

Mercer Global Investments Europe Limited

Remuneration Policy

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Introduction

Mercer Global Investments Europe Limited (“MGIE”) is authorised and regulated by the Central Bank of Ireland (the “Central Bank”) as an investment firm under the European Union (Markets in Financial Instruments) Regulations (the “MiFID II Regulations”) which transpose Directive 2014/65/EU (“MiFID II”) into Irish law.

Purpose

The purpose of the Remuneration Policy (“Policy”) is to assist with MGIE’s compliance with the remuneration requirements under MiFID II, and any additional remuneration requirements that are imposed by ESMA or the Central Bank from time to time and the requirements specified below (together, the “Remuneration Requirements”).

MGIE ensures that its remuneration arrangements are in compliance with the Remuneration Requirements and that the remuneration arrangements are aligned with conflict of interest and conduct of business obligations so that MGIE’s client’s interests are not impaired by the remuneration policies and practices adopted by the firm in the short, medium and long term.

This Policy is designed to support MGIE’s strategic business objectives and core values in an appropriate risk controlled manner, by providing the remuneration mechanisms for MGIE to attract, retain and motivate its colleagues in a manner that is consistent with the expectations of the Remuneration Requirements. In addition to the Remuneration Requirements, under Regulation (EU) 2019/2088 (the “Sustainable Finance Disclosure Regulation”), a financial market participant (such as MGIE) is required to include in its remuneration policy information on the integration of sustainability risks and how the remuneration structure is consistent with the integration of sustainability risks. MGIE is wholly owned directly by Mercer Ireland Holdings Limited and is ultimately wholly owned by Marsh & McLennan Companies Inc. (“MMC”), a company quoted on the New York Stock Exchange. The Policy and its implementation is overseen, reviewed and approved by the Mercer Ireland Holdings Limited Remuneration Committee which acts as the remuneration committee for all its subsidiary companies. The Policy is designed to minimise potential conflicts that may arise in relation to how MGIE remunerates its key employees.

Scope

The Policy applies to all MGIE staff and the Methodologies for the Assessment of Variable Remuneration & Bonuses set out in Appendix 1 apply to staff receiving variable remuneration including those within the definition of Relevant Person set out in the ESMA Remuneration Guidelines as follows:

- Persons who can have a material impact on the service provided and/or corporate behaviour of the firm, including persons who are client-facing front-office staff, sales force staff, and/or other staff

indirectly involved in the provision of investment and/or ancillary services whose remuneration may create inappropriate incentives to act against the best interests of their clients.

- This includes persons who oversee the sales force (such as line managers) who may be incentivised to pressurise sales staff, or financial analysts whose literature may be used by sales staff to induce clients to make investment decisions.
- Persons involved in complaints handling, claims processing, client retention and in product design and development are other examples of 'relevant persons'.

Relevant persons also include tied agents of the firm. The Policy specifically relates to the remuneration of individual employees. It does not cover costs, charges, fees, commissions or non-monetary benefits (together "inducements") that are paid by MGIE or to MGIE directly and indirectly to non-MGIE employees.

Sources of Remuneration Requirements

Remuneration Requirements that are applicable to MGIE include the following:

- Recital 77, Articles 9(3)(c), 16, 23(1), 24(10), and 27(2) of MiFID 2;
- Articles 27 and 34(3)(c) of the MiFID 2 Delegated Regulation (EU) 2017/565 (25 April 2016) (the "Delegated Regulation");
- Regulations 17(3)(c), 32(18) of the MiFID 2 Regulations;
- Article 5 of the Sustainable Finance Disclosure Regulation;
- ESMA's Guidelines on MiFID remuneration policies and practices of 1 October 2013 (ESMA/2013/606) (the "ESMA Remuneration Guidelines"); and
- ESMA Guidelines on cross-selling practices of 11 July 2016 (ESMA/2016/574) (the "ESMA Cross-Selling Guidelines").

As MGIE does not provide services to retail clients / consumers the Central Bank's guidelines of July 2014 on variable remuneration for sales staff will not apply.

MGIE - CRD IV Exempt Firm

Article 4(1)(2)(c) of the Regulation (EU) No. 575/2013 (the "CRR") limits the application of CRD IV to investment firms by a partial exemption from the entirety of CRD requirements, including those on remuneration, to 'CRD IV exempt firms' ie, MiFID firms which cumulatively are:

- not authorised to hold client money; and
- not authorised to provide the MiFID ancillary service of safekeeping and administration; and
- only authorised for either the MiFID investment services and activities of reception and transmission of orders, execution of orders on behalf of clients, portfolio management and investment advice.

