scope 3 emissions disclosures, integration or a comprehensive net zero commitment, ambition in operational reductions targets, and disclosure of climate lobbying activities. Engagements focused on LGIM's expectations under the Climate Impact Pledge, as well as other material issues such as capital allocation and business resiliency. Despite ongoing engagement, LGIM believed that the improvements made by Exxon Mobil were insufficient. As a result, LGIM took escalations, including voting against the re-election of the Chair in 2019 and placing Exxon Mobil on the Climate Impact Pledge divestment list in 2021. In 2022, LGIM supported two climate-related shareholder resolutions at Exxon's AGM, reflecting the continued desire for the company to take sufficient action on climate change. In 2023, LGIM co-filed a shareholder resolution requesting disclosure of the quantitative impact of the IEA NZ scenario on all asset retirement obligations. Although the proposal received 16% support from shareholders, LGIM believed it demonstrated the increasing recognition	**Phoenix Group engages with RWE on climate** Phoenix Group (who own Standard Life) are co-lead with UBS and NM in the coalition group for CA100+. Phoenix group have joined the coalition and participated in the call. The Chair is meeting investors as part of the annual governance roadshow. We engaged with the Chair and IR team on climate related issues and the progress made over the last year. RWE will be Net Zero by 2040. It is aligning its transition to the Paris 1.5 degrees scenario and will be SBTi certified by the end of this year. RWE will have closed it lignite powered stations by 2030. We asked for a detailed plan per coal facility and corresponding closure. By 2030 RWE will have 90% of investments in sustainable projects. The capex currently does not align to CA100 Net Zero benchmark and we asked the company as a next milestone to align its disclosure. Phoenix suggested looking at peer reporting such as Enel, which aligns with the benchmark. RWE has made good progress during the last year and by aligning its disclosure in certain areas it would easily achieve alignment to Net Zero benchmark. Following RWE's CMD, the Climate Action 100+ investor group met with the CFO to discuss the announced updates to the company's decarbonisation strategy. RWE has increased its electricity generation capacity target to 65GW by 2030, given a detailed breakdown of their expected generation portfolio by 2030 (which will be 70% renewables and batteries) and announced a target to reduce scope 1&2 emissions 70%

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (CONTINUED)

DB	DC
of the importance of this issue for investors. Outcome: LGIM witnessed notable improvements from Exxon Mobil since 2021 in response to key engagement requests, including the disclosure of Scope 3 emissions, a 'net zero by 2050' commitment, and joining the Oil and Gas Methane Partnership (OGMP) 2.0. However, further enhancements were still needed in areas such as Scope 3 emissions targets, business resiliency disclosure, asset retirement obligations, capital allocation, and interim targets. While Exxon Mobil remained on LGIM's divestment list, the engagement with the company continued, focusing on the energy transition and advocating for greater transparency. LGIM's efforts, including voting in favor of a shareholder resolution on methane emission disclosure, aimed to encourage accurate pricing of climate-related risks and opportunities. LGIM was pleased with Exxon Mobil's progress in joining OGMP 2.0, influenced by public and shareholder pressure, growing OGMP membership, and the acquisition of OGMP member Pioneer Natural Resources. LGIM emphasized the importance of transparency in enabling accurate market pricing and incentivizing the desired changes. Ongoing engagements with Exxon Mobil, collaboration with EDF, and engagement with proxy advisors and fellow investors contributed to LGIM's pursuit of meaningful progress in addressing climate-related challenges. 2.BP – What LGIM did: LGIM engaged with BP on climate change for several years, witnessing numerous actions taken by the company to mitigate climate change. In 2022, LGIM had multiple meetings with BP and supported management's 'Net Zero - from ambition to action' report at BP's AGM. BP strengthened its ambition by aiming for net-zero	batteries) and announced a target to reduce scope 1&2 emissions 70% between 2022 and 2030. The investor group congratulated RWE on announcing their updated strategy, and encouraged RWE to further enhance disclosure in a handful of areas, including on low carbon capex and just transition related to the phase out of their lignite business. The investor group overall was very pleased by these developments, which will turn RWE into a leading global provider of renewable energy.

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (CONTINUED)

DB	DC
emissions by 2050, halving operational emissions by 2030, expanding scope 3 targets, reducing oil and gas production, and increasing capital expenditure in low-carbon growth segments. In early 2023, following BP's decision to revise their oil production targets, LGIM held several meetings with the company to express concerns. At BP's 2023 AGM, LGIM voted against the re-election of the Chair, as shareholders expected the opportunity to vote on the amended climate transition strategy. LGIM also raised concerns about the governance processes leading to the implementation of these amendments. LGIM continues to engage with BP throughout 2023, meeting with senior staff, including the Chair and former CEO. Outcome: BP made a commitment to allocate a significant portion of its capital to low carbon segments and announced various initiatives to expand into clean energy. These initiatives include solar energy projects in the US, partnerships with Volkswagen for fast electric vehicle charging, partnerships with Qantas Airways to reduce emissions in aviation, and successful bids for major offshore wind projects in the UK and US. BP also announced plans to reduce oil and gas output over the next decade and achieve net-zero emissions by 2050. LGIM will continue engaging with BP on climate change, strategy, and governance topics, both independently and as part of the CA100+ engagements. Key areas of focus include emissions targets, business resiliency, oil and gas production, capital allocation, value chain approach, responsible divestment, and asset decommissioning. With a longstanding relationship with the company, LGIM will leverage its influence to encourage BP to uphold its commitments and plans for the climate transition.	

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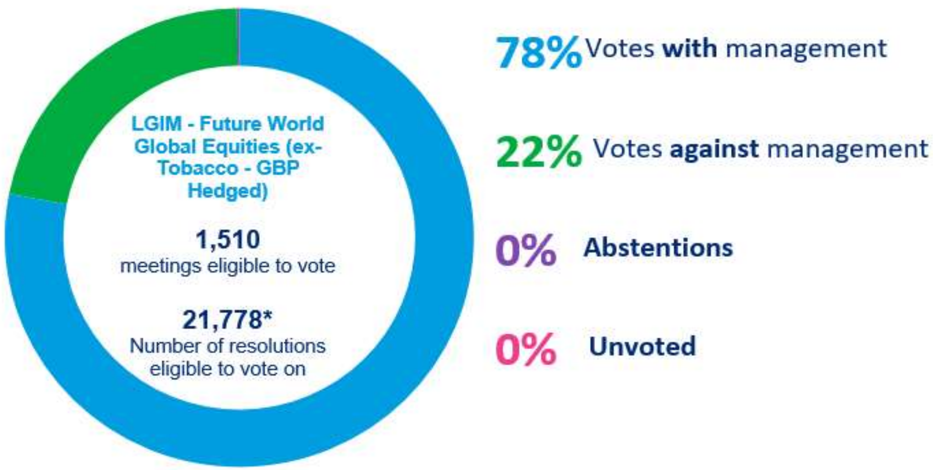
ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (CONTINUED)

Section 4

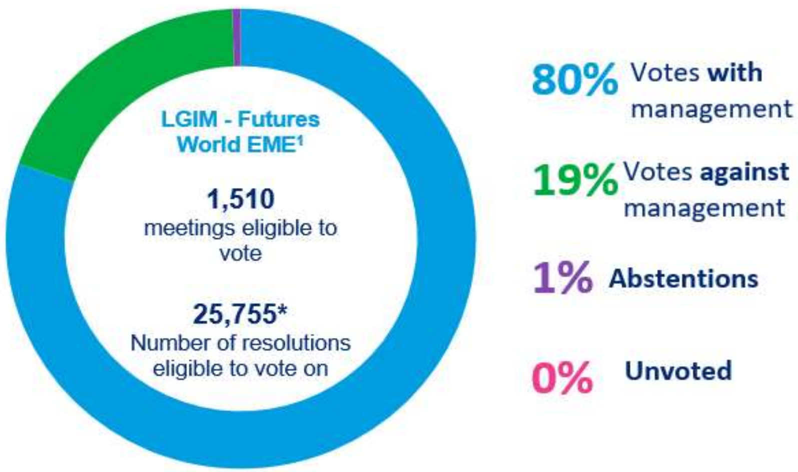
Voting Activity during the Plan year

DB

Set out below is a summary of voting activity for this reporting period relating to the relevant strategies in the DB Section of the Plan.



*99.9% of resolutions voted on



*100.0% of resolutions voted on

Source: LGIM, data may not sum due to rounding. [1]The Plan disinvested from the LGIM Futures EME Fund over Q4 2023.

The Trustee has delegated its voting rights to their investment managers. Where applicable, investment managers are expected to provide voting summary reporting on a regular basis, at least annually.

The Trustee have not been asked to vote on any specific matters over the Plan year.

The Trustee does not use the direct services of a proxy voter.

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (CONTINUED)

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions.

LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics

Most significant votes

A "Significant Vote" is defined, by the Trustee as one that relates to the Trustee's following key stewardship priorities:

The Trustee considers how ESG, climate change and stewardship is integrated within investment processes in monitoring existing investment managers, including reviewing ESG ratings provided by the investment consultant for the investment managers and the funds in which the Plan invests. During the year to 31 December 2023, the Plan's investment performance report was reviewed by the Trustee on a quarterly basis – this includes manager research ratings (both general and ESG-specific) from Mercer, as well as detail on how investment managers are delivering against their specific mandate. Trustee are required to report on all votes they believe are the 'most significant'. The most significant votes, detailed below, are determined by the Trustee as those that impact climate and are more than 1% of the fund holding.

