

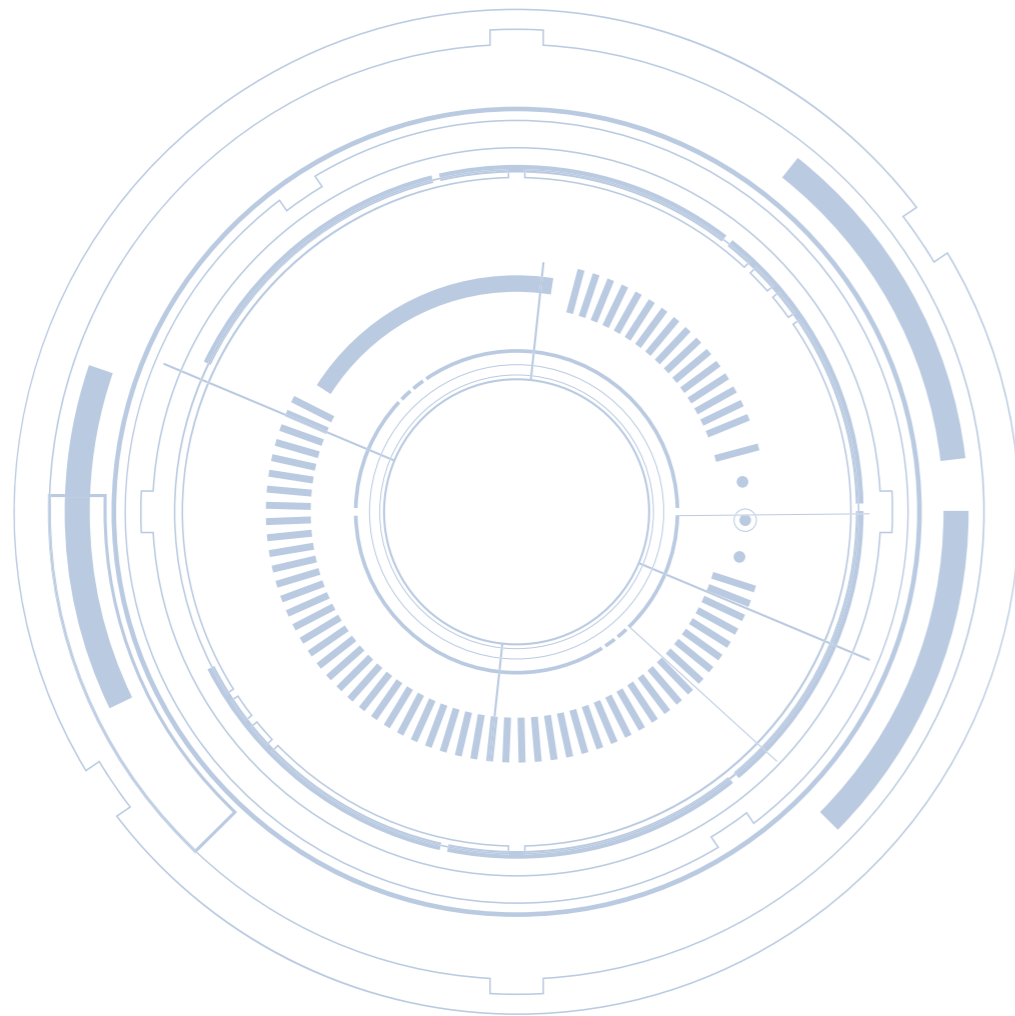
PENSION FUND

**Annual Report and Financial Statements
for the year ended 31 December 2025**



Pension Fund
Caisse de pensions

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The Financial Statements included in this Report are published in accordance with International Public Sector Accounting Standards (IPSAS) and the Rules and Regulations of the Pension Fund.

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INTRODUCTION FROM THE CHAIR

THE PURPOSE OF THE FUND IS TO INSURE ITS MEMBERS AND THEIR FAMILIES AGAINST THE ECONOMIC CONSEQUENCES OF DISABILITY, OLD AGE AND DEATH.



As Chair of the Pension Fund Governing Board (PFGB), I am pleased to introduce the Pension Fund's Annual Report and Financial Statements for the year ended 31 December 2025. This report sets out the Fund's financial position, its key activities in support of members and beneficiaries, and a summary of investment performance over the year.

The purpose of the Fund is to insure its members and beneficiaries, and their families, against the economic consequences of disability, old age and death. This purpose guides all of the Fund's activities and decisions. In 2025, the Fund paid a total of 323 MCHF in benefits to over 3,250 beneficiaries across the world, honouring its commitments and providing financial security to beneficiaries and their families.

The year followed recent history with ongoing geopolitical and economic uncertainty, providing a challenging backdrop for the Fund's investment activities. Shifts in US trade policy following President Trump's inauguration, including broad-based tariffs, added volatility to markets and supply chains, while ongoing conflicts affected commodity prices and business investment. Despite these challenges, the Fund delivered strong results, outperforming its target rate of return. Environmental, Social and Governance (ESG) considerations continued to guide investment decisions, with further progress made in addressing climate-related risks and opportunities.

Given its importance to the Fund, the completion of the Periodic Actuarial Review was a key event in 2025. Conducted at least every three years by the Fund's Actuary, the Periodic

Actuarial Review assesses both current and projected funding ratios. The latest review, as at 1 January 2025, was presented to the CERN Council at its June session. It confirmed that, while the funding level has declined compared with the 2022 valuation, the funding plan remains credible.

Given the long-term nature of the Fund's activities, particularly the duration of its benefit obligations, projections of the funding level are inherently uncertain and should be interpreted as the midpoint of a range of possible outcomes. The funding plan indicates that full funding is expected to be achieved around 2056.

Following Council approval of a precise definition of full funding, the Statement of Funding Principles was revised to incorporate the updated funding objective. Under this definition, full funding is deemed to be achieved when the actuarial funding ratio reaches 100% and the specified fluctuation reserve has been accumulated, measured as an average over three consecutive years. This provides a clear and robust framework for determining when the goal of full funding has been reached.

Strong governance is fundamental to the Fund's sustainability and each member of the Governing Board contributes to it. During the year, Alain Delorme concluded his mandate as member of the PFGB and was succeeded by Adele Rickerby following her nomination by the ESO Staff Association. Raphaël Bello completed his mandate as CERN's Director for Finance and Human Resources and consequently his term as ex-officio member of the PFGB and Chair of the Investment Committee, and Cristina Biino

stepped down from the PFGB to assume the role of Chair of the CERN Finance Committee. At its December session, the CERN Council appointed Doris Wohlfender-Bühler as a new member of the PFGB, and Jan-Paul Brouwer joined as an ex-officio member and as a member of the Investment Committee in his capacity as CERN's Director for Finance and Human Resources, with effect from 1 January 2026. Peter Hristov stepped down from the Actuarial and Technical Committee at the end of the year.

I extend my sincere thanks to those members who concluded their mandates during the year for their commitment and valuable contributions. I also thank all members of the PFGB and its sub-committees for their engagement and sound judgement throughout the year, and the CEO and his colleagues in the PFMU for their professionalism and dedication. Together, we remain focused on ensuring the Fund's long-term sustainability and on serving the best interests of our members and beneficiaries.

Florin-Dorian Buzatu
Chair, Pension Fund Governing Board



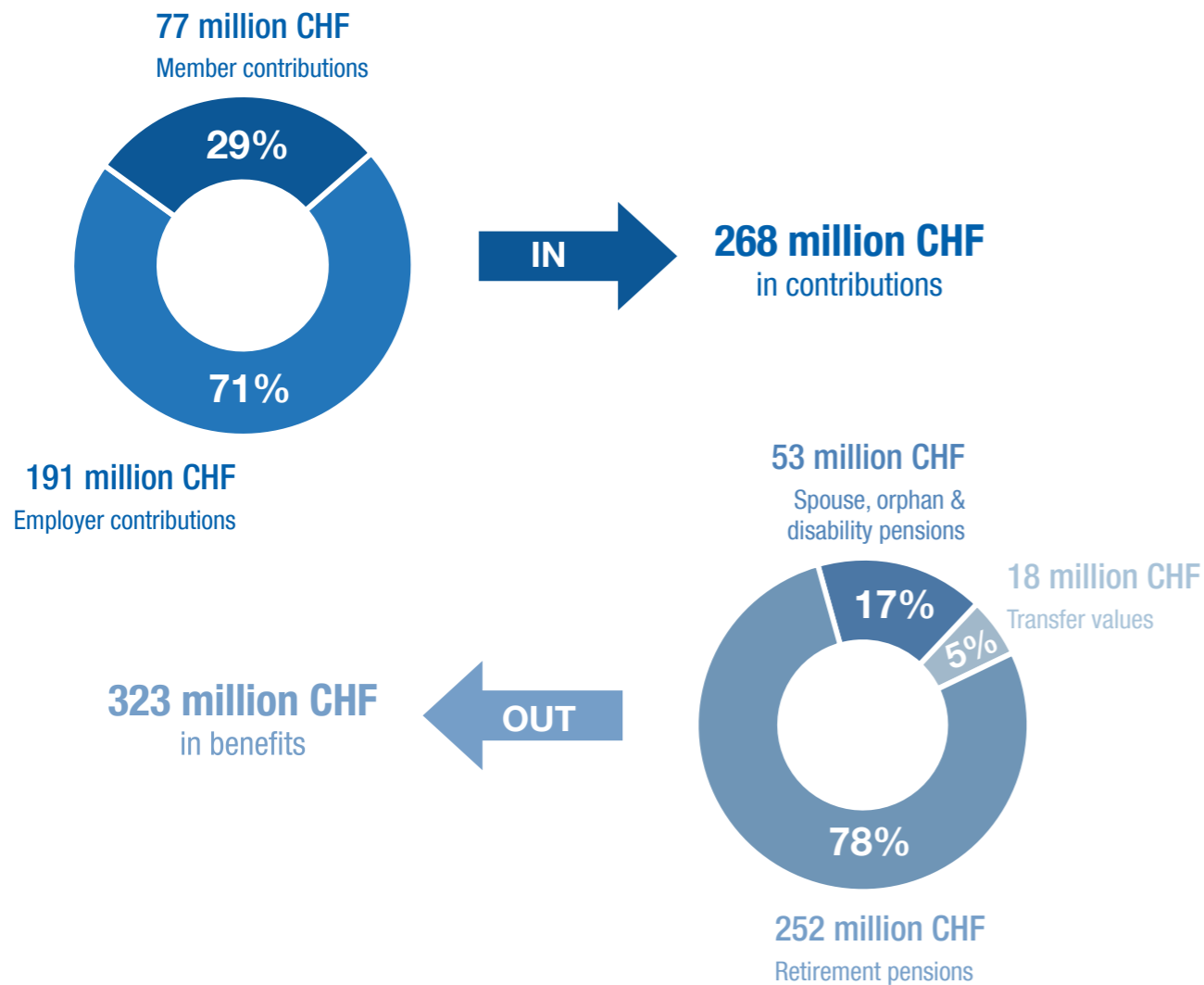
ANNUAL REPORT

2025 IN FIGURES

4 574 members
3 696 beneficiaries
 Formed in **1955**
 Welcomed **672** new members
2 Sponsor Organisations
 Supported **183** families following the death of a beneficiary, member or spouse

Net Asset Value
4 871 MCHF

"The purpose of the Fund is to insure its members and beneficiaries, as well as members of their families, against the economic consequences of disability, old age and death. (Article I 1.01)."



Country of residence of beneficiaries



Country of residence of beneficiaries > 10 beneficiaries

1 968 France	69 Austria	26 United States	12 Greece
1 055 Switzerland	60 Italy	26 Portugal	12 Belgium
203 Germany	43 Spain	21 Netherlands	
80 United Kingdom	27 Chile	14 Poland	

13 Beneficiaries aged over 100
21 Beneficiaries aged under 21
45 Countries with beneficiaries

Over 25 Million CHF paid each month
11 Current beneficiaries with benefits for more than 50 years



Members of the PFGB at CERN for their 20 February 2025 meeting.

Pension Fund Governing Board (PFGB)

Members

Please refer to page 11 for members of the PFGB

Investment Committee (IC)

Members

Raphaël Bello, Chair (until 31.12.2025)
 Vittorio Parma, Chair *ad interim* (as of 01.01.2026)
 Jan-Paul Brouwer (as of 01.01.2026)
 Georges Hübner
 Graham Jung

Actuarial and Technical Committee (ATC)

Members

Joanne Segars, Chair
 Philippe Charpentier
 Peter Hristov (until 31.12.2025)
 Jan Robinson
 Kate Yates

Chief Executive Officer (CEO)

Douglas Heron

Chief Investment Officer (CIO)

Elena Manola-Bonthond

Chief Operating Officer (COO)

Kandy Mitchell

Auditors

CERN External Auditors

Court of Auditors of Portugal,
 Lisbon, Portugal

Internal Audit

CERN Internal Audit Service

Advisers

Fund Actuary

Aon Switzerland Ltd, Nyon, Switzerland

Custodian

Northern Trust Global Services SE, Luxembourg

Main Banker

UBS SA, Nyon, Switzerland

Risk Consultant

ORTEC Finance AG, Pfäffikon, Switzerland

CERN Consulting Medical Practitioner

MEDABE SA, Monthey, Switzerland

Appointed by:

CERN Council

CERN Council

Pension Fund Governing Board



Florin-Dorian Buzatu



Ofelia Capatina



Cristina Biino
 (until 31.12.2025)



Thomas Groffmann



Raphaël Bello
 (until 31.12.2025)



Vittorio Parma



Adele Rickerby
 (as of 01.11.2025)



Philippe Charpentier



Andreas Hilka



Joanne Segars

- PFGB Chair
- ATC Chair
- ▲ Council (CERN/ESO)
- ▲ CERN and ESO Pensioners Association
- Vice Chair
- IC Chair
- ▲ CERN Ex-officio
- ▲ Staff Association (CERN/ESO)
- ▲ Professional Members

- ▲ Alain Delorme until 31.10.2025
- ▲ Jan-Paul Brouwer as of 01.01.2026
- ▲ Doris Wohlfender-Bühler as of 01.01.2026



GOVERNANCE



GOVERNANCE STRUCTURE FOR CERN PENSION FUND

- 1** The Fund is an integral part of CERN, has no separate legal personality and is under the supreme authority of the Council. The activities of the Fund are part of the official activities of CERN and benefit from privileges and immunities.
- 2** The Fund has operational autonomy within CERN and shall be managed in accordance with its Rules and Regulations. The Director-General shall have no responsibilities with respect to the management of the Fund.
- 3** The assets of the Fund shall be held separately from those of CERN and shall be used solely for the purpose of the Fund. Neither CERN nor ESO shall reclaim, borrow or impose a lien upon the assets of the Fund.
- 4** The oversight of the Fund shall be entrusted to the Governing Board, assisted and advised by the Investment Committee and Actuarial and Technical Committee. The management of the Fund shall be entrusted to the Chief Executive Officer.

CERN COUNCIL AND ITS FUNCTIONS

- Established the Pension Fund and acts as its supreme authority
- Decides on proposals from the Director-General concerning contributions paid to the Fund and the benefits provided by it
- Decides on proposal from the PFGB concerning changes to Pension Fund Rules and Regulations not relating to contributions and benefits
- Informed of the Fund's investment and operational performance and adopts measures to ensure the actuarial balance of the Fund

PENSION FUND GOVERNING BOARD (PFGB) AND ITS FUNCTIONS (ART 1 2.05)

- Informs Council of financial balance of Fund and proposes any measures needed to ensure the actuarial balance of the Fund
- Approves actuarial parameters for periodic actuarial reviews
- Approves Statement of Funding Principles, Risk Limit, Strategic Asset Allocation, Investment Guidelines and Statement of Investment Principles
- Selects the Chief Executive Officer, proposes their appointment by Council and supervises their work
- Decides on proposals from Investment Committee and Actuarial and Technical Committee
- Approves the internal control system of the Fund and the internal audit programme
- Approves the Operational Plan and Budget of the Fund
- Approves the appointment of the Actuary and the custodian of the Fund's assets
- Decides on appeals lodged against individual decisions taken by the Chief Executive Officer
- Takes any other measures related to its oversight function

Pension Fund Governing Board composition (Art 1 2.06)

Two appointed by the Council (at least one Council delegate); one appointed by ESO Council; one ex-officio from CERN Management; two appointed by CERN Staff Association; one appointed by ESO Staff Association; one appointed by ESO and CERN Pensioners Associations; two professional members.

INVESTMENT COMMITTEE AND ITS FUNCTIONS (ART 1 2.10)

- Recommends to the PFGB the Statement of Investment Principles, Investment Guidelines, Risk Limit and Strategic Asset Allocation
- Monitors the implementation of the above
- Monitors the investment performance
- Approves or recommends to the PFGB proposals from

- the CEO relating to the appointment of external service providers' involved in the asset management process
- Reports to, and acts on requests from, the Governing Board on investment activities

Investment Committee composition (Art 1 2.11)

Two members of the PFGB; two external professional experts; any additional members with relevant experience (of PFGB or external expert) as the PFGB may decide to appoint.

ACTUARIAL AND TECHNICAL COMMITTEE AND ITS FUNCTIONS (ART. 1 2.13)

- Selects and proposes the Actuary for appointment by the Governing Board
- Defines and monitors the execution of the Actuary's mandate for the preparation of the Periodic Actuarial Review
- Recommends, in agreement with the Actuary, to the Governing Board the actuarial parameters for the Periodic Actuarial Review
- Verifies the draft Periodic Actuarial Review and recommends to the Governing Board its submission to the Council
- Monitors the Fund's funding status and advises the Governing Board on any measures aimed at achieving full funding
- Examines proposed changes to the CERN/ESO Staff Rules and Regulations and to the Fund's Rules and Regulations, to determine any impact to the Fund and reports the results to the Governing Board
- Prepares and maintains a Statement of Funding Principles
- Reports to, and acts on requests from, the Governing Board on its activities

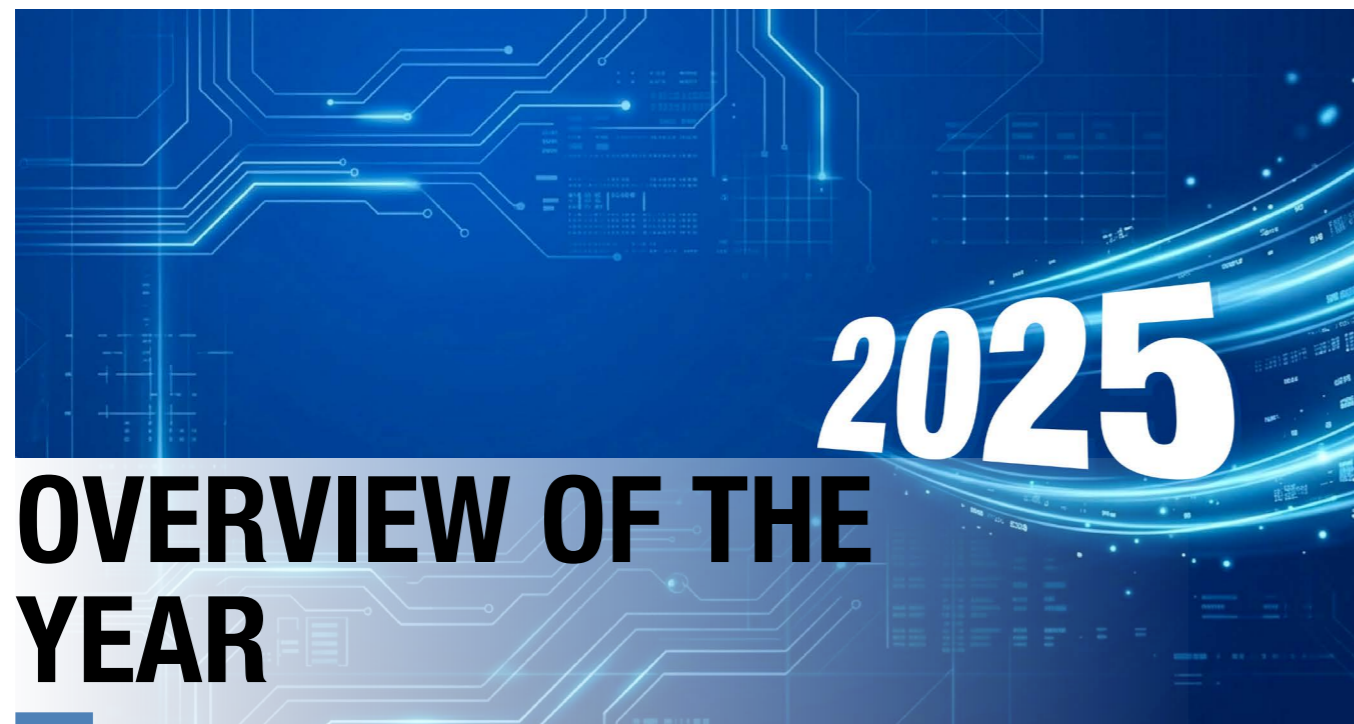
Actuarial and Technical Committee composition (Art 1 2.14)

Two members of the PFGB; two external professional experts; any additional members with relevant experience (of PFGB or external expert) as the PFGB may decide to appoint.

THE FUNCTIONS OF THE CHIEF EXECUTIVE OFFICER (ART. 1 2.08)

- Acts as the legal representative of CERN for all matters relating to the Fund
- Under oversight of the PFGB, is responsible for the management of the Fund (head of the PFMU)
- Applies and interprets the Rules and Regulations of the Fund
- Implements the decisions of the Governing Board
- Acts as Secretary to the Governing Board, Investment Committee and Actuarial and Technical Committee
- Prepares and submits to the Governing Board the Annual Report and Financial Statements of the Fund
- Appoints external service providers, defines their mandates and monitors their execution

In the event of ambiguity or any inconsistency or conflict between the information provided in this report and the Fund's Rules and Regulations, the latter will prevail.



PENSION FUND GOVERNING BOARD

The Governing Board was active throughout 2025, particularly in connection with the completion of the Fund's Periodic Actuarial Review as at 1 January 2025, on which the long-term funding plan is based. The PFGB met on five occasions in 2025 as it performed its functions and completed certain other activities. The key areas of work are summarised below.

TOPIC	ACTIVITY
Actuarial and funding matters	<ul style="list-style-type: none"> • Oversaw completion of the 2025 Periodic Actuarial Review including the drafting of an introductory document for the Council • Approved actuarial assumptions following detailed analyses of mortality, transfer value election and early retirement propensities • Considered input from the Risk Consultant following the Long-Term Asset Study, as well as insights from CERN and ESO regarding personnel policies and salary progression • Received regular updates from the Actuary on the progress and results of the review • Approved a revised Statement of Funding Principles to reflect the updated funding objective and precise definition of full funding • Noted updates from the Actuarial Technical Committee on the actuarial impact of proposed amendments to the Fund's actuarial factors and technical provisions, which remain under review
Investment and risk oversight	<ul style="list-style-type: none"> • Approved the Fund's Strategic Asset Allocation (SAA) for 2026 on recommendation of the Investment Committee • Considered a comprehensive risk analysis presented by the Risk Consultant in support of the SAA review • Confirmed the Fund's 1 Year 5% Conditional Value at Risk (CVaR) limit at minus 10% for the coming year, on recommendation of the Investment Committee • Approved updates made to the Fund's general and asset-specific guidelines on recommendation of the Investment Committee • Approved updates made to the Statement of Investment Principles on recommendation of the Investment Committee
Governance, audit and internal control	<ul style="list-style-type: none"> • Reviewed the Fund's Annual Report and Financial Statements for the year ended 31 December 2024, for submission to CERN Council • Examined and approved the annual administrative budget • Received updates on Enterprise Risk Management and the Internal Control System

TOPIC	ACTIVITY
Governance, audit and internal control	<ul style="list-style-type: none"> • Endorsed the 2026 to 2028 internal audit programme • Considered internal audit reports on the investment funds portfolio and the ESG Framework, including progress on recommendations reviewed by the Investment Committee • Received progress updates from the Internal Audit Service on implementation of outstanding recommendations
Strategy and operational oversight	<ul style="list-style-type: none"> • Approved the Pension Fund Management Unit (PFMU) medium term operating plan and strategic objectives • Reviewed the Fund's actuarial dashboard and key performance indicators • Received updates on administration activities, including key service metrics, for members and beneficiaries
Reporting and stakeholder engagement	<ul style="list-style-type: none"> • Provided regular updates to the Finance Committee and CERN Council through the PFGB Chair and CEO • Reported on progress of the Periodic Actuarial Review, the Fund's financial position and investment performance
Board development and composition	<ul style="list-style-type: none"> • Participated in training sessions covering actuarial factors used in benefit calculations, risk modelling and investment performance reporting • Managed the rotation of mandates for Board and sub-committee members

INVESTMENT COMMITTEE

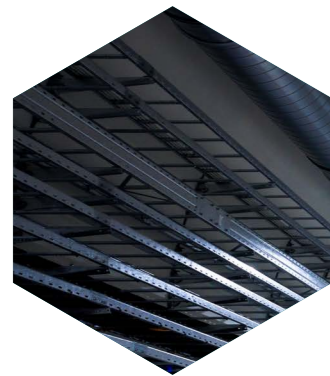
The Investment Committee met four times during the year to oversee the Fund's investment activities. Key areas of work are summarised below.

