

Registered Number: 00984275

# **MERCER LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024**

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**MERCER LIMITED**

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**COMPANY INFORMATION**

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**DIRECTORS**

D Brightmore-Armour  
M Chessher (resigned 1 November 2024)  
A Gupta  
C Holme  
B Hudon  
T O'Dwyer (resigned 1 April 2024, appointed 1 November 2024)  
P Parkinson (appointed 28 March 2024)

**COMPANY SECRETARY**

A Ramseyer

**REGISTERED NUMBER**

00984275

**REGISTERED OFFICE**

1 Tower Place West  
Tower Place  
London  
EC3R 5BU  
United Kingdom

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**MERCER LIMITED**

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## MERCER LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

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#### INTRODUCTION

The Directors present their Strategic Report for Mercer Limited ('the Company') for the year ended 31 December 2024.

#### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is a professional services firm specialising in the provision of wealth, health and career solutions for its clients. The principal activities of the Company are consulting and advisory services relating to retirement and investment solutions, health and benefit plans, talent and reward.

On 1 January 2024, the Company sold its non-strategic pension administration business to an external company, see note 5 for further details.

The Company is authorised and regulated by the Financial Conduct Authority ('FCA') and is part of the Marsh & McLennan Companies, Inc Group ('MMC' or 'the Group').

The directors intend that the Company continues with its current activities in 2025.

#### FINANCIAL KEY PERFORMANCE INDICATORS

The Company's key financial and other performance indicators during the year were as follows, compared to 2023:

	<b>2024</b>	2023	Movement	Movement
	<b>£M</b>	£M	£M	%
Turnover	<b>577</b>	677	(100)	(15)%
Administrative expenses	<b>(564)</b>	(603)	39	6 %
Income from fixed asset investments	<b>35</b>	281	(246)	(88)%
Impairment of investment in subsidiaries	<b>(27)</b>	(198)	171	86 %
Profit before tax	<b>63</b>	168	(105)	(63)%
Profit after tax	<b>28</b>	129	(102)	(79)%
Shareholders' funds	<b>1,328</b>	1,416	(88)	(6)%

Turnover decreased by £100 million (15%), (2023: increased £37 million, 6%) and administrative expenses decreased by £39 million (6%) (2023: decrease £25 million, 4%) during the year. These movements are partially due to the sale of the pensions administration business on 1 January 2024 and investment to support future growth of the business.

The Company reported a profit for the financial year after taxation of £28 million (2023: £129 million profit) with the prior year benefiting from higher dividend income from subsidiaries.

Interim dividends totalling £75 million were paid on the ordinary shares during the year (2023: £159 million)

The Directors do not recommend the payment of a final dividend (2023: £nil).

In addition to the profit after tax and interim dividend noted above, the Company's other reserve balance increased by £8 million reflecting a credit to equity for equity settled share based payments. The Company also recorded actuarial losses from defined benefit pensions of £59 million, a loss from other retirement benefits of £6 million and gain from deferred tax on pension movement of £16 million in other comprehensive income. These movements resulted in a net decrease in net assets of £88 million.

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024**

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

Under section 172(1) of the Companies Act 2006 ('s172') the directors of the Company must 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 as a whole. In doing so, the directors should have regard to the following factors:

- 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 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.

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 2024.

As a subsidiary of Marsh & McLennan Companies, Inc. the Company shares the Group's purpose to help clients, colleagues and communities grow by empowering them with the confidence to thrive. The Group's values and strategy that underpin that purpose are set by Marsh & McLennan Companies, Inc. and applied by the Company to consider the local market in which it operates.

The directors of the Company consider that, both individually and collectively, they have acted, in good faith, in a way that would most likely promote the success of the Company, for the benefit of its members while having consideration to all stakeholders.

**Long-Term Strategy and Vision**

The Board is committed to providing entrepreneurial leadership of the Company in a manner that promotes its long-term sustainable success, generating value for its shareholder and ensuring the sound and prudent management of the firm, with consideration for the interests of all stakeholders. Engaging with stakeholders to achieve long-term success is a primary focus, and the Board ensures that stakeholder views are integrated into discussions through reporting and feedback to inform decision-making.

The Board maintains a forward-looking annual meeting agenda, aligned to the Company's operating model, which clearly outlines items that require Board approval, endorsement or review. This includes the Company's strategy, key objectives, and other matters the Board has reserved for its approval under its terms of reference.

During 2024, the Board's focus remained on successful implementation of the Company's strategic plan (the 'Plan'), aimed at creating sustainable profitable growth and embeds. The Plan is updated and approved by the Board on an annual basis and performance is monitored throughout the year through detailed operational and financial reporting to the Board, who provide independent and constructive feedback. When approving the Plan, the Board considers factors such as competitor actions, market trends, and changing macroeconomic and geopolitical conditions, as well as the interests of the key stakeholders referred to in the following paragraphs. A set of strategic priorities has been established for management to address in 2025, with the Board committed to overseeing and guiding progress on these priorities.

**The interests of the Company's employees**

The Board supports and promotes 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 engages with employees, through regular business and regional town halls, colleague surveys, focus groups, office visits by members of the UK Executive Leadership Team ('UKELT' or 'Executive'), and group-wide newsletters and emails from the CEO.

STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024

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*The interests of the Company's employees (continued)*

The interests of colleagues underpins the Company's strategy and, to facilitate direct input from employees into strategic thinking, the UKELT has engaged a group of high-performing colleagues from across the Company to contribute to, and support delivery of, the Company's priority areas. The Board monitors attrition rates and measures engagement levels in an effort to identify emerging people risks and trends, and to ensure appropriate action is taken to address these. Emerging people risks and trends are highlighted to the Board by Management, together with proposed action plans.

The Company has in place a forum of Mercer Employee Representatives (the 'MER') which comprises elected representatives located across the UK and from all lines of business and is chaired by a member elected from within the employee representatives. The MER meets at least monthly and is engaged to provide feedback to the UKELT on policy amendments, proposals for changes to benefits and to support colleagues when changes to structure are proposed.

The Board and UKELT remain committed to fostering a diverse and inclusive workforce and delivering the Company's diversity, equity and inclusion ('DEI') strategic target of reaching gender parity and societal ethnic and racially diverse ('E&RD') representation at all levels of the organisation by 2030. Recognising the importance of dedicated DEI expertise, the UK Group recruited a Marsh McLennan UK DEI Leader to support formulation and delivery of the Company's DEI Strategy and achieve its DEI goals.

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

**Suppliers:** The Company's business with suppliers is managed at a Group level 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 Greater Good, its Code of Conduct, 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 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/94901>.

**Customers:** The Company is committed to ensuring that all clients are treated fairly, that positive client outcomes are achieved, and that client interests are considered as part of decision making at every level within the Company, including decisions to launch any new product or service. As a key strategic priority, the UKELT closely monitors client experience through trusted and open engagement.

During 2024, the Board closely monitored the Company's compliance with the FCA's Consumer Duty (the 'Duty') which sets out rules and standards of consumer protection, requiring firms to put their customers' needs first. The Duty has been integrated into the formal Board programme to ensure that the Company's strategies, governance, leadership, processes, and people policies reflect the obligation to act to deliver good outcomes for customers. The Board has appointed a Duty Champion to ensure that client interest is at the fore in Board discussion and decision-making and challenge the Executive on the Company's on focus of customer outcomes.

**Other:** The Company is authorised and regulated by the FCA. The Board is committed to open and co-operative interactions with the FCA, as and when these arise.

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024**

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*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 Board recognises the importance of supporting the communities in which the Company 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 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.

In 2024, the Company continued to support the Group's strategic charity partner in the UK, Ambitious about Autism, and participated in Global Volunteer month and in global disaster giving campaigns.

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 and integrates the Group's environmental initiatives into strategy, decision-making and business processes, considering the local market. Further information can be found on pages 14 to 15 and in the Company's annual Task Force on Climate-related Financial Disclosures ('TCFD') report, which was approved by the Board during 2024, available at [www.mercer.com/en-gb/footer/tcfd-report/](http://www.mercer.com/en-gb/footer/tcfd-report/). More information may also be found in the Company's climate-related financial disclosure on pages 13 to 24 and Greenhouse Gas Emissions, Energy Consumption and Energy Efficiency Action report on pages 26 to 30.

*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 within the Group, including the Company, and requires a commitment from all employees of the Group to several core principles that align with the Company's mission and values; a client-centric approach; stakeholder engagement; sustainability and responsibility; DEI; ethical governance; community impact; and long-term value creation. By adhering to these principles, the Group aims to drive a strong ethical culture and create a positive impact that extends beyond its business operations, contributing to the greater good of society as a whole.

The directors and employees of the Company are also required 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*

As a wholly owned subsidiary, the Board considers the views of its ultimate shareholder (Marsh and McLennan Companies., Inc), and the interests of the Group in all decisions and transactions undertaken by the Company. The Company's Executive Directors provide the primary channel of communication between the Company, Marsh and McLennan Companies, Inc and the Group.

Distributions to the Company's shareholder are considered after a full assessment of the Company's capital adequacy and ability to continue as a going concern into the foreseeable future. The Board also balances the ability to invest in future growth, with stable and sustainable returns for the shareholder. Further information on dividends is set out in the Notes to the Financial Statements on page 51.

STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024

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**CORPORATE GOVERNANCE STATEMENT**

For the year ended 31 December 2024, under The Companies (Miscellaneous Reporting) Regulations 2018, the Company has applied the Wates Corporate Governance Principles for Large Private Companies which can be found at [www.wates.co.uk/insights/wates-group/culture/the-wates-principles-report/](http://www.wates.co.uk/insights/wates-group/culture/the-wates-principles-report/). The Directors have set out below an explanation of how the Wates Principles have been applied during the 2024 year.

**Principle 1 – Purpose and leadership**

**“An effective board develops and promotes the purpose of the Company, and ensures that its values, strategy and culture align with that purpose.”**

As a subsidiary of Marsh and McLennan Companies, Inc, the Company shares the Group’s purpose to help clients, colleagues and communities grow by empowering them with the confidence to thrive. The Group’s values and strategy that underpin that purpose, are set by Marsh and McLennan Companies, Inc., and applied by the Company to consider the local market in which it operates.

The Board has delegated responsibility to formulate the Company’s strategy to the Chief Executive Officer (‘CEO’), who sets the Company’s strategic objectives within the risk tolerance agreed by the Board and develops the Company’s business plans, financial objectives and budgets, and operating strategies. The Board reserves the strategy of the Company for its approval and, through regular updates from management on delivery, independently and constructively challenges management on objectives, plans and performance against strategic initiatives. During 2024, the Board considered a number of key strategic initiatives aimed at creating sustainable profitable growth including, in particular, investment in a key growth area with the Group’s acquisition of Cardano to expand the Company’s capabilities and position the business as one of the leading providers of pension services in the UK, and advisory and investment solutions to institutional investors globally.

The Board understands that instilling the right culture is critical to fulfilling the Company’s purpose, as it guides strategy and drives long-term value for the Company’s shareholder and wider stakeholders. The Board supports and promotes efforts by the Executive through, for example, the Company’s diversity and inclusion agenda, and social impact efforts, to build a culture where all colleagues belong and thrive. The Board views the Group’s Code of Conduct, The Greater Good (which applies to all employees and Directors of the Company) as the foundation of the culture of the Company, underpinning the values of the Company as a whole and the individual obligations of all colleagues. Culture is routinely monitored through employee surveys, absenteeism rates and exit interviews, with results reported to the Board periodically. Colleagues are encouraged to report concerns relating to business integrity and conduct through established whistleblowing processes, and anonymised concerns are reported to the Audit Committee of the Board on a quarterly basis, and escalated to the Board as appropriate.

**Principle 2 – Composition**

**“Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the Company.”**

As at 31 December 2024, the Board of the Company comprised a Non-Executive Chair, an independent Non-Executive Director, a Non-executive Director the CEO, the Chief Financial Officer, and an additional Executive Director, the leader of the UK Wealth business. Board members have a diverse range of skills, expertise, and experience, including experience and expertise in the fields of actuarial science, corporate finance, treasury, banking, private equity, accountancy, pensions, management consulting and law. All Board members have extensive experience in Executive and/or Non-Executive positions, within financial services and other industries.

STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024

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**Principle 2 – Composition (continued)**

The separation between Chair and Chief Executive Officer roles ensures that there is a balance of responsibilities and effective decision-making by the Board. The Chair promotes and facilitates open and productive dialogue amongst Directors and the Executive and is supported by the Company Secretary to ensure that all Directors have appropriate information and sufficient time to discuss important topics.

The Nominations Committee keeps under review the structure, size and composition of the Board to ensure that there is diversity of thought, experience and expertise necessary to govern the Company. It oversees Board succession planning and appointments, with consideration to other significant time commitments and/or conflicts disclosed by Directors. The Nominations Committee reviews the results of the annual Board performance evaluation process as this relates to Board and Committee effectiveness and composition and makes recommendations as appropriate. Induction programmes for new Board members are tailored to each Director's specific background and knowledge to ensure that they are fully informed about the Company's main areas of business activity, strategic priorities, as well as those risks and commercial issues affecting the Company.

**Principle 3 – Director Responsibilities**

**“The board and individual directors should have a clear understanding of their accountability and responsibilities. The board’s policies and procedures should support effective decision making and independent challenge.”**

The Board's terms of reference provide a comprehensive framework for governance practices, clearly delineating the responsibility and remit of the Board, and the matters it has delegated to the Executive. The Board reviews its terms of reference and governance policies annually, or as and when required, to ensure alignment with evolving corporate governance and business practices. In accordance with regulatory requirements applicable to the Company, all Directors have clearly documented statements of responsibility for the matters under their remit.

The Board has established committees which comprise a majority of Non-Executive Directors, to assist in providing oversight, independent challenge and guidance to the Executive in the areas of Risk, Audit and Remuneration. The responsibilities of the committees, including decision-making authority and escalation processes, are outlined in each committee's terms of reference which are reviewed by the respective committees and the Board on an annual basis.

The Board meets at least four times per year, with ad-hoc meetings held as and when required. During 2024, the Board met a total of five times. In accordance with its terms of reference, the Board also considered and approved items via written resolution outside of meetings, where convening a meeting proved impractical.

The Board receives regular and timely information on all matters relevant to the Company's affairs, including those matters reserved for its approval under its terms of reference, to ensure that it is soundly and prudently managed. This includes regular reports on business and financial performance, key strategic risks and opportunities, operational matters, market conditions, human resources, legal, compliance, audit and regulatory matters. All papers provided to the Board are prepared by subject matter experts with the relevant experience and skills necessary to ensure the integrity of information presented.

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024**

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**Principle 4 - Opportunity and Risk**

**“The Board should promote the long-term sustainable success of the Company by identifying opportunities to create and preserve value and establish oversight for identification and mitigation of risks.”**

Through regular updates by the CEO at each quarterly board meeting during 2024, the Board considered and discussed the Company’s key business initiatives and future plans for value creation and preservation. Outside of the formal meeting programme, the Non-Executive Directors engaged with members of the UKELT to review and discuss business strategy and plans across the Company’s lines of business.