✗ Resolution not passed ✓ Resolution passed

Fund	Portion of the fund (%)	Company	Date of vote	Resolution	How the Manager voted	Rationale of Manager vote	Final outcome following the vote	Significant Vote Theme	Why Vote is Significant
LGIM - Client Specific Unitised Fund (TSGW) - GBP Hedged	1.0% 10	JPMorgan Chase & Co.	16 05 2023	Resolution 9 - Report on Climate Transition Plan Describing Efforts to Align Financing	For (Against Management Recommendation)	LGIM generally supports resolutions that call for additional disclosures on how companies plan to manage their financing activities in alignment with their published targets. LGIM believes that	✗	Climate transition	Pre-declaration and Thematic – Climate: LGIM considers this vote to be significant as we pre-declared our intention to support. We continue to consider that decarbonisation of the banking sector and its clients is key to ensuring

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (CONTINUED)

Fund	Portion of the fund (%)	Company	Date of vote	Resolution	How the Manager voted	Rationale of Manager vote	Final outcome following the vote	Significant Vote Theme	Why Vote is Significant
				Activities with GHG Targets		providing detailed information on the specific actions and timelines involved in achieving the targets set for 2030 can help focus the attention of the board and provide assurance to stakeholders. LGIM emphasizes that it is the responsibility of the board to determine the necessary activities and policies to fulfill their own ambitions, rather than investors imposing restrictions on the company.			that the goals of the Paris Agreement are met.
LGIM - Future World Emerging Markets Equity Index Fund (Disinvested over Q4 2023)	3.5%	Tencent Holdings Limited	17 05 2023	Resolution 3a - Elect Jacobus Petrus (Koos) Bekker as Director	Against (against management recommendation)	Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management. Remuneration Committee: A vote	✓	Climate	Thematic - Climate: LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, our flagship engagement programme targeting companies in climate-critical sectors. More information on LGIM's Climate Impact Pledge can

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (CONTINUED)

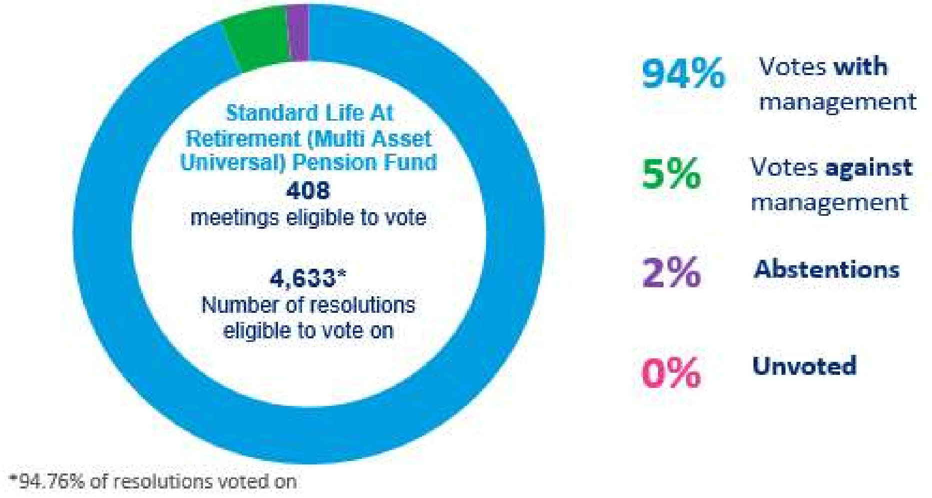
Fund	Portion of the fund (%)	Company	Date of vote	Resolution	How the Manager voted	Rationale of Manager vote	Final outcome following the vote	Significant Vote Theme	Why Vote is Significant
						against has been applied because LGIM expects the Committee to comprise independent directors.			be found here: https://www.lgim.com/uk/en/responsible-investing/climate-impact-pledge/

Source: LGIM as at 31 December 2023.

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (CONTINUED)

DC

Set out below is a summary of voting activity for this reporting period relating to the relevant strategies in the DC Section of the Plan. Funds where voting is not applicable (i.e. non-equity funds) are not included in the list below. The DC investments are managed by Standard Life.



Source: Standard Life. Note: May not sum to 100% due to rounding

The Trustee has delegated its voting rights to their investment managers. Where applicable, investment managers are expected to provide voting summary reporting on a regular basis, at least annually.

The Trustee have not been asked to vote on any specific matters over the Plan year.

The Trustee does not use the direct services of a proxy voter, although the investment managers may employ the services of proxy voters in exercising their voting rights on behalf of the Trustee.

Standard Life's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. Standard Life have implemented regional voting policy guidelines with ISS which ISS applies to all meetings in order to produce customised vote recommendations

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (CONTINUED)

Most significant votes

A “Significant Vote” is defined as one that adheres to the Trustee’s priorities identified by their socially responsible and stewardship policies. As per DWP’s Statutory Guidance a vote could also be significant for other reasons, e.g. due to the size of holding. The Trustee has included details below on why a vote is considered significant and rationale for voting decision. The votes included below are all those that the Trustee believe to be most significant for the DC Section of the Plan based on the Plan’s socially responsible and Stewardship policies:

✗ Resolution not passed ✓ Resolution passed

Fund	Portion of the fund (%)	Company	Date of vote	Resolution	How the Manager voted	Rationale of Manager vote	Final outcome following the vote	Significant Vote Theme	Why Vote is Significant
Standard Life At Retirement (Multi Asset Universal) Pension Fund	0.17%	Mitsubishi UFJ Financial Group, Inc.	29.06.23	Disclosure of Fossil Fuel Financing: Amend Articles to Disclose Transition Plan to Align Lending and Investment Portfolios with Goals of Paris Agreement	Against (Voted with Management	Shareholder proposal. abrdn agrees with the proponent that it is appropriate that the company discloses details of its climate goals and transition plans. MUFG commits to achieve net zero emissions from its financed portfolio by 2050 and net zero emissions from its own operations by 2030. The company has clearly set out these targets in accordance with TCFD reporting standards and has committed to the standards of the Net Zero Banking Alliance.	N/A*	Climate	Significant Vote Category 2 (‘SV2’): Shareholder and Environmental & Social (E&S) Resolutions • Votes on shareholder E&S proposals where we have engaged with the proponent or company on the resolution • Votes on management-presented E&S proposals • Focus on shareholder proposals where we have voted contrary to management recommendations

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (CONTINUED)

Fund	Portion of the fund (%)	Company	Date of vote	Resolution	How the Manager voted	Rationale of Manager vote	Final outcome following the vote	Significant Vote Theme	Why Vote is Significant
						In light of existing activities, the vote is onerous and a vote against is warranted.			
Standard Life At Retirement (Multi Asset Universal) Pension Fund	0.16%	Toyota Motor Corp.	14.06.23	Report on Climate Change: Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement	Abstain (Against Management recommendation)	While abrdn support the principle of transparent lobbying disclosure that demonstrates the alignment of policy activities with a company's publicly stated position, abrdn do not think the articles of the company should be amended to achieve this. This resolution focusses on lobbying related to climate change and is connected to Toyota's strategy for the transition to electric vehicles. Toyota has set out its strategy in this area and, along with others, has argued that a quicker transition to electric vehicles could lead to a sizable loss of jobs unless carefully managed. In addition,	N/A*	Climate	Significant Vote Category 2 ('SV2'): Shareholder and Environmental & Social (E&S) Resolutions • Votes on shareholder E&S proposals where we have engaged with the proponent or company on the resolution • Votes on management-presented E&S proposals • Focus on shareholder proposals where we have voted contrary to management recommendations

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (CONTINUED)

Fund	Portion of the fund (%)	Company	Date of vote	Resolution	How the Manager voted	Rationale of Manager vote	Final outcome following the vote	Significant Vote Theme	Why Vote is Significant
						not all countries and consumers can adopt electric vehicles that quickly, and the elimination of choice for consumers could have an impact, including on consumers' livelihoods. This has a social impact and highlights the importance of ensuring a just transition. Abrdn encourage Toyota to improve its lobbying disclosure to align with best practice. Abrdn have abstained on this vote to encourage improvement while acknowledging that amendment of the articles is not the most appropriate means of delivering this.			

Source: Standard Life as at 31 December 2023.
*Standard Life did not provide the outcome of significant votes in the PLSA report.

CHAIR’S ANNUAL STATEMENT REGARDING DC GOVERNANCE: 1 JANUARY 2023 - 31 DECEMBER 2023

This statement is produced pursuant to Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996, as amended by subsequent legislation. It explains how the Wellcome Trust Pension Plan (“the Plan”) is meeting the governance standards that apply to occupational pension schemes that provide money purchase benefits (i.e. Defined Contribution (DC) schemes).

The Plan is a Defined Benefit (DB) plan which provides Additional Voluntary Contributions (AVCs) on a money purchase basis and historically, from time to time, at the request of the employer with the agreement of the individual member, it granted money purchase benefits on severance which are facilitated via the AVC arrangement, currently with Standard Life. Whilst these money purchase benefits (“DC augmentations”) are invested and treated as AVCs, these benefits are technically regarded as money purchase benefits as defined in Section 181(1) of the Pension Schemes Act 1993.

The DC augmentations derive from contributions relating to 19 members as at 31 December 2023. These money purchase benefits are invested in the AVC arrangement of the Plan. The DC augmentation funds are invested with Standard Life. The arrangement has been segregated by Standard Life as a stand-alone DC section for ease of reporting and to reflect that the contributions are not technically AVCs.

Default arrangement

Members of the Plan who have money purchase benefits which derive from individual benefit augmentations and who do not make an explicit choice regarding the investment of their funds will be invested in the default strategy arrangement chosen by the Trustee with the advice of its Investment Consultant.

The default arrangement is the Standard Life At Retirement (Multi Asset Universal) Pension Fund which invests in actively managed underlying funds, which hold a range of different asset classes. The default strategy has the following objectives;

- To have a flexible approach aiming for “stay invested” approach
- To be appropriate for members who are undecided on how to use their savings or who want to take a flexible income
- To achieve moderate growth in a fund with relatively low volatility until such a time as the member is ready to make decisions on how to use their savings

In determining the investment strategy for the default for the year to 31 December 2023, the Trustee with the help of its Investment Advisor wrote to the final remaining member of the Default strategy on 15th September 2023 to make them aware of their investment strategy risk profile and to explain that alternative funds were available on the platform that may provide better risk adjusted returns given the member’s term to retirement. As part of this, the Trustee considered the trade-off between risk and expected returns when establishing the balance between different kinds of investments.

The Trustee will continue to review the default annually, and at least triennially, or after significant changes to the Plan’s demographic or membership behaviour.

The default arrangement is described in further detail in the Plan’s Statement of Investment Principles (SIP). It was agreed in June 2023 that the SIP would be updated following implementation of the first phase of the DB Section ESG portfolio restructure in Q1 2023, and was finalised in the 21 June ISC meeting. The SIP was further amended following the second phase of the implementation of the DB Section ESG portfolio restructure, and finalised following discussion at the 21 June 2023 Trustee meeting. A copy of this SIP is appended to this Chair’s statement. The SIP will be reviewed a minimum of every three years (i.e. next review due by June 2026) or as soon as any significant developments in investment policy or member demographics take place.

