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ÅRSREDOVISNING

2021-01-01--2021-12-31

för

Willis Towers Watson Holding AB
556636-7636

Årsredovisningen omfattar: **Sida**

Förvaltningsberättelse	1
Resultaträkning	2
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Rapport över förändring i eget kapital	4
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FASTSTÄLLELSEINTYG

Undertecknad verkställande direktör intygar härmed, dels att denna kopia av årsredovisningen stämmer överens med originalet, dels att resultaträkningen och balansräkningen för företaget har fastställts på årsstämma den 30/6 2022. Årsstämman beslutade att godkänna styrelsens förslag till resultatdisposition.

Stockholm den 30/6 2022

Johan Lindvall

20220701124527

ÅRSREDOVISNING

2021-01-01--2021-12-31

för

Willis Towers Watson Holding AB
556636-7636

Årsredovisningen omfattar: **Sida**

Förvaltningsberättelse	1
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Willis Towers Watson Holding AB
556636-7636

ÅRSREDOVISNING
FÖR WILLIS TOWERS WATSON HOLDING AB

Styrelsen och verkställande direktören för Willis Towers Watson Holding AB avger härmed årsredovisning för räkenskapsåret 2021-01-01--2021-12-31.

FÖRVALTNINGSBERÄTTELSE

Verksamhetens art och inriktning
Bolaget skall äga och förvalta fast och lös egendom, bedriva konsult- och mäklarrörelse med avseende på liv- och pensionsförsäkringar och återförsäkring och lämna bistånd vid skötsel av affärsverksamhet samt idka därmed förenlig verksamhet.

Bolaget har inga anställda.

Ägarförhållanden
Willis Towers Watson Holding AB ägs till 100% av Willis Europe BV (Nederländerna) som ingår i Willis Towers Watson vars moderbolag är Willis Towers Watson plc. Ingen koncernredovisning upprättas i Sverige utan den sker i Willis Towers Watson plc. WTW är sedan 2016 börsnoterat på NASDAQ under symbolen "WLTW".

Väsentliga händelser under och efter räkenskapsåret
Inga väsentliga händelser har inträffat under och efter räkenskapsåret.

Utveckling av verksamhet, ställning och resultat

(Tkr)	2021	2020	2019	2018	2017
Nettoomsättning	0	0	0	0	0
Rörelseresultat	-4	1	0	0	0
Resultat e. finansiella poster	35 193	1	-20	20	0
Balansomslutning	281 428	281 432	255 676	255 298	255 288
Soliditet [1]	86%	74%	81%	81%	81%
Medelantal anställda	0	0	0	0	0

[1] Justerat eget kapital / Balansomslutning. Med justerat eget kapital avses eget kapital + obeskattade reserver med avdrag för uppskjuten skatteskuld.

Förslag till vinstdisposition (kronor)

Till årsstämmans förfogande står följande ansamlade förlust

Balanserat resultat	-18 257 419
Årets resultat	35 192 709
	16 935 290

Styrelsen föreslår att

i ny räkning balanseras	16 935 290
	16 935 290

Beträffande företagets resultat och ställning i övrigt hänvisas till efterföljande resultat-och balansräkningar, rapporter över förändringar i eget kapital samt noter. Alla belopp uttrycks i tusentals svenska kronor där ej annat anges.

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Willis Towers Watson Holding AB
556636-7636

RESULTATRÄKNING
(Tkr)

	Not	2021-01-01 2021-12-31	2020-01-01 2020-12-31
	1,2		
Rörelsens intäkter			
Nettoomsättning		0	0
Övriga rörelseintäkter		9 518	8 965
		9 518	**8 965**
Rörelsens kostnader			
Personalkostnader		0	0
Övriga rörelsekostnader	3	-9 522	-8 964
Rörelseresultat		**-4**	**1**
Resultat från finansiella investeringar			
Resultat från andelar i koncernföretag		35 197	0
Räntekostnader och liknande kostnader	4	0	0
Resultat efter finansiella poster		**35 193**	**1**
Resultat före skatt		**35 193**	**1**
Skatt på årets resultat		0	0
ÅRETS RESULTAT		**35 193**	**1**

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Willis Towers Watson Holding AB
556636-7636

BALANSRÄKNING

(Tkr)

	Not	2021-12-31	2020-12-31
TILLGÅNGAR			
Anläggningstillgångar			
Finansiella anläggningstillgångar			
Andelar i koncernföretag	5	281 332	281 332
Derivat	6	0	0
		281 332	**281 332**
Summa anläggningstillgångar		**281 332**	**281 332**
Omsättningstillgångar			
Kassa och bank		**96**	**100**
Summa omsättningstillgångar		**96**	**100**
SUMMA TILLGÅNGAR		**281 428**	**281 432**

BALANSRÄKNING

	Not	2021-12-31	2020-12-31
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital (1 000 000 aktier)		100 000	100 000
Reservfond		125 821	125 821
		225 821	**225 821**
Fritt eget kapital			
Balanserad vinst eller förlust		-18 257	-18 258
Årets resultat		35 193	1
		16 936	**-18 257**
Summa eget kapital		**242 757**	**207 564**
Långfristiga skulder			
Skulder till koncernföretag		38 671	73 868
		38 671	**73 868**
SUMMA EGET KAPITAL OCH SKULDER		**281 428**	**281 432**

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Willis Towers Watson Holding AB
556636-7636

RAPPORT ÖVER FÖRÄNDRING I EGET KAPITAL

(Tkr)

		Bundet eget kapital		*Fritt eget kapital*			
	Not	Aktie-kapital	Reserv-fond	Överkurs-fond	Balanserad vinst eller förlust	Årets resultat	**Summa eget kapital**
Ingående balans per 1 januari 2021		**100 000**	**125 821**	**0**	**-18 258**	**1**	**207 564**
Disposition av föregående års resultat					1	-1	0
Årets resultat						35 193	35 193
Utgående balans per 31 december 2021		**100 000**	**125 821**	**0**	**-18 257**	**35 193**	**242 757**

Aktiekapital 1 000 000 aktier á kvotvärde 100 kronor.

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Willis Towers Watson Holding AB
556636-7636

Not 1 Allmän information

Willis Towers Watson Holding AB är ett helägt dotterbolag till Willis Towers Watson Europe BV, Nederländerna. Moderföretag i den största och den minsta koncernen som Willis Towers Watson Holding AB är dotterföretag till och där koncernredovisning upprättats är Willis Towers Watson plc. Med stöd av ÅRL 7 kap 2§, upprättar Willis Towers Watson Holding AB ej någon koncernredovisning. Anledningen till detta är att företaget tillsammans med samtliga sina dotterföretag omfattas av koncernredovisningen i det överordnade moderföretaget Willis Towers Watson plc med säte på Irland. Detta företag upprättar sin koncernredovisning enligt amerikanska redovisningsregler (US GAAP). Koncernredovisningen för räkenskapsåret 2021 har reviderats och registrerats hos den amerikanska tillsynsmyndigheten Securities and Exchange Commission. Den bifogas denna årsredovisning när den inges till Bolagsverket. Koncernredovisningen för Willis Towers Watson plc är upprättad på ett med EG:s sjunde bolagsdirektiv (83/349/EEC) likvärdigt sätt. Årsredovisningen finns tillgänglig.

Not 2 Redovisningsprinciper och värderingsprinciper

Företaget tillämpar Årsredovisningslagen (1995:1554) och Bokföringsnämndens allmänna råd BFNAR 2012:1 *Årsredovisning och koncernredovisning* ("K3").

Andelar i koncernföretag

Andelar i dotterföretag redovisas till anskaffningsvärde. Utdelning från dotterföretag redovisas som intäkt när rätten att få utdelning bedöms som säker och kan beräknas på ett tillförlitligt sätt.

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Willis Towers Watson Holding AB
556636-7636

Not 3 Leasingavtal

Operationella leasingavtal - leasetagare
Företaget är leasetagare genom operationella leasingavtal avseende hyror. Summan av årets kostnadsförda leasingavgifter avseende operationella leasingavtal uppgår till 9 908Tkr (9 388 Tkr). Framtida minimileaseavgifter avseende icke uppsägningsbara operationella leasingavtal förfaller enligt följande:

Förfallotidpunkt:	2021	2020
Inom ett år	9 908	9 388
Senare än ett år men inom fem år	29 726	37 550
Senare än fem år	0	0
Summa	**39 634**	**46 938**

Not 4 Räntekostnader och liknande kostnader

	2021	2020
Övrigt	0	0
Summa	**0**	**0**

Not 5 Andelar i koncernföretag

Företagets namn	Kapital-andel	Rösträtts-andel	Antal andelar	2021-12-31	2020-12-31
Willis Towers Watson Sweden AB	100%	100%	106 683	281 332	281 322
Summa				**281 332**	**281 332**

Not 6 Derivat

	2021-12-31	2020-12-31
Ingående anskaffningsvärde	0	677
Inköp	0	0
Omklassificeringar	0	-677
Utgående ackumulerade anskaffningsvärden	**0**	**0**
Utgående redovisat värde	**0**	**0**

Not 7 Ställda säkerheter och eventualförpliktelser

Det finns inga ställda säkerheter och eventualförpliktelser

Stockholm den 28 / 4 2022

Fredrik Schöld
Styrelsens ordförande

Marie Brytzer
Styrelseledamot

Johan Lindvall
Styrelseledamot

Reiner Schwinger
Styrelseledamot

Vår revisionsberättelse har avgivits de 28/4 2022

Deloitte AB

Elisabeth Werneman
Auktoriserad revisor

20220701245534

Deloitte.

REVISIONSBERÄTTELSE

Till bolagsstämman i Willis Towers Watson Holding AB
organisationsnummer 556636-7636

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Willis Towers Watson Holding AB för räkenskapsåret 2021-01-01 - 2021-12-31.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Willis Towers Watson Holding ABs finansiella ställning per den 31 december 2021 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Willis Towers Watson Holding AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som den bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. Den upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen

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återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning för Willis Towers Watson Holding AB för räkenskapsåret 2021-01-01 - 2021-12-31 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Willis Towers Watson Holding AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Stockholm 28 april

Deloitte AB

Elisabeth Werneman
Auktoriserad Revisor

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The transaction was approved by the shareholders of both WTW and Aon during meetings of the respective shareholders held on August 26, 2020. On June 16, 2021, the U.S. Department of Justice filed suit in U.S. District Court in the District of Columbia against WTW and Aon, seeking to enjoin the proposed business combination between the two companies (among other relief). On July 26, 2021, WTW and Aon announced they had terminated the business combination agreement and that Aon had agreed to pay WTW $1 billion in connection with such termination, which was received by WTW on July 27, 2021 (the 'Termination' or the 'Termination Agreement'). The $1 billion income receipt has been included in transaction and integration, net in the consolidated statements of comprehensive income. Under the Termination Agreement, WTW and Aon on behalf of themselves and certain other related and affiliated parties, each agreed to release the other from all claims and actions arising out of or related to the business combination agreement and the transactions contemplated thereby, subject to certain exceptions.

The Directors have elected to prepare the consolidated financial statements of Willis Towers Watson plc in accordance with Section 279 of the Companies Act 2014 which provides that a true and fair view of the assets and liabilities, financial position and profit or loss may be given by preparing the financial statements in accordance with U.S. GAAP, as defined in Section 279 of the Companies Act 2014, to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of Part 6 of the Companies Act 2014.

The Parent Company financial statements have been prepared in accordance with IFRSs as adopted by the European Union.

Principal Activities

WTW is a leading global advisory, broking and solutions company that provides data-driven, insight-led solutions in the areas of people, risk and capital. Leveraging the global view and local expertise of our more than 44,000 colleagues serving more than 140 countries and markets, we help sharpen strategies, enhance organizational resilience, motivate workforces and maximize performance. We design and deliver solutions that manage risk, optimize benefits, cultivate talent and expand the power of capital to protect and strengthen institutions and individuals. Working closely with our clients, we uncover opportunities for sustainable success.

Management Structure

During the year ended December 31, 2021, we managed our business across four integrated reportable operating segments: Human Capital and Benefits; Corporate Risk and Broking; Investment, Risk and Reinsurance; and Benefits Delivery and Administration. Below are the percentages of revenue generated by each segment for each of the years ended December 31, 2021, 2020 and 2019. These percentages exclude revenue that has been classified as discontinued operations in our consolidated statements of comprehensive income.

	Year ended December 31,		
	2021	2020	2019
Human Capital and Benefits	39%	38%	40%
Corporate Risk and Broking	35%	35%	36%
Investment, Risk and Reinsurance	9%	11%	12%
Benefits Delivery and Administration	17%	16%	12%

Human Capital and Benefits

The Willis Towers Watson Human Capital & Benefits ('HCB') segment provides an array of advice, broking, solutions and software for employee benefit plans, the human resources ('HR') organizations and management teams of our clients. HCB is the largest segment of the Company. Organized into four primary offerings - Retirement; Health & Benefits; Talent & Rewards; and Technology and Administration Solutions, the segment is focused on addressing our clients' people and risk needs to help them take on the challenges of operating in a global marketplace.

HCB is strengthened with teams of international consultants that provide support in each of these areas to the global headquarters of multinational clients and their foreign subsidiaries.

Retirement— The Retirement business provides actuarial support, plan design, and administrative services for traditional pension and retirement savings plans. Our colleagues help our clients assess the costs and risks of retirement plans on cash flow, earnings and the balance sheet, the effects of changing workforce demographics on their retirement plans, and retiree benefit adequacy and security. We offer clients a full range of integrated retirement consulting services to meet the needs of all types of employers, including those that continue to offer defined benefit plans and those that are reexamining their retirement benefit strategies. We bring a particular in-depth data analysis and perspective to their decision process, because we have tracked the retirement designs of the largest public companies around the world over many years.

For clients that want to outsource some or all of their pension plan management, we offer integrated solutions that combine investment consulting, pension administration, core actuarial services, and communication and change management assistance.

Our retirement consulting relationships are generally long-term in nature, and client retention rates for this business are high. A significant portion of the revenue in this business is from recurring work, with multi-year contracts that are driven by the heavily regulated nature of employee benefit plans and our clients' annual needs for these services. Revenue for the Retirement business is somewhat seasonal, as much of our work pertains to calendar-year plan administration and reporting and compliance related to the completion of pension plan valuations; thus, the first quarter of the fiscal year is typically Retirement's strongest quarter. Major revenue growth drivers in this business include changes in regulations, capital market conditions, increased global demand and increased market share.

Health and Benefits — The Health & Benefits ('H&B') business provides plan management consulting, broking and administration across the full spectrum of health and group benefit programs, including medical, dental, disability, life and other coverage. Our H&B reach extends from small/mid-market clients to large market clients, across the full geographic footprint of the Company, and to most industries. We can address our clients' insured needs in more than 140 countries.

Our consultants help clients make strategic decisions on topics such as optimizing program spend; evaluating emerging coverage options (including publicly-subsidized health insurance exchanges and private exchanges in the U.S.); and dealing with above-inflation-rate increases in healthcare costs. In addition to our consulting services, we manage a number of collective purchasing initiatives, such as pharmacy and stop-loss, that allow employers to realize greater value from third-party service providers than they can achieve on their own.

With Global Benefits Management, our suite of global services supporting medical, dental and risk (life, accident and disability) programs, we have a tailored offering for multinationals. This offering includes a flexible set of ready-made solutions, proven technology, an efficient operational structure and an integrated approach to service delivery that translates to a globally consistent, high-quality experience for our clients.

Talent & Rewards — Our Talent & Rewards ('T&R') business provides advice, data, software and products to address clients' total rewards and talent issues. T&R has operations across the globe, including centralized software development and analytics teams that support the efficient delivery of services to clients.

Within our Rewards line of business, we address executive compensation and broad-based rewards. We advise our clients' management and Boards of Directors on all aspects of executive pay programs, including base pay, annual bonuses, long-term incentives, perquisites and other benefits. Our focus is on aligning pay plans with an organization's business strategy and driving desired performance. Our solutions incorporate market benchmarking data and software to support compensation administration.

Our Talent line of business focuses on the employee experience with solutions including employee insight and listening tools, talent assessment tools and services, communication and change management services and HR software to help companies administer and manage their talent management programs and analyze talent trends.

Revenue for the T&R business is partly seasonal in nature, with a meaningful amount of heightened activity in the second half of the calendar year during the annual compensation, benefits and survey cycles. While T&R enjoys long-term relationships with many clients, work in several practices is often project-based and can be sensitive to economic changes. The business benefits from regulatory changes affecting our clients that require strategic advice, program changes and communication. Additional areas of growth for T&R include the increasing focus on Environmental, Social, and Governance as a component of executive and Board pay, the redefinition of jobs and career paths as technology disaggregates work, and the recalibration of pay and the employee experience amidst shifting labor markets.

Technology and Administration Solutions — Our Technology and Administration Solutions ('TAS') business provides benefits outsourcing services to hundreds of clients across multiple industries. Our TAS team focuses on clients outside of the U.S. where our services are supported by high quality administration teams using robust technology platforms. We have high client retention rates, and we are the leading administrator among the 200 largest pension plans in the U.K., as well as a leader in Germany.

For both our defined benefit and defined contribution administration services, we use highly-automated processes and web technology to enable benefit plan members to access and manage their records, perform self-service functions and improve their understanding of their benefits. Our technology also provides trustees and HR teams with timely management information to monitor activity and service levels and reduce administration costs.

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Corporate Risk and Broking

The WTW Corporate Risk and Broking ('CRB') segment provides a broad range of risk advice, insurance brokerage and consulting services to clients worldwide ranging from small businesses to multinational corporations, and places more than $25 billion of premiums into the insurance markets on an annual basis. The segment delivers integrated global solutions tailored to client needs and underpinned by data and analytics through a balanced matrix of global lines of business across all of the Company's regions. The global lines of business as of December 31, 2021 included:

Property and Casualty — Property and Casualty provides property and liability insurance brokerage services across a wide range of industries and segments including real estate, healthcare and retail. We also arrange insurance products and services for our affinity client partners to offer to their customers, employees, or members alongside, or in addition to, their principal business offerings.

Aerospace — Aerospace provides specialist expertise to the aerospace and space industries. Our aerospace business provides insurance broking, risk management services, contractual and technical advisory expertise to aerospace clients worldwide, including the world's leading airlines, aircraft manufacturers, air cargo handlers and other airport and general aviation companies. The specialist InSpace team is also prominent in providing insurance and risk management services to the space industry.

Construction — Our Construction business provides services that include insurance broking, claims, loss control and specialized risk advice for a wide range of construction projects and activities. Clients include contractors, project owners, public entities, project managers, consultants and financiers, among others.

Facultative — Facultative capabilities exist for each of CRB's offerings to serve as a broker or intermediary for insurance companies seeking to arrange reinsurance solutions across various classes of risk for their clients, some of which may also be broking clients of WTW.

Financial, Executive and Professional Risks ('FINEX') — FINEX encompasses all financial and executive risks, delivering client solutions that range from management and professional liability, employment practices liability, crime, cyber and M&A-related insurances to risk consulting and advisory services. Specialist teams provide risk consulting and risk transfer solutions to a broad spectrum of clients across a multitude of industries, as well as the financial and professional service sectors.

Financial Solutions — Financial Solutions provides insurance broking services and specialized risk advice related to credit, surety, terrorism and political risk to clients that range from corporate to professional services firms and financial institutions including, but not limited to, banks, export credit agencies, multilaterals/development finance institutions, private equity funds and special purpose vehicles.

