

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

SECTION 172 (1) OF THE COMPANIES ACT 2006 (THE "ACT") STATEMENT (*continued*)

The below paragraphs provide an explanation as to how the Company's directors have had regard to the matters set out in s172 when performing their duties during the year ended 31 December 2023.

This includes how the directors have engaged with and considered the interests of various stakeholders including its shareholder, employees, clients, suppliers, the community and those in a principal business relationship with the Company.

The likely consequences of any decision in the long-term

The Company forms part of the Marsh & McLennan Companies Inc. group of companies. As a wholly owned subsidiary of Marsh & McLennan Companies, Inc, the Board considers the views of its ultimate shareholder, and the interests of the wider Group, in considering the likely consequences of any decision in the long-term.

The directors of the Company are committed to lead and direct the affairs of the Company in order to promote the long-term sustainable success of the Company, generating value for its shareholder, ensuring the sound and prudent management of the Company, with consideration for the interests of other stakeholders.

The directors of the Company consider that, both individually and collectively, they have acted in a way, in good faith, that would most likely promote the success of the Company, for the benefit of its members while having consideration to all stakeholders. Distributions to the Company's shareholder is only considered after a full assessment of the Company's capital adequacy and ability to continue as a going concern into the foreseeable future.

The interests of the Company's employees

The Group is committed to creating a culture where all colleagues feel welcome and included, which is evidenced through its various programmes such as its diversity and inclusion and social impact efforts. As a subsidiary of the Group, this commitment applies to employees of the Company.

The importance of leadership visibility is also well understood within the Group and employees are kept informed on matters affecting them, as well as on business performance through regular Townhalls, emails, digital tools and platforms designed to keep teams connected. Regular engagement surveys are also carried out to obtain employee feedback.

The Group monitors attrition rates and measures absenteeism levels in an effort to identify emerging people risks and trends and to ensure appropriate action is taken to address these.

The need to foster the Company's business relationships with suppliers, customers and others

Customers

The Company and its directors, in alignment with the wider Group, are committed to ensuring that all clients are treated fairly, that positive client outcomes are achieved, and that client interest is considered as part of decision making at every level.

The Company is subject to periodic reviews by the Group's Internal Audit Function and any significant findings are escalated accordingly, with remedial actions monitored until resolution of any identified issues.

MERCER ALTERNATIVES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

SECTION 172 (1) OF THE COMPANIES ACT 2006 (THE "ACT") STATEMENT *(continued)*

Suppliers

The Group's business with suppliers is managed through its Global Sourcing and Procurement department. The Group is committed to building strong relationships with suppliers and recognises that engaging with suppliers and subcontractors who provide a superior service on reasonable terms is critical to success. The Board is supportive of the principles included in the Group's Code of Conduct, the Greater Good, setting out the Group's commitment to engage with well qualified and financially responsible suppliers based on the quality of their products and services and the competitiveness of their prices and terms and conditions, and to avoid suppliers who have engaged in unlawful or unethical conduct, who do not meet the Group's data-protection standards or who could damage its reputation. Colleagues involved in the supplier selection process are also obliged to disclose any actual or potential conflict of interest or any personal relationship with a prospective supplier and the Group encourages suppliers from diverse backgrounds to compete for its business.

Marsh Corporate Services Limited reports on the UK Group's supplier payment practices on a biannual basis, and results are monitored by the Audit Committee. The latest results can be found at <https://check-payment-practices.service.gov.uk/report/80629>.

Others

The Company is authorised and regulated by the Financial Conduct Authority ('FCA'). The Board is committed to open and co-operative interactions with the FCA, as and when these arise.

The impact of the Company's operations on the community and environment

In an ever-changing world with geopolitical instability, economic uncertainty and ongoing conflicts, the Group recognises the importance of supporting the communities in which it operates. In alignment with the Group's ESG strategy, social impact activities are focused on disaster response, mentoring and building resilient communities, which the Board recognises helps contribute to the Group's vibrant and inclusive culture, drive colleague engagement and elevate the Group's brand reputation. Further information about the Group's social impact programme can be found in the latest published statutory report and accounts of Mercer Limited.

The Group continues to look at ways to minimise its carbon footprint and impact on the environment. Further details of the Group's environmental initiatives can be found at <https://www.marshmclennan.com/about/esg.html>.

The desirability of the Company maintaining a reputation for high standards of business conduct

The Group's Code of Conduct, The Greater Good applies to all companies in the Group, including the Company, and requires the directors and employees of the Company to comply with the FCA's individual conduct rules: to act with integrity; to act with due skill, care and diligence; to be open and cooperative with the FCA and other regulators; to pay due regards to the interests of customers and treat them fairly; and to observe proper standards of market conduct.

The need to act fairly between members of the Company

The Company has a single member and forms part of the Group. As a wholly owned subsidiary of Marsh McLennan Companies, Inc., the duties of the Company's directors are exercised in a way that is most likely to promote the success of the Group as a whole, while having regard to all factors outlined in s172.