The Board has responsibility for risk management and has delegated this oversight responsibility to the Risk Committee. The Risk Committee is supported by a sub-committee, the Executive Risk Committee. The Risk Committee receives regular reports from the Chief Risk Officer on risk taking relative to performance reviews and recommends the Company’s Enterprise Risk Management Framework and Risk Appetite to the Board annually for approval. The Company’s key risks have been outlined in the Strategic Report on pages 9 to 12.

**Principle 5 - Remuneration**

**“A Board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the Company.”**

The Company’s remuneration practices are subject to the Remuneration Policy, which, upon recommendation of the Remuneration Committee, is approved by the Board on an annual basis. The Board has delegated authority to the Remuneration Committee to keep under review the Company’s Remuneration Policy and compensation practices to ensure that they are consistent, promote effective risk management and align to the Company’s business strategy, values and long-term objectives.

During 2024, the Remuneration Committee reviewed the remuneration packages of the Company’s colleagues considered to be Material Risk Takers under the FCA’s Investment Firm Prudential Regime (which includes Executives) to ensure that performance was remunerated for financial performance and qualitative measures aimed at preserving the legal, regulatory and reputational health of the Company. The Remuneration Committee also reviewed and challenged the Executive on high-level remuneration and performance data for all colleagues during the Company’s annual compensation process to ensure remuneration proposals for the Company’s employees were balanced, proportionate and aligned with the Company’s diversity and inclusion aspirations.

The Board continues to commit to improving the Company’s Gender Pay Gap. The Company’s latest Gender Pay Gap Report, which was reviewed by the Board prior to publication is available at <https://www.mercer.com/en-gb/insights/workforce-and-careers/building-relatable-organisations/gender-and-ethnicity-pay-report>. In 2024, the Board also reviewed and approved the Company’s first Ethnicity Pay Gap Report, also available at <https://www.mercer.com/en-gb/insights/workforce-and-careers/building-relatable-organisations/gender-and-ethnicity-pay-report>.

STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024

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**Principle 6 – Stakeholder Relationships and Engagement**

**“Directors should foster effective stakeholder relationships aligned to the Company’s purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.”**

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, clients, employees, suppliers, the environment and the local communities within which the Company conducts business. The Board, whose role it is to provide entrepreneurial leadership of the Company in order to promote the long-term sustainable success of the Company, ensures there are channels to receive appropriate feedback from discussions with all stakeholders, including to generate value for its shareholder and to ensure the sound and prudent management of the firm, with consideration for the interests of the Company’s other stakeholders.

The Board’s considerations in this respect are outlined in the s.172 Statement included on pages 2 to 4. Key stakeholder engagement practices include:

- The UKELT conduct regular Town halls and office visits;
- Employees provide feedback through frequent colleague surveys;
- Management conduct regular client meetings to monitor client experience;
- Facilitated by the Compliance team, the Board and its Directors maintain an open dialogue with regulators; and
- The Board acknowledges its responsibility to support local communities, including through its charity partnership with Ambitious about Autism.

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024**

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**PRINCIPAL RISKS AND UNCERTAINTIES**

The Company's Risk Committee meets frequently throughout the year to monitor risks across the business.

The Committee reviews and challenges risk management activity and reports to the Board of Directors.

The principal risks and uncertainties facing the Company are those listed below and reflect the key risk areas of the MMC UK risk taxonomy that has been approved by the Board of Directors. These risks have the potential to negatively impact business performance:

**People Risk**

Talent Attraction, Retention & Development

The risk that the failure to attract, retain and develop the right talent to support the business, leading to a loss of productivity, decreased morale, potential client impact and reduced financial performance. The key tools to ensure that we are still able to retain and attract talent include competitive remuneration, training and development, competency policy and performance and compensation reviews.

Conduct & Culture

The risk that poor firm culture and behaviours result in poor client outcomes, reputational harm for the Firm and / or reduced colleague morale. This includes a shortfall in the behaviours of our colleagues below the standards laid out in our code of conduct, 'The Greater Good'.

This risk is mitigated through, among other practices, training, the implementation of appropriate governance frameworks, the promotion of a positive culture to reflect ethical behaviour and accountability as demonstrated within the Company's code of conduct. This is reinforced by ongoing reward and performance management processes for all employees. Conduct is monitored through key indicators that track compliance, employee engagement, and incident reporting, ensuring ongoing assessment and improvement of the organisational culture. The business model is determined by the senior leadership team, driven by the Company's purpose and strategy and managed by a combination of risk appetite, governance, policies and controls.

**Systems & Technology**

Cyber Security

The risk that the Company is the victim of a cyber-attack on the firm resulting in business disruption, loss of data, client harm, adverse operational, reputational and / or financial impacts to the business. The changing cyber threat landscape coupled with the world's ongoing use and reliance on technology means the industry is more vulnerable to a cyber-attack.

In mitigation, the Company continuously monitors external threat vectors, maintains a robust information technology and cyber security infrastructure, regularly updates security and patching, and provides comprehensive colleague awareness and training campaigns. In the event of a heightened cyber threat, the Group has established incident management procedures which are invoked to mitigate any adverse impacts.

Data Governance, Privacy & Security

The risk of unauthorized access or disclosure of sensitive information causing potential reputational damage, regulatory non-compliance and financial losses. Mercer Limited is aware of the potential risks arising from ineffective handling of data, and a number of policies and controls are in place. Some examples of these controls include: an embedded data security policy, an incident management process, secure management of information and a number of encryption / access controls and monitoring of user access.

STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024

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**PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)**

**Financial**

Mercer Limited faces several financial risks, and due to the nature of the Company's business and the assets and liabilities contained within the Company's balance sheet, the financial risks considered most relevant to Mercer Limited are credit risk and liquidity risk. Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The main areas where the Company is exposed to credit risk are amounts due from clients in respect of services provided, amounts due from fellow group companies and amounts held with banks.

Billed debtors are monitored closely and active collection processes exist to reduce the time taken from billing the client to receiving payment for services rendered. Unbilled debtors are also monitored to ensure timely billing to clients. There is regular reporting and review of both billed and unbilled balances with clients by senior management.

These risks are mitigated by credit control procedures and the diverse client base. Under FCA Chapter 8, the Company is required to disclose information relating to its risks, governance and own funds. The Chapter 8 disclosures are provided on the Company's website <https://www.mercer.com/en-gb/footer/mifidpru-8-disclosure/>. The Company has a strong liquid asset position and is not reliant on funding from third parties.

**Operational Processes**

**Change and Transformation Risk**

The risk that change and transformation initiatives (including M&A activity) can lead to significant business disruption, either by not achieving the desired strategic objectives or by causing unintended consequences. These consequences may include reputational harm, loss of clients, regulatory risks, and challenges in retaining key staff and maintaining engagement. Mitigants include the governance around change management, active project management and ongoing communication plans to manage business disruption as a result of change initiatives.

**Third Parties, Outsourcing & Other External Suppliers**

The risk that reliance on and poor performance of outsourced, third parties, and external suppliers, leads to operational performance / resiliency issues for the Company, client detriment, regulatory scrutiny, reputational damage and/or adverse financial impact. A range of controls are in place, including a rigorous vendor risk framework, review of performance/SLAs and operational resilience related controls.

**Operational Resilience**

The risk that the business fails to have the processes and framework in place to respond to, recover and learn from operational disruption resulting in client detriment, breach of legal and regulatory obligations, and/or adverse commercial impacts. Examples of such business interruption events could include supply chain disruptions, a failure of outsourcing / intragroup arrangements, technological outages and a breakdown of national infrastructure.

Mercer Limited has robust processes and controls in place for monitoring and responding to operational disruptions (including a well-established crisis management team). The Company's Operational Resilience Programme continues to address the regulatory requirements arising from the FCA's guidance in this area.

STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024

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**PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)**

**Clients**

Client Experience & Service Delivery / Errors & Omissions ('E&O').

The risk that our client proposition fails to adequately engage our clients, and/or our service fails to deliver a positive client experience. This could result in poor client service, an increase in complaints, a loss of clients and revenue, a failure to achieve growth targets, a deterioration in colleague morale, potential regulatory intervention, reputational damage and possible E&Os.

Mercer Limited monitors and reviews client's satisfaction scores that come from regular surveys from clients, ensures that any issues are picked up through the embedded Quality Assurance framework. Mercer Limited also has a formal complaint handling procedure to address any negative outcomes for clients.

**Strategic**

AI / Technology / Innovation

Mercer Limited faces the risk of not effectively utilizing emerging technologies or using such technologies in a damaging manner, including Artificial Intelligence, in our client propositions, resulting in disruption to our business model, strategic direction, the loss of competitive advantage and the inability to deliver business plans.

In mitigation, Mercer Limited continues to develop its digital capabilities, leveraging global investment and platforms, and tailoring to specific UK segment requirements. A risk assessment addressing artificial intelligence specifically is embedded as part of the new activities review group and also covered through a global AI framework. Any poor feedback from clients will be identified and addressed through the regular client satisfaction surveys.

**External**

Environmental, Social and Governance

The risk that Mercer Limited is impacted by an ESG event, or condition, which adversely impacts our brand, value and / or operations of the business. In March 2025, MMC published the Group's annual Business Responsibility Report. The strategic objectives and climate ambitions outlined in the report are integrated into the Company's strategy, decision-making and business processes, considering the UK market within which the Company operates.

Geopolitical & Macroeconomic Environment

The risk that changes in the macroeconomic and geopolitical environment adversely impacting the firm, adversely impacting strategy, reputation and/or achievement of business plans. This includes market downturn, for example, leading to a deterioration in asset values.

The business continuously monitors and responds to any material external environmental factors, such as fiscal changes (including fluctuating levels of inflation and GDP growth), geopolitical influences and market-wide activity.

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024**

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**PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)**

**Pension asset risk**

The Company's defined benefit pension plan is closed to new members. The pension plan valuations are subject to inherent risks from factors beyond the management's direct control such as the investment returns, inflation rates, mortality rates, regulatory changes, legal changes and underlying custodianship risk relating to investments. There are controls in place monitored by the Company and the Trustee to mitigate these as much as possible.

**Group**

At Mercer Limited, there are a number of internal group suppliers that deliver services to Mercer Limited in the UK and as a result there is a risk that there is a failure of these internal providers to deliver services in a timely and effective manner which would cause business disruption, inefficiency, reduced output and potential financial and client impacts. Monitoring of internal service providers is completed on an ongoing basis, with any issues or failures of internal service level agreements, reported and remediated through existing internal workstreams.

**HEALTH, SAFETY AND ENVIRONMENT**

The Company is responsible for the health, safety and welfare of its employees and contractors whilst working on behalf of the Company and for ensuring that its operations do not unnecessarily harm the environment. The Company provides a Greenhouse Gas Emissions, Energy Consumption and Energy Efficiency Action report on pages 26 to 29 of the Directors Report.

Where reasonably practicable, the Company pursues progressive improvements in health & safety performance and ensures that the business is compliant with all applicable legislation. Directors and individual managers accept responsibility for people and areas under their control and integrate health and safety into everyday activities. They are committed to ensuring the competence of all employees through selection, instruction, training and supervision.

Management of health and safety standards is ensured through effective audit and action resolution and is supported by bespoke software to allow monitoring. Incident reporting, investigation and trend analysis ensures identified workplace hazards are corrected to prevent reoccurrence. Colleague consultation plays a key role and is achieved through the Group's UK Health and Safety Committee, comprised of representatives from across the businesses in the UK, including a representative of the Company. This committee reviews the Company's arrangements in place on a regular basis and works towards continuous improvement of health and safety standards.

STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024

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**NON-FINANCIAL AND SUSTAINABILITY STATEMENT**

**Climate-Related Financial Disclosures**

Mercer Limited, as part of the Marsh & McLennan Companies, Inc group of companies, continues to look at ways to minimise its carbon footprint and impact on the environment.

The climate-related financial disclosures are made by the Company to comply with the requirements of the Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

**Governance**

The Company has a strong system of governance, with effective and robust controls and its governance framework is proportionate to the scale and complexity of business operations. It allows the Company's Board, management committees and senior management to integrate climate-related risks and opportunities into its strategy and decision-making processes.

*Board oversight*

The Board provides leadership of the Company within a framework of prudent and effective controls which enables risks and opportunities, including ESG and climate risks and opportunities, to be assessed and managed. The Company's climate-related ambitions are considered by the Board when reviewing its strategy, risk management policies, annual budgets, and performance objectives.

During 2024 the Board:

- Participated in a Board Training session focused on the Group's Business Responsibility and climate agenda, including the Group's climate-related strategic and carbon-risk management initiatives.
- Reviewed the Company's strategy, which included progress against the Group's Business Responsibility and climate-related initiatives.
- Received quarterly updates from the Chief Executive Officer relating to the Company's overall performance and delivery of strategic objectives, which included performance against ESG-related metrics and management's integration of climate thinking into organisational decisions.
- On recommendation of the Risk Committee, approved the Company's Risk Appetite Statements, which included the Company's appetite for ESG and climate-related risks, with a view to delivering the Group's business responsibility agenda and associated targets within the context of the UK market.

*Board Risk Committee*

The Board delegates responsibility for oversight of the Company's risk management framework to the Risk Committee. The Risk Committee is responsible for overseeing the Company's risk management framework and for reviewing top and emerging risks. The Committee is chaired by an independent Non-Executive Director and its membership includes other Non-Executive Directors and Executive members. The Committee meets on a quarterly basis, or more frequently if required. Matters are escalated from the Risk Committee to the Board as appropriate.

STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024

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**NON-FINANCIAL AND SUSTAINABILITY STATEMENT (continued)**

*Board Risk Committee (continued)*

During 2024 the Risk Committee:

- Received quarterly reports from the Chief Risk Officer on the Company's overall risk profile, including a view on the management of ESG and climate-related risks; and
- Reviewed the Company's Risk Appetite Statements, which included the Company's appetite for ESG and climate-related risks and made a recommendation to the Board.

**Management's role**

*UK Executive Leadership Team*

The Executive Leadership Team ('UKELT') is a management forum established to provide recommendations and advice as required by the Company's Chief Executive Officer, to assist them in the day-to-day running of the Company.

The UKELT agrees ESG initiatives and reviews relevant ESG-related risk and performance metrics for the Company, which incorporates MMC's business responsibility and carbon strategy into the Company's overall strategy as deemed appropriate for the UK market.

Responsibility for the delivery of climate-related plans is integrated into the roles and responsibilities of senior managers across the Company's key business areas and functions.

*Executive Risk Committee*

The Executive Risk Committee ('ERC') reviews risks, including climate-related risks, within the context of the Company's overall risk management framework. An information dashboard is provided to the ERC on a regular basis to seek to improve awareness and management of top and emerging risks, including climate risks. Management responsibilities for climate risks are integrated into the relevant business and functional areas.

Roles and responsibilities for managing climate risks are aligned to the Company's risk management framework and the Three Lines of Defence model (page 24) to ensure robust oversight and challenge of the Company's capabilities in this respect. Climate risks receive risk management oversight at the ERC through the 'top and emerging risks' report, and matters are escalated to the Risk Committee where appropriate.