The Trustee monitors the performance of the Plan’s investments annually and receives performance reports from its investment manager. The Trustee is satisfied with the investment performance over the period covered by this statement and believes the Plan’s investment strategy remains consistent with its aims and objectives.

CHAIR'S ANNUAL STATEMENT REGARDING DC GOVERNANCE: 1 JANUARY 2023 - 31 DECEMBER 2023 (CONTINUED)

The Trustee has set up processes to publish relevant information on the default arrangement online at the following URL: https://wellcome.org/news-and-reports/reports and will notify members about this in their annual benefit statements.

Default Asset Allocation

To comply with the new Occupational Pension Schemes (Administration, Investment, Charges and Governance) and Pensions Dashboards (Amendment) Regulations 2023 ("the 2023 Regulations"), the Trustee is now required to disclose the full asset allocation of the default investment arrangement.

The table below details the asset allocation of the default investment option, the Standard Life At Retirement (Multi Asset Universal) Pension Fund, as at 31/12/23.

Asset Class	% allocation
Cash	0.72
Corporate bonds	44.23
Government bonds	5.28
Other bonds	16.20
Listed Equity	32.34
Private Equity	0.00
Venture Capital	0.00
Buyout funds	0.00
Property	1.18
Infrastructure	0.00
Private Debt	0.00
Other	0.00
TOTAL	99.95*

Source: Standard Life
*The total does not sum to 100 due to rounding.

Processing Plan transactions

The Trustee has a specific duty to ensure that core financial transactions relating to the Plan are processed promptly and accurately. These include transfer of member assets into and out of the Plan, switches between different investments within the Plan and payments to and in respect of members.

These transactions are undertaken on the Trustee's behalf by the Plan administrator, Aptia, and its investment manager, Standard Life Investments. The Trustee periodically reviews the processes and controls implemented by those organisations, and consider them to be suitably designed to achieve these objectives. The Trustee has a service level agreement (SLA) in place with the Plan administrator which covers the accuracy and timeliness of all core transactions and receives regular reports to monitor the performance against those service levels. The processes adopted by the Plan administrator to help meet the SLA include a central financial control team separate to the administration team, daily monitoring of bank accounts and "four eyes" checking of investment and banking transactions. During the period covered by this statement, 99% of work was completed within the agreed service levels. These service level standards are noted in the table below.

CHAIR'S ANNUAL STATEMENT REGARDING DC GOVERNANCE: 1 JANUARY 2023 - 31 DECEMBER 2023 (CONTINUED)

Work Type	Service Standard
Benefit Quotation	10 Working Days
Benefit Payments	5 Working Days
Death Benefit Quotation	1 Working Day
General Member Correspondence	10 Working Days
Invoice Payment	20 Working Days
Investment / Disinvestment Request	5 Working Days
Member Updates	5 Working Days
NICO Enquires	20 Working Days
Scheme Event Work	As agreed with the Trustees

The Trustee continues to monitor performance against the SLA on quarterly basis and receives an annual Assurance Report on Internal Controls (AAF 01/06) from Mercer (Aptia from 1 January 2024). These reports focus on administration and the controls and processes that are in place to ensure member data is secure and processed in a timely manner.

In light of the above, the Trustee considers that the requirements for processing core financial transactions specified in the Administration Regulations (The Occupational Pension Schemes (Scheme Administration) Regulations 1996) are being met.

Charges and transaction costs – default arrangement and additional funds

The law requires the Trustee to disclose the charges and transactions costs borne by DC scheme members and to assess the extent to which those charges and costs represent good value for money for members. These transaction costs are not limited to the ongoing charges on member funds, but should also include trading costs incurred within such funds. We have taken account of statutory guidance when preparing this section of the report.

Transaction costs have been provided by the Plan's investment manager and they are calculated using the "slippage" methodology. That is, the transaction costs represent the difference between the expected trading price of a security within a fund and the price at which the trade is actually executed at (as typically a trade is executed a few working days after an order is placed). Therefore, in a buy order, for example, if the execution price is less than the expected price, a transaction cost may be negative.

Details of the Total Expense Ratios (TERs) payable as well as the transaction costs are as follows:

Default Strategy	**TER (% p.a.)***	**Transaction Cost (% p.a.)**
Standard Life At Retirement (Multi Asset Universal) Pension Fund	0.64	0.199

Source: Standard Life. Total Expense Ratios and Transaction Costs are for the 12 months to 31 December 2023.

The TER is lower than the maximum allowed of 0.75% for default arrangements. It is not a requirement to assess transaction costs against this cap. There is currently no agreed framework for assessing transaction costs and these transaction costs should be viewed in conjunction with overall performance, as well as individual fund characteristics.

The 0.75% fee cap on the TER only applies to the default arrangement (if used as a default for auto-enrolment purposes), hence some of the self-select funds above exceed this amount.

CHAIR'S ANNUAL STATEMENT REGARDING DC GOVERNANCE: 1 JANUARY 2023 - 31 DECEMBER 2023 (CONTINUED)

Self-Select Funds

The Trustee also makes available a range of funds that may be chosen by members as an alternative to the default arrangement and/or as additional contributions (AVCs) to boost Defined Benefit section benefits. The AVC arrangements are reviewed at the same time as the main Plan benefits. The facilities are provided via Standard Life.

These funds allow members to take a more tailored approach to managing their own pension investments and attract annual charges and transaction costs as follows:

Fund	TER (% p.a.)	Transaction Cost (% p.a.)
SL Sustainable Multi Asset (PP) Pension Fund	0.59	0.060
SL abrdn MyFolio Market II Pension Fund	0.61	0.081
Standard Life Future Advantage 1 Pension Fund*	0.60	0.182
Standard Life Deposit and Treasury Pension Fund	0.61	0.076
SL abrdn MyFolio Managed II Pension Fund	0.95	0.247
Standard Life Managed Pension Fund	0.62	0.153
Standard Life North American Equity Pension Fund	0.61	0.079
SL Baillie Gifford Managed Pension Fund	0.91	0.180
SL Vanguard FTSE Developed World ex UK Pension Fund	0.62	0.001
SL At Retirement (Passive Core Universal) Pension Fund	0.57	0.083
Standard Life Future Advantage 2 Pension Fund*	0.60	0.143
SL Vanguard Emerging Markets Stock Index Pension Fund	0.82	0.123
SL JP Morgan Natural Resources Pension Fund	1.33	0.627
SL Sustainable Multi Asset At Retirement (PP Universal) Pension Fund	0.60	0.147
SL BlackRock Overseas Equity Pension Fund	0.63	0.036
Standard Life International Equity Pension Fund	0.62	0.108
SL Vanguard US Equity Pension Fund	0.62	0.002
SL Schroder Life Intermediated Diversified Growth Pension Fund	1.21	0.413
Standard Life Far East Equity Pension Fund	0.67	0.036
SL iShares North American Equity Index Pension Fund	0.61	0.004
Standard Life Pre-Retirement (MyFolio Managed Universal) Pension Fund	0.93	0.247
Standard Life Overseas Equity Pension Fund	0.61	0.216
Standard Life Annuity Targeting Pension Fund	0.61	0.176
SL Vanguard FTSE Developed Europe ex UK Pension Fund	0.62	0.088
SL iShares Pacific ex Japan Equity Index Pension Fund	0.63	0.099
SL Vanguard FTSE UK All Share Index Pension Fund	0.62	0.085
SL abrdn Global Smaller Companies Pension Fund	1.41	0.089
Standard Life Multi Asset Mgd (20-60% Shares) Pension Fund	0.62	0.148
Standard Life Sustainable Multi-Asset At Retirement AP Universal Pension Fund	0.61	0.192

Source: Standard Life. Total Expense Ratios and Transaction Costs are for the 12 months to 31 December 2023.
*Formerly Standard Life Sustainable Focus 1 & 2 respectively

CHAIR'S ANNUAL STATEMENT REGARDING DC GOVERNANCE: 1 JANUARY 2023 - 31 DECEMBER 2023 (CONTINUED)

The Trustee is comfortable that the costs for the default arrangement and self-select funds are reasonable both in terms of the outcomes the funds are targeting and the fees in the wider market applicable to similar investment strategies.

Cumulative effect of charges

Using the charges and transaction cost data provided by Standard Life, and in accordance with regulation 23(1)(ca) of the Administration Regulations, the Trustee has prepared illustrations detailing the impact of the costs and charges typically paid by a member of the Plan on their retirement savings pot. The statutory guidance has been considered when providing these examples.

In order to represent the range of funds available to members, we are required to show the effect on a member's savings of investment on the following (with the DC section's relevant funds/strategies listed in brackets):

- The default investment strategy (*Standard Life At Retirement (Multi Asset Universal) Pension Fund*)
- The most expensive fund (*SL JP Morgan Natural Resources Pension Fund*)
- The least expensive fund (*SL iShares North American Equity Index Pension Fund*)

We have taken account of statutory guidance when preparing this section of the report.

The compounding effect of charges on a member's fund can be illustrated as follows:

"Average" member illustrations*						
	Standard Life At Retirement (Multi Asset Universal) Pension Fund *(the default option)*		SL JP Morgan Natural Resources Pension Fund *(the most expensive fund)*		SL iShares North American Equity Index Pension Fund (least expensive fund)	
Years from now	Before Charges	After Charges and costs deducted	Before Charges	After Charges and costs deducted	Before Charges	After Charges and costs deducted
1	£24,352	£24,146	£24,574	£24,094	£24,426	£24,270
2	£25,257	£24,831	£25,718	£24,725	£25,410	£25,087
3	£26,195	£25,536	£26,916	£25,372	£26,434	£25,931
4	£27,168	£26,261	£28,170	£26,036	£27,499	£26,804
5 (Retirement)	£28,177	£27,006	£29,482	£26,717	£28,608	£27,706

CHAIR'S ANNUAL STATEMENT REGARDING DC GOVERNANCE: 1 JANUARY 2023 - 31 DECEMBER 2023 (CONTINUED)

"Young" member illustrations*						
	Standard Life At Retirement (Multi Asset Universal) Pension Fund *(the default option)*		**SL JP Morgan Natural Resources Pension Fund** *(the most expensive fund)*		**SL iShares North American Equity Index Pension Fund** **(least expensive fund)**	
Years from now	**Before Charges**	**After Charges and costs deducted**	**Before Charges**	**After Charges and costs deducted**	**Before Charges**	**After Charges and costs deducted**
1	£23,574	£23,375	£23,789	£23,325	£23,646	£23,495
5	£27,277	£26,143	£28,540	£25,864	£27,694	£26,821
10	£32,734	£30,069	£35,836	£29,430	£33,742	£31,649
15	£39,282	£34,584	£44,996	£33,487	£41,110	£37,346
20	£47,140	£39,778	£56,498	£38,104	£50,088	£44,068
24 (Retirement)	£54,544	£44,488	£67,783	£42,252	£58,662	£50,307

Assumptions

The above illustrations have been produced for an "average" member of the Plan based on the Plan's membership data. Illustrations have also been done for a "young" member of the Plan using different assumptions. Each individual fund illustrations assume 100% of the member's assets are invested in that fund up to Plan retirement age. The results are presented in real terms, i.e. in today's money, to help members have a better understanding of what their pension pot could buy in today's terms, should they invest in the funds above as shown.