Marine — Marine provides specialist expertise to the maritime and logistics industries. Our Marine business provides insurance broking services related to hull and machinery, cargo, protection and indemnity, fine art and general marine liabilities, among others. Our Marine clients include, but are not limited to, ship owners and operators, shipbuilders, logistics operations, port authorities, traders, shippers, exhibitors and secure transport companies.

Natural Resources — Our Natural Resources practice encompasses the oil, gas and chemicals, mining and metals, power and utilities and renewable energy sectors. It provides sector-specific risk transfer solutions and insights, which include insurance broking, risk engineering, contractual reviews, wording analysis and claims management.

Investment, Risk and Reinsurance (IRR)

During 2021 and 2020, WTW completed divestitures of certain businesses within its IRR segment, including its Willis Re business. See Note 3 to the Consolidated Financial Statements for further information.

This segment includes the following businesses and offerings:

Insurance Consulting and Technology — Insurance Consulting and Technology is a global business that provides advice and technology solutions to the insurance industry. We combine our consulting and technology solutions to provide guidance on risk and capital management, pricing and predictive modeling, financial and regulatory reporting, financial and capital modeling, M&A, outsourcing and business management.

Investments — Investments provides advice and discretionary management solutions to improve investment outcomes for asset owners using a broad and sophisticated framework for managing risk. We provide coordinated investment advice and solutions to

some of the world's largest pension funds and institutional investors based on our expertise in risk assessment, asset-liability modeling, strategic asset allocation policy setting, manager selection and investment execution.

The following IRR businesses were disposed of in 2021 or 2020:

Willis Re — Willis Re provided reinsurance industry clients with an understanding of how risk affects capital and financial performance and advised on the best ways to manage related outcomes. We operated this business on a global basis and provided a complete range of transactional capabilities, including in conjunction with our Willis Re Securities business, a wide variety of capital markets-based products to both insurance and reinsurance companies. Our services were underpinned by modeling, financial analysis and risk management advice.

Wholesale Insurance Broking — Wholesale Insurance Broking provided specialist broking services to retail and wholesale brokers, coverholders and direct clients in specialty lines worldwide, through Willis Towers Watson and London-based specialist broker Miller.

Innovisk — Innovisk operated in the U.K. and North America, bringing together our set of managing general agent underwriting activities for the purposes of accelerating their future development using data and technology. Within Innovisk, we acted on behalf of our insurance carrier partners in product development, marketing and distribution, risk underwriting and selection, claims management and other general administrative responsibilities.

Willis Re Securities — Willis Re Securities, with offices in New York and London, provided capital markets services and products to companies involved in the insurance and reinsurance industries, including acting as underwriter or agent for primary insurance-linked securities issuances, operating a secondary insurance-linked securities trading desk, and engaging in strategic advisory work.

Max Matthiessen – Max Matthiessen was a leading advisor and broker for insurance, benefits, human resources and savings in the Nordic region. The business specialized in providing human capital and benefits administration together with providing market leading savings and insurance solutions.

Benefits Delivery and Administration

The Willis Towers Watson Benefits Delivery and Administration ('BDA') segment provides primary medical and ancillary benefit exchange and outsourcing services to active employees and retirees across both the group and individual markets.

BDA provides services via three related offerings to customers primarily in the U.S.:

Benefits Outsourcing — This service line is focused on serving active employee groups for clients across the U.S. Working closely with our colleagues in our HCB segment, we use our proprietary technology to provide a broad suite of health and welfare and pension administration outsourcing services, including tools to enable benefit modeling, decision support, enrollment and benefit choice. Drawing on the expertise of consultants in our HCB segment, who create high-performing benefit plan designs, we believe we are well-positioned to help clients of all sizes simplify their benefits delivery, while lowering the total costs of benefits and related administration. Group Marketplace, which has been a fourth line of business within BDA in the past, is no longer a stand-alone offering and is now included within the Benefits Outsourcing service line.

Individual Marketplace — This service line offers decision support processes and tools to connect consumers with insurance carriers in private individual and Medicare markets. Individual Marketplace serves both employer-based and direct-to-consumer populations through its end-to-end consumer acquisition and engagement platforms, which tightly integrate call routing technology, an efficient quoting and enrollment engine, a customer relations management system and deep links with insurance carriers. By leveraging its multiple distribution channels and diverse product portfolio, Individual Marketplace offers solutions to a broad consumer base, helping individuals compare, purchase and use health insurance products, tools and information for life.

Benefits Accounts — This service line delivers consumer-driven healthcare and reimbursement accounts, including health savings accounts, health reimbursement arrangements and other consumer-directed accounts to our benefits outsourcing, individual marketplace and employer clients.

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Competition

We face competition in all fields in which we operate, based on global capability, product breadth, innovation, quality of service and price. We compete with Accenture plc, Aon plc, Arthur J. Gallagher & Co., Brown & Brown Inc., Cognizant Technology Solutions Corporation, Marsh & McLennan Companies, Inc. ('Marsh & McLennan') and Robert Half International Inc., as well as with numerous specialty, regional and local firms. Marsh & McLennan and Aon plc are two of the largest providers of global risk management services. Competition for business is intense in all of our business lines and in every insurance market, and in some business lines Marsh & McLennan and Aon plc have greater market share than we do.

Competition on premium rates has also exacerbated the pressures caused by a continuing reduction in demand in some classes of business. For example, rather than purchase additional insurance through brokers, some insureds have been retaining a greater proportion of their risk portfolios than previously. Industrial and commercial companies increasingly rely upon their own subsidiary insurance companies, known as captive insurance companies, self-insurance pools, risk retention groups, mutual insurance companies and other mechanisms for funding their risks, rather than buy insurance. Additional competitive pressures have arisen and are expected to continue to arise from the entry of new market participants, such as banks, accounting firms, new brokers and insurance carriers themselves, offering risk management or transfer services.

The human capital and risk management consulting industries are highly competitive. We believe there are significant barriers to entry, and we have developed competitive advantages in providing HR consulting and risk management consulting services. We face strong competition from several sources.

Our principal competitors in the pension consulting industry are Mercer HR Consulting (a Marsh & McLennan company) and Aon plc. Beyond these large players, the global HR consulting industry is highly fragmented.

Our major competitors in the insurance consulting and software industry include Milliman, Oliver Wyman (a Marsh & McLennan company), the big four accounting firms and SunGard. Aon, Buck Consultants (an HIG Capital Company), Connextions (a United Healthcare company), Mercer (a Marsh & McLennan company), Automatic Data Processing and Fidelity are our primary competitors in the insurance exchange industry. With the implementation of the Patient Protection and Affordable Care Act, we also compete with the public exchanges currently run by the U.S. federal and state governments. We compete with providers of account-based health plans and consumer-directed benefits such as Go Health, Select Quote, eHealth and HealthEquity.

The market for our services is subject to change as a result of economic, regulatory and legislative changes, technological developments, and increased competition from established and new competitors. Regulatory and legislative actions, along with continuously evolving technological developments, will likely have the greatest impact on the overall market for our exchange products. We believe the primary factors in selecting an HR consulting or risk management services firm include reputation; the ability to provide measurable increases to shareholder value and return on investment; global scale; quality of service; and the ability to tailor services to clients' unique needs. With regard to the marketplace for individuals and active employee exchanges, we believe that clients base their decisions on a variety of factors that include the ability of the provider to deliver measurable cost savings, a strong reputation for efficient execution, a provider's capability in delivering a broad number of configurations to serve various population segments, and an innovative service delivery model and platform. For our traditional consulting and risk management services and the rapidly evolving exchange products, we believe we compete favorably with respect to these factors.

Regulation

Our business activities are subject to legal requirements and governmental and quasi-governmental regulatory supervision in all countries in which we operate. Also, such regulations may require individual or company licensing to conduct our business activities. While these requirements may vary from location to location, they are generally designed to protect our clients by establishing minimum standards of conduct and practice, particularly regarding the provision of advice and product information, as well as financial criteria. We are also subject to data privacy regulations in many countries. Our most significant regulatory regions are described below:

United States

Our activities in connection with insurance brokerage services within the U.S. are subject to regulation and supervision by state authorities. Although the scope of regulation and form of supervision may vary from state to state, insurance laws in the United States are often complex and generally grant broad discretion to supervisory authorities in adopting regulations and supervising regulated activities. That supervision generally includes the licensing of insurance brokers and agents and the regulation of the handling and investment of client funds held in a fiduciary capacity. Our continuing ability to provide insurance brokerage in the

states in which we currently operate is dependent upon our compliance with the rules and regulations promulgated by the regulatory authorities in each of these states. Additionally, some of our private exchange activities, including our TRANZACT business which focuses on direct-to-consumer Medicare policy sales, are overseen by the Centers for Medicare & Medicaid Services, which is part of the Department of Health and Human Services. Furthermore, certain of our activities are subject to regulation under the Health Insurance Portability and Accountability Act ('HIPAA'), which is enforced by the Office for Civil Rights within the Department of Health and Human Services. As we implement and expand our direct-to-consumer sales and marketing solutions through our Benefits Delivery and Administration business, we are subject to various federal and state laws and regulations that prescribe when and how we may market to consumers (including, without limitation, the Telephone Consumer Protection Act and other telemarketing laws and the Medicare Communications and Marketing Guidelines issued by the Center for Medicare Services).

Certain of our activities are governed by other regulatory bodies, such as investment and securities licensing authorities. Our activities in connection with investment services within the United States are subject to regulation and supervision at both the federal and state levels. At the federal level, certain of our operating subsidiaries are regulated by the SEC through the Investment Company Act of 1940 and the Investment Advisers' Act of 1940 and by the Department of Labor through the Employee Retirement Income Security Act, or ERISA. In connection with the SEC regulations, we are required to file certain reports, and are subject to various marketing restrictions, among other requirements. In connection with ERISA regulations, we are limited in the actions we can take for plans for which we serve as fiduciaries, among other matters. Our U.S. investment activities are also subject to certain state regulatory schemes, and some activities also are subject to regulation by the Commodities and Futures Trading Commission under the Commodities Exchange Act.

Our Willis Re Securities business, which was sold to Gallagher in December 2021, operated through its wholly-owned subsidiary, Willis Securities, Inc., a U.S.-registered broker-dealer and member of FINRA/SIPC, primarily in connection with advising on alternative risk financing transactions and investment banking services.

Our activities in connection with Third Party Administrator ('TPA') services in the United States are also subject to regulation and supervision by many state authorities. Licensing requirements and supervision vary from state to state. As with insurance brokerage services, our continuing ability to provide these services in states that regulate our activities is dependent upon our compliance with the rules and regulations promulgated from time to time by the regulatory authorities in each of these states.

United Kingdom

In the U.K., our business is regulated by the Financial Conduct Authority ('FCA').

The FCA has a sole strategic objective: to ensure that the relevant markets function well. Its operational objectives are to secure an appropriate degree of protection for consumers, to protect and enhance the integrity of the U.K. financial system, and to promote effective competition in the interests of consumers. The FCA has a wide range of rule-making, investigatory and enforcement powers (including the power to censure and fine) and conducts monitoring visits to assess our compliance with regulatory requirements. In addition, the FCA extended the Senior Managers and Certification Regime ('SMCR') which became effective on December 9, 2019 in relation to our U.K. FCA-regulated businesses. The SMCR is designed to drive improvements in culture and governance within financial services firms and to deter misconduct by increasing individual accountability to the FCA. WTW is also subject to the UK General Data Protection Regulation ('UK GDPR') subsequent to Brexit.

Brexit will generally cause an increase in regulations that are specific to the U.K. and will result in differences from the regulatory requirements of the E.U. Brexit may result in an increase in business conducted through subsidiaries domiciled in and regulated by members of the E.U. See 'Principal Risks and Uncertainties' below for a description of Brexit-related risks to the Company.

Furthermore, as a result of Brexit, the WTW Brexit broking solution (the U.K. Branch of Willis Towers Watson SA/NV) will be required to seek authorization from the FCA as a third country branch. This application for full authorization is due for submission by March 31, 2022 and, once approved by the FCA, will result in an increase in FCA supervision in the future with additional requirements for the branch in key areas such as SMCR.

European Union

In 2005, the European Union Insurance Mediation Directive introduced rules to enable insurance and reinsurance intermediaries to operate and provide services within each member state of the E.U. on a basis consistent with the E.U. single market and customer protection aims. Each E.U. member state in which we operate is required to ensure that the insurance and reinsurance intermediaries resident in their country are registered with a statutory body in that country and that each intermediary meets professional requirements in relation to their competence, good repute, professional indemnity cover and financial capacity. The E.U. issued a

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new Insurance Distribution Directive that expands the 2005 directive, and all E.U. member states in which we operate were required to enact the directive and adopt local country laws by October 1, 2018.

The 'Whistleblower Protection Directive', on the protection of persons who report breaches of E.U. law, entered into force on December 16, 2019 (Directive 2019/1937). This Directive includes reporting procedures for these persons. The new rules will require the creation of safe channels for reporting both within an organization - private or public - and to public authorities. They will also provide protection to whistleblowers against retaliation.
In addition, our Willis Re Securities business, which was sold to Gallagher in December 2021, provided advice on securities or investments in the European Union and Australia through our U.K. wholly-owned subsidiary, Willis Towers Watson Securities Europe Limited, which is authorized and regulated by the FCA.

WTW is also subject to the E.U. General Data Protection Regulation ('GDPR'), which became effective in May 2018. The GDPR is a comprehensive regime that significantly increases our responsibilities when handling personal data, including, without limitation, requiring us to conduct privacy impact assessments, restricting the transmission of data and requiring public disclosure of significant data breaches.

Other

Certain of our entities that undertake pension scheme management are subject to MiFID (Markets in Financial Instruments Directive) and MiFIR (the Markets in Financial Instruments Regulation). In addition, revisions to MiFID ('MiFID II') took effect in January 2018. These revisions are aimed at strengthening investor protection and improving the function of financial markets. MiFID II imposes a variety of requirements that include, among others, rules relating to product governance and independent investment advice, responsibility of management bodies, inducements, information and reporting to clients, cross-selling, remuneration of staff, and best execution of trades for clients. Further, some of our entities are also authorized and regulated by certain financial services authorities in countries such as Sweden, Ireland, the Netherlands and the U.K.

All companies carrying on similar activities in a given jurisdiction are subject to regulations which are not dissimilar to the requirements for our operations in the U.S. and U.K. We do not consider these regulatory requirements as adversely affecting our competitive position.

Across most jurisdictions we are subject to various data privacy laws and regulations that apply to health, medical, financial and other types of personal information belonging to our clients, their employees and third parties, as well as our own employees. For example, China is a jurisdiction where a comprehensive Personal Information Protection Law ('PIPL') has recently been enacted, and our local entity is subject to this regulation.

Across many jurisdictions we are subject to various financial crime laws and regulations through our activities, activities of associated persons, the products and services we provide and our business and client relationships. Such laws and regulations relate to, among other areas, sanctions and export control, anti-bribery, anti-corruption, anti-money-laundering and counter-terrorist financing.

Our failure, or that of our employees, to satisfy the regulatory compliance requirements or the legal requirements governing our activities, can result in disciplinary action, fines, reputational damage and financial harm.

See 'Principal Risks and Uncertainties' below for an analysis of how actions by regulatory authorities or changes in legislation and regulation, including Brexit, in the jurisdictions in which we operate may have an adverse effect on our business

Corporate Governance

Willis Towers Watson is subject to SEC reporting requirements, the mandates of the Sarbanes-Oxley Act and applicable corporate governance rules of the Nasdaq Global Select Market. Willis Towers Watson continues to report its consolidated financial results in U.S. dollars and in accordance with U.S. GAAP, complying also with any additional reporting requirements of Irish Law.

Evaluation of Disclosure Controls and Procedures

An evaluation was performed under the supervision and with the participation of the chief executive officer ('CEO') and chief financial officer ('CFO'), of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, our management, including the CEO and CFO, concluded that our disclosure controls and procedures were effective as of December 31, 2021 in providing reasonable assurance that the information required to be disclosed in our periodic reports we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (2) accumulated and communicated to our management, including the CEO and the CFO, as appropriate, to allow for timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Internal control over financial reporting refers to the process designed by, or under the supervision of, our CEO and CFO, and overseen by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that:

1. Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;
2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting can also be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Management has used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ('COSO') in the report entitled *Internal Control — Integrated Framework (2013)* to evaluate the effectiveness of the Company's internal control over financial reporting. Based on this evaluation, management has concluded that the Company maintained effective internal control over financial reporting as of December 31, 2021.

Review of Developments and Business Performance

General

This discussion includes forward-looking statements. See 'Disclaimer Regarding Forward-Looking Statements' for certain cautionary information regarding forward-looking statements and 'Principal Risks and Uncertainties' below for a list of factors that could cause actual results to differ materially from those predicted in those statements.

This discussion includes references to non-GAAP financial measures as defined in the rules of the SEC. We present such non-GAAP financial measures, specifically, adjusted, constant currency and organic non-GAAP financial measures, as we believe such information is of interest to the investment community because it provides additional meaningful methods of evaluating certain aspects of the Company's operating performance from period to period on a basis that may not be otherwise apparent under U.S. GAAP, and these provide a measure against which our businesses may be assessed in the future.

Our methods of calculating these measures may differ from those used by other companies and therefore comparability may be limited. These financial measures should be viewed in addition to, not in lieu of, the consolidated financial statements for the year ended December 31, 2021.

See 'Non-GAAP Financial Measures' below for further discussion of our adjusted, constant currency and organic non-GAAP financial measures.

Executive Overview

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Business Overview

Willis Towers Watson plc is a leading global advisory, broking and solutions company that provides data-driven, insight-led solutions in the areas of people, risk and capital. The Company has more than 44,000 colleagues serving more than 140 countries. We design and deliver solutions that manage risk, optimize benefits, cultivate talent, and expand the power of capital to protect and strengthen institutions and individuals.

Our risk management services include strategic risk consulting (including providing actuarial analysis), a variety of due diligence services, the provision of practical on-site risk control services (such as health and safety and property loss control consulting), and analytical and advisory services (such as hazard modeling). We also assist our clients with planning for addressing incidents or crises when they occur. These services include contingency planning, security audits and product tampering plans.

We help our clients enhance business performance by delivering consulting services, technology and solutions that optimize benefits and cultivate talent. Our services and solutions encompass such areas as employee benefits, total rewards, talent and benefits outsourcing. In addition, we provide investment advice to help our clients develop disciplined and efficient strategies to meet their investment goals and expand the power of capital.

As an insurance broker, we act as an intermediary between our clients and insurance carriers by advising our clients on their risk management requirements, helping them to determine the best means of managing risk and negotiating and placing insurance with insurance carriers through our global distribution network.

We operate a private Medicare marketplace in the U.S. through which, along with our active employee marketplace, we help our clients move to a more sustainable economic model by capping and controlling the costs associated with healthcare benefits. We also provide direct-to-consumer sales of Medicare coverage.

We are not an insurance company, and therefore we do not underwrite insurable risks for our own account. We help sharpen strategies, enhance organizational resilience, motivate workforces and maximize performance to uncover opportunities for sustainable success.

Market Conditions

Typically, our business benefits from regulatory change, political risk or economic uncertainty. Insurance broking generally tracks the economy, but demand for both insurance broking and consulting services usually remains steady during times of uncertainty. We have some businesses, such as our health and benefits and administration businesses, which can be counter cyclical during the early period of a significant economic change.