*The overarching global approach*

A multi-layered governance framework ensures high standards are consistently applied across Marsh McLennan's global organisation. As an indirect subsidiary of Marsh & McLennan Companies, Inc., the Company shares the Group's climate-related ambitions, and the Company's ESG and climate governance framework and processes should be understood in the context of the Group's governance framework. The Group's global climate and business responsibility governance framework and processes are summarised below.

The Marsh & McLennan Companies, Inc. Board of Directors ('Marsh McLennan Board') is supported by a Board Business Responsibility Committee and Management Business Responsibility Committee to formulate, oversee and deliver, amongst other things, the Group's climate ambitions.

The Board Business Responsibility Committee oversees and supports the Group's commitment to social, environmental and other public policy initiatives. The Board Business Responsibility Committee reports to the Marsh McLennan Board on a regular basis.

STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024

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**NON-FINANCIAL AND SUSTAINABILITY STATEMENT (continued)**

*The overarching global approach (continued)*

The Management Business Responsibility Committee supports the Marsh McLennan Board and the Board Business Responsibility Committee in identifying and advancing, among other things, climate priorities. Members are drawn from senior management across the Group's global businesses and corporate departments, with the Group General Counsel serving as Chair.

In March 2025 Marsh McLennan published the Group's annual business responsibility strategy and climate ambition. The strategic objectives and climate ambitions outlined in the report are integrated into the Company's strategy, decision-making and business processes, considering the UK market within which the Company operates.

The Group's 2024 business responsibility report (the 'MMC Business Responsibility Report') is available on the following link: <https://www.marshmclennan.com/web-assets/files-for-download/pdf-2024-marsh-mclennan-business-responsibility-report.pdf>

**Strategy**

The table in this section summarises the risks that have a climate-related element and outlines potential opportunities. The Company is integrating these climate-related risks and opportunities, both transition and physical, into how it operates as a business and services its clients.

As this is an evolving landscape, flexibility has been built in to allow for the Company's medium (3 – 10 years) to long term (10+ years) risks to change, and equally, the short-term (1 – 3 years) risks and opportunities may expand into the medium and long term. These time periods reflect the timeframe in which the impacts of climate change are expected and are a useful mechanism to Group impacts looking forward.

Mercer Limited considers climate risk in two categories:

- Transition Risks: Risks related to the transition to a lower-carbon economy (e.g. risks related to policy and regulatory changes and shifts in consumer preferences/ expectations); and
- Physical Risks: Risks related to the physical impacts of climate change (e.g. extreme weather events). These can be split between Acute and Chronic Physical Risks:
  - Acute physical risks refer to those that are event-driven, including increased severity of extreme weather events, such as cyclones, hurricanes, or floods.
  - Chronic physical risks refer to longer-term shifts in climate patterns (e.g., sustained higher temperatures) that may cause sea level rise or chronic heat waves.

Each of these present both risks and opportunities to Mercer Limited and its clients and are considered in identification and assessment of risks. The identified risks are assessed based on their likelihood of occurrence and impact, taking into account financial and qualitative impact factors, in line with the Company's overall risk management approach.

The following table summarises Mercer Limited's Risk Taxonomy, highlighting some of those risks that have a climate related component. This demonstrates that climate related risks, both transition and physical, are integrated into a number of individual risks across risk categories.

MERCER LIMITED

STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024

NON-FINANCIAL AND SUSTAINABILITY STATEMENT (continued)

Level 1 Risk	Level 2 Risk	Transition vs Physical	Time horizon	Climate risks	Climate opportunity
Strategic	Environmental, Social and Governance	Transition, Acute Physical	S / M / L	<p>The risk that Mercer Limited is impacted by an Environmental or Climate event (or Social or Governance event), which could cause an adverse impact to its brand, value and/or operations of the business.</p> <p>This includes the potential impact of Physical Risk events and Transition Risks</p>	<p>Ability to assist clients with navigating climate related risks as a result of policy, legal, and market developments.</p> <p>Increased demand to provide consulting and advisory services to clients on climate-related strategies and initiatives</p>
Financial / Market Risk	Macro-economic and market downturn (including geopolitical risk)	Transition, Acute Physical	M / L	<p>Adverse climate-related events could lead to the value of assets, and thereby discretionary Assets Under Management reducing, impacting clients and reducing the Company's revenue.</p>	<p>Ability to assist clients with navigating climate related risks as a result of policy, legal, and market developments.</p>
Strategic Risk	Products and client propositions	Transition	S / M / L	<p>Risks associated with rapidly evolving client and market demand for sustainable/climate-related services, including risk of not responding to these market demands fast enough, impacting the Company's competitive position.</p> <p>Reputational/brand damage due to perception of inaction on climate risks or not delivering on commitments.</p>	<p>Deploying new climate related practices and processes as a result of technological developments. Benefiting from improved climate-related research and development in the market and internally.</p> <p>In respect of reputation/brand, incorporating feedback from external stakeholders to improve internal business practices and provision of services relating to climate.</p>
Regulatory Risk	Non-compliance with relevant regulatory expectations / requirements	Transition	S / M	<p>Risks relating to evolving regulation or stakeholder expectations, including costs of compliance and fines or reputational impact of non-compliance.</p>	<p>Ability to implement new and improved internal processes to meet an increase in disclosure reporting obligations.</p>

MERCER LIMITED

STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024

NON-FINANCIAL AND SUSTAINABILITY STATEMENT (continued)

Level 1 Risk	Level 2 Risk	Transition vs Physical	Time horizon	Climate risks	Climate opportunity
Operational Processes	Third parties, outsourcing and other external suppliers	Transition, Acute Physical Chronic Physical	M / L	<p>Climate-related events such as extreme weather events or transition risks impacting the supply chain, including internal service providers and third parties, resulting in disruption to Mercer Limited's and clients' operations.</p> <p>Physical risks such as extreme weather events impacting Mercer Limited's operations (including buildings, staff, and technology infrastructure), and any resultant impacts on clients.</p>	<p>Improvement of the Company's Business Resiliency Management to respond to increased severity of extreme weather events, most likely impacting affiliate companies and clients outside the UK (and anticipating the consequent impact to Mercer Limited's business).</p> <p>The Company regularly assesses and takes steps to improve its existing business continuity, disaster recovery and data recovery plans and key management succession in the case of a climate related business disruption event.</p> <p>Increased use of recycling and move to efficient buildings.</p> <p>Incorporation of new energy sources and shift towards decentralised energy.</p>
Conduct and Client Service Risk	Advice challenged by clients	Transition	S / M / L	<p>Mercer Limited provides advice to UK clients on how climate change may impact asset classes and their outcomes. Mercer Limited engages with clients to help them consider and model a range of climate scenarios and analyse different climate-related metrics for their investment portfolios, using data from external providers. This is a complex area, and it is possible that clients or external pressure groups could challenge the advice, leading to reputational risk as well as commercial/litigation risks.</p>	<p>Ability to provide further services to clients on how climate change may impact asset classes.</p> <p>Advice to clients in the climate change area is seen as desirable in the market and effective advice could increase the Company's brand reputation in the space.</p>

STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024

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**NON-FINANCIAL AND SUSTAINABILITY STATEMENT (continued)**

Management has continued to assess the impact of climate-related issues on Mercer Limited. The categories below set out the areas identified that are expected to be expanded upon in the future.

Policy and Legal

This impacts both Mercer Limited as an entity and the advice and services provided to clients. Regulatory developments that may impact Mercer Limited and the advice and solutions provided for clients, include:

- FCA's anti-greenwashing rule, which came into force from 31 May 2024, and requires regulated entities to ensure communication about products and services is fair and not misleading when talking about sustainability;
- International Sustainability Standards Board (ISSB), which aims to set-out a global baseline for sustainability-related financial disclosure requirements;
- Taskforce for Nature-related Financial Disclosure (TNFD) enabling organisations to report and act upon evolving nature-related risks and opportunities; and
- Green Taxonomy by the UK Government to define which economic activities count as environmentally sustainable. The reporting detail will be determined following a consultation.

Broadly, legal implications with global application are relevant to strategy at Group level. The review of ongoing legal and compliance matters and disclosure requirements impact strategic planning on how new requirements are expanded and implemented. For instance, as the majority of office properties are leased in multi-tenant buildings, the Group typically has little to no control of the infrastructure.

Investment Services

When requested by a client, Mercer Limited provides advice to institutional investors on how they can identify climate risks and respond to the risks and opportunities that they face. Some of these investors are impacted by regulatory requirements in their industries, for example the need to create their own TCFD report (see section 6 of this report). Mercer Limited supports them with this activity and believes there will be a continued demand for assistance for these services both now and in the future. Where Mercer Limited manages discretionary portfolios, it also considers the impact of climate risk when making decisions on investments.

Market Risk

Mercer Limited is conscious of market risks that may negatively impact the value of its business and its clients' business, and the assets it manages. In respect of its clients, the Company has considered the implications for strategic asset allocation and investment return implications for investors. The analysis is on the assumption that markets are not adequately pricing in the transition and physical damages risks that the Company expects under various climate scenarios in the coming years and decades. This is in part due to an emerging regulatory landscape and inadequate carbon pricing.

It is also a symptom of time-frame misalignment, with many market actors focused on short, sometimes daily, pricing indicators, even when the ultimate asset owners have return objectives over longer time periods. Disruptive technology changes are also knowingly difficult to anticipate and not everyone will get that timing 'right'.

STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024

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**NON-FINANCIAL AND SUSTAINABILITY STATEMENT (continued)**

Market Risk (continued)

All of the above point to a more likely sudden, rather than orderly, transition and market volatility, with some potential for stranded assets, as change eventuates. The Company views market risks as a medium to long-term issue that requires ongoing monitoring and strategic planning. The Company assists a number of clients to review climate scenarios and construct and manage asset portfolios which are expected to be robust under a variety of market scenarios.

Supply Chain

Mercer Limited receives requests concerning its supply chain via the CDP Supply Chain Program as well as through ad hoc questions from clients. The Company is reviewing how it engages with its supply chain on climate-related issues.

From a value chain perspective, the Company's clients' businesses may be adversely impacted by climate-related regulatory and/or physical changes as well as shifts in consumer preferences. These potential impacts create opportunities for the Company regarding the development of tools and/or advisory services and how it plans to operate its business. For instance, the race to Net Zero has highlighted the need for the creation of sound solutions and services that help clients understand and navigate the transition to a resilient, low-carbon economy (considered further below).

Research & Development

Each of Mercer Limited's lines of business has its own areas of focus and expertise relating to climate change. Most of the opportunities are consistent with its current business development strategies, practices and client support services, and hence have planned and budgeted research and development expenditure. However, increasingly there are areas outside expectation or that offer a more significant impact than anticipated, which require additional expenditure.

Marsh McLennan currently provides expenditure in areas where further research and development is necessary and plans to continue to fund that additional expenditure over the long-term.

Real Estate

The Group has continued its journey with its real estate programs through creating smart office environments; building on its Green Pantry Initiative; and is implementing centralised waste solutions in offices which will increase recycling rates and reduce emissions.

To reduce waste from food service, the Group has partnered with a vendor to provide more sustainable 'to go' containers at its London headquarters. To roll out the Green Pantry Initiative, colleagues have been educated and engaged on the changes, and a loyalty and rewards program is being provided that discounts coffee where a reusable container is used.

Composting is provided, which allows colleagues that choose compostable containers to responsibly dispose of them. The ultimate goal is to replace all disposables with reusables.

Energy reduction initiatives

In the UK and Ireland, Marsh McLennan buys 100% green electricity for its largest sites. For these and other efforts, it was re-accredited with the Carbon Trust Standard. At the remaining locations, the aim is to influence the managing agents' decision on the supply of green energy. The Group is working with a key outsourced service provider to extend the use of metering and reporting.

STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024

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**NON-FINANCIAL AND SUSTAINABILITY STATEMENT (continued)**

Operational

As part of the Group's waste-management focus, responsible end-of-life solutions for office equipment and furniture is prioritised. Where possible, the Group seeks to repurpose furniture and equipment. It also minimises the amount sent to landfill by donating or recycling what cannot be repurposed.

With hundreds of thousands of technology components and devices needed to support the Group's environment, technology is a major component of its operations. The Global Technology Group at Marsh McLennan focuses on reducing its energy requirements and associated greenhouse gas (GHG) emissions. At Group level, there is focus on IT asset disposal/recycling; personal computing; technology purchasing; and server virtualisation, by recycling electronic waste, decreasing the impact of personal computing, maintaining energy-efficient data centres and partnering with strategic suppliers.

The Group has adopted Software as a Service (SaaS) applications which leverage high efficiency public cloud infrastructure and reduce physical infrastructure, and its strategic suppliers are asked to dispose of obsolete IT assets in an environmentally responsible manner.

The Global Technology Group is under the leadership of the Chief Information Officer, a role that also oversees Business Resiliency and Security. The Business Resiliency Management ('BRM') team provides business continuity guidance and overall program management, including compliance monitoring, to all of the Group's businesses. The BRM team coordinates business resiliency activities as part of the preparedness lifecycle and crisis response activities in situations where the Group has been impacted by a significant event.

The Group's critical business and corporate functions maintain BRM plans with specific provisions for colleague mobilisation, alternate workspaces, and communication with clients and critical third parties. These plans are created based on business impact analysis which identifies business recovery requirements and priorities; and include: (a) office facilities and personnel; (b) critical applications; (c) mission-critical functions & processes; and (d) key third-party providers.

The Group has implemented a new BRM platform to support its activities and programs. The BRM team maintains a robust business resiliency program which includes:

- conducting business impact analyses;
- establishing and maintaining business resiliency;
- disaster recovery;
- crisis management, and incident response plans;
- performing periodic assessments of key third-party dependencies;
- periodic testing of recovery capabilities; and
- exercising response plans to validate the Group's ability to serve and support its clients in the event of a business disruption event.

Reputational

Mercer Limited is conscious of reputational risks impacting its clients and the third parties it works with. The Company's philosophy is to partner with clients who make a difference in peoples' lives and to take on work that is aligned with its core values.

In 2023, the Group published Client Engagement Principles to help navigate an evolving risk landscape, to make responsible decisions and better serve the long-term interests of its clients and the communities in which they operate. The Group's reputation management approach therefore involves keeping abreast of climate risks and opportunities before they arise, as it works to align to the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures, the Sustainability Accounting Standards Board (SASB), other emerging regulations, and its own related assessments and priorities.

STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024

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**NON-FINANCIAL AND SUSTAINABILITY STATEMENT (continued)**

Products and Services

The Company continues to expand and enhance its climate-related products and services for its clients. As part of its 'one-enterprise' approach, companies across the Group are working together to bring the full power of Marsh McLennan to address challenges such as climate resilience.

This approach allows the Group to bring together the best thinking, expertise and solutions from its global businesses to its clients, wherever they reside in the world.

As a leader in the complex and increasingly interconnected dynamics around risk, strategy and people, the Group is helping its clients embed climate change strategies into their businesses; from navigating the transition to a resilient low-carbon economy to managing the physical risks associated with extreme weather events. Each of its businesses has its own climate-related specialties and collaborates to best meet their clients' needs.