TOPIC	ACTIVITY
Investment strategy and portfolio oversight	<ul style="list-style-type: none"> • Reviewed performance of individual asset classes and monitored implementation of the approved Strategic Asset Allocation (SAA) • Reviewed and recommended the 2026 SAA and the strategic currency risk-hedging ratio to the PFGB for approval • Considered results of refreshed asset studies prepared by the Fund's Risk Consultant, recommending to the PFGB that the Fund's 1 Year 5% Conditional Value at Risk (CVaR) limit remain at minus 10% for the coming year • Monitored actions taken to optimise returns within the approved risk limit and strategic allocation
Environmental, Social and Governance (ESG)	<ul style="list-style-type: none"> • Received updates on ESG initiatives, including assessment of coal-based exclusions and Paris-aligned benchmarks under various climate transition scenarios • Reviewed findings of an ESG audit and progress on four recommendations, including enhancements to the ESG Policy • Monitored integration of ESG considerations across investment processes and external manager oversight
Investment guidelines and governance	<ul style="list-style-type: none"> • Reviewed and recommended updates to the Fund's general and asset-specific investment guidelines, for PFGB approval • Revisions enhanced clarity and consistency, strengthened monitoring, formalised due diligence and ESG requirements, and ensured alignment with external management and business continuity arrangements • Reviewed and updated the Statement of Investment Principles (SIP) to formally incorporate the annual Asset Liability Management (ALM) process and the triennial Medium Term Asset Strategy (MTAS), recommending the updated SIP for PFGB approval • Considered relevant internal audit findings and follow-up actions relating to investment processes
External service providers	<ul style="list-style-type: none"> • Received updates on extensions and performance of key external service contracts, including currency hedging, property management, and due diligence services

ACTUARIAL AND TECHNICAL COMMITTEE

The Actuarial and Technical Committee met three times in 2025 to oversee the Fund's actuarial and technical activities. Key areas of work are summarised below.

TOPIC	ACTIVITY
Actuarial oversight and monitoring	<ul style="list-style-type: none"> Reviewed the Actuary's year-end report and the semi-annual actuarial dashboard, monitoring the Fund's funding position and key metrics Received updates from the PFMU on data validation, quality assurance and oversight processes supporting the Actuary's work
2025 Periodic Actuarial Review	<ul style="list-style-type: none"> Provided oversight of the 2025 Periodic Actuarial Review, receiving regular updates on progress and preliminary results Considered input from the Fund's Risk Consultant following the Long-Term Asset Study, including a proposed revised discount rate of 4.2% reflecting the more favourable economic environment Reviewed updated mortality assumptions based on the International Civil Servants Life Table (ICSLT2023) and additional analyses on transfer value elections, spouse age difference and early retirement behaviour Provided input into the Actuary's draft presentation to CERN Council, ensuring results were clear and accessible to stakeholders
Review of the Fund's Rules and actuarial factors	<ul style="list-style-type: none"> Examined actuarial analyses prepared by the Actuary in relation to changes developed by the CERN Management Factors and Parameters Working Group Reported findings to the PFGB; proposed amendments continue under review
Benefits Service oversight	<ul style="list-style-type: none"> Received regular updates from the PFMU on the activities of the Benefits Service, including quarterly dashboards highlighting key service metrics Reviewed progress against the strategic roadmap, including completion of key processes for the back-end workflow system and significant progress on the member and beneficiary user interface in preparation for the new online portal Considered results of the online survey of members and beneficiaries, informing enhancements to digital tools, website redesign, and delivery of the online portal Received updates on data quality checks, benefit indexation, the annual life certificate exercise, and the annual report from the Fund's Medical Practitioner



MANAGEMENT COMMENTARY



OUR PRINCIPAL FUNCTIONS THAT FALL UNDER MANAGEMENT UNIT RESPONSIBILITY ARE PAYING BENEFITS ACCURATELY AND ON TIME, COLLECTING CONTRIBUTIONS, AND MANAGING OUR ASSETS.

REPORT BY THE CEO

Introducing our annual report and financial statements

It is my pleasure to introduce the Annual Report and Financial Statements of the CERN Pension Fund for the year 2025. This CEO report is an account of the financial affairs of the Fund and details developments on governance and the performance of activities for which the management unit is responsible.

Our Annual Report and Financial Statements highlight our financial position, governance updates, and ongoing efforts to safeguard members' benefits. I encourage you to visit our website at <https://pensionfund.cern.ch/> where you can find further information about our benefits, rules and regulations, key policies and investment activities.

Our purpose is to insure our members and beneficiaries, together with their families, against the financial consequences of disability, old age and death. Our principal functions that fall under management unit responsibility are paying benefits accurately and on time, collecting contributions, and managing our assets. Each function supports the overarching goal of delivering positive outcomes for all stakeholders. The PFGB oversees our work.

Our funding objective and funding status

A key responsibility of the Pension Fund is to ensure the long-term financial security of pension benefits for our

members and beneficiaries. To support this, we have adopted a precise definition to underpin our strategic funding principle of becoming fully funded.

Every three years, or earlier if circumstances require, we carry out a Periodic Actuarial Review to update our funding plan and to assess the funding ratio. While we disclose an updated funding ratio annually in this report, a Periodic Actuarial Review provides a more in-depth evaluation, confirming or updating the many assumptions that form our projections for cash flows, assets and liabilities. 2025 was a Periodic Actuarial Review year and the conclusions were shared with the Council in June and with our members and beneficiaries through the Annual Information Meetings in October and November.

At a high level, the 2025 Periodic Actuarial Review confirms that we have a credible funding plan and that full funding is projected to be achieved in around 30 years. Given the long-term nature of the Fund and its commitments, such projections are inherently subject to uncertainty and depend on a range of economic and demographic assumptions. Nevertheless, the review provides confidence that we are on a sound path, with the timeframe expected to evolve as experience unfolds and assumptions are updated. You can read more about the 2025 Periodic Actuarial Review in the actuarial section of the report.

Listening to beneficiaries to inform our plans and priorities

During the year I was pleased to have further opportunities to meet with our members, beneficiaries and beneficiary associations both at CERN and at ESO. These meetings, whether in groups arranged formally, such as our Annual Information Meetings, or the fruitful conversations that take place around the campus, provide my team and me with valuable insights relating to how well we are performing our principal functions. In 2025 we discussed the timing of benefit payments, the journey to digital capability and the success of international payment flexibility. This insight forms the basis of the Operating Plan that the PFGB endorses each year, and which becomes the foundation of the work we deliver in the year ahead. I'm grateful to all of those who took the time to share their views and look forward to continuing these valuable interactions in the coming years.

Overarching strategic indicators



Dedicated colleagues in the management unit

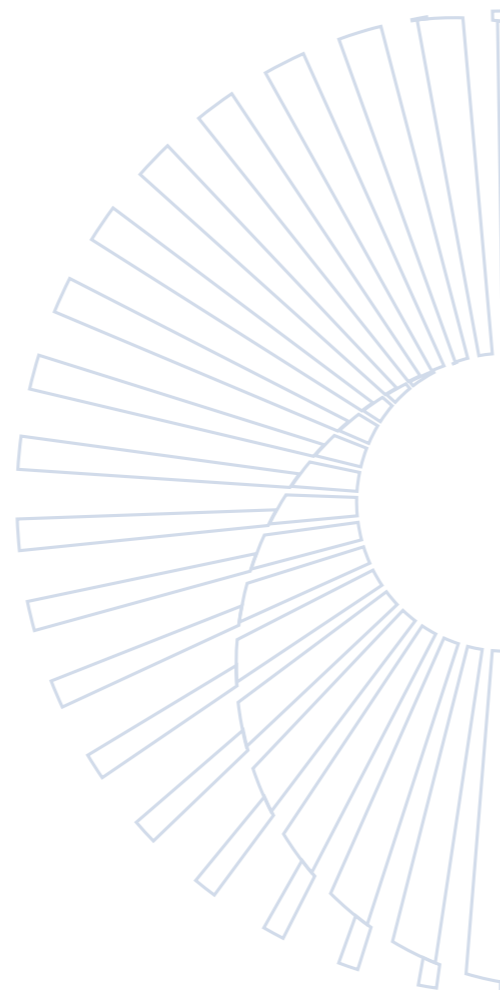
Each colleague in the PFMU is directly involved in delivering one or more of our principal functions and makes a substantial contribution to the achievement of our strategic objectives. 2025 was a challenging but ultimately successful year for the Fund, with stable service levels throughout the year, the completion of the 2025 Periodic Actuarial Review, a precise definition of full funding, and settled governance including the successful onboarding of new board and committee members due to mandate rotation. In risk and control terms, we further developed our risk framework with the inclusion of defined levels of appetite for all key risks and implemented all assurance recommendations within agreed timeframes. Financially, we faced strong macroeconomic and geopolitical headwinds, requiring us to diligently navigate unsettled investment markets, resulting in us exceeding our target rate of return for another year. I warmly thank management unit

colleagues for their hard work and dedication, and I look forward to another year of making progress together.

Looking ahead

The economic outlook continues to be one of challenges but also opportunities, and the Fund is well placed to navigate both. The Operating Plan for this coming year, endorsed by the Governing Board, sets out strategic objectives for functions in the management unit, including for beneficiary and member service, how we manage risk, and how we manage our assets, as well as milestones in our continuing journey to improved digital communication infrastructure. I look forward to sharing our progress with you.

Douglas Heron
CEO, CERN Pension Fund



MEMBERS AND BENEFICIARIES

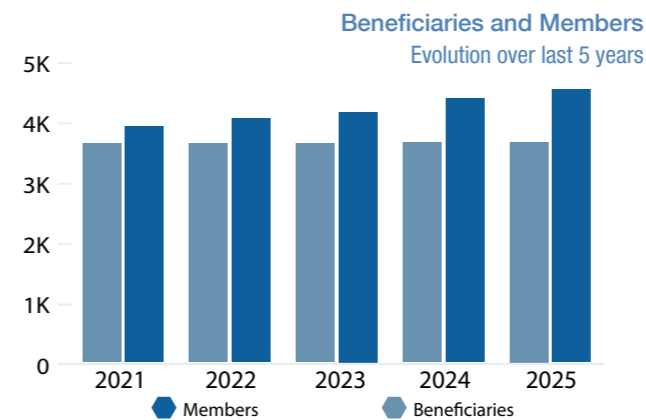
BENEFITS SERVICE OVERVIEW

Engaging with our members and beneficiaries

During the year our Benefits Service was pleased to be able to maintain a high level of engagement with members and beneficiaries. New members were welcomed to the Fund through informative induction sessions and provided with factsheets, designed to enhance understanding of the Fund's benefits. The team also visited ESO, providing an opportunity to meet members and beneficiaries in person and offer direct access to our services.

Our annual information sessions at CERN and ESO, attended by a significant number of members and beneficiaries either in person or via the webcast, also played a key role in engagement. These sessions offered updates on the Fund's investment performance, governance, and benefits, while providing a forum to answer questions and gather feedback. Such interactions remain an important way for us to connect with members and beneficiaries and ensure their views inform our ongoing work.

As a reminder, our website provides helpful information on benefits and the different options at the end of our members' contracts. <https://pensionfund.cern.ch/>



"THE ANNUAL INFORMATION MEETING WAS INTERESTING AND TRANSPARENT."
PENSION FUND MEMBER

- Over **25** million CHF benefits paid each month
- Welcomed **672** new members
- Supported **183** families following the death of a beneficiary, member or spouse
- Converted **27** members to deferred status
- 45** countries with beneficiaries
- Transitioned **62** members to retiree status

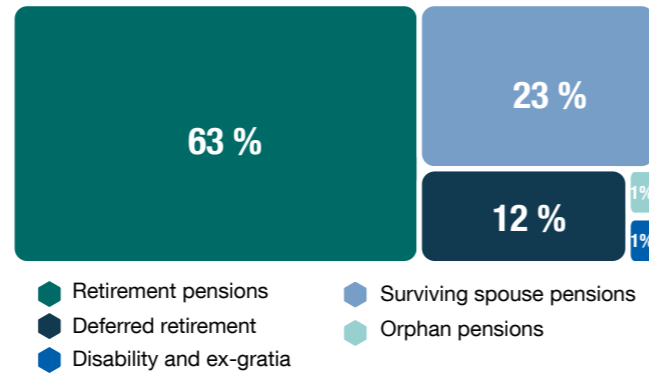
Personal data

The accuracy of the data we hold for our members and beneficiaries is crucial to ensuring benefits are calculated and paid correctly. Equally as important is the safeguarding of that data. We follow best practice with respect to data privacy and are committed to respecting the security and confidentiality of personal data in line with CERN's [Data Privacy Protection Policy](#).

Our checks on data quality show that, in general, the information we hold is up to date and accurate. A key reason for this is the annual updates provided as part of the life certificate communication each year. As part of this process, we ask our beneficiaries to confirm their personal information is accurate. We receive many updates during this process, which enables us to maintain up-to-date contact information and to continue providing a high level of service to our beneficiaries.

We remind beneficiaries that promptly communicating any updates to your personal data allows us to stay in contact when needed. They are also required to inform us of any changes to their family situation, including those relating to benefits and allowances, within 30 calendar days.

Our pension benefits



Members and beneficiaries survey

In 2025, we issued an online survey of our members and beneficiaries, which attracted significant response, of which 58% were from members and 42% from beneficiaries. The survey was designed to gauge overall sentiment in relation to service quality, assess views on existing communications, and understand expectations, including digital expectations.

Overall, the feedback provided valuable insight into the expectations and priorities of our members and beneficiaries. There was a clear preference for increased availability of digital tools, particularly among members. Satisfaction levels were generally high regarding the reliability of the services provided. The most significant area identified for improvement was the tailoring of services to individual's needs.

The results provide valuable insight to inform future service developments, including the planned redesign of the website, and will help ensure that the online portal currently under development, meets the needs of an increasingly digitally literate membership and beneficiary base. The feedback also underlined the importance, for many of our beneficiaries, of having someone available to speak to when they have queries.

The survey outcomes will be incorporated into future planning and delivery. The Fund is grateful to members and beneficiaries for their valuable feedback, which plays an important role in supporting the continued evolution and improvement of services.

Expanded options for receiving benefits and transfer values

Last year we reported that beneficiaries receiving a pension and members receiving a transfer value could have these payments made to bank accounts located in CERN or ESO Member States or Associate Member States, in particular where the banking system supports an IBAN (International Bank Account Number).

We received positive feedback regarding this change, along with a notable uptake from our members and beneficiaries. Last year, over 10% of transfer values were paid to bank accounts outside Switzerland and an increasing number of monthly benefits are now being paid to bank accounts

in other countries. Many of our members and beneficiaries, particularly those from ESO and our surviving spouses, appreciate not having to open or maintain a bank account in Switzerland. As a reminder, bank fees on the beneficiary side of the transaction are payable at the beneficiary's expense and may vary, therefore it is important to check with your bank when considering this option.

"COLLEAGUES WORKING IN THE PENSION FUND ARE REALLY PROFESSIONAL."

PENSION FUND BENEFICIARY

Reporting a death

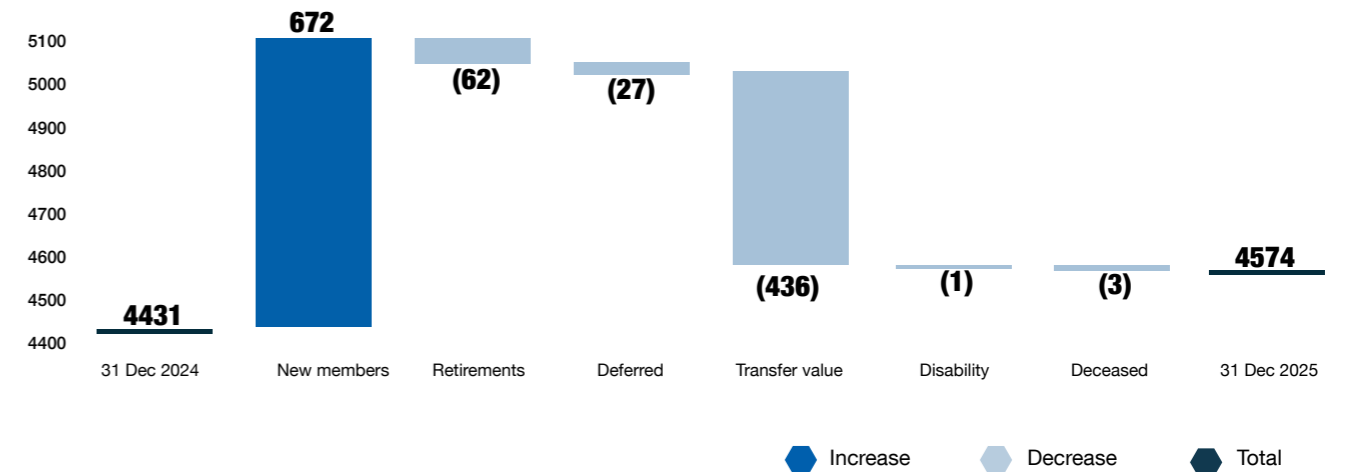
As pension benefits are paid in advance, we often face the situation where an overpayment has been made at the time a beneficiary passes away and are therefore required to contact the family to arrange reimbursement. To help to avoid this additional administrative burden placed on families, we remind our beneficiaries of the importance of ensuring that families inform the Fund as soon as possible in the event of a death. We have created a dedicated page on our website to facilitate this process.

<https://pensionfund.web.cern.ch/notifying-us-death/>

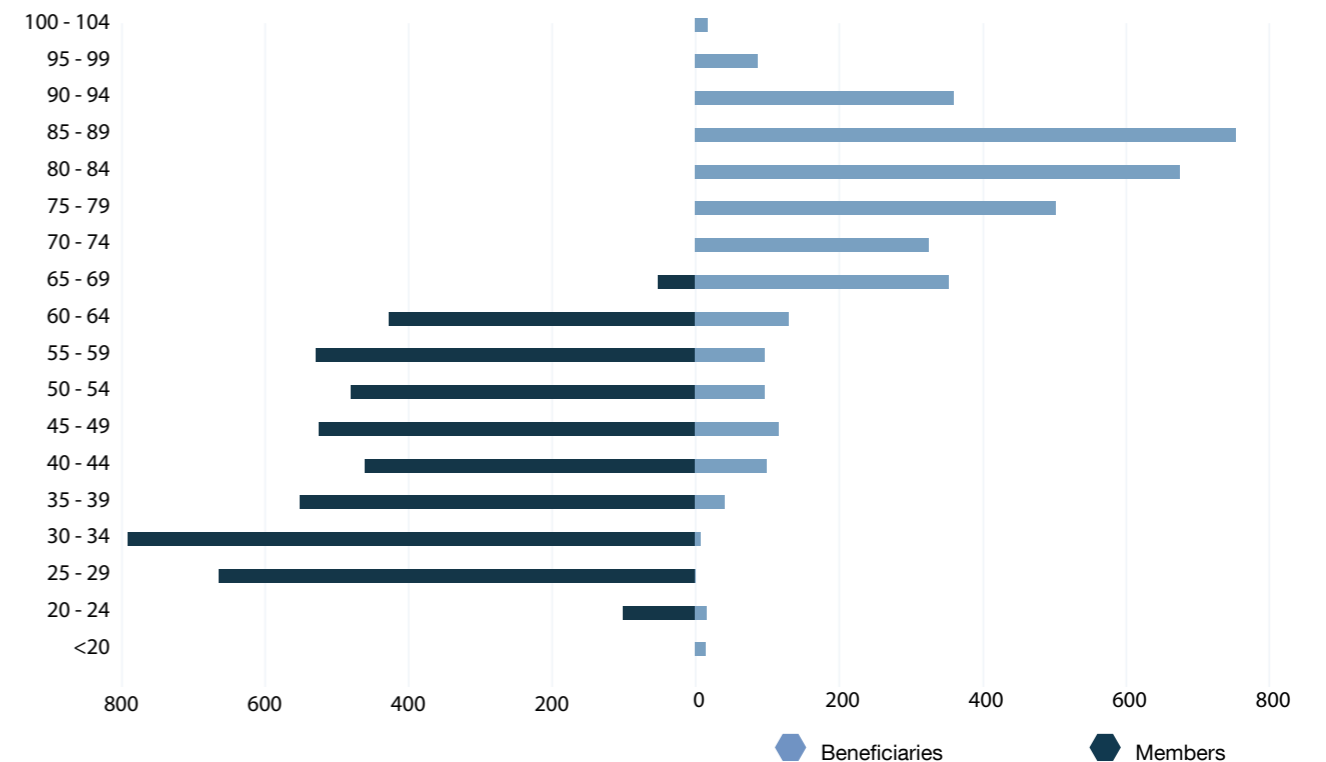
"THE COMMUNICATION WITH THE PENSION FUND WAS SMOOTH AND HELPFUL. THANK YOU!"

PENSION FUND BENEFICIARY

Membership changes during the year



Members and beneficiaries by age



Our beneficiaries rate our communication 4.8/5 with the highest scores of reliability

Our members rate our communication 3.6/5 and ask for more understandable communication tailored to their individual needs

Email is currently the preferred channel of communication for receiving important updates and information from the Fund

Our members would like more digital channels and to be able to self-serve information

Our beneficiaries appreciate timely and helpful responses and having someone available to speak with

Clarity and consistency important for ease of understanding benefits

Performance indicators for key activities

The purpose of the Fund is to insure its members and beneficiaries, and their families, against the economic consequences of disability, old age and death. Our in-house Benefits Service team plays a central role in delivering this purpose, acting as the primary point of contact for members and beneficiaries, and ensuring that support is provided with care and professionalism at key moments in their lives.

The team delivers a range of essential services, including the timely payment of benefits to beneficiaries in over 45 countries and the processing of transfer value payments to members who leave the Fund. The team also manages the administration of benefits for the families of deceased beneficiaries with care, sensitivity and efficiency.

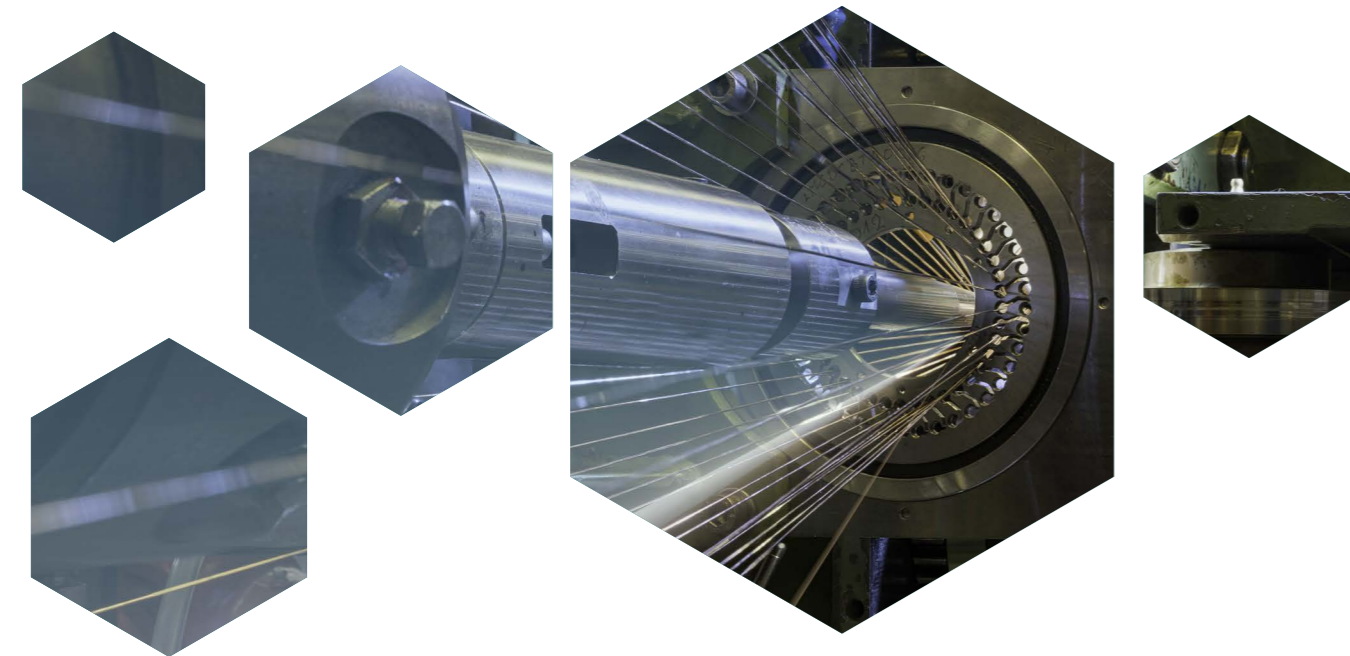
To monitor and enhance service quality, we use key performance indicators (KPIs) to measure the timeliness of responses to member and beneficiary requests. Each KPI is assessed against agreed targets and classified as green, amber or red. A summary of the KPIs is provided below.

At the beginning of the year, we experienced an increase in requests from our members and beneficiaries, particularly following updates to personal and financial information, arising from the life certificate process. This increased activity led to some KPIs being rated amber or red during the period. Despite the higher volume of enquiries, the service continued to maintain high standards of quality, especially in critical areas such as the timely payment of benefits and transfer values. In all cases, updates were completed before the next pension payment date, ensuring there was no financial impact on beneficiaries. Performance in relation to transfer in requests improved over the course of the year, and all transfers in were processed with effect from the date of the member's request.