Within our insurance and brokerage business, due to the cyclical nature of the insurance market and the impact of other market conditions on insurance premiums, commission revenue may vary widely between accounting periods. A period of low or declining premium rates, generally known as a 'soft' or 'softening' market, generally leads to downward pressure on commission revenue and can have a material adverse impact on our revenue and operating margin. A 'hard' or 'firming' market, during which premium rates rise, generally has a favorable impact on our revenue and operating margin. Rates, however, vary by geography, industry and client segment. As a result, and due to the global and diverse nature of our business, we view rates in the aggregate. Overall, we are currently seeing a modest but definite increase in pricing in the market.

Market conditions in the broking industry in which we operate are generally defined by factors such as the strength of the economies in the various geographic regions in which we serve around the world, insurance rate movements, and insurance and reinsurance buying patterns of our clients.

The markets for our consulting, technology and solutions, and marketplace services are affected by economic, regulatory and legislative changes, technological developments, and increased competition from established and new competitors. We believe that the primary factors in selecting a human resources or risk management consulting firm include reputation, the ability to provide measurable increases to shareholder value and return on investment, global scale, quality of service and the ability to tailor services to clients' unique needs. In that regard, we are focused on developing and implementing technology, data and analytic solutions for both internal operations and for maintaining industry standards and meeting client preferences. We have made such investments

from time to time and may decide, based on perceived business needs, to make investments in the future that may be different from past practice or what we currently anticipate.

With regard to the market for exchanges, we believe that clients base their decisions on a variety of factors that include the ability of the provider to deliver measurable cost savings for clients, a strong reputation for efficient execution and an innovative service delivery model and platform. Part of the employer-sponsored insurance market has matured and become more fragmented while other segments remain in the entry phase. As these market segments continue to evolve, we may experience growth in intervals, with periods of accelerated expansion balanced by periods of modest growth. In recent years, growth in the market for exchanges has slowed, and we expect this trend may continue.

From time to time, including but not limited to the period after the announcement of the proposed Aon combination through the period that has followed the termination of the proposed combination, we have lost (and may in the future continue to lose) colleagues who manage substantial client relationships or possess substantial experience or expertise; when we lose colleagues such as those, it often results in such colleagues competing against us. Further, the full impact of this competition may be delayed due to the timing of restrictive covenants or client renewals. We believe that this dynamic, which was most pronounced in our Corporate Risk and Broking segment in the second and third quarters of 2021, has caused the segment's near-term growth rates in the fourth quarter and expected into 2022 to be meaningfully slower than other competitors. This dynamic may be difficult to predict, given that the adverse impact in future periods is more significant than in the periods in which employees departed. Growth may also be adversely affected by the fact that 2021 performance in a number of businesses, particularly commercial risk broking and health & benefits broking, benefited from revenue from book sales, which is non-repeatable revenue. It is possible that growth could be different than expected and our results of operations could be significantly and adversely impacted.

See 'Principal Risks and Uncertainties' below for discussions of risks that may affect our ability to compete.

Brexit

Following the occurrence of Brexit and the end of the formal transition period on December 31, 2020, a trade agreement has been established between the U.K. and E.U. As expected, the agreement largely addressed goods and not services, and the Company has therefore completed the establishment of appropriate arrangements for the continued servicing of client business in all relevant E.U. countries. Further negotiations between the U.K. and E.U. resulted in the agreement of a Memorandum of Understanding to address matters related to financial services, though the outcome of future engagement between the U.K. and E.U. in relation to services, including financial services and potential impact on the Company, are not yet fully known. For a further discussion of the risks of Brexit to the Company, see 'Principal Risks and Uncertainties' below.

Although approximately 18% of our revenue from continuing operations is generated in the U.K. on an annual basis, about 12% of revenue from continuing operations is denominated in Pounds sterling, as much of the insurance business is transacted in U.S. dollars. Approximately 18% of our expenses from continuing operations is denominated in Pounds sterling, thus we generally benefit from a weakening Pound sterling in our income from continuing operations. However, we have a Company hedging strategy for this aspect of our business, which is designed to mitigate significant fluctuations in currency.

Risks and Uncertainties of the COVID-19 Pandemic and the Related Economic Environment

The COVID-19 pandemic has had an adverse impact on global commercial activity, particularly on the global supply chain and workforce availability, and has contributed to significant volatility in the global financial markets including, among other effects, occasional declines in the equity markets, changes in interest rates and reduced liquidity on a global basis. With regard to the effects on our own business operations and those of our clients, suppliers and other third parties with whom we interact, the Company has regularly considered the impact of COVID-19 and the wider economic results on our business, taking into account our business resilience and continuity plans, financial modeling and stress testing of liquidity and financial resources.

Over the last two years, the COVID-19 pandemic generally did not have a material adverse impact on our overall financial results. Initially, the pandemic had a negative impact on our revenue growth, primarily in our businesses that are discretionary in nature, however we later saw an increased demand for these services, which improved revenue growth beginning in the second quarter of 2021. There continues to be increased demand for our services, particularly those services that address the various challenges in the global labor markets and disruptions to the supply chain. While we believe we have adapted to the unique challenges posed by the pandemic surrounding how and where we do our work, we are also impacted by the negative effect on workforce availability, which could hamper our ability to grow our capacity on pace with increasing demand for our services. We expect the market for talent to remain highly competitive for at least the next several months. We will continue to monitor the situation and assess any implications to our business and our stakeholders.

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Supply and labor market disruptions caused by COVID-19 as well as other factors, such as accommodative monetary and fiscal policy, have contributed to significant inflation in many of the markets in which we operate. This impacts not only the costs to attract and retain employees but also other costs to run and invest in our business. If our costs grow significantly in excess of our ability to raise revenues, our margins and results of operations may be materially and adversely impacted and we may not be able to achieve our strategic and financial objectives.

The extent to which COVID-19 impacts our business and financial position will depend on future developments, which are difficult to predict. These future developments may include the severity and scope of the COVID-19 outbreak and the emergence of new variants, which may unexpectedly change or worsen, and the types and duration of measures imposed by governmental authorities to contain the virus or address its impact. We continue to expect that the COVID-19 pandemic and the related impacts on the wider economic environment may cause volatility to our revenue and operating results in fiscal 2022. We believe that, as a general matter, these trends and uncertainties are similar to those faced by other comparable registrants as a result of the pandemic. See 'Principal Risks and Uncertainties' below, for a discussion of actual and potential impacts of COVID-19 on our business, clients and operations.

Daily Operations - We continue to closely monitor the spread and impact of COVID-19, including the availability and efficacy of vaccines, while adhering to government health directives. The Company continues to administer its own restrictions on business travel, office access, and meetings and events, where appropriate, but has developed its return-to-work plans with a focus on safe utilization based on appropriate social-distancing guidelines and a continued hybrid work model. We have had thorough business continuity and incident management processes in place and operating effectively for the past two years and will continue to do so through the end of the pandemic.

Business Strategy

The Company is in the business of people, risk and capital. We believe that a unified approach to these areas can be a path to growth for organizations around the world. In that spirit, we bring the collective power of our colleagues together – as 'One WTW' – to serve and support our clients.

We operate in attractive markets – both growing and mature – with a diversified platform across geographies, industries, segments and lines of business.

Our vision is to be the best advisory, broking and solutions company for the benefit of all our stakeholders – creating a competitive advantage and delivering sustainable, profitable growth.

We believe we can achieve this through executing on our three strategic priorities – grow, simplify and transform:

- **Grow at or above market in priority areas**: Focus on core opportunities with the highest growth and return; innovate and accelerate our offerings through a dynamic, yet disciplined, approach; bring targeted solutions to clients reflecting more connected offerings; and increase scale to fill gaps in capabilities through inorganic expansion.
- **Simplify the business to increase agility and effectiveness**: Implement the Company's streamlined structure of two business segments (Health, Wealth and Career and Risk and Broking; see 'Segment Reorganization' within this Item 1 for further information) and three geographies (Europe, International and North America); develop a globally consistent client management model and enhance operations to improve sales and retention outcomes; manage our portfolio of businesses intentionally to drive optimal value; and increase speed of execution through agile decision-making processes.
- **Transform operations to drive savings while enhancing our client and colleague experiences**: Maximize global platforms to be as common as possible and as distinct as necessary; right-shore operations to capitalize on our scale; rationalize real estate and build new ways of working; and modernize technology to enhance the digital experience.

We care as much about how we work as we do about the impact that we make. This means commitment to a shared purpose and values, a framework that guides how we run our business and serve clients.

Through these strategies we aim to accelerate revenue, margin improvement, cash flow, earnings before interest, taxes, depreciation and amortization ('EBITDA'), and earnings growth, and to generate compelling returns for investors, by delivering tangible growth in revenue.

For more information about risks to our strategic plans, see 'Principal Risks and Uncertainties' below.

Transformation Program

In the fourth quarter of 2021, we initiated a three-year 'Transformation program' designed to enhance operations, optimize technology and align our real estate footprint to our new ways of working. We expect the program to generate annual cost savings of approximately $300 million by the end of 2024. The program is expected to include cumulative costs of approximately $490 million and capital expenditures of approximately $260 million, for a total investment of $750 million. The main categories of charges will be in the following four areas:

- Real estate rationalization — includes costs to align the real estate footprint to our new ways of working (hybrid work) and includes breakage fees and the impairment of right-of-use assets and other related leasehold assets.
- Technology modernization — these charges are incurred in moving to common platforms and technologies, including migrating certain platforms and applications to the cloud. This category will include the impairment of technology assets that are duplicative or no longer revenue-producing, as well as costs for technology investments that do not qualify for capitalization.
- Process optimization — these costs will be incurred in the right-shoring strategy and automation of our operations, which will include optimizing resource deployment and appropriate colleague alignment. These costs will include process and organizational design costs, severance and separation-related costs and temporary retention costs.
- Other — other costs not included above including fees for professional services, other contract terminations not related to the above categories and supplier migration costs.

For the year ended December 31, 2021, restructuring charges under our Transformation program totaled $26 million. From the actions taken in 2021, we expect to have annualized savings of $20 million primarily from the reduction of real estate costs, the benefits of which will be recognized in 2022.

For a discussion of some of the risks associated with the Transformation program, please see 'Principal Risks and Uncertainties' below.

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Financial Statement Overview

For all financial information presented herein, the operating results of Willis Re have been reclassified as discontinued operations (see Note 3 to the Consolidated Financial Statements for further information).

The tables below set forth our summarized consolidated profit and loss account income and data as a percentage of revenue for the periods indicated.

Consolidated Profit and Loss Account
($ in millions, except per share data)

	Years ended December 31,					
	2021		2020		2019	
Revenue	$ 8,998	100%	$ 8,615	100%	$ 8,370	100%
Costs of providing services						
Salaries and benefits	5,253	58%	5,157	60%	4,929	59%
Other operating expenses	1,673	19%	1,697	20%	1,647	20%
Depreciation	281	3%	307	4%	239	3%
Amortization	369	4%	461	5%	488	6%
Restructuring costs	26	—%	24	—%	—	—%
Transaction and integration, net	(806)	(9%	110	1%	13	—%
Total costs of providing services	6,796		7,756		7,316	
Income from operations	2,202	24%	859	10%	1,054	13%
Interest expense	(211)	(2%	(244)	(3%	(234)	(3)%
Other income, net	701	8%	396	5%	226	3%
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	2,692	30%	1,011	12%	1,046	12%
Provision for income taxes	(536)	(6%	(249)	(3%	(197)	(2)%
INCOME FROM CONTINUING OPERATIONS	2,156	24%	762	9%	849	10%
INCOME FROM DISCONTINUED OPERATIONS, NET OF TAX	2,080	23%	258	3%	224	3%
Income attributable to non-controlling interests	(14)	—%	(24)	—%	(29)	—%
NET INCOME ATTRIBUTABLE TO WTW	$ 4,222	47%	$ 996	12%	$ 1,044	12%
Diluted earnings per share from continuing operations	$ 16.63		$ 5.67		$ 6.30	

(i) Certain captions used in this table may differ from captions used in the Consolidated Financial Statements; such captions are used because they are familiar to users of the accounts filed by the Company in the United States.

Consolidated Revenue (Continuing Operations)

We derive the majority of our revenue from commissions from our brokerage services and fees for consulting and administration services. No single client represented a significant concentration of our consolidated revenue for any of our three most recent fiscal years.

The following table details our top five markets based on percentage of consolidated revenue (in U.S. dollars) from the countries where work was performed for the year ended December 31, 2021. These figures do not represent the currency of the related revenue, which is presented in the next table.

Geographic Region	% of Revenue
United States	51%
United Kingdom	18%
France	4%
Canada	3%
Germany	3%

The table below details the approximate percentage of our revenue and expenses from continuing operations by transactional currency for the year ended December 31, 2021.

Transactional Currency	Revenue	Expenses [i]
U.S. dollars	58%	53%
Pounds sterling	12%	18%
Euro	15%	13%
Other currencies	15%	16%

(i) These percentages exclude certain expenses for significant items which will not be settled in cash, or which we believe to be items that are not core to our current or future operations. These items include amortization of intangible assets and transaction and integration, net.

The following table sets forth the total revenue for the years ended December 31, 2021 and 2020 and the components of the change in total revenue for the year ended December 31, 2021, as compared to the prior year:

	Years Ended December 31,		As Reported Change	Components of Revenue Change [i]			
	2021	2020		Currency Impact	Constant Currency Change	Acquisitions/ Divestitures	Organic Change
	($ in millions)						
Revenue	$ 8,998	$ 8,615	4%	2%	2%	(3)%	6%

(i) Components of revenue change may not add due to rounding

Revenue for the year ended December 31, 2021 was $9.0 billion, compared to $8.6 billion for the year ended December 31, 2020, an increase of $383 million, or 4%, on an as-reported basis. Adjusting for the impact of foreign currency and acquisitions and disposals, our organic revenue growth was 6% for the year ended December 31, 2021. The increase to our as-reported revenue was driven by strong performances in all segments and $134 million from book-of-business settlements, partially offset by disposals in our IRR segment in 2020 and early 2021.

Our revenue can be materially impacted by changes in currency conversions, which can fluctuate significantly over the course of a calendar year. For the year ended December 31, 2021, currency translation increased our consolidated revenue by $171 million. The primary currencies driving these changes were the Pound sterling and Euro.

The following table sets forth the total revenue for the years ended December 31, 2020 and 2019 and the components of the change in total revenue for the year ended December 31, 2020, as compared to the prior year:

	Years Ended December 31,		As Reported Change	Components of Revenue Change [i]			
	2020	2019		Currency Impact	Constant Currency Change	Acquisitions/ Divestitures	Organic Change
	($ in millions)						
Revenue	$ 8,615	$ 8,370	3%	—%	3%	2%	1%

(i) Components of revenue change may not add due to rounding

Revenue for the year ended December 31, 2020 was $8.6 billion, compared to $8.4 billion for the year ended December 31, 2019, an increase of $245 million, or 3%, on an as-reported basis. Adjusting for the impact of foreign currency and acquisitions and disposals, our organic revenue growth was 1% for the year ended December 31, 2020. The CRB and BDA segments had organic revenue growth during the year, while the HCB and IRR segments were flat, in part due to the impact of the COVID-19 reduction in demand for our discretionary services, mostly for HCB. The revenue from acquisitions related primarily to TRANZACT, which generated revenue of $557 million for the year ended December 31, 2020 as compared to $245 million for the year ended December 31, 2019, which represents revenue included from the date of the acquisition of July 30, 2019.

For the year ended December 31, 2020, currency translation decreased our consolidated revenue by $8 million. The primary currencies driving this change were the Canadian dollar, Australian dollar, and Malaysian Ringgit, partially offset by the Pound sterling.

Definitions of Constant Currency Change and Organic Change are included in the section entitled 'Non-GAAP Financial Measures' below.

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Segment Revenue

At December 31, 2021, we managed our business across four reportable operating segments: Human Capital and Benefits; Corporate Risk and Broking; Investment, Risk and Reinsurance; and Benefits Delivery and Administration. On January 1, 2022, we began managing across two new reportable operating segments. See 'Segment Reorganization' for a discussion of the new segments. Discussion of segment results herein reflects the segments as of December 31, 2021.

Segment revenue excludes amounts that were directly incurred on behalf of our clients and reimbursed by them (reimbursed expenses); however, these amounts are included in consolidated revenue.

The Company experiences seasonal fluctuations in its revenue. Revenue is typically higher during the Company's first and fourth quarters due primarily to the timing of broking-related activities.

Human Capital and Benefits

The HCB segment provided an array of advice, broking, solutions and software for our clients.

HCB was the largest segment of the Company, generating approximately 39% of our segment revenue for the year ended December 31, 2021. HCB was focused on addressing our clients' people and risk needs to help them take on the challenges of operating in a global marketplace. This segment was further strengthened with teams of international consultants who provided support through each of our business units to the global headquarters of multinational clients and their foreign subsidiaries.

The HCB segment provided services through four business units:

- *Retirement* — The Retirement business provides actuarial support, plan design, and administrative services for traditional pension and retirement savings plans. We help our clients assess the costs and risks of retirement plans on cash flow, earnings and the balance sheet, the effects of changing workforce demographics on their retirement plans and retiree benefit adequacy and security.
- *Health and Benefits* — The Health & Benefits business provides plan management consulting, broking and administration across the full spectrum of health and group benefit programs, including medical, dental, disability, life and other coverage.
- *Talent & Rewards* — Our Talent & Rewards business provides advice, data, software and products to address clients' total rewards and talent issues.
- *Technology and Administration Solutions* — Our Technology and Administration Solutions business provides benefits outsourcing services to clients outside of the U.S.

The following table sets forth HCB segment revenue for the years ended December 31, 2021 and 2020, and the components of the change in revenue for the year ended December 31, 2021 from the year ended December 31, 2020.

	Years Ended December 31,		As Reported Change	Components of Revenue Change (i)			
	2021	2020		Currency Impact	Constant Currency Change	Acquisitions/ Divestitures	Organic Change
	($ in millions)						
Segment revenue	$ 3,447	$ 3,278	5%	2%	3%	—%	3%

(i) Components of revenue change may not add due to rounding

HCB segment revenue for the years ended December 31, 2021 and 2020 was $3.4 billion and $3.3 billion, respectively. On an organic basis, Talent and Rewards led the segment's revenue growth, driven by strong market demand for rewards advisory work and talent and compensation products. Health and Benefits revenue grew from increased consulting work and a gain recorded in connection with a book-of-business settlement in North America alongside continued expansion of our local portfolios and global benefits management appointments outside of North America. Retirement revenue increased with notable growth in Great Britain driven by funding advice and Guaranteed Minimum Pension ('GMP') equalization work. Technology and Administration Solutions revenue increased primarily due to new project and client activity in Great Britain.

The following table sets forth HCB segment revenue for the years ended December 31, 2020 and 2019, and the components of the change in revenue for the year ended December 31, 2020 from the year ended December 31, 2019.

	Years Ended December 31,		As Reported Change	Components of Revenue Change (i)			
	2020	2019		Currency Impact	Constant Currency Change	Acquisitions/ Divestitures	Organic Change
	($ in millions)						
Segment revenue	$ 3,278	$ 3,298	(1)%	—%	(1)%	—%	—%

(i) Components of revenue change may not add due to rounding

HCB segment revenue for both the years ended December 31, 2020 and 2019 was $3.3 billion. On an organic basis, the global impact of COVID-19 negatively impacted demand in our Talent and Rewards business. Health and Benefits delivered moderate revenue growth, driven by increased consulting and brokerage services and continued expansion of our client portfolio for both local and global benefit management appointments. In our Retirement and Technology and Administration Solutions businesses, revenue grew modestly as a result of increased project work in the first half of the year, primarily in Great Britain and Western Europe.