One example of the Company's work in this area is the Mercer Analytics for Climate Transition Framework. This is designed to help investors set a transition pathway. Metrics are used to assess client portfolios across a spectrum: from, in the Company's opinion, low-transition capacity ('grey' investments) to investments that are low-carbon risk/zero carbon already or provide climate solutions ('green' investments). The Company's approach is reviewed regularly to ensure that its methodology and advice to clients remains relevant and consistent with the latest scientific thinking on climate change and approaches to using climate-related metrics.

*Consideration of different climate-related scenarios*

Marsh McLennan conducted a scenario analysis which considered the physical and transition risks and opportunities arising from climate change. Our physical scenario analysis considers various emissions scenarios across an 80 year time horizon (2020-2100) to determine the severity of physical climate damage, considering both low emissions (RCP2.6) and high emissions (RCP8.5) scenarios. As part of the assessment, we considered climate related impacts. The analysis includes the potential financial losses associated with asset damage but excludes the losses associated with business interruption or productivity loss. Our physical climate risk analysis identified and geolocated all MMC office locations and data centres to facilitate the assessment of climate-related risks and hazards to their specific location. The replacement value of all office locations and accompanying assets (including data centres, building, contents and technology) was estimated to allow quantification of the physical climate risk driven expected financial loss for each location.

Our physical climate risk analysis identified and geolocated all MMC office locations and data centres to facilitate the assessment of climate-related risks and hazards to their specific location. The replacement value of all office locations and accompanying assets (including data centres, building, contents and technology) was estimated to allow quantification of the physical climate risk driven expected financial loss for each location.

Our transition risk analysis was designed to understand the risks and opportunities from societal changes undertaken to mitigate climate change. We analysed five decarbonization pathways ranging from no policy SSP-85 pathway which would see an average of greater than 4 degrees C of warming to Paris aligned SSP1-19 pathway where warming was kept to 1.5 degrees C. The shared socioeconomic pathways go beyond the physical drivers of climate change and focus on the societal changes that are projected to limit the increase in the worlds average temperature. We also analysed pathway where the average warming was 2 C, 2.5 C and 3 C about pre-industrial temperatures. The time horizon used for these pathways was 10 years from 2024-2035. This approach aligns to industry best practice.

Following the completion of the scenario analysis, it was concluded that the Company has high resilience to climate related impacts.

STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024

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**NON-FINANCIAL AND SUSTAINABILITY STATEMENT (continued)**

**Risk Management:**

The Company's Enterprise Risk Management ("ERM") framework advocates for and facilitates strong risk management processes across its businesses and functions. Through its risk management processes, awareness is raised of key risks, a framework for managing risks is implemented, discussion about risks is integrated into decision-making processes and alignment is fostered between senior management and the Board. The Company works with a wide group of internal and external stakeholders to understand its impact on, as well as the impact of, climate risks. In doing so, the Company works with and draws insights from the wider Group. The MMC Business Responsibility Report provides an overview of the Group's approach to enterprise risk management and the integration of climate risks into overall risk management.

This section sets out the processes the Company has in place to identify, assess, and manage climate-related risks, including how these processes are integrated into Mercer Limited's overall risk management framework. Mercer Limited has updated its Risk Taxonomy and added an "ESG" risk. It has continued to provide briefings to its Risk Committees on the evolving climate-related regulatory and risk landscape as appropriate.

Whilst Mercer Limited has robust risk management processes within the Company and across the Group, it recognises that effective management of climate-related risks remains an ongoing journey and will continue to work with its wider stakeholders to review and evolve its practices where necessary.

**Management of Climate Related Risks**

Climate related risks are identified, assessed and managed through ongoing and dedicated processes, depending on the risk type. This ultimately feeds into the Company's Risk and Control Self-Assessment ('RCSA') process (the RCSA is an internal process by which Mercer Limited identifies, assesses and manages its risks and assesses the effectiveness of controls). The second line Risk team facilitates this process and meets with senior Risk owners, who are responsible for the identification, assessment and management of their respective risks. This is performed on a quarterly basis. In particular, the following high-level approach is followed in respect of climate related risks:

- Mercer Limited's Risk team performs its own research into climate-related risks, utilising Marsh McLennan's publications, and external publications, such as those relevant to the industries in which it operates;
- The Risk team performs benchmarking against Marsh McLennan's risk insights; and
- Risk owners are senior leaders who are ultimately accountable for the risks under their ownership. They will consider, with input from other subject matter experts, whether exposure to each risk is within appetite and the cost/benefit trade-off of implementing additional controls. They have a key role in identifying and assessing climate-related risks relevant to Mercer Limited. Workshops are held with Risk owners and other senior subject matter experts from across Mercer Limited on a quarterly basis, following a risk-based approach.

As set out on page 21, Mercer Limited considers climate risk in two categories:

- Transition Risks: Risks related to the transition to a lower-carbon economy (e.g. risks related to policy and regulatory changes and shifts in consumer preferences/ expectations); and
- Physical Risks: Risks related to the physical impacts of climate change (e.g. extreme weather events).

STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024

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**NON-FINANCIAL AND SUSTAINABILITY STATEMENT (continued)**

**Management of Climate Related Risks (continued)**

Each of these present both risks and opportunities to Mercer Limited and its clients and are considered in the identification and assessment of risks on page 4. The identified risks are assessed based on their likelihood of occurrence and impact, considering financial and qualitative impact factors, in line with the overall risk management approach.

The next section provides further information on how climate related risk management is integrated into the Company's overall risk management.

**Integration into overall risk management**

***Risk identification, assessment and management processes***

Mercer Limited's ERM framework includes formal processes to identify, assess, manage, report on and monitor risks to which it is exposed. A key process in this risk life cycle includes the RCSA process, providing further insights on the risk exposure before controls, the effectiveness of controls/ mitigants and therefore the residual risk exposure.

Various sources of insight are utilised to help inform the identification of new risks, including climate related risks, covering both top-down and bottom-up processes. This includes a feedback loop with other risk management activities and data, drawing on insights from:

- Errors & Omissions ('E&O') / breaches / incidents / near misses;
- Review of Emerging Risks;
- Key Risk Indicators and reverse stress testing;
- External publications and insights; and
- Top-down and bottom-up views from the second line Risk team, Risk Committees, Risk owners and other subject matter experts.

The following high-level processes and approaches are in place for assessing the potential size, impact and scope of identified climate risks:

- Impact and Likelihood assessment – to help determine the relative significance of risks, including climate-related risks in relation to other risks, a scoring matrix is used to assess each risk, covering both quantitative criteria and qualitative factors to consider the impact and likelihood of the risks occurring.
- Identification of appropriate Risk owners – Risk owners, of appropriate seniority, are agreed and can provide a forward-looking view and assessment of the risks they own.
- Expert judgement – reflecting the Risk owner's prior experience and insights on how the risk could develop going forward, Risk owners provide their judgement on possible risk drivers, risk consequences and financial impacts to Mercer Limited, the market and clients.
- Key Risk Indicators ('KRIs') – KRI metrics are monitored and used to help provide a view on the expected risk exposure.

Risk and Control owners are responsible for identifying and monitoring risk mitigation plans, including climate related risks. Appropriate controls are agreed in respect of each risk.

STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024

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**NON-FINANCIAL AND SUSTAINABILITY STATEMENT (continued)**

**Integration into overall risk management (continued)**

***Representation on the Risk Taxonomy***

Climate related risks are represented on the Risk Taxonomy in one of two ways:

- Vertically: e.g.. as distinct risks; and
- Horizontally: within one of the other risks, where climate related risks are integrated into existing risks, e.g. third party risk and regulatory risk.

***The three lines of defence and risk management***

The three lines of defence model ('Three Lines of Defence') is an industry recognised model which helps articulate the roles and responsibilities for managing risk across the organisation. It therefore helps clarify responsibilities for the management of all risk types across Mercer Limited and mitigates the risk of gaps or duplications in risk management and assurance activities. The first line is ultimately responsible for owning and managing their risks, including climate related risks. The second line Risk team provides the necessary framework, guidance, advice and challenge. Third line Internal Audit provides assurance through internal audit reviews.

The MMC Business Responsibility Report sets out examples of opportunities the Group has identified to help clients, and the wider industry, navigate climate risks and associated opportunities.

**Metrics & Targets**

*The Overall Global Approach*

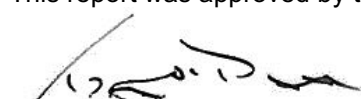
The approach to the environment and environmental reporting is managed at a Group level. In March 2022, MMC announced goals to achieve net-zero carbon emissions across its global business operations by 2050, with an emissions reduction target of 50% 2030. As part of the Company's contribution to achieving these targets, it has reduced its total TCO<sub>2e</sub> on Scope 1 and 2 emissions by 981 (47%) on a location based metric, and by 376 (43%) on a market based metric, when comparing 2024 emissions to 2023.

The MMC Business Responsibility Report (<https://www.marshmclennan.com/web-assets/files-for-download/pdf-2024-marsh-mclennan-business-responsibility-report.pdf>) details the Group's approach to environmental, social and governance priorities, setting out the metrics and targets used by MMC to assess and manage relevant climate-related risks and opportunities. Please refer to the follow sections of the report for further details:

- page 9 of the MMC Business Responsibility Report sets out MMC's commitment to net-zero; and
- page 17 of the MMC Business Responsibility Report sets out MMC's 2024 emissions inventory, including scope 1, 2 ad 3 greenhouse gas emissions.

The Company's own greenhouse gas emissions disclosure can be found on pages 26 to 29 of these financial statements.

This report was approved by the board and signed on its behalf on 23 April 2025.

  
T O'Dwyer

Director

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## MERCER LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

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The directors present their report and the financial statements for the year ended 31 December 2024.

#### PRINCIPAL ACTIVITIES

The principal activities of the Company are set out in the Strategic Report on page 1. The information that fulfils the Companies Act requirements of the business review is included in the Strategic Report on pages 1 to 24. This includes a review of the development of the business of the Company during the year and of likely future developments in its business. Details of the principal risks and uncertainties are included in the Strategic Report.

#### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £28 million (2023: £129 million).

The Company paid interim dividends totalling £75 million in the year (2023: £159 million). The directors do not recommend the payment of a final dividend.

Donations to charitable organisations in the United Kingdom totalled £90,000 (2023: £102,000).

#### DIRECTORS

The directors who served during the year were:

D Brightmore-Armour

M Chessher (resigned 1 November 2024)

A Gupta

C Holme

B Hudon

T O'Dwyer (resigned 1 April 2024, appointed 1 November 2024)

P Parkinson (appointed 28 March 2024)

#### GOING CONCERN

Having assessed the responses to their enquiries, the Directors have no reason to believe that a material uncertainty exists that may cast significant doubt upon the ability of the Company to continue as a going concern. The directors acknowledge the latest guidance on going concern. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of twelve months from the date of the approval of the financial statements and, therefore, they continue to adopt the going concern basis in preparing the annual financial statements.

The Company continues to monitor the uncertainty in the current economic and business environment and the directors are satisfied that the Company's services will continue to be attractive to clients.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in note 2 to the financial statements.

#### FUTURE DEVELOPMENTS

The Company continues to be a market leader in the provision of health, wealth and career solutions for its clients. These activities are expected to continue and expand.

#### MODERN SLAVERY ACT

The Company has a long-standing commitment to conducting business in a responsible and ethical way, in accordance with its Code of Conduct, 'The Greater Good'. The Company is also committed to fulfilling its obligations under the Modern Slavery Act 2015. In support of this the Company has a communications programme to raise awareness amongst all UK Colleagues to ensure that they are mindful of the risks of modern day slavery. Global Procurement has implemented specific vetting checks, in addition to existing processes, to support this initiative. The Modern Slavery statement can be found on the Company website <https://www.mercer.com/en-gb/footer/modern-slavery-statement/>. The statement is reviewed by the Directors annually.

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024**

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**EMPLOYMENT POLICY**

The Company is committed to equal opportunities for both existing employees and applicants seeking employment. It is the Company's policy to give appropriate consideration to applications for employment from disabled persons, having regards to their particular aptitudes and abilities. For the purpose of training, career development and promotion, disabled employees, including any who become disabled in the course of their employment, are treated on equal terms with other employees.

**QUALIFYING THIRD PARTY INDEMNITY PROVISIONS**

The Company has put in place an indemnity in its Articles of Association to indemnify directors and officers of the Company against losses or liabilities sustained in the execution of their duties of office. The indemnity is a qualifying third party indemnity provision under s232 and s234 of the Companies Act 2006.

**GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION AND ENERGY EFFICIENT ACTION**

The approach to the environment and environmental reporting is managed at a Group level and constantly under review. The Group maintained its certification as a CarbonNeutral<sup>®</sup> company, initially achieved in 2021, across all of its global operations. In March 2022, MMC announced goals to achieve net-zero carbon emissions across our global business operations by 2050, with a 50% emissions reduction by 2030. The Group also signed a commitment letter to submit these targets to the Science Based Targets initiative for validation. In 2023, MMC successfully completed this step.

Across many parts of our global businesses, including in the UK, there are initiatives underway which are focused on improving the efficiency of our operations as those relate to greenhouse gas emissions, energy consumption and the impact our business has on the environment. Examples of these initiatives include:

- Increasing the usage of renewable electricity to represent 76% of overall usage;
- Reducing square footage per full-time colleague by 39% since 2019 and opening 167 smart offices across 50 countries. Smart offices incorporate energy saving lighting and HVAC (heating, ventilation and air conditioning), water-conserving fixtures, and practices designed to reduce construction and operational waste;
- Maintenance of six world-class data centres, home to more than 17,000 physical and virtual servers that host thousands of applications and systems, with a focus on energy efficiency; and
- Utilisation of an End of Life Electronic Recycling Program, allowing the expansion of the Group's recycling footprint to include all regions in which it operates.

**STREAMLINED ENERGY AND CARBON REPORTING**

The Company is required to report on energy consumption and greenhouse gas emissions under the Streamlined Energy and Carbon Reporting (SECR) regulations. The information below sets out the Company's emissions from gas, electricity and transport fuel, analysed by Scope 1 and 2. In line with the requirements of the SECR Regulations, energy use and related emissions from business travel in rental cars and employee-owned vehicles where the Company is responsible for purchasing the fuel are disclosed below as Scope 3 emissions.

**MERCER LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024**

**GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION AND ENERGY EFFICIENT ACTION  
(continued)**

**Methodology**

The Group has taken guidance from the UK Governmental Reporting Guidelines, Greenhouse Gas Protocol reporting standard and UK Government Greenhouse Gas ('GHG') Conversion Factors for calculating carbon emissions.

Utility energy consumption information (natural gas and electricity) has been obtained directly from the Group's energy suppliers along with half hourly automated meter reading (HH / AMR) data where available. Where data was not available for a full 12 months, an intensity metric estimation methodology (kilowatt hours (kWh) per square metre floor area) was used to calculate consumption for the full compliance period.