"I RECEIVED A CLEAR AND COMPLETE RESPONSE."
PENSION FUND MEMBER

	Target (WD, CD*)	Target % (Green ≥)	Target % (Amber ≥)	Average quarterly volume	2025			
					Q1	Q2	Q3	Q4
Payment of monthly benefits	≤ 7 CD	95%	90%	9 800	🟢	🟢	🟢	🟢
Processing of contributions	≤ 5 WD	90%	80%	12 960	🟢	🟢	🟢	🟢
Transfer value payments	≤ 15 CD	95%	90%	110	🟢	🟢	🟢	🟢
Handling deaths	≤ 5 WD	95%	90%	42	🔴	🟢	🟢	🟢
Updates of personal/financial data	≤ 5 WD	95%	90%	290	🔴	🔴	🟡	🟢
Handling transfer in requests	≤ 10 WD	90%	80%	10	🔴	🔴	🔴	🔴
Providing attestations	≤ 10 WD	90%	80%	31	🔴	🟡	🟢	🟢
Response to feedback/complaints	≤ 5 WD	100%	95%	1	🟢	🟢	🟢	🟢

*WD = Working Days
CD = Calendar Days



ACTUARIAL STATUS OF THE FUND

The Fund has obligations to pay pension benefits in the future and there is more than one way to measure the financial value of these obligations. The Fund discloses different funding measures to provide a balanced and transparent view of its financial position. Each measure used has a different purpose and should be taken in the context of that purpose.

All figures are based on estimating the present value of pensions that are expected to be paid in the future. Some measures consider only current members and beneficiaries, while others assume that new members will continue to join the Fund.

The measures also differ in the financial assumptions they use. For accounting purposes, the discount rate used must follow regulatory requirements and is based on yields of high-quality bonds. Other measures use a best estimate of the long-term returns the Fund expects to attain in the future, taking into account its investment strategy. As a result, these different funding measures provide complementary views of the Fund's financial position.

THE FUND DISCLOSES DIFFERENT FUNDING MEASURES TO PROVIDE A BALANCED AND TRANSPARENT VIEW OF ITS FINANCIAL POSITION.

FUNDING RATIO

Across all measures, the key indicator used to assess the financial position of the Fund is the funding ratio. This shows

the extent to which the Fund's assets cover its pension obligations. It is calculated by dividing the net assets of the Fund at the reporting date by the present value of its liabilities.

In this context, liabilities represent the value of all pension benefits that the Fund is expected to pay in the future, as defined by the Rules of the Fund.

THE FUNDING MEASURES AND THEIR PURPOSE

The Fund has disclosed information on its financial position using three complementary funding measures.

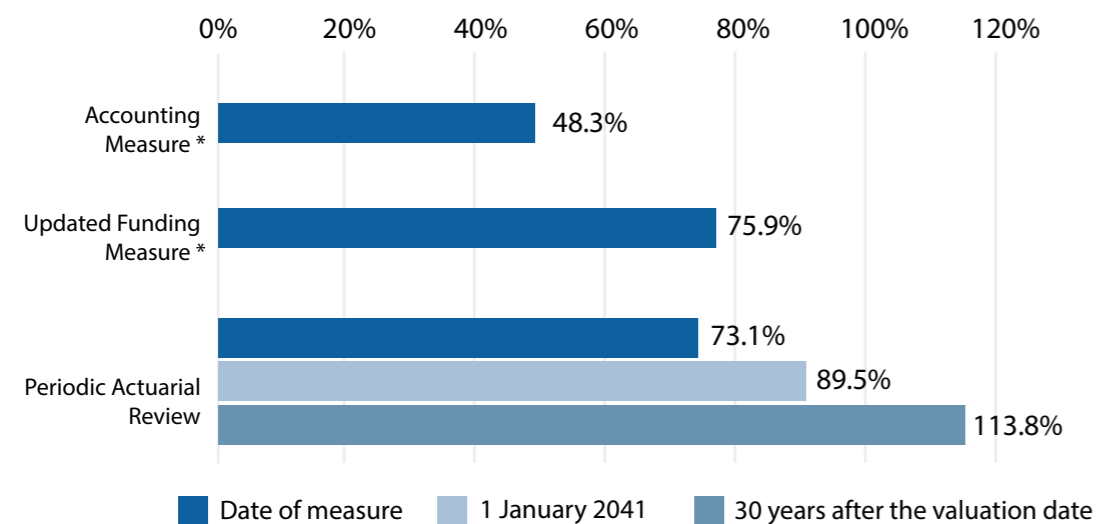
- 1 Financial reporting**
The **Accounting Measure** using International Accounting Standard 26 (IAS 26) assumptions
As at 31 December 2025
- 2 Ongoing funding monitoring**
The **Updated Funding Measure** using best estimate assumptions
As at 31 December 2025
- 3 Long-term sustainability**
The **Periodic Actuarial Review** using best estimate assumptions
As at 1 January 2025

While each of the three measures is relevant, they are intended to be used for different decisions. In particular, the Periodic Actuarial Review provides the most informative assessment of the Fund's long-term financial sustainability.

Funding measure	Accounting Measure*	Updated Funding Measure*	Periodic Actuarial Review
	31 December 2025	31 December 2025	1 January 2025
Net assets (MCHF)	4 871	4 871	4 620
Actuarial liabilities (MCHF)	(10 077)	(6 422)	(6 323)
Surplus/(deficit) (MCHF)	(5 206)	(1 551)	(1 703)
Funding ratio at date of measure	48.3%	75.9%	73.1%
Funding ratio at 1 January 2041	N/A	N/A	89.5%
Funding ratio at 30 years after the valuation date	N/A	N/A	113.8%

Table 1. Funding situation under each of the funding measures

Funding ratio per funding measure



UNCERTAINTY AND VARIABILITY OF FUNDING PROJECTIONS

Actuarial valuations are based on a set of assumptions about the future, including investment returns, future salary increases, longevity and pension indexation. The funding ratios presented in this report show what would happen if future experience were borne out in practice.

In practice, however, the future rarely unfolds exactly as expected. Investment markets fluctuate, inflation and salary increases may differ from forecasts, and members may live longer or shorter than assumed. As a result, the Fund's actual funding ratio over time will almost certainly differ from the projected figures presented.

The further projections extend into the future, the greater the potential variation. Funding outcomes can therefore fall within a range of possible results, rather than matching a single projected percentage.

To reflect this uncertainty, the Periodic Actuarial Review includes stochastic modelling of the investment return rates, which illustrates a range of possible funding outcomes under different economic scenarios rather than a single projected outcome.

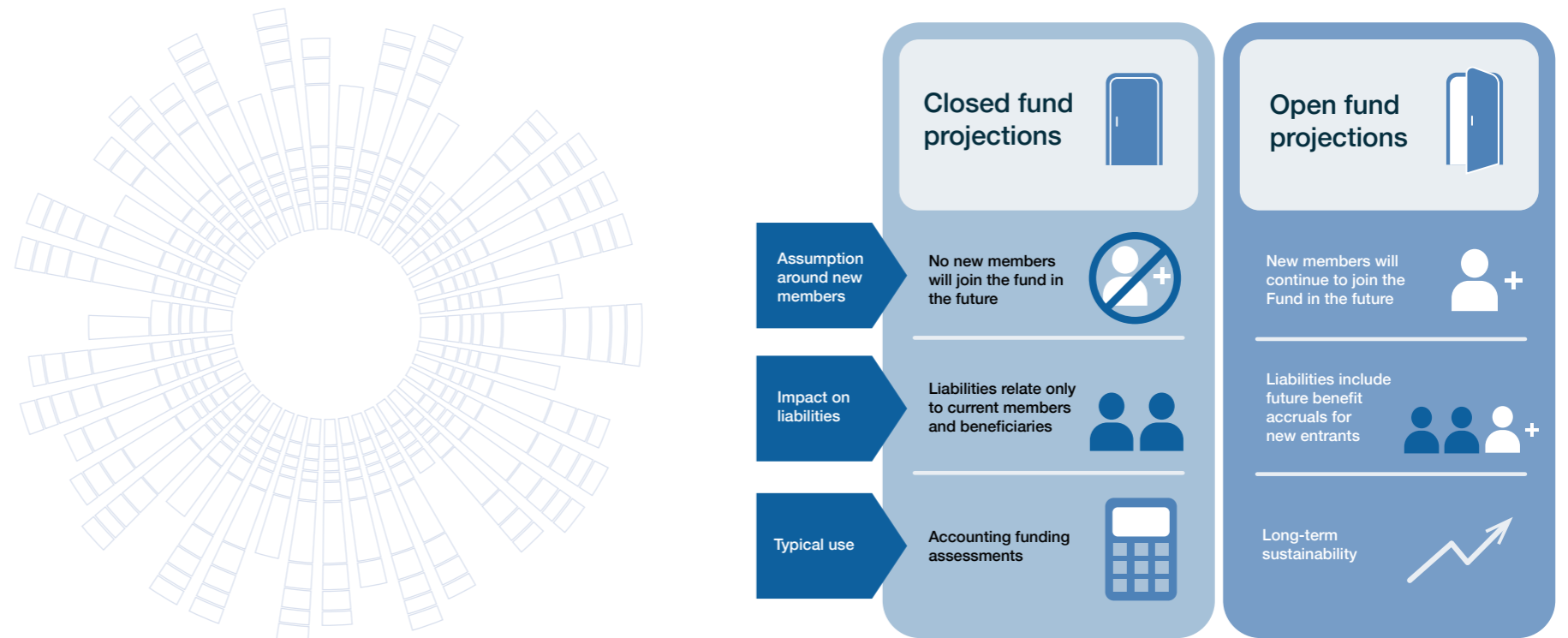
LONG-TERM PROJECTIONS ARE INHERENTLY UNCERTAIN AND SHOULD BE INTERPRETED AS INDICATIVE RATHER THAN PRECISE FORECASTS.

* Funding ratios at 1 January 2041 and 30 years after the valuation date are not provided for these two measures, as they are calculated on a closed fund basis.

COMMON FRAMEWORK FOR MEASURING BENEFITS PROMISED

All three measures are based on the projected benefit obligation (PBO) method. This method reflects the expected value of future pension benefits, including assumptions about future salary growth and pension indexation. As a result, it provides a forward-looking view of the Fund's obligations.

Liabilities calculated under the PBO method can be projected on either a **closed fund** or **open fund** basis:



EXPLANATION OF THE DIFFERENT FUNDING MEASURES

The following table summarises the key characteristics of each funding measure used by the Fund:

Funding measure	Measurement date	Projected benefit obligation (PBO) method used	Closed or open fund approach	Assumptions used	Discount rate	Purpose
Accounting Measure (IAS 26)	31 December 2025	✓	Closed	IAS 26 assumptions	High quality Swiss corporate bonds	Provides a standardised and comparable basis for financial reporting. Results in a funding ratio that is sensitive to market movements and may fluctuate from year to year.
Updated Funding Measure	31 December 2025	✓	Closed	Best estimate assumptions	Long-term investment return target	Used for ongoing fund monitoring and provides a more stable view of the funding ratio than the accounting measure, as it is less sensitive to short-term market fluctuations.
Periodic Actuarial Review	1 January 2025	✓	Open	Best estimate assumptions	Long-term investment return target	Conducted every three years, as required by the Fund's Rules, with the most recent review carried out as at 1 January 2025. Provides the most comprehensive assessment of the Fund's long-term financial sustainability.

ACTUARIAL ASSUMPTIONS AND DISCOUNT RATES

The funding ratios under each measure depend not only on the valuation method but also on the actuarial assumptions applied. Key assumptions include the discount rate, mortality, future salary increases and pension indexation. These assumptions are based on historical experience, observed trends and expectations about future economic and demographic developments.

The assumptions are proposed by the Fund's Actuary, based on professional judgement and analysis, and are subject to approval by the PFGB. Where actual experience differs from

the assumptions used, future actuarial studies may adjust these assumptions to ensure they remain appropriate. All actuarial studies are carried out independently by the Fund's Actuary.

Different discount rates are applied depending on the purpose of the measure as described above. The accounting measure uses a market-based discount rate derived from high-quality Swiss corporate bonds, which can result in year-to-year volatility. The Updated Funding Measure and the Periodic Actuarial Review use discount rates aligned with the Fund's long-term expected investment return, reflecting the long-term nature of the Fund's obligations.

The key actuarial assumptions used in each of the Fund's liability measures are presented in Table 2.

Actuarial assumptions	Accounting Measure	Updated Funding Measure	Periodic Actuarial Review
	31 December 2025	31 December 2025	1 January 2025
Discount rate	AON Swiss AA Corporate Bond Yield Curve (1.23% single equiv. rate)	3.95% (1.00% + 2.95%)	4.20% (1.25% + 2.95%)
Salary increase linked to inflation	1.00%		1.25%
Pension increase linked to inflation	0.65% for active members 0.80% for beneficiaries		0.85% for active members 1.05% for beneficiaries
Salary increase linked to career change	CERN 1.50%; ESO 2.00% (liability-weighted average)		CERN 1.50%; ESO 2.00% (liability-weighted average)
Mortality tables	ICSLT2023 (with age-related scaling)		ICSLT2023 (with age-related scaling)

Table 2. Key actuarial assumptions under each liability measure

THE PERIODIC ACTUARIAL REVIEW PROVIDES THE MOST INFORMATIVE ASSESSMENT OF THE FUND'S LONG-TERM FINANCIAL SUSTAINABILITY.



MACROECONOMIC HIGHLIGHTS

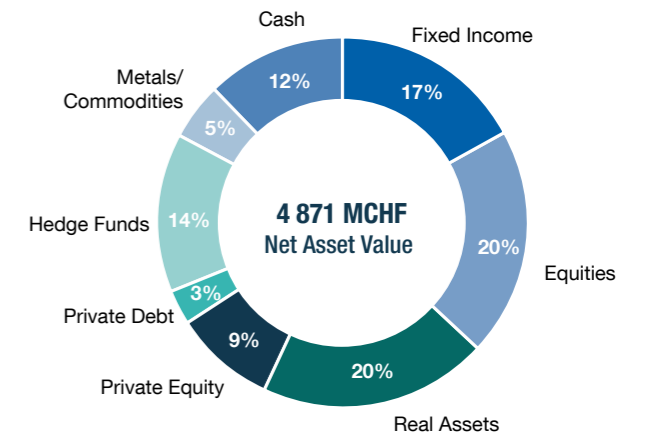
In 2025, global economic activity continued to expand at a steady pace, with the IMF¹ estimating global GDP growth of 3.3%, unchanged from 2024. However, regional divergences persisted, with notable variations in growth trajectories across major economies.

Geopolitical tensions and trade policy shifts were defining features of the year. The inauguration of President Trump brought a fundamental change to US trade policy, with the implementation of broad-based tariffs creating volatility in global markets and supply chains. Ongoing geopolitical conflicts further contributed to elevated uncertainty, affecting commodity prices and business investment. Meanwhile, artificial intelligence (AI) continued to drive significant capital expenditure by technology companies, with optimism regarding AI productivity gains supporting equity valuations despite ongoing uncertainty over the regulatory framework for AI.

Against this backdrop, the US economy grew by an estimated 2.1%, slowing from 2.8% in 2024. The eurozone was expected to achieve GDP growth of 1.4%, a notable improvement from 0.9% in 2024, benefiting from easing financial conditions, although export sectors faced headwinds from changing trade dynamics. China's economy expanded by 5.0%, in line with 2024, as structural challenges and property sector weakness persisted despite significant stimulus, while uncertainty around US tariff policy weighed on the export sector.

Labour markets remained relatively tight across major economies. In the US, the unemployment rate experienced

Current asset allocation % and total asset value



a moderate rise to 4.4%, while the eurozone saw unemployment decline to 6.2%, reflecting persistent labour shortages and a modest acceleration in economic activity.

Inflation continued its gradual descent towards central bank targets, although progress remained uneven and was complicated by trade policy changes. The IMF estimated global CPI inflation at 4.1%, down from 5.8% in 2024. Advanced economies saw headline inflation fall to approximately 2.5%, with core inflation proving persistent, particularly in services. The US faced ongoing challenges in bringing inflation down to the 2% target, while the introduction of tariffs created additional inflationary risks for goods prices.

In response, major central banks adopted divergent stances. The European Central Bank cut rates by 100 basis points to support the recovery and offset trade headwinds. The US Federal Reserve took a more cautious approach,

1. Economic figures are either from the International Monetary Fund's World Economic Outlook, January 2026 update, or from national statistical sources.

implementing 75 basis points of cuts while remaining vigilant about tariff-related inflation risks. The Bank of Japan continued the process of policy normalisation, raising rates modestly, while the People's Bank of China maintained accommodative policies to counter external pressures.

Overall, 2025 was characterised by moderate global growth, continued disinflation and differentiated monetary policy responses, all set against heightened trade policy uncertainty. The shift in US trade policy, ongoing geopolitical developments and the transformative potential of artificial intelligence created new challenges for policymakers and shaped market sentiment throughout the year.

RISK MANAGEMENT AND ASSET ALLOCATION

The Fund's risk management and asset allocation policy is set out in the Statement of Investment Principles, which has been approved by the PFGB. It is based on an annual risk limit and an annual Strategic Asset Allocation (SAA), and on managing the Current Asset Allocation (CAA) in a manner compatible with both the risk limit and the investment return objective.

The Fund's return objective is to meet or exceed the actuarial best-estimate discount rate, adjusted for Geneva inflation, over the long term. Since 2025, the best-estimate real-rate assumption has stood at 2.95% per annum.

For 2025, the PFGB maintained the 5% Conditional Value-at-Risk (CVaR) limit at -10%.

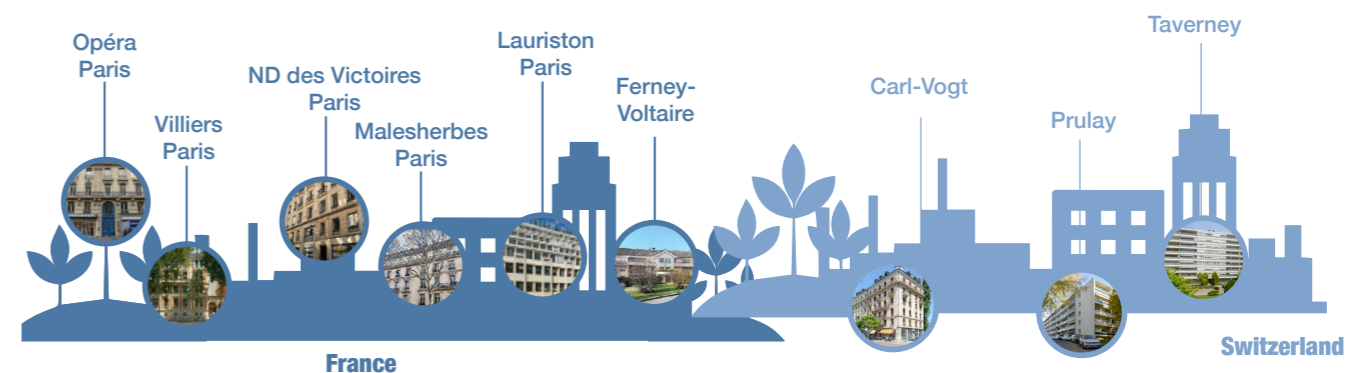
The SAA for 2025, which was drawn up by the PFMU in collaboration with the Risk Consultant and was subsequently endorsed by the Investment Committee and approved by the PFGB, is shown in Table 3 below. In the 2025 SAA, the FX hedging rate for the USD was lowered from 100% to 80%. However, following a reassessment of the market conditions during the first half of 2025, the Risk Consultant recommended that the USD hedging rate should be increased to 90%, which was endorsed by the PFGB.

The actual CAA exposure expressed in CHF by asset class as at 31 December is shown in the first column of the table below.

Asset class	CAA as at 31-12-2025	SAA 2025	SAA 2024
Fixed Income	16.68%	23.50%	25.50%
Equities	20.16%	19.00%	17.00%
Real Estate	15.07%	19.00%	19.00%
Infrastructure	2.13%	2.50%	2.50%
Timber/Farmland	2.49%	2.50%	2.50%
Private Equity	9.30%	6.00%	6.00%
Private Debt	2.89%	2.00%	-
Hedge Funds	13.91%	13.00%	13.00%
Precious Metals/Commodities	4.50%	4.50%	4.50%
Cash and Overlay	12.87%	8.00%	10.00%

Table 3: CAA in CHF as at 31-12-2025, 2025 SAA and 2024 SAA. Note: Expressed in CHF, the CAA exposure is affected by currency exchange rate movements. Until 2024 private debt was included within the fixed income portfolio.

While remaining within the risk limit throughout the year, the risk level of the SAA showed significant fluctuations due to trade and geopolitical tensions. Notably, starting from the beginning of the second quarter, higher volatility – following President Trump's announcement of tariff increases – drove the risk of the SAA closer to its limit, reflecting geopolitical tensions and fragile sentiment. Uncertainty persisted during the quarter, tailing off towards the end of the quarter. During the third quarter, major central banks initiated their first-rate cuts as confidence in sustained disinflation grew. This supported global equities and corporate credit and drove a gradual decrease of the SAA risk level. Still, volatility remained elevated due to above-trend rates, fragmented global supply chains and ongoing geopolitical risk. In the fourth quarter, the SAA risk level continued its gradual descent due to lower volatility, strong corporate earnings and expectations of further monetary easing.



PORTFOLIO PERFORMANCE IN 2025

In 2025, the Fund returned a performance of 6.93%, net of external management and custody fees, as reported by the external performance-monitoring reporting service (APEX) as at 31 December. This performance, which is calculated using a time-weighted rate of return to eliminate the impact of external cash flows and the associated timings, does not include the governance and internal management/operations costs², which are evaluated at approximately 0.21 percentage points. Geneva inflation stood at 0.19%.

IN 2025, THE FUND RETURNED

A PERFORMANCE OF 6.93%.

Figure 1 shows the Fund's cumulative returns compared to the return objective since December 2011, as reported by APEX. The return objective corresponds to the best-estimate real rate target, which has stood at 2.95% per annum since 2025. In 2025, the Fund's real return was 3.78 percentage points above this target. As at 31 December 2025, the Fund's cumulated real returns exceeded the objective by 25.27 percentage points.

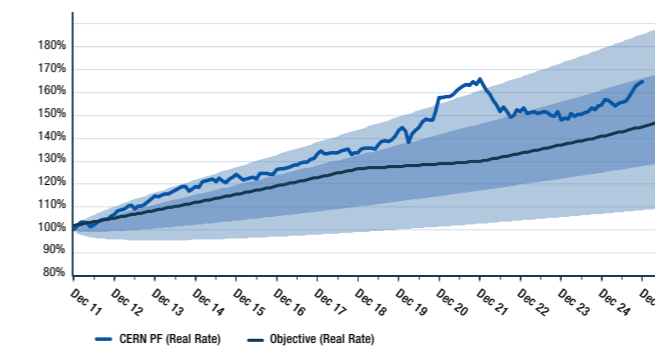


Figure 1: Cumulative Real Return vs. Objective (Real Rate)

Currency Hedging Policy

The rate differential between Switzerland and both the US and the eurozone led to a persistently high currency hedging cost (approximately 2.15% for EUR and 4.20% for USD). The EUR depreciated by 0.9% against the CHF and the USD

depreciated by 12.6% against the CHF. The Fund managed the currency exposure in line with the strategic hedging level determined by the SAA.

Fixed Income

The fixed-income portfolio delivered a return of +2.75% in CHF over the year 2025.

Bond markets were shaped by the gradual confirmation of monetary easing, with declining inflation but persistent volatility driven by fiscal issuance and shifting rate expectations. Despite these headwinds, carry and duration exposure supported performance across both the USD and the EUR segments. A significant portion of the portfolio is invested through exchange-traded funds (ETFs) and investment funds to facilitate alignment with the benchmarks.

Equities

The equity portfolio returned +15.92% after currency hedging costs.

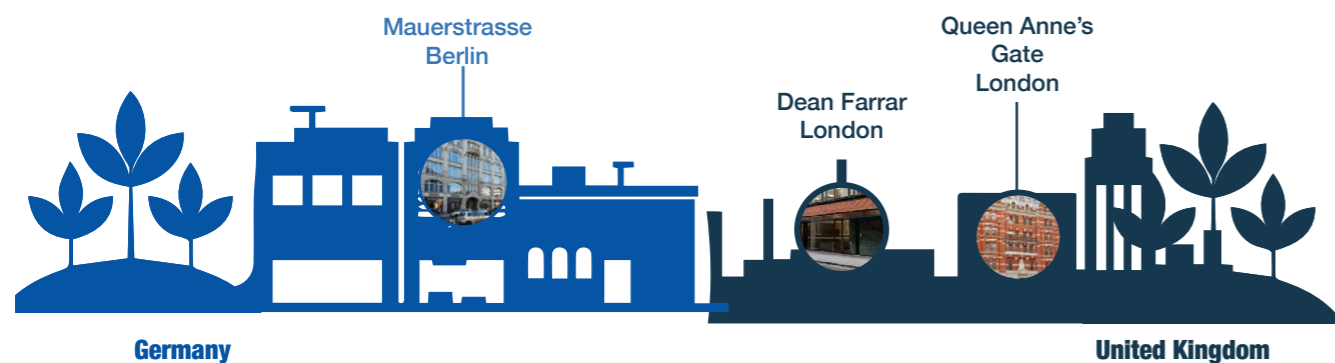
The year saw robust performance for the equity markets in both developed and emerging economies. The pursuit of high valuations and significant market concentration in the technology sector contributed to the strong performance of the US markets, driven by optimism around capital expenditure in artificial intelligence and potential Federal Reserve easing policies. A weaker US dollar further drove the performance of emerging stocks, and the European equity market benefited from an overall US derisking and domestic fiscal policies.