Age • "Average" member • "Young" member	 60 *(the median age of the Plan's membership)* 41 *(the youngest member)*
Plan Retirement Age	65
Starting Pot Size • "Average" member • "Young" member	 £23,480 *(the median pot size of the Plan's membership)* £22,730 *(the median pot size of the youngest 10% of Plan members)*
Inflation	2.5% p.a.
Expected future nominal returns on investment:* • Standard Life At Retirement (Multi Asset Universal) Pension Fund • Aegon Socially Responsible Equity Fund • SL iShares North American Equity Index Pension Fund	 3.5% above inflation 4.0% above inflation 4.0% above inflation

** At the time of signing, the latest SMPI rates and assumptions from Standard Life were not available. The Trustee is comfortable that the SMPI information outstanding has no bearing on the principal conclusions of this Chair's Statement.*

CHAIR'S ANNUAL STATEMENT REGARDING DC GOVERNANCE: 1 JANUARY 2023 - 31 DECEMBER 2023 (CONTINUED)

Net return on Investments

From 1 October 2021, the Trustee is required to calculate and state the return on investments from their default and self-select funds, net of transaction costs and charges. This information must be recorded in the annual chair's statement and published on a publicly accessible website.

The tables below show performance, net of all charges and transaction costs, of all funds available to members during the Plan year.

Standard Life At Retirement (Multi Asset Universal) Pension Fund	**Annualised net returns to 31 of December 2023 (%)**				
Age of member	**1 year**	**5 years**	**10 years**	**15 years**	**20 years**
25, 45 & 55	8.0	3.5	4.2	4.3	4.7

Source: Standard Life.

Performance shown net of all charges and transaction costs. There is no lifestyling in the default investment strategy, so performance is the same for members of all ages.

Self-select fund	**Annualised net returns to 31 of December 2023 (%)**				
	1 year	**5 years**	**10 years**	**15 years**	**20 years**
Standard Life At Retirement (Multi Asset Universal) Pension Fund	8.0	3.5	4.2	4.3	4.7
SL Sustainable Multi Asset (PP) Pension Fund	11.7	5.2	5.0	N/A	N/A
SL abrdn MyFolio Market II Pension Fund	7.0	2.9	3.8	N/A	N/A
Standard Life Future Advantage 1 Pension Fund*	7.0	N/A	N/A	N/A	N/A
Standard Life Deposit and Treasury Pension Fund	4.1	0.8	0.3	0.2	N/A
SL abrdn MyFolio Managed II Pension Fund	5.9	2.3	3.0	N/A	N/A
Standard Life Managed Pension Fund	6.9	5.7	5.2	7.2	6.7
Standard Life North American Equity Pension Fund	14.0	14.9	13.6	14.0	10.5
SL Baillie Gifford Managed Pension Fund	10.2	12.9	11.6	N/A	N/A
SL Vanguard FTSE Developed World ex UK Pension Fund	17.6	12.9	11.6	N/A	N/A
SL At Retirement (Passive Core Universal) Pension Fund	8.4	N/A	N/A	N/A	N/A
Standard Life Future Advantage 2 Pension Fund*	9.4	N/A	N/A	N/A	N/A
SL Vanguard Emerging Markets Stock Index Pension Fund	2.2	2.7	4.4	N/A	N/A
SL JP Morgan Natural Resources Pension Fund	-4.3	11.5	5.4	N/A	N/A
SL Sustainable Multi Asset At Retirement (PP Universal) Pension Fund	9.2	3.2	N/A	N/A	N/A
SL BlackRock Overseas Equity Pension Fund	16.9	12.6	N/A	N/A	N/A
Standard Life International Equity Pension Fund	10.1	10.3	8.91	10.4	8.9

CHAIR'S ANNUAL STATEMENT REGARDING DC GOVERNANCE: 1 JANUARY 2023 - 31 DECEMBER 2023 (CONTINUED)

SL Vanguard US Equity Pension Fund	19.3	15.1	14.4	N/A	N/A
SL Schroder Life Intermediated Diversified Growth Pension Fund	3.9	2.8	2.4	4.9	N/A
Standard Life Far East Equity Pension Fund	5.9	5.3	6.5	8.6	7.6
SL iShares North American Equity Index Pension Fund	18.6	14.7	13.6	N/A	N/A
Standard Life Pre-Retirement (MyFolio Managed Universal) Pension Fund	5.9	2.3	N/A	N/A	N/A
Standard Life Overseas Equity Pension Fund	10.9	11.5	9.1	11.1	N/A
Standard Life Annuity Targeting Pension Fund	4.1	-3.5	1.0	2.2	3.2
SL Vanguard FTSE Developed Europe ex UK Pension Fund	14.7	9.8	7.5	N/A	N/A
SL iShares Pacific ex Japan Equity Index Pension Fund	7.3	7.7	7.4	N/A	N/A
SL Vanguard FTSE UK All Share Index Pension Fund	7.2	5.9	4.6	N/A	N/A
SL abrdn Global Smaller Companies Pension Fund	6.4	6.1	-	-	-
Standard Life Multi Asset Mgd (20-60% Shares) Pension Fund	5.1	3.1	-	-	-
Standard Life Sustainable Multi-Asset At Retirement AP Universal Pension Fund	8.5	3.1	-	-	-

Source: Standard Life

** Fund returns noted as "n/a" indicate where fund performance is not available for the specified performance period. This is typically as a result of the fund launching during the specified performance period.*

- denotes information not received at time of writing.

Value for members

The Trustee monitors value for members on an ongoing annual basis and has a good understanding of the membership demographics of the Plan.

The Trustee carried out a formal value for members assessment for the 12-month period covered by this statement. The VFM assessment considered performance, charges and wider member features such as Plan governance and management, administration and communications. The statutory requirement is to focus only on charges and costs borne by members.

From an investment perspective, charges are relatively expensive compared to peers (with a few exceptions). Most passively managed funds have delivered performance in line with the benchmark, however the actively managed funds have generally underperformed in the context of challenging market conditions over recent years. The Trustee will continue to monitor manager performance. The Trustee believes wider features of the Plan also contribute towards delivering good value and believes the Plan provides good value when assessed against governance, management and communications features including online access and member tools.

Our overall conclusion is that the Plan has provided poor value for members over the year against the areas assessed. However, the Trustee recognises the specific nature of the arrangement to provide augmented benefits as part of a member's severance package whilst retaining the link with the main Plan benefits and the overall value this is deemed to provide to a member. The Trustee will continue to monitor manager performance and continue to assess value for members on an annual basis. The Trustee has set up processes to publish relevant information on the costs and charges of the default arrangement and self-select funds online and notifies members about this in their annual benefit statements.

The Trustee has set up processes to publish relevant information on the costs and charges of the default arrangement and self-select funds online and notifies members about this in their annual benefit statements.

CHAIR'S ANNUAL STATEMENT REGARDING DC GOVERNANCE: 1 JANUARY 2023 - 31 DECEMBER 2023 (CONTINUED)

Trustee's knowledge and understanding

The Trustee takes the Trustee Knowledge and Understanding requirements set out in sections 247 and 248 of the Pensions Act 2004 seriously. The sections of the Pensions Act set out the requirement for Trustee to have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of Plan assets and other matters to enable them to exercise their functions as Trustee Directors properly. This requirement is underpinned by guidance in the Pension Regulator's Codes of Practice 07 and 13 which the Trustee adheres to and is described below.

The Trustee has put in place arrangements for ensuring that each Trustee Director takes personal responsibility for keeping themselves up-to-date with relevant developments. In addition, at each quarterly trustee meeting current issues are noted with an opportunity to discuss key developments. Furthermore, specific items that may need a decision are considered and discussed, with the Trustee taking legal advice where necessary.

The Trustee Directors' training needs are considered regularly. Training is made available to individual Trustee Directors or to the Trustee body as appropriate. Mercer provides regular trustee training, with a detailed training log kept to support the Trustee Directors in complying with the standards set out by the Regulator. Trustee Directors also receive and attend training provided by external parties. In addition, the Trustee conducts an annual review of its effectiveness which includes a review of training and development needs.

New Trustee Directors are required to complete the Pensions Regulator's online training modules within 6 months of being appointed.

During the year, the members of the Trustee board undertook various training in pension related matters, including the following:

- New regulatory funding approach training - 15 March 2023
- GMP equalisation training - 24 February 2023
- Cyber security (Marsh (Mercer's sister company)) – December 2023
- Diversity and Inclusion & ESG (Wellcome's CEDI lead) – December 2023
- End game options - Buy-in/Buy-out (Mercer Investments) – December 2023

The Trustee considers updates to the Plan's Trust Deed and Rules as required. Legal advice was received in connection with the 2022 closure of the Plan to future accrual. All Rules updates are considered in conjunction with the Trustee's legal adviser.

Further, a number of policies adopted by the Trustee relating to the administration of the Plan generally are reviewed at regular intervals and therefore the Trustee is familiar with these.

Following review of the SIP in June 2022 (and also in June 2023), the Trustee Board is conversant with the SIP and have a good knowledge and understanding of the principles relating to the investment of Plan assets.