Fuel energy consumption (company-controlled vehicles) has been obtained from mileage information provided by Group travel management services and employee expenses and converted using fuel type and vehicle size information. Where fuel type or vehicle size information is not available, average vehicle size and unknown fuel type emission factors were used. All GHG emissions are represented as carbon dioxide equivalent (CO<sub>2</sub>e).

The total emissions have been divided by an intensity ratio, in order to disclose information which is comparable with other businesses and periods. The Company has chosen as its intensity measurement Tonnes of CO<sub>2</sub>e (TCO<sub>2</sub>e) per employee working in the business. Emissions data is disclosed with location based metrics which present the consumption of energy in kWh into equivalent carbon emissions using UK electricity grid average emission factors. Market based data is also disclosed and follows the same conversion methodology using supplier specific generation emission factors, but also accounts for the Company's use of renewable energy, resulting in a lower emissions value.

Total emissions - Scope summary	2024		2023	
	(Tonnes of CO <sub>2</sub> e)	(Tonnes of CO <sub>2</sub> e)	(Tonnes of CO <sub>2</sub> e)	(Tonnes of CO <sub>2</sub> e)
	Location Based	Market Based	Location Based	Market Based
Scope 1 – Direct	134	134	302	302
Scope 2 – Indirect	965	362	1,778	570
	<b>1,099</b>	<b>496</b>	<b>2,080</b>	<b>872</b>
Scope 3 - Indirect	127	127	52	52
<b>Total</b>	<b>1,226</b>	<b>623</b>	<b>2,132</b>	<b>924</b>
Total TCO <sub>2</sub> e on Scopes 1 & 2 above	<b>1,099</b>	<b>496</b>	<b>2,080</b>	<b>872</b>
Headcount as at 31 December		2,654		4,074
Intensity measurement (TCO <sub>2</sub> e per employee)	<b>0.41</b>	<b>0.19</b>	<b>0.51</b>	<b>0.21</b>
<i>NOTE</i>	<b>Electricity (Kwh)</b>	<b>Gas (Kwh)</b>	Electricity (Kwh)	Gas (Kwh)
Energy consumption used to calculate emissions (Kwh)	4,659,470	670,413	8,587,355	1,018,713
	<b>Total</b>	<b>5,329,883</b>	<b>Total</b>	<b>9,606,068</b>

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## MERCER LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

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#### GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION AND ENERGY EFFICIENT ACTION (continued)

##### Scope 1

Scope 1 emissions are direct emissions stemming from business operations, primarily emissions generated by on-site combustion and fleet vehicles. These emissions are related to activities owned or controlled by the Group which release emissions into the atmosphere, examples of Scope 1 emissions are combustion from owned or controlled boilers and company vehicles.

##### Natural Gas

Natural gas data relates to consumption at sites where gas is sourced by the Group and by third-party landlords who have confirmed natural gas supplies attributable to the Group. The inclusion of Third-party landlord consumption provides a more complete view across the UK portfolio of consumption attributed to the Group's business operations.

The data comprises actual metered consumption for sites where the Group sources the supply, and estimates of consumption for the landlord supplied sites using an intensity metric of Kwh/m<sup>2</sup> taken from the metered sites.

##### Company Vehicles & Fleet

The data for company vehicles captures the emissions from fuel consumed for business use in company cars, fleet and private cars where employees are reimbursed for business mileage.

Vehicle fuel emissions arising from business travel from company-controlled fleet or company cars are allocated to each Company within the Group. This is an alteration to the method applied previously following increased data availability around business travel and allows for greater performance tracking moving forward.

Scope 1 emissions for location and market data are identical and summarised in the table below:

	2024 (excluding offshore)	2023 (excluding offshore)	Variance (%)
Emissions from combustion of gas (Scope 1 - tonnes of CO <sub>2</sub> e)	123	186	(34)
Emissions from combustion of fuel for transport purposes (Scope 1 - tonnes of CO <sub>2</sub> e)	11	116	(91)

A reduction in emissions from combustion of gas has resulted from the sale of the pension administration business that reduced the headcount by around 1,420 during the year. Additionally the Company continued rationalisation of the office estate to remove less energy efficient offices

Vehicle fuel emissions associated with business travel represent a decrease in travel requirement compared to 2023 and an increase in use of own vehicles (Scope 3 emissions).

##### Scope 2

Scope 2 relates to emissions that are released into the atmosphere associated with consumption of purchased electricity, heat and cooling and are indirect emissions that are a consequence of the Group's activities, but which occur at a source the Group does not own or control. These emissions are defined as purchased emissions

##### Office Electricity

Office electricity emissions relate to energy consumption and usage which is purchased from a utility and used to power buildings or other assets owned or utilised by the Company.

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MERCER LIMITED

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DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024

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**GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION AND ENERGY EFFICIENT ACTION  
(continued)**

**Scope 2 (continued)**

**Vehicle Electricity**

Vehicle emissions from the use of fully electric (EV) and Plug-in Hybrids (PHEV) arising from business travel from company-controlled fleet or company cars are allocated based on headcount to each business within the Group.

	<b>2024 Location Based</b>	<b>2023 Location Based</b>	<b>Variance (%)</b>
Emissions from electricity purchased for own use, including for the purpose of transport (Scope 2 - tonnes of CO <sub>2</sub> e)	965	1,778	(46)

The reduction in emissions was as a result of a decrease of around 1,420 employees and continued rationalisation of the office estate to remove less energy efficient offices..

	<b>2024 Market Based</b>	<b>2023 Market Based</b>	<b>Variance (%)</b>
Emissions from electricity purchased for own use, including for the purpose of transport (Scope 2 - tonnes of CO <sub>2</sub> e)	362	570	(36)

The reduction in emissions results from the decrease in headcount and properties becoming REGO certified.

The Group continues to focus on the procurement of Renewable Energy Obligation Certification (REGO / GO) electricity across sites where the Group are responsible for procurement. This has resulted in an increase in the volume of electricity from renewable sources (market based data).

Offices added to the portfolio are classified as non-renewable until they can be added to the Group's REGO procurement or confirmation can be obtained from the landlord.

**Scope 3**

Emissions include indirect emissions from sources not owned or controlled by the Company, but that we indirectly impact in our value chain, which are not classed as Scope 2. The Scope 3 emissions for the Company include our colleagues' business travel by means not owned or controlled by the Company.

**Transport**

Scope 3 All travel restrictions remain lifted. The Group continues to invest in technology and tools to support remote working and use online meetings where applicable.

	<b>2024</b>	<b>2023</b>	<b>Variance (%)</b>
Emissions from business travel by employee-owned vehicles (Scope 3 - tonnes of CO <sub>2</sub> e)	127	52	144

Vehicle fuel emissions associated with business travel increased compared to 2023 due to the use of employees owned vehicles rather than company cars for business purposes.

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**MERCER LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024**

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**STATEMENT OF CORPORATE GOVERNANCE ARRANGEMENTS**

As noted in the Company's Strategic Report, for the year ended 31 December 2024, under The Companies (Miscellaneous Reporting) Regulations 2018, the Company has applied the Wates Corporate Governance Principles for Large Private Companies which can be found at [www.wates.co.uk/insights/wates-group/culture/the-wates-principles-report/](http://www.wates.co.uk/insights/wates-group/culture/the-wates-principles-report/). The Directors have set out on pages 2 to 8, an explanation of how the Wates Principles have been applied during the 2024 year.

**DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

**EVENTS AFTER THE REPORTING PERIOD**

There have been no significant events affecting the Company since the balance sheet date.

**AUDITOR**

The auditor, Deloitte LLP, have expressed their willingness to continue in office as auditors and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting. The auditor is deemed to be reappointed under section 487(2) of the Companies Act 2006).

This report was approved by the board and signed on its behalf on 23 April 2025



T O'Dwyer  
Director

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## MERCER LIMITED

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### DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

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The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERCER LIMITED

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**Report on the audit of the financial statements**

**Opinion**

In our opinion the financial statements of Mercer Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 35.

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

**Basis for opinion**

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

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

**Conclusions relating to going concern**

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

Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- assessing other market altering factors by looking at the operational impact and business continuity plans;
- evaluating future profit forecasts, management's method in producing these, and the consistency with current year results;
- assessing management's sensitivity analysis of key assumptions underpinning liquidity; and
- assessing the going concern disclosures included within the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERCER LIMITED**

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**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**Responsibilities of directors**

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERCER LIMITED**

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pension legislation, tax legislation and Financial Conduct Authority ; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the company's regulatory permissions with the Financial Conduct Authority (FCA), regulatory solvency requirements and environmental regulations.

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

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and our procedures performed to address them are described below:

- The significant risk of fraud in revenue recognition, specifically pertaining to the work in progress ('WIP') provision that represents unbilled revenue. The WIP recoverability is based on management judgement and is subject to potential override which makes it subject to risk of fraud. In response to this risk we performed the following;
  - Performed recalculation of the WIP provision, based on key inputs that were tested, namely the WIP balance and actual historical write-offs;
  - Assessed the reasonableness of the assumptions used in the calculation of the WIP provision and challenged management to provide relevant supporting documentation for the manual override;
  - Investigated the write-offs recorded throughout the year as a percentage of revenue to assess whether prior year provisioning has been appropriate;
  - Traced a sample of WIP balances as at 31 December 2024 to invoices raised and cash receipts received post year end and if no billing has occurred to time reports;
  - Obtained the actual write-offs and billings post year- end to challenge the quantum of irrecoverable WIP at year end;
  - For a sample of those items not invoiced and not provided for, challenged management to understand the status of the engagement and likelihood of recoverability; and
  - Performed an IAS 540 'stand back' test and consider whether management's WIP provision is in line with our assessment and overall management bias.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERCER LIMITED**

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

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

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports, / and reviewing correspondence with the FCA.

**Report on other legal and regulatory requirements**

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

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MERCER LIMITED

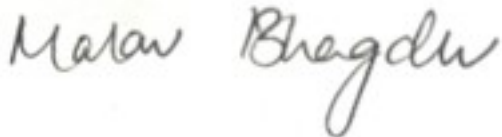
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERCER LIMITED

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**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Malav Bhagdev FCA (Senior statutory auditor)

For and on behalf of

Deloitte LLP

Statutory Auditor

London

United Kingdom

23 April 2025

**MERCER LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2024**

		Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
		2024	2024	2024	2023	2023	2023
	Note	£M	£M	£M	£M	£M	£M
Turnover	4	569	8	577	519	158	677
<b>Gross profit</b>		<b>569</b>	<b>8</b>	<b>577</b>	519	158	677
Administrative expenses		(556)	(8)	(564)	(473)	(130)	(603)
<b>Operating profit</b>	6	<b>13</b>	–	<b>13</b>	46	28	74
Loss from discontinued operations	5	–	(4)	(4)	–	–	–
Income from fixed assets investments	10	35	–	35	281	–	281
Amounts written off investments	18	(27)	–	(27)	(198)	–	(198)
Amounts written off goodwill	16			–	–	(18)	(18)
Interest receivable and similar income	11	28	–	28	22	–	22
Interest payable and similar expenses	12	(1)	–	(1)	(15)	–	(15)
Other finance income	13	19	–	19	22	–	22
<b>Profit/(loss) before tax</b>		<b>67</b>	<b>(4)</b>	<b>63</b>	158	10	168
Tax on profit/(loss)	14	(26)	(9)	(35)	(31)	(8)	(39)
<b>Profit/(loss) for the financial year</b>		<b>41</b>	<b>(13)</b>	<b>28</b>	127	2	129
<b>Other comprehensive income for the year</b>							
Actuarial loss on defined benefit pension scheme	29	(59)	–	(59)	(51)	–	(51)
Movement of deferred tax relating to pension surplus	23	16	–	16	11	–	11
Actuarial (loss) / gain on other retirement benefits		(6)	–	(6)	8	–	8
<b>Other comprehensive deficit for the year</b>		<b>(49)</b>	–	<b>(49)</b>	(32)	–	(32)
<b>Total comprehensive (deficit) / income for the year</b>		<b>(8)</b>	<b>(13)</b>	<b>(21)</b>	95	2	97

All transactions derive from continuing operations apart from the non strategic business sale, pension administration, on 1 Jan 2024.

There were no recognised gains and losses for 2024 or 2023 other than those included in the statement of comprehensive income.

The notes on pages 42 to 71 form part of these financial statements.

**MERCER LIMITED**  
**REGISTERED NUMBER: 00984275**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2024**

	<b>Note</b>	<b>2024</b>	<b>2023</b>
		<b>£M</b>	<b>£M</b>
<b>Fixed assets</b>			
Intangible assets	16	536	649
Tangible assets	17	4	4
Investments	18	54	56
		<b>594</b>	<b>709</b>
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	19	15	326
Debtors: amounts falling due within one year	19	792	403
Cash at bank and in hand	20	52	51
		<b>859</b>	<b>780</b>
Creditors: amounts falling due within one year	21	(371)	(328)
		<b>488</b>	<b>452</b>
<b>Net current assets</b>		<b>488</b>	<b>452</b>
<b>Total assets less current liabilities</b>		<b>1,082</b>	<b>1,161</b>
Creditors: amounts falling due after more than one year	22	–	(20)
<b>Provisions for liabilities</b>			
Deferred tax	23	(81)	(92)
Other provisions	24	(27)	(34)
Post retirement medical benefit	30	(21)	(15)
		<b>(129)</b>	<b>(141)</b>
Pension asset	29	375	416
<b>Net assets</b>		<b>1,328</b>	<b>1,416</b>

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**MERCER LIMITED**  
**REGISTERED NUMBER: 00984275**

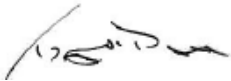
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**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2024**

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	<b>Note</b>	<b>2024</b> <b>£M</b>	<b>2023</b> <b>£M</b>
<b>Capital and reserves</b>			
Called up share capital	25	<b>224</b>	224
Share premium account	26	<b>632</b>	632
Other reserves	26	<b>81</b>	73
Profit and loss account	26	<b>391</b>	487
		<u><b>1,328</b></u>	<u><b>1,416</b></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 April 2025.



T O'Dwyer  
Director

The notes on pages 42 to 71 form part of these financial statements.

**MERCER LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Called up share capital £M	Share premium account £M	Other reserves £M	Profit and loss account £M	Total equity £M
<b>At 1 January 2024</b>	<b>224</b>	<b>632</b>	<b>73</b>	<b>487</b>	<b>1,416</b>
Comprehensive income for the year:					
Profit for the year	–	–	–	<b>28</b>	<b>28</b>
Actuarial loss on pension scheme	–	–	–	<b>(59)</b>	<b>(59)</b>
Deferred tax movements	–	–	–	<b>16</b>	<b>16</b>
Actuarial loss on post retirement medical benefit	–	–	–	<b>(6)</b>	<b>(6)</b>
Other comprehensive loss for the year	–	–	–	<b>(49)</b>	<b>(49)</b>
<b>Total comprehensive loss for the year</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(21)</b>	<b>(21)</b>
Dividends paid	–	–	–	<b>(75)</b>	<b>(75)</b>
Credit to equity for equity settled share based payments	–	–	<b>8</b>	–	<b>8</b>
<b>Total transactions with owners</b>	<b>–</b>	<b>–</b>	<b>8</b>	<b>(75)</b>	<b>(67)</b>
<b>At 31 December 2024</b>	<b>224</b>	<b>632</b>	<b>81</b>	<b>391</b>	<b>1,328</b>

The notes on pages 42 to 71 form part of these financial statements.