Corporate Risk and Broking

The CRB segment provided a broad range of risk advice, insurance brokerage and consulting services to our clients worldwide, ranging from small businesses to multinational corporations. The segment delivered integrated global solutions tailored to client needs and underpinned by data and analytics.

CRB generated approximately 35% of our segment revenue for the year ended December 31, 2021 and placed more than $25 billion of premiums into the insurance markets on an annual basis.

CRB had eight global lines of business:

- *Property and Casualty* — Property and Casualty provides property and liability insurance brokerage services across a wide range of industries and segments, including real estate, healthcare and retail.
- *Aerospace* — Aerospace provides specialist expertise to the aerospace and space industries.
- *Construction* — Our Construction business provides services that include insurance broking, claims, loss control and specialized risk advice for a wide range of construction projects and activities.
- *Facultative* — Facultative capabilities exist for each of CRB's offerings to serve as a broker or intermediary for insurance companies seeking to arrange reinsurance solutions across various classes of risk.
- *Financial, Executive and Professional Risks ('FINEX')* — FINEX encompasses all financial and executive risks, delivering client solutions that range from management and professional liability, employment practices liability, crime, cyber and merger and acquisition-related insurances, to risk consulting and advisory services.
- *Financial Solutions* — Financial Solutions provides insurance broking services and specialized risk advice related to credit, surety, terrorism and political risk.
- *Marine* — Marine provides specialist expertise to the maritime and logistics industries.
- *Natural Resources* — Our Natural Resources practice encompasses the oil, gas and chemicals, mining and metals, power and utilities and renewable energy sectors.

The following table sets forth CRB segment revenue for the years ended December 31, 2021 and 2020, and the components of the change in revenue for the year ended December 31, 2021 from the year ended December 31, 2020.

	Years Ended December 31,		As Reported Change	Components of Revenue Change (i)			
	2021	2020		Currency Impact	Constant Currency Change	Acquisitions/ Divestitures	Organic Change
	($ in millions)						
Segment revenue	$ 3,177	$ 2,977	7%	2%	5%	—%	5%

(i) Components of revenue change may not add due to rounding

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CRB segment revenue for the years ended December 31, 2021 and 2020 was $3.2 billion and $3.0 billion, respectively. On an organic basis, North America led the segment with gains recorded in connection with book-of-business sales and settlements alongside strong renewals, primarily in FINEX, M&A, and Construction. International and Great Britain revenue increased with new business generation primarily in the FINEX and Construction insurance lines. Revenue in Western Europe was down due to challenges related to senior staff departures.

The following table sets forth CRB segment revenue for the years ended December 31, 2020 and 2019, and the components of the change in revenue for the year ended December 31, 2020 from the year ended December 31, 2019.

	Years Ended December 31,		As Reported Change	Components of Revenue Change [i]			
	2020	2019		Currency Impact	Constant Currency Change	Acquisitions/ Divestitures	Organic Change
	($ in millions)						
Segment revenue	$ 2,977	$ 2,946	1%	—%	1%	—%	1%

(i) Components of revenue change may not add due to rounding

CRB segment revenue for the years ended December 31, 2020 and 2019 was $3.0 billion and $2.9 billion, respectively. On an organic basis, North America led the segment, followed by Western Europe, primarily with new business generation along with strong renewals. The revenue increase was partially offset by a decline in Great Britain and International, due to a change in the remuneration model for certain lines of business. This change, which is neutral to operating income, results in lower revenue and an equal reduction to salaries and benefits expense. Absent this change, International revenue increased, led by growth in Latin America and Asia. Great Britain was additionally impacted by an internal transfer of a book-of-business to North America. Apart from these two structural changes, revenue increased modestly due to strong new business and renewals which were partially offset by the impact of COVID-19 on the construction and marine insurance lines.

Investment, Risk and Reinsurance

The IRR segment used a sophisticated approach to risk, which helped clients free up capital and manage investment complexity. The segment worked closely with investors and insurers to manage the equation between risk and return. Blending advanced analytics with deep institutional knowledge, IRR identified new opportunities to maximize performance. This segment provided investment consulting and discretionary management services and insurance-specific services and solutions through reserves opinions, software, ratemaking and risk underwriting.

This segment generated approximately 9% of segment revenue for the Company for the year ended December 31, 2021. Approximately 78% of the revenue for this segment was split between North America and the U.K. At December 31, 2021, IRR included the following businesses and offerings:

- *Insurance Consulting and Technology* — Insurance Consulting and Technology is a global business that provides advice and technology solutions to the insurance industry. We combine our consulting and technology solutions to provide guidance on risk and capital management, pricing and predictive modeling, financial and regulatory reporting, financial and capital modeling, M&A, outsourcing and business management.
- *Investments* — Investments provides advice and discretionary management solutions to improve investment outcomes for asset owners using a broad and sophisticated framework for managing risk.

The following IRR businesses were disposed of in 2021 or 2020:

- *Willis Re* — Willis Re provided reinsurance industry clients with an understanding of how risk affects capital and financial performance and advised on the best ways to manage related outcomes.
- *Wholesale Insurance Broking* — Wholesale Insurance Broking provided specialist broking services primarily to retail and wholesale brokers.
- *Innovisk* — Innovisk brought together our set of managing general agent underwriting activities for the purposes of accelerating their future development using data and technology.
- *Willis Re Securities* — Willis Re Securities provided capital markets services and products to companies involved in the insurance and reinsurance industries.

- *Max Matthiessen* — Max Matthiessen was a leading advisor and broker for insurance, benefits, human resources and savings in the Nordic region. The business specialized in providing human capital and benefits administration together with providing market leading savings and insurance solutions.

In December 2021, the Company completed the sale of Willis Re (see Note 3 to the Consolidated Financial Statements for further information). As a result, we have reclassified revenue associated with Willis Re to discontinued operations within our consolidated statements of comprehensive income, and therefore it is not included for each of the periods presented below.

Additionally, during 2021, the Company completed divestitures of its Wholesale Insurance Broking and Innovisk businesses. In September 2020, the Company sold its Max Matthiessen business. Revenue attributable to these businesses prior to their respective divestitures are included in each of the periods presented below. See Note 3 to the Consolidated Financial Statements for further information.

The following table sets forth IRR segment revenue for the years ended December 31, 2021 and 2020, and the components of the change in revenue for the year ended December 31, 2021 from the year ended December 31, 2020.

	Years Ended December 31,		As Reported Change	Components of Revenue Change (i)			
	2021	2020		Currency Impact	Constant Currency Change	Acquisitions/ Divestitures	Organic Change
	($ in millions)						
Segment revenue	$ 814	$ 921	(12)%	3%	(15)%	(31)%	16%

(i) Components of revenue change may not add due to rounding

IRR segment revenue for the years ended December 31, 2021 and 2020 was $814 million and $921 million, respectively. On an organic basis, advisory-related fees led the revenue growth in both our Investment business and Insurance Consulting and Technology business alongside increased contingent performance fees and software sales. Revenue growth in IRR was further aided by a gain recorded in connection with a book-of-business settlement which relates to Reinsurance assets that were not transferred as part of the sale of Willis Re. The growth was partially offset by a decline in Wholesale's revenue prior to its disposal in the first quarter of 2021, resulting from headwinds across coverage lines coupled with a strategic shift in its operating model.

The following table sets forth IRR segment revenue for the years ended December 31, 2020 and 2019, and the components of the change in revenue for the year ended December 31, 2020 from the year ended December 31, 2019.

	Years Ended December 31,		As Reported Change	Components of Revenue Change (i)			
	2020	2019		Currency Impact	Constant Currency Change	Acquisitions/ Divestitures	Organic Change
	($ in millions)						
Segment revenue	$ 921	$ 962	(4)%	—%	(5)%	(5)%	—%

(i) Components of revenue change may not add due to rounding

IRR segment revenue for the years ended December 31, 2020 and 2019 was $921 million and $962 million, respectively. On an organic basis, most lines of business contributed to the growth. Insurance Consulting and Technology revenue grew from strong technology sales. Max Matthiessen revenue increased as a result of overall growth in net commissions. Revenue growth in the Investment businesses resulted from client wins.

Benefit Delivery and Administration

The BDA segment provided primary medical and ancillary benefit exchange and outsourcing services to active employees and retirees across both the group and individual markets. A significant portion of the revenue in this segment was recurring in nature, driven by either the commissions from the policies we sell, or from long-term service contracts with our clients that typically range from three to five years. Revenue across this segment may have been seasonal, driven by the magnitude and timing of client enrollment activities, which often occur during the fourth quarter, with increased membership levels typically effective January 1, after calendar year-end benefits elections. On July 30, 2019, the Company acquired TRANZACT, which operated as part of the BDA segment. TRANZACT experiences seasonally higher revenue during the fourth quarter due primarily to the timing of the Federal Medicare Open Enrollment window.

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BDA generated approximately 17% of our segment revenue for the year ended December 31, 2021. BDA provided services via three related offerings to customers primarily in the U.S.:

- *Benefits Outsourcing* — This service line is focused on serving active employee groups for clients across the U.S. We use our proprietary technology to provide a broad suite of health and welfare and pension administration outsourcing services, including tools to enable benefit modeling, decision support, enrollment and benefit choice.
- *Individual Marketplace* — This service line offers decision support processes and tools to connect consumers with insurance carriers in private individual and Medicare markets. Individual Marketplace serves both employer-based and direct-to-consumer populations through its end-to-end consumer acquisition and engagement platforms, which tightly integrate call routing technology, an efficient quoting and enrollment engine, a customer relations management system and deep links with insurance carriers.
- *Benefits Accounts* — This service line delivers consumer-driven healthcare and reimbursement accounts, including health savings accounts, health reimbursement arrangements and other consumer-directed accounts to our benefits outsourcing, individual marketplace and employer clients.

The following table sets forth BDA segment revenue for the years ended December 31, 2021 and 2020, and the components of the change in revenue for the year ended December 31, 2021 from the year ended December 31, 2020.

	Years Ended December 31,		As Reported Change	Components of Revenue Change (i)			
	2021	2020		Currency Impact	Constant Currency Change	Acquisitions/ Divestitures	Organic Change
	($ in millions)						
Segment revenue	$ 1,500	$ 1,359	10%	—%	10%	1%	10%

(i) Components of revenue change may not add due to rounding

BDA segment revenue for the years ended December 31, 2021 and 2020 was $1.5 billion and $1.4 billion, respectively. BDA's organic revenue increase was led by Individual Marketplace, primarily by TRANZACT, which generated year-to-date revenue of $661 million with strong growth in Medicare Advantage sales. Benefits Outsourcing revenue also increased, driven by its expanded client base and project work stemming from temporary federal policy changes affecting group healthcare plans.

The following table sets forth BDA segment revenue for the years ended December 31, 2020 and 2019, and the components of the change in revenue for the year ended December 31, 2020 from the year ended December 31, 2019.

	Years Ended December 31,		As Reported Change	Components of Revenue Change (i)			
	2020	2019		Currency Impact	Constant Currency Change	Acquisitions/ Divestitures	Organic Change
	($ in millions)						
Segment revenue	$ 1,359	$ 1,035	31%	—%	31%	21%	10%

(i) Components of revenue change may not add due to rounding

BDA segment revenue for the years ended December 31, 2020 and 2019 was $1.4 billion and $1.0 billion, respectively. BDA's organic revenue increase was led by Individual Marketplace, primarily by TRANZACT, with growth across all products. Benefits Outsourcing revenue also grew, driven by its expanded client base. For the year ended December 31, 2020, TRANZACT generated revenue of $557 million as compared to $245 million for the year ended December 31, 2019, in which it was partially included from the date of the acquisition of July 30, 2019.

Costs of Providing Services

For all financial information presented herein, the operating results of Willis Re have been reclassified as discontinued operations (see Note 3 to the Consolidated Financial Statements for further information).

Total costs of providing services for the year ended December 31, 2021 were $6.8 billion, compared to $7.8 billion for the year ended December 31, 2020, a decrease of $960 million, or 12%. This decrease was primarily due to the $1 billion income receipt related to the termination of the proposed Aon combination during the third quarter of 2021. Total costs of providing services for the

year ended December 31, 2020 were $7.8 billion, compared to $7.3 billion for the year ended December 31, 2019, an increase of $440 million, or 6%. See the following discussion for further details.

Salaries and Benefits

Salaries and benefits for the year ended December 31, 2021 were $5.3 billion, compared to $5.2 billion for the year ended December 31, 2020, an increase of $96 million, or 2%. The increase in the current year is primarily due to higher incentive and benefit accruals for the period. Salaries and benefits for the year ended December 31, 2020 were $5.2 billion, compared to $4.9 billion for the year ended December 31, 2019, an increase of $228 million, or 5%. The increase was primarily a result of higher salaries and incentive accruals along with the full year inclusion of TRANZACT's compensation costs.

Salaries and benefits, as a percentage of revenue, represented 58%, 60% and 59% for the years ended December 31, 2021, 2020 and 2019, respectively.

Other Operating Expenses

Other operating expenses include occupancy, legal, marketing, licenses, royalties, supplies, technology, printing and telephone costs, as well as insurance, including premiums on excess insurance and losses on professional liability claims, travel by colleagues, publications, professional subscriptions and development, recruitment, other professional fees and irrecoverable value added and sales taxes. Additionally, other operating expenses included costs historically allocated to our Willis Re business which will be partially offset by fees under the TSA with Gallagher.

Other operating expenses for both the years ended December 31, 2021 and 2020 were $1.7 billion, a decrease of $24 million, or 1%. This improvement was primarily due to decreases in local office expenses, non-income taxes, travel and entertainment costs and professional insurance expense, partially offset by higher marketing and professional fees for the year ended December 31, 2021 as compared to the prior year. Other operating expenses for the year ended December 31, 2020 were $1.7 billion, compared to $1.6 billion for the year ended December 31, 2019, an increase of $50 million, or 3%. The increase was primarily due to the full year inclusion of TRANZACT's operating expenses as well as the prior year settlement of two shareholder litigation suits net of insurance and other recovery receivables.

Depreciation

Depreciation represents the expense incurred over the useful lives of our tangible fixed assets and internally-developed software. Depreciation for the year ended December 31, 2021 was $281 million, compared to $307 million for the year ended December 31, 2020, a decrease of $26 million, or 8%. The year-over-year decrease was primarily due to the prior year acceleration of depreciation of $35 million related to the abandonment of an internally-developed software asset prior to being placed in service. This decrease was partially offset by additional assets placed in service during 2020 and 2021. Depreciation for the year ended December 31, 2020 was $307 million, compared to $239 million for the year ended December 31, 2019, an increase of $68 million, or 28%. The increase was due to a higher depreciable base of assets resulting from additional assets placed in service during 2019. Also contributing to the year-over-year increase was the $35 million of accelerated depreciation related to the abandonment of an internally-developed software asset.

Amortization

Amortization represents the amortization of acquired intangible assets, including acquired internally-developed software. Amortization for the year ended December 31, 2021 was $369 million, compared to $461 million for the year ended December 31, 2020, a decrease of $92 million, or 20%. Amortization for the year ended December 31, 2020 was $461 million, compared to $488 million for the year ended December 31, 2019, a decrease of $27 million, or 6%. Our intangible amortization is more heavily weighted to the initial years of the useful lives of the related intangibles, and therefore amortization related to intangible assets purchased prior to our acquisition of TRANZACT will continue to decrease over time. This decrease was partially offset by the additional amortization resulting from the intangible assets related to the TRANZACT acquisition.

Restructuring Costs

Restructuring costs for the year ended December 31, 2021 were $26 million primarily related to the real estate rationalization component of the Transformation program commenced by the Company during the fourth quarter of 2021 (see Transformation Program within this section and Note 6 to the Consolidated Financial Statements). Restructuring costs for the year ended December 31, 2020 were $24 million, all of which related to minor restructuring activities carried out by various business lines throughout the Company. There were no restructuring costs incurred for the year ended December 31, 2019.

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Transaction and Integration, Net

Transaction and integration, net for the year ended December 31, 2021 was income of $806 million, compared to $110 million of expenses for the year ended December 31, 2020. The income for the current year was primarily due to the $1 billion income receipt related to the termination of the proposed Aon transaction during the current year, partially offset by costs mostly related to the terminated proposed transaction. Transaction and integration expenses for the year ended December 31, 2020 were comprised of $110 million of mostly transaction costs, consisting primarily of legal fees related to our then-proposed combination with Aon and integration expenses related to the acquisition of TRANZACT in 2019. Transaction and integration expenses for the year ended December 31, 2019 were comprised of $13 million of transaction costs, primarily related to the acquisition of TRANZACT.

Income from Operations

Income from operations for the year ended December 31, 2021 was $2.2 billion, compared to $859 million for the year ended December 31, 2020, an increase of $1.3 billion. The increase was mostly due to the $1 billion income receipt from the termination of the proposed Aon transaction and higher revenue. Income from operations for the year ended December 31, 2020 was $859 million, compared to $1.1 billion for the year ended December 31, 2019, a decrease of $195 million. This decrease resulted mostly from higher salaries and benefits and transaction and integration expenses as well as the additional depreciation related to the asset abandonment noted above, partially offset by higher revenue year over year.

Interest Expense

Interest expense for the years ended December 31, 2021 and 2020 was $211 million and $244 million, respectively. Interest expense is comprised primarily of interest associated with our senior notes. Interest expense decreased by $33 million for the year ended December 31, 2021, which was primarily the result of lower levels of indebtedness in the current year. Interest expense for the years ended December 31, 2020 and 2019 was $244 million and $234 million, respectively. Interest expense increased by $10 million for the year ended December 31, 2020, primarily due to our additional senior notes offerings during the second half of 2019 and the first half of 2020, and additional indebtedness associated with the TRANZACT acquisition.

Other Income, Net

Other income, net includes gains and losses on disposals of operations, pension credits or expenses that are not attributable to service expense, interest in earnings of associates, foreign exchange gains and losses and other miscellaneous non-operating income and costs.

Other income, net for the year ended December 31, 2021 was $701 million, compared to $396 million for the year ended December 31, 2020, an increase of $305 million, primarily resulting from the net gain on disposals of operations, mostly due to the disposal of our Miller business (see Note 3 to the Consolidated Financial Statements). Other income, net for the year ended December 31, 2020 was $396 million, compared to $226 million for the year ended December 31, 2019, an increase of $170 million. The increase resulted from the net gains on disposals of operations, primarily due to the disposal of our Max Matthiessen business (see Note 3 to the Consolidated Financial Statements), and higher pension income in 2020.

Provision for Income Taxes

Provision for income taxes on continuing operations for the years ended December 31, 2021, 2020 and 2019 was $536 million, $249 million and $197 million, respectively. The effective tax rates for the years ended December 31, 2021, 2020 and 2019 were 19.9%, 24.7% and 18.8%, respectively. These effective tax rates are calculated using extended values from our consolidated statements of comprehensive income and are therefore more precise tax rates than can be calculated from rounded values. The current year effective tax rate includes a $250 million estimated tax expense related to the income receipt of the termination payment. The December 31, 2020 effective rate was higher primarily due to additional tax expense of $61 million in connection with the temporary income tax provisions of the CARES Act. During 2020 the Company elected to utilize the higher section 163(j) 50 percent business interest limitation for tax years 2019 and 2020, which allowed the Company to utilize additional interest expense. The utilization of additional interest expense reduced our regular tax liability, however, it created a base erosion minimum tax expense for these tax years. The Base Erosion and Anti-Abuse Tax ('BEAT') effectively applies a 10 percent minimum tax if modified taxable income, as adjusted for base erosion payments, is greater than the regular tax liability for a year.