In this context, the tactical overweight in the Fund's equity allocation, coupled with the exposure to Japanese and emerging market equity, proved to be a significant driver of the Fund's performance. In addition, a shift from active managers to several passive instruments improved the alignment with the benchmarks.

Real Assets: Real Estate - Timber and Farmland - Infrastructure

The real-assets portfolio comprises the following three sub-portfolios: real estate (directly owned properties and real-estate funds), timber/farmland and infrastructure.

² Includes PFGB, ATC and IC expenses, Actuary, CERN services, Risk Consultant, PFMU staff, temporary labour, and external service providers related to the investment process, such as due diligence providers, data providers, real-estate appraisal services and performance-reporting services.



Real Estate

In 2025, the real-estate portfolio returned +2.66% after currency hedging costs.

This positive return largely reflects the performance of the direct portfolio, which includes both the capital value and the income components. The 2025 valuation exercise was performed by the same appraiser as in the previous year and with the same methodology, the discounted cash flow model (DCF). Directly held properties account for 95% of the Fund's real-estate portfolio.

No investments or divestments were made during the year.

Timber and Farmland

In 2025, the timber and farmland portfolio returned -0.61% after currency hedging costs.

The negative performance of the portfolio was largely driven by the performance of the direct portfolio. This was due to the decrease in the price of oak, which is by far the main species in the portfolio. The directly held forests, which account for 76% of the total timber and farmland exposure, are managed according to the irregular forest management³ technique, which is deemed to be the best suited to maintaining ecological diversity.

During the year, the Fund supplemented its current exposure with some new directly held forests.

Infrastructure

In 2025, the infrastructure portfolio returned +4.57% after currency hedging costs.

The portfolio is exposed to brownfield and greenfield investments in developed markets. It is largely composed of private funds, including some with a focus on renewable energies.

Private Assets

The private assets portfolio comprises the following two sub-portfolios: private equity and private debt.

Private Equity

In 2025, the private equity portfolio returned +12.02% after currency hedging costs. This result was primarily driven by the positive performance of venture capital funds.

Overall, market conditions improved compared to 2024, as deal value rose and exit activity showed signs of recovery. However, exit conditions remained challenging and managers continued to hold portfolio companies for longer. As a result, net distributions for the private equity portfolio were negative.

The Fund continued to commit funds to private equity across different strategies at the planned pace.

Private Debt

In 2025, the private debt portfolio returned +0.96% after currency hedging costs.

The direct lending and distressed strategies posted positive performances during the year.

The portfolio continued to be cash-flow positive for the second year in a row, as mature funds returned capital.

The Fund continued to commit funds to private debt across different strategies at the planned pace.

Hedge Funds

In 2025, the hedge fund portfolio returned +6.72% after currency hedging costs.

Some additional investments were made into the current holdings where managers are typically hard-closed for extended periods, in anticipation of profit returns in January 2026.

Overlay

The funds in the risk overlay portfolio delivered a positive performance of 5.46%, reflecting effective positioning within the prevailing market environment.

Commodities/Precious Metals

In 2025, the commodities and precious metals portfolio delivered a positive performance of +46.89% after currency hedging costs. This strong performance was driven by central bank activities.

The portfolio was 97% allocated to an ETF backed by physical gold.

CONCLUSIONS – MACRO OUTLOOK

While the global economy demonstrated resilience in 2025, the outlook remains challenging. Gradual disinflation and fiscal policy adjustments are expected to support economic growth. Potential AI-driven productivity gains and structural reforms provide encouraging long-term prospects.

However, significant uncertainties persist. Prolonged trade policy uncertainty and protectionism could dampen investment and fragment supply chains. Labour supply constraints may exacerbate inflationary pressures, while elevated public debt could limit fiscal expansion. Stretched technology sector valuations and geopolitical tensions add further complexity, contributing to the risk of heightened volatility.

UPDATE ON THE IMPLEMENTATION OF THE ESG POLICY

In November 2021, the PFGB adopted an ESG policy as an integral part of the Fund's Statement of Investment Principles. At the same time, it approved an ESG implementation work plan, with an explicit focus on addressing climate-related risks and opportunities. Substantial steps forward have been taken in the meantime. The progress achieved in 2025 is reported below. The ESG implementation work plan is updated on an annual basis.

In parallel, the Fund has continued to participate in collective engagement activities. In 2025, it participated in nine initiatives on various ESG topics led by Ethos Engagement Pool International.

MANAGEMENT OF CLIMATE RELATED RISKS AND OPPORTUNITIES: PROGRESS REPORT

This section summarises the work carried out in 2025 to strengthen the Fund's management of climate-related risks and opportunities. It is organised according to the guidelines of the Task Force on Climate-Related Financial Disclosures (TCFD), as reproduced in blue, around the pillars of governance, strategy, risk management and metrics/targets.

I. Governance

Describe the oversight of the climate-related risks and opportunities. Describe management's role in assessing and managing climate-related risks and opportunities.

The Fund acknowledges that climate risk can have a systemic impact on the value of its investments. Climate change is expected to be a source of increased physical risks (e.g. climate events) and transition risks (e.g. tighter regulatory requirements, legal risks, stranded assets, social unrest).

The Fund is on a path of progressively integrating the management of climate risks into its global investment risk management framework. While the responsibility for this integration lies within the remit of the CEO and the CIO, the progress is continuously monitored by the Investment Committee and the PFGB.

THE FUND HAS CONTINUED TO MONITOR ITS CARBON FOOTPRINT AND TO SEEK INVESTMENT OPPORTUNITIES WITH A CLIMATE TRANSITION THEME.

II. Strategy

Since 2024, climate scenarios have been fully integrated into the Asset Liability Management (ALM) and Strategic Asset Allocation (SAA) studies, i.e. into risk estimates and future return expectations. In parallel, the Fund has continued to monitor its carbon footprint and to seek investment opportunities with a climate transition theme. This combination of top-down and bottom-up approaches is deemed to be appropriate, given the complexity of the matter and the inherent uncertainties.

In 2025, the Fund carried out agent-based model analyses of the coal exclusion approach, as well as of the ESG Leaders and Paris-Aligned indices, studying climate transition scenarios defined by temperature (1.5°C, 2°C and over 3°C), different regional distributions of the transition cost and different public/private shares of the transition cost.

The analysis of the coal exclusion approach provided a clear indication that the balance of risk, cost and benefit does not justify adopting this approach. The analysis of the ESG Leaders indices resulted in mediocre risk-adjusted performance, while the Paris-Aligned indices analysis showed outperformance compared with the parent benchmark. However, the higher exposure of the Paris-Aligned indices to the technology sector, which is currently undergoing major structural change driven by the proliferation of large language models (LLMs), is a source of concern given the projected increase in power consumption associated with LLMs.

Based on these findings, the Fund concluded that an immediate shift to adopt Paris-Aligned Indices would not be an advisable path to take. The situation will remain under review and further analysis will be undertaken in 2027.

Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

³ Also called "uneven-aged forest management".



Figure 2: The 2025 climate scenarios. Source: Ortec Finance.

The Fund's long-term asset return and inflation expectations have been determined with full integration of climate-change considerations. These long-term expectations are aligned with reference climate scenarios in a 2 to 3°C global warming range (see Figure 2).

The 2025 climate scenarios are reported in Figure 2.

Climate change has the biggest impact in the long-term outlook for inflation, as measured by the Consumer Price Index (CPI), exerting upward pressure during the transition period. Both physical and transition risk were considered:

- The physical risks – mainly driven by more extreme weather – will be relevant for Switzerland as they may have impact on the tourism industry, as well as on the insurance industry. In all cases, the physical risks will lead to higher costs (of prevention, mitigation or 'repair'). The extent of the additional costs and their long-term impact on the CPI differ per climate pathway.
- The transition risks and costs are related to the transition to a more carbon-neutral economy. The general consensus is that transition comes with additional cost, especially for carbon-intense industries/countries. As the Swiss economy is not heavily dependent on mining, the impact on Swiss inflation will be lower than in countries like Canada and Australia. The impact also differs per climate pathway – the more a society steers towards a lower temperature increase, the higher the transition costs.

In the reference climate scenarios in the 2 to 3°C global warming range, the combined impact of transition and physical risks is expected to contribute approximately 25 basis points to annual inflation for the next decade.

As mentioned in the preamble of this section, the Fund strives to identify opportunities to invest in climate-focused themes. During the reporting period, the Fund invested in an infrastructure fund with an energy transition focus and in a company focused on sustainable batteries.

THE FUND STRIVES TO IDENTIFY OPPORTUNITIES TO INVEST IN CLIMATE-FOCUSED THEMES.

Table 4 presents all fund commitments made since 2021, expressed in CHF⁴. Over this period, 28% of total private market commitments were directed to climate solution-focused funds⁵, representing approximately CHF 138.6 million in absolute terms.

Portfolio	Article 8	Article 9	Clean Energy	Other	% of commitments into climate-solution focused funds
Private Equity	41,238,525		25,932,000	225,367,461	23%
Private Debt		15,810,000		117,300,000	12%
Infrastructure		37,200,000	11,880,000		100%
Real Estate	6,510,000			18,600,000	26%
Total	47,748,525	53,010,000	37,812,000	361,267,461	28%

Table 4: Fund commitment 2021-2025 in CHF– Climate solution-focused funds.

The Fund continues to invest in the timber asset class, both through direct ownership and through investment funds. During the reporting period, the Fund acquired a forest, largely consisting of oak trees, with a surface area of approximately 470 ha. The directly owned forests in the portfolio have been managed since inception according to the "irregular forest management" approach⁶ and represent a total surface area of 4,324 ha, scattered across 18 forests all located in France.

III. Risk Management

Describe the organisation's process for identifying, assessing and managing climate-related risks. Describe engagement activity with investee companies to encourage better disclosure and practices related to climate-related risks. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.

The Fund delivered on its commitment to incorporate physical and transition risks in its ALM and the Periodic Actuarial Review. In addition, the Fund continued to monitor its carbon footprint and transition pathway figures.

IV. Metrics and targets

Describe the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

The Fund assesses the climate impact of the securities it holds by measuring their carbon footprint. For this purpose, it used the methodology and data provided by S&P Trucost for the combined corporate bonds and listed equity holdings as of September 2025, which accounted for 27% of the NAV, excluding cash. Complementary figures were calculated by scaling absolute emissions, relative to the portfolio's value (C/I) or the revenues (C/R) of the underlying firm. The TCFD recommends using the weighted-average carbon intensity (WACI) formula, which measures the average carbon-to-revenue ratio across individual portfolio holdings according to their individual weights.

The data used to evaluate emissions is backward-looking in nature. For this reason, the Fund used a complementary metric for carbon footprinting, namely the Implied Temperature Rise (ITR), which the TCFD defines as an attempt to estimate the global temperature rise associated with the greenhouse emissions of a single entity (company, fund, etc.). However, the ITR is more dependent on assumptions and models.

Using the same S&P Trucost service, the Fund separately measured the carbon intensity of its direct real-estate holdings, which account for 17% of NAV as of September 2025, excluding cash. For this portfolio, the alignment with the decarbonisation pathway envisaged for the real-estate sector under the IPCC and the International Energy Agency (IEA) 1.5°C Scenario (Net Zero by 2050) scenario was evaluated using the Carbon Risk Real-Estate Monitor (CRREM) global pathway.

The Fund's approach to climate-related opportunities is bottom-up, as discussed in the previous section. No specific metrics have been developed in this regard. The portfolio in question largely follows a passive investment approach. The overall level of emissions therefore mainly derives from the SAA decisions.

Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risk. Disclose weighted average carbon intensity (WACI) for each product or investment strategy where data and methodology so allow.

In absolute terms, the 2025 carbon footprint of the Fund's combined corporate bond and listed equity holdings (henceforth the "aggregate portfolio") is estimated at 73.3k tCO₂e. In accordance with the TCFD recommendation, this calculation includes direct (Scope 1 and other) and Scope 2 emissions. If Scope 3 "Non-electricity first tier of the supply chain" emissions are included (i.e. CO₂e emissions generated by companies providing goods and services in the first tier of the supply chain), the footprint rises to 95.9k tCO₂e.

A more detailed analysis is provided in the tables below.

Absolute Carbon Footprint (tCO₂e)

Year	Scope 1 & 2 (tCO ₂ e)	Scope 1, 2 & 3 (tCO ₂ e)
2025	73.3k	95.9k
2024	77.5k	100.9k
Variation	-4.0k	-5.0k

Breakdown of 2025 vs 2024 Reduction (incl. Scope 3)

Source of Reduction	Change (tCO ₂ e)
Listed equity portfolio	-4.1k
Corporate bond portfolio	-0.8k
Total net decrease	-5.0k

The aggregate portfolio's absolute financed emissions decreased in 2025 compared to 2024, both for Scope 1 and 2 and when including Scope 3 emissions. The total reduction of approximately 5.0k tCO₂e (incl. Scope 3) is primarily attributable to lower apportioned emissions in the listed equity portfolio, with a smaller contribution from corporate bonds. This reflects portfolio adjustments, notably ETF reduction and/or divestments.

Carbon Intensity Metrics (tCO₂e / MCHF)

Year	C/R	C/I	WACI	WACI (Scope 1 & 2 only)
2025	225	90	199	182
2024	252	102	214	174
Variation	-27	-12	-15	+8

The main carbon intensity measures (C/R, C/I and WACI including Scope 1–3) declined from 2024 to 2025, mainly due to the reduction of the numerator, the absolute apportioned emissions.

Summary of Year-over-Year Changes (2025 vs 2024)

In 2025, the absolute financed emissions of the Fund's aggregate portfolio decreased by approximately 5.0k tCO₂e compared to 2024 (including Scope 3), mainly due to lower apportioned emissions from the listed equity portfolio following ETF divestments.

Carbon intensity metrics (C/R, C/I and WACI including Scope 1–3) also declined, primarily driven by the reduction in total emissions (numerator effect).

THE FUND'S ABSOLUTE FINANCED EMISSIONS AND CARBON INTENSITY METRICS DECREASED IN 2025.

4. Exchange rates as of 31.12.2025.

5. For classification purposes, a fund is treated as climate solution-focused where its investment mandate is predominantly directed at such activities, including funds classified under SFDR Article 8 or Article 9, and funds with explicit mandates in clean energy. Funds with generalist mandates that happen to hold some green assets are not classified in this category.

6. Also called "uneven-aged forest management". This approach can be defined as "managing and using forests and woodlands in a manner and with an intensity that allow them to maintain their ecological diversity, productivity, regeneration capacity and vitality and their ability to fulfil, now and in the future, relevant ecological, economic and social issues, locally and globally, and that they cause no impediment to other ecosystems" (Ministerial Conferences for the Protection of Forests in Europe – Strasbourg 1990, Helsinki 1993)

Absolute footprint and WACI (Scope 1 and Scope 2 emissions)

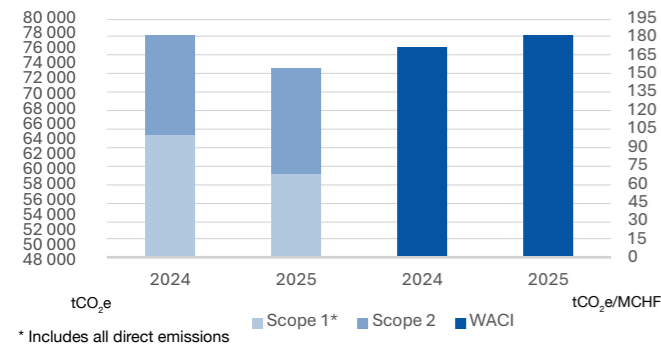


Figure 3. Carbon footprint and WACI, Direct (Scope 1 + Other) and Scope 2 emissions, CERN Pension Fund corporate and listed equity portfolio. Source: S&P Trucost for CERN Pension Fund.

Asset owners should describe the extent to which their assets under management and products and investment strategies, where relevant, are aligned with a well below 2°C scenario, using whichever approach or metrics best suit their organisational context or capabilities.

Figure 4 shows the path of the Fund's combined corporate bond and listed equity portfolio emissions, according to three different temperature paths, using firm-level estimates provided by S&P Trucost. The portfolio's implied temperature path is currently estimated at below 1.5°C.

The carbon intensity of the Fund's direct real-estate portfolio, after further refined estimations, is 9 kg CO₂e/m², with a WACI value of 8 kg CO₂e/m². Figure 5 shows the portfolio's carbon intensity against the IPCC and the International Energy Agency (IEA) 1.5°C Scenario (Net Zero by 2050).

Carbon trajectories under three temperature paths

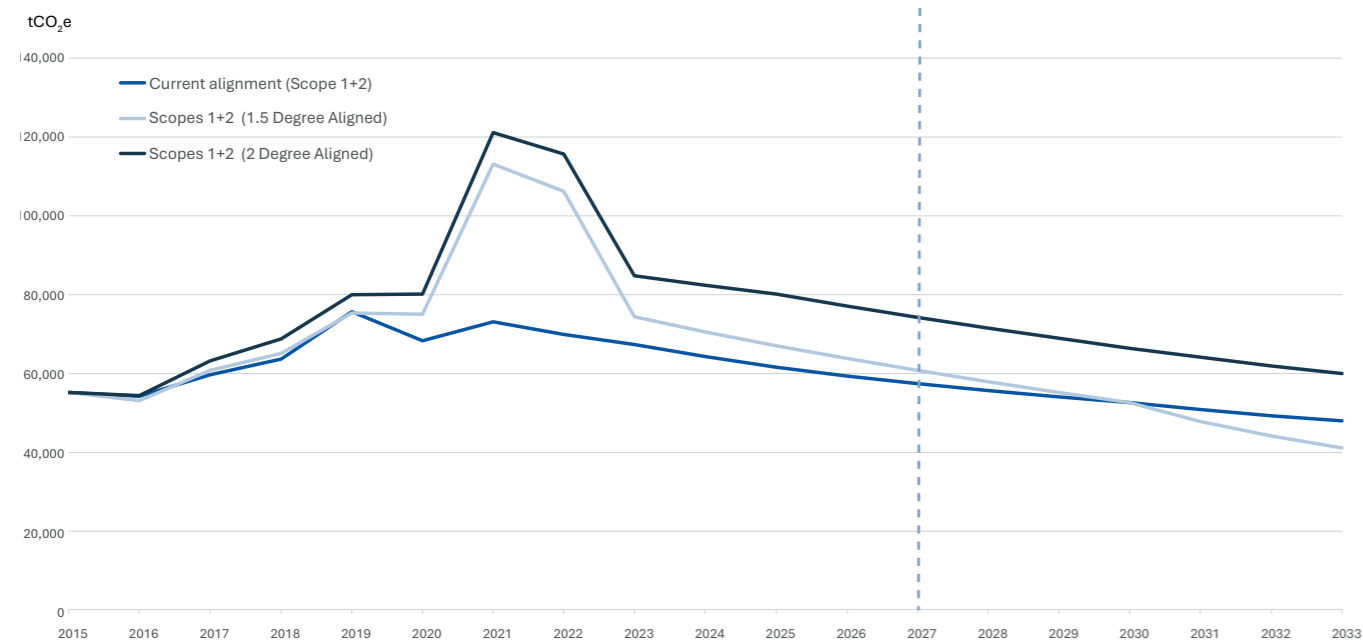


Figure 4. Carbon trajectories according to three temperature paths, Scope 1 and Scope 2 emissions, CERN Pension Fund corporate and listed equity portfolio. Source: S&P Trucost for CERN Pension Fund.

In its current state, the portfolio appears to be well positioned with respect to the CRREM milestones in 2030, 2040 and in 2050.

Portfolio Carbon Intensity vs 1.5°C Aligned Carbon Intensity

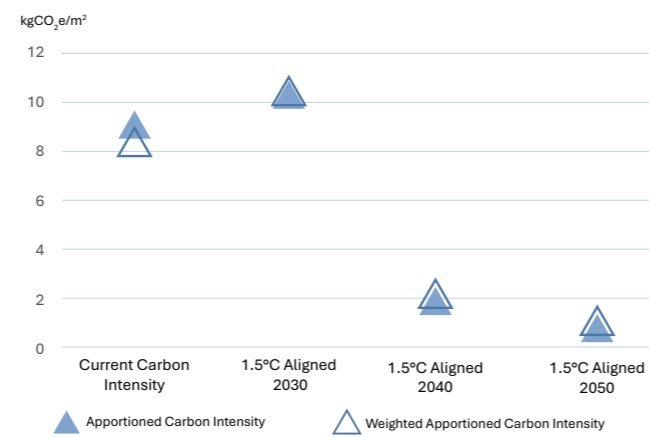


Figure 5. Direct Real Estate: Portfolio carbon intensity vs 1.5°C Aligned carbon intensity. Source: S&P Trucost for CERN Pension Fund.

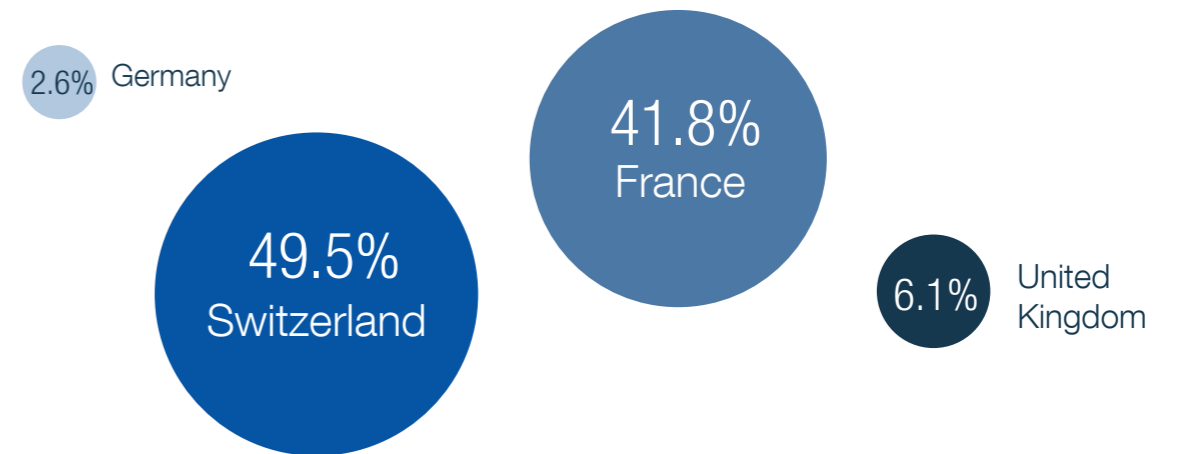
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

The Fund may consider setting targets for the management of the portfolio in the medium term, after having thoroughly assessed the drivers of its carbon footprint and temperature alignment performance.

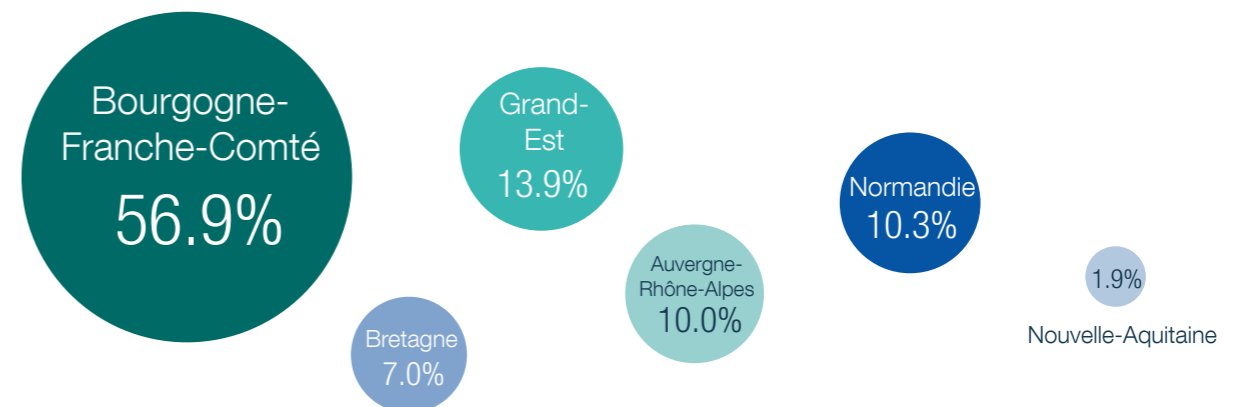
REAL-ESTATE PORTFOLIO



2025 - PROPERTIES (EXCLUDING FORESTS) HELD BY COUNTRY



2025 - FORESTS HELD BY FRENCH REGIONS





FINANCIAL STATEMENTS

External Auditors' Opinion

on the Financial Statements of the Pension Fund of the European Organization for Nuclear Research (CERN-PF) for the year ended 31 December 2025

to the Council of CERN

OPINION

The Portuguese Court of Auditors has audited the financial statements of the Pension Fund of the European Organization for Nuclear Research (CERN-PF) for the year ended 31 December 2025. These financial statements comprise the statement of financial position, statement of the financial performance, cash flow statement, statement of changes in net assets available for benefits as well as the notes to the financial statements.