Taking account of actions taken individually and as a Trustee body, and the professional advice available to us, as well as the support of the Employer, the Trustee considers that it is enabled properly to exercise its functions as Trustee of the Plan.

CHAIR'S ANNUAL STATEMENT REGARDING DC GOVERNANCE: 1 JANUARY 2023 - 31 DECEMBER 2023 (CONTINUED)

In particular:

- at least two of the Trustee Directors have the relevant financial knowledge and experience to enable the Trustee to comply with its duties in relation to investment of the Plan's assets and one of the Independent Trustee Directors was formerly the Head of Investment Risk at Wellcome Trust;
- the remaining Trustee Directors have backgrounds enabling them to understand the demographics and the needs of the Plan members.
- In addition to the training detailed above, as a professional Trustee, Michele Hirons-Wood meets an even higher standard of knowledge and understanding than would be required from a lay trustee.

Given the extent of the above, the Trustee is therefore satisfied that the Trustee Directors have demonstrated a working knowledge of the Plan's Trust Deed and Rules, Statement of Investment Principles and all other documents setting out the Trustee's current policies. The Trustee is supported on technical matters by professional advisers where required and this includes attendance of professional advisers at relevant Trustee meetings. Further, the relevant skills and experience of those advisors is a key criterion when evaluating advisor performance or selecting new advisors.

This statement has been prepared in accordance with Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 as amended by the Occupational Pension Schemes (Charges and Governance) 2015. The Chair's statement regarding DC governance was approved by the Trustee and signed on their behalf by:

DocuSigned by:
M Hirons Wood
5199ECF6DCED481...

Ms M Hirons-Wood

Chair of the Trustee Board

Date: 27 June 2024

APPENDIX 1

STATEMENT OF INVESTMENT PRINCIPLES
DECEMBER 2023

The Wellcome Trust Pension Plan

Written Statement of Investment Principles

December 2023

1. Background

1.1. The purpose of this Statement of Investment Principles ("SIP") is to set out the policy of the Directors of the Wellcome Trust Pensions Trustee Limited ("the Trustee") in capacity as Trustee for the Wellcome Trust Pension Plan ("the Plan") on various matters in connection with the investment of the assets of the Plan. This SIP is designed to meet the requirements of Section 35 of the Pensions Act 1995, and the 1999 Amending Regulations to the Pensions Act.

1.2. This SIP has been formulated after obtaining written professional advice from Mercer Limited ("Mercer") as Investment Advisers to the Plan.

1.3. The Employer, the Wellcome Trust, has been consulted on the SIP.

1.4. The appointed investment manager is required to exercise their powers of investment with a view to giving effect to the principles contained in this SIP, so far as reasonably practicable. The appointed investment manager will be provided with a copy of this SIP and kept informed of any changes.

1.5. The Trustee notes that in March 2017 the Pensions Regulator released 'Investment Guidance for Pension Schemes'. The Trustee is satisfied that the investment approach adopted by the Plan is consistent with the guidance, so far as it is appropriate to the Plan's circumstances. The Trustee meets with its investment adviser periodically and monitors developments both in relation to the Plan's circumstances and evolving guidance and will revise the Plan's investment approach if considered appropriate.

2. Investment strategy

2.1. After consultation between the Trustee, the Investment Sub-Committee and the Wellcome Trust, it has been agreed that the Plan will invest 100% in equities.

2.2. Given this investment strategy, the Wellcome Trust has offered a firm commitment to the Trustee to support the Plan financially, which has been evidenced in writing.

2.3. The broad split of the Plan's assets in the Phase 1 de-risking investment strategy is as follows:

- 30% in Global Developed Market equities;
- 26% in Gilts – All Stocks;
- 34% in Index-Linked Gilts – All Stocks; and
- 10% in Cash.

2.4. Initially, after a review by the Investment Sub-Committee with the assistance of their advisers and after consultation with the Wellcome Trust, the Trustee has developed and implemented a framework to switch the assets in the Global Developed Market equities between currency hedged and unhedged share classes of the same fund. The Trustee hedges the Plan's developed market equity exposure back to Sterling when GBP falls significantly below purchasing power parity ("PPP") on a trade weighted basis and will reverse that hedge if and when, in the opinion of the Trustee, GBP rises significantly above purchasing power parity ("PPP").

2.5. Furthermore, after a further review and consultation with the Wellcome Trust, the Trustee agreed to switch exposure between the Legal & General FTSE World Developed Equity Index Fund – GBP Hedged to the Legal & General FTSE World Developed (ex Tobacco) Equity Index Fund– GBP Hedged / Unhedged. The ex-tobacco fund aims to track the performance of a customised index; comprising the FTSE World Developed Equity Index excluding companies classified as 'Tobacco' under the industry classification benchmark classifications. The objective of the Fund is to hold a portfolio of securities designed to match the return of the index within a specified tolerance.

2.6. In 2022, the Trustee took investment advice from Mercer and consulted with the employer before deciding to switch from LGIM's Developed Markets (ex Tobacco) passive equity pooled fund to the LGIM Futures World (ex Tobacco) strategy for developed markets, see also section 11 and Appendix 3 below. The Sterling hedging position for the Plan will be managed by requesting the manager to change the Sterling hedged/unhedged ration within this Futures World "fund of two" strategy. The Trustee took careful cognisance of the estimated transition costs, modest increase in investment management costs and the stability of organisational and operational arrangements, before making the decision. This was implemented in February 2023.

2.7. In 2023, the Trustee decided to switch from LGIM's Emerging Markets passive equity pooled fund to the LGIM Futures World Emerging Markets passive equity pooled fund. The Trustee took careful cognisance of the estimated transition costs, modest increase in investment management costs and the stability of organisational and operational arrangements, before making the decision.

2.8. In November 2023, in consultation with Mercer, the Trustee decided to de-risk the investment portfolio. The de-risking process will be completed in two phases.

2.9. During the first phase, the Trustee made several changes to its investment strategy. These changes included reducing exposure to LGIM's Future World (ex Tobacco) strategy and completely divesting from LGIM's Futures World Emerging Markets passive equity pooled fund. Additionally, the Trustee initiated investments in the LGIM Sterling Liquidity Fund, LGIM UK Gilts All Stocks, and LGIM UK Index-Linked Gilts All Stocks.

2.10. The second phase of the de-risking process is expected to occur in 2024. This process will include a more prudent and detailed analysis of liabilities, thereby constructing a relevant liability benchmarking portfolio.

3. Implementation

3.1. The Trustee considered the use of both passive and active investment management when reviewing the Plan's strategy. The resultant allocation to passive management only was formed following consideration of the efficiency, liquidity and level of transaction costs likely to prevail within each market as well as the impact of the investment manager fees on future expected returns.

3.2. The Trustee has appointed Legal & General Assurance (Pensions Management) Limited ("L&G") as the investment manager of the Plan. The Plan invests in pooled funds and "funds of two" with the following benchmarks:

Fund	**Benchmark**	**Weights**
LGIM Futures World (ex Tobacco) for developed markets Fund[1]	Solactive L&G ESG Global Markets Index - GBP Hedged	30%
LGIM All Stocks Gilts Index Fund	FTSE Actuaries UK Conventional Gilts All Stocks Index	26%
LGIM All Stocks Index-Linked Gilts Index Fund	FTSE Actuaries UK Index- Linked Gilts All Stocks Index	34%
LGIM Sterling Liquidity Fund	SONIA	10%

[1] This is the fund of two to be used in the implementation of the Plan's developed markets **and** currency hedging strategy, by altering the currency hedging ratio within the fund.

3.3. All new contributions / realisations are invested / disinvested so as to move the distribution of the portfolio back towards the prevailing benchmark asset allocation and split.

3.4. No other rebalancing is carried out by the investment manager without specific instructions from the Trustee. Rebalancing will be considered when the allocation moves more than 10% from the starting allocation.

4. Policy for choosing investments

4.1. In choosing investments, the Trustee has taken into account the following factors:

- the size, credit status and commitment to the Plan of the Wellcome Trust;
- the desire to ensure that the Plan's assets and future contributions are invested in such a manner that the benefits due to members and their beneficiaries can be paid from the Plan as they arise;
- the circumstances of the Plan (including the state of maturity of the Plan, the decision to close the Plan to new accruals as of 1/7/2022, and the benefits provided);
- the degree to which the liabilities of the Plan are covered by the assets of the Plan;
- the investment characteristics of the available asset classes (including the expected return, the variability of return, and the correlation of asset classes with each other and with the liabilities);
- As the Scheme approaches fully funded status, it is prudent to derisk the portfolio and construct a low dependency investment strategy that provides greater certainty of outcome

- the belief that, in the long term, equities will outperform other available asset classes and that this time horizon is consistent with that of the Plan and the Employer; and
- the levels of investment risk.

4.2. The Trustee is a long-term investor and does not look to change the investment arrangements on a frequent basis.

4.3. The investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset classes being selected.

4.4. The Trustee look to their investment adviser for their forward-looking assessment of an investment manager's ability to deliver upon its stated objectives over a full market cycle. This view will be based on the adviser assessment of the investment manager's idea generation, portfolio construction, implementation and business management, in relation to the particular investment that the Plan invests in. The investment adviser's manager research ratings assist with due diligence and questioning managers during presentations to the Trustee. These ratings are used in decisions around selection, retention and removal of manager appointments.

5. Kinds of investments to be held

5.1. The Plan may invest in any class of asset in such proportions as the Trustee, guided by its investment advisors, consider appropriate from time to time. The Trustee has decided to invest the Plan's assets in equities through a diversified portfolio of marketable securities.

5.2. If the investment objective for a particular investment manager changes, the Trustee will review the Plan's appointment to ensure it remains appropriate and consistent with the Trustee' wider investment objectives. When the Plan invests in pooled investment vehicles, they accept that they have no ability to specify the risk profile and return targets of the manager but believe appropriate mandates can be selected to align with the overall investment strategy. When the Plan invests in "fund of two" structures, the Trustee ensures that the risk profile and return targets of those strategies are in line with those of the parallel pooled fund and believes that this results in an appropriate mandate to align with the overall investment strategy.

5.3. The investment manager in which the Plan's assets is invested does not have performance-based fees which could encourage the manager to make short term investment decisions to hit their profit targets.