Income from Discontinued Operations, Net of Tax

The following table presents selected financial information as it relates to income from discontinued operations, net of tax:

	Years ended December 31,		
	2021	2020	2019
Revenue from discontinued operations	$ 721	$ 737	$ 669
Costs of providing services			
Salaries and benefits	350	350	320
Other operating expenses	59	61	72
Depreciation and amortization	2	2	2
Transaction and integration, net	33	—	—
Total costs of providing services	444	413	394
Other income, net	2	3	1
Income from discontinued operations before income taxes	279	327	276
Gain on disposal of Willis Re	2,300	—	—
Provision for income tax expense	(500)	(69)	(52)
Net losses receivable from Gallagher on Deferred Closing	1	—	—
Income from discontinued operations, net of tax	$ 2,080	$ 258	$ 224

Income from discontinued operations, net of tax for the years ended December 31, 2021, 2020 and 2019 was $2.1 billion, $258 million and $224 million, respectively. The operations of our Willis Re business have been reclassified to discontinued operations upon our entering into an agreement to sell the business during the third quarter of 2021 (see Note 3 to the Consolidated Financial Statements). See the following discussion for further details.

Revenue from Discontinued Operations

Revenue from discontinued operations for the year ended December 31, 2021 was $721 million, compared to $737 million for the year ended December 31, 2020, a decrease of $16 million, which was driven by only eleven months of revenue activity in 2021 for the majority of the Willis Re business prior to its disposal on December 1, 2021. Revenue from discontinued operations for the year ended December 31, 2020 was $737 million, compared to $669 million for the year ended December 31, 2019, an increase of $68 million, which was driven by new business wins and favorable renewal factors.

Salaries and Benefits

Salaries and benefits attributable to discontinued operations for both the years ended December 31, 2021 and 2020 was $350 million, as increased incentives and share-based compensation in 2021 offset the reduction in salaries and payroll taxes stemming from the inclusion of only eleven months of these costs. Salaries and benefits attributable to discontinued operations for the year ended December 31, 2020 was $350 million, compared to $320 million for the year ended December 31, 2019, an increase of $30 million, which related to increased incentive accruals.

Other Operating Expenses

Other operating expenses attributable to discontinued operations for the year ended December 31, 2021 was $59 million, compared to $61 million for the year ended December 31, 2020, a decrease of $2 million, which was due to the inclusion of only eleven months of these costs. Other operating expenses attributable to discontinued operations for the year ended December 31, 2020 were $61 million, compared to $72 million for the year ended December 31, 2019, a decrease of $11 million, which was due primarily to decreased travel and entertainment expenses.

Depreciation and Amortization

Depreciation and amortization attributable to discontinued operations for the years ended December 31, 2021, 2020 and 2019 was $2 million for each period presented.

Transaction and Integration, Net

Transaction and integration, net directly attributable to discontinued operations for the year ended December 31, 2021 was $33 million. These costs were incurred as part of the sale of Willis Re.

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Other Income, Net

Other income, net attributable to discontinued operations for the years ended December 31, 2021, 2020 and 2019 was $2 million, $3 million and $1 million, respectively, which was entirely attributable to foreign currency transaction gains.

Gain on Disposal of Willis Re

The preliminary pre-tax gain on disposal of Willis Re for the year ended December 31, 2021 was $2.3 billion, which reflected cash proceeds of $3.3 billion less net assets transferred and other charges of approximately $1.0 billion.

Provision for Income Taxes on Discontinued Operations

Provision for income taxes attributable to discontinued operations for the years ended December 31, 2021, 2020 and 2019 was $500 million, $69 million and $52 million, respectively. The current year income tax provision was driven primarily by tax expense on the gain on the sale of our Willis Re business, the majority of which was recognized in the U.S. The majority of the U.K. gain satisfied the conditions of the U.K. substantial shareholding exemption and was exempt from taxation. The taxable component of the U.K. gain on disposal of $226 million was partially offset by the utilization of capital loss carryforwards of $98 million. Associated with the use of U.K. capital losses, a tax benefit of $17 million was recorded for the release of an associated valuation allowance. Additionally, the recognition of income from discontinued operations results in the Company no longer being subject to a BEAT liability in 2021. As the Company has recorded a $22 million BEAT liability within continuing operations, a corresponding $22 million benefit has been included within discontinued operations.

Net income attributable to WTW

Net income attributable to WTW for the year ended December 31, 2021 was $4.2 billion, compared to $996 million for the year ended December 31, 2020, an increase of $3.2 billion, or 324%. This increase was primarily due to the $2.1 billion net income from the discontinued operations of our Willis Re business, the $1 billion income receipt from the termination of the proposed Aon transaction, the sale of our Miller business in the first quarter of 2021, and higher revenue. Net income attributable to WTW for the year ended December 31, 2020 was $996 million, compared to $1.0 billion for the year ended December 31, 2019, a decrease of $48 million, or 5%. This decrease resulted primarily from higher salaries and benefits, tax expense and transaction and integration expenses, partially offset by higher revenue year over year and the net gains on disposals of operations.

Liquidity and Capital Resources

Executive Summary

Our principal sources of liquidity are funds generated by operating activities, available cash and cash equivalents and amounts available under our revolving credit facilities and any new debt offerings. These sources of liquidity will fund our short-term and long-term obligations at December 31, 2021. Our most significant long-term obligations include mandatory debt and related interest, operating leases and pension obligations and contributions to our qualified pension plans. Additionally, during 2021, we divested Willis Re for $3.3 billion of proceeds.

The COVID-19 pandemic has contributed to significant volatility in financial markets, including occasional declines in equity markets, inflation and changes in interest rates and reduced liquidity on a global basis. Specific to WTW, over the past two years, the COVID-19 pandemic had an initial negative impact on discretionary work we perform for our clients, but we later saw increased demand for these services begin to return in the second quarter of 2021 which continues into 2022. We continue to have decreased spending on travel and associated expenses and third-party contractors, and we have the ability to contain spending on discretionary projects and certain capital expenditures.

Based on our current balance sheet and cash flows, current market conditions and information available to us at this time, we believe that WTW has access to sufficient liquidity, which includes all of the borrowing capacity available to draw against our recently-amended and restated $1.5 billion revolving credit facility (see Note 11 to the Consolidated Financial Statements), to meet our cash needs for the next twelve months, including investments in the business for growth, scheduled debt repayments, share repurchases and dividend payments. During the year ended December 31, 2021, we made payments of $185 million (net of reimbursements) for the settlement of obligations related to the Stanford and WTW merger-related securities litigations, and we repaid in full the $450 million of 3.500% senior notes which matured in the third quarter of 2021 and the $500 million of 5.750% senior notes which matured in the first quarter of 2021, along with the respective interest, using currently available cash. Additionally, we repaid in full the principal and interest outstanding on our collateralized facility. During the third quarter of 2021 we also restarted our share repurchase programs and during the year ended December 31, 2021, we repurchased $1.6 billion of shares, and have authorization

to repurchase an additional $3.9 billion. Further, as of March 11, 2022, we have repurchased approximately $1.9 billion of additional shares.

From time to time, we will consider whether to repurchase shares based on many factors, including market and economic conditions, applicable legal requirements and other business considerations. The share repurchase program has no termination date and may be suspended or discontinued at any time.

Additionally, the operating results and balance sheets of Willis Re were reclassified to discontinued operations during the current year. Willis Re's operating cash flows approximate its pre-tax income and any adjustments for working capital movements (see Note 3 to the Consolidated Financial Statements). Certain costs historically allocated to the Willis Re business are included in continuing operations and will be retained following the disposal, but are expected to be partially offset by reimbursements through the TSA. Costs incurred to service the TSA are expected to be reduced as part of the Company's Transformation program as quickly as possible when the services are no longer required by Gallagher.

Events that could change the historical cash flow dynamics discussed above include significant changes in operating results, potential future acquisitions or divestitures, material changes in geographic sources of cash, unexpected adverse impacts from litigation or regulatory matters including tax laws, or future pension funding during periods of severe downturn in the capital markets.

Tax considerations - The Company recognizes deferred tax balances related to the undistributed earnings of subsidiaries when it expects that it will recover those undistributed earnings in a taxable manner, such as through receipt of dividends or sale of the investments. We continue to have certain subsidiaries whose earnings have not been deemed permanently reinvested, for which we have been accruing estimates of the tax effects of such repatriation. Excluding these certain subsidiaries, we continue to assert that the historical cumulative earnings for the remainder of our subsidiaries have been reinvested indefinitely and therefore do not provide deferred taxes on these amounts. If future events, including material changes in estimates of cash, working capital, long-term investment requirements or additional legislation, necessitate that these earnings be distributed, an additional provision for income and foreign withholding taxes, net of credits, may be necessary. Other potential sources of cash may be through the settlement of intercompany loans or return of capital distributions in a tax-efficient manner.

Cash and Cash Equivalents

Our cash and cash equivalents at December 31, 2021 and 2020 totaled $4.5 billion and $2.0 billion, respectively. The increase in cash from December 31, 2020 to December 31, 2021 was driven by our strong operating results, including the $1 billion income receipt related to the termination of the proposed Aon transaction, and the proceeds from the sales of our Willis Re and Miller businesses in the amounts of $3.3 billion and $696 million, respectively. These items were partially offset by $1.6 billion of stock repurchases, the full payments of our $450 million of 3.500% senior notes and $500 million of 5.750% senior notes, net legal settlement payments of $185 million (related to the Stanford and WTW merger settlements), tax payments of $383 million primarily related to the disposal of Willis Re and the income receipt of the termination payment, and higher bonus payments and benefit-related items of $250 million made during the year ended December 31, 2021.

Additionally, we had all of the borrowing capacity available to draw against our new $1.5 billion revolving credit facility at December 31, 2021.

Included within cash and cash equivalents at December 31, 2021 and 2020 are amounts held for regulatory capital adequacy requirements, including $120 million and $88 million, respectively, held within our regulated U.K. entities.

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Summarized Consolidated Cash Flows

The following table presents the summarized consolidated cash flow information for the years ended:

	Years ended December 31,		
	2021	2020	2019
	(in millions)		
Net cash from/(used in):			
Operating activities	$ 2,061	$ 1,774	$ 1,081
Investing activities	2,570	(160)	(1,614)
Financing activities	(3,114)	378	455
INCREASE/(DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	1,517	1,992	(78)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(127)	126	—
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR (i)	6,301	4,183	4,261
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR (i)	$ 7,691	$ 6,301	$ 4,183

(i) The amounts of the cash, cash equivalents and restricted cash, and their respective classification on the balance sheet, have been included in Note 24 of the Consolidated Financial Statements as well as their respective portion of the change in the increase or decrease of cash, cash equivalents and restricted cash for each of the periods presented.

Cash Flows From Operating Activities

Cash flows from operating activities were $2.1 billion for 2021, compared to cash flows from operating activities of $1.8 billion for 2020. The $2.1 billion net cash from operating activities for 2021 included net income of $4.2 billion, partially offset by $1.7 billion of unfavorable non-cash adjustments and by unfavorable changes in operating assets and liabilities of $449 million. The $1.7 billion of unfavorable non-cash adjustments primarily includes the net gains on sales of operations, depreciation, amortization and non-cash lease expense. This increase in cash flows from operating activities as compared to the prior year was primarily due the $1 billion of income receipt related to the termination of the proposed Aon transaction, partially offset by $383 million in tax payments primarily related to the disposal of Willis Re and the income receipt of the termination payment, net legal settlement payments of $185 million and $250 million of increased bonus and benefit-related payments made during the year ended December 31, 2021.

Cash flows from operating activities were $1.8 billion for 2020, compared to cash flows from operating activities of $1.1 billion for 2019. The $1.8 billion net cash from operating activities for 2020 included net income of $1.0 billion and $810 million of non-cash adjustments, partially offset by unfavorable changes in operating assets and liabilities of $56 million. The $810 million of non-cash adjustments primarily includes depreciation, amortization and non-cash lease expense. This increase in cash flows from operations as compared to the prior year was primarily due to positive cash flows from our improved working capital position driven by effective management of discretionary spending for the year ended December 31, 2020 as compared to December 31, 2019.

The $1.1 billion net cash from operating activities for 2019 included net income of $1.1 billion, adjusted for $798 million of non-cash adjustments, mostly offset by unfavorable changes in operating assets and liabilities of $790 million. The $798 million of non-cash adjustments primarily included depreciation, amortization and non-cash lease expense.

Cash Flows From/(Used In) Investing Activities

Cash flows from investing activities for the year ended December 31, 2021 were $2.6 billion compared to cash flows used in investing activities of $160 million for the year ended December 31, 2020. The cash flows from investing activities for the year ended December 31, 2021 primarily include the proceeds from the sale of Willis Re of $3.3 billion and Miller of $696 million and other smaller disposals, partially offset by cash and fiduciary funds transferred on disposal of $1.0 billion, purchases of investments of $200 million, capital expenditures and capitalized software additions of $201 million and net cash paid for acquisitions of $47 million.

Cash flows used in investing activities for 2020 and 2019 were $160 million and $1.6 billion, respectively, with 2020 primarily driven by capital expenditures and capitalized software additions and an acquisition during the first quarter of 2020. These outflows were partially offset by proceeds from the sale of operations, primarily resulting from the disposal of our Max Matthiessen business. Cash flows in 2019 were primarily driven by the acquisition of TRANZACT during the third quarter of 2019, coupled with capital expenditures and capitalized software additions.

Cash Flows (Used In)/From Financing Activities

Cash flows used in financing activities for the year ended December 31, 2021 were $3.1 billion. The significant financing activities included share repurchases of $1.6 billion, debt repayments of $1.0 billion and dividend payments of $374 million.

Cash flows from financing activities for 2020 were $378 million. The significant financing activities included $812 million of net proceeds from fiduciary funds held for clients, partially offset by dividend payments of $346 million and net debt-related payments of $47 million.

Cash flows from financing activities for 2019 were $455 million. The most significant financing activities included net debt-related proceeds of $958 million, which were partially offset by dividend payments of $329 million and share repurchases of $150 million.

Indebtedness

Total debt, total equity, and the capitalization ratio at December 31, 2021 and December 31, 2020 were as follows:

	December 31,	
	2021	2020
	(In millions)	
Long-term debt	$ 3,974	$ 4,664
Current debt	613	971
Total debt	$ 4,587	$ 5,635
Total WTW shareholders' equity	$ 13,260	$ 10,820
Capitalization ratio	25.7%	34.2%

The capitalization ratio decreased from December 31, 2020 due to debt repayments and strong earnings, partially offset by share repurchases. Our debt repayments included the $450 million of our 3.500% senior notes in August 2021, the March 2021 repayment of our $500 million 5.750% senior notes, and the November 2021 repayment of $32 million of principal and interest outstanding on our collateralized facility (see Note 11 to the Consolidated Financial Statements for further information). The increase in shareholders' equity was driven by strong earnings during the current full year, which included the gains on the Willis Re business and Miller wholesale business sales, and the income receipt related to the termination of the proposed Aon transaction, partially offset by $1.6 billion of share repurchases.

At December 31, 2021, our mandatory debt repayment over the next twelve months consists of $614 million outstanding on our Euro-denominated 2.125% senior notes due 2022.

At December 31, 2021 and 2020, we were in compliance with all financial covenants.

Fiduciary Funds

As an intermediary, we hold funds, generally in a fiduciary capacity, for the account of third parties, typically as the result of premiums received from clients that are in transit to insurers and claims due to clients that are in transit from insurers. We also hold funds for clients of our benefits account businesses. These fiduciary funds are included in fiduciary assets on our consolidated balance sheets. We present the equal and corresponding fiduciary liabilities related to these fiduciary funds representing amounts or claims due to our clients or premiums due on their behalf to insurers on our consolidated balance sheets.

Fiduciary funds are generally required to be kept in regulated bank accounts subject to guidelines which emphasize capital preservation and liquidity; such funds are not available to service the Company's debt or for other corporate purposes. Notwithstanding the legal relationships with clients and insurers, the Company is entitled to retain investment income earned on certain of these fiduciary funds in accordance with industry custom and practice and, in some cases, as supported by agreements with insureds.

At December 31, 2021 and 2020, we had fiduciary funds of $3.4 billion and $4.3 billion, respectively, of which $719 million and $2.5 billion, respectively, are attributable to our Willis Re business.

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Share Repurchase Program

The Company is authorized to repurchase shares, by way of redemption or otherwise, and will consider whether to do so from time to time, based on many factors, including market conditions. There are no expiration dates for our repurchase plans or programs.

On February 26, 2020, the Board of Directors approved a $251 million increase to the existing share repurchase program. On July 26, 2021, the Board of Directors approved a $1.0 billion increase to the existing share repurchase program, and on September 16, 2021, approved a $4.0 billion increase to the existing share repurchase program. These three increases brought the total approved authorization to $5.5 billion.

At December 31, 2021, approximately $3.9 billion remained on the current repurchase authority. The maximum number of shares that could be repurchased based on the closing price of our ordinary shares on December 31, 2021 of $237.49 was 16,306,580.

An analysis of movements on shares held by the Company is as follows:

	Year Ended December 31, 2021		
	Ordinary shares, $0.000304635 nominal value		
	Number of shares	Percentage of the called-up share capital	Nominal value (thousands)
Balance at January 1, 2021	17,519	Under 0.01%	$—
Shares repurchased	7,155,396		2
Shares canceled	(7,155,396)		(2)
Balance at December 31, 2021	17,519	Under 0.01%	$—

During the first half of 2021, the Company had no share repurchase activity. A share repurchase prohibition existed under the transaction agreement for the proposed Aon combination. Following the Termination, there are no longer any contractual prohibitions on share repurchases.

Capital Commitments

The Company's capital expenditures for fixed assets and software for internal use were $148 million for the year ended December 31, 2021. Expected capital expenditures for fixed assets and software for internal use, which include expenditures under our Transformation program, are $250 million for the year ended December 31, 2022. We expect cash from operations to adequately provide for these cash needs.

Dividends

Total interim cash dividends of $374 million were paid during the year ended December 31, 2021. In February 2022, the Board of Directors approved an interim quarterly cash dividend of $0.82 per share ($3.28 per share annualized rate), which will be paid on or around April 15, 2022 to shareholders of record as of March 31, 2022.

Consolidated Balance Sheet

Total assets of $35.0 billion as of December 31, 2021 decreased by $3.6 billion in the year ended December 31, 2021, driven by a $1.0 billion decrease in fiduciary assets, a $4.3 billion decrease due to the disposal of Willis Re and other business disposals, partly offset by a $2.5 billion increase in cash and cash equivalents as the proceeds from business dispositions and the receipt of the termination fee exceeded share repurchases and repayments of debt.

Total liabilities of $21.7 billion as of December 31, 2021 decreased by $5.9 billion in the year ended December 31, 2021, due to a $1.0 billion decrease in fiduciary liabilities, a $3.3 billion decrease due to the disposal of Willis Re, repayments of debt of $1.0 billion and a decrease in retirement benefit obligations of $0.6 billion.

