MERCER

JLT Pension Scheme

Investment Governance Documents – September 2020

Please find appended to this document the following Investment Governance documents for the JLT Pension Scheme:

- Annual Chair's Statement, effective 31 March 2020 – page 2
- Statement of Investment Principles (DC Section), effective 30 September 2020 – page 14
- Statement of Investment Principles (DB Section), effective 30 September 2020 – page 35

These documents are available for members of the JLT Pension Scheme on individual accounts on the BenPal website. However, current legislation states they must be available on a website that does not require a password to access.

The documents were previously available on a JLT corporate website that, since the merger of JLT with MMC, is no longer available. They are therefore being held on this website, a public domain for the MMC UK Pension Fund.

Please note, with effect from 31 March 2020, the Trustee of the JLT Pension Scheme has changed to MMC UK Pension Fund Trustee Limited. This is also the corporate Trustee of the MMC UK Pension Fund. The two arrangements continue to be run as separate pension schemes.

For any questions regarding these documents, or the JLT Pension Scheme in general, please use the following contact details:

- Email us on PSAdmin@mercer.com
- Speak to us on 0345 072 6796

JLT PENSION SCHEME: CHAIR'S STATEMENT REGARDING DC GOVERNANCE: 1 APRIL 2019 – 31 MARCH 2020

Regulations effective from 6 April 2015 (updated 6 April 2018) require the Trustee to prepare a statement showing how it has met certain minimum governance standards in relation to defined contribution benefits in respect of the JLT Pension Scheme (the Scheme). These standards cover four principal areas relating to the Scheme's defined contribution benefits including its Additional Voluntary Contribution (AVC) arrangements.

Following the year-end MMC UK Pension Trustee Limited replaced the previous Trustees of the Scheme. Whilst this report sets out how these minimum standards were embedded over the period 1 April 2019 to 31 March 2020 by the previous board, these standards have continued to be maintained by the current board.

This statement describes how the Scheme was governed during the year and covers four principal areas:

1. **Investment** with particular focus on the Scheme's default investment arrangements.
2. **Internal controls**, with particular focus on the processing of core financial transactions.
3. **Value,** with particular focus on charges and transaction costs deducted from members' funds.
4. **The knowledge and resources available**, including how the required levels of knowledge and understanding to govern the Scheme were maintained and how these help the Trustee to ensure that the Fund is governed well.

The Trustee is committed to having high governance standards and has a number of committees which meet regularly to monitor the controls and processes in place in connection with the Scheme's investments and administration.

The default investment option

The Trustee has the overall duty to ensure the investment arrangements available to members remain fit for purpose. As part of this duty, it must establish a default investment arrangement for members who do not select their own investment options from the fund range that is available.

The Trustee's Statement of Investment Principles (SIP) dated September 2019, which covers both the Scheme's default and self select investment arrangements, is attached to this statement as an Appendix. This includes the aims and objectives in relation to the default investment arrangement as well as our policies in relation to matters such as risk and diversification. It also states why we believe the default investment arrangements are designed in members' best interests.

The latest SIP is online at www.pensions.uk.mmc.com and the Trustee will notify members about this in their annual benefit statements. Members can also request a paper version directly from the Scheme administrator.

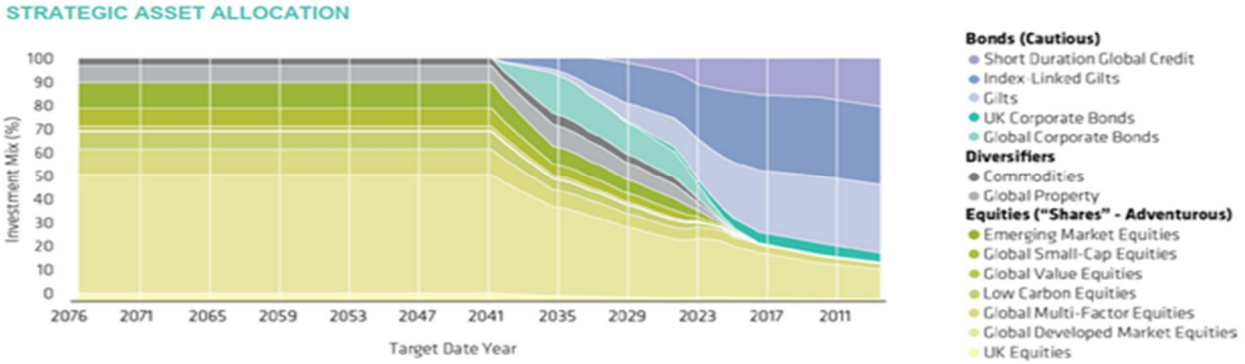
The Trustee's main aim is provide members with an investment strategy aligned to the needs of their members that will optimise the return on investments in order to build up a savings pot which will be used in retirement.

The Scheme's assets are held on an investment platform provided by Mobius Life Limited and are managed by JLT Investment Management. The Scheme's default strategy is to use a range of Target Date Funds (TDFs) managed by Alliance Bernstein (AB). Each TDF is designed and managed for a member saving to retire in or around the years stated in its name (the "target date"). On retirement, the member is assumed to use their built-up pension savings to provide pension income from the options available when they retire.

Savings will gradually move from riskier, growth–focused assets such as equities and property, into lower-risk, retirement income protection–focused assets, such as bonds, as a member approaches and passes their target retirement date.

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (CONTINUED)

The default investment option (continued)



Source: Alliance Bernstein, as at 31 March 2020

During the period covered by this statement there have been no significant changes to the Scheme's investment strategy. The previous strategy review was implemented in December 2017, following a detailed and comprehensive review that was completed by the Trustees on 22nd March 2017. This resulted in a change of the default and new member options. The SIP will be reviewed at a minimum of every three years or as soon as any significant developments in investment policy or make up of the membership take place. At the investment sub-committee meeting in May 2019, the previous Trustees discussed the current investment strategy and concluded that it remained fit for purpose.

The review of the current default arrangements is underway and is due to be completed in quarter 4 2020. As part of this review the Trustee will consider both the membership of the Scheme and how the default fund has performed in line with their stated aims and targets.

Technical Defaults

The Scheme holds investments where mapping exercises take place, or have taken place in the past. This is where the Trustee board has changed the funds available to the member, and the members' assets are 'mapped' to new funds. This may be because the funds in which members' assets were held are no longer offered, or the Trustee board no longer considered them appropriate.

This means that the investment fund falls into the definition of a default arrangement, and for the purpose of this document is called a 'technical default'.

Fund	Reason	Date requirements apply from
Utmost Secure Cash Fund	Following High Court approval of Equitable Life's proposal to close at the end of 2019, member's assets were moved to Utmost Life and Pensions (Utmost) from 1 January 2020. As part of this move members who had previously held Equitable Life With Profits had these funds converted to unit linked funds in Utmost's secure cash fund, including an uplift for the loss of any guarantees. *For the second half of 2020 members assets have been moved into one of more of the following Utmost Funds:* Multi Asset Moderate, Multi Asset Cautious And Money Market*, the exact allocation will depend on a member's age.*	1 January 2020
LGIM Sterling Liquidity Fund	As a result of COVID-19 L&G suspended trading in its property fund due to concerns about the ability to accurately price the underlying properties that make up the assets of the fund. As a result of this the Trustee took the decision to redirect members' contributions to the LGIM Sterling Liquidity Fund as a temporary measure. As funds were moved without members' explicit consent this created a technical default.	April 2020

The Trustee monitors the ongoing performance of the Scheme's investments and receives a quarterly performance report from their investment consultant. The Trustee is satisfied with the performance of the Scheme's funds over the last year and has no immediate concerns regarding any of the funds used.

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (CONTINUED)

Processing Scheme transactions

As required by Administration Regulations, the Trustee must ensure that Core Financial Transactions are processed promptly and accurately. Core financial transactions are (broadly):

- Investment of contributions made to the Scheme by members and their employer(s);
- Transfers into and out of the Scheme of assets relating to members;
- Switches of members' investments between different funds within the Scheme; and
- Payments from the Scheme to or in respect of members (e.g. payment of death benefits).

These transactions are undertaken on the Trustee's behalf by the Scheme administrator, Mercer Limited (formerly JLT Employee Benefits prior to the purchase of the JLT Group PLC by Marsh and McLennan Companies in April 2019), and its investment manager JLT Investment Management. The Trustee periodically reviews the processes and controls implemented by those organisations, and consider them to be suitably designed to achieve these objectives.

The Trustee has a service level agreement (SLA) in place with the Scheme administrator which covers the accuracy and timeliness of all core transactions and receives regular reports to monitor the performance against those service levels. The following SLAs in relation to core financial transactions have been agreed:

SLA	Transaction type
10 working days	Contribution Processing
10 working days	Investment Transactions
3 working days	Deaths
5 working days	Retirements
10 working days	Transfers out
10 working days	Transfers in

Mercer records all member transactions and benefit processing activities in a work management system, which assigns the relevant timescale to the task.

During the period covered by this statement, over 95% of work was completed within the agreed service levels.

The processes adopted by the Scheme administrator to help meet the SLA include checklists, a central financial control team separate to the admin team, daily monitoring of bank accounts, a dedicated contribution processing team, and peer review of investment and banking transactions. There were no issues relating to the processing of Scheme transactions. We continue to monitor performance against the SLA on a regular basis.

As a wider review of the Scheme administrator in general, the Trustee receives details of the administrators control procedures that govern the accuracy of their processes. The administrator employs an independent auditor to prepare an annual report on their internal controls (AAF01/06/ ISAE 3402). The report to 31 December 2019, which has been shared with the Scheme Secretary, confirmed that the administrator's description of services was fairly presented and that controls were designed, implemented and operated effectively throughout the review period.