5.4. The Trustee therefore considers that the method of remunerating investment fund managers is consistent with incentivising them to make decisions governed by their respective indices for their existing passive funds. Should the Trustee invest in active funds at a future date; the investment manager's decisions should be based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity. By encouraging a medium to long-term view, the Trustee believes it will in turn encourage the investment managers to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.

5.5. The Trustee accepts that they cannot influence the charging structure of the pooled funds in which the Plan is invested but is satisfied that the ad-valorem charges for the different underlying funds are clear and are consistent with each pooled fund's stated characteristics. The Trustee has negotiated ad-valorem fees for "fund of two" holdings which are commensurate with the charging structure for the parallel pooled funds. The Trustee is therefore satisfied that this the most appropriate basis for remunerating the underlying investment managers and is consistent with the Trustee policies as set out in this SIP.

5.6. In addition, the Trustee may hold insurance policies or other assets that are earmarked for the benefit of certain members.

6. The balance between different kinds of investments

6.1. The Trustee recognises the advantages of diversification between global equity markets in terms of reducing the risk that results from investment in any one particular market.

7. Expected return on investments

7.1. The Trustee is aware of the long-term performance characteristics of the asset classes considered in terms of their expected returns and the variability of those returns. Short-term volatility of returns can be tolerated.

7.2. Broadly speaking, the Trustee expects global passive equities to deliver a long run real return (over price inflation) of circa 3.5%pa in the base case, with lower real returns expected from fixed interest, index-linked gilts and cash. This is reviewed annually.

8. Risk

8.1. In assessing investment risk, the Trustee has been mindful of the Plan's:

- covenant from the Wellcome Trust.
- funding level on an On-going basis; and
- solvency level on a Discontinuance Basis.

8.2. In arriving at their benchmark, the Trustee is satisfied that they are not assuming undue risk.

8.3. Other risks that the Trustee monitors and manages are set out in Annex A.

9. Monitoring of investment adviser and managers

9.1. The Trustee continually assess and review the performance of its adviser in a qualitative way.

9.2. The investment managers are appointed by the Trustee based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and desired risk characteristics, within the desired ESG/Climate change approach (see below). The Trustee utilises the investment advisers' forward-looking manager research ratings in decisions around the selection, retention and realisation of manager appointments. These ratings are based on the investment advisers' assessment of the investment manager's idea generation, portfolio construction, implementation and business management.

9.3. The Trustee receives quarterly monitoring reports on the performance of the underlying investment managers from their investment adviser, which presents performance information over 3 months, 1 year and 3 years. The reports show the absolute performance and performance against the manager stated benchmark (over the relevant time period) on a net of fees basis. It also provides returns of market indices so that these can also be used to help inform the assessment of the underlying manager' performance.

9.4. The reporting reviews the performance of the Plan's individual funds against their benchmarks and of the Plan's assets in aggregate against the Plan's strategic benchmark. The Trustee focus is primarily on long term performance but short-term performance is also reviewed. The Trustee may review a manager's appointment if:

- There are sustained periods of underperformance or unexplained outperformance;
- There is a change in the portfolio manager;
- There is a change in the underlying objectives of the investment manager;
- There is a significant change to Mercer's rating of the manager.

9.5. Portfolio turnover costs refer to those incurred due to the buying, selling, lending or borrowing of investments. Given that the Plan invests in a range of pooled investment vehicles, the Trustee does not have an overall portfolio turnover target but reviews turnover at least annually and uses input from the investment advisor to assess the reasonableness of turnover and of associated costs. The Trustee receives MiFID II reporting from the investment managers annually, which provides this information.

10. Realisation of investments

10.1. The Plan's assets are invested in pooled vehicles, which in turn invest in securities traded on recognised exchanges. The Trustee concludes that the Plan's investments can be realised if necessary.

11. Environment, Social and Governance (ESG) and Climate change/Carbon intensity considerations (see Appendix 3 for a statement of the Trustee's core beliefs and further details)

11.1. In endeavouring to invest in the best financial interests of the beneficiaries, the Trustee has elected to invest through pooled funds. As such, it cannot directly influence the social, environmental and ethical policies and practices of the companies in which the pooled funds invest. The Trustee will therefore rely on the policies and judgement of its investment manager. The Trustee will periodically review the policies of its investment manager.

11.2. However, the Trustee must consider all factors that have the ability to impact the financial performance of the Plan's investments over the appropriate time horizon. These include, but are not limited to, environmental, social and governance (ESG) factors. The Trustee believes that companies with high ESG credentials maintain strong relationships with customers, suppliers, employees, governments, regulators, providers of capital and society as a whole. This is evidenced by a positive corporate culture, ensuring compliance with laws and regulations, the health and safety of employees, considering their impact on communities and the environment and having an appropriate governance structure.

11.3. The Trustee recognises that ESG/Climate Change factors can influence the investment performance of the Plan's investments and, therefore, it is in the members' and Plan's best long-term interests that such factors are taken into account in the investment process. Consequently, the Trustee will consider and assess the investment managers' policy and approach to ESG/Climate Change when selecting and monitoring managers. This includes the investment managers' policy on voting and engagement.

12. Stewardship

12.1. The Trustee believes that widespread adoption of good corporate governance practice will improve the quality of management and, as a consequence, is likely to increase the returns available to long term investors.

12.2. The Trustee has given the appointed investment manager full discretion when undertaking engagement activities in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. The Trustee will review the investment manager's policies and report on engagement activities on an annual basis.

12.3. The Trustee has undertaken to apply the seven principles of the UK Stewardship Code, given their responsibilities as an asset owner. A copy of the Plan's Stewardship Code statement is appended to this document and is hosted on the FRC's website

12.4. The Trustee has reviewed and accepted the investment manager's Stewardship Code statement.

13. Decision-making structure

13.1. The Plan's assets are held in trust by the Trustee, whose powers of investment are set out in the trust documentation of the Plan.

13.2. The Trustee uses sub-committees when appropriate so that decisions can be taken after appropriate consideration and with due focus. Sub-committees may have delegated power, confirmed in a terms of reference, from the Trustee to take decisions.

13.3. The investment manager appointed by the Trustee is responsible for the day to-day investment management of the Plan's assets and is authorised under the Financial Services and Markets Act 2000 to carry out such activities.

14. Fees, charges and other costs

14.1. The Trustee recognises that the provision of investment management, dealing and advisory services to the Plan results in a range of charges to be met, directly or indirectly, by deduction from the Plan's assets.

14.2. The Trustee has agreed Terms of Business with Mercer, the Plan's investment adviser, actuaries and administrators, under which charges are calculated on a time-cost basis or fixed fee basis as agreed by the Trustee.

14.3. The investment manager receives fees calculated by reference to the market value of the Plan's assets under management in each pooled fund or each "fund of two". The Trustee considers that this is the most appropriate fee structure for index tracking pooled fund or holdings in a "fund of two" investment.

14.4. Other services are or will be paid for on a time cost or fixed fee basis as agreed with by the Trustee.

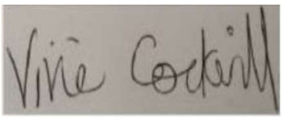
15. Review of the SIP

15.1. The Trustee will, from time to time, review the appropriateness of this SIP and will amend it as appropriate in response to any material changes to any aspects of the investment arrangements detailed above.

15.2. This SIP supersedes the SIP prepared and signed by the Trustee in June 2019, September 2020 and in June 2023.

Signed for and on behalf of

Wellcome Trust Pensions Trustee Limited in capacity as Trustee for the Wellcome Trust Pension Plan



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Date
12 December 2023
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Annex A – Investment risk measurement methods and management processes

The Trustee is aware of, and seeks to take account of a number of risks in relation to the Plan's investments, including the following:

Under the Pensions Act 2004, the Trustee is required to state their policy regarding the ways in which risks are to be measured and managed. These are set out below. However, given that the Plan is currently invested 100% in equities, it will not necessarily be exposed to all of these risks at present.

Solvency Risk and Mismatching Risk

- These are measured through a qualitative and quantitative assessment of the expected development of the assets relative to the liabilities.
- These are managed by setting a scheme-specific strategic asset allocation with an appropriate level of risk.

Manager Risk

- This is assessed as the expected deviation of the prospective risk and return, as set out in the managers' objectives, relative to the investment policy.
- It is measured by monitoring the actual deviation of returns relative to the objective and factors supporting the managers' investment process.

Liquidity Risk

- This is monitored according to the level of cashflows required by the Scheme over a specified period.
- It is managed by holding an appropriate amount of readily realisable investments. The Plan's assets are invested in pooled funds and "funds of two" which are readily realisable.
- Since the closure of the Plan to new contributions, the Plan is receiving cash dividends from its developed market equity holdings (rather than investing in accumulation units).

Political Risk

- This is measured by the level of concentration in any one market leading to the risk of adverse influence on investment values arising from political intervention.
- It is managed by regular reviews of the investments and through investing in funds which give a wide degree of diversification.

Environmental, Social and Governance Risk

- This is the risk that Environmental, Social or Corporate Governance concerns, including climate change, have a financially material impact on the return of the Plan's assets.
- The Trustee manages this risk by investing with well-respected investment managers where ESG principles are appropriately included in the investment decision-making process, see section 11 above and Appendix 3 below.

- The Trustee is aware that Responsible Investing is one of the core beliefs of the investment managers and the investment adviser. As a result, part of the rating process of the investment adviser and decision-making process of the investment managers in relation to the underlying securities held is based on its financial stewardship and how well the investment managers integrate governance and sustainability into its investment process.
- The Trustee delegates the exercise of voting rights to the managers, who exercise this right in accordance with their published corporate governance policies. Summaries of these policies are provided to the Trustee from time to time and take into account the financial and broader interests of the shareholders, which should ultimately be to the Plan's advantage.

Sponsor Risk

- This is assessed as the level of ability and degree of willingness of the sponsor to support the continuation of the Scheme and to make good any current or future deficit.
- It is managed by assessing the interaction between the Scheme and the sponsor's activities and investment portfolio, as measured by a number of factors, including the creditworthiness of the sponsor and the size of the pension liability relative to the sponsor and its portfolio. Regular updates on employer covenant are provided to the Trustee by senior staff of the Sponsoring Employer.

Legislative Risk

- This is the risk that legislative changes will require action from the Trustee so as to comply with any such changes in legislation.
- The Trustee acknowledges that this risk is unavoidable but will seek to address any required changes so as to comply with changes in legislation.