MERCER LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2023

	Called up share capital £M	Share premium account £M	Other reserves £M	Profit and loss account £M	Total equity £M
<i>At 1 January 2023</i>	224	632	64	549	1,469
<b>Comprehensive profit for the year:</b>					
Profit for the year	–	–	–	129	129
Actuarial loss on pension scheme	–	–	–	(51)	(51)
Deferred tax movements	–	–	–	11	11
Actuarial gain on post retirement medical benefit	–	–	–	8	8
Other comprehensive income for the year	–	–	–	(32)	(32)
<b>Total comprehensive income for the year</b>	–	–	–	97	97
Dividends: Equity capital	–	–	–	(159)	(159)
Credit to equity for equity settled share based payments	–	–	9	–	9
<b>Total transactions with owners</b>	–	–	9	(159)	(150)
<b><i>At 31 December 2023</i></b>	<b>224</b>	<b>632</b>	<b>73</b>	<b>487</b>	<b>1,416</b>

The notes on pages 42 to 71 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024**

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**1 GENERAL INFORMATION**

Mercer Limited is a company incorporated in the United Kingdom under the Companies Act and is registered in England and Wales. The address of the registered office is given on the Company information page. Mercer Limited is a private company limited by shares. The nature of the Company's operations and its principal activities are set out in the strategic report and the directors' report on pages 1 to 30.

**2 ACCOUNTING POLICIES**

**2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

**2.2 FINANCIAL REPORTING STANDARD 102 REDUCED DISCLOSURE EXEMPTIONS**

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.
- the requirements of Section 29 Income Tax related to Pillar Two paragraphs 29.28(b) and 29.29.

This information is included in the consolidated financial statements of Marsh & McLennan Companies Inc. as at 31 December 2024 and these financial statements may be obtained from the address listed in note 35.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024

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**2 ACCOUNTING POLICIES (CONTINUED)**

**2.3 GOING CONCERN**

The Company's business activities, together with the factors likely to affect its future development, performance and financial position, are set out in the business review which forms part of the Strategic Report. The Strategic Report also describes the Company's cash flow, credit and liquidity risk together with the actions taken to mitigate the impact of these risks on the Company.

The Company meets its day-to-day working capital requirements from corporate cash balances and revolving loan facilities. The current economic conditions create uncertainty. The Company continues to monitor the uncertainty in the current economic and business environment. This monitoring and analysis, considered our business resilience and continuity plans of the Company's investments and stress testing of liquidity and financial resources. The analysis modelled the financial impact assuming an increasing severity in relation to revenue and certain costs, for a 12-month period, so that the potential impact on profitability and liquidity could be assessed.

Having assessed the responses to their enquiries, the Directors have no reason to believe that a material uncertainty exists that may cast significant doubt upon the ability of the Company to continue as a going concern.

The directors acknowledge the latest guidance on going concern. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of twelve months from the date of the approval of the financial statements and, therefore, they continue to adopt the going concern basis in preparing the annual financial statements.

**2.4 FOREIGN CURRENCY TRANSLATION**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024

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**2 ACCOUNTING POLICIES (CONTINUED)**

**2.5 REVENUE RECOGNITION**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

In relation to the Company's SaaS business, revenue comprises fees in respect of implementation and software licenses for the Company's employees engagement software. Revenue related to this part of the business may comprise a combination of fees and other forms of variable consideration. The transaction price considers all of the elements for each contract and applies constraints to variable consideration based on the past performance of similar contracts.

Where past performance has been volatile and has little predictive value, the constraint applied can be significant. Where appropriate, revenue is deferred to account for the possibility of a cancellation or refund liability. Performance obligations are assessed on the basis of the specific arrangements in the contract, or where not defined, on each separate and distinct obligation for which a market value can be ascribed.

**2.6 RESEARCH AND DEVELOPMENT**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

**2.7 INTEREST INCOME**

Interest income is recognised in profit or loss using the effective interest method.

**2.8 FINANCE COSTS**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024

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2 ACCOUNTING POLICIES (CONTINUED)

2.9 PENSIONS

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

**Defined benefit pension plan**

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Statement of Financial Position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Company engages a qualified in-house actuarial specialist to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

The Company also operates an unfunded non-contributory scheme for medical benefits, whereby defined medical benefits are provided to current and retired UK members who started their services with the Company on or prior to 1 December 1988 and completed five years of service with the Company at retirement.

The MMC UK Pension Fund is a trust based scheme, hence the assets are held separately from the Employer. Certain benefit obligations cannot be met through the MMC UK Pension Fund and these are provided by the Company as unfunded pension benefits, which are accounted for using the defined benefit plan policies described above.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024

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**2 ACCOUNTING POLICIES (CONTINUED)**

**2.10 SHARE BASED PAYMENTS**

The Company's ultimate parent company, Marsh & McLennan Companies, Inc., maintains multiple equity-settled share-based payment arrangements in the UK, under which employees are awarded grants of Stock Options, Save As You Earn (SAYE) awards, Stock Awards and Share Purchase Plans.

The Company also provides employees with the ability to purchase Marsh & McLennan Companies, Inc.'s ordinary shares at 95% of the current market value. The Company records an expense on the date the shares are purchased.

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

**2.11 CURRENT AND DEFERRED TAXATION**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024

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2 ACCOUNTING POLICIES (CONTINUED)

2.12 INTANGIBLE ASSETS

**Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life.

**Other intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Goodwill	Periods between 6-20 years
Book of business	Periods between 4 - 10 Years
Computer software	16-50% per annum on a straight line basis

**Intangible assets - software development**

Software development costs are recognised as an intangible asset and amortised when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software or to sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

Amortisation of intangible assets is included within administration expenses.

Management review intangibles and estimate the useful lives based on estimates of the future cash flows.

2.13 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Freehold property	40 years
Long-term leasehold property	Over the remaining life of the lease, limited to a period not exceeding 10 years
Office equipment	3 to 10 years
Computer equipment	3 to 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024

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**2 ACCOUNTING POLICIES (CONTINUED)**

**2.14 IMPAIRMENT OF FIXED ASSETS AND GOODWILL**

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit ("CGU") to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGU's). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have changed in value.

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

**2.15 VALUATION OF INVESTMENTS**

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted company shares, whose market value can be reliably determined, are remeasured to market value at each statement of financial position date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

**2.16 CONTRACT ASSETS**

Implementation costs incurred on the commencement of a contract are capitalised and amortised to profit or loss on a systematic basis to match the recognition of revenue as the service is delivered to the client. Such costs are capitalised only where the Company expects to recover these costs, and where the amortisation period of the asset is more than one year.

Assets recognised on the Company's statement of financial position arising from the capitalisation of implementation costs are presented as contract assets. Contract assets are classified as current and non-current based on the expected timing of the recovery of the costs and are assessed for impairment at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024

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**2 ACCOUNTING POLICIES (CONTINUED)**

**2.17 IMPAIRMENT**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income as described below.

**Financial assets**

For the Company's assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. For the Company's assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

**Non-financial assets**

At each statement of financial position date, the Company reviews the carrying amounts of its tangible and intangible assets acquired separately to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in Statement of Comprehensive Income, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in Statement of Comprehensive Income, unless the relevant asset is carried at a re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Internally generated intangible assets arising from the Company's internal system development projects are considered for impairment on a regular basis and those projects that no longer have a useful purpose either by the result of obsolescence or the Company's decision to migrate to other products, will be recognised in the statement of income in the quarter the asset is no longer in a condition useable by the Company in any capacity.

**2.18 DEBTORS**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.19 CASH AND CASH EQUIVALENTS**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024

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**2 ACCOUNTING POLICIES (CONTINUED)**

**2.20 CREDITORS**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.21 PROVISIONS FOR LIABILITIES**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

**2.22 ONEROUS LEASES**

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease.

**2.23 FINANCIAL INSTRUMENTS**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024

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**2 ACCOUNTING POLICIES (CONTINUED)**

**2.23 FINANCIAL INSTRUMENTS**

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

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss within finance costs or income as appropriate. The Company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

**2.24 DIVIDENDS**

Dividends are the way that the Company makes distributions from the Company's profits to its shareholder. The dividend is determined in sterling, the economic currency of the Company. The Directors may choose to declare dividends in any currency provided that a sterling equivalent is announced. Dividends are only considered by the Board after a full assessment of capital requirements and the Company's ability to continue as a going concern into the foreseeable future.

The Board decides the level of dividend in consultation with, or consideration of, various stakeholders, including the management and delegation advisors of the Company's ultimate parent company, Marsh & McLennan Companies, Inc.. The amount and timing of a dividend is influenced by factors such as:

- the Company's working capital requirements to sustain its business plans;
- the Company's Regulatory Capital requirements;
- consideration of future employer contributions required for the closed defined benefit pension plan, should the fund be in deficit;
- the Company's future capital investment needs; and
- the Company's excess financial resources.

Equity dividends are recognised when they become legally payable.

**2.25 UNBILLED DEBTORS**

Unbilled debtors represent work in progress ('WIP'). The WIP balance represents unbilled revenues which must be assessed for recoverability and provided against where appropriate. WIP is stated at the lower of cost and net realisable value and comprises direct labour costs and those overheads that have been incurred in bringing WIP to its present condition. WIP is calculated by means of a time recording system, the net realisable value represents the estimated selling price less all estimated costs of completion.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024

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**3 JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Company's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

***Critical judgements in applying the Company's accounting policies***

Impairment of assets

Investments in subsidiaries and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Professional indemnity claims provisioning

The Company is exposed to the risk of Errors & Omissions ('E&O') legal claims in the ordinary course of business and is required to hold a provision in respect of these. These provisions must be recognised in accordance with FRS 102, Section 21 "Provisions and Contingencies". E&O liabilities are assessed primarily on the judgement of management, legal staff and other specialists. These matters require significant judgement in determining whether or not a probable loss has been incurred and a reasonable estimate of that loss.

Revenue recognition – Unbilled debtors ("WIP") provisioning

The Company recognises revenue as services are performed and the right to consideration is earned. Accordingly revenues are recorded as hours are worked and the WIP balance represents unbilled revenues which must be assessed for recoverability and provided against where appropriate.

Management calculates the WIP provision based on a historical run rate ('HRR') of WIP write-offs for the previous six months. The provision generated is subject to judgement during management's review and subsequent adjustment if considered appropriate.

Revenue recognition – Fixed price contracts

Fixed price implementation revenue contracts are recognised on a percentage of completion basis when the outcome of a contract can be estimated reliably. Determining whether a contract's outcome can be estimated reliably requires management to exercise judgement.

**Key sources of estimation uncertainty**

The key assumption concerning the future, and related key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Pensions accounting

The Company participates in a funded Defined Benefit Pension Scheme. The pension surplus is included in the Company's statement of financial position in accordance with the accounting policies set out above.

The Company also holds liabilities on its Statement of Financial Position with respect to unfunded post-retirement medical benefits and unfunded unapproved retirement benefits. The determination of net periodic pension costs is based on a number of actuarial assumptions, including a discount rate for liability and return on assets.

Management utilises in-house actuarial specialists to perform valuations of its pension scheme (which may be subject to changes in law and regulations over time) and to calculate the costs included in its statement of comprehensive income account and statement of other comprehensive income.

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**MERCER LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024**

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**4 TURNOVER**

The Company operates one class of business, being the provision of advice and related services.

Analysis of turnover by country of destination:

	<b>2024</b>	<i>2023</i>
	<b>£M</b>	<i>£M</i>
United Kingdom	<b>507</b>	<i>599</i>
Rest of the world	<b>70</b>	<i>78</i>
	<b>577</b>	<i>677</i>

**5 LOSS FROM DISCONTINUED OPERATION**

	<b>2024</b>	<i>2023</i>
	<b>£M</b>	<i>£M</i>
Loss from discontinued operation	<b>(4)</b>	<i>–</i>
	<b>(4)</b>	<i>–</i>

On 1 January 2024, the Company sold its non-strategic pension administration business, to an external company.

	<b>£M</b>
Total consideration	<b>74</b>
	<b>74</b>
Intangible fixed assets disposed	<b>(60)</b>
Other costs of disposal	<b>(19)</b>
	<b>(78)</b>
<b>LOSS ON DISPOSAL BEFORE TAX</b>	<b>(4)</b>

**6 OPERATING PROFIT**

The operating profit is stated after charging:

	<b>2024</b>	<i>2023</i>
	<b>£M</b>	<i>£M</i>
Amortisation - intangible fixed assets	<b>62</b>	<i>68</i>
Rentals under operating leases - buildings	<b>9</b>	<i>8</i>

**7 AUDITOR'S REMUNERATION**

The charge made to the Company by the Company's auditor for the audit of its annual financial statements for the year ended 31 December 2024 was £0.4 million (2023: £0.4 million).

The Company also paid fees of £11,845 relating to audit related assurance services in 2024 (2023: £11,500).

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**MERCER LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024**

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**8 EMPLOYEES**

Staff costs, including directors' remuneration, were as follows:

	<b>2024</b>	<b>2023</b>
	<b>£M</b>	<b>£M</b>
Wages and salaries	<b>222</b>	<b>277</b>
Social security costs	<b>29</b>	<b>34</b>
Cost of defined benefit scheme	<b>2</b>	<b>2</b>
Cost of defined contribution scheme	<b>18</b>	<b>21</b>
	<b>271</b>	<b>334</b>

The average monthly number of employees, including the directors, during the year was as follows:

	<b>2024</b>	<b>2023</b>
	<b>No.</b>	<b>No.</b>
Consulting	<b>2,194</b>	<b>3,100</b>
Non-consulting	<b>461</b>	<b>973</b>
	<b>2,655</b>	<b>4,073</b>

**9 DIRECTORS' REMUNERATION**

	<b>2024</b>	<b>2023</b>
	<b>£M</b>	<b>£M</b>
Directors' emoluments	<b>3</b>	<b>3</b>
	<b>3</b>	<b>3</b>

The highest paid director received remuneration of £1.6 million (2023: £1.3 million).

The highest paid director exercised 3,784 share options in the year (2023: 2,768).

The highest paid director received 2,697 (2023: 3,108) share awards during the year.

The emoluments shown above reflect the total emoluments paid to certain directors by the Company for services relating to the Company and other companies in the Group during the year under review. The directors' emoluments disclosed above are not allocated to a Group company in receipt of an individual's specific service. Emoluments are paid by the directors' employing company within the Group.

The Company operates a pension scheme in the United Kingdom with defined benefit and defined contributions sections (note 29).