The Schedule of Contributions sets out timescales for the Company to pay monthly contributions to the Scheme and agreed practice provides for payment of contributions in advance of these timescales. The deduction and payment of contributions is reviewed by the Trustee on an ongoing basis in the quarterly administration reports.

The Trustee also monitored the accuracy of the Scheme's common data annually. Common data refers to the 11 pieces of data needed so that a member can be uniquely identified and the Pensions Regulator expects that all schemes should hold this data for all members (for example name, date of birth and gender). A summary report is received from the Scheme administrator. Reasons for any gaps in common data score are considered as are the remedial measures available to rustees.

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (CONTINUED)

Processing Scheme transactions (continued)

There are Additional Voluntary Contributions (AVCs) linked to the Defined Benefits held in the Scheme which are invested with Mobius, Aviva, Equitable Life (Utmost Life and Pensions from 1 January 2020), Phoenix Life , Prudential and Standard Life. The Trustee has delegated the processing of benefits in respect of the AVCs to Mercer Ltd.

The Trustee also appoints an independent auditor to carry out an annual audit of the Scheme, including looking at a sample of the core financial transactions which have taken place during the year.

Based on the controls and procedures in place the Trustee is confident that the core financial transactions were processed promptly and accurately during the period by the administrator.

Charges and transaction costs

As required by the Administration Regulations, the Trustee is required to report on the charges and transaction costs for the investments used in the default arrangements as well as the wider fund choice available, and assess the extent to which the charges and costs represent good value for members. When preparing this statement, the Trustee has taken account of statutory guidance.

Explicit charges known as the Total Expense Ratio (TER) mainly consist of the manager's annual charge for managing and operating a fund, but also include the costs for other services paid for by the fund, such as the legal costs, registration fees and custodian fees. However, they exclude other costs which can have a negative effect on investment performance, such as transaction costs.

Transaction costs are the expenses associated with a member switching in and out of a fund as well as the investment manager trading a fund's underlying securities, including commissions and stamp duty. The available transaction costs provided by the Scheme's investment managers have been reported separately to the TERs in the following tables.

The transaction costs represent the difference between the expected trading price of a security within a fund and the price at which the trade is actually executed at (as typically a trade is executed a few working days after an order is placed). Therefore, in a buy order, for example, if the execution price is less than the expected price, a transaction cost may be negative.

The Trustee can confirm that the current default funds remain within the charge cap of 0.75% of funds under management in line with requirements in place since April 2015. Details of the TERs payable as well as the transaction costs within the current default funds are as follows:

Fund	TER (%p.a.)	Transaction Cost (%p.a.)
Alliance Bernstein Retirement Fund 2014 – 2016	0.376	0.053
Alliance Bernstein Retirement Fund 2017 – 2019	0.376	0.050
Alliance Bernstein Retirement Fund 2020 – 2022	0.377	0.047
Alliance Bernstein Retirement Fund 2023 – 2025	0.382	0.045
Alliance Bernstein Retirement Fund 2026 – 2028	0.390	0.043
Alliance Bernstein Retirement Fund 2029 – 2031	0.393	0.039
Alliance Bernstein Retirement Fund 2032 – 2034	0.396	0.039
Alliance Bernstein Retirement Fund 2035 – 2037	0.399	0.041
Alliance Bernstein Retirement Fund 2038 – 2040	0.400	0.031
Alliance Bernstein Retirement Fund 2041 – 2043	0.401	0.023
Alliance Bernstein Retirement Fund 2044 – 2046	0.401	0.023

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (CONTINUED)

Charges and transaction costs (continued)

Fund	TER (%p.a.)	Transaction Cost (%p.a.)
Alliance Bernstein Retirement Fund 2047 – 2049	0.401	0.023
Alliance Bernstein Retirement Fund 2050 – 2052	0.401	0.023
Alliance Bernstein Retirement Fund 2053 – 2055	0.401	0.022
Alliance Bernstein Retirement Fund 2056 – 2058	0.401	0.021
Alliance Bernstein Retirement Fund 2059 – 2061	0.401	0.018
Alliance Bernstein Retirement Fund 2062 – 2064	0.401	0.014
Alliance Bernstein Retirement Fund 2065 – 2067	0.401	0.013

Source: Mobius Life, 31 March 2020

The Trustees also make available a range of funds which may be chosen by members as an alternative to the current default arrangement. These funds allow members to take a more tailored approach to managing their own pension investments. Details of the TERs payable as well as the transaction costs are as follows:

Fund	TER (%p.a.)	Transaction Cost (%p.a.)
JLT Global Equity	0.958	0.109
JLT Emerging Market Equity	1.028	0.206
JLT Corporate Bond	0.438	0.055
JLT Scheme Pre Retirement	0.109	-0.018
JLTPS Diversified	0.793	0.276
L&G UK Equity Index	0.090	-0.061
L&G Ethical UK Equity Index	0.206	0.010
L&G World (ex UK) Equity Index	0.198	-0.004
L&G World Emerging Markets Equity Index	0.405	-0.006
L&G Over 15 Year Gilts Index	0.090	0.047
L&G AAA-AA-A Corporate Bond Over 15 Year Index	0.135	-0.004
L&G Over 5 Year Index-Linked Gilts Index	0.090	0.123
L&G Managed Property	0.720	-0.337
L&G Sterling Liquidity[(a)]	**0.125**	**-0.037**
Standard Life Absolute Return Global Bond Strategies	0.560	0.305

Source: Mobius Life and L&G, 31 March 2020, **funds in bold are technical defaults**

(a) Following the redirection of contributions from the L&G Managed Property fund this is a now a technical default

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (CONTINUED)

Additional Voluntary Contributions (AVCs)

The summary below is in respect of AVC funds which were available to DB members. The majority of the AVC assets are invested in the funds held with Mobius detailed above and are subject to the same costs and charges. The Trustee has also requested transaction charges and costs from the remainder of the AVC providers with whom the Scheme's members are invested in and have reported this as far as they are able in the table below.

Provider	Fund	TER (%p.a.)	Transaction Cost (%p.a.)
Aviva	With-Profits	0.88[(a)]	0.037
	With-Profit Guaranteed	0.88[(a)]	0.037
Clerical Medical[(b)]	With-Profits	-	-
Equitable Life[(c)]	With-Profits (to 31 December 2019)	1.00	1.036
Utmost Life and Pensions[(d)]	**Secure Cash (from 1 January 2020 to 30 June 2020)**	**0.50**	**Estimated 0.000 to 0.050**
	Multi Asset Moderate (from July 2020)	**0.75**	**Estimated 0.200-0.300**
	Multi Asset Cautious (from July2020)	**0.75**	
	Money Market (from July 2020)	**0.50**	
Phoenix Life[(b)]	With-Profits	-	-
	Deposit Admin	-	-
Standard Life	Pension With Profits	1.75	0.102
	Pension Millennium With Profits Fund	1.15	0.082

Source: Investment Managers. *Annual Management Charge (AMC). **Funds in bold are technical defaults**

(a) Aviva have confirmed that this is the total administration cost.

(b) Phoenix Life and Clerical Medical did not provide the transaction costs or charges applicable to the funds above in time for inclusion in this statement. The Trustee is working with their advisors to obtain this. This information will continue to be requested, on a quarterly basis, from the providers until the underlying managers are in a position to provide the transaction costs.

(c) Equitable Life costs and charges are based on the year to 31 December 2019. Transaction costs are incurred when the fund sold its underlying assets. Equitable Life quotes the total charges impact for this fund as 2.04% p.a. based on the fund level costs and the underlying costs (including the TER of 1%p.a).

(d) Following the move of members' funds from Equitable Life to Utmost, the Utmost funds are classed as technical defaults.

From 1 January 2020 members' Equitable Life funds were transferred to Utmost Life and Pensions, with the With Profits funds being converted to unit linked funds in Utmost's secure cash fund, including an uplift for the loss of guarantees. The high transaction costs were a result of Equitable changing the underlying mix of assets over the period to ensure the uplift was maximised prior to the transition to Utmost.

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (CONTINUED)

Cumulative effect of charges

Assumptions

The illustrations below have been produced for an "average" member and a "young" member of the Scheme based on the Scheme's membership data last year to ensure these are consistent. The "Default Strategy" illustration assumes the member's asset allocation remains fully invested in the current default strategy. The individual fund illustrations assume 100% of the member's assets are invested in that fund up to the Scheme retirement age. The results are presented in real terms, i.e. in today's money, to help members have a better understanding of what their pension pot could buy in today's terms, should they invest in the funds above as shown.

You will note that the total fee figure is lower than the difference between the pot size before and after fees. The total fee reflects what has actually been taken from the pot to pay for the management of assets and other expenses, whereas the difference between before and after fee pot values reflects the effect of compounding.