All three criteria must be met for the exclusion to apply. Due to the nature of its current permissions MGIE qualifies as a 'CRD IV exempt firm' and so need not comply with CRD IV remuneration requirements.

Meaning of Remuneration

Article 2(5) of the Delegated Regulation defines remuneration as:

“remuneration’ means all forms of payments or financial or non-financial benefits provided directly or indirectly by firms to relevant persons in the provision of investment or ancillary services to clients;”

Responsibility

Pursuant to Article 9(3)(c) of MiFID 2, and Article 27 of the Delegated Regulation, the board of directors of MGIE (the “**Board**”), after taking advice from the Compliance Function, has defined, approved, and oversees the Policy. The Board is responsible for the Policy and MGIE’s remuneration arrangements. The senior management team is responsible for the day-to-day implementation of the Policy and the monitoring of compliance risks related to the Policy.

The Board is responsible for approving this Policy and any further amendments to the Policy.

MiFID II Remuneration Requirements

In accordance with Recital 77 and Article 24(10) of MiFID 2, MGIE does not remunerate or assess the performance of MGIE employees in a way that conflicts with the its duty to act in the best interests of their clients, for example through remuneration, sales targets or otherwise which provide an incentive for recommending or selling a particular financial instrument when another product may better meet the client’s needs. Details of the criteria for determining client best interests are set out in Appendix 1.

In accordance with Articles 27(4) of the Delegated Regulation, MGIE’s remuneration arrangements will not be solely or predominantly based on quantitative commercial criteria; MGIE’s remuneration arrangements

will take account of qualitative criteria on compliance with regulatory requirements and the quality of services provided to clients.

MGIE's remuneration arrangements will balance the fixed and variable components of remuneration.

In accordance with Article 34(3)(c) of the Delegated Regulation, there will be no direct link between the remuneration of Relevant Persons principally engaged in one activity and the remuneration of, or revenues generated by, different Relevant Persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities has been removed.

ESMA Remuneration Guidelines

Remuneration practices that are not compatible with the ESMA Remuneration Guidelines will not be MiFID compliant. MGIE's remuneration arrangements are in compliance with the ESMA Remuneration Guidelines including, without limitation, its suggestions on suitable levels of fixed and variable remuneration and how firms should calculate variable remuneration.

MGIE, when determining variable remuneration, has ensured that it does not *"...create incentives that may lead relevant persons to favour their own interest, or the firm's interests . . . , to the potential detriment of clients."*

Compliance will report to the Mercer Group Remuneration Committee on an annual basis. Part of this report will be an assessment of whether, during the course of the year, throughout the completion of the compliance monitoring plan, any issues which suggest any conflicts with this policy were identified.

Policy Administration

Owner: Compliance

Contact: Michael Aherne, Chief Risk and Compliance Officer, MGIE

Last Approved and/or Amended:

Review Cycle: Annually, or as required.

Appendix 1

Criteria for Determining Client Best Interest and MGIE's Long-Term Interests

Mercer aims to provide competitive total remuneration in order to attract, motivate and retain experienced and talented individuals at all levels of the organisation who will enhance Mercer's financial and strategic position and who reflect and promote high standards of ethics and business conduct.

Mercer has considered the extent to which its remuneration policies could influence its staff in their decisions, and has designed its remuneration policies to minimise any excessive risk-taking by Relevant Persons. A robust performance management process forms part of the annual remuneration review in order to reward success as well as to avoid the possibility of payment for failure and so as to avoid actual or potential conflicts of interest. The various remuneration components are combined to ensure an appropriate and balanced remuneration package. The intention to only reward performance is reflected in the policy of not guaranteeing any level of annual pay increase, nor paying sign-on bonuses or guaranteeing bonuses, other than only in exceptional circumstances for new hires and then only at minimum levels and for a single year. Exceptional circumstances would include compensating for the loss of a bonus or deferred incentive from an individual's current employer.

Mercer will ensure that its remuneration policy is in line with the business strategy, objectives, values and long-term interests of the firm, as well as to avoid actual or potential conflicts of interest. In particular:

- Remuneration awards are flexed in line with Mercer Group's performance and profitability, thereby aligning the interests of employees with those of the Group's shareholders.
- Additionally, Mercer may, from time to time, issue long term incentive/equity participation plans. These plans typically involve a multi-year horizon so as to defer remuneration and operate as a retention mechanism, including the forfeiture of awards upon voluntary termination of employment or termination with cause. The objective achieved via these plans is that a meaningful percentage of an employee's expected total remuneration is both tied to the overall success of Mercer and the Group, and focused over a multi-year time period.
- No staff member or person having a conflict of interest with such a staff member will be involved in assessing their own remuneration or that of a person they have a conflict of interest with.