UNQUALIFIED OPINION OF FINANCIAL STATEMENTS

In our opinion, the financial statements present a true and fair view, in all material aspects of the Pension Fund of the European Organization for Nuclear Research as of 31 December 2025 of its financial performance and of its cash flows for the year ended, in accordance with International Public Sector Accounting Standards (IPSAS) and International Accounting Standard 26.

BASIS FOR OPINION

As the External Auditor (EA), we conducted the audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) issued by the International Organization of Supreme Audit Institutions (INTOSAI), and the International Standards on Auditing (ISAs).

These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the accounts of the CERN-PF are free from material misstatement and the transactions underlying them are legal and regular.

All the rules, instructions, procedures, documentation and other evidence, as well as the information and explanations required have been provided timely and adequately.

MANAGEMENT'S RESPONSIBILITY

The CERN-PF Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and for such internal control as it determines to be necessary to allow the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the ability of CERN-PF to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going-concern basis of accounting unless the Management intends either to liquidate CERN-PF or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Organization.

AUDITOR'S RESPONSIBILITY

We operated independently and performed such audit as deemed necessary to meet financial audit obligations regarding the Finance Committee and the Council.

Our objectives are to obtain reasonable assurance as to whether the Pension Fund (PF) financial statements as a whole are free from material misstatements, whether due to fraud or due to error, and to issue an audit report that includes our opinion. Reasonable assurance means a high level of assurance, but it is not a guarantee that an audit conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or considered together, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

As part of an audit in accordance with the ISSAIs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures that are responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation or the overriding of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of CERN-PF;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management;
- Draw conclusions as to the appropriateness of the Management's use of the going-concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the ability of CERN-PF to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause CERN-PF to cease operations as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

The audit involved performing procedures to obtain sufficient and appropriate evidence about the amounts and disclosures in the financial statements to provide a basis for our opinion. The procedures selected relied on the Auditor's judgment, including the assessments of the risks of material misstatements of the Financial Statements, whether due to fraud or error. In making those risks assessments, the Auditor considered the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances.

We believe that the audit evidence is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the current period. We do not provide a separate opinion on these matters.

Internal control system

Due to its relevance, the EA has further deepened the understanding of the organization's overall internal control system, existing internal controls and assessed their effectiveness.

As part of our audit work, we have reassessed the overall internal control environment, reviewed internal audit reports, conducted follow-up interviews with key personnel, and performed additional procedures on benefits payments, financial asset valuation, and cash and cash equivalents.

At this stage, we have no new observations or recommendations in this area.

Contributions and benefits payable

In 2025, the net membership activities cost was negative 55.0 MCHF, resulting from 267.6 MCHF in contributions received and 322.7 MCHF in benefits paid.

On this domain, the audit team has carried out a reassessment of the Benefits Service policies and procedures, segregation of duties, payroll process and controls, tested internal controls, and interviewed key personnel in the Benefits Service.

In this domain, the EA has no observations or recommendations.

Investment management fees

Investment management fees accounted for 85.9% (86.9 MCHF) of CERN-PF investment expenses and has decreased by 2.7% compared with the 2024 financial year. Over the last five years, this expenditure has increased substantially, from 45MCHF in 2021 to 86.9 MCHF in 2025.

Per its Statement of Investment Principles, the Fund seeks to minimise management and administration fees, taking into account the importance of adequate incentive structures for the Fund's performance, as to strike an optimum balance between the Fund's and the managers interests.

Despite the fact that management fees are charged across several instruments, it was noted that hedge funds account for the majority of the management fees.

However, this observation cannot be considered in isolation from other factors that influence the investment decision-making for certain asset classes, to align with the approved Strategic Asset Allocation of the Fund.

As such, the EA notes that while fees are currently considered in the investment decision-making, the decision is generally based on the expected net returns (after fees). There are no additional observations or recommendations, at this level.

OTHER INFORMATION

CERN Pension Fund Management is responsible for the other information included in the Pension Fund Annual Report, which comprises the Pension Fund Governing Board Report and an Extract of the Actuary's Report on the Fund as of 31 December 2025, as well as the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. However, in connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, to consider if the other information is materially inconsistent with the financial statements or if our knowledge obtained in the audit or otherwise appears to be materially misstated. Whenever 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Based on the procedures we performed, nothing has come to our attention as part of our audit of the financial statements that cause us to believe that the CERN Pension Fund's transactions have not been made, in all significant respects, in accordance with the relevant Pension Fund regulations.

COMMUNICATION TO MANAGEMENT

We communicated with managers charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

LONG FORM REPORT

We issued a long-form report on the audit of the CERN-PF Annual Accounts for the year 2025, where a more detailed presentation of the audit issues can be found.

We conclude that there are no material issues to draw the attention of the Council.

Lisbon, 22 April 2026.

THE EXTERNAL AUDITOR

Filipa Urbano Calvão
President of the Portuguese Court of Auditors

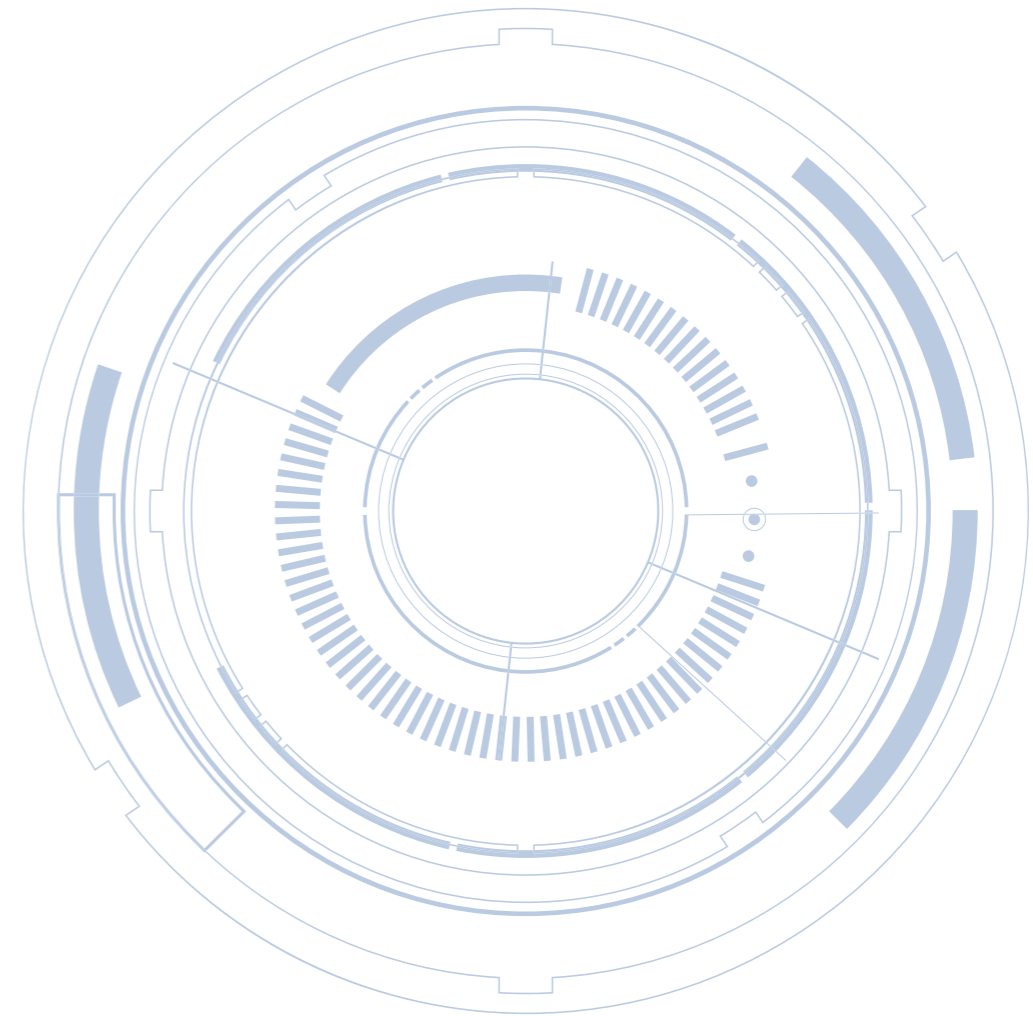


Maria da Luz Carmezim
Member of the Portuguese Court of Auditors



Audit team:

- Mr. Nuno Miguel Martins Lopes (Auditor-Chief).
- Mr. Joel Gustavo Silva Ribeiro (Auditor-Chief).
- Mrs. Carla Linder Martins (Auditor-Chief).
- Mrs. Marisa Vieira (Auditor).
- Mr. João Carlos Cardoso (IT Manager).
- Mr. João Paulo Amado (IT Manager).





FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

(in kCHF)	Note	As at 31 December	
		2025	2024
Assets			
Cash and cash equivalents	5	854 979	697 985
Short-term deposits	6	40 000	40 000
Settlements receivable		1 726	15 490
Sundry debtors	7	4 913	6 226
Other receivables	8	7 831	14 921
Derivatives	9	51 705	29 960
Bonds	10	157 975	165 150
Equities	11	51 853	132 793
Investment funds	12	3 003 699	2 916 001
Total financial assets		4 174 681	4 018 526
Investment property	13	764 338	751 726
Total non-financial assets		764 338	751 726
Total assets		4 939 019	4 770 252
Liabilities			
Settlements payable		-	2 533
Sundry creditors	14	17 130	14 815
Other payables	15	4 590	3 747
Derivatives	9	46 282	129 322
Total liabilities		68 002	150 417
Net assets available for benefits		4 871 017	4 619 835

(in kCHF)	Note	As at 31 December	
		2025	2024
Actuarial present value of benefit obligations *			
Benefit obligation in respect of members		5 181 151	6 103 477
Benefit obligation in respect of beneficiaries		4 896 301	5 225 308
Actuarial present value of benefit obligations		10 077 452	11 328 785
Technical deficit		(5 206 435)	(6 708 950)
Funding ratio		48.3%	40.8%

* See Extract of Actuary's Report

STATEMENT OF FINANCIAL PERFORMANCE

(in kCHF)	Year ended 31 December		
	Note	2025	2024
Investment income			
Financial assets			
Dividend income	16	67 721	39 499
Interest income	17	16 282	34 104
Unrealised gains/(losses) on financial assets at fair value through profit and loss	18	139 261	404 402
Realised gains/(losses) on financial assets at fair value through profit and loss	19	17 607	48 211
Non-financial assets			
Investment property income and gains	20	30 215	64 618
Foreign exchange gains/(losses)	21	144 202	(262 916)
Total investment income		415 288	327 918
Investment expenses			
Financial assets			
Investment management fees	22	86 927	89 309
Custody fees and administration of securities		409	432
Transaction costs		231	524
Taxation		516	242
Non-financial assets			
Investment property expenditure	23	10 174	10 658
Investment related expenditure		2 938	2 463
Total investment expenses		101 195	103 628
Net investment income		314 093	224 290
Other expenses			
Bank charges		16	20
Other financial expenses	24	1 372	1 188
Administration costs	25,32	6 491	6 683
Total other expenses		7 879	7 891
Change in net assets before membership activities		306 214	216 399

(in kCHF)	Year ended 31 December		
	Note	2025	2024
Membership activities	26		
Contributions			
Member contributions		74 650	71 746
Employer contributions		129 203	125 073
Employer special contributions		61 400	61 400
Purchase of additional years of membership		1 457	2 674
Indemnities received from third parties		300	-
Compensations	27	337	302
Procurement of entitlement to pension for surviving spouse paid by members		301	322
Total contributions		267 648	261 517
Benefits and payments			
Retirement pensions		239 837	240 200
Disability pensions		2 263	2 097
Surviving spouse pensions		49 334	48 588
Orphans pensions		1 602	1 440
Family allowances		11 980	12 171
Ex gratia payments granted		67	66
Transfer values paid to members	28	14 152	12 518
Transfer values paid to other schemes	29	2 168	2 057
Amounts pending selection from members	30	1 205	(778)
Contributions paid to other schemes		72	83
Total benefits and payments		322 680	318 442
Net membership activities cost		(55 032)	(56 925)
Net increase in net assets during year		251 182	159 474
Net assets available for benefits at beginning of year		4 619 835	4 460 361
Net assets available for benefits at end of year		4 871 017	4 619 835

CASH FLOW STATEMENT

(in kCHF)	Year ended 31 December	
	2025	2024
Cash flows from membership activities		
Contributions and other receipts	267 017	261 504
Benefits and other payments	(320 606)	(318 424)
Net cash flows from membership activities	(53 589)	(56 920)
Cash flows from investing activities		
Financial assets		
Purchases of bonds	(42 320)	(371 981)
Purchases of equities	(40 824)	(153 468)
Purchases of investment funds	(267 679)	(1 002 127)
Proceeds from sale of short-term deposits	-	20 000
Proceeds from sale of bonds	44 462	877 601
Proceeds from sale of equities	128 116	351 594
Proceeds from sale of investment funds	234 564	203 684
Net receipts/(payments) from derivatives	84 644	(25 358)
Dividends received	67 714	40 656
Net interest received	16 462	26 972
Non-financial assets		
Investment property payments	(10 563)	(18 117)
Purchases of investment property	(11 538)	(21 474)
Investment property receipts	35 810	33 134
Net tax receipts	409	372
Management and custody fees paid	(1 300)	(1 613)
Administrative and other operating expenses paid	(9 183)	(11 778)
Net cash flows from investing activities	228 774	(51 903)
Net increase/(decrease) in cash and cash equivalents	175 185	(108 823)
Cash at beginning of the year	697 985	780 670
Unrealised (losses)/gains on cash and cash equivalents	(18 191)	26 138
Cash at end of the year	854 979	697 985

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

(in kCHF)	Year ended 31 December	
	2025	2024
Balance as at 1 January	4 619 835	4 460 361
Employer contributions	129 203	125 073
Member contributions	74 650	71 746
Employer special contributions	61 400	61 400
Purchase of additional years	1 457	2 674
Indemnities and compensations	637	302
Procurement of entitlement to pension for surviving spouse paid by members	301	322
Investment income	415 288	327 918
Benefits paid	(305 083)	(304 562)
Transfer values and contributions paid to other schemes	(17 597)	(13 880)
Investment expenses	(100 679)	(103 386)
Administrative expenses	(6 491)	(6 683)
Other expenses	(1 388)	(1 208)
Taxation	(516)	(242)
Balance as at 31 December	4 871 017	4 619 835



NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

1.1. FUND DESCRIPTION

Under Chapter IV of the CERN Staff Rules and Regulations, the European Organization for Nuclear Research (hereafter referred to as "CERN"), which has its seat in Geneva, is responsible for the social insurance coverage of its staff. Thus it set up in 1955 a pension fund which constitutes the CERN personnel's social protection for disability, old age and death. The legal entity ("the Organization") encompasses both CERN and the Fund.

The governance structure of the Fund and its relations with the Council and the Director General of CERN are defined in the Rules of the Pension Fund ("the Rules," available at: <https://pensionfund.cern.ch>). The Rules and Regulations of the Fund are approved by CERN Council.

The Rules state that "The purpose of the Fund is to insure its members and beneficiaries, as well as the members of their families, against the economic consequences of the disability and old age of its members and of the death of its members and beneficiaries" (Art. I 1.01).

With respect to the status of the Fund within the Organization, according to the Rules, "The Fund is an integral part of CERN, and, as such, has no separate legal personality and is under the supreme authority of Council" (Art. I 2.01). In addition, "The Fund shall enjoy operational autonomy within CERN and shall be managed in accordance with the framework set out in the Rules and Regulations". (Art. I 2.02).

The fact that the Fund and CERN are a single legal entity is primarily the result of an exceptional legal framework deriving from the international status of the Organization. Without this

constraint, two separate legal entities would have been established. As it is, CERN and the Fund function as two distinct economic entities, and the Fund is operationally autonomous and is separately governed in accordance with the Rules and Regulations of the Pension Fund.

Given the needs of the users of the different financial statements and considering the distinct purposes of the Fund and CERN, and the differences in sources of funding, conditions of membership and governing bodies, separate financial statements are produced for the Fund.

Regarding the oversight and management of the Fund, Article I 2.04, states that

1. The oversight of the Fund shall be entrusted to the Governing Board, assisted and advised by the Investment Committee and the Actuarial and Technical Committee.
2. The management of the Fund shall be entrusted to the Chief Executive Officer of the Fund, hereinafter referred to as "the Chief Executive Officer."

Article I 2.03 of the Rules further provides that the assets of the Fund shall be held separately from those of CERN and shall be used solely for the purpose of the Fund.

The Fund operates as a defined-benefit scheme. The members of the personnel of CERN and the members of the personnel of the European Southern Observatory (ESO), which has its seat in Munich, are members of the CERN Pension Fund. Conditions relating to the admission of ESO staff to the Fund are set out in the CERN/ESO Agreement.

Pensions are calculated in the following manner:

For members who joined the Fund on or before 31 December 2011, 2% of the Basis for the Calculation of Benefits, as set out in Article II 1.08 of the Rules, for each year of membership, up to a maximum of 35 years;

For members who joined the Fund on or after 1 January 2012, 1.85% of the Basis for the Calculation of Benefits, as set out in Article II 1.08, of the Rules, for each year of membership, up to a maximum of 37 years and 10 months.

The retirement age is as follows:

- i. **For members who joined the Fund on or before 31 December 2011**: 65 years;
- ii. **For members who joined the Fund on or after 1 January 2012**: 67 years.

The entitlement to a pension begins after a minimum of five years' contributions.

1.2. FUNDING ARRANGEMENTS

According to the Rules, the resources of the Fund derive from (a) contributions from CERN and ESO, (b) contributions from its members, (c) the income from the investment of its assets, and (d) gifts and legacies. The contributions are expressed as a percentage of each member's reference salary, which is equal to the basic remuneration for 40 hours' work per week multiplied by a coefficient set out in Annex A to the Rules.

Contributions are apportioned between the member and the participating Organizations as follows:

- i. **For members who joined the Fund on or before 31 December 2011**: member: 11.33%; Organization: 22.67%; total: 34%;
- ii. **For members who joined the Fund on or after 1 January 2012**: member: 12.64%; Organization: 18.96%; total: 31.6%.

1.3. TERMINATION TERMS

When membership of the Fund terminates before the applicable age of retirement for a reason other than death or total disability, a transfer value is calculated on the basis of the reference salary at the date of termination:

- i. Less than five years of service: where the member has less than five years of service, the transfer value is paid into another pension scheme or to the member;
- ii. Between five and ten years of service: the member has the choice between a deferred retirement pension,

- or payment into another pension scheme, or, if the latter option is not possible, to the member;
- iii. Ten or more years of service: the member has the choice between a deferred retirement pension, and payment into another pension scheme, or, if the latter option is not possible, into a private insurance scheme offering comparable guarantees.

Payment of a transfer value extinguishes any right to a pension, except that for partial disability that is already being paid.

1.4. SIGNIFICANT ACTIVITIES FOR THE PERIOD

There were no significant activities during the year.

1.1.1. Beneficiaries

As at 31 December 2025 the number of beneficiaries was 3,696 (2024: 3,691).

1.1.2. Members

As at 31 December 2025 the number of members of the Fund was 4,574 (2024: 4,431). This included 3,997 CERN members (2024: 3,885) and 577 ESO members (2024: 546).

1.5. INVESTMENT POLICY

The Fund's principles governing the investment policy are set out in the Statement of Investment Principles CERN/PFGB/90.6c/A/Rev. which is approved by the PFGB.

The Fund strives to maximise returns while remaining below a maximum level of risk. The maximum level of allowable risk is referred to as the "risk limit".

The Fund's portfolio is constructed and managed with the objective of remaining at all times within the risk limits approved by the PFGB, while striving to attain the Fund's investment return objective.

When selecting and managing investments, the Fund considers adapting the time horizon to the market conditions or to the circumstances of the Fund. In addition, the requirement for active management and the sensitivity of the risk and return to market cycles are also considered.

The Fund may invest in a wide range of asset classes including listed equity, government and non-government debt, currencies, money market instruments, property, commodities, private equity/debt. The Fund may also invest in strategies with absolute return focus. Investments may be undertaken directly (internally), or indirectly (e.g. via funds or investment agreements), in physical assets or derivatives.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION

The CERN Pension Fund Financial Statements for the financial year ended 31 December 2025 have been prepared on a going-concern basis and pursuant to Article I 4.02 of the Rules of the Pension Fund, in accordance with International Public Sector Accounting Standards (IPSAS) and International Accounting Standard 26, Accounting and Reporting by Retirement Benefit Plans, as there is no such equivalent IPSAS. The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It also requires the Fund to exercise its judgement in the process of applying the Pension Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed under note 3. If such estimates and assumptions deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

Whilst the accounts of the Fund are maintained to the nearest Swiss franc, these financial statements are expressed in thousands or millions of Swiss francs. Some rounding differences may therefore occur.

At its meeting on 22 April 2026 the PFGB approved the submission of the CERN Pension Fund Annual Report and Financial Statements for 2025 to CERN Council, via the Finance Committee, for approval and discharge.

The accounting policies set out below have been applied consistently by the Fund and throughout all periods presented in these financial statements.

The Fund has applied the following new standards for the first time for its annual reporting period commencing 1 January 2025:

- i. IPSAS 43, Leases – effective January 1, 2025
- ii. IPSAS 46, Measurement – effective January 1, 2025

The adoption of these standards has resulted in updated disclosures to provide more detailed information for users of the financial statements, including a more detailed maturity analysis of lease payments receivable and the Fund's approach to managing risks it retains in underlying assets (note 20), as well as an expanded fair value hierarchy disclosure to include investment property (note 4.2). In accordance with IPSAS 43, the Fund has elected to account for the leasing of a small number of low-value assets as an expense on a straight-line basis over the lease term. The adoption of the new standards has had no impact on the amounts recognised in prior periods or the current period.

The following new standards, that are issued but not yet effective, up to the date of issuance of the Fund's financial statements, are disclosed below. The Fund intends to adopt these standards, if applicable, when they become effective:

- i. IPSAS 47, Revenue – effective January 1, 2026
- ii. IPSAS 48, Transfer Expenses – effective January 1, 2026
- iii. IPSAS 49, Retirement Benefit Plans – effective January 1, 2026
- iv. IPSAS 50, Exploration for and Evaluation of Mineral Resources, and Stripping Costs in the Production Phase of a Surface Mine – effective January 1, 2027

Once effective, the above standards are not expected to have any material effect on the amounts in the Statement of Financial Position, Statement of Financial Performance, Cash Flow Statement nor the Statement of Changes in Net Assets Available for Benefits.

2.2. MEASUREMENT BASE

The measurement base adopted is that of historical cost as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) and investment property at fair value through profit or loss.

2.3. FOREIGN CURRENCY TRANSLATION

2.3.1. Functional and presentation currency

Pursuant to Article I 4.02 of the Rules of the Pension Fund, the unit of account of the Pension Fund is the Swiss franc which is the functional and presentation currency.

2.3.2. Transaction and balances

At each reporting date monetary assets and liabilities that are denominated in foreign currencies are translated into Swiss francs at the exchange rates ruling on that date. Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Gains and losses arising on translation are shown separately in the Statement of Financial Performance for the period.

2.4. CLASSIFICATION OF ASSETS AND LIABILITIES

The CERN Pension Fund is an entity that, inter alia, manages assets used to pay pensions. As such, the assets and liabilities are disclosed in the Statement of Financial Position in an order that broadly reflects their relative liquidity.

2.5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid

investments with original maturities of three months or less, as well as margin accounts with brokers that cover margin calls on derivative positions.

2.6. FINANCIAL ASSETS

Financial assets are recognised on the Fund's Statement of Financial Position when the Fund becomes a party to the contractual provisions of the instrument, in accordance with IPSAS 41, Financial Instruments.

The Fund classifies its financial assets in the following categories: financial assets at fair value through profit or loss; and financial assets at amortised cost.

The classification depends on the Fund's approach to managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest. Management determines the classification of its financial assets at initial recognition.

2.6.1. Financial assets at fair value through profit or loss

The Fund's business is investing in assets with a view to profiting from their total return in the form of interest, dividends, distributions and increases in fair value.

A. Classification

The Fund classifies its investments in cash and cash equivalents, debt, equity securities, investment funds and derivatives as financial assets at fair value through profit or loss. The designation and classification of the investments is carried out at initial recognition and reassessed at each reporting date. The portfolio of investment funds is presented under Investment Funds on the Statement of Financial Position.

B. Recognition and derecognition

Purchases and sales of unquoted and quoted investments are recognised and derecognised on the trade date, being the date the Fund commits to purchase or sell the asset under a binding contract.

Financial assets are derecognised when the rights to receive cash flows have expired, or the Fund has transferred substantially all the risks and rewards of ownership.

C. Measurement

Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed immediately in the Statement of Financial Performance. Financial assets at fair value through profit or loss are subsequently measured at fair value at the reporting date. For quoted instruments, fair value is based on the last reported bid price (sales price) at the reporting date. For unquoted instruments, fair value is determined using appropriate valuation techniques. Unrealised gains and losses arising from changes in fair value are recognised in the Statement of Financial Performance in the period in which they arise.