Age • "Average" member • "Young" member	 41 *(the average age of the Scheme's membership)* 23 *(the average age of the youngest 10% of members)*	
Scheme Retirement Age	65	
Starting Pot Size • "Average" member • "Young" member	 £19,564 *(the median pot size of the Scheme's membership)* £1,500 *(the median pot size for the youngest 10% of members)*	
Starting Salary • "Average" member • "Young" member	 £41,000 *(the median salary of the Scheme's membership)* £25,000 *(the median salary for the youngest 10% of members)*	
Inflation	2.5% p.a.	
Rate of Salary Growth	2.5% p.a.	These do not apply to the funds invested in the Standard Life With Profits funds, which are closed to future contributions.
Employer annual contributions	7.5% p.a.	
Employee annual contributions	3.0% p.a.	
Expected future nominal returns on investment: • Default Strategy • JLT Emerging Market Equity Fund • L&G Over 15 Year Gilts Index Fund • L&G UK Equity Index Fund • Standard Life With-Profits Fund (DB AVCs)		 3.0% above inflation 4.8% above inflation 1.2% below inflation 4.0 above inflation 3.0% above inflation

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (CONTINUED)

Cumulative effect of charges (continued)

The compounding effect of charges on an active member's fund can be illustrated as follows:

Illustrations for an "Average" member										
	Default Strategy ***(the most popular option)***		**JLT Emerging Market Equity Fund** ***(highest expected return and most expensive DC fund)***		**L&G Over 15 Year Gilts Index Fund** ***(lowest expected return)***		**UK Equity Index Fund (Least Expensive Fund)**		**Standard Life With-Profits Fund DB AVCs** ***(most expensive fund)***	
Years from now	**Before Charges**	**After Charges**	**Before Charges**	**After Charges**	**Before Charges**	**After Charges**	**Before Charges**	**After Charges**	**Before Charges**	**After Charges**
1	24,524	24,415	24,948	24,641	23,614	23,589	24,730	24,708	20,171	19,798
3	34,903	34,498	36,541	35,370	31,570	31,484	35,690	35,606	21,444	20,275
5	45,921	45,110	49,326	46,912	39,338	39,176	47,544	47,372	22,796	20,764
10	76,520	74,145	87,341	79,743	57,968	57,557	81,587	81,052	26,562	22,037
15	112,030	107,160	135,897	119,157	75,520	74,783	123,004	121,845	30,950	23,389
20	153,264	144,737	197,915	166,475	92,056	90,928	173,395	171,254	36,063	24,823
24 (retirement)	191,013	178,531	259,700	211,074	104,593	103,110	221,462	218,193	40,756	26,033
Total Fees	9,583		31,583		1,537		2,336		10,306	

Illustrations for a "Young" member										
	Default Strategy ***(the most popular option)***		**JLT Emerging Market Equity Fund** ***(highest expected return)***		**L&G Over 15 Year Gilts Index Fund** ***(lowest expected return)***		**UK Equity Index Fund (Least Expensive Fund)**		**Standard Life With-Profits Fund DB AVCs** ***(most expensive fund)***	
Years from now	**Before Charges**	**After Charges**	**Before Charges**	**After Charges**	**Before Charges**	**After Charges**	**Before Charges**	**After Charges**	**Before Charges**	**After Charges**
1	4,207	4,188	4,260	4,208	4,095	4,091	4,233	4,229	1,547	1,518
3	9,871	9,776	10,203	9,929	9,199	9,178	10,031	10,011	1,644	1,555
5	15,885	15,656	16,758	16,084	14,190	14,142	16,302	16,253	1,748	1,592
10	32,597	31,740	36,248	33,592	26,190	26,035	34,310	34,123	2,037	1,690
15	52,012	50,015	61,147	54,611	37,538	37,223	56,220	55,765	2,373	1,793
20	74,569	70,779	92,955	79,844	48,270	47,747	82,877	81,979	2,765	1,903
25	100,762	94,377	133,588	110,138	58,418	57,648	115,309	113,728	3,222	2,020
30	131,145	121,207	185,496	146,505	68,016	66,962	154,768	152,183	3,754	2,144
35	166,400	151,738	251,806	190,165	77,091	75,723	202,776	198,759	4,374	2,275
40	207,360	186,527	336,516	242,579	85,674	83,965	261,184	255,171	5,097	2,415
42 (retirement)	225,551	201,767	376,651	266,378	88,975	87,124	287,949	280,942	5,418	2,473
Total Fees	15,549		54,868		2,162		1,550		4,109	

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (CONTINUED)

Value for members

When assessing the charges and transaction costs which are payable by members, the Trustee is required to consider the extent to which these represent good value for members. There is no legal definition of "good value", so the process of determining good value is a subjective one.

Where funds offered to members are highly rated, are being offered at a competitive fee rate, and are performing satisfactorily over the longer term, we believe that they can be considered to be offering good value for money for members.

Over the third quarter of 2020, the Trustee with support from its advisers, Mercer Ltd, has undertaken a value for members assessment and has assessed the extent to which the charges and transaction costs set out above represent good value for members for the year ending 31 March 2020. The assessment covered a wide range of financial and non-financial factors including:

- An assessment of member-borne charges for each of the funds available in the Scheme (this included benchmarking against comparable funds in each asset class based on peer group data provided by the Scheme's investment advisors);
- A review of transaction costs and charges where available;
- Net performance over the longer-term;
- A review of the other features that are paid for by the employer and deliver good value for members. In particular, the Employer pays for the administration costs of the Scheme. Other features and services that strengthen the Scheme's value proposition include, but are not limited to, efficient administration services, member communication and Trustee oversight.

The Trustee considers that the charges detailed above represent good value for members having regard to the objectives of each fund and its performance, which it monitors regularly. They are competitive to fees charged by other investment providers for similar funds in the market.

Overall, the conclusions from the year end 31 March 2020 review were as follows:

- Charges for the Scheme's current default investment option are lower than the charge cap of 0.75% per annum;
- Charges for the majority of funds, have been assessed by our advisors as comparing favourably with those of peer funds;
- The performance over the three years for all funds (except for the Property Fund, which has underperformed by 1.4% p.a. and Corporate Bond Fund, which has underperformed by 0.1% p.a.) has been broadly in line with expectations. Some of the funds, including the default investment option, do not have a long enough JLTPS specific performance history to make a reasonable assessment of value, however the Trustee will be keeping this under review;
- All funds are rated either A or B+, where a Mercer rating is available;
- Overall, the fund range continues to provide good value for members.

The Trustee also considered the DB AVC arrangements held within the Scheme; where they are bundled with the AVC provider, they also considered the quality of services provided including fund management, administration and communications support.

- The legacy AVC assets are invested in with-profits policies and unit linked funds with various providers. The majority of the unit linked assets are invested in the same funds as the main DC Assets and the conclusion of value in respect of these is the same as above.

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (CONTINUED)

Value for members (continued)

- Assessing the value for money of a with-profits fund is directly related to an individual's attitude towards, and capacity for, investment risk. A with-profits fund provides guarantees; whether that is a guaranteed pension, investment return or just capital security. Therefore, the Trustee considers it inappropriate to reach a general conclusion on value for members for the with-profits funds as this will vary from policy to policy and by member.

- Broadly the terms offered to members are not out of line with the AVC market.

The Trustee has considered how the charges borne by members (the costs of membership) compare against the services and benefits provided by the Scheme (the benefits of membership). The benefits of membership include (amongst other things): the design of the default arrangement and how this reflects the interests of members; the range of investment options and strategies; the efficiency of the administration processes provided by Mercer; the quality of communications delivered to members; and the quality of support services and Scheme governance.

In the Trustee's opinion, the charges paid by members provide good value in relation to the benefits and services offered to members of the Scheme.

The Trustee undertakes annual assessments and the next formal Value for Members assessment will take place for the year ending 31 March 2021.

Trustees' knowledge and understanding

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for Trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of Scheme assets and other matters to enable them to exercise their functions as trustees properly. This requirement is underpinned by guidance in the Pension Regulator's Codes of Practice 07 and 13.

The Scheme's advisors put in place a tailored programme of Trustee training which was regularly reviewed and kept up to date. Trustees carried out a self-reflective effectiveness survey to identify areas where their knowledge could improve, with the following year's training decided based on the outcome of the survey. The Trustees completed the assessment in Q3 2018 and the training programme for 2019 was based on the results from this assessment with formal training recorded in a training log.

The Trustees had a working knowledge of the Trust Deed and Rules, the current Statement of Investment Principles, as well as knowledge of documents setting out the Trustees' policies. Further details of the Trustees' activities in the period to which this statement relates are outlined below:

Appropriate knowledge and understanding of the law relating to pensions and trusts and the investment and funding of the assets.	
5 September 2019	Requirements for updating the SIP to include financially material considerations in relation to ESG
14 November 2019	Outcome of the Competition Market Authority review and requirements for setting strategic objectives for their investment advisors.
12 December 2019	Update on the Pensions Bill 2019
Quarterly	Legislative updates included in the Trustee meeting papers and considered under a separate TKU agenda item providing ongoing training to keep abreast of relevant developments.

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (CONTINUED)

Trustees' knowledge and understanding (continued)

Working knowledge of the Scheme's own documentation	
10 October 2019	Operated a rolling business plan, which ensured they reviewed their Scheme's documents and policies at least annually. On review, the Trustees identified areas where practice differed from policy and updated their documents accordingly.
26 June 2019	Reviewed and updated their Defined Contribution Objectives policy.
5 September 2019	Reviewed and updated their Operational and Administration section of their Risk Register
13 September 2019	Reviewed and updated their SIP to pick up new requirements to reflect their approach to ESG.
9 December 2019	Considered and set strategic investment objectives for their investment consultants.

In addition to the above, throughout the year the Trust Deed and Rules were discussed and reviewed as part of a rules consolidation exercise.

All of the Trustees were strongly encouraged to complete the Pension Regulator's Trustee Toolkit upon taking up office. They were also required to familiarise themselves with the Scheme's trust deed, rules and Statement of Investment Principles.

From 31 March 2020 MMC UK Pension Trustee Limited became the Trustee of the Scheme. It is a corporate Trustee comprised of experienced Trustee Directors and is also the Trustee of another pension scheme set up along similar lines to the JLT Scheme. The Trustee Directors are well versed in both the running and management of a complex scheme. Newly appointed Trustee Directors are provided with individual training upon appointment.

Following the change of Trustee board, the new Trustee with their advisors have been reviewing the Scheme documents and policies as well as the various aspects of the day-to-day management of Scheme and receiving training where appropriate. The Trustee has a cycle of trustee training in place to ensure compliance with The Pensions Regulator's DC Code of Practice. Details of the training undertaken will be provided in the next Chair's Statement:

The previous Trustees had a DC sub-committee which met quarterly with their investment consultants and considered the appropriateness and performance of the Scheme's DC investments at each meeting, ensuring the objectives set out in the Scheme's SIP was complied with. The new Trustee also operates an Investment Committee with responsibility for keeping the Scheme's DC investment strategy under review and oversight of DC investment performance.