Total equity increased by $2.4 billion in the year ended December 31, 2021, as the impact of dividends declared and share repurchases were more than offset by net income of $4.2 billion driven by the disposal of Willis Re, the receipt of the termination fee and other comprehensive income.

Off-Balance Sheet Arrangements and Contractual Obligations

Off-Balance Sheet Transactions

Apart from commitments, guarantees and contingencies, as disclosed herein and Note 15 to the Consolidated Financial Statements and incorporated herein by reference, as of December 31, 2021, the Company had no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on the Company's financial condition, results of operations or liquidity.

Contractual Obligations

The Company's material contractual obligations as of December 31, 2021 are as follows:

	Payments due by				
	Total	2022	2023-2024	2025-2026	After 2026
	(in millions)				
Debt and related interest obligations					
Senior notes	$ 4,614	$ 614	$ 900	$ 550	$ 2,550
Revolving $1.5 billion credit facility	—	—	—	—	—
Interest on senior notes	2,022	171	302	243	1,306
Total debt and related interest obligations	6,636	785	1,202	793	3,856
Operating and finance leases	1,030	185	298	233	314
U.K. pension contractual obligations	112	33	31	26	22
Acquisition liabilities	51	22	29	—	—
Other contractual obligations	19	6	—	—	13
Total contractual obligations	$ 7,848	$ 1,031	$ 1,560	$ 1,052	$ 4,205

Debt Obligations and Facilities — The Company's material debt and related interest obligations at December 31, 2021 are shown in the above table. The Company's mandatory debt repayments over the next twelve months include $614 million (€540 million) outstanding on its 2.125% senior notes. The Company also has the right, at its option, to redeem the senior notes by paying a 'make-whole' premium as provided under the applicable debt instrument.

Leases — We lease office space, primarily under operating lease agreements, with terms typically ranging from five to fifteen years. See further discussion in Note 14 to the Consolidated Financial Statements.

Pension Contributions — The Company has agreed with the Trustees of certain plans in the U.K. to contribute deficit funding and minimum ongoing accrual of benefits funding and has presented those obligations in the table above. These obligations exclude employee contributions and any potential funding level contributions, which are dependent on future funding level assessments. There are no contractual obligations for our U.S. pension plans. Our total expected contributions to all qualified pension plans, including amounts presented above, for the year ending December 31, 2021 are projected to be $129 million. Additionally, the Company expects to pay $64 million in benefits directly to participants for the year ended 2022.

Acquisition Liabilities and Other Contractual Obligations — Acquisition liabilities include contingent consideration estimates, which may change based on actual results that may differ from management's current expectations. Other contractual obligations include put option obligations and investment fund capital call obligations, the timing of which are included at the earliest point they may fall due. Information regarding these liabilities and their impact on the financial statements is set forth in Note 15 to the Consolidated Financial Statements.

Claims, Lawsuits and Other Proceedings, including Stanford Financial Group Litigation — Information regarding claims, lawsuits and other proceedings and their impact on the consolidated financial statements is set forth in Note 15 to the Consolidated Financial Statements.

Uncertain Tax Positions — The table above does not include liabilities for uncertain tax positions under ASC 740, *Income Taxes* of $43 million, which excludes interest and penalties. The settlement period cannot be reasonably estimated since it depends on the timing and possible outcomes of tax examinations with various tax authorities.

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Non-GAAP Financial Measures

In order to assist readers of our consolidated financial statements in understanding the core operating results that WTW's management uses to evaluate the business and for financial planning purposes, we present the following non-GAAP measures and their most directly comparable U.S. GAAP measure:

Most Directly Comparable U.S. GAAP Measure	Non-GAAP Measure
As reported change	Constant currency change
As reported change	Organic change
Income from operations/margin	Adjusted operating income/margin
Net income/margin	Adjusted EBITDA/margin
Net income attributable to WTW	Adjusted net income
Diluted earnings per share	Adjusted diluted earnings per share
Income from continuing operations before income taxes	Adjusted income before taxes
Provision for income taxes/U.S. GAAP tax rate	Adjusted income taxes/tax rate
Net cash from operating activities	Free cash flow

The Company believes that these measures are relevant and provide useful information widely used by analysts, investors and other interested parties in our industry to provide a baseline for evaluating and comparing our operating performance, and in the case of free cash flow, our liquidity results.

Within the measures referred to as 'adjusted', we adjust for significant items which will not be settled in cash, or which we believe to be items that are not core to our current or future operations. These items include the following:

- Income from discontinued operations, net of tax - Adjustment to remove the after-tax income from discontinued operations and the after-tax gain attributable to the divestiture of our Willis Re business.
- Restructuring costs and transaction and integration, net – Management believes it is appropriate to adjust for restructuring costs and transaction and integration, net when they relate to a specific significant program with a defined set of activities and costs that are not expected to continue beyond a defined period of time, or significant acquisition-related transaction expenses. We believe the adjustment is necessary to present how the Company is performing, both now and in the future when the incurrence of these costs will have concluded. Transaction and integration, net in 2021 includes the income receipt related to the termination of the proposed Aon transaction.
- Gains and losses on disposals of operations - Adjustment to remove the gain or loss resulting from disposed operations that have not been classified as discontinued operations.
- Pension settlement and curtailment gains and losses - Adjustment to remove significant pension settlement and curtailment gains and losses to better present how the Company is performing.
- Abandonment of long-lived asset - Adjustment to remove the depreciation expense resulting from internally-developed software that was abandoned prior to being placed into service.
- Provisions for significant litigation - We will include provisions for litigation matters which we believe are not representative of our core business operations. These amounts are presented net of insurance and other recovery receivables.
- Tax effect of statutory rate changes – Relates to the incremental tax expense or benefit from significant statutory income tax rate changes enacted in material jurisdictions in which we operate.
- Tax effect of the Coronavirus Aid, Relief, and Economic Security ('CARES') Act – Relates to the incremental tax expense impact, primarily from the BEAT, generated from electing certain income tax provisions of the CARES Act.
- Tax effects of internal reorganizations - Relates to the U.S. income tax expense resulting from the completion of internal reorganizations of the ownership of certain businesses that reduced the investments held by our U.S.-controlled subsidiaries.

These non-GAAP measures are not defined in the same manner by all companies and may not be comparable to other similarly titled measures of other companies. Non-GAAP measures should be considered in addition to, and not as a substitute for, the information contained within our consolidated financial statements.

For all financial information presented herein (with the exception of Free Cash Flow), the operating results of Willis Re have been reclassified as discontinued operations (see Note 3 to the Consolidated Financial Statements).

Constant Currency Change and Organic Change

We evaluate our revenue on an as reported (U.S. GAAP), constant currency and organic basis. We believe presenting constant currency and organic information provides valuable supplemental information regarding our comparable results, consistent with how we evaluate our performance internally.

- *Constant Currency Change* - Represents the year-over-year change in revenue excluding the impact of foreign currency fluctuations. To calculate this impact, the prior year local currency results are first translated using the current year monthly average exchange rates. The change is calculated by comparing the prior year revenue, translated at the current year monthly average exchange rates, to the current year as reported revenue, for the same period. We believe constant currency measures provide useful information to investors because they provide transparency to performance by excluding the effects that foreign currency exchange rate fluctuations have on period-over-period comparability given volatility in foreign currency exchange markets.
- *Organic Change* - Excludes the impact of fluctuations in foreign currency exchange rates as described above and the period-over-period impact of acquisitions and divestitures on current-year revenue. We believe that excluding transaction-related items from our U.S. GAAP financial measures provides useful supplemental information to our investors, and it is important in illustrating what our core operating results would have been had we not included these transaction-related items, since the nature, size and number of these transaction-related items can vary from period to period.

The constant currency and organic change results, and a reconciliation from the reported results for consolidated revenue, are included in the 'Consolidated Revenue (Continuing Operations)' section, above. These measures are also reported by segment in the 'Segment Revenue' section, above.

A reconciliation of the reported change to the constant currency and organic change for the year ended December 31, 2021 from the year ended December 31, 2020 is as follows:

	Years ended December 31,		As Reported Change	Components of Revenue Change (i)			
	2021	2020		Currency Impact	Constant Currency Change	Acquisitions/ Divestitures	Organic Change
	($ in millions)						
Revenue	$ 8,998	$ 8,615	4%	2%	2%	(3)%	6%

(i) Components of revenue change may not add due to rounding

Adjusting for the impacts of foreign currency and acquisitions and disposals in the calculation of our organic activity, our revenue grew by 6% for the year ended December 31, 2021. The increase to our as-reported revenue was driven by strong performances in all segments and $134 million from book-of-business settlements, partially offset by disposals in our IRR segment in 2020 and early 2021.

A reconciliation of the reported change to the constant currency and organic change for the year ended December 31, 2020 from the year ended December 31, 2019 is as follows:

	Years ended December 31,		As Reported Change	Components of Change (i)			
	2020	2019		Currency Impact	Constant Currency Change	Acquisitions/ Divestitures	Organic Change
	(in millions)						
Revenue	$ 8,615	$ 8,370	3%	—%	3%	2%	1%

(i) Components of revenue change may not add due to rounding

Adjusting for the impacts of foreign currency and acquisitions and disposals in the calculation of our organic activity, our revenue grew by 1% for the year ended December 31, 2020. The CRB and BDA segments had organic revenue growth during the year,

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while the HCB and IRR segments were flat, in part due to the impact of the COVID-19 reduction in demand for our discretionary services, mostly for HCB.

Adjusted Operating Income/Margin

We consider adjusted operating income/margin to be important financial measures, which are used to internally evaluate and assess our core operations and to benchmark our operating results against our competitors.

Adjusted operating income is defined as income from operations adjusted for amortization, transaction and integration, net and non-recurring items that, in management's judgment, significantly affect the period-over-period assessment of operating results. Adjusted operating income margin is calculated by dividing adjusted operating income by revenue.

Reconciliations of income from operations to adjusted operating income for the years ended December 31, 2021, 2020 and 2019 are as follows:

	Years Ended December 31,		
	2021	2020	2019
	(in millions)		
Income from operations	$ 2,202	$ 859	$ 1,054
Adjusted for certain items:			
Abandonment of long-lived asset	—	35	—
Amortization	369	461	488
Restructuring costs	26	24	—
Transaction and integration, net	(806)	110	13
Provision for significant litigation (i)	—	65	—
Adjusted operating income	$ 1,791	$ 1,554	$ 1,555
Income from operations margin	24.5%	10.0%	12.6%
Adjusted operating income margin	19.9%	18.0%	18.6%

(i) For additional information, see the disclosure under *WTW Merger-Related Securities Litigation* in Note 15 to the Consolidated Financial Statements.

Adjusted operating income increased for the year ended December 31, 2021 to $1.8 billion, from $1.6 billion for the year ended December 31, 2020. This increase resulted primarily from higher revenue.

Adjusted operating income for the years ended December 31, 2020 and 2019 was $1.6 billion, a decrease of $1 million.

Adjusted EBITDA/Margin

We consider adjusted EBITDA/margin to be important financial measures, which are used to internally evaluate and assess our core operations, to benchmark our operating results against our competitors and to evaluate and measure our performance-based compensation plans.

Adjusted EBITDA is defined as net income adjusted for income from discontinued operations, net of tax, provision for income taxes, interest expense, depreciation and amortization, transaction and integration, net, gains and losses on disposals of operations and non-recurring items that, in management's judgment, significantly affect the period-over-period assessment of operating results. Adjusted EBITDA margin is calculated by dividing adjusted EBITDA by revenue.

Reconciliations of net income to adjusted EBITDA for the years ended December 31, 2021, 2020 and 2019 are as follows:

	Years Ended December 31,		
	2021	2020	2019
		(in millions)	
NET INCOME	$ 4,236	$ 1,020	$ 1,073
Income from discontinued operations, net of tax	(2,080)	(258)	(224)
Provision for income taxes	536	249	197
Interest expense	211	244	234
Depreciation [(i)]	281	307	239
Amortization	369	461	488
Restructuring costs	26	24	—
Transaction and integration, net	(806)	110	13
Provision for significant litigation [(ii)]	—	65	—
(Gain)/loss on disposal of operations	(379)	(81)	2
Adjusted EBITDA	$ 2,394	$ 2,141	$ 2,022
Net income margin	47.1%	11.8%	12.8%
Adjusted EBITDA margin	26.6%	24.9%	24.2%

(i) Includes abandonment of long-lived asset of $35 million for the year ended December 31, 2020.
(ii) For additional information, see the disclosure under *WTW Merger-Related Securities Litigation* in Note 15 to the Consolidated Financial Statements.

Adjusted EBITDA for the year ended December 31, 2021 was $2.4 billion, compared to $2.1 billion for the year ended December 31, 2020. This increase was primarily due to higher revenue.

Adjusted EBITDA for the year ended December 31, 2020 was $2.1 billion, compared to $2.0 billion for the year ended December 31, 2019. This increase resulted primarily from higher revenue and pension income, partially offset by higher salaries and benefits expense.

Adjusted Net Income and Adjusted Diluted Earnings Per Share

Adjusted net income is defined as net income attributable to WTW adjusted for income from discontinued operations, net of tax, amortization, transaction and integration, net, gains and losses on disposals of operations and non-recurring items that, in management's judgment, significantly affect the period-over-period assessment of operating results and the related tax effect of those adjustments and the tax effects of internal reorganizations. This measure is used solely for the purpose of calculating adjusted diluted earnings per share.

Adjusted diluted earnings per share is defined as adjusted net income divided by the weighted-average number of shares of common stock, diluted. Adjusted diluted earnings per share is used to internally evaluate and assess our core operations and to benchmark our operating results against our competitors.

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Reconciliations of net income attributable to WTW to adjusted diluted earnings per share for the years ended December 31, 2021, 2020 and 2019 are as follows:

	Years Ended December 31,		
	2021	2020	2019
	($ and weighted-average shares in millions)		
NET INCOME ATTRIBUTABLE TO WTW	$ 4,222	$ 996	$ 1,044
Adjusted for certain items:			
Income from discontinued operations, net of tax	(2,080)	(258)	(224)
Abandonment of long-lived asset	—	35	—
Amortization	369	461	488
Restructuring costs	26	24	—
Transaction and integration, net	(806)	110	13
Provision for significant litigation (i)	—	65	—
(Gain)/loss on disposal of operations	(379)	(81)	2
Tax effect on certain items listed above (ii)	103	(149)	(121)
Tax effect of statutory rate change	40	—	—
Tax effect of the CARES Act	—	61	—
Adjusted net income	$ 1,495	$ 1,264	$ 1,202
Weighted-average shares of common stock — diluted	129	130	130
Diluted earnings per share	$ 32.78	$ 7.65	$ 8.02
Adjusted for certain items (iii):			
Income from discontinued operations, net of tax	(16.15)	(1.98)	(1.72)
Abandonment of long-lived asset	—	0.27	—
Amortization	2.86	3.54	3.75
Restructuring costs	0.20	0.18	—
Transaction and integration, net	(6.26)	0.84	0.10
Provision for significant litigation (i)	—	0.50	—
(Gain)/loss on disposal of operations	(2.94)	(0.62)	0.02
Tax effect on certain items listed above (ii)	0.79	(1.14)	(0.93)
Tax effect of statutory rate change	0.31	—	—
Tax effect of the CARES Act	—	0.47	—
Adjusted diluted earnings per share	$ 11.60	$ 9.71	$ 9.23

(i) For additional information, see the disclosure under *WTW Merger-Related Securities Litigation* in Note 15 to the Consolidated Financial Statements.
(ii) The tax effect was calculated using an effective tax rate for each item.
(iii) Per share values and totals may differ due to rounding.

Our adjusted diluted earnings per share increased for the year ended December 31, 2021 as compared to the year ended December 31, 2020 primarily due to higher revenue.

Our adjusted diluted earnings per share increased for the year ended December 31, 2020 as compared to the year ended December 31, 2019 primarily due to higher revenue and pension income, partially offset by higher salaries and benefits expense.

Adjusted Income Before Taxes and Adjusted Income Taxes/Tax Rate

Adjusted income before taxes is defined as income from operations before income taxes adjusted for amortization, transaction and integration, net, gains and losses on disposals of operations and non-recurring items that, in management's judgment, significantly affect the period-over-period assessment of operating results. Adjusted income before taxes is used solely for the purpose of calculating the adjusted income tax rate.

Adjusted income taxes/tax rate is defined as the provision for income taxes adjusted for taxes on certain items of amortization, transaction and integration, net, gains and losses on disposals of operations, the tax effects of internal reorganizations and non-recurring items that, in management's judgment, significantly affect the period-over-period assessment of operating results, divided by adjusted income before taxes. Adjusted income taxes is used solely for the purpose of calculating the adjusted income tax rate.

Management believes that the adjusted income tax rate presents a rate that is more closely aligned to the rate that we would incur if not for the reduction of pre-tax income for the adjusted items and the tax effects of internal reorganizations, which are not core to our current and future operations.

Reconciliations of income from continuing operations before income taxes to adjusted income before taxes and provision for income taxes to adjusted income taxes for the years ended December 31, 2021, 2020 and 2019 are as follows:

	Years Ended December 31,		
	2021	2020	2019
	($ in millions)		
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	$ 2,692	$ 1,011	$ 1,046
Adjusted for certain items:			
Abandonment of long-lived asset	—	35	—
Amortization	369	461	488
Restructuring costs	26	24	—
Transaction and integration, net	(806)	110	13
Provision for significant litigation (i)	—	65	—
(Gain)/loss on disposal of operations	(379)	(81)	2
Adjusted income before taxes	$ 1,902	$ 1,625	$ 1,549
Provision for income taxes	$ 536	$ 249	$ 197
Tax effect on certain items listed above (ii)	(103)	149	121
Tax effect of statutory rate change	(40)	—	—
Tax effect of the CARES Act	—	(61)	—
Adjusted income taxes	$ 393	$ 337	$ 318
U.S. GAAP tax rate	19.9%	24.7%	18.8%
Adjusted income tax rate	20.7%	20.8%	20.5%

(i) For additional information, see the disclosure under *WTW Merger-Related Securities Litigation* in Note 15 to the Consolidated Financial Statements.
(ii) The tax effect was calculated using an effective tax rate for each item.

Our U.S. GAAP tax rates were 19.9%, 24.7% and 18.8% for the years ended December 31, 2021, 2020 and 2019, respectively. The effective tax rate for the year ended December 31, 2021 includes a $250 million estimated tax expense related to the income receipt of the termination payment. The effective tax rate for the year ended December 31, 2020 was higher primarily due to tax expense of $61 million recognized in connection with the temporary income tax provisions of the CARES Act. During 2020 the Company elected to utilize the higher section 163(j) 50 percent business interest limitation for tax years 2019 and 2020, which allowed the Company to utilize additional interest expense. The utilization of additional interest expense reduced our regular tax liability, however, it created a base erosion minimum tax expense for these tax years. The BEAT effectively applies a 10 percent minimum tax if modified taxable income, as adjusted for base erosion payments, is greater than the regular tax liability for a year.

Our adjusted income tax rates were 20.7%, 20.8% and 20.5% for the years ended December 31, 2021, 2020 and 2019, respectively.

Free Cash Flow

Free cash flow is defined as cash flows from operating activities less cash used to purchase fixed assets and software for internal use. Free cash flow is a liquidity measure and is not meant to represent residual cash flow available for discretionary expenditures.

