

SECTION 172 (1) OF THE COMPANIES ACT 2006 (THE 'ACT') STATEMENT

This Statement is made pursuant to s. 414CZA of the Companies Act 2006.

Section 172(1) of the Companies Act 2006 requires Directors to act in the way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members, and in doing so have regard, amongst other matters, to:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct;
- and
- the need to act fairly between members of the Company.

By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, the Board aims to make sure that its approach to decision making and consideration of stakeholder interests is consistent.

Based on the information provided in this report, the Directors believe they have complied with the requirements of Section 172(1) of the Companies Act 2006.

Long term decision making

The Company's governance structures are designed to enable the Directors to exercise comprehensive oversight over the entire business, including monitoring the Company's financial position, business, employee issues and contribution to the Company's mission. The dividend policy is designed to provide stable returns to shareholders, while balancing the need for reinvestment and financial strength.

As a subsidiary of the Marsh & McLennan Companies Inc. Group, the Company shares the Group's purpose to make a difference in moments that matter, for its clients and for the communities in which it operates. The Group's values and strategy that underpin that purpose, are set by MMC, and applied by the Company to consider the local market in which it operates.

Interests of employees

The Board supports and promotes the Company's policy of open and effective communication with all employees who, subject to practical and commercial considerations, should be consulted on and involved in decisions that affect their current and future job prospects and working environment. The Company conducts regular colleague engagement surveys.

All employees have access to have access to online training programmes and are sponsored to take business-relevant qualifications, where applicable. Employee resource groups are embedded across the Company, with several mentoring programmes also in place.

Business relationships and standards of business conduct

Suppliers

The Company is committed to building strong relationships with suppliers and recognizes that engaging with suppliers and subcontractors who provide a superior service on reasonable terms is critical to success. Our suppliers and service providers expect high standards of business conduct including fair contract and payment terms.

The Company engages proactively with our external suppliers and service providers through regular communication and collaboration, to foster a mutually beneficial relationship. The Company ensures that contract arrangements are documented and agreed in advance of delivery, with full transparency.

Clients

The Company is committed to ensuring that all clients are treated fairly and that positive client outcomes are achieved. Clients seek asset growth, respectable returns on investments and reassurance that their payment liabilities on pension schemes are comfortably covered. As sustainability becomes increasingly critical in investments, clients want to be sure their portfolios and activities address climate risk and regulatory requirements

The Company's experienced multidisciplinary teams pool skills and experience, using long-term thinking and cutting-edge technology to assess risk; support pension schemes with journey planning; deploy LDI strategies to protect balance sheets; create economically balanced portfolios that return safer outcomes; and regularly outperform clients' targets on asset growth and closing funding gaps. The Company integrates ESG issues and real-world sustainability impact in every aspect of its investment strategies. a clear view of client objectives.

Senior Managers and Certification Regime

The UK Senior Managers and Certification Regime ('SMCR') became effective on and applied to the Company from 9 December 2019. The SMCR's overarching aim is to raise the standards of conduct for everyone who works in financial services and make senior people in firms more responsible and accountable for their conduct, actions and competence. As required, a Director was designated to hold the 'Prescribed Responsibilities' of ensuring the Company's compliance with SMCR. After careful consideration, the Directors approved and adopted their Statement of Responsibility designating a single Director responsible for each function within the Company.

In ensuring ongoing compliance with SMCR, the Directors have participated in extensive training and have endeavoured to ensure substantive compliance in a manner that contributes to the governance goals intended by the UK Financial Conduct Authority to enhance the behaviour of market participants in a way that benefits the UK community and customers.

Community and environment

Community

In an ever-changing world with geopolitical instability, economic uncertainty and ongoing conflicts, the Board recognises the importance of supporting the communities in which the Company operates. In alignment with the Group's environmental, social and governance ('ESG') strategy, social impact activities are focused on disaster response, mentoring and building resilient communities, which the Board recognises helps contribute to the Company's vibrant and inclusive culture, drives colleague engagement and elevates the Company's brand reputation. By aligning its social impact programmes with the business priorities and experience, the Company and the wider Group can demonstrate its commitment to its communities in the UK while supporting the business.

Environment

The Company, as part of the Group, recognises its obligations to be good stewards of the environment and continues to look at ways to minimise its carbon footprint and impact on the environment. The Company shares the Group's ESG and climate-related ambitions.

Further information can be found in the Greenhouse Gas Emissions, Energy Consumption and Energy Efficiency Action report on pages 8 to 10.

Interests of members

In approving the Company's annual financial statements, the Directors carefully review the financial statements and duly consider a number of factors, including (but not limited to) any recommendations or observations from the Company's finance team and the Company's auditors. To the extent that any operational or control recommendations are raised to the Directors, they are duly considered and discussed with the Company's finance team and a course of action agreed, thereby facilitating a long-term approach by ensuring future good practice and having regard for the interests of the Company's sole shareholder in respect of the Company's financial efficacy.

The Board understands that good corporate governance and effective communication are essential on a day-

to-day basis to deliver the Company's purpose; and to protect the Company's brand, reputation and relationships with all stakeholders, including the Company's shareholder, employees, suppliers, the environment and the local communities within which the Company conducts business. The Board ensures there are channels to receive appropriate feedback from discussions with all stakeholders.