As a result of the training activities which have been completed by the Trustee Board and the former Trustees and taking into account the professional advice provided, the Trustee is confident that the combined knowledge and understanding of the Trustee Board enables it to exercise properly its functions as the Trustee of the Scheme.

CHAIR'S STATEMENT REGARDING DC GOVERNANCE (CONTINUED)

Chair's declaration

This statement has been prepared in accordance with Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 as amended by the Occupational Pension Schemes (Charges and Governance) 2015 (together 'the Regulations') and I confirm that the above statement has been produced by the Trustee of the JLT Pension Scheme.

Signed: Bruce Rigby – Chair of the Trustee

Date: 30/09/2020

Appendix - Statement of Investment Principles

APPENDIX 1

STATEMENT OF INVESTMENT PRINCIPLES – DC SECTION

Defined Contribution Assets – Statement of Investment Principles

Effective Strategy Date: September 2020

1. Introduction

1. MMC UK Pension Fund Trustee Limited ("the Trustee"), the corporate trustee of the JLT Pension Scheme ("the Scheme"), has drawn up this Statement of Investment Principles ("the Statement") in order to record the Scheme's investment arrangements and the rationale behind them for the defined contribution assets. The investment arrangements for the defined benefit assets are contained in a separate statement.

2. This Statement is designed to comply with the requirements of the Pensions Act 1995 ("the Act") as amended by the Pensions Act 2004 and the Occupational Pension Schemes (Investment) Regulations 2005, as amended from time to time. It also aims to meet the requirements of the Pension Regulator's DC Code of Practice 13.

3. As required under the Act, the Trustee has consulted a suitably qualified person by obtaining written advice from Mercer Limited as its investment consultant. In preparing this Statement, the Trustee has also consulted Marsh & McLennan Companies UK Limited ("the Company") as Principal Employer of the Scheme.

4. The Trustee has established an Investment Committee ("the Committee") and delegated to it certain functions, which are contained in its terms of reference and include responsibility for assessing (in conjunction with advisers) the performance delivered by the investment arrangements and their ongoing suitability for the Scheme's membership. The Trustee receives minutes of the meetings of the Committee.

5. After considering appropriate investment advice, the Trustee have appointed professional, authorised and regulated investment managers to manage the assets of the Scheme. One of the investment managers selected by the Trustee is JLT Investment Management ("JLT IM"), who manage four of the available self-select funds. JLT IM will contract with and appoint underlying investment managers to manage the funds on behalf of the Trustee. The other investment managers are Legal & General Investment Management ("LGIM"), Aberdeen Standard Investments ("ASI") and Alliance Bernstein with the latter being appointed as investment manager for the default strategy of the Scheme. The day-to-day management of the investments is delegated to the appointed investment managers.

6. The Trustee accesses the investment managers through the Mobius Life Limited ("Mobius Life") investment platform. There is one fund, the LGIM Ethical Equity Index Fund, which the Trustee accesses directly with LGIM rather than through the Mobius Life platform. Mobius Life and the investment managers are regulated by the Financial Conduct Authority (the "FCA").

7. This Statement documents the general principles underlying the Scheme's investment policy. The Statement of Investment Principles is publicly available at the following web address www.pensions.uk.mmc.com

8. The Trustee does not expect to revise this Statement frequently because it covers broad principles rather than their implementation. The Trustee will review it at least annually, and without delay if there are relevant, material changes to the Scheme and/or the Company.

9. The Trustee will monitor compliance with this Statement a minimum of once every three years. In addition, the Trustee will review this Statement in response to any material changes to any aspects of the Scheme and the

attitude to risk of the Trustee and the Company which the Trustee judges to have a bearing on the stated investment policy. Any such review will be based on written expert investment advice and will be in consultation with the Company.

10. Assets in respect of members' Additional Voluntary Contributions ("AVCs") are invested in a range of investment funds. Following the change to Trustee of the Scheme in March 2020, with the assistance of Mercer, the AVC arrangements will be reviewed periodically to ensure that the investment profile of the funds available remains consistent with the objectives of the Trustee and the needs of the members.

Signed for and on behalf of MMC UK Pension Trustee Limited, as Trustee of the JLT Pension Scheme:

Bruce Rigby - Trustee

September 2020

2. Investment Objectives

11. The following encapsulates the Trustee's objectives in respect of the Scheme:

    A. To establish a default strategy which will offer a high quality solution appropriate for the majority of members saving into the Scheme.

    B. Alongside the default strategy, provide a range of self-select funds to meet the diversity of member needs throughout their working lives.

    C. To offer funds that enable members to plan appropriately for their retirement.

    D. To make available an appropriate range of funds to avoid unnecessarily complicating members' investment decisions.

    E. To implement and deliver an attractive and compelling communication and engagement strategy that reflects the needs of members, specifically taking into account the nature of the Scheme and the investment arrangements that are provided.

    F. To put in place the necessary governance framework that will allow the ongoing suitability of the Scheme, including the suitability of the investment arrangements, to be monitored over time.

3. Choosing Investments

12. The Trustee has selected a Target Date Fund strategy as the default investment arrangement. One additional lifestyle strategy and a number of funds from the self-select range are also offered to members. The Trustee regularly monitors the suitability of the funds provided. From time to time, the Trustee may change the investment options if deemed appropriate based on advice received.

13. JLT IM is responsible for making decisions on asset allocation, selection, appointment, removal and monitoring of underlying investment managers in the JLT IM funds. The underlying investment managers have full discretion to buy and sell investments on behalf of the Trustee.

14. The Act distinguishes between investments where the management is delegated to a fund manager under a written contract and those where a product is purchased directly, e.g. the purchase of an insurance policy or units in a pooled vehicle. The latter are known as direct investments.

15. The policy of the Trustee is to review its direct investments and to obtain written advice about them at regular intervals.

16. When deciding whether or not to make any new direct investments the Trustee will obtain written advice.. The advice received and arrangements implemented are, in the Trustee's opinion consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended).

4. The kinds of investments to be held

17. The Trustee is permitted to invest in a wide range of assets including equities, bonds, property, subject to complying with relevant legislation.

18. The Trustee makes available a range of funds and lifestyle strategy options for the members

of the Scheme which the Trustee believe provide appropriate strategic choices for members' different saving objectives, risk profiles and time horizons.

5. The balance between different kinds of investments

19. Members have the ability to determine the fund(s) in which they choose to invest.

20. Members who do not indicate a preference are invested in the Scheme's default investment option - the Alliance Bernstein Target Dated Fund ("AB TDF") strategy - which targets flexibility at retirement. More information on the default strategy is included in Appendix A.

21. Due to the transition of AVC assets in the first half of 2020 and the suspension of a fund in March 2020, the Scheme has some additional default strategies. More information on the additional default strategies is set out in Appendices B to D.

22. An alternative lifestyle strategy is available to members, which target Cash at retirement. Details of this strategy is contained in Appendix C.

23. In addition to the above strategies, there is a self-select range for members that want to build their own strategy.

24. The Trustee is satisfied that the structure of the lifestyle options and the self-select range provide members with the ability to invest or build a suitably diversified investment strategy. The Trustee is responsible for the selection, appointment, removal and monitoring of the Investment managers.

6. Expected return on investments

25. When designing the fund range offered to members, the Trustee has explicitly considered the trade-off between risk and expected returns for the funds offered to members. Risk is not considered in isolation, but in conjunction with expected investment returns and retirement outcomes for members.

26. The Trustee has regard to the relative investment return, net of fees, and risk that each asset class is expected to provide. The day-to-day selection of the investments is delegated to the investment managers.

7. Realisation of investments

27. In selecting assets, the Trustee considers the liquidity of the investments in the context of the likely needs of members. All assets are daily dealing and therefore should be realisable on member demand.

28. The Trustee has delegated the responsibility for buying and selling securities within the funds to the investment managers. This role includes considering the liquidity of the investments.

8. Investment risk

29. The Trustee has considered risk from a number of perspectives, and these risks have been considered in the building and reviewing of the overall investment arrangements.

30. The Trustee has put in place a structure to both monitor these risks and take action where the Trustee believes it appropriate to do so.

31. The list overleaf is not exhaustive but covers the main risks that the Trustee considers and how they are managed.

Risk	Description	Mitigation
Inflation Risk	The real value (i.e. post inflation) value of members' accounts decreases	The Trustee provides members with a range of funds, across various asset classes, with the majority expected to keep pace with inflation (with the exception of the money market and fixed interest bond funds). The growth phase of the lifestyle strategies are designed to provide returns that are expected to exceed inflation.
Pension Conversion Risk	Member's investments do not match how they would like to use their pots in retirement.	The lifestyle strategies automatically switch member assets as they approach retirement into investments that are expected to be less volatile relative to how they wish to access their pension savings. These lifestyle strategies increase the proportion of assets that more closely match the chosen retirement destination as members approach retirement. The Trustee makes available a default lifestyle strategy with a flexible target at retirement, aiming to be suitable for members, targeting either cash, drawdown or annuity. In addition, the Trustee offers an alternative lifestyle targeting cash at retirement.
Retirement Benefit Risk	The risk that investment market movements as members approach retirement lead to a substantial reduction in the anticipated level of retirement benefits	The lifestyle strategies made available look to de-risk member's savings as they approach retirement. This aims to reduce the risk of a substantial fall in the purchasing power of their accumulated savings near retirement.
Market Risk	The value of securities, including equities and interest bearing assets, can go down as well as up.	The Trustee provides members with a range of funds, across various asset classes. Members are able to set their own investment strategy in line with their risk tolerances. The investment managers are expected to invest in properly diversified funds (where relevant) and to spread assets across a number of individual shares and securities.
Credit Risk	Counterparty party to a financial instrument, either an underlying holding or pooled arrangement, cannot meet its obligation.	As part of the change to the Trustee in March 2020, the Trustee now undertakes an assessment of the security of assets. The investment consultant provides advice on the suitability of the investment arrangements. In some cases of insolvency, the Trustee Directors may be able to claim up to 100% of the value of the policy from the Financial Services Compensation Scheme ("FSCS"). Within the pooled arrangements, the consideration of this risk is delegated to the investment managers.
Currency Risk	The value of an investment in the member's base currency may change as a result of fluctuating foreign exchange rates.	The Trustee considers the movements in foreign currencies relative to pound sterling. This risk is monitored by the investment managers. The Trustee provides diversified investment options that invest in local as well as overseas markets and currencies.
Operational Risk	A lack of robust internal processes, people and systems.	The Trustee receives operational reports showing performance against Service Level Agreements on an ongoing basis.
Liquidity Risk	Assets may not be readily marketable when required.	The Trustee accesses daily dealt and daily priced pooled funds through a contract with Mobius Life and a direct investment with LGIM
Valuation Risk	The value of an illiquid asset is based on a valuer's opinion, realised	Some funds may hold illiquid assets. In such cases, the management of valuation risk is delegated to the investment managers.