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MERCER LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024

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**10 INCOME FROM FIXED ASSET INVESTMENTS**

	<b>2024</b>	<i>2023</i>
	<b>£M</b>	<i>£M</i>
Dividends received from unlisted investments	<u>35</u>	<u>281</u>
	<u><b>35</b></u>	<u><i>281</i></u>

**11 INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2024</b>	<i>2023</i>
	<b>£M</b>	<i>£M</i>
Interest receivable from group companies	18	11
Foreign exchange gains	–	1
Other interest receivable	<u>10</u>	<u>10</u>
	<u><b>28</b></u>	<u><i>22</i></u>

**12 INTEREST PAYABLE AND SIMILAR EXPENSES**

	<b>2024</b>	<i>2023</i>
	<b>£M</b>	<i>£M</i>
Loans from group undertakings	1	14
Other interest and charges	<u>–</u>	<u>1</u>
	<u><b>1</b></u>	<u><i>15</i></u>

**13 OTHER FINANCE INCOME**

	<b>2024</b>	<i>2023</i>
	<b>£M</b>	<i>£M</i>
Interest income on pension scheme assets	<u>19</u>	<u>22</u>
	<u><b>19</b></u>	<u><i>22</i></u>

**MERCER LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**14 TAX ON PROFIT/(LOSS)**

	<b>2024</b>	<i>2023</i>
	<b>£M</b>	<i>£M</i>
<b>Corporation Tax</b>		
Current tax on profits for the year	<u>30</u>	<u>35</u>
	<b>30</b>	<b>35</b>
<b>Total Current Tax</b>	<u><u>30</u></u>	<u><u>35</u></u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>5</u>	<u>4</u>
<b>Total deferred tax</b>	<u><u>5</u></u>	<u><u>4</u></u>
<b>Taxation on profit</b>	<u><u>35</u></u>	<u><u>39</u></u>

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is higher than (*2023 - lower than*) the standard rate of corporation tax in the UK of 25.0% (*2023 - 23.5%*). The differences are explained below:

	<b>2024</b>	<i>2023</i>
	<b>£M</b>	<i>£M</i>
Profit before tax	<u>63</u>	<u>168</u>
Profit before tax multiplied by standard rate of corporation tax in UK of 25% ( <i>2023 - 23.5%</i> )	<b>16</b>	<b>39</b>
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	<b>20</b>	<b>64</b>
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>1</b>	<b>–</b>
Non-taxable income	<b>(5)</b>	<b>–</b>
Accounting loss on disposal of discontinued operations	<b>1</b>	
Capital gains	<b>12</b>	
Dividends from UK companies	<b>(9)</b>	<b>(65)</b>
Tax deduction arising from exercise of employee options	<u><b>(1)</b></u>	<u><b>–</b></u>
<b>Total tax charge for the year</b>	<u><u><b>35</b></u></u>	<u><u><b>39</b></u></u>

**MERCER LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024**

**14 TAX ON PROFIT/(LOSS) (CONTINUED)**

The UK Corporation Tax rate increased from 19% to 25% with effect from 1 April 2023.

The Company is within the scope of Pillar Two, which is a framework released by the Organisation for Economic Cooperation and Development (OECD) for the introduction of a global minimum effective tax rate of 15%, applicable to large multinational groups. The UK legislation, which also includes provisions for a domestic top-up tax, was enacted by Finance (No. 2) Act 2023 on 20 June 2023 and was effective from 01 January 2024.

The rules permit the use of transitional safe-harbours, which apply on a country-by-country basis, and allow groups to avoid detailed calculations for a jurisdiction if they meet certain criteria. Having considered these safe harbours, together with information contained in recent Country-by-Country Reports and an understanding of the UK's effective tax rate, the Pillar Two legislation is not expected to have an effect on the Company's financial statements for the period and, therefore, no provision for a domestic top-up tax has been made.

**15 DIVIDENDS**

	<b>2024</b>	<i>2023</i>
	<b>£M</b>	<i>£M</i>
Interim dividends for the year ended 31 December	<b>75</b>	<i>159</i>
	<b>75</b>	<i>159</i>

**16 INTANGIBLE ASSETS**

	Development £M	Book of business £M	Computer software £M	Goodwill £M	Total £M
<b>Cost</b>					
At 1 January 2024	12	70	130	725	937
Additions	10	–	–	–	10
Disposals	–	–	(35)	(69)	(104)
Retirement	(8)	–	(4)	–	(12)
Completed in the year	(12)	–	12	–	–
At 31 December 2024	<b>2</b>	<b>70</b>	<b>103</b>	<b>656</b>	<b>831</b>
<b>Amortisation</b>					
At 1 January 2024	–	33	88	167	288
Charge for the year on owned assets	–	6	11	45	62
Disposals	–	–	(25)	(30)	(55)
Retirement	–	–	(1)	–	(1)
At 31 December 2024	–	<b>39</b>	<b>73</b>	<b>182</b>	<b>294</b>
<b>Net book value</b>					
At 31 December 2024	<b>2</b>	<b>31</b>	<b>30</b>	<b>474</b>	<b>537</b>
<i>At 31 December 2023</i>	<i>12</i>	<i>37</i>	<i>42</i>	<i>558</i>	<i>649</i>

**MERCER LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**16 INTANGIBLE ASSETS (CONTINUED)**

Goodwill relates to businesses acquired by the Company.

On 1 January 2024, the Company disposed of its non strategic business, pension administration, to an external company. Goodwill of with a net book value of £39 million was disposed of, reflecting the value attributed to the business at the time of sale.

The Company reviewed its goodwill for impairment and concluded that no current year impairment is required.

Development costs have been capitalised in accordance with FRS 102 Section 18 Intangible Assets other than Goodwill and are therefore not treated, for dividend purposes, as a realised loss. Development costs relate to software platforms that have been placed into production to generate economic benefit returns to the Company.

**17 TANGIBLE FIXED ASSETS**

	Freehold Land and buildings £M	Leasehold improvements £M	Furniture and equipment £M	Computer equipment £M	Total £M
<b>Cost</b>					
At 1 January 2024	9	1	2	–	12
At 31 December 2024	9	1	2	–	12
<b>Depreciation</b>					
At 1 January 2024	5	1	2	–	8
At 31 December 2024	5	1	2	–	8
<b>Net book value</b>					
At 31 December 2024	4	–	–	–	4
At 31 December 2023	4	–	–	–	4

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MERCER LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
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18 FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £M
<b>Cost</b>	
At 1 January 2024	864
Additions	25
Amounts written off	(1)
<b>At 31 December 2024</b>	<b>888</b>
<b>Impairment</b>	
At 1 January 2024	808
Charge for the period	27
Amounts written off	1
<b>At 31 December 2024</b>	<b>836</b>
<b>Net book value</b>	
<b>At 31 December 2024</b>	<b>52</b>
<i>At 31 December 2023</i>	<i>56</i>

In December 2024, the Company purchased 12,600,000 shares of £1.00 in Sedgwick Financial Services Limited and 570,400,000 ordinary shares of £0.05 in Sedgwick Noble Lowndes Limited in order to provide capital for future corporate restructure.

An impairment review has been carried out, and as a result, a £27,000,000 impairment has been provided for against the carrying value of investments.

In the opinion of the directors, the value of investments in the Company's subsidiaries is not less than the amount at which it is included in the Statement of Financial Position.

**MERCER LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**18 FIXED ASSET INVESTMENTS (CONTINUED)**

Details of the Company's subsidiary undertakings at 31 December 2024 are shown below:

Name	Country of Incorporation	Class of shares	Holding	Registered office
Chartwell Healthcare Limited *	United Kingdom	Ordinary	100%	1 Tower Place West, Tower Place, London, United Kingdom, EC3R 5BU
CPRM Limited *	United Kingdom	Ordinary	100%	Lochside House, 7 Lochside Avenue, Edinburgh, Scotland, Scotland, EH12 9DJ
Darwin Technologies Holdings Limited	United Kingdom	Ordinary	100%	1 Tower Place West, Tower Place, London, United Kingdom, EC3R 5BU
Darwin Technologies Limited	United Kingdom	Ordinary	100%	1 Tower Place West, Tower Place, London, United Kingdom, EC3R 5BU
Marsh McLennan India Limited	United Kingdom	Ordinary	100%	1 Tower Place West, Tower Place, London, United Kingdom, EC3R 5BU
JLT Consultants and Actuaries Limited	United Kingdom	Ordinary	100%	1 Tower Place West, Tower Place, London, United Kingdom, EC3R 5BU
Marsh McLennan India Holdings Limited **	United Kingdom	Ordinary	100%	1 Tower Place West, Tower Place, London, United Kingdom, EC3R 5BU
JLT Investment Management Limited	United Kingdom	Ordinary	100%	1 Tower Place West, Tower Place, London, United Kingdom, EC3R 5BU
JLT Pensions Administration Limited *	United Kingdom	Ordinary	100%	1 Tower Place West, Tower Place, London, United Kingdom, EC3R 5BU
JLT Wealth Management Limited	United Kingdom	Ordinary	100%	1 Tower Place West, Tower Place, London, United Kingdom, EC3R 5BU
Mercer Consulting Solutions (India) Private Limited	India	Ordinary	100%	Third Floor, Fleet House, Next to Marol Metro Station, Andheri Kurla Road, Andheri East, Marol Bazar, Mumbai 400059
Mercer ICC Limited **	United Kingdom	Ordinary	100%	PO Box 155, Mill Court, La Charroterie, St Peter Port, Guernsey, GY1 4ET
Moola Systems Limited *	United Kingdom	Ordinary	100%	1 Tower Place West, Tower Place, London, United Kingdom, EC3R 5BU
Profund Solutions Limited	United Kingdom	Ordinary	100%	1 Tower Place West, Tower Place, London, United Kingdom, EC3R 5BU
Sedgwick Financial Services Limited **	United Kingdom	Ordinary	100%	1 Tower Place West, Tower Place, London, United Kingdom, EC3R 5BU
Sedgwick Noble Lowndes Limited **	United Kingdom	Ordinary	100%	1 Tower Place West, Tower Place, London, United Kingdom, EC3R 5BU

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**MERCER LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024**

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<b>Name</b>	<b>Country of Incorporation</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Registered office</b>
Sedgwick Noble Lowndes (UK) Limited **	United Kingdom	Ordinary	100%	1 Tower Place West, Tower Place, London, United Kingdom, EC3R 5BU
Sedgwick Ulster Pension Trustees Limited	United Kingdom	Ordinary	100%	Clarendon House, 23 Clarendon Road, Belfast, BT1 3BG, N.Ireland
Settlement Trustees Limited * **	United Kingdom	Ordinary	100%	1 Tower Place West, Tower Place, London, United Kingdom, EC3R 5BU
The Benefit Express Holdings Limited **	United Kingdom	Ordinary	100%	1 Tower Place West, Tower Place, London, United Kingdom, EC3R 5BU

\* JLT Pensions Administration Limited, Chartwell Healthcare Limited, Moola Systems Limited and Settlement Trustees Limited were placed into liquidation in 2023. CPRM Limited is due to be dissolved in April 2025.

\*\* Directly owned.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024

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19 DEBTORS

	2024	2023
	£M	£M
<b>Due after more than one year</b>		
Amounts owed by group undertakings	–	300
Other debtors	7	18
Contract assets	8	8
	<u>15</u>	<u>326</u>

In the prior year, amounts owed by group undertakings due after more than one year included loans of £200 million and £100 million, which attract interest rates of 6.16% and 6.25%, respectively. Interest on these loans is payable annually on 19 December. The loans are set to mature on 19 December 2025 and have been reclassified as due within one year in the year.

	2024	2023
	£M	£M
<b>Due within one year</b>		
Trade debtors	102	122
Unbilled debtors	53	58
Amounts owed by group undertakings	599	194
Other debtors	28	13
Prepayments and accrued income	10	16
	<u>792</u>	<u>403</u>

Amounts owed by group undertakings include current account balances which are unsecured, interest free and repayable on demand. Also included in amounts owed by group undertakings due within one year is a loan receivable of £230 million which is repayable on demand and has variable interest rates of between 2.96% and 5.54%. As noted above, the £300m intercompany loan has moved from debtors over one year in the prior year to debtors under one year in the current year due to its repayment date of 19 December 2025.

20 BANK AND CASH BALANCES

	2024	2023
	£M	£M
Cash at bank and in hand	52	51
	<u>52</u>	<u>51</u>

Within cash at bank and in hand, is an amount of £44 million which represents funds required to be restricted, as agreed with the Financial Conduct Authority.

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MERCER LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024

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**21 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2024	2023
	£M	£M
Trade creditors	1	1
Amounts owed to group undertakings	170	134
Amounts owed to group undertakings - tax	34	1
Corporation tax	30	55
Other taxation and social security	35	37
Other creditors	9	8
Accruals and deferred income	92	92
	<u>371</u>	<u>328</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

**22 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2024	2023
	£M	£M
Amounts owed to group undertakings	–	20
	<u>–</u>	<u>20</u>

**23 DEFERRED TAX**

	2024	2023
	£M	£M
At beginning of year	(92)	(99)
Charged to profit or loss	(5)	(4)
Charged to other comprehensive income	16	11
<b>At end of year</b>	<u>(81)</u>	<u>(92)</u>

The provision for deferred tax is made up as follows:

	2024	2023
	£M	£M
Accelerated capital allowances	5	5
Pension surplus	(89)	(100)
Short term timing difference	3	3
	<u>(81)</u>	<u>(92)</u>

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NOTES TO THE FINANCIAL STATEMENTS  
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**23 DEFERRED TAXATION (CONTINUED)**

Deferred tax timing differences have been provided for at the rate of 25%, being the rate enacted at the balance sheet date.

On 11 July 2023, the Financial Reporting Council (FRC) published amendments to section 29 of FRS102 entitled 'International Tax Reform - Pillar Two Model Rules' to clarify the application of section 29 Income Tax to income tax arising from tax law enacted or substantively enacted to implement Pillar Two model rules. The amendments became effective immediately. The amendments introduce a mandatory temporary exception to the accounting requirement of deferred taxes in section 29, so that an entity would neither recognise or disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The Company has applied this exception and not provided for deferred tax in respect of these reforms.

A deferred tax asset of £3 million (2023: £3 million) representing losses from businesses which transferred from other group companies has not been recognised due to the uncertainty of when the asset will be realised. These losses have no expiry date.

**24 OTHER PROVISIONS**

	Professional indemnity claims £M	Property £M	Other £M	Total £M
At 1 January 2024	18	12	4	34
Charged/(credited) to profit and loss account	(2)	9	5	12
Utilised in year	(8)	(5)	(6)	(19)
<b>At 31 December 2024</b>	<b>8</b>	<b>16</b>	<b>3</b>	<b>27</b>

The Company is subject to a number of professional indemnity claims in the ordinary course of business. Such claims and lawsuits consist principally of alleged errors and omissions in connection with the performance of professional services. The Company utilises internal actuarial and other estimates, and case level reviews by inside and outside counsel, to establish the potential liability. Such liabilities are recorded or provided for as appropriate when a reliable estimate can be made of any obligation. The Company participates in an insurance programme which ensures that, as far as possible, liabilities which may arise from such litigation and claims will be met in full. Accordingly, insurance recoveries (representing receivables from other group companies) of £7 million (2023: £18 million) have been recognised within debtors due after more than one year (see note 19).

The property provision contains a provision for onerous lease commitments and a provision for dilapidation costs. The onerous lease provision represents rental and other commitments on leased properties the Company no longer occupies less anticipated sublet rental income. The provision for dilapidations represents the cost that the Company has estimated that it is likely to incur on vacating its leased properties where there is a contractual obligation to remove leasehold improvements on expiration of the lease.