Management believes that free cash flow presents the core operating performance and cash generating capabilities of our business operations.

Reconciliations of cash flows from operating activities to free cash flow for the years ended December 31, 2021, 2020 and 2019 are as follows:

	Years ended December 31,		
	2021	2020	2019
	(in millions)		
Cash flows from operating activities	$ 2,061	$ 1,774	$ 1,081
Less: Additions to fixed assets and software for internal use	(148)	(223)	(246)
Free cash flow	$ 1,913	$ 1,551	$ 835

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The favorable movement in free cash flows in 2021 was primarily due to the $1 billion of income receipt related to the termination of the proposed Aon transaction, partially offset by $383 million in tax payments primarily related to the disposal of Willis Re and the income receipt of the termination payment, net legal settlement payments of $185 million and $250 million of increased bonus and benefit-related payments made during the year ended December 31, 2021.

Additionally, the free cash flow for both the current and prior years presented include the operating cash flows of Willis Re through December 1, 2021. Willis Re's operating cash flows approximate its pre-tax income and any adjustments for working capital movements (see Note 3 to the Consolidated Financial Statements for further information), the absence of which is expected to be partially made up by reimbursements through the TSA.

The favorable movement in free cash flows in 2020 was primarily due to positive cash flows from our improved working capital position driven by effective management of discretionary spending for the year ended December 31, 2020. Our free cash flows in 2020 were partially offset by transaction and integration expenses, primarily related to the proposed combination with Aon.

Subsequent Events

On March 13, 2022, WTW announced it will withdraw from all of its businesses in Russia and intends to transfer ownership of its Russian businesses to local management who will operate independently in the Russian market.

Principal Risks and Uncertainties

In addition to the factors discussed elsewhere in this report, the following are some of the important factors that could cause our actual results to differ materially from those projected in any forward-looking statements. These risk factors should be carefully considered in evaluating our business. The descriptions below are not the only risks and uncertainties that we face. Additional risks and uncertainties that are presently unknown to us could also impair our business operations, financial condition or results. If any of the risks and uncertainties below or other risks were to occur, our business operations, financial condition or results of operations could be materially and adversely impacted. **With respect to the tax-related consequences of acquisition, ownership and disposal of ordinary shares, you should consult with your own tax advisors.**

Strategic, Operational and Technology Risks

Our success largely depends on our ability to achieve our global business strategy as it evolves, and our results of operations and financial condition could suffer if the Company were unable to successfully establish and execute on its strategy and generate anticipated revenue growth and cost savings and efficiencies.

Our future growth, profitability and cash flows largely depend upon our ability to successfully establish and execute our global business strategy. As discussed under 'Review of Developments and Business Performance - Business Strategy' above, we seek to be an advisory, broking and solutions provider of choice through an integrated global platform. While we have confidence that our strategic plan reflects opportunities that are appropriate and achievable, there is a possibility that our strategy may not deliver projected long-term growth in revenue and profitability due to inadequate execution, incorrect assumptions, global or local economic conditions, competition, changes in the industries in which we operate, sub-optimal resource allocation or any of the other risks described in this 'Principal Risks and Uncertainties' section. In addition, our strategy continues to evolve, and it is possible that we will be unable to successfully execute the associated strategy changes, due to factors discussed above or elsewhere in this 'Principal Risks and Uncertainties' section. In pursuit of our growth strategy, we may also invest significant time and resources into new product or service offerings, and there is the possibility that these offerings may fail to yield sufficient return to cover their investment. The failure to continually develop and execute optimally on our global business strategy could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to fully realize the anticipated benefits of our growth strategy.

We have stated certain goals at our 2021 Investor Day and our outlook for the next several years, including with respect to our cash flows, our growth and margin targets and our share repurchases. New initiatives aiming to implement such objectives pose potential operational risks and may result in distraction of management and employees. We cannot be certain whether we will be able to realize benefits from current revenue-generating or cost-saving initiatives and ultimately realize our objectives. There can be no assurance that our actual results will meet these financial goals.

We have been impacted by the COVID-19 pandemic and may be substantially and negatively impacted by it in the future.

The COVID-19 pandemic has had an adverse impact on global commercial activity, including the global supply chain, and at times has contributed to strain in financial markets, including, among other effects, significant volatility in equity markets, changes in interest rates and reduced liquidity on a global basis. It has also resulted in increased travel restrictions and extended shutdowns of businesses in various industries including, among others, travel, trade, tourism, health systems and food supply, and significantly reduced overall economic output. As such, there is a risk that COVID-19 and its variants could have a substantial negative impact on client demand and cash flow in certain or all of our businesses.

COVID-19 risks magnify other risks discussed in this report and any of our other SEC filings. For example, the effectiveness of external parties, including governmental and non-governmental organizations, in combating the spread and severity of COVID-19 and its variants could have a material impact on demand for our business. In addition, steps taken by market counterparties such as (re)insurance carriers to limit their exposures to COVID-19 and related risks could have an impact on their willingness to provide or renew coverage for our clients on historical terms and pricing, which could again impact demand for our business. Coverage disputes arising out of the pandemic, some of which have already emerged, could also increase our professional liability risk by increasing the frequency and severity of allegations by others that, in the course of providing services, we have committed errors or omissions for which we should have liability. Also, travel restrictions have caused the postponement, modification or cancellation of various conferences and meetings around the world and adversely impacted sales activity. The rapid development and fluidity of the COVID-19 pandemic, including the continued development, availability, distribution and acceptance of effective vaccines and the emergence of vaccine-resistant variants, precludes any prediction as to the duration of the COVID-19 pandemic and the ultimate adverse impact of COVID-19 on our business. Nevertheless, COVID-19 continues to present material uncertainty and risk with respect to demand for our products and services.

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In addition, COVID-19 has disrupted certain aspects of our business and could continue to disrupt, possibly materially, our business operations and the services we provide, as well as the business operations of our clients, suppliers and other third parties with whom we interact. As an increasing percentage of our colleagues continue to work remotely, we face resiliency risks, such as the risk that our information technology platform could potentially be inadequate to support increasing demand, as well as the risk that unusual working arrangements could impact the effectiveness of our operations or controls. Economic disruption caused by COVID-19 or other factors may impact the pace at which we make information technology-based investments, and we may continue to make fewer information technology-based investments than previously anticipated, which could potentially create business operational risk. In addition, we depend on third-party platforms and other infrastructure to provide certain of our products and services, and such third-party infrastructures face similar resiliency risks. These factors have exposed us to increased phishing and other cybersecurity attacks as cybercriminals try to exploit the uncertainty surrounding the COVID-19 pandemic, as well as an increase in the number of points of potential attack, such as laptops and mobile devices (both of which are now being used in increased numbers as many of our employees work remotely), to be secured. A failure to effectively manage these risks, including to promptly identify and appropriately respond to any cyberattacks, may adversely affect our business.

Also, a potential COVID-19 infection of any of our key colleagues could substantially and negatively impact our operations. Further, it is possible that COVID-19 causes us to close down call centers and other processes on which we rely, or impacts processes of third-party vendors on whom we rely, which could also materially impact our operations. Resultant changes in financial markets could also have a material impact on our own hedging and other financial transactions, which could impact our liquidity. In addition, it is possible that COVID-19 restrictions could create difficulty for satisfying our legal or regulatory filing or other obligations, including with the SEC and other regulators.

Supply and labor market disruptions caused by COVID-19 as well as other factors, such as accommodative monetary and fiscal policy, have contributed to significant inflation in many of the markets in which we operate. This impacts not only the costs to attract and retain employees but also other costs to run and invest in our business. If our costs grow significantly in excess of our ability to raise revenues, our margins and results of operations may be materially and adversely impacted and we may not be able to achieve our strategic and financial objectives.

All of the foregoing events or potential outcomes, including in combination with other risk factors included in this report, could cause a substantial negative effect on our results of operations in any period and, depending on their severity, could also substantially and negatively affect our financial condition. Furthermore, such potential material adverse effects may lag behind the developments related to the COVID-19 pandemic. Such events and outcomes also could potentially impact our reputation with clients and regulators, among others.

The sale of Willis Re to Gallagher, including transitional arrangements and pending transactions, creates incremental business, operational, regulatory and reputational risks.

The completion of the agreed-upon transaction to sell our Willis Re business to Gallagher, which has occurred in many but not all jurisdictions globally, entails important risks, including, among others: the risk that the post-closing transition arrangements, which are complex, may impose costs or liabilities or may give rise to errors in execution, be distracting to our management, or cause disruption to our business or our relationships with clients, employees, suppliers, regulators and other third parties; the risk that the triggers for the potential earnout payment may not be met; the risk that transaction and/or transition costs may be greater than expected, including as a result of the complexity of the transition arrangements or conditions that regulators may put on any approvals of the transaction in jurisdictions that have not yet closed; the potential impact of the consummation of the transaction and transition arrangements on relationships, including with employees, suppliers, regulators, clients, competitors and other third parties; the risk that management's attention is diverted from other matters during the post-closing period and in the period prior to closing in jurisdictions where closing has yet to occur; the risk that litigation associated with the Gallagher transaction or with contingent liabilities we have retained, if any, arises; the risk, as described more below, that we are unable to obtain the requisite regulatory approvals or satisfy all of the other conditions required to consummate the Gallagher transaction in remaining jurisdictions on the terms and expected schedule, if at all; the risk of disruptions from the completion of the Gallagher transaction and transition arrangements that impact our business, including current plans and operations, including the risk of exacerbating existing disruptions or challenges we face; and other risks in this report.

Demand for our services could decrease for various reasons, including a general economic downturn, increased competition, or a decline in a client's or an industry's financial condition or prospects, all of which could materially adversely affect us.

We can give no assurance that the demand for our services will grow or be maintained, or that we will compete successfully with our existing competitors, new competitors or our clients' internal capabilities. Client demand for our services may change based on the clients' needs and financial conditions, among other factors.

Our results of operations are affected directly by the level of business activity of our clients, which in turn is affected by the level of economic activity in the industries and markets that they serve. For example, any changes in U.S. trade policy (including any increases in tariffs that result in a trade war), ongoing stock market volatility or an increase in, or unmet market expectations with respect to, interest rates could adversely affect the general economy. As a result, global financial markets may continue to experience disruptions, including increased volatility and reduced credit availability, which could substantially impact our results. Likewise, COVID-19 and related economic disruption could have a material adverse impact on global demand from our clients, in addition to the potential impact of pandemics on our own operations discussed elsewhere in this report. While it is difficult to predict the consequences of any deterioration in global economic conditions on our business, any significant reduction or delay by our clients in purchasing our services or insurance or making payment of premiums could have a material adverse impact on our financial condition and results of operations. In addition, the potential for a significant insurer to fail, be downgraded or withdraw from writing certain lines of insurance coverages that we offer our clients could negatively impact overall capacity in the industry, which could then reduce the placement of certain lines and types of insurance and reduce our revenue and profitability. The potential for an insurer to fail or be downgraded could also result in errors and omissions claims by clients.

In addition, the markets for our principal services are highly competitive. Our competitors include other insurance brokerage (including direct-to-consumer Medicare brokerage), human capital and risk management consulting and actuarial firms, and the human capital and risk management divisions of diversified professional services, insurance, brokerage and accounting firms and specialty, regional and local firms.

Competition for business is intense in all of our business lines and in every insurance market, and some competitors have greater market share in certain lines of business than we do. Some of our competitors have greater financial, technical and marketing resources than us, which could enhance their ability to finance acquisitions, fund internal growth and respond more quickly to professional and technological changes. New competitors, as well as increasing and evolving consolidation or alliances among existing competitors, have created and could continue to create additional competition and could significantly reduce our market share, resulting in a loss of business for us and a corresponding decline in revenue and profit margin. In order to respond to increased competition and pricing pressure, we may have to lower our prices, which would also have an adverse effect on our revenue and profit margin.

In addition, existing and new competitors (whether traditional competitors or non-traditional competitors, such as technology companies) could develop competing technologies or product or service offerings that disrupt our industries. Any new technology or product or service offering (including insurance companies selling their products directly to consumers or other insureds) that reduces or eliminates the need for intermediaries in insurance sales transactions could have a material adverse effect on our business and results of operations. Further, the increasing willingness of clients to either self-insure or maintain a captive insurance company, and the development of capital markets-based solutions and other alternative capital sources for traditional insurance needs, could also materially adversely affect us and our results of operations.

An example of a business that may be significantly impacted by changes in customer demand is our retirement consulting and actuarial business, which comprises a substantial portion of our revenue and profit. We provide clients with actuarial and consulting services relating to both defined benefit and defined contribution pension plans. Defined benefit pension plans generally require more actuarial services than defined contribution plans because defined benefit plans typically involve large asset pools, complex calculations to determine employer costs, funding requirements and sophisticated analysis to match liabilities and assets over long periods of time. If organizations shift to defined contribution plans more rapidly than we anticipate, or if we are unable to otherwise compensate for the decline in our business that results from employers moving away from defined benefit plans, our business, financial condition and results of operations could be materially adversely affected. Furthermore, large and complex consulting projects, often involving dedicated personnel, resources and expenses, comprise a significant portion of this business, which are based on our clients' discretionary needs and may be reduced based on a decline in a client's or an industry's financial condition or prospects. We also face the risk that certain large and complex project contracts may be reduced or terminated based on dissatisfaction with service levels, which could result in reduced revenue, write-offs of assets associated with the project, and disputes over the contract, all of which may adversely impact our results and business.

In addition, the demand for many of our core benefit services, including compliance-related services, is affected by government regulation and taxation of employee benefit plans. Significant changes in tax or social welfare policy or other regulations could lead some employers to discontinue their employee benefit plans, including defined benefit pension plans, thereby reducing the demand for our services. A simplification of regulations or tax policy also could reduce the need for our services.

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Our ability to successfully manage ongoing organizational changes could impact our business results, where the level of costs and/or disruption may be significant and change over time, and the benefits may be less than we originally expect.

We have in the past few years undergone several significant business and organizational changes, including multi-year operational improvement programs and a new management structure, among others. There are also a number of other initiatives planned or ongoing to transform and update our systems and processes and gain efficiencies. In addition, our strategy continues to evolve, and such evolution may result in further organizational changes or more or different investments than we currently anticipate. In connection with all these changes, we may manage a number of large-scale and complex projects. Such projects may include multiple and connected phases, many of which may be dependent on factors that are outside of our control. While we plan to undertake these types of large, complex projects based on our determination that each is necessary or desirable for the execution of the Company's business strategy, we cannot guarantee that the collective effect of all of these projects will not adversely impact our business or results of operations or that the benefits will be as we originally expect. Effectively managing these organizational changes (including ensuring that they are implemented on schedule, within budget and without interruption to the existing business or that transitions to new systems do not create significant control vulnerabilities during the period of transition) is critical to retaining talent, servicing clients and our business success overall. Many of the risks described herein increase during periods of significant organizational change. The failure to effectively manage such risks could adversely impact our resources or business or financial results.

Changes in our management structure and in senior leadership could affect our business and financial results.

As of January 1, 2022, Carl Hess succeeded John Haley as our chief executive officer and previously announced changes to our management structure became effective. Additionally, on September 7, 2021, Andrew Krasner succeeded Michael J. Burwell as our chief financial officer. Leadership transitions can be difficult to manage and may cause disruptions to our operations. A leadership transition may also increase the likelihood of turnover among our employees and result in changes in our business strategy, which may create uncertainty and negatively impact our ability to execute our business strategy quickly and effectively. Leadership transitions may also impact our relationships with customers and other market participants, and create uncertainty among investors, employees, and others concerning our future direction and performance. Any significant disruption, uncertainty or change in business strategy could adversely affect our business, operating results and financial condition.

The loss of key colleagues or a large number of colleagues could damage or result in the loss of client relationships and could result in such colleagues competing against us.

Our success depends on our ability to attract, retain and motivate qualified personnel, including key managers and colleagues. In addition, our success largely depends upon our colleagues' abilities to generate business and provide quality services. In particular, our colleagues' business relationships with our clients are a critical element of obtaining and maintaining client engagements. Labor markets have continued to tighten globally, and we have experienced intense competition and increased costs for certain types of colleagues, especially as new entrants, in the insurance business (among others), expend significant resources in hiring. Also, in the past and following the announcement and the termination of the proposed Aon combination, we have lost colleagues who manage substantial client relationships or possess substantial experience or expertise; if we lose additional colleagues such as those, or if we lose a large number of other colleagues, it could result in such colleagues competing against us. Voluntary attrition in a number of business lines remains elevated, and it may take longer than expected to hire new colleagues to replace colleagues who have left and/or these new colleagues may be subject to restrictive covenants that impact the amount of business they can generate while those covenants are in effect. The failure to successfully attract and retain qualified personnel could materially adversely affect our ability to secure and complete engagements or could disrupt our business or cause increased operational risk, which would materially adversely affect our results of operations and prospects.

Data security breaches or improper disclosure of confidential company or personal data could result in material financial loss, regulatory actions, reputational harm or legal liability.

We depend on information technology networks and systems to process, transmit and store electronic information and to communicate among our locations around the world and with our alliance partners, insurance carriers/markets, clients and third-party vendors. Additionally, one of our significant responsibilities is to maintain the security and privacy of our clients' confidential and proprietary information and the personal data of their customers and employees. Our information systems, and those of our third-party service providers and vendors, are vulnerable to an increasing threat of continually evolving cybersecurity risks. We are the target of computer viruses, hackers, distributed denial of service attacks, malware infections, ransomware attacks, phishing and spear-phishing campaigns and/or other external hazards, as well as improper or inadvertent workforce behavior which, could expose confidential company and personal data systems and information to security breaches.

Many of the software applications that we use in our business are licensed from, and supported, upgraded and maintained by, third-party vendors. Our third-party applications include, but are not limited to, enterprise cloud storage and cloud computing application

services provided and maintained by third-party vendors. These third-party applications store or may afford access to confidential and proprietary data of the Company, our employees and our clients. We have processes designed to require third-party vendors that provide IT outsourcing, offsite storage and other services to agree to maintain certain standards with respect to the storage, protection and transfer of confidential, personal and proprietary information. However, this data is at risk of compromise or unauthorized access or use in the event of a breakdown of a vendor's data protection processes, a data breach due to the intentional or unintentional non-compliance by a vendor's employee or agent, or as a result of a cyber-attack on the product, software or information systems of a vendor in our software supply chain. Any compromise of the product, software, data or infrastructure of a Company vendor, including a software or IT vendor in our supply chain, could in turn result in the compromise of Company data or infrastructure or result in material operational disruption. Further, the risk and potential impact of a data breach on our third-party vendors' products, software or systems increase as we move more of our data and our clients' data into our vendors' cloud storage, engage in IT outsourcing, and consolidate the group of third-party vendors that provide cloud storage or other IT services for the Company. Over time, the frequency, severity and sophistication of the attacks against us and our vendors have increased, including due to the use of artificial intelligence for purposes of cybercrime, and the broader range of threat actors, including state-sponsored actors and hacker activists.

We and our vendors regularly experience cybersecurity incidents, including successful attacks from time to time, and we expect that to continue going forward. Cybersecurity incidents include those resulting from human error or malfeasance, implantation of malware and viruses, phishing and spear-phishing attacks, unauthorized access to our information technology networks and systems, and unauthorized access to data or individual account funds through fraud or other means of deceiving our colleagues, clients, third-party service providers and vendors. We have experienced successful attacks, by various types of hacking groups, in which personal and commercially sensitive information, belonging to the Company or its clients, has been compromised. However, none of these cybersecurity incidents or attacks to our knowledge have been material to our business or financial results. We cannot assure that such cybersecurity incidents or attacks will not have a material impact on our business or financial results in the future. When required by law, we have notified individuals, clients and relevant regulatory authorities (such as insurance/financial services regulators and privacy regulators) of such cybersecurity incidents or attacks.