	value upon sale may differ from this valuation.	The majority of investment managers invest solely in liquid quoted assets. The Trustee monitors performance of funds on a quarterly basis.
Environmental, Social and Governance ("ESG") Risk	ESG factors can have a significant effect on the performance of the investments held by the Scheme e.g. extreme weather events, poor governance.	The Trustee accepts the fact that they have very limited ability to influence the ESG policies and practices of the companies in which their managers invest. The Trustee will therefore rely on the policies and judgement of their investment managers. The Trustee's policy on monitoring ESG risks is set out in Section 9 of this Statement.
Investment manager risk	Investment managers may not meet expectations, leading to lower than expected returns to members.	Trustee monitors performance and rating of funds on an ongoing basis relative to the fund's benchmark and stated targets/objective. With assistance from their Investment Consultant, the Trustee is responsible for the selection, appointment, removal and monitoring of the investment managers.

9. Financially material considerations and engagement policy

32. In addition to those items detailed in section 8, the Trustee believes that good stewardship and environmental, social and corporate governance ("ESG") factors can have an impact on investment risk and return outcomes. The Trustee believes that having a broader perspective with regards to investment policy can improve risk management and lead to new opportunities. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

33. The Trustee has taken into account the expected time horizon of the Scheme when considering how to integrate ESG and all financially material considerations into the investment decision making process.

34. The Trustee believes that active stewardship can create and preserve value for companies and markets as a whole.

35. The Trustee has given the investment managers full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments.

36. Investment managers are expected to exercise their voting rights in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. Managers' engagement polices are expected to include all relevant matters including performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance.

37. Following the change to the Trustee in March 2020, the Investment Committee consider the ESG manager ratings, as provided by the Investment Consultant, on a quarterly basis. ESG ratings are also considered by the Trustee when undertaking a review of the investment arrangements made available to members of the Scheme.

10. Arrangements with asset managers

38. The Trustee appoints investment managers based on their capabilities and, therefore the perceived likelihood of achieving the expected return and risk characteristics required. Mercer's manager research rating reflects Mercer's forward-looking assessment of a manager's ability to meet or exceed their objectives. As the Trustee invests in pooled investment vehicles they accept that they have no ability to influence investment managers to align their decisions with the Trustee policies set out in this Statement. However, appropriate mandates can be selected to align with the overall investment strategy.

39. The Trustee expects investment managers to incorporate the consideration of longer term factors, such as ESG, into their decision making process where appropriate. The extent to which this is so will be considered during the selection, retention and realisation of manager appointments. Voting and engagement activity should be used by investment managers to discuss the performance of an issuer of debt or equity.

40. The Trustee's focus is on longer-term performance but shorter-term performance is monitored to ensure any concerns can be identified in a timely manner. The Trustee reviews both absolute and relative performance against the investment manager's benchmark on a quarterly basis, including assessments of both shorter and longer time horizons. The Trustee also relies upon Mercer's manager research capabilities. The remuneration for investment managers used by the Scheme is based on assets under management. Following the change to the Trustee in March 2020, the levels of these fees are reviewed annually as part of the annual value for money assessment to ensure they continue to represent value for members. If performance is not satisfactory, the Trustee will ask the investment managers and platform provider to provide additional rationale, and if not satisfied with this, may

request further action be taken, including a review of fees.

41. Following the change to the Trustee in March 2020, portfolio turnover costs for each of the funds are reviewed on an annual basis as part of the annual value for members assessment. The ability to assess the appropriateness of these costs is limited by the availability of data. The Trustee will monitor industry developments in how to assess these costs and incorporate this in future value for members assessments. Importantly, performance is reviewed net of portfolio turnover costs.

42. The Trustee is a long term investor, all funds are open-ended and therefore there is no set duration for manager appointments. The Trustee is responsible for the selection, appointment and removal of the managers. The Trustee may also choose to remove a fund from the fund range, if no longer considered appropriate, and the fund range is reviewed on at least a triennial basis.

11. Non-financial matters

43. Member views have not explicitly been taken into account in the selection, retention and realisation of investments, however, when expressed, member views are taken into consideration relating to all financial and non-financial matters. The Trustee will take account of members' views on non-financial matters where it has good reason to believe that a significant number of members share those views and where doing so will have no significant financial detriment to the Scheme.

Appendix A – Default Investment Option

For members who do not wish to take an active role in investment decisions, the Trustee offers a default option which gradually switches investments to an asset allocation designed to be appropriate for a member that wishes to access their benefits through cash, annuity or drawdown at retirement.

Aims and objectives

The aims of the default option, and the ways in which the Trustee seeks to achieve these aims, are detailed below:

- To generate returns in excess of inflation during the "growth" phase of the strategy whilst managing downside risk.

  The growth phase structure invests in equities and other growth-seeking assets through a diversified range of assets. These investments aim to provide growth with some downside protection and some protection against inflation erosion. The diversification provided by the range of assets, which range from commodities to global high yield bonds, is expected to provide some downside protection from equity market falls. The asset allocation and asset classes that the "growth" phase invests in may change from one period to another subject to Alliance Bernstein's views. Alliance Bernstein *manage the TDFs in such a way that, for an individual investing over the whole term of each TDF, a return of CPI plus 4% per annum is targeted.*

- To provide a strategy that reduces investment risk for members as they approach retirement.

  As a member's pot grows, investment risk will have a greater impact on member outcomes. Therefore, the Trustee believes that a default strategy that seeks to reduce investment risk as a member approaches retirement is appropriate.

  This is achieved via the TDFs, which de-risk a member as they approach retirement. Hence, as members approach their target retirement date (or normal retirement date, if no target is specified), members in the default investment option will have their holdings transferred from one TDF to another TDF. These TDFs aim to gradually move investments from higher-risk growth-seeking assets to assets aiming for income and less volatile growth, along with an allowance for tax-free cash benefits through an allocation to money market investments.

- To offer to members a mix of assets at retirement that is broadly appropriate for an individual planning to take their benefits as cash, annuity or drawdown at retirement, allowing for a 25% cash lump sum (which is likely to be tax-free in the majority of cases).

  By the start of the year of their expected retirement, members' accumulated savings in the default investment option will be moved along different TDFs, which aim to broadly match these benefits through investment of 25% of the TDF in a mix of high quality short-term sterling denominated money market instruments and 75% in bonds, which aims to generate income and maintain the purchasing power of members' savings until they retire from the Scheme.

Risks

In designing the default option, the Trustee has explicitly considered the trade-off between risk and expected returns. Risk is not considered in isolation, but in conjunction with expected investment returns and retirement outcomes for members.

In particular, when reviewing the investment strategy of the default investment option, the Trustee considers risk quantitatively in terms of the variability of investment returns and potential retirement outcomes for members. From a qualitative perspective, the Trustee also considers risk in terms of the (mis)alignment of investments with the retirement benefits targeted by the default investment option.

Risk	How it is managed	How it is measured
Inflation Risk The real value (i.e. post inflation) value of members' accounts decreases.	During the growth phase of the default investment option the Trustee invests in a diversified range of assets which are expected to grow in real terms. Alliance Bernstein consider inflation when building and modelling their TDs.	Considering the real returns (i.e. return above inflation) of the TDFs, with positive values indicating returns that have kept pace with inflation. Alliance Bernstein provide performance information for the Trustee to monitor this risk.
Pension Conversion Risk Member's investments do not match how they would like to use their pots in retirement.	The default investment option which targets cash, annuity and flexible access income drawdown as a retirement destination. The Trustee believes that a strategy targeting a universal outcomeis most suited for members accessing pots in a different manner (cash, annuity or drawdown).	Considering the returns of the TDFs used both in absolute terms as well as relative to inflation (the retirement destination). As part of the triennial default strategy review, the Trustee ensures the default destination remains appropriate. The Trustee has delegated to Alliance Bernsetin the monitoring and selection of the underlying componentTDFs.
Market Risk The value of securities, including equities and interest bearing assets, can go down as well as up.	The default investment strategy is set with the intention of diversifying this risk to reach a level of risk deemed appropriate for the relevant members by the Trustee.	Monitoring the performance of the default investment strategy on a quarterly basis.
Counterparty Risk A counterparty, either an underlying holding or pooled arrangement, cannot meet its obligation.	In line with the main DC section.	In line with the main DC section..