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.
- The Trustee acknowledges that the assessment of credit risk on individual debt instruments is delegated to the investment manager. The Trustee will however ensure that they are comfortable with the amount of risk that the Plan's investment manager takes.

Market Risk

- This is the risk the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of the following three types of risk

Currency Risk

- This is the risk that occurs when the price of one currency moves relative to another (reference) currency. In the context of a UK pension scheme, the scheme may be invested in overseas stocks or assets, which are either directly or indirectly linked to a currency other than Sterling. There is a risk that the price of that overseas currency will move in such a way that devalues that currency relative to Sterling, thus negatively impacting the overall investment return.
- In order to address this issue, the Trustee has implemented a currency hedging strategy, as outlined in section 3 of this report.

Interest rate and Inflation risk

- This is the risk that an investment's value will change due to a change in the level of interest rates or market implied inflation. This affects debt instruments more directly than growth instruments.
- The Trustee acknowledge that the interest rate and inflation risks related to individual debt instruments, and particularly liability driven instruments (LDI), would be managed by the underlying investment managers through a combination of strategies, such as diversification, duration and yield curve management, and hedging via swaps, particularly where LDI is involved.

Other Price risk

- This is the risk that principally arises in relation to the return seeking portfolio, which could invest in assets such as equities, equities in pooled funds, "funds of two", equity futures, hedge funds, private equity and property.
- The Trustee acknowledges that a scheme can manage its exposure to price risk by investing in a diverse portfolio across various markets.

Appendix 1 – Stewardship Code statement
The Wellcome Trust Pension Plan

UK Stewardship Code Policy Statement

This document describes how the Trustee of the Wellcome Trust Pension Plan has undertaken to apply the seven principles of the UK Stewardship Code, given their responsibilities as an asset owner.

The Trustee is satisfied that the investment Manager of the Plan's assets is also a signatory to the Stewardship Code. The Manager endorses the principles and is fully committed to them as they enhance long term value for shareholders and protect the integrity of their clients' assets.

1. Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities

The Trustee believes that widespread adoption of good corporate governance practice will improve the quality of management and, as a consequence, is likely to increase the returns available to long term investors.

The Trustee records their policy on responsible investment in the Plan's Statement of Investment Principles. The Plan's Stewardship Code statement – i.e., this document – will be appended to the Statement of Investment Principles and hosted on the FRC's website.

2. Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed

The Trustee has clear policies which address the identification, management and disclosure of conflicts of interests with the Plan, though these do not currently relate to stewardship issues, given the nature of the investment arrangements.

3. Institutional investors should monitor their investee companies

The Plan uses pooled funds and "funds of two", and as a result stewardship and voting responsibilities are delegated to the investment Manager. The Trustee regularly monitors the performance of its Manager and engages with them as part of the regular meeting cycle. The Trustee has reviewed and accepted the appointed Manager's corporate governance policy and Stewardship statement.

4. Institutional investors should establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value

As the Plan invests only in pooled funds and "funds of two", the investment Manager alone determines the activities they use to protect and enhance shareholder value in the underlying companies. The Trustee is satisfied that the investment Manager actively engages with investee companies, monitors this annually, and accepts that the way in which engagement is undertaken is dependent on the circumstances and the issues to be discussed.

5. Institutional investors should be willing to act collectively with other investors where appropriate

As the Plan invests only in pooled funds and “funds of two”, the investment Manager alone determines whether collective engagement is appropriate. The Trustee is satisfied that the Manager’s membership of the Association of British Insurers (ABI) and Corporate Governance Forum (CGF), and networks such as the Principles for Responsible Investment (PRI) and the UK Sustainable Investment and Finance (UKSIF) means that they are well positioned to collaborate with other investors on a number of issues.

6. Institutional investors should have a clear policy on voting and disclosure of voting activity

The Trustee expects the investment Manager to exercise voting rights in the best interests of the fund, or should a conflict exist, in the best interests of shareholders generally.

The Trustee relies on voting disclosures made by the investment Manager in its quarterly reports and on its website.

7. Institutional investors should report periodically on their stewardship and voting activities

The Trustee does not additionally disclose voting information to the Plan’s membership.

This statement, along with underlying policies, will be reviewed on an annual basis and updated where necessary to reflect changes in actual practice.

June 2023/reviewed December 2023

Appendix 2 – Summary of Updates

This section includes a summary of updates for each iteration of the Statement of Investment principles.

Date	Reason/Update
September 2020	Baseline
September 2021	Updated to include wording to cover that the trustees monitor LGIM's transactions costs within the funds invested. This can be found in Section 9.
June 2023	Change in the underlying strategy (section 2 and section 3) Detail information on Plan's ESG beliefs. This can be found in Appendix 3.
December 2023	Change in the underlying strategy (section 2 and section 3)

Appendix 3 – DC Section

Prior to 1 July 2022, some contributions were made on a money purchase basis and from time to time, at the request of the employer with the agreement of the individual member, it grants money purchase benefits on severance which are facilitated via the AVC arrangement, currently with Standard Life. Whilst these money purchase benefits ("DC augmentations") were invested and treated as AVCs, these benefits are technically regarded as money purchase benefit as defined in Section 181(1) of the Pension Schemes Act 1993. The DC augmentation funds are invested with Standard Life. We note that there are no new contributions, since the Plan has closed to new contributions.

1. The default investment option

Members of the Plan who had money purchase benefits which derive from individual benefit augmentations and who did not make an explicit choice regarding the investment of their funds were invested in the default strategy arrangement chosen by the Trustee with the advice of their Investment Consultant.

The default arrangement is solely the Standard Life At Retirement (Multi Asset Universal) Pension Fund which invests in actively managed underlying funds, which hold a range of different asset classes including equity, bonds, property and cash. The default strategy has the following objectives:

- To have a flexible approach aiming for "stay invested" approach
- To be appropriate for members who are undecided on how to use their savings or who want to take a flexible income
- To achieve moderate growth in a fund with relatively low volatility until such a time as the member is ready to make decisions on how to use their savings

In determining the investment strategy for the default, the Trustee has received formal written investment advice from their investment managers. The Trustee has explicitly considered the trade-off between risk and expected returns when establishing the balance between different kinds of investments.

Assets in the default investment option are invested in the best interests of members and beneficiaries. Taking into account the demographics of the Plan's membership and the Trustee's views of how the membership will behave at retirement, the Trustee believes that the current default strategy is appropriate. However, the Trustee will continue to review this over time, at least triennially, or after significant changes to the Scheme's demographic or membership behaviour.

2. Fund choices

To balance the investment needs of members, the Trustee offers a range of self-select funds alongside the default investment strategy. Members can opt out of the default strategy as they have the option to invest in self-select funds from the full range offered by Standard Life. The range of investment options cover multiple asset classes and provide appropriate strategic choices for members' different savings objectives, risk profiles and time horizons. It is to be noted that the default fund is not an ESG fund unlike the DB investments.

3. Policy for choosing investments

3.1 The Trustee is a long-term investor and does not look to change the investment arrangements on a frequent basis.

3.2. The investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset classes being selected.

3.3. The Trustee look to their investment adviser for their forward-looking assessment of an investment manager's ability to deliver upon its stated objectives over a full market cycle. This view will be based on the adviser assessment of the investment manager's idea generation, portfolio construction, implementation and business management, in relation to the particular investment that the Plan invests in. The investment adviser's manager research ratings assist with due diligence and questioning managers during presentations to the Trustee. These ratings are used in decisions around selection, retention and removal of manager appointments.

4. Kinds of investments to be held

4.1. The Plan may invest in any class of asset in such proportions as the Trustee, guided by its investment advisors, consider appropriate from time to time.

4.2. If the investment objective for a particular investment manager change, the Trustee will review the Plan's appointment to ensure it remains appropriate and consistent with the Trustee' wider investment objectives. As the Plan invests in pooled investment vehicles, they accept that they have no ability to specify the risk profile and return targets of the manager but believe appropriate mandates can be selected to align with the overall investment strategy.

4.3. The investment manager in which the Plan's assets is invested does not have performance-based fees which could encourage the manager to make short term investment decisions to hit their profit targets.

4.4. The Trustee therefore consider that the method of remunerating investment fund managers is consistent with incentivising them to make decisions governed by their respective indices for their existing passive funds. Should the Trustee invest in active funds at a future date; the investment manager's decisions should be based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity. By encouraging a medium to long-term view, the Trustee believes it will in turn encourage the investment managers to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.

4.5. The Trustee accepts that they cannot influence the charging structure of the pooled funds in which the Plan is invested but is satisfied that the ad-valorem charges for the different underlying funds are clear and are consistent with each pooled fund's stated characteristics. The Trustee is therefore satisfied that this the most appropriate basis for remunerating the underlying investment managers and is consistent with the Trustee policies as set out in this SIP.

5. Risks

The Trustee recognise that in a defined contribution arrangement, members assume the investment risks themselves. The main types of investment risk are and how they are monitored and managed are noted below:

Type of Risk	Risk	Description	How is the risk monitored and managed?
Market Risk	Inflation Risk	The risk that a member's investments will not grow quickly enough to sufficiently outpace inflation (the cost of living).	Members are able to set their own investment allocations, in line with their risk tolerances. The default strategy is designed with the intention of diversifying these risks to reach a level of risk deemed appropriate given the objectives. This is set with the advice from the investment adviser. The Trustee acknowledges that the assessment of credit risk on individual debt instruments is the responsibility of the investment manager. The Trustee will however ensure that they are comfortable with the amount of risk that the Plan's investment managers take.
	Currency Risk	This is the risk that occurs when the price of one currency moves relative to another (reference) currency. In the context of a UK pension scheme, the scheme may be invested in overseas stocks or assets, which are either directly or indirectly linked to a currency other than Sterling. There is a risk that the price of that overseas currency will move in such a way that devalues that currency relative to Sterling, thus negatively impacting the overall investment return.	
	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.	
	Other Price Risk	This is the risk that principally arises in relation to the return seeking assets such as equities.	
Environmental and social and governance ("ESG") risks		This is the risk that ESG factors, including climate change, have a financially material impact on the return of the Plan's assets. These risk factors can have a significant effect on the long-term performance of the assets the Plan holds.	Where applicable these factors will be considered in the investment process but is considered the responsibility of the investment manager.