The other provision includes provisions for restructuring and a provision for contingent consideration relating to expected future purchase consideration in respect of recent acquisitions. The provision for restructuring in 2024 increased by £5 million during the year as a result of planned restructuring.

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NOTES TO THE FINANCIAL STATEMENTS  
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**25 CALLED UP SHARE CAPITAL**

	2024	2023
	£M	£M
<b>Allotted, called up and fully paid</b>		
224,403,000 (2023: 224,403,000) Ordinary shares of £1.00 each	<u>224</u>	<u>224</u>

The Company has one class of ordinary shares which carry no right to fixed income.

**26 RESERVES**

**Share premium account**

Share premium represents the premium received above the par value on ordinary share capital transactions.

**Other reserves**

Other reserves represents cumulative charges in respect of the Company's equity settled share based payments.

**Profit and loss account**

The profit and loss reserve represents cumulative profits or losses, including unrealised profit on the re-measurement of investment properties, net of dividends paid and other adjustments.

**28 SHARE BASED PAYMENTS**

Mercer Limited's ultimate parent company, Marsh & McLennan Companies, Inc., maintains multiple equity-settled share-based payment arrangements in the UK, under which employees are awarded grants of stock options and Save As You Earn (SAYE) awards, Shares Awards and Share Purchase arrangements (Share Purchase Plan and Share Incentive Plan).

Prior to 1 January 2006, Share Awards were classified as liabilities and measured at their respective grant date fair values. Prepaid compensation cost was recognised for the unearned portion of such awards. Upon implementation of FRS 20, such awards were adjusted to the respective accrued grant date fair values, with a liability to Marsh & McLennan Companies, Inc. The effect of forfeitures was recognised when they occurred and dividend equivalents were expensed in the period incurred. There has been no change to the treatment under FRS 102.

In addition, SAYE awards were not considered compensatory and there was no cost to the Company; therefore no expense was required to be recognised. Share Purchase Plan costs were accrued in the year of grant.

From 1 January 2015, the Company has applied the requirements of Financial Reporting Standard 102. In accordance with the transitional provisions, FRS 102 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2006. As no benefit is granted by the Company under the Share Incentive Plan, this plan does not fall under the scope of FRS 102.

**29 PENSION COMMITMENTS**

The Company operates a pension scheme ('the Fund') in the UK with defined benefit and defined contributions sections. From 1 August 2014, the Company's defined benefit sections of the Fund were closed to future benefit accruals. Pension benefits accrued prior to that date retain the link to future salary growth or career revaluation, as applicable.

A comprehensive actuarial valuation of the defined benefit sections was carried out at 31 December 2024 by a qualified actuary (who is employed within the Company), based on membership data at 31 December 2023 for the Fund. The valuation made an approximate allowance since the date of the membership data to allow for known cashflows, inflation experience and the estimated effect of changes in assumptions.

**MERCER LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024**

**29 PENSION COMMITMENTS (CONTINUED)**

The statutory funding objective is for the defined benefit plans to have sufficient and appropriate assets to pay their benefits as they fall due (the technical provisions). The general funding principles are that the technical provision assumptions taken as a whole will be sufficiently prudent, including appropriate margins to allow for the possibility of events turning out worse than expected. However, the funding method and assumptions do not completely remove the risk that the technical provisions could be insufficient to provide benefits in the future. A statutory funding valuation was carried out during 2022 for the Fund. The Fund is in a surplus funding position and under the current agreement with the Trustee, no deficit funding is required subject to review in 2025.

The Company participates in defined benefit plans that share risks between entities under common control. The policy for charging the defined benefit costs is determined for each defined benefit plan based on an allocation of accounting liabilities for each member between the employers participating in the plan. The share of each plan's assets attributable to the Company is determined based on the Company's share of the accounting liabilities in the plan.

The Company also operates unfunded unapproved pension benefits that cannot be provided through the Fund, for which the liabilities are less than £1.0 million.

Reconciliation of present value of plan liabilities:

	<b>2024</b>	<i>2023</i>
	<b>£M</b>	<i>£M</i>
<b>Reconciliation of present value of plan liabilities</b>		
At the beginning of the year	<b>1,082</b>	<i>1,071</i>
Interest cost	<b>51</b>	<i>52</i>
Benefits paid	<b>(52)</b>	<i>(49)</i>
(Gain) / loss from changes in assumptions and experience	<b>(97)</b>	<i>8</i>
<b>At the end of the year</b>	<b>984</b>	<i>1,082</i>

Composition of plan liabilities:

	<b>2024</b>	<i>2023</i>
	<b>£M</b>	<i>£M</i>
Funded	<b>984</b>	<i>1,082</i>
Unfunded	<b>–</b>	<i>–</i>
<b>Total plan liabilities</b>	<b>984</b>	<i>1,082</i>

Reconciliation of present value of plan assets:

	<b>2024</b>	<i>2023</i>
	<b>£M</b>	<i>£M</i>
At the beginning of the year	<b>1,498</b>	<i>1,519</i>
Interest income	<b>70</b>	<i>74</i>
Administration expenses	<b>(2)</b>	<i>(3)</i>
Benefits paid	<b>(52)</b>	<i>(49)</i>
Return on plan assets (excluding interest income)	<b>(155)</b>	<i>(43)</i>
<b>At the end of the year</b>	<b>1,359</b>	<i>1,498</i>

**MERCER LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024**

**29 PENSION COMMITMENTS (CONTINUED)**

Composition of plan assets:

	<b>2024</b>	<i>2023</i>
	<b>£M</b>	<i>£M</i>
Cash and cash equivalents	12	44
Equity instruments	150	135
Government bonds/liability driven instruments	881	986
Other debt instruments	337	357
Other	(21)	(24)
<b>Total plan assets</b>	<b>1,359</b>	<i>1,498</i>

	<b>2024</b>	<i>2023</i>
	<b>£M</b>	<i>£M</i>
Fair value of plan assets	1,359	1,498
Present value of plan liabilities	(984)	(1,082)
<b>Net pension scheme asset</b>	<b>375</b>	<i>416</i>

The amounts recognised in profit or loss are as follows:

	<b>2024</b>	<i>2023</i>
	<b>£M</b>	<i>£M</i>
Net interest income on assets	20	22
Administrative expenses	(2)	(3)
<b>Total</b>	<b>18</b>	<i>19</i>

Effects of changes in assumptions	106	(2)
Effect of experience adjustments	(9)	(6)
Return on plan assets (excluding interest income)	(156)	(43)
<b>Total recognised in other comprehensive income</b>	<b>(59)</b>	<i>(51)</i>

Reconciliation of net pension scheme asset is as follows:

	<b>2024</b>	<i>2023</i>
	<b>£M</b>	<i>£M</i>
Opening net defined benefit asset	416	448
Interest income on plan assets	20	22
Actuarial losses	(59)	(51)
Administration expenses	(2)	(3)
<b>Total</b>	<b>375</b>	<i>416</i>

**MERCER LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024**

**29 PENSION COMMITMENTS (CONTINUED)**

The Company expects to contribute £0.04 million to its Defined Benefit Pension Scheme in 2025.

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	<b>2024</b>	<i>2023</i>
	%	%
Discount rate	<b>5.6</b>	4.8
Future salary increases	<b>3.4</b>	3.3
Future pension increases	<b>2.7</b>	2.6
Inflation assumption	<b>3.0</b>	2.9
Mortality rates		
- for a male aged 65 now	<b>22.9</b>	22.9
- at 65 for a male aged 45 now	<b>23.9</b>	23.9
- for a female aged 65 now	<b>24.9</b>	24.8
- at 65 for a female member aged 45 now	<b>25.9</b>	25.8

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	<b>2024</b>	<i>2023</i>	<i>2022</i>	<i>2021</i>	<i>2020</i>
	<b>£M</b>	<i>£M</i>	<i>£M</i>	<i>£M</i>	<i>£M</i>
Defined benefit obligation	<b>(984)</b>	<i>(1,082)</i>	<i>(1,071)</i>	<i>(1,832)</i>	<i>(1,950)</i>
Scheme assets	<b>1,359</b>	<i>1,498</i>	<i>1,519</i>	<i>2,236</i>	<i>2,243</i>
<b>SURPLUS</b>	<b>375</b>	<i>416</i>	<i>448</i>	<i>404</i>	<i>293</i>
Experience adjustments on scheme liabilities	<b>9</b>	<i>6</i>	<i>53</i>	<i>(3)</i>	<i>8</i>
Experience adjustments on scheme assets	<b>156</b>	<i>43</i>	<i>712</i>	<i>(20)</i>	<i>(233)</i>
	<b>165</b>	<i>49</i>	<i>765</i>	<i>(23)</i>	<i>(225)</i>

A High Court ruling in June 2023, along with a subsequent appeal in July 2024, considered the implications of section 37 of the Pension Schemes Act 1993 on the validity of certain pension scheme rule amendments and represents a material development in the pensions industry. The Company is working with the Trustee and its legal advisers to identify the potentially relevant rule amendments between 6 April 1997 and 5 April 2016. Based on the initial documentation review carried out, the Company does not expect there will be grounds to conclude that any significant rule amendments were invalid such as to give rise to additional liabilities although the Company and Trustee are monitoring further developments in case law and regulation.

**Defined contribution scheme**

Prior to 1 August 2014, the Group also operated a defined contribution scheme for employees who were not eligible or chose not to join the defined benefit scheme.

From 1 August 2014, the Company's defined benefit section of the pension scheme and the existing defined contribution plan were both closed to future benefit accrual. All future pension benefits from 1 August 2014 are provided under a new defined contribution section of the pension scheme. The Company made defined contribution payments of £18 million during 2024 (2023: £21 million).

**MERCER LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024**

**30 POST-RETIREMENT MEDICAL**

The Company operates an unfunded non-contributory scheme for medical benefits. As part of this scheme, defined medical benefits are provided to retired UK members who started their services with the Company on or prior to 1 December 1988 and had completed five years service with the Company at retirement. The costs of private medical care are subsidised for these pensioners.

One group of pensioners receive a fixed subsidy of £250 regardless of marital status while the remainder and current eligible employees are entitled to fully insured benefits in retirement for themselves, their spouses and eligible dependents.

On a pensioner's death the benefit ceases for the widow or widower at the end of the scheme year in which death occurs. Currently, 158 pensioners receive these benefits and 15 employees are entitled to receive them should they reach retirement with the Company.

A full actuarial valuation of the accrued liability and annual charge in respect of post retirement medical benefit was carried out as at 31 December 2024 by a qualified actuary (who is employed by the Company). The method used was the project unit method. The major assumptions used for the actuarial valuation were (in nominal terms):

Assumptions	2024	2023	2022	2021	2020
Gross interest rate	5 %	5 %	5 %	2 %	2 %
Medical cost trend rate for one year	7 %	8 %	12 %	5 %	5 %
Medical cost trend rate after one year	7 %	5 %	5 %	5 %	5 %

The following amounts have been recognised in the financial statements in the year to 31 December 2024 in respect of post retirement medical benefits under the requirements of FRS 102:

The current service cost charged to the financial statements in 2024 is £0.1 million (2023 : £0.3 million).

	2024	2023
	£M	£M
<b>Analysis of amount charged to other finance costs</b>		
Interest on scheme liabilities	1	1
<b>Net finance cost</b>	<u>1</u>	<u>1</u>

	2024	2023
	£M	£M
<b>Analysis of the actuarial gain in the Comprehensive Income Statement</b>		
Experience (losses) / gains arising on scheme liabilities	(6)	8
<b>Actuarial gain</b>	<u>(6)</u>	<u>8</u>

	2024	2023
	£M	£M
<b>Movement in scheme liability during the year:</b>		
Liability in the scheme at 1 January	(15)	(22)
Utilisation of provision	1	1
Interest on the scheme liabilities	(1)	(1)
Actuarial (loss) / gain	(6)	8
<b>Liability in the scheme at 31 December</b>	<u>(21)</u>	<u>(15)</u>

**MERCER LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024**

**30 POST-RETIREMENT MEDICAL (CONTINUED)**

History of experience gains and losses	2024	2023	2022	2021	2020
<b>Experience gains/(losses) on scheme liabilities:</b>					
Amount (£'m)	(4)	8	7	–	(8)
Percentage of the present value of scheme liabilities (%)	19	51	32	–	27
<b>Total actuarial gain/(loss) recognised gains and losses:</b>					
Amount (£'m)	(6)	8	7	–	(2)
Percentage of the present value of the scheme liabilities (%)	28	51	32	–	27

**31 COMMITMENTS UNDER OPERATING LEASES**

At 31 December 2024 the Company had future minimum lease payments due under non-cancellable operation leases for each of the following periods:

	2024	2023
	£M	£M
Not later than 1 year	9	9
Later than 1 year and not later than 5 years	20	27
Later than 5 years	–	1
	<u>29</u>	<u>37</u>

Operating lease payments represent rentals payable by the Company for certain of its office properties. Leases are negotiated for an average term of 5 years.

The Company as lessor:

Property rental income earned during the year was £5 million (2023: £5 million), of which £5 million (2023: £5 million) was recognised as income in the year. Leases are negotiated for an average term of 6 years. The lessee does not have an option to purchase the property at the expiry of the lease period. At the balance sheet date, the Company had contracted with tenants for the following future minimum lease payments:

	2024	2023
	£M	£M
<b>Receipts arising in respect of land and buildings:</b>		
Within one year	5	5
Within two to five years	13	19
	<u>18</u>	<u>24</u>

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## MERCER LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

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#### 32 RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemption under FRS 102 Section 33.1A not to disclose transactions between entities within the Marsh & McLennan Companies, Inc. Group, where no less than 100% of voting rights are controlled within the Group, whose consolidated financial statements are publicly available. There are no other transactions requiring disclosure.

#### 33 EVENTS AFTER THE REPORTING DATE

There have been no significant events affecting the Company since the balance sheet date.

#### 34 GROUP FINANCIAL STATEMENTS

Group financial statements are not prepared in line with s401 of the Companies Act 2006 as the Company is itself a wholly-owned subsidiary and is included in the consolidated financial statements of Marsh & McLennan Companies, Inc., its ultimate parent company. Accordingly, these financial statements present information about the Company as an individual undertaking and not about its Group.

#### 35 CONTROLLING PARTY

The Company's immediate parent company is MMC UK Group Limited, registered in England and Wales. The Company's ultimate parent company and controlling entity is Marsh & McLennan Companies, Inc., incorporated in the state of Delaware, United States of America.

The smallest and largest group in which the results of Mercer Limited are consolidated is that headed by Marsh & McLennan Companies, Inc. whose registered address is 1166 Avenue Of The Americas, New York, NY 10036, United States. The consolidated financial statements of Marsh & McLennan Companies, Inc. are available to the public and may be obtained from:

Companies House  
Crown Way  
Cardiff  
CF14 3UZ

and also from:

The Company Secretary  
Marsh & McLennan Companies UK Limited  
1 Tower Place West  
Tower Place  
London  
EC3R 5BU