Risk	How it is managed	How it is measured
Currency Risk The value of an investment in the member's base currency may change as a result of fluctuating foreign exchange rates.	Investment strategy is set with the intention of diversifying this risk to reach a level of risk deemed appropriate for the relevant members by the Trustee.	Monitors the performance of funds on a quarterly basis. Considers the movements in foreign currencies relative to pound sterling.
Operational Risk A lack of robust internal proceses, people and systems.	In line with the main DC Section.	In line with the main DC Section.
Liquidity Risk Assets may not be readily marketable when required.	In line with the main DC Section.	In line with the main DC Section.
Valuation Risk The value of an illiquid asset is based on a valuer's opinion, realised value upon sale may differ from this valuation.	In line with the main DC Section.	In line with the main DC Section.
Environmental, Social and Governance Risk ESG factors can have a significant effect on the performance of the investments held by the Scheme e.g. extreme weather events, poor governance.	In line with the main DC Section. The Trustee's policy on ESG risks is set out in Section 9 of this Statement.	In line with the main DC Section. The Trustee's policy on monitoring ESG risks is set out in Section 9 of this Statement.
Manager Skill / Alpha Risk Returns from active investment management may not meet expectations, leading to lower than expected returns to members.	In line with the main DC Section. The default investment strategy is set with the intention of diversifying this risk to reach a level of risk deemed appropriate for the relevant members by the Trustee.	In line with the main DC Section.

The above listed items are in relation to what the Trustee considers 'financially material considerations'. The Trustee believes the appropriate time horizon over which to assess these considerations should be viewed at a member level. This will be dependent on the member's age and their Selected Retirement Age. It is partly for this reason that the default investment option is a lifestyle strategy.

When expressed, member views are taken into consideration relating to all financial and non-financial matters. In particular, members are asked to express opinions in the annual newsletter.

Members' Best Interests

Taking into account the demographics of the Scheme's membership and the Trustee's views of how the membership will behave at retirement, the Trustee believes that the default strategy outlined in this document is appropriate.

In order to ensure this remains appropriate the Trustee will undertake a review of the default investment option, at least triennially, or after significant changes to the Scheme's demographic, if sooner.

Investment Strategy

The Alliance Bernstein TDFs strategy is implemented using a range of TDFs. The strategic asset allocation of the default strategy and selection of underlying investment strategies is managed by Alliance Bernstein. Any investment in derivative instruments (either directly or within the underlying pooled funds) contributes to risk reduction, or efficient portfolio management.

The Alliance Bernstein TDF strategy adopts a target dated retirement fund approach to manage risk throughout a member's lifetime in the Scheme. As a member's pot grows, investment risk will have a greater impact on member outcomes. Therefore, the Trustee believes that it is appropriate to utilise a lifestyle approach to reduce investment risk relative to a member accessing their pension pot through cash, annuity or drawdown at retirement as the member approaches retirement. The reduction of investment risk in the run up to retirement is expected to reduce the chance of market shocks producing unfavourable outcomes for members at retirement (on the assumption that members are taking their benefits through any of the available options between cash, annuity or drawdown).

Voting and engagement policy

The Trustee's policy in relation to voting and engagement is in line with Section 9 of the main DC Section Statement.

Arrangements with investment managers

The Trustee's policies in relation to arrangements with investment managers for the default arrangement, including how managers are incentivised to align with the Trustee's policies, the method of evaluation of manager's performance, how turnover costs are monitored and the duration of arrangements, are in line with Section 10 of the main DC Section Statement.

Appendix B – Statement of Investment Principles – Other Default Option in the DC Section – LGIM Sterling Liquidity Fund

In April 2018, the Department for Work and Pensions ("DWP") amended the Occupational Pension Schemes (Charges and Governance) Regulations 2015, effective from 6 April 2018. In particular, the DWP's guidance in association with new regulations clarified the government's policy in relation to default investment arrangements in the receiving scheme when a member with self-select funds is mapped into new funds, which most closely reflect their original choice. This applies when mapping member savings between arrangements but also to in-scheme changes.

In March 2020, the LGIM Managed Property Fund was suspended and no assets could be in/disinvested from/into the Fund. Consistent with investment and legal advice, it was decided that all ongoing contributions into the LGIM Managed Property Fund would be invested in the LGIM Sterling Liquidity Fund until the suspension on the LGIM Managed Property Fund is lifted. As a result, an additional default option was created with monies being invested in the LGIM Sterling Liquidity Fund without members' consent.

The funds impacted were as follows:

- **LGIM Sterling Liquidity Fund**
- Utmost Investing by Age Journey
- Utmost Secure Cash Fund

One of these defaults is known as the "LGIM Sterling Liquidity Fund", details of this default option are set out in this Appendix.

Aims, Objectives and Policies

The aims of the LGIM Sterling Liquidity Fund, and the ways in which the Trustee seek to achieve these aims, are detailed below:

- To provide members with a fund that is a suitable replacement, having considered expected risk and return, for one that has been removed previously on a temporary basis.

Risk

When designing the Scheme range offered to members, the Trustee has explicitly considered the trade-off between risk and expected returns for the funds offered to members. Risk is not considered in isolation, but in conjunction with expected investment returns and retirement outcomes for members.

In selecting assets, the Trustee considers the liquidity of the investments in the context of the likely needs of members. All assets are daily dealing and therefore should be realisable on member demand.

The Trustee has considered risks from a number of perspectives. The list below is not exhaustive but covers the main risks that the Trustee considers and how they are managed.

Risk	How it is managed	How it is measured
Inflation Risk	This risk does not specifically apply to the LGIM Sterling Liquidity Fund. The LGIM Sterling Liquidity Fund's objective is to provide protection to members.	Considering the real returns (i.e. return above inflation) of the funds, with positive values indicating returns that have kept pace with inflation.

Risk	How it is managed	How it is measured
Pension Conversion Risk	The LGIM Sterling Liquidity Fund objective is to provide protection to members and is suitable for a member who is close to retirement and targeting cash at retirement.	The Trustee makes available funds that would be appropriate for different retirement choices at retirement.
Market Risk	In line with the main DC Section.	In line with the main DC Section.
Counterparty Risk	In line with the main DC section.	In line with the main DC Section.
Currency Risk	This risk does not specifically apply to the LGIM Sterling Liquidity Fund.	Monitors the performance of funds on a quarterly basis. Considers the movements in foreign currencies relative to pound sterling.
Operational Risk	In line with the main DC Section.	In line with the main DC Section.
Liquidity Risk	In line with the main DC Section.	In line with the main DC Section.
Valuation Risk	In line with the main DC Section.	In line with the main DC Section.
Environmental, Social and Governance Risk	In line with the main DC Section. The Trustee's policy on ESG risks is set out in Section 9 of this Statement.	In line with the main DC Section. The Trustee's policy on monitoring ESG risks is set out in Section 9 of this Statement.
Manager Skill / Alpha Risk	In line with the main DC Section.	In line with the main DC Section.

The above items are in relation to what the Trustee considers 'financially material considerations'. The Trustee believes the appropriate time horizon for which to assess these considerations within should be viewed at a member level. This will be dependent on the member's age and when they expect to retire.

Members' Interests

The LGIM Sterling Liquidity Fund is designed to meet its objective as outlined above. In line with regulation requirements, the Trustee will continue to review this over time, at least triennially, or after significant changes to the Scheme's demographic profile, if sooner.

Voting and engagement policy

The Trustee's policy in relation to voting and engagement is in line with Section 9 of the main DC Section Statement.

Arrangements with investment managers

The Trustee's policies in relation to arrangements with investment managers for this default arrangement, including how managers are incentivised to align with the Trustee's policies, the method of evaluation of manager's performance, how turnover costs are monitored and the duration of arrangements, are in line with Section 10 of the main DC Section Statement.

Appendix C – Statement of Investment Principles – Other Default Option in the DC Section – Utmost Investing by Age Journey

In April 2018, the Department for Work and Pensions ("DWP") amended the Occupational Pension Schemes (Charges and Governance) Regulations 2015, effective from 6 April 2018. In particular, the DWP's guidance in association with new regulations clarified the government's policy in relation to default investment arrangements in the receiving scheme when a member with self-select funds is mapped into new funds, which most closely reflect their original choice. This applies when mapping member savings between arrangements but also to in-scheme changes.

During the first half of 2020, AVC assets previously invested in Equitable Life were moved to Utmost Life and Pensions ("Utmost"), following a court ruling, which resulted in the closure of Equitable Life. Members were automatically invested in the Utmost Investing by Age Journey and the Secure Cash Fund without explicit consent.

The funds impacted were as follows:

- LGIM Sterling Liquidity Fund
- **Utmost Investing by Age Journey**
- Utmost Secure Cash Fund

One of these defaults is known as the "Utmost Investing by Age Journey" strategy, details of this default option are set out in this Appendix.

Aims, Objectives and Policies

The aims of the Utmost Investing by Age Journey, and the ways in which the Trustee seeks to achieve these aims, are detailed below:

- To generate returns in excess of inflation during the "growth" phase of the strategy whilst managing downside risk.

The defaults strategy's growth phase structure invests in equities and other growth-seeking assets. These are structured to maximise real returns over the long-term with some downside protection and some protection against inflation erosion.

- To provide a strategy that reduces risk for members as they approach retirement.

As a member's pot grows, investment risk will have a greater impact on member outcomes. Therefore, the Trustee believes that a default strategy that seeks to reduce investment risk as the member approaches retirement is appropriate. This is achieved via automated lifestyle switches.

Risk

When designing the Scheme range offered to members, the Trustee has explicitly considered the trade-off between risk and expected returns for the Schemes offered to members. Risk is not considered in isolation, but in conjunction with expected investment returns and retirement outcomes for members.

In selecting assets, the Trustee considers the liquidity of the investments in the context of the likely needs of members. All assets are daily dealing and therefore should be realisable on member demand.

The Trustee has considered risks from a number of perspectives. The list below is not exhaustive but covers the main risks that the Trustee considers and how they are managed.