Pension Conversion Risk	This is the risk that member is invested in a strategy that does not reflect the way in which they intend to take their benefits at retirement.	The Trustee makes available a wide range of funds which enable members to manage this risk. The Trustee will review the default strategy at least triennially to assess whether the targeted destination remains appropriate.
Manager risk	This is assessed as the expected deviation of the prospective risk and return, as set out in the managers' objectives, relative to the investment policy.	It is measured by monitoring the actual deviation of returns relative to the objective and factors supporting the managers' investment process, and by appointing Mercer to monitor and replace (following Trustee consent) any managers where concerns exist over their continued ability to deliver the investment mandate.
Liquidity risk	The risk that the Plan's assets cannot be realised at short notice in line with member or Trustees' demand.	As far as is practicable and necessary, the Trustee invests in liquid assets that can be quickly realised as required. It is managed by investing only in readily realisable pooled funds that can be bought and sold on a daily basis.

6. Monitoring of investment adviser and managers

6.1. The Trustee continually assess and review the performance of its adviser in a qualitative way.

6.2. The Trustee monitors the performance of the Plan's investments throughout the year and receives regular performance reports from their investment manager.

6.3. The Trustee may review a manager's appointment if:

- There are sustained periods of underperformance;
- There is a change in the portfolio manager;
- There is a change in the underlying objectives of the investment manager;
- There is a significant change to Mercer's rating of the manager.

7. Portfolio turnover

The Trustee considers portfolio turnover costs as part of the annual value for members assessment and in the Chair Statement.

The Trustee is also aware of the requirement to define and monitor targeted portfolio turnover and turnover range. Given that the Plan invests in a range of pooled funds, many of which invest across a wide range of asset classes, the Trustee does not have an overall portfolio turnover target for the Plan.

Mercer receive the information required in relation to the pooled funds from LGIM on an annual basis.

8. Investment manager turnover

The Trustee is a long-term investor and is not looking to change investment arrangements on a frequent basis. All the funds are open-ended with no set end date for the arrangement. The self-select fund range and default option are reviewed on at least a triennial basis. A manager's appointment may be terminated if it is no longer considered to be optimal nor have a place in the default strategy or self-select fund range.

9. Socially responsible investment and investment rights

9.1. In endeavouring to invest in the best financial interests of the beneficiaries, the Trustee has elected to invest through pooled funds. As such, it cannot directly influence the social, environmental and ethical policies and practices of the companies in which the pooled funds invest. The Trustee will therefore rely on the policies and judgement of its investment manager. The Trustee will periodically review the policies of its investment manager.

9.2. However, the Trustee also understands that it must consider all factors that have the ability to impact the financial performance of the Plan's investments over the appropriate time horizon. These include, but are not limited to, environmental, social and governance (ESG) factors.

The Trustee recognises that ESG factors, such as climate change, can influence the investment performance of the Plan's investments and, therefore, it is in the members' and Plan's best interests that such factors are taken into account in the investment process. Consequently, the Trustee will also consider the investment adviser's assessment of how each investment manager embeds ESG into its investment process and how the manager's responsible investment philosophy aligns with the Trustee' responsible investment policy. This includes the investment managers' policy on voting and engagement. The Trustee will use this assessment in decisions around selection, retention and realisation of manager appointments.

9.3. The Trustee will review available products and approaches to ESG factors and strive for the Plan to continue to deliver strong risk adjusted returns, incorporating responsible investment principles into the process where possible.

9.4. The Trustee has received a copy of the investment manager's published corporate governance policy that explains the manager's approach to socially responsible investment and investment rights. The Trustee delegated responsibility to Mercer to receive and review Standard Life's corporate governance policy. The Trustee is satisfied with the policies as described in these documents.

9.5. The Trustee only considers factors that are expected to have a financial impact on the Plan's investments. Other non-financial considerations are not implemented in the current investment strategy.

9.6. The Trustee currently does not actively solicit member views with respect to the selection, retention and realisation of investments.

10. Stewardship

10.1. The Trustee believes that widespread adoption of good corporate governance practice will improve the quality of management and, as a consequence, is likely to increase the returns available to long term investors.

10.2. The Trustee has given the appointed investment manager full discretion when undertaking engagement activities in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. The Trustee will review the investment manager' policies and engagement activities (where applicable) on an annual basis.

10.3. The Trustee has undertaken to apply the seven principles of the UK Stewardship Code, given their responsibilities as an asset owner. A copy of the Plan's Stewardship Code statement is appended to this document and is hosted on the FRC's website

10.4. The Trustee has reviewed and accepted the investment manager's Stewardship Code statement.

Appendix 4; Environment, Social and Governance (ESG) and Climate change/Carbon intensity considerations

1. In endeavouring to invest in the best financial interests of the beneficiaries, the Trustee has elected to invest through pooled funds. As such, it cannot directly influence the social, environmental and ethical policies and practices of the companies in which the pooled funds invest. The Trustee will therefore rely on the policies and judgement of its investment manager. The Trustee will periodically review the policies of its investment manager.

   However, the Trustee must consider all factors that have the ability to impact the financial performance of the Plan's investments over the appropriate time horizon. These include, but are not limited to, environmental, social and governance (ESG) factors. The Trustee believes that companies with high ESG credentials maintain strong relationships with customers, suppliers, employees, governments, regulators, providers of capital and society as a whole. This is evidenced by a positive corporate culture, ensuring compliance with laws and regulations, the health and safety of employees, considering their impact on communities and the environment and having an appropriate governance structure. 's
   The Trustee recognises that ESG/Climate Change factors can influence the investment performance of the Plan's investments and, therefore, it is in the members' and Plan's best long-term interests that such factors are taken into account in the investment process. Consequently, the Trustee will consider and assess the investment managers' policy and approach to ESG/Climate Change when selecting and monitoring managers. This includes the investment managers' policy on voting and engagement.

   Emissions of greenhouse gases, resulting from human activity, are causing our climate to change. Net zero means achieving a balance between the greenhouse gases put into the atmosphere and those taken out.

   By reducing carbon emissions, governments, businesses and investors can protect assets from climate-related risks, ensure resilience within their business models and protect ecosystems. Businesses that do not take these environmental risks seriously put the long-term sustainability of their financial returns at stake.

   As a responsible investor, the Trustee believes there is a real opportunity to encourage and support the businesses that the Plan invests in, to decarbonise. It is believed that this will be good for them, and for the Plan's long-term investment returns and risk management.

   The plan to do this involves selecting an investment strategy in which the Plan's investment managers tilt the selection of companies towards those which are adopting a net zero strategy, whilst investing less in those which are not demonstrably moving in this direction – whilst also engaging with companies to move towards net zero.

   This is part of our overall approach to responsible investment and stewardship of our assets.

It is believed that this strategy will see the Plan's investments reach net zero by 2050 at the latest, which will be consonant with the values and approach of the corporate sponsor.

2. Statement of core beliefs; the Trustee believes the following
   - It is imperative that the selection of the investment manager and strategies for the Plan's assets reflect ESG factors in their approach to selection of investment securities and portfolio construction, to achieve the most robust risk-adjusted return outcomes at the Trustee's desired level of liquidity and transparency of oversight and ability to control.
   - Within the ESG range of considerations, the most important is Climate Change with Social and Governance considerations as joint second. This is consonant with the values and approach of Wellcome Trust.
   - The Plan aims to achieve "Net Zero by 2050" for the assets in its portfolio and has selected a strategy designed to achieve this.
   - The Plan is committed to Driving Down Carbon Emissions and will receive reporting from the manager to monitor that carbon emissions are being reduced by an average of 7%pa over the intervening period. This relies on underlying holding companies adopting science-based net zero targets.
   - Engagement versus Exclusion, except Tobacco. The Trustee supports engagement as the cornerstone of the investment management approach, rather than excluding whole sectors which is viewed as a one-dimensional tool in a complex world. Climate change is a systemic risk that will affect all sectors.
   - It is vital that investors or the selected investment manager engages for change with companies and policy makers – we have chosen an investment manager with excellent experience of this.
   - Diversification within an equity portfolio continues to be very important, hence the Trustee has chosen an ESG/Climate Change tilted strategy which is diversified across stocks, regions and sectors with a relatively low ex poste and ex ante tracking error and the Trustee will continue to review this.

3. The Trustee has reviewed available LGIM products and approaches to ESG factors which are consonant with its beliefs and values and with the beliefs and values of Wellcome Trust. LGIM is currently the investment manager for the Plan's assets and is widely recognised as being in the forefront of investment managers with respect to ESG and Responsible Investment and is rated Level 1 in this regard by Mercers. The Trustee has selected the LGIM Futures World strategy, ex Tobacco. The Trustee recognises that this strategy for Developed Markets equities (Hedged and Unhedged) will deliver returns and risks that will differ from the FTSE Developed World (ex Tobacco) Index and will monitor the extent of those differences to ensure that the selected strategy continues to have an appropriate likelihood of delivering targeted risk adjusted returns, over the medium/longer term. The Trustee recognises that a similar strategy for Emerging Markets has become available and will aim to implement this strategy in due course.

a. The Trustee has received a copy of the investment manager's published corporate governance policy that explains the manager's approach to socially responsible investment and investment rights. The Trustee is satisfied with the policies as described in these documents.

b. The Trustee notes that tobacco companies currently make up 0.5-1% of each of the FTSE Developed Markets and Emerging Markets indices. By investing the Plan's developed market equities in a fund that excludes tobacco companies, the Trustee is pursuing a policy that is consistent with the Wellcome Trust's endowment portfolio, which does not invest directly in tobacco companies, as well as Wellcome's mission to improve human and animal health globally. Other than that, the Trustee expects the investment managers to apply their ESG/Climate Change framework to score and then invest in individual companies and the Trustee will not exclude any other economic sectors or companies outright. However, the Trustee expects that the investment managers will sell positions or reject investments in companies that do not meet the required standards of corporate responsibility and/or are not meeting their carbon intensity/climate change targets within the agreed time scale. The Trustee monitors LGIM's product in respect to the above policy.

c. The Trustee will receive at least annual reports from the investment managers on the progress towards net zero and the progress on reducing the carbon intensity of the portfolio and will include a summary of progress in its reports to members.