Interest, dividends and investment management fees arising from financial assets are presented separately in the Statement of Financial Performance and are not included in unrealised or realised gains/(losses) on financial assets at fair value through profit and loss.

2.6.2. Financial assets at amortised cost

Financial assets are measured at amortised cost when the Fund holds them within a management model whose objective is to collect contractual cash flows, and the contractual terms give rise to cash flows that are solely payments of principal and interest.

The Fund's assets classified as settlements receivable, sundry debtors and other receivables meet these conditions and are therefore classified and measured at amortised cost.

Settlements receivable represent amounts due to the Fund for securities sold or purchased that have been contracted for but not yet settled or delivered at the reporting date.

Sundry debtors include the following financial assets: recoverable withholding tax levied at source on dividends, investment property debtors and other due amounts.

Other receivables include the following financial assets: accrued interest on cash and short-term deposits, dividends receivable and outstanding receipts.

Financial assets measured at amortised cost are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition.

Subsequently, financial assets measured at amortised cost are carried at amortised cost using the effective interest method, less any allowance for expected credit losses.

2.7. IMPAIRMENT OF FINANCIAL ASSETS

Financial assets measured at amortised cost are subject to the expected credit loss model (ECL) in IPSAS 41. The Fund assesses ECLs on a forward-looking basis at each reporting date.

The ECL model requires recognition of credit losses based on 12-month expected losses or lifetime expected losses, depending on whether there has been a significant increase in credit risk since initial recognition.

Receivables that do not contain a significant financing component apply the simplified approach, under which a lifetime expected credit loss is recognised from initial recognition.

The Fund's financial assets measured at amortised cost comprise settlements receivable, investment property debtors and other short-term receivables.

For these receivables, expected losses are recognised by applying the simplified approach. The ECL assessment

considers past default experience, the ageing profile of receivables, current conditions and forward-looking information.

Impairment losses are recognised in the Statement of Financial Performance. A financial asset is written off when there is no reasonable expectation of recovery.

2.8. OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.9. NON-FINANCIAL ASSETS

Those assets where there is no contractual right to receive cash or another financial asset are listed under this heading.

2.9.1. Investment property

Investment property is defined as land, buildings and forests held to earn rental income and capital appreciation and is not occupied by the Fund.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition investment property is carried at fair value, representing open market value determined annually by external valuers with professional qualifications and experience. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Fund uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the Statement of Financial Performance, as part of investment property income.

The costs of the day-to-day running of the properties, e.g. repairs and maintenance, are recognised in the Statement of Financial Performance as incurred. Expenditure incurred in the replacement or renovation of part of an existing investment property that is 5% or more of the value of that property is recognised in the carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Fund and the cost of the item can be reliably measured.

2.10. OTHER FINANCIAL LIABILITIES

Other financial liabilities include settlements payable, sundry creditors and other payables. These represent contractual obligations to deliver cash or other financial assets and are

classified as financial liabilities measured at amortised cost under IPSAS 41.

Settlements payable represent amounts due by the Fund for securities purchased that have been contracted for but not yet settled or delivered at the reporting date.

These financial liabilities are not interest-bearing and are due within twelve months. They are initially recognised at their fair value less any transaction costs directly attributable to their acquisition and are subsequently measured at amortised cost. As these liabilities do not bear interest and have short maturities, the effect of discounting using the effective interest method is not material.

2.11. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

The Fund's activities expose it to the financial risks such as foreign currency risk, interest rate risk and credit risk. Therefore, the Fund may use derivative instruments such as foreign exchange forward contracts, interest rate swap contracts and credit default swaps to hedge these exposures. The Fund may also use derivative instruments for investment purposes, principally to gain exposure to specific markets.

All derivatives are classified as financial assets or financial liabilities measured at fair value through profit or loss in accordance with IPSAS 41. Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each reporting date. Any gains and losses arising from changes in the fair value are recognised in the Statement of Financial Performance. The Fund does not apply hedge accounting to any derivative positions.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Initial and variation margin received by the Fund in respect of exchange traded derivative positions and collateral received by the Fund in respect of over the counter derivative positions is not recognised in the Statement of Financial Position, as such margin and collateral is held in segregated accounts, remains the property of the counterparty, cannot be legally accessed or used by the Fund, and must be returned to the counterparty upon settlement or termination of the related derivative contracts, unless an event of default has occurred in accordance with the relevant master agreements.

Margin and collateral posted by the Fund in respect of derivative positions is not derecognised and remains recognised in the Statement of Financial Position, as the Fund retains substantially all of the risks and rewards of ownership and such margin and collateral is recoverable on settlement or termination of the related derivative contracts.

The Fund may, at a given time, hold the following derivative instruments:

A. Forward contracts

Forward contracts are contractual obligations to buy or sell financial instruments on a future date at a specified price. A forward contract is a non-standardised contract written by the Fund and the counterparty to the agreement. The contracts are collateralised by cash and changes in the forward contracts' value are settled on reset, rollover or closure of the contract. The forward contracts are settled on a gross basis.

B. Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of the future securities price. Options are settled on a gross basis.

C. Swaps

Swaps are contracts to exchange cash (flows) on or before a specified future date based on the underlying value of currencies/exchange rates, bonds/interest rates, commodities, stocks or other assets.

D. Futures

Future contracts are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash and changes in the futures contracts' value are settled daily with the exchange. Futures are settled on a net basis.

E. Credit default swaps

Credit default swaps are contractual obligations under which the seller receives a premium or interest-related payments in return for agreeing to compensate the buyer in the event of a credit event on an underlying reference obligation. Credit events usually include bankruptcy and payment default.

2.12. PROVISIONS

Provisions are recognised when the Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.13. ACTUARIAL LIABILITIES

The PFGB approves the significant actuarial assumptions for the calculation of the actuarial present value of promised retirement benefits at the end of the period, taking advice from an independent actuary concerning the appropriateness of the assumptions. The actuarial present value of promised retirement benefits at the end of the period is included in the Statement of Financial Position under the heading "Actuarial present value of benefit obligations".

The actuarial present value of the promised retirement benefits, based on projected remuneration and capitalised pension indexation, is disclosed to indicate the magnitude of the potential obligation on a going concern basis.

In accordance with IAS 26, the actuarial method used to calculate the actuarial commitments is the projected unit credit method (PUC method). The projected unit credit method considers that each service period allows for an additional unit of benefits rights and evaluates each of these units separately to obtain the final value of the liability.

2.14. REVENUE RECOGNITION

2.14.1. Revenue from exchange transactions

Interest income is recognised on time proportionate basis using the effective interest method;

Rental income from operating leases on investment properties owned by the Fund is recognised over the term of the lease on a straight line basis;

Dividend income is recognised when the right to receive payment is established.

2.14.2. Revenue from non-exchange transactions

The Fund does not recognise revenue from non-exchange transactions. Non-exchange transactions include administrative support and office accommodation provided free of charge by CERN.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated by the Fund, with input from independent experts, and are based on historical experience and other factors, including assumptions about future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The most significant estimates made during the period are outlined below.

3.1. ACTUARIAL ASSUMPTIONS

The liabilities of the Fund, in respect of promised benefits to be paid, have been determined using methods relying on actuarial estimates and assumptions. These assumptions reflect the long-term nature of future benefits. Changes in these estimates and assumptions could materially affect liabilities in respect of benefits.

The basis for the Fund's actuarial assumptions is set out under note 2. "Summary of Significant Accounting Policies".

The table hereafter shows the significant actuarial assumptions proposed by the Fund's Actuary and approved by the PFGB at its meeting of 18 February 2026 (CERN/PFGB/115.6a) and also those used in the corresponding period. The reference discount rate as at 31 December 2025 is the AON Swiss AA Corporate Bond Yield Curve. As a result, the discount rate applied for 2025 is 1.23% when expressed as a single equivalent rate. In 2024, the rate was 0.79%, when expressed as a single equivalent spot rate. In addition, the long-term inflation rate applied for 2025 has reduced from 1.25% applied in 2024 to 1.00% based on input from the Fund's Risk Consultant. This has an impact on assumptions linked to inflation, such as salary and pension increases. All other assumptions used as at 31 December 2025 and 31 December 2024 are the same as those approved by the PFGB for the 1 January 2025 Periodic Actuarial Review. The assumptions are presented as single equivalent spot rates or a liability-weighted average for simplicity.

Actuarial assumptions	2025	2024
Discount rate ¹	1.23%	0.79%
Salary increase linked to inflation	1.00%	1.25%
Indexation of pensions linked to inflation ²	0.65% for active members 0.80% for beneficiaries	0.85% for active members 1.05% for beneficiaries
Salary increase linked to career change	CERN 1.50%; ESO 2.00% (liability-weighted average)	CERN 1.50%; ESO 2.00% (liability-weighted average)
Mortality tables	ICSLT2023 (with age-related scaling)	ICSLT2023 (with age-related scaling)

1. The underlying best estimate assumption is the AON Swiss AA Corporate Bond Yield Curve. The single equivalent spot rate approximates this underlying curve.
2. The pension increase rate is the long-term inflation rate of 1.00% less a single-equivalent pension indexation for members and beneficiaries. For members in 2025 this was 0.35 percentage points (2024: 0.40 percentage points) and for beneficiaries in 2025 it was 0.20 percentage points (2024: 0.20 percentage points).

Aon Switzerland Ltd is the Fund's Actuary. An extract of the Actuary's Report on the Fund as at 31 December 2025 is included at the end of this document for information purposes.

The sensitivity of results to changes in the key actuarial assumptions as at 31 December 2025 is set out in the extract of the Actuary's report.

In 2025, the Fund's Actuary did not propose any change to the reference used for the discount rate assumption, however the yield curve values were different compared to 2024. In 2025 the discount rate used to determine the present value of future promised benefits was 1.23% when expressed as a single equivalent rate (2024: 0.79%). The effect of this change was a decrease in liabilities of 901 MCHF, which represents 9% of the Actuarial present value of benefit obligations.

In addition, in 2025 the long-term inflation rate assumption was changed to 1.00% based on input from the Fund's Risk Consultant (2024: 1.25%). The effect of this change was a decrease in liabilities of 505 MCHF, which represents 5% of the Actuarial present value of benefit obligations.

Total liabilities, as at 31 December 2025, were 10,077 MCHF (2024: 11,329 MCHF).

3.2. FAIR VALUE OF INVESTMENT PROPERTY

The fair value of the Fund's investment property is considered to be its market value. As at 31 December 2025 the fair value of investment property was 764,338 kCHF (2024: 751,726 kCHF). The portfolio includes assets denominated in both Swiss franc and non-Swiss franc currencies. As such, the year-on-year movement reflects both property valuations and foreign exchange effects.

The fair values of the investment property were determined based on valuations performed by independent valuers, as at 31 December 2025 and 2024. In compliance with IPSAS 16, and in order to arrive at the most reliable estimate of the fair value within a range of reasonable fair value estimates, the fair values of the properties (excluding the forests) have been determined using a discounted cash flow method. The independent valuers use assumptions that are mainly based on market conditions existing at each reporting date. The fair

values of the forests have been determined by an expert in the forest industry, using market practice for valuing forest land i.e. taking into account current market prices for forest land and inventory. All resulting fair value estimates for the Fund's investment property are included in Level 3 of the fair value hierarchy as disclosed in note 4.2. The Fund did not change any valuation techniques used to determine the fair values of its Investment Property.

The principal considerations underlying the estimation of fair value are those related to:

- Current or recent prices of similar properties;
- Appropriate discount rates ranging from 3.35% to 8.90% (2024: 3.60% to 9.05%);
- The receipt of contractual rentals;
- Expected future market rentals;
- Void periods;
- Maintenance requirements;
- Current market prices for forest inventory.

The discount rate reflects current market assessments of the risks associated with the amount and timing of future cash flows. An increase in the discount rate would result in a lower fair value, while a decrease in the discount rate would result in a higher fair value. Similarly, higher rental assumptions would increase fair value, whereas longer void periods or higher expected maintenance costs would decrease fair value.

These valuations are regularly compared to actual market yield data, and actual transactions and those reported by the market. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

3.3. FAIR VALUE OF FINANCIAL ASSETS NOT QUOTED IN AN ACTIVE MARKET

In arriving at the fair value of financial assets not quoted in an active market, the Fund considers factors such as industry performance, company performance, quality of management, the price of the most recent financing round, exit opportunities which are available, liquidity preference, comparable market transactions, discounted cash-flows, earnings multiples and net present value analysis. The maximum use of market inputs is made with as little reliance as possible on entity-specific inputs. Valuations are determined in accordance with the Fund's valuation policies

(in kCHF)	2025		2024	
	Total net asset value	Outstanding commitment	Total net asset value	Outstanding commitment
US Private Equity	258 875	88 087	225 192	122 370
European Private Equity	191 891	61 092	180 440	53 049
Private Debt	79 332	47 758	98 883	54 324
Real Estate Funds	60 728	5 179	81 304	7 095
Total	590 826	202 116	585 819	236 838

and procedures. The Fund did not change any valuation techniques in determining the fair value of financial assets not quoted in an active market. Note 4.2 contains a detailed breakdown of the Fund's Level 3 financial assets.

3.3.1. Investment Funds

As at 31 December 2025 the Fund had holdings in investment funds totalling 1,422,022 kCHF (2024: 1,456,775 kCHF) that are not quoted in an active market. This represents 34% of total financial assets (2024: 36%). Many of these investment funds have the same reporting period as the Fund. Consequently, in many cases, audited financial statements attesting, inter alia, to the value of the Fund's investments in these funds were not available at the reporting date. Where audited statements were not in evidence, the Fund used unaudited statements as at 31 December 2025 provided by the independent administrators or fund. In other cases, unaudited statements as at 30 September 2025 were used, as adjusted for capital movements between the last received statements and 31 December 2025.

The fair values of these investments are typically based on the net asset values reported by the respective fund administrators or general partners. The underlying valuations incorporate significant unobservable inputs, such as projected cash flows, discount rates, capitalisation rates and earnings multiples. As the Fund does not have access to the detailed valuation models or specific inputs applied by the underlying funds, it is not practicable to provide a quantitative sensitivity analysis. Changes in these unobservable inputs, including interrelated changes such as lower cash flow projections combined with higher discount rates, could result in a significantly higher or lower fair value of individual investments and, in aggregate, of the portfolio. However, the Fund's investments in unquoted funds are diversified across 162 funds, with an average fair value of 8,778 kCHF (2024: 159 funds with an average fair value of 9,162 kCHF), which reduces the overall sensitivity of the aggregate fair value to changes in unobservable inputs affecting any single fund.

The Fund has the following outstanding commitments to private equity, real estate and private debt funds as at 31 December:

3.3.2. Over-the-counter derivatives instruments

The fair value of over-the-counter derivatives instruments is determined using quoted prices at the reporting date. When an instrument or its equivalent does not have a market price, its valuation is determined using a valuation model that is based on observable market inputs.

4. FINANCIAL RISKS

4.1. FINANCIAL RISK FACTORS

The Pension Fund's activities expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk, interest rate risk), credit risk and liquidity risk. The Fund's overall risk management programme seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance. The Fund uses derivative financial instruments to both hedge and to create certain risk exposures.

All securities investments present a risk of loss of capital. The maximum loss of capital on bonds, equities, investment funds and purchased options is limited to the fair value of those positions. The maximum loss of capital on written put options, long futures and forward currency contracts is limited to the notional contract values of those positions. On written call options and short future positions the maximum loss of capital can be unlimited.

The management of these risks is carried out by the Fund in line with investment guidelines approved by the PFGB. The Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

4.1.1. Market risk

The risk management policy of the Fund is defined in the Statement of Investment Principles. It is based on setting a risk measure, an annual risk limit and managing the asset allocation exposure compatible with the risk limit and with the return objective.

The Fund uses CVaR (Conditional Value at Risk) to measure and monitor its market risk. The CVaR of a certain confidence level measures the expected return of the corresponding tail of the return distribution. 1 Year 5% CVaR is defined as the annual expected return in the worst 5% of the return distribution of a portfolio. CVaR is also called expected shortfall.

The risk measure of 1 Year 5% CVaR is approved by the PFGB, based on the recommendation of the Investment Committee. The annual 1 Year 5% CVaR risk limit of -10% for 2025 was set by the PFGB taking into account the actuarial return considerations. The risk exposure of the Strategic Asset Allocation (SAA) and the Fund is estimated

by the independent Risk Consultant on a bi-weekly basis and reported to the Investment Committee on a quarterly basis and compared to the risk limit set by the PFGB. In addition, the Fund's Risk Manager monitors the expected risk relative to the risk limit daily.

During 2025 all quarterly evaluations of the estimated 1 Year 5% CVaR showed that the Fund was within the risk limit of -10%. As at 31 December 2025, the estimated 1 Year 5% CVaR of the Fund was -8.6% (2024: -9.5%), according to data provided by the Fund's independent Risk Consultant (and not the data included in these Financial Statements).

A. Price Risk

The Fund is exposed to securities and derivative price risk. This arises from investments held by the Fund for which prices in the future are uncertain.

Where assets of the Fund are denominated in currencies other than the Swiss franc, the price initially expressed in foreign currency and then converted into Swiss franc will also fluctuate because of changes in foreign exchange rates. Paragraph B: "Foreign exchange risk" sets out how this component of price risk is managed and measured.

Some of the Fund's financial assets and liabilities are exposed to market price risk. The fair value of these assets as at 31 December is as follows:

(in kCHF)	2025	2024
Assets		
Bonds	157 975	165 150
Equities	51 853	132 793
Investment funds	3 003 699	2 916 001
Derivatives	51 705	29 960
Total financial assets	3 265 232	3 243 904
Liabilities		
Derivatives	46 282	129 322
Total financial liabilities	46 282	129 322

B. Foreign exchange risk

The Fund is exposed to foreign exchange risks arising essentially upon investments in assets denominated in foreign currencies as outlined in the table below. As a general policy, the Fund hedges its exchange rate risk to the level of 100% of its exposure but may alter the hedge ratio as per its annual SAA review. The Fund uses three month rolling forward foreign exchange contracts and currency options to cover the currency exposure of existing and anticipated investments in foreign currency. The value of currency forward contracts as at 31 December 2025 is disclosed in note 9 "Derivatives".

As at 31 December 2025, given a shift of 10% in foreign currency rates against the Swiss franc with all other variables held constant, the Statement of Financial Performance would have shown a higher/lower result of 19,834 kCHF (2024: 18,911 kCHF). In both 2025 and 2024 this sensitivity result is predominantly caused by exposure to the US dollar,

with the hedging level for this currency set at 90% of the Fund's exposure at the end of both years.

The table below summarises the Fund's net assets that are denominated in a currency other than the Swiss franc. The table excludes the forward foreign exchange contracts that are used to hedge foreign exchange rate exposure:

(in kCHF)	2025	2024
US dollar	2 407 134	2 523 147
Euro	1 503 054	1 345 670
Pound sterling	118 643	135 548
Japanese yen	149 446	101 538
Canadian dollar	18 101	17 232
Swedish krona	15 748	15 530
New Zealand dollar	13 358	29 475
Other currencies	1 716	10 785
Total	4 227 200	4 178 925

The Fund uses year-end exchange rates supplied by its custodian. The source of these rates is Reuters World Markets.

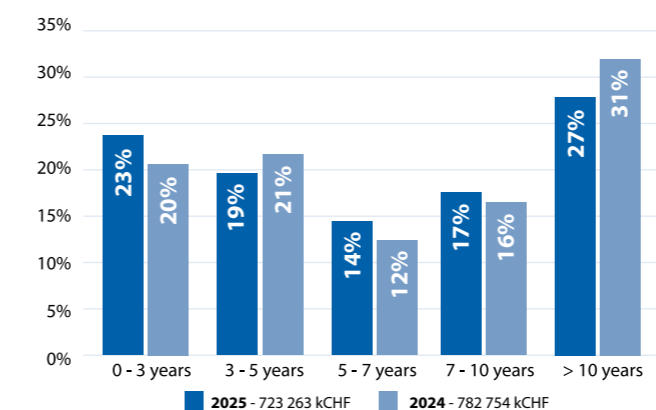
The table below shows the rates used by the Fund at 31 December to convert the major currencies in the Fund's portfolio to the Swiss franc:

Currency	2025	2024
Euro	0.930	0.938
Pound sterling	1.066	1.135
US dollar	0.792	0.906

C. Cash flow and fair value interest rate risk

Fair value interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and future cash flows. The Fund holds some fixed income investments and cash on short-term deposits. The duration of the fixed income investments is regulated by investment guidelines. The Fund may use derivatives to hedge interest rate exposure.

The analysis below summarises the maturity range of the Fund's bond portfolio at 31 December and is a measure of the sensitivity of the fair value of the Fund's fixed interest securities to changes in market interest rates:



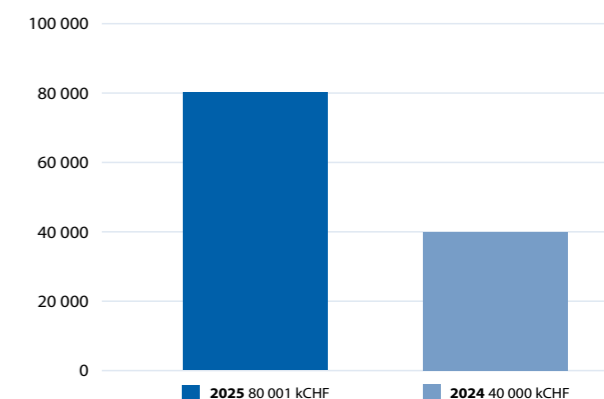
The analysis above includes the Fund's direct investments in bonds and its investments in exchange-traded fixed income funds, which total to an amount of 723,263 kCHF as at 31 December 2025 (2024: 782,754 kCHF). In respect of the exchange-traded fixed income funds, the maturities of the underlying bonds within the funds have been included in the analysis.

Indirect interest rate risk arises on investment funds where the fund invests in assets which are exposed to interest rate risk. This indirect risk arises on both exchange-traded and non-exchange-traded fixed income investment funds.

The duration of the above securities, which is the weighted-average term to maturity of the cash flows, was 6.97 years at 31 December 2025 (2024: 6.50 years).

The Fund also holds cash, a limited number of floating rate debt and derivatives that expose the Fund to cash flow interest rate risk. As at 31 December 2025, if interest rates on these investments had been 1 percentage point higher with all other variables held constant, the net assets available for benefits at the end of the year would have been higher by 7,536 kCHF (2024: 7,391 kCHF higher).

The following table indicates the Fund's exposure to fair value interest rate risk in respect of cash and short-term deposits:



The increase of 40,001 kCHF reflects balances held in deposit accounts as at 31 December 2025, compared with no such balances at the prior year end.

4.1.2. Credit risk

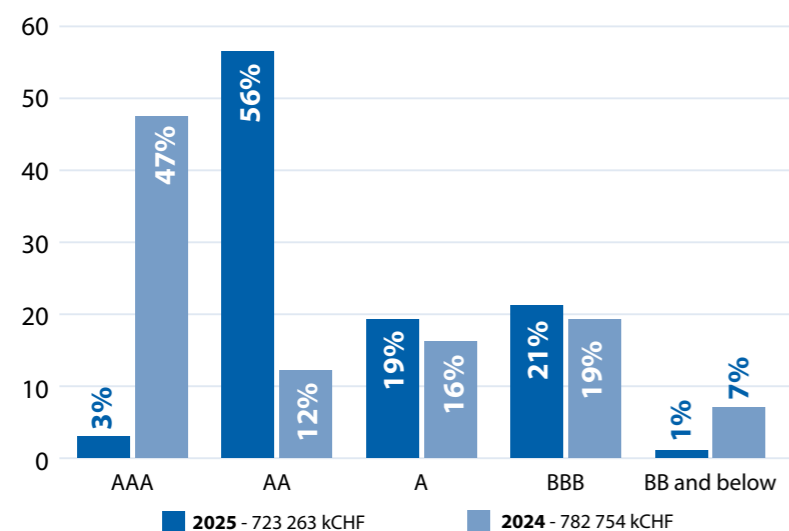
The Fund is exposed to credit risk, which is the risk that the counterparty will be unable to pay amounts in full when they fall due.

Credit risk arises from cash and cash equivalents short-term deposits, derivative financial instruments and bonds, as well as credit exposures including outstanding receivables and committed transactions.

All transactions in listed securities are contracted using approved brokers and settled/paid for upon delivery. The risk of default is considered minimal, as delivery of the securities sold is only made once the custodian has received payment. Payment is made on a purchase once the securities have been received by the custodian. The trade will fail if either party fails to meet its obligation.

The Fund invests in fixed income securities issued by various bodies such as governments, agencies or corporations. These holdings are managed in line with the investment guidelines to ensure issuer quality and diversification. In addition, the Fund limits the amount of credit exposure to any financial institution through diversification of its counterparties and strict monitoring of open receivables on derivatives instruments. If a derivative position is showing a profit, the Fund will automatically receive collateral or margin.

The analysis below summarises the issuer quality of the Fund's principal fixed income portfolio at 31 December:



The analysis above includes the Fund's direct investments in bonds and its investments in exchange-traded fixed income funds, which total to an amount of 723,263 kCHF as at 31 December 2025 (2024: 782,754 kCHF). In respect of the exchange-traded fixed income funds, the credit ratings of the underlying bonds within the funds have been included in the analysis.