Risk	How it is managed	How it is measured
Inflation Risk	The Utmost Investing by Age Journey invests in a diversified range of securities which are considered likely to grow in excess of inflation. Utmost consider inflation when building and modelling their portfolios.	Considering the real returns (i.e. return above inflation) of the funds, with positive values indicating returns that have kept pace with inflation. Utmost provide performance information for the Trustee to monitor this risk.
Pension Conversion Risk	The Utmost Investing by Age Journey is a lifestyling strategy which aims to control the level of fund volatility in the run up to retirement to help with a view to meeting specific outcomes.	The Trustee makes available funds that would be appropriate for different retirement choices at retirement.
Market Risk	In line with the main DC Section.	In line with the main DC Section.
Counterparty Risk	In line with the main DC section.	In line with the main DC Section.
Currency Risk	The Utmost Investing by Age Journey funds are invested in overseas securities without a currency hedge.	Monitors the performance of funds on a quarterly basis. Considers the movements in foreign currencies relative to pound sterling. This risk is monitored by Utmost as part of the portfolio management process.
Operational Risk	In line with the main DC Section.	In line with the main DC Section.
Liquidity Risk	In line with the main DC Section.	In line with the main DC Section.
Valuation Risk	In line with the main DC Section.	In line with the main DC Section.

Risk	How it is managed	How it is measured
Environmental, Social and Governance Risk	In line with the main DC Section. The Trustee's policy on ESG risks is set out in Section 9 of this Statement.	In line with the main DC Section. The Trustee's policy on monitoring ESG risks is set out in Section 9 of this Statement.
Manager Skill / Alpha Risk	In line with the main DC Section.	In line with the main DC Section.

The above items are in relation to what the Trustee considers 'financially material considerations'. The Trustee believes the appropriate time horizon for which to assess these considerations within should be viewed at a member level. This will be dependent on the member's age and when they expect to retire.

Members' Interests

The Utmost Investing by Age Journey strategy is designed to meet its objective as outlined above. In line with regulation requirements, the Trustee will continue to review this over time, at least triennially, or after significant changes to the Scheme's demographic profile, if sooner.

Voting and engagement policy

The Trustee's policy in relation to voting and engagement is in line with Section 9 of the main DC Section Statement.

Arrangements with investment managers

The Trustee's policies in relation to arrangements with investment managers for this default arrangement, including how managers are incentivised to align with the Trustee's policies, the method of evaluation of manager's performance, how turnover costs are monitored and the duration of arrangements, are in line with Section 10 of the main DC Section Statement.

Appendix D – Statement of Investment Principles – Other Default Option in the DC Section – Utmost Secure Cash Fund

In April 2018, the Department for Work and Pensions ("DWP") amended the Occupational Pension Schemes (Charges and Governance) Regulations 2015, effective from 6 April 2018. In particular, the DWP's guidance in association with new regulations clarified the government's policy in relation to default investment arrangements in the receiving scheme when a member with self-select funds is mapped into new funds, which most closely reflect their original choice. This applies when mapping member savings between arrangements but also to in-scheme changes.

During the first half of 2020, AVC assets previously invested in Equitable Life were moved to Utmost Life and Pensions ("Utmost"), following a court ruling, which resulted in the closure of Equitable Life. Members were automatically invested in the Utmost Investing by Age Journey and the Secure Cash Fund without explicit consent.

The funds impacted were as follows:

- LGIM Sterling Liquidity Fund
- Utmost Investing by Age Journey
- **Utmost Secure Cash Fund**

One of these defaults is known as the "Utmost Secure Cash Fund", details of this default option are set out in this Appendix.

Aims, Objectives and Policies

The aims of the Utmost Secure Cash Fund, and the ways in which the Trustee seeks to achieve these aims, are detailed below:

- To offer an option for members to reduce investment risk.

The returns from the cash fund are expected to be less volatile by nature of these price movements from these asset classes. Members can use this fund as an option to reduce risk.

Risk

When designing the Scheme range offered to members, the Trustee has explicitly considered the trade-off between risk and expected returns for the Schemes offered to members. Risk is not considered in isolation, but in conjunction with expected investment returns and retirement outcomes for members.

In selecting assets, the Trustee considers the liquidity of the investments in the context of the likely needs of members. All assets are daily dealing and therefore should be realisable on member demand.

The Trustee has considered risks from a number of perspectives. The list below is not exhaustive but covers the main risks that the Trustee considers and how they are managed.

Risk	How it is managed	How it is measured
Inflation Risk	This risk does not specifically apply to the Utmost Secure Cash Fund. The Utmost Secure Cash Fund objective is to provide protection to members.	Considering the real returns (i.e. return above inflation) of the funds, with positive values indicating returns that have kept pace with inflation. Utmost provide performance information for the Trustee to monitor this risk.
Pension Conversion Risk	The Utmost Secure Cash Fund objective is to provide protection to members and is suitable for a member who is close to retirement and targeting cash at retirement.	The Trustee makes available funds that would be appropriate for different retirement choices at retirement.
Market Risk	This risk does not specifically apply to the Utmost Secure Cash Fund. The Utmost Secure Cash Fund objective is to provide protection to members.	In line with the main DC Section.
Counterparty Risk	In line with the main DC section.	In line with the main DC section.
Currency Risk	This risk does not specifically apply to the Utmost Secure Cash Fund.	In line with the main DC section.
Operational Risk	In line with the main DC Section.	In line with the main DC section.
Liquidity Risk	In line with the main DC Section.	In line with the main DC Section.
Valuation Risk	In line with the main DC Section.	In line with the main DC Section.
Environmental, Social and Governance Risk	In line with the main DC Section. The Trustee's policy on ESG risks is set out in Section 9 of this Statement.	In line with the main DC Section. The Trustee's policy on monitoring ESG risks is set out in Section 9 of this Statement.
Manager Skill / Alpha Risk	In line with the main DC Section.	In line with the main DC Section.

The above items are in relation to what the Trustee considers 'financially material considerations'. The Trustee believes the appropriate time horizon for which to assess these considerations within should be viewed at a member level. This will be dependent on the member's age and when they expect to retire.

Members' Interests

The Utmost Secure Cash Fund is designed to meet its objective as outlined above. In line with regulation requirements, the Trustee will continue to review this over time, at least triennially, or after significant changes to the Scheme's demographic profile, if sooner.

Voting and engagement policy

The Trustee's policy in relation to voting and engagement is in line with Section 9 of the main DC Section Statement.

Arrangements with investment managers

The Trustee's policies in relation to arrangements with investment managers for this default arrangement, including how managers are incentivised to align with the Trustee's policies, the method of evaluation of manager's performance, how turnover costs are monitored and the duration of arrangements, are in line with Section 10 of the main DC Section Statement.

Defined Benefit Assets - Statement of Investment Principles

Effective Strategy Date: September 2020

1. Introduction

MMC UK Pension Fund Trustee Limited ("the Trustee"), the corporate trustee of the JLT Pension Scheme ("the Scheme"), has drawn up this Statement of Investment Principles ("the Statement") in order to record the Scheme's investment arrangements and the rationale behind them for the defined benefit assets. The investment arrangements for defined contribution assets are contained in a separate statement.

This Statement is designed to comply with the requirements of the Pensions Act 1995 ("the Act") and the Occupational Pension Schemes (Investment) Regulations 2005, as amended from time to time.

As required under the Act, the Trustee has consulted a suitably qualified person by obtaining written advice from Mercer Limited. In preparing this Statement, the Trustee has also consulted Marsh & McLennan Companies UK Limited ("the Company") as Principal Employer of the Scheme.

Overall investment policy falls into three parts. First, the strategic management of the assets is fundamentally the responsibility of the Trustee and is driven by its investment objectives. The Trustee has established an Integrated Risk Management Committee to assist with this. Second, in order to implement the agreed investment strategy, the Trustee has established an Investment Committee ("the Committee") and delegated to it certain functions contained in its Terms of Reference (and the supporting 'terms of reference implementation' document), such as determining the structure of the underlying portfolios. The Trustee receives minutes of the meetings of the Committee. Third, the remaining elements of the policy are part of the day-to-day management of the assets which the Trustee has delegated to professional investment managers.

JLT Investment Management ("JLT IM") has been appointed to execute majority of the investment policy adopted by the Trustee and the Committee within a risk management and governance framework determined and overseen by the Committee on behalf of the Trustee. Execution is carried out by JLT IM for the majority of assets via investments in pooled investment funds.

This Statement documents the general principles underlying the Scheme's investment policy. Details of how this policy has been implemented are set out in a separate Investment Implementation Policy Document ("IIPD"), which is not part of this Statement.

2. Investment Objectives, Risk and Investment Strategy

2.1 Investment Objectives

The Trustee considers that its objective with respect to the Scheme's assets is to invest the assets in such a manner that members' benefit entitlements can be paid as they fall due. To effect this, the Trustee is aiming to achieve and maintain a funding level of at least 100% on a low risk measurement basis.

The Trustee recognises the need for investment return in order to deliver the above objective. Recognising the strength provided by the Company's covenant, the Trustee is therefore prepared to accept some risk in pursuit of this investment return in a controlled manner by investing, for example, in equities and other return seeking asset classes, and by using active fund managers for certain asset classes. Over the long term, the investment strategy is expected to provide a return above that assumed in the low risk liability measurement.

2.2 Risk

In setting return-oriented objectives for the assets, the Trustee recognises that the Scheme is exposed to a number of risks including, inter alia, market risk, inflation risk, interest rate risk, currency risk, credit risk, counterparty risk and manager risk. These risks introduce a degree of volatility which may mean that, in the short term, the realised return can be significantly above or below the long-term target. Beyond the investment strategy, the Scheme is also exposed to a number of other risks, including, but not limited to deterioration in the financial strength of the Company, changes in legislation or regulations, longevity exposure of the Scheme's members (to the extent that they are not covered by the buy-in insurance policies) and legal and administrative risks over the form and payment of benefits. When considering how to manage and monitor the risks to the Scheme, the Trustee has taken the time horizon into account.