Mercer's remuneration arrangements encourage and promote behaviour in line with its core values and with those set out in Marsh & McLennan Companies' 'The Greater Good' code of conduct, and reward individuals who consistently demonstrate these behaviours in their day to day actions. Such values include:

- Passion to win and be the best at what we do, reflected in our people, thought leadership, solutions, and clients.
- Respect for diversity: listening to and collaborating with others, being inclusive, and bringing the best ideas forward.

- Integrity in everything we do: knowing what is right and acting responsibly with our clients, colleagues, and communities.
- Innovation that anticipates our client needs and reshapes the market place.
- Dedication to serving our clients with unparalleled quality and proven success.
- Empowerment to act like business owners and be accountable for our decisions.

Employees are assessed throughout the year and rated based on both the overall performance of the business (global/regional/market/geography/line of business depending on seniority of role), their individual performance and behavioural and technical competencies, and relative to their peers, against their goals. Mercer uses a 'Balanced Scorecard' approach to setting and measuring against performance goals. The goal setting framework covering: Financials, Clients, People ensures a holistic approach to measuring and rewarding performance.

Appendix 2

Methodologies for the Assessment of Variable Remuneration & Bonuses

Remuneration is governed at a global level with local management leadership team meetings to discuss and review remuneration, for example during our year-end performance review process. Mercer adopts the most conservative stance of only paying discretionary or formula bonuses based on income earned by Mercer in each calendar year.

The Remuneration Committee (“RemCo”) and Human Resources with advice from Mercer’s Chief Compliance & Risk Officer, will regularly review the appropriateness of Mercer’s reward structures, particularly of variable remuneration, to ensure they promote sound and effective risk management and do not reward failure, that they do not encourage risk-taking that exceeds the level of tolerated risk for the firm and so as to avoid actual or potential conflicts of interest. Variable pay plans will be assessed against the remuneration principles and the Committee will determine if those plans are appropriately balanced from a risk perspective in terms of both the ratio between fixed and variable compensation and the structure and period of deferrals (both cash and stock), and make recommendations to the Board of Directors for changes where the Committee deems this appropriate. The Remuneration Committee on behalf of the Board will review and finally approve the individual remuneration of all Code Staff.

As a subsidiary company of Marsh & McLennan Companies Inc, the firm broadly adheres to Marsh & McLennan Companies rules regarding remuneration and is subject to oversight by Marsh & McLennan Companies’ Compensation Committee. Remuneration for senior employees is split between cash, deferred cash, deferred stock units, performance restricted stock and stock options, with payment spread over three or four years.

Mercer’s Risk Committee will at least annually consider the implications on capital, liquidity and risks associated with variable remuneration, to ensure that it does not limit the firm’s ability to strengthen its capital base, and that any performance measure used to calculate variable remuneration components or pools thereof take account of and adjust for current and future risks.

Mercer follows the guiding principles established by the Marsh & McLennan Companies for its compensation design, decisions and actions. The principles are:

- **Align with stockholder value creation** with a focus on balancing risk and reward in compensation programmes, policies and practices;
- **Including both financial and non-financial goals** in performance and result assessments (including compliance with regulatory requirements and internal procedures);
- **Support a strong performance culture** through short-term and long-term variable compensation, with the ability to differentiate across businesses and among individuals based on actual results;
- **Set target compensation at competitive levels in markets where we operate**, with flexibility to recognise different business models and markets for talent; and
- **Maximise employees’ perceived value of our programmes** through transparent processes and communication.

Appendix 3

Integration of Sustainability Risks

As well as the methodologies outlined above, the performance management process (and therefore the remuneration arrangements) also integrate non-financial methodologies in order to promote sound and effective risk management with respect to sustainability risks. This ensures that MGIE's remuneration structure does not encourage excessive risk-taking with respect to sustainability risks and is linked to risk-adjusted performance.

In order to achieve this, specific sustainability goals have been developed as disclosed in Mercer's sustainable investment policy and are included in MGIE's employees' goals and objectives. All employees of MGIE are expected to support the business in undertaking its activities in a responsible manner through the inclusion of sustainability considerations in their roles and in their decision making process. Specifically for employees involved in investment decision making activities, those employees are expected to implement the key principles embedded in Mercer's sustainable investment policy which they are subject to.

These sustainability related goals will also be considered as part of the individual assessment referred to Appendix 1 above.