The shift from AAA-rated to AA-rated investments is predominantly due to the 2025 reclassification of US Treasury bonds to align with the ratings assigned by all major rating agencies at the end of the year.

Indirect credit risk arises on investments funds where the fund invests in assets which are exposed to credit risk. This indirect risk arises on both exchange-traded and non-exchange-traded fixed income investment funds.

The maximum exposure to credit risk at 31 December is set out below:

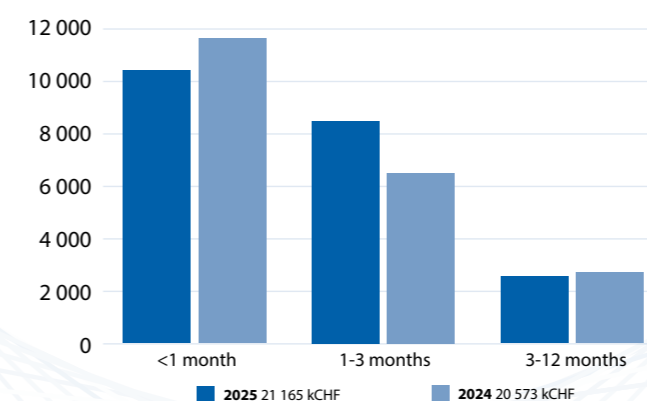
kCHF	2025	2024
Bonds	157 975	165 150
Cash and cash equivalents	854 979	697 985
Fixed income funds:		
Exchange-traded	565 288	617 604
Non-exchange-traded	79 038	75 728
Private debt	79 332	98 883
Short-term deposits	40 000	40 000
Derivatives	51 705	29 960
Settlements receivable	1 726	15 490
Other assets	12 744	21 147
Total	1 842 787	1 761 947

No material financial assets were past due as at 31 December 2025.

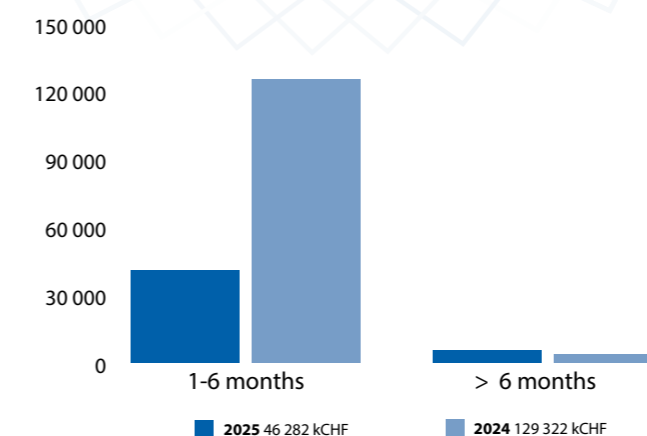
4.1.3. Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. In addition to its commitments to pay monthly benefits, the Fund is exposed to the periodic settlement of margin calls and gains and losses on derivative positions. The hedging of exchange rate risk can generate substantial cash flows that are difficult to predict. Therefore, the Fund aims to maintain sufficient levels of cash and cash equivalents to meet its short-term liabilities. The Fund does not take leveraged positions on the market.

The following graph analyses the Fund's financial liabilities (excluding the derivative financial instruments in a loss position) into relevant maturity groupings, based on the remaining period at the reporting date to the contractual maturity date:



The following graph analyses the Fund's derivative financial instruments in a loss position that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date:



4.2. FAIR VALUE ESTIMATION

The fair value of financial assets traded in active markets (such as trading securities) is based on quoted market prices at the close of trading on the reporting date.

An active market is a market in which transactions for the asset take place with a sufficient frequency and volume to provide pricing information on an on-going basis.

The fair value of assets not traded in an active market is determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each year end date. Valuation techniques include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The carrying amounts of the financial assets and liabilities not measured at fair value in the Statement of Financial Position approximate their fair value.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- Prices sourced from broker quotes, inter-dealer prices or other reliable pricing services;
- The present value of the estimated future cash flows using observable yield curves, prices and other available market information;
- The latest available valuation received from fund administrators;
- Other techniques, such as discounted cash flow analysis.

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets that the Fund can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly, or indirectly;
- Level 3 inputs are based on unobservable market inputs for the asset or liability.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset.

The determination of what constitutes "observable" requires significant judgement by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Fund's assets and liabilities measured at fair value at 31 December 2025:

(in kCHF)	Level 1	Level 2	Level 3	Total
Assets				
Financial assets designated at fair value through profit or loss:				
Cash and cash equivalents	239 989	-	-	239 989
Derivatives	-	51 705	-	51 705
Bonds	-	157 279	696	157 975
Equities	40 427	-	11 426	51 853
Investment funds:				
Exchange-traded funds	1 536 145	-	-	1 536 145
Non-exchange-traded funds	45 532	-	1 422 022	1 467 554
Sub total	1 862 093	208 984	1 434 144	3 505 221
Non-financial assets designated at fair value through profit or loss:				
Investment property:				
Residential and commercial property	-	-	671 375	671 375
Forests	-	-	92 963	92 963
Sub total	-	-	764 338	764 338
Total assets at fair value through profit or loss	1 862 093	208 984	2 198 482	4 269 559
Liabilities				
Financial liabilities designated at fair value through profit or loss:				
Derivatives	-	46 282	-	46 282
Total liabilities at fair value through profit or loss	-	46 282	-	46 282

The following table analyses within the fair value hierarchy the Fund's assets and liabilities measured at fair value at 31 December 2024:

(in kCHF)	Level 1	Level 2	Level 3	Total
Assets				
Financial assets designated at fair value through profit or loss:				
Cash and cash equivalents	129 553	-	-	129 553
Derivatives	-	29 960	-	29 960
Bonds	-	164 357	793	165 150
Equities	125 122	-	7 671	132 793
Investment funds:				
Exchange-traded funds	1 408 422	-	2 926	1 411 348
Non-exchange-traded funds	50 804	-	1 453 849	1 504 653
Sub total	1 713 901	194 317	1 465 239	3 373 457
Non-financial assets designated at fair value through profit or loss:				
Investment property:				
Residential and commercial property	-	-	667 852	667 852
Forests	-	-	83 874	83 874
Sub total	-	-	751 726	751 726
Total assets at fair value through profit or loss	1 713 901	194 317	2 216 965	4 125 183
Liabilities				
Financial liabilities designated at fair value through profit or loss:				
Derivatives	-	129 322	-	129 322
Total liabilities at fair value through profit or loss	-	129 322	-	129 322

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include money market funds, listed equities, exchange-traded derivatives and exchange-traded funds.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2.

These include government bonds, corporate bonds, and over the counter derivatives. As Level 2 investments include positions that are not traded in active markets and/or subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments include unlisted investment funds, over the counter derivatives, unlisted equities and investment property. As observable prices are not available for these securities, the Fund has used valuation techniques to derive the fair value.

There was one transfer of 45 kCHF into Level 3 assets during the year ended 31 December 2025 (2024: no transfers). There were no transfers of Level 3 assets between asset classes during the year ended 31 December 2025 (2024: one Level 3 asset of value 4,149 kCHF was reclassified from investment funds to equities). The Fund's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

The following table presents the movement in Level 3 instruments for the year ended 31 December 2025 by class of investment:

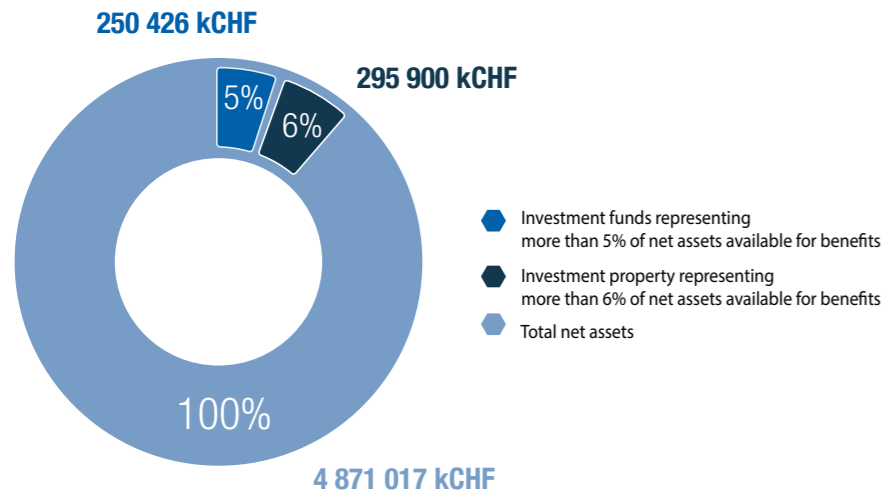
(in kCHF)	Opening balance	Purchases	Sales	Transfers into Level 3	Unrealised gains/(losses)	Realised gains/(losses)	Closing balance
Assets							
Financial assets designated at fair value through profit or loss:							
Bonds	793	-	-	46	(143)	-	696
Equities	7 671	1 910	-	-	1 845	-	11 426
Investment funds:							
Exchange-traded funds	2 926	-	-	-	(2 926)	-	-
Non-exchange-traded funds	1 453 849	124 584	(141 557)	-	(22 861)	8 007	1 422 022
Sub total	1 465 239	126 494	(141 557)	46	(24 085)	8 007	1 434 144
Non-financial assets designated at fair value through profit or loss:							
Investment property:							
Residential and commercial property	667 852	-	-	-	3 523	-	671 375
Forests	83 874	11 479	-	-	(2 390)	-	92 963
Sub total	751 726	11 479	-	-	1 133	-	764 338
Total assets at fair value through profit or loss	2 216 965	137 973	(141 557)	46	(22 952)	8 007	2 198 482

The following table presents the movement in Level 3 instruments for the year ended 31 December 2024 by class of investment:

(in kCHF)	Opening balance	Purchases	Sales	Transfers between asset classes	Unrealised gains/(losses)	Realised gains/(losses)	Closing balance
Assets							
Financial assets designated at fair value through profit or loss:							
Bonds	737	-	-	-	56	-	793
Equities	326	523	-	4 649	2 173	-	7 671
Investment funds:							
Exchange-traded funds	2 718	-	-	-	208	-	2 926
Non-exchange-traded funds	1 284 910	140 471	(119 419)	(4 649)	159 858	(7 322)	1 453 849
Sub total	1 288 691	140 994	(119 419)	-	162 295	(7 322)	1 465 239
Non-financial assets designated at fair value through profit or loss:							
Investment property:							
Residential and commercial property	635 288	-	-	-	32 564	-	667 852
Forests	58 100	21 426	-	-	4 348	-	83 874
Sub total	693 388	21 426	-	-	36 912	-	751 726
Total assets at fair value through profit or loss	1 982 079	162 420	(119 419)	-	199 207	(7 322)	2 216 965

4.3. INVESTMENTS EXCEEDING FIVE PERCENT OF NET ASSETS AVAILABLE FOR BENEFITS

The Fund was invested in one investment property and one investment fund each individually representing five percent or more of net assets available for benefits as at 31 December 2025 (2024: one investment property).



The Fund was invested in the following number of investments, each representing five percent or more of their total asset class, and in combination totalling the amounts presented below.

(in kCHF)	Quantity	2025		2024		
		Total fair value	Total fair value of asset class	Quantity	Total fair value	Total fair value of asset class
Investment property	5	523 472	764 338	5	516 588	751 726
Investment funds	4	770 939	3 003 699	4	769 634	2 916 001
Bonds	2	21 775	157 975	2	26 898	165 150
Equities	1	10 807	51 853	1	7 312	132 793
Derivative assets	3	48 973	51 705	2	11 102	29 960
Derivative liabilities	1	(42 519)	(46 282)	2	(122 331)	(129 322)

5. CASH AND CASH EQUIVALENTS

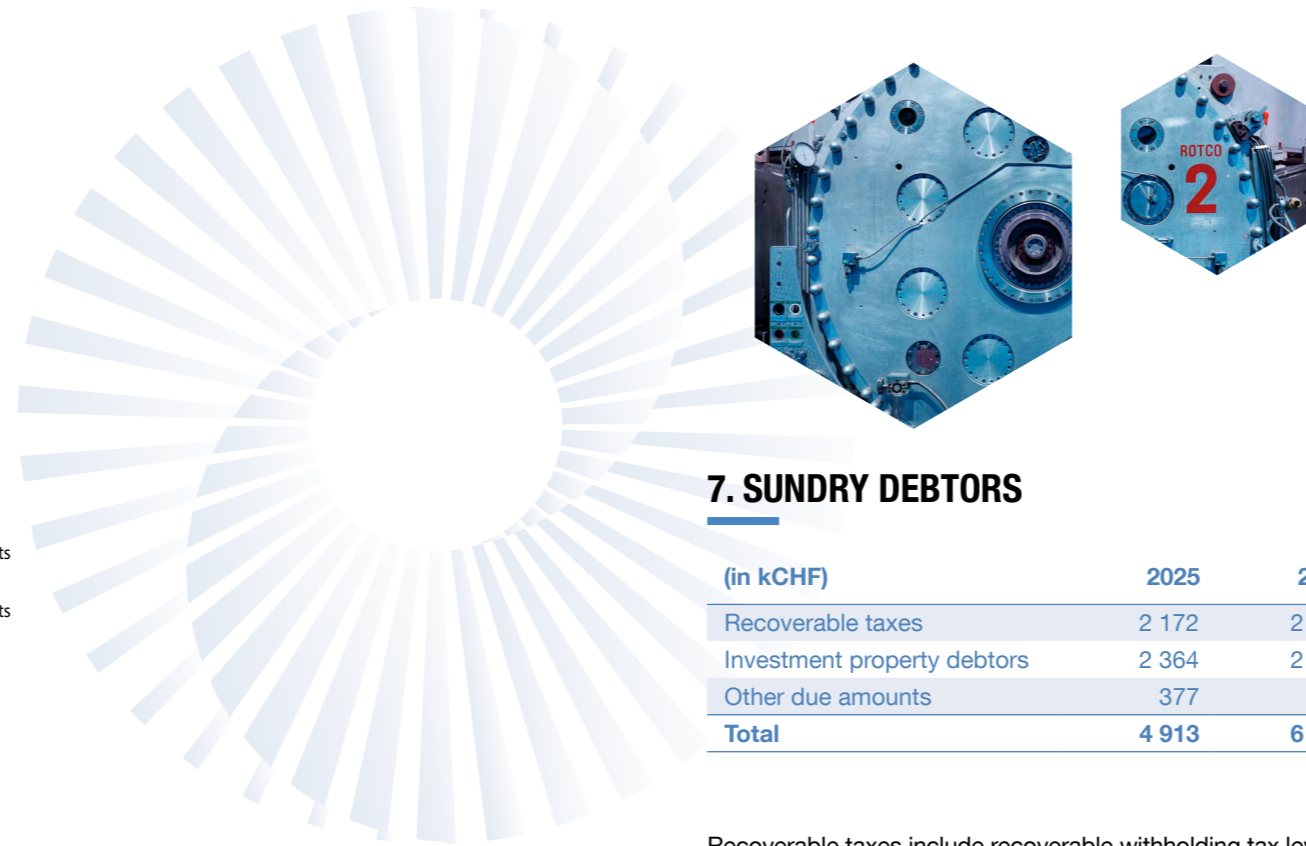
For the purposes of the cash flow statement, cash and cash equivalents comprise the following balances with original maturity of 90 days or less:

(in kCHF)	2025	2024
Current accounts	537 138	471 493
Money market funds	239 989	129 553
Deposit accounts	40 001	-
Margin accounts with brokers	37 851	96 939
Total	854 979	697 985

The amounts under the heading "Margin accounts with brokers" concern cash collateral or margin pledged with derivative counterparties of the Fund. The cash is held in segregated accounts with the brokers and is callable by the Fund to the extent that collateral or margin balances are in excess of the net fair value liability amount of the open derivative positions held with each broker.

6. SHORT-TERM DEPOSITS

Short-term deposits are made for varying periods, depending on the immediate cash requirements of the Fund and earn interest at the respective short-term rate. The deposits are made for more than 3 months and hence are classified as short-term deposits.



7. SUNDRY DEBTORS

(in kCHF)	2025	2024
Recoverable taxes	2 172	2 997
Investment property debtors	2 364	2 923
Other due amounts	377	306
Total	4 913	6 226

Recoverable taxes include recoverable withholding tax levied at source on dividends of 1,988 kCHF (2024: 2,748 kCHF) and reimbursable value added tax paid on investment property transactions of 184 kCHF (2024: 249 kCHF).

8. OTHER RECEIVABLES

(in kCHF)	2025	2024
Accrued interest	799	2 944
Dividends receivable	1 468	1 581
Outstanding receipts	347	125
Payments in advance	5 217	10 271
Total	7 831	14 921

9. DERIVATIVES

The following table shows the types of derivative contracts held by the Fund as at 31 December:

(in kCHF)	2025		2024	
	Assets	Liabilities	Assets	Liabilities
Forwards:				
Currency overlay programme	28 973	(5 473)	3 872	(125 408)
Other	3 035	(40 809)	16 511	-
Swaps	19 697	-	9 575	(3 914)
Options	-	-	2	-
Total	51 705	(46 282)	29 960	(129 322)

10. BONDS

The fair value of investments in bonds, 157,975 kCHF as at 31 December 2025 (2024: 165,150 kCHF) is as follows:

(in kCHF)	2025	2024
Europe, Middle East and Africa	149 523	153 947
Emerging Markets	7 755	10 362
Asia	697	841
Total	157 975	165 150

Source of geographical data: country of risk data provided by Custodian

The decrease in bonds during the year includes 6,233 kCHF in relation to a decrease in fair value (2024: 25,383 kCHF increase) and a decrease of 942 kCHF in respect of reduced allocation to bonds (2024: 499,074 kCHF reduced allocation).

The exposure of bonds to market and credit risk is described under note 4.1. "Financial Risk Factors".

11. EQUITIES

The fair value of investments in equities, 51,853 kCHF as at 31 December 2025 (2024: 132,793 kCHF) is as follows:

(in kCHF)	2025	2024
Europe, Middle East and Africa	50 232	125 818
North America	1 620	6 975
Total	51 853	132 793

Source of geographical data: country of risk data provided by Custodian

The decrease in equities during the year includes 9,006 kCHF in relation to an increase in fair value (2024: 10,064 kCHF increase) and a decrease of 89,946 kCHF in respect of reduced allocation to equities (2024: 188,932 kCHF reduced allocation).

The exposure of equities to market risk is described under note 4.1. "Financial Risk Factors".

12. INVESTMENT FUNDS

The fair value of investment funds, 3,003,699 kCHF as at 31 December 2025 (2024: 2,916,001 kCHF) is as follows:

(in kCHF)	2025	2024 *
Exchange-traded funds		
Equity funds	751 239	617 887
Fixed income funds	565 288	617 604
Commodity funds	219 617	175 857
Total	1 536 145	1 411 348
Non-exchange-traded funds		
Hedge funds	752 158	792 302
Private equity	450 766	405 632
Private debt	79 332	98 883
Real estate funds	60 728	81 304
Fixed income funds	79 038	75 728
Equity funds	45 532	50 804
Total	1 467 555	1 504 653
Total investment funds	3 003 699	2 916 001

* The presentation of exchange-traded funds in 2024 has been adjusted to present commodity funds separately. These were previously included in equity funds.

The increase in investment funds during the year includes 41,131 kCHF in relation to an increase in fair value (2024: 1,408 kCHF increase) and an increase of 46,568 kCHF in respect of increased allocations to investment funds (2024: 1,143,126 kCHF increased allocation).

13. INVESTMENT PROPERTY

The fair value of investment property, 764,338 kCHF as at 31 December 2025 (2024: 751,726 kCHF) is as follows:

(in kCHF)	2025			2024		
	Residential and commercial property	Forests	Total	Residential and commercial property	Forests	Total
As at 1 January	667 852	83 874	751 726	635 288	58 100	693 388
Purchases	-	11 479	11 479	-	21 426	21 426
Net gain/(loss) for fair value adjustments (price)	8 683	(1 640)	7 043	27 564	4 148	31 712
Net (loss)/gain for fair value adjustments (foreign exchange)	(5 160)	(750)	(5 910)	5 000	200	5 200
As at 31 December	671 375	92 963	764 338	667 852	83 874	751 726

During the year, there were three purchases of investment property in France, representing three parcels of forest land (2024: three purchases of parcels of forest land in France).

Included in investment property under the heading "Net gain/(loss) for fair value adjustments (price)" totalling 7,043 kCHF (2024: 31,712 kCHF) are increases of 11,960 kCHF for properties in Switzerland (2024: increases of 15,510 kCHF), decreases of 5,017 kCHF for properties in France (2024: increases of 17,010 kCHF), increases of 1,086 kCHF for properties in the United Kingdom (2024: increases of 806 kCHF), and a decrease of 986 kCHF for the property in Germany (2024: a decrease of 1,614 kCHF).

14. SUNDRY CREDITORS

Sundry creditors include rent guarantee deposits, rents received in advance, amounts due to members leaving the Fund and value added tax payable.

(in kCHF)	2025	2024
Members and beneficiaries	8 607	7 323
Investment property deposits	2 517	2 659
Taxes payable	421	137
Investment property creditors	5 030	4 177
Deferred income	555	519
Total	17 130	14 815

15. OTHER PAYABLES

(in kCHF)	2025	2024
Transfer value payments outstanding	1 661	1 640
Payments outstanding	2 929	2 107
Total	4 590	3 747

Other payables include transfer values to members leaving the Fund totalling 1,661 kCHF (2024: 1,640 kCHF) and amounts due mainly in respect of management and custody fees totalling 2,929 kCHF (2024: 2,107 kCHF).

16. DIVIDENDS

(in kCHF)	2025	2024
Investment funds	64 486	35 450
Equities	3 235	4 049
Total	67 721	39 499

Included under the heading investment funds are dividends totalling 29,370 kCHF (2024: 14,003 kCHF) received from private equity investments and dividends totalling 28,724 kCHF (2024: 18,106 kCHF) received from exchange-traded investment funds.

17. INTEREST INCOME

(in kCHF)	2025	2024
Cash and cash equivalents	10 822	18 095
Bonds	5 460	16 009
Total	16 282	34 104

The decrease in interest income under the heading "Cash and cash equivalents" was largely due to a decrease in interest rates paid on cash balances at the custodian and other banks. The decrease in interest income under the heading "Bonds" largely results from a reduction in the Fund's actively managed bond portfolio following the transition towards exchange-traded fixed income funds during 2024.

18. UNREALISED GAINS/(LOSSES) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT & LOSS

The following table shows the amount of unrealised gains/(losses) on financial assets at fair value through profit and loss and discloses the gains and losses arising as a result of changes in price and changes in foreign exchange currency movements for the money market funds included within cash and cash equivalents, bonds, equities, investment funds and derivatives. The Fund hedges the foreign exchange exposure it has to assets denominated in non-Swiss franc currencies.

The unrealised gains/(losses) arising as a result of changes in price and changes in foreign exchange currency movements on derivative products are on a best estimate basis.

(in kCHF)	2025			2024		
	Price	Currency	Total	Price	Currency	Total
Cash and cash equivalents	3 490	(1 949)	1 541	4 857	1 155	6 012
Bonds	(4 589)	(1 528)	(6 117)	(1 004)	(1 494)	(2 498)
Equities	5 166	(1 135)	4 031	6 448	2 498	8 946
Investment funds	392 445	(275 830)	116 615	283 086	102 477	385 563
Derivatives	23 191	-	23 191	5 738	641	6 379
Total	419 703	(280 442)	139 261	299 125	105 277	404 402

19. REALISED GAINS/(LOSSES) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT & LOSS

The following table shows the amount of realised gains/(losses) on financial assets at fair value through profit and loss and discloses the gains and losses arising as a result of changes in price and changes in foreign exchange currency movements for bonds, equities, investment funds and derivatives. The Fund hedges the foreign exchange exposure it has to assets denominated in non-Swiss franc currencies.

(in kCHF)	2025			2024		
	Price	Currency	Total	Price	Currency	Total
Cash and cash equivalents	44	40	84	997	5 285	6 282
Bonds	(53)	(63)	(116)	(3 569)	31 450	27 881
Equities	7 445	(2 470)	4 975	527	2 712	3 239
Investment funds	28 718	(18 075)	10 643	19 347	(1 262)	18 085
Derivatives	2 364	(343)	2 021	(7 360)	84	(7 276)
Total	38 518	(20 911)	17 607	9 942	38 269	48 211

The realised gains/(losses) arising as a result of changes in price and changes in foreign exchange currency movements on derivative products are on a best estimate basis.

20. INVESTMENT PROPERTY INCOME

The following table shows investment property income arising from both rental income and non-rental income:

(in kCHF)	2025	2024
Rental income:		
Residential property	13 365	13 053
Commercial property	14 636	13 860
Non-rental income:		
Forests	1 082	793
Changes in fair value	1 132	36 912
Total	30 215	64 618

Gains of 7,043 kCHF for fair value price adjustments and losses of 5,910 kCHF for fair value adjustments as a result of foreign exchange movements, are included in "Changes in fair value" above. The corresponding amounts in 2024 were gains of 31,712 kCHF and gains of 5,200 kCHF respectively.