The Trustee acknowledges that these risks can be financially material to the Scheme. While it is impossible to eliminate risk without making a significant sacrifice to the desired investment return, the Trustee seeks to mitigate risk by:

- Maintaining a diversified portfolio of different assets, both within each asset class and by investment manager.
- Seeking to hedge a proportion of the Scheme's interest rate risk and inflation risk using a combination of cash, bonds and derivatives. This is referred to as Liability Driven Investment ("LDI").
- The Scheme has insured a proportion of the liabilities through two pensioner buy-ins.
- Where appropriate, using collateral to mitigate counterparty risk.
- Adopting a cautious approach in those instances where there is a lack of risk transparency in the underlying investment.
- Monitoring the financial strength of the Company and reducing risk relative to the solvency funding position should the financial strength of the Company deteriorate.
- Monitoring the ongoing funding level, with a view to altering the investment objective and/or strategy should there be a significant change in the financial health of the Scheme.

2.3 Investment Strategy

In establishing the investment strategy for the assets, the Trustee has taken into account the Scheme's liability profile and the financial strength of the Company. It has also considered a wide range of investment classes based on advice from Mercer Limited.

The Scheme has insured a proportion of the liabilities through two pensioner buy-ins with Prudential UK (approximately one-third of total Technical Provisions as at 30 June 2020).

The Trustee has adopted an asset allocation for the Scheme's remaining assets ("invested assets") appropriate for controlling the risks identified above and which at the same time offers the prospect for long-term returns above the rate of return assumed by the Scheme Actuary when calculating the value of the liabilities. This asset allocation consists of equities (global and emerging market), a diversified growth fund and an equity-linked LDI portfolio.

The strategic investment policy target splits for the Scheme's invested assets are as follows:

Asset Class	Target Exposure*
Global Equity	31%
Emerging Market Equity	7%
Diversified Growth Fund	34%
Equity-linked LDI	28%

* Excludes pensioner buy-in assets allocation

Further details on asset allocation are included in the IIPD.

The LDI mandate hedges a proportion of the interest rate risk and inflation risk inherent in the Scheme's liabilities. There is no target hedge ratio for the Scheme.

The interest rate and inflation hedge ratios (as a proportion of the 2017 Technical Provisions liabilities) are as follows:

	Interest rate hedge ratio*	Inflation hedge ratio*
	45%	76%

* Includes the pensioner buy-in liabilities and estimated as at 31 August 2020

The hedge ratios are reviewed on a regular basis.

3. Day-to-Day Management of the Assets

The Trustee invests the assets of the Scheme in a number of pooled and bespoke pooled portfolios. The Scheme invests the majority of invested assets with JLT IM, whose responsibility is to appoint suitable investment managers to each of the mandates with the Trustee's agreed investment strategy as set out in section 2.3. The Scheme also invests directly with the emerging markets equity manager. The investment managers have full discretion over the day-to-day management of the assets, within predefined boundaries.

The Pensions Act 1995 distinguishes between investments where the management is delegated to a fund manager under a written contract and those where a product is purchased directly, e.g. the purchase of an insurance policy or units in a pooled vehicle. The latter are known as direct investments.

The policy of the Trustee is to review its direct investment and to obtain written advice about it at regular intervals. When deciding whether or not to make any new direct investments, the Trustee will obtain written advice and consider whether future decisions about those investments should be delegated to the fund manager(s) if this is appropriate. The written advice will consider the issues set out in the Occupational Pension Schemes (Investment) Regulations 2005, as amended from time to time, and the principles contained in this statement.

The Trustee and Committee are supported in the above activities by JLT IM and advice from Mercer Limited.

The IIPD provides more detail on these mandates, including the relevant benchmarks.

3.1 Custody

The safe custody of the Scheme's assets is delegated to professional custodians (either directly or via the use of pooled vehicles). Further details of the custodians are set out in the IIPD.

3.2 Additional Assets

The Trustee makes available a number of investment options for the investment of Additional Voluntary Contributions (AVCs) but members are now no longer allowed to pay AVCs into the Scheme. The Trustee's investment policies, as set out in the Defined Contribution Statement of Investment Principles, are applicable to the AVCs. The range of funds is set out in the IIPD.

The Trustee also operates a separate bank account.

4. Investment Policies

4.1 Investment Restrictions

The investment managers have discretion over the investment of the assets, subject to the restrictions set out in their respective Investment Management Agreements or pooled fund guidelines. The Trustee is satisfied that the spread of assets by type and the investment managers' policies on investing in individual securities provide adequate diversification of investments.

Where permitted under their investment guidelines, the investment managers may invest in derivatives including (but not limited to) futures, swaps, gilt repurchase agreements, currency forwards and options.

Other than to the extent inherent in pooled funds, managers are not permitted to invest in securities (including debt instruments) issued by Marsh & McLennan Companies Inc. or its associate companies.

4.2 Rebalancing Policy

The Trustee has established a tolerance band of around the Scheme's invested assets as shown in the following table

Asset Class	Target Range*
Global Equity	5% - 61%
Emerging Market Equity	0% - 22%
Diversified Growth Fund	19% - 49%
Equity-linked LDI	12% - 47%

* Excludes pensioner buy-in assets allocation

4.3 Selection and Appointment of Investment Managers

The Trustee has delegated the selection and appointment of managers to JLT IM with supporting advice from their investment consultant, with the exception of the emerging market equity fund. Investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class and specific mandate they are being appointed to manage on behalf of the Trustee.

The Committee looks to its investment consultant for their forward looking assessment of a manager's fund to outperform over a full market cycle. This view will be based on the consultant's assessment of the manager's idea generation, portfolio construction, implementation and business management, in relation to the particular investment fund that the scheme invests in. The consultant's manager research ratings assist with due diligence and questioning managers during presentations to the trustees and are used in decisions around selection, retention and realisation of manager appointments.

When selecting and appointing investment managers, JLT IM will take into account how ESG, climate change and stewardship are integrated within the managers' investment processes. This will be balanced against other manager selection criteria such as (but not limited to) idea generation, portfolio construction, implementation, business management and fees and charges.

For the appointments in pooled investment vehicles, the Trustee accepts that it has no ability to specify the risk profile and return targets of the pooled fund but has ensured the pooled fund mandates are aligned with the overall investment strategy of the Scheme.

4.4 Review of Investment Manager Appointments

The Trustee is a long term investor and is not looking to change the investment arrangements on a frequent basis.

The Committee will retain an investment manager's appointment unless:

- There is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager;
- The manager appointment has been reviewed and the Committee has decided to terminate.

There is no set duration for the manager appointments.

Investment managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage. If the Committee is dissatisfied, then they will look to replace the manager. Where appropriate, the Committee will delegate the selection and appointment of managers to JLT IM.

The Committee receives and discusses Investment Performance reports on a quarterly basis. The reports present performance information over 3 months, 1 year and 3 years for the investment managers and at the total Scheme level. The Committee reviews the absolute performance, the relative performance against a suitable index used as the benchmark, and against the manager's stated target performance (over the relevant time period) on a net of fees basis. The Committee's focus is on long term performance but will put a manager 'on watch' if there are sustained short term performance concerns.

If a manager is not meeting performance objectives or targets, or the investment objectives for a mandate have changed, the Committee will review the fund appointment to ensure it remains

appropriate and consistent with the Trustee's wider investment objectives. If the Committee agrees to retain the appointment, it may ask the manager to review its Annual Management Charge.

4.5 Realisation of Investments

In general, the Scheme's investment managers have discretion over the timing of the realisation of investments and in considerations relating to the liquidity of those investments. The Committee has set a policy to address the expected cashflow requirements of the Scheme. There is an established priority order for realising assets to meet benefit payments and other cashflows. Details on the cashflow policy are included in the IIPD.

5. Responsible Investment and Stewardship

5.1 The Trustee believes that good stewardship and environmental, social and corporate governance ("ESG") factors can have an impact on investment risk and return outcomes, and having a broader perspective with regards to investment policy can improve risk management and lead to new opportunities. The Trustee believes that active stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that may increasingly require explicit consideration. The Trustee has taken into account the expected time horizon of the Scheme when considering how to integrate these issues into the investment decision making process.

5.2 The appointed investment managers have full discretion when evaluating ESG issues, including climate change considerations, and exercising rights and stewardship obligations attached to the investments, including undertaking engagement activities, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

5.3 Specifically, the Trustee requires managers to vote on all actions, unless to do so would be detrimental to the Scheme, and to report any exceptions. It believes not only that active ownership helps realise long term shareholder value, but also that good corporate governance is important and it expects the fund managers to have suitable policies in place which promote the concept of good corporate governance and, in particular, a policy of exercising voting rights. Managers' engagement polices are expected to include all relevant matters including performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance. The Trustee will review the investment managers' policies and voting and engagement activities (where applicable) on an annual basis.

5.4 The Trustee has and will continue to consider sustainability themed investments if such an investment was consistent with the required objectives and investment characteristics of the Scheme's investment strategy.

5.5 Member views are not taken into account in the selection, retention or realisation of investments.

5.6 The Trustee has not set any investment restrictions on the appointed investment managers in relation to particular products or activities, but may consider this in future.

6. Monitoring the Investment Managers

Mercer Limited and JLT IM advise and assist the Committee in monitoring the investment managers.

At present, the Committee does not formally monitor investment manager portfolio turnover costs but will look to incorporate this into its investment manager monitoring process.

7. Compliance with this Statement

The Trustee and Committee monitor compliance with this Statement on a regular basis.

The Trustee also reviews this Statement in response to any material changes to the Scheme, its liabilities, finances and the attitude to risk of the Trustee and the Company, which it judges to have a bearing on the stated investment policy. Any such review will again be based on written

investment advice and will be carried out in consultation with the Company.

Signed on behalf of the Trustee of the JLT Pension Scheme

Name: Bruce Rigby - Trustee