The investment properties are leased to tenants under operating leases. Lease income from operating leases where the Fund is a lessor is recognised in income on a straight line basis over the lease term.

Lease payments for some contracts include adjustments linked to inflation or other published economic indices. Where considered necessary to reduce credit risk, the Fund might obtain bank guarantees for the term of the lease. Although the Fund is exposed to changes in the residual value at the end of the current leases, the Fund typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

Minimum lease payments receivable on leases of investment properties are as follows:

(in kCHF)	2025	2024
Within 1 year	24 911	25 453
Between 1 and 2 years	20 548	21 986
Between 2 and 3 years	18 875	20 372
Between 3 and 4 years	16 614	19 318
Between 4 and 5 years	15 364	18 707
Later than 5 years	15 872	16 649
Total	112 184	122 485

The Fund has leases that are contracted for remaining periods of between one and ten years. Some of the operating leases include break clauses.

21. FOREIGN EXCHANGE GAINS/(LOSSES)

Foreign exchange gains/(losses) includes gains of 200,850 kCHF (2024: losses of 293,253 kCHF) relating to trades executed as part of the currency overlay programme that is used by the Fund to hedge its foreign exchange rate risk. This is largely due to the significant strengthening of the Swiss franc against the US dollar during the period.

(in kCHF)	2025	2024
Currency overlay programme	200 850	(293 253)
Other exchange rate movements	(56 648)	30 337
Total	144 202	(262 916)

22. INVESTMENT MANAGEMENT FEES

22.1. RECORDED INVESTMENT MANAGEMENT FEES

The following table shows investment management fees recognised in the Statement of Financial Performance. Reported investment management fees represent amounts communicated directly by the investment fund, administrator or manager. Calculated investment management fees represent amounts estimated by the Fund based on available information.

(in kCHF)	2025	2024 *
Reported investment management fees	83 102	85 965
Calculated investment management fees	3 825	3 344
Total	86 927	89 309

* The presentation of investment management fees in 2024 has been revised to more accurately reflect the split between reported and calculated management fees. This reclassification has no impact on the overall amount of expenses.

The above recorded investment management fees also include performance fees.

22.2. NON-RECORDED INVESTMENT MANAGEMENT FEES

For less than 5% of Total Financial assets (2024: less than 4%) there was no information available regarding investment management fees. As a result, no investment management fees have been disclosed for these assets that are all private equity, private debt or real estate funds. The total carrying value of these assets as at 31 December 2025 was 202,471 kCHF (2024: 154,218 kCHF).

Carried interest payable in the future to the general partners of private equity funds has not been disclosed as there was insufficient information available.

23. INVESTMENT PROPERTY EXPENDITURE

(in kCHF)	2025	2024
Residential property	6 020	5 792
Commercial property	3 797	4 455
Forests	357	411
Total	10 174	10 658

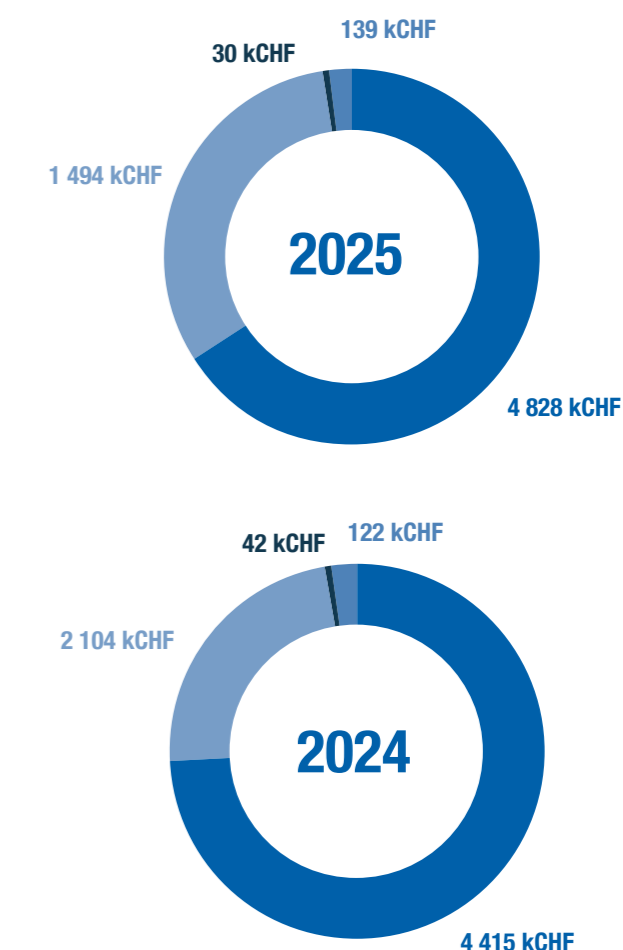
The above investment property expenditure includes amounts totalling 5,217 kCHF due to renovation work on residential and commercial property (2024: 5,696 kCHF).

24. OTHER FINANCIAL EXPENSES

Other financial expenses were 1,372 kCHF for the year ended 31 December 2025 (2024: 1,188 kCHF) in relation to the interest paid by the Fund on cash collateral deposited by counterparts at the custodian.

25. ADMINISTRATION COSTS

Administration costs totalled 6,491 kCHF in the year ended 31 December 2025 (2024: 6,683 kCHF). The reduction in operating expenses in the year ended 31 December 2025 is largely due to office refurbishment works which took place during 2024.



26. MEMBERSHIP ACTIVITIES

This heading shows the contributions of the members of the Fund and the participating Organisations and other amounts received, as well as the various benefits and other amounts paid during the period.

27. COMPENSATIONS

The Fund is compensated by CERN for members participating in the progressive retirement programme. In the year ended 31 December 2025 the total compensations received in relation to this were 337 kCHF (2024: 302 kCHF).

28. TRANSFER VALUES PAID TO MEMBERS

According to Article II 1.11 of the Fund's Rules, members with less than ten years of service may, under certain circumstances, receive a transfer value directly into their bank account. Alternatively, members can select to have the transfer value paid to another pension scheme.

29. TRANSFER VALUES PAID TO OTHER SCHEMES

Upon leaving the Fund, members can choose to have a transfer value paid into another pension scheme.

30. AMOUNTS PENDING SELECTION FROM MEMBERS

Members who are entitled to a transfer value have one year to inform the Fund of their selection (Article II 1.11). Depending on the number of years of service, a member may elect to be paid a transfer value to another scheme or to the member. A member with at least five years of service may also elect to become a deferred beneficiary.

31. LITIGATIONS AND CLAIMS

As at 31 December 2025, there were two pending claims against CERN in respect of the Fund (2024: two pending claims). Nothing is recognised in the Financial Statements since CERN and the Fund considers the legal position to be well substantiated, and only a future event, such as a negative judgement, will confirm existence of an obligation.

32. RELATED-PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Related parties of the Fund during the period were:

- I. Professional members appointed by the CERN Council to act as experts in the PFGB and professional members appointed by the PFGB to the Investment Committee and the Actuarial Technical Committee. These professional members provide advice on governance, investment and actuarial issues respectively. Fees in 2025 totalled 69 kCHF (2024: 90 kCHF);
- II. Key personnel are the Chair of the PFGB, Chair of the Investment Committee, Chair of the Actuarial Technical Committee and the Chief Executive Officer of the Fund. The aggregate remuneration paid to the remaining key personnel includes salaries, allowances and other entitlements paid in accordance with the Staff Rules and Regulations;
- III. CERN contributes a significant portion of the Fund's financing. While the Fund is an autonomous operating entity without separate legal identity, for the purposes of IPSAS 20 disclosure requirements, CERN is considered a related party. Although the Fund assumes the charges for its operating expenses, CERN provides some central support services and office accommodation free of charge.

During the year the Fund received employer contributions, employer special contributions and compensations from CERN for an amount of 172,278 kCHF (2024: 169,026 kCHF).

During the year the Fund paid the following amounts to CERN:

- Finance and Administrative Processes department: 319 kCHF for IT support and maintenance (2024: 316 kCHF).
- Industry, Procurement and Knowledge Transfer department: 160 kCHF for procurement services (2024: 130 kCHF).
- Internal Audit Service: 106 kCHF for internal audit services (2024: 107 kCHF).
- Legal Service: 46 kCHF (2024: 102 kCHF).

Contributions from CERN to the Fund and recovery of charged amounts to CERN from the Fund are transferred on a monthly basis.

In 2025 the Fund did not grant any loan or pay any other remuneration (except for the above-mentioned amounts) to the key management personnel or to their close family members. This was also the case in 2024.

33. EVENTS AFTER THE REPORTING DATE

There were no material events after the reporting date.

EXTRACT OF THE ACTUARY'S REPORT TO THE PENSION FUND FOR FINANCIAL YEAR-END 2025

The Fund's Actuary has provided technical assessments of the Fund in line with the requirements of IAS 26, using two different sets of assumptions for distinct purposes.

The first set of assumptions, used for the Statement of Financial Position under IAS 26, is based on accounting standards to allow users of the accounts to have a consistent basis of comparability between pension schemes. Actuarial results under IAS 26 can change significantly depending on market conditions. The actuarial present value of benefits is linked to yields on AA-rated corporate bonds, and changing markets in conjunction with discount rate volatility will lead to volatility in the funded status of the Pension Fund.

The second set, outlined in the Actuary's "Report to the Pension Fund for the Financial Year-End 2025", reflects Best Estimate assumptions which are not as sensitive to change in market bond yields due to the discount rate being set as a long-term assumption.

Due to the different purposes, the two sets of assumptions can lead to different movements in the fund's financial position. While IAS 26 assumptions may fluctuate with market conditions, Best Estimate assumptions offer a more stable, long-term view. The actuarial present value of benefit obligations in both cases are based on actuarial assumptions that may be different from actual experience.

The full report from the Actuary provides additional details on the key assumptions and methods used in the calculations.

IAS 26 SUMMARY

The actuarial present value of benefit obligations for IAS 26 reflects the benefits promised by the Pension Fund based on membership rendered before the valuation date and projected salaries on a going concern basis. Actuarial assumptions for this purpose are ratified by the PFGB as best estimates of the variables that will determine the ultimate cost of providing benefits, and the discount rate for IAS 26 reflects the time-value of money based on the Aon Swiss AA corporate bond yield curve as of 31 December 2025. The following table shows the surplus/(deficit) under IAS 26.

Financial Year	Current Financial Year 31 December 2025	Current Financial Year 31 December 2024
<i>Currency CHF x 1000</i>		
Amounts at Year-End According to IAS 26 Assumptions		
Total assets of the Fund	4,871,017	4,619,835
Actuarial present value of benefit obligations	(10,077,452)	(11,328,785)
Surplus / (Deficit) of the Fund at year-end	(5,206,435)	(6,708,950)
Funding ratio at year-end	48.3%	40.8%
Benefit obligation in respect of members	(5,181,151)	(6,103,477)
Benefit obligation in respect of beneficiaries	(4,896,301)	(5,225,308)
Actuarial present value of benefit obligations	(10,077,452)	(11,328,785)
Key Financial Assumptions for IAS 26 Valuations		
Single Equivalent Discount Rate at End of Year	1.23%	0.79%
Average Salary Increase Rate at End of Year ¹	2.50%	2.75%
Inflation Rate at End of Year	1.00%	1.25%

CHANGE IN IAS 26 SURPLUS/(DEFICIT) OVER THE CURRENT YEAR

The funding ratio increased to 48.3% at 31 December 2025 (previously 40.8% at 31 December 2024). The deficit decreased by CHF 1,502.5 million during the year.

The main reasons for an improvement in the deficit were:

1. Special contributions of CHF 61.4 million were paid into the Fund during the year.
2. The investment performance contributed to an increase to the asset value of CHF 306.2 million.
3. Actuarial assumptions used to measure actuarial present value of benefit obligations have changed, resulting in a CHF 1,406.4 million decrease to the obligations.

The main reasons for a deterioration in the deficit were:

4. The difference between normal contributions paid into the Fund and the IAS 26 value of benefits earned during the year resulted in CHF 174.3 million deterioration in the deficit.
5. Interest on the present value of benefit obligations based on the IAS 26 discount rate at the beginning of the year was CHF 88.2 million during the year.
6. Membership changes and other experience on actuarial present value of benefit obligations different from assumed resulted in a CHF 9.0 million increase to the obligations.

¹ The average salary increase rate includes an increase linked to career change (average 1.50% for the current financial year and for the previous financial year) and an increase linked to inflation (1.00% for the current financial year and 1.25% for the previous financial year).



ANALYSIS OF CHANGES TO IAS 26 ASSUMPTIONS

The following table shows the impact on the IAS 26 actuarial present value of benefit obligations of changing key assumptions from the assumptions used at the prior year-end.

Financial Year <i>Currency : CHF x 1000</i>	Assumption at 31 December 2025	Assumption at 31 December 2024	(Increase) / Decrease to Obligations
Inflation rate	1.00%	1.25%	+504,973
Discount Rate	1.23%	0.79%	+901,462

The change to the inflation rate includes impacts on all inflation-related assumptions (salary increase rate, pension increase rate).

Appendix A—Actuarial Assumptions and Methods at the end of this report provides an overview of the key assumptions used in the calculations.

SENSITIVITY OF IAS 26 ACTUARIAL PRESENT VALUE OF BENEFIT OBLIGATIONS TO CHANGES IN KEY ASSUMPTIONS

The sensitivity of the IAS 26 actuarial present value of benefit obligations at 31 December 2025 to changes in the key assumptions is as follows.

<i>Currency : CHF x 1000</i>	Actuarial Present Value of Benefit Obligations at Year-End	(Increase) / Decrease in Obligations	Impact due to change
Baseline	(10,077,452)		
Discount Rate + 0.5%	(9,186,565)	890,887	-8.8%
Discount Rate - 0.5%	(11,112,360)	(1,034,908)	10.3%
Inflation Rate + 0.5%	(11,072,462)	(995,010)	9.9%
Inflation Rate - 0.5%	(9,210,609)	866,843	-8.6%
Salary Increase linked to career change + 0.5%	(10,343,694)	(266,242)	2.6%
Salary Increase linked to career change - 0.5%	(9,830,719)	246,733	-2.4%

The above sensitivity analyses are based on a change in one assumption while holding all other assumptions constant (except the sensitivities analysis related to the inflation rate). In practice, this is unlikely to occur as changes in some of the assumptions may be correlated.

The salary increase rate assumption includes both an increase linked to career change and an increase linked to inflation. The sensitivity on inflation rate includes a change in all inflation-related assumptions (salary increase rate, pension increase rate).

When calculating the sensitivity of the actuarial present value of benefit obligations to significant assumptions, the same method has been applied as when calculating the amount recognised in the statement of financial position.



BEST ESTIMATE SUMMARY

The actuarial present value of benefit obligations for the Best Estimate valuation reflects the benefits promised by the Pension Fund based on membership rendered before the valuation date and projected salaries on a going concern basis. Actuarial assumptions for this purpose are ratified by the PFGB as best estimates of the variables that will determine the ultimate cost of providing benefits, and the discount rate represents the expected future return on the Fund's assets with respect to its long-term investment strategy. The following table shows the surplus/(deficit) under Best Estimate assumptions.

Financial Year	Current Financial Year 31 December 2025	Previous Financial Year 31 December 2024
<i>Currency : CHF x 1000</i>		
Amounts at Year-End According to Best Estimate Assumptions		
Total assets of the Fund	4,871,017	4,619,835
Actuarial present value of benefit obligations	(6,421,654)	(6,323,317)
Surplus / (Deficit) of the Fund at year-end	(1,550,637)	(1,703,482)
Funding ratio at year-end	75.9%	73.1%
Benefit obligation in respect of members	(2,763,797)	(2,683,631)
Benefit obligation in respect of beneficiaries	(3,657,857)	(3,639,686)
Actuarial present value of benefit obligations	(6,421,654)	(6,323,317)
Key Financial Assumptions for Best Estimate Valuations		
Discount Rate at End of Year ¹	3.95%	4.20%
Average Salary Increase Rate at End of Year ²	2.50%	2.75%
Inflation Rate at End of Year	1.00%	1.25%

CHANGE IN BEST ESTIMATE SURPLUS/(DEFICIT) OVER THE CURRENT YEAR

The funding ratio increased to 75.9% at 31 December 2025 (previously 73.1% at 31 December 2024). The deficit decreased by CHF 152.8 million during the year.

The main reasons for an improvement in the deficit were:

- The difference between normal contributions paid into the Fund and the Best Estimate value of benefits earned during the year resulted in CHF 46.3 million improvement in the deficit.
- Special contributions of CHF 61.4 million were paid into the Fund during the year.
- The investment performance contributed to an increase to the asset value of CHF 306.2 million.
- Membership changes and other experience on actuarial present value of benefit obligations different from assumed resulted in a CHF 16.9 million decrease to the Fund obligations.

The main reasons for a deterioration in the deficit were:

- Interest on the actuarial present value of benefit obligations based on the Best Estimate discount rate at the beginning of the year was CHF 258.8 million during the year.
- Actuarial assumptions used to measure actuarial present value of benefit obligations have changed, resulting in a CHF 19.2 million increase to the obligations.

1. The Best Estimate discount rate assumption includes a real expected future return component (2.95% for the current financial year and for the previous financial year) and an inflation component (1.00% for the current financial year and 1.25% for the previous financial year).
2. The average salary increase rate includes an increase linked to career change (average 1.50% for the current financial year and for the previous financial year) and an increase linked to inflation (1.00% for the current financial year and 1.25% for the previous financial year).

ANALYSIS OF CHANGES TO BEST ESTIMATE ASSUMPTIONS

The following table shows the impact on the Best Estimate actuarial present value of benefit obligations of changing key assumptions from the assumptions used at the prior year-end.

Financial Year <i>Currency : CHF x 1000</i>	Assumption at 31 December 2025	Assumption at 31 December 2024	(Increase) / Decrease to Obligations
Inflation rate	1.00%	1.25%	(19,165)

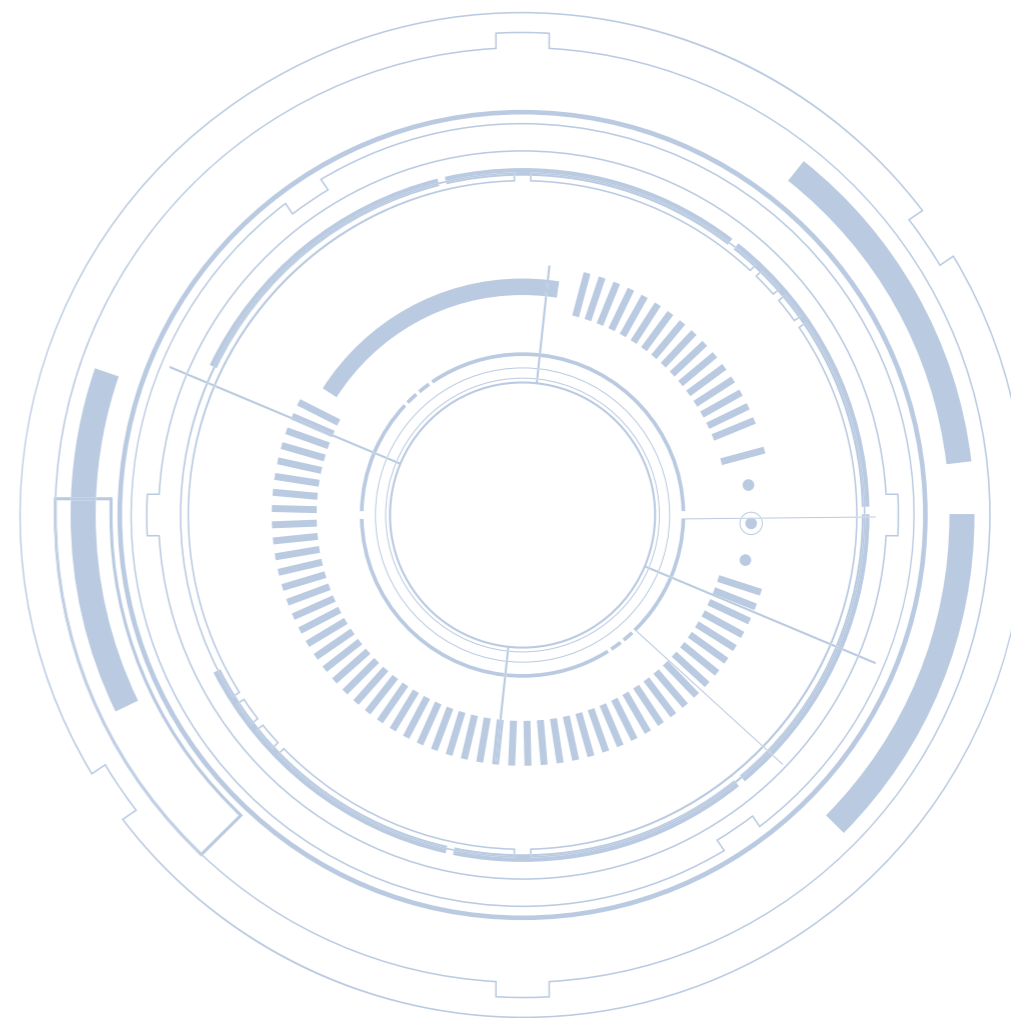
The change to the inflation rate includes impacts on all inflation-related assumptions (discount rate, salary increase rate, pension increase rate).

The full report provides further details on the key assumptions and methods used in the calculations.

SENSITIVITY OF BEST ESTIMATE ACTUARIAL PRESENT VALUE OF BENEFIT OBLIGATIONS TO CHANGES IN KEY ASSUMPTIONS

The sensitivity of the Best Estimate actuarial present value of benefit obligations at 31 December 2025 to changes in the key assumptions is as follows.

<i>Currency : CHF x 1000</i>	Actuarial Present Value of Benefit Obligations at Year-End	(Increase) / Decrease in Obligations	Impact due to change
Baseline	(6,421,654)		
Discount Rate + 0.5%	(5,987,793)	433,861	-6.8%
Discount Rate - 0.5%	(6,912,053)	(490,399)	7.6%
Inflation Rate + 0.5%	(6,416,809)	4,845	-0.1%
Inflation Rate - 0.5%	(6,426,881)	(5,227)	0.1%
Salary Increase linked to career change + 0.5%	(6,543,273)	(121,619)	1.9%
Salary Increase linked to career change - 0.5%	(6,307,900)	113,754	-1.8%



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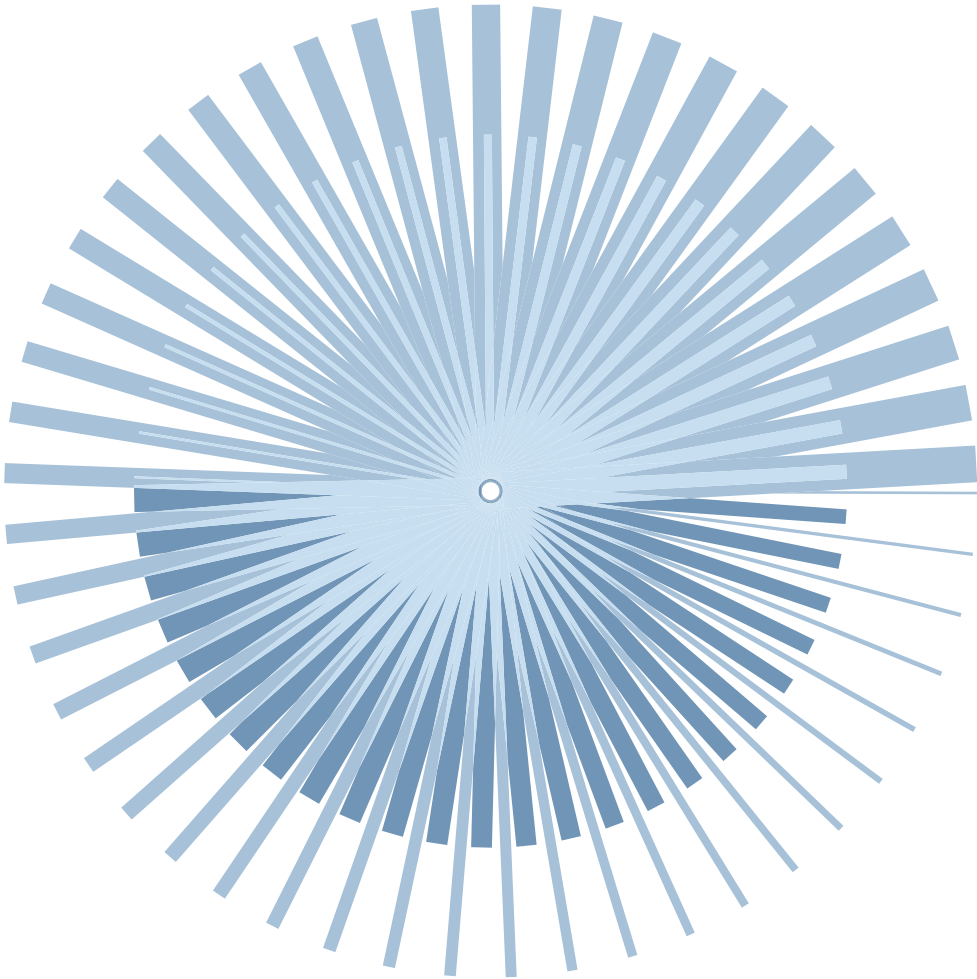
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