We maintain policies, procedures and administrative, physical and technological safeguards (such as, where in place, multifactor authentication and encryption of data in transit and at rest) designed to protect the security and privacy of the data in our custody and control. However, such safeguards are time-consuming and expensive to deploy broadly and are not necessarily always in place or effective, and we cannot entirely eliminate the risk of data security breaches, improper access to, takeover of or disclosure of confidential company or personally identifiable information. We may not be able to detect and assess such issues, or implement appropriate remediation, in a timely manner. We are engaged in an ongoing effort to enhance our protections against such attacks; this effort will require significant expenditures and may not be successful. Our technology may fail to adequately secure the private information we hold and protect it from theft, computer viruses, hackers or inadvertent loss.

If any person, including any of our colleagues, intentionally or unintentionally fails to comply with, disregards or intentionally breaches our established controls with respect to such data or otherwise mismanages or misappropriates that data, we could be subject to monetary damages, fines, regulatory enforcement and/or criminal prosecution. Unauthorized disclosure of sensitive or confidential client, supplier or employee data, whether through systems failure, accident, employee negligence, fraud or misappropriation, could damage our reputation and cause us to lose clients. Similarly, unauthorized access to or through our information systems or those we develop for our clients, whether by our colleagues or third parties, could result in significant additional expenses (including expenses relating to incident response and investigation, remediation work, notification of data security breaches and costs of credit monitoring services), negative publicity, operational disruption, legal liability and damage to our reputation, as well as require substantial resources and effort of management, thereby diverting management's focus and resources from business operations.

The methods used to obtain unauthorized access to, disable or degrade service or sabotage the Company's systems are also constantly evolving, are increasingly sophisticated, and may be difficult to anticipate or detect. For example, the U.S. Federal Bureau of Investigation ('FBI'), the Cybersecurity and Infrastructure Security Agency, and other U.S. federal agencies continue to issue warnings about trends in cybercriminal and nation-state activity and other threats that are consistent with some of the types of incidents we have experienced. To our knowledge, these incidents have not had a material impact on our business or operations thus far. However, our reputation could be harmed and our business and results of operations could be materially and adversely affected if we were to be the target of such attacks in the future, or if, despite our controls and efforts to detect breaches, we were to be the victim of an undetected breach.

We have implemented and regularly review and update processes and procedures to protect against fraud and unauthorized access to and use of secured data and to prevent data loss. The ever-evolving threats mean that we and our third-party service providers and vendors must continually evaluate, adapt, enhance and otherwise improve our respective systems and processes, especially as we grow our mobile, cloud and other internet-based services. There is no guarantee that such efforts will be adequate to safeguard

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against all fraud, data security breaches, unauthorized access, operational impacts or misuses of data. For example, our policies, employee training (including phishing prevention training), procedures and technical safeguards may be insufficient to prevent or detect improper access to confidential, personal or proprietary information by employees, vendors or other third parties with otherwise legitimate access to our systems. In addition, we may not be able to implement such efforts as quickly as desired if, for example, greater resources are required than originally expected or resources and management's focus are insufficient. Any future significant compromise or breach of our data security or fraud, whether external or internal, or misuse of client, colleague, supplier or company data, could result in additional significant costs, lost revenue opportunities, disruption of operations and service, fines, lawsuits, and damage to our reputation with our clients and in the broader market.

From time to time, we receive claims and are party to lawsuits arising from our work, which could materially adversely affect our reputation, business and financial condition.

We depend in large part on our relationships with clients and our reputation for high-quality services to secure future engagements. Clients that become dissatisfied with our services may terminate their business relationships with us, and clients and third parties that claim they suffered damages caused by our services may bring lawsuits against us. We are subject to various actual and potential claims, lawsuits, investigations and other proceedings relating principally to alleged errors and omissions in connection with the provision of our services or the placement of insurance and reinsurance in the ordinary course of business. We are also subject to actual and potential claims, lawsuits, investigations and proceedings outside of errors and omissions claims. See Note 15 to the Consolidated Financial Statements for examples of claims to which we are subject.

Because we often assist our clients with matters involving substantial amounts of money and complex regulatory requirements, including actuarial services, asset management, technology solutions development and implementation and the placement of insurance coverage and the handling of related claims, errors and omissions claims against us may arise that allege our potential liability for all or part of the substantial amounts in question. The nature of our work, particularly our actuarial services, necessarily involves the use of assumptions and the preparation of estimates relating to future and contingent events, the actual outcome of which we cannot know in advance. Our actuarial and brokerage services also rely on substantial amounts of data provided by clients, the accuracy and quality of which we may not be able to ensure. In addition, we could make computational, software programming or data management errors in connection with the services we provide to clients.

Clients may seek to hold us responsible for alleged errors or omissions relating to any of the brokerage advice and services we provide, including when claims they submit to their insurance carriers are disputed or denied. This risk is likely to be higher in circumstances, such as claims related to COVID-19 (some of which have already emerged), where there are significant disputes between clients and insurance carriers over coverage and clients allege claims against us. This risk also may be higher in circumstances where we have significant numbers of departures or new joiners or other disruptions to our business, such as changes in ways of working. Given that many of our clients have very high insurance policy limits to cover their risks, alleged errors and omissions claims against us arising from disputed or denied claims are often significant. Moreover, in certain circumstances, our brokerage, investment and certain other types of business may not limit the maximum liability to which we may be exposed for claims involving alleged errors or omissions; and as such, we do not have limited liability for the work we provide to the associated clients.

Further, given that we frequently work with large pension funds and insurance companies as well as other large clients, relatively small percentage errors or variances can create significant financial variances and result in significant claims for unintended or unfunded liabilities. The risks from such variances or errors could be aggravated in an environment of declining pension fund asset values and insurance company capital levels. In almost all cases, our exposure to liability with respect to a particular engagement is substantially greater than the revenue opportunity that the engagement generates for us.

Clients may seek to hold us responsible for the financial consequences of variances between assumptions and estimates and actual outcomes or for errors. For example, in the case of pension plan actuarial work, a client's claims might focus on the client's alleged reliance on actuarial assumptions that it believes were unreasonable and, based on such reliance, the client made benefit commitments that it may later claim are not affordable or funding decisions that result in plan underfunding if and when actual outcomes vary from actuarial assumptions.

We also continue to create new products and services (including increasingly complex technology solutions) and to grow the business of providing products and services to institutional investors, financial services companies and other clients. The risk of claims from these lines of business and related products and services may be greater than from our core products or services, and such claims may be for significant amounts as we take on increasingly complicated projects, including those with complex regulatory requirements.

We also provide advice on both asset allocation and selection of investment managers. Increasingly, for many clients, we are responsible for making decisions on both of these matters, or we may serve in a fiduciary capacity, either of which may increase liability exposure. In addition, the Company offers affiliated investment funds, including in the U.S. and Ireland, with plans to launch additional funds over time. Given that our Investment business may recommend affiliated investment funds or affirmatively invest such clients' assets in such funds under delegated authority, this may increase our liability exposure. We may also be liable for actions of managers or other service providers to the funds. Further, for certain clients, we are responsible for some portions of cash and investment management, including rebalancing of investment portfolios and guidance to third parties on the structure of derivatives and securities transactions. Asset classes may experience poor absolute performance, and investment managers may underperform their benchmarks; in both cases the investment return shortfall can be significant. Clients experiencing this underperformance, including from our affiliated investment funds, may assert claims against us, and such claims may be for significant amounts. In addition, our failure to properly execute our role can cause monetary damage to our clients or such third parties for which we might be found liable, and such claims may be for significant amounts. Our expected expansion of this business geographically and in new offerings will subject us to additional contractual exposures and obligations with investors, asset managers and third party service providers, as well as increased regulatory exposures. Overall, our ability to contractually limit our potential liability may be limited in certain jurisdictions or markets or in connection with claims involving breaches of fiduciary duties or other alleged errors or omissions.

The ultimate outcome of all of the above matters cannot be ascertained and liabilities in indeterminate amounts may be imposed on us. In addition, our insurance coverage may not be sufficient in type or amount to cover us against such liabilities. It is thus possible that future results of operations or cash flows for any particular quarterly or annual period could be materially adversely affected by an unfavorable resolution of these matters. In addition, these matters continue to divert management and personnel resources away from operating our business. Even if we do not experience significant monetary costs, there may be adverse publicity associated with these matters that could result in reputational harm to the industries we operate in or to us in particular that may adversely affect our business, client or employee relationships. In addition, defending against these claims can involve potentially significant costs, including legal defense costs.

As a highly regulated company, we are subject from time to time to inquiries or investigations by governmental agencies or regulators that could have a material adverse effect on our business or results of operations.

We have also been and may continue to be subject to inquiries and investigations by federal, state or other governmental agencies regarding aspects of our clients' businesses or our own businesses, especially regulated businesses such as our insurance broker, securities broker-dealer and investment advisory services. Such inquiries or investigations may consume significant management time and result in regulatory sanctions, fines or other actions as well as significant legal fees, which could have a material adverse impact on our business, results of operations and liquidity. Also, we may face additional regulatory scrutiny as we expand our businesses geographically and in new products and services that we offer.

Examples of these inquiries or investigations are set forth in more detail in Note 15 to the Consolidated Financial Statements. These include various ongoing civil investigation proceedings in respect of alleged exchanges of commercially sensitive information among competitors in aviation and aerospace insurance and reinsurance broking.

All of these items reflect an increased focus by regulators (in the U.K., U.S. and elsewhere) on various aspects of the operations and affairs of our regulated businesses. We are unable to predict the outcome of these inquiries or investigations. Any proposed changes that result from these investigations and inquiries, or any other investigations, inquiries or regulatory developments, or any potential fines or enforcement action, could materially adversely affect our business and our results of operations.

Our growth strategy depends, in part, on our ability to make acquisitions. We face risks when we acquire or divest businesses, and we could have difficulty in acquiring, integrating or managing acquired businesses, or with effecting internal reorganizations, all of which could harm our business, financial condition, results of operations or reputation.

Our growth depends in part on our ability to make acquisitions. We may not be successful in identifying appropriate acquisition candidates or consummating acquisitions on terms acceptable or favorable to us. We also face additional risks related to acquisitions, including that we could overpay for acquired businesses and that any acquired business could significantly underperform relative to our expectations. In addition, we may not repurchase as many of our outstanding shares as anticipated due to our acquisition activity or investment opportunities, as well as other market or business conditions. If we are unable to identify and successfully make, integrate and manage acquisitions, our business could be materially adversely affected. In addition, we face risks related to divesting businesses, including that we may not receive adequate consideration in return for the divested business, we may continue to be subject to the liabilities of the divested business after its divestiture (including with respect to work we might have performed on behalf of the divested business), and we may not be able to reduce overhead or redeploy assets or retain colleagues after the divestiture closes. For example, we completed the sale of Miller and the principal closing of the Willis Re

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business, and are in the process of completing the remaining closings of our sale of the Willis Re business, which may give rise to such risks including risks in managing transition arrangements.

In addition, we cannot be certain that our acquisitions will be accretive to earnings or that our acquisitions or divestitures will otherwise meet our operational or strategic expectations. Acquisitions involve special risks, including the potential assumption of unanticipated liabilities and contingencies and difficulties in integrating acquired businesses, and acquired businesses may not achieve the levels of revenue, profit or productivity we anticipate or otherwise perform as we expect. In addition, if the operating performance of an acquired business deteriorates significantly, we may need to write down the value of the goodwill and other acquisition-related intangible assets recorded on our consolidated balance sheet.

We may be unable to effectively integrate an acquired business into our organization and may not succeed in managing such acquired businesses or the larger company that results from such acquisitions. The process of integrating an acquired business may subject us to a number of risks, including, without limitation, an inability to retain the management, key personnel and other employees of the acquired business; an inability to establish uniform standards, controls, systems, procedures and policies or to achieve anticipated savings; and exposure to legal claims for activities of the acquired business prior to acquisition.

With respect to any such acquisition transactions, we face the risk related to the potential impacts of the transaction and integration on relationships, including with employees, correspondents, suppliers, clients and competitors, as well as the risk related to contingent liabilities (including litigation) potentially creating material liabilities for the Company. The following risks, in addition to those described above, may also adversely affect our ability to successfully implement and integrate these acquisitions: material changes in U.S. and foreign jurisdiction regulations (including those related to the healthcare system and Medicare and insurance brokerage services); changes in general economic, business and political conditions in relevant markets, including changes in the financial markets; significant competition in the marketplace; and compliance with extensive and evolving government regulations in the U.S. and in foreign jurisdictions.

If acquisitions are not successfully integrated and the intended benefits of the acquisitions are not achieved, our business, financial condition and results of operations could be materially adversely affected, as well as our professional reputation. We also own an interest in a number of associates and companies where we do not exercise management control and we are therefore limited in our ability to direct or manage the business to realize the anticipated benefits that we could achieve if we had full ownership.

Our inability to successfully recover should we experience a disaster or other business continuity problem could cause material financial loss, loss of human capital, regulatory actions, reputational harm or legal liability.

Should we experience a disaster or other business continuity problem, such as an earthquake, hurricane, terrorist attack, pandemic, including prolonged effects of the COVID-19 pandemic, security breach, ransomware or destructive malware attack, power loss, telecommunications failure or other natural or man-made disaster, our continued success will depend, in part, on the availability of our personnel, our office facilities, access to data, and the proper functioning of our computer, telecommunication and other related systems and operations. In such an event, we could experience operational challenges with regard to our operations.

A disaster on a significant scale or affecting certain of our key operating areas within or across regions, or our inability to successfully recover should we experience a disaster or other business continuity problem, could materially interrupt our business operations and cause material financial loss, loss of human capital, regulatory actions, reputational harm, damaged client relationships or legal liability, particularly if any of these problems occur during peak times.

Interruption to or loss of our information processing capabilities or failure to effectively maintain and upgrade our information processing hardware or systems could cause material financial loss, regulatory actions, reputational harm or legal liability.

Our business depends significantly on effective information systems. Our capacity to service our clients relies on effective storage, retrieval, processing and management of information. Our information systems also rely on the commitment of significant financial and other resources to maintain and enhance existing systems, develop and create new systems and products in order to keep pace with continuing changes in information processing technology or evolving industry and regulatory standards. We rely on being at the forefront of a range of technology options relevant to our business, including by staying ahead of the technology offered by our competitors, and attracting, developing, and retaining skilled individuals in the cybersecurity space. The market for such qualified individuals is competitive and we may be unable to hire the necessary talent to mitigate the foregoing risks.

In addition, many of the software applications, including enterprise cloud storage and cloud computing application services, that we use in our business are licensed from, and supported, upgraded and maintained by, third-party vendors. We are significantly increasing our use of such cloud services and expect this to continue over time. These third-party applications store confidential and proprietary data of the Company, our clients and our employees. A suspension or termination of certain of these licenses or the

related support, upgrades and maintenance could cause temporary system delays or interruptions that could adversely impact our business. As a global organization, we occasionally acquire other companies or divest certain of our existing business lines and companies. These strategic business decisions may require us to manage complex integrations or dissolutions of information systems or the transfer of information from one system to another, and we may fail to identify vulnerabilities in our targets' information systems or in integrated components of our respective information systems. These transactions may make us more susceptible to cyberattacks and could result in the theft of Company intellectual property, the compromise of Company, employee, and client data or operational disruption.

Any finding that the data we rely on to run our business is inaccurate or unreliable, that we fail to maintain effective and efficient systems (including through a telecommunications failure, failure to replace or update redundant or obsolete computer hardware, applications or software systems, or the loss of skilled people with the knowledge needed to operate older systems), or that we experience cost overruns, delays, or other disruptions, could result in material financial loss, regulatory action, reputational harm or legal liability.

The United Kingdom's exit from the European Union, which occurred on January 31, 2020, and the risk that other countries may follow, could adversely affect us.

In 2021, approximately 18% of our revenue from continuing operations was generated in the U.K., although only about 12% of revenue from continuing operations was denominated in Pounds sterling as much of the insurance business is transacted in U.S. dollars. Approximately 18% of our expenses from continuing operations were denominated in Pounds sterling. It remains difficult to predict with any level of certainty the impact that Brexit will have on the economy; economic, regulatory and political stability; and market conditions in Europe, including in the U.K., or on the Pound sterling, Euro or other European currencies, but any such impacts and others we cannot currently anticipate could materially adversely affect us and our operations. Among other things, we could experience: lower growth in the region due to indecision by businesses holding off on generating new projects or due to adverse market conditions; and reduced reported revenue and earnings because foreign currencies may translate into fewer U.S. dollars due to the fact that we translate revenue denominated in non-U.S. currencies, such as Pounds sterling, into U.S. dollars for our financial statements. In addition, there can be no assurance that our hedging strategies will be effective.

On December 24, 2020, the E.U. and the U.K. agreed to the terms of a Trade and Cooperation Agreement (the 'TCA') that reflects certain matters agreed upon between the parties in relation to a broad range of separation issues, which provisionally applied as of January 1, 2021, and entered into force on May 1, 2021. While many separation issues have been resolved, some uncertainty remains in relation to the future regulation of financial services, among other matters. The TCA addresses issues related to financial services on a limited basis. The E.U. and the U.K have separately agreed to a Memorandum of Understanding to establish a framework for future regulatory cooperation. The British government and the E.U. will therefore continue over time to negotiate certain terms of the U.K.'s future relationship with the E.U. that are not addressed in the TCA. The Company is heavily invested in the U.K. through our businesses and activities. If the outcomes of Brexit and the TCA negatively impact the U.K., then it could have a material adverse impact on us. Brexit has resulted in greater restrictions on business conducted between the U.K. and E.U. countries and has increased regulatory complexities. There also remains uncertainty as to how changes to the U.K.'s access to the E.U. Single Market and the wider trading, legal, regulatory, tax, social and labor environments, especially in the U.K. and E.U., will be impacted over time, including the resulting impacts on our business and that of our clients. These changes may adversely affect our operations and financial results. For example, a loss of pre-Brexit passporting rights or other changed regulations relating to doing business in various E.U. countries by relying on a regulatory permission in the U.K. (or doing business in the U.K. by relying on a regulatory permission in an E.U. country) may over time increase our costs of doing business, or our ability to do so, and thereby adversely impact our operations and financial results.

We believe we have implemented appropriate arrangements for the continued servicing of client business in the countries most affected. These arrangements include the transaction of certain businesses and/or the movement of certain businesses outside of the U.K. However, various significant risks remain in relation to the effects of the post-Brexit arrangements between the E.U. and U.K. some of which have yet to be agreed upon, including the following, among others:

- the risk that our implemented business solutions could cost more than expected, or that regulators in the U.K. or E.U may issue amended guidance or regulations in relation to those solutions or that we fail to gain regulatory authorizations which could affect our business, operations or strategic plans;
- the risk that we may require further changes to client contract terms and have to address additional regulatory requirements, including with respect to data protection and privacy standards;
- the risk over time of a loss of key talent, or an inability to hire sufficient and qualified talent, or the disruption due to client servicing as a result of equivalence not being granted on qualifications;

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- the risk that the efforts and resources allocated to the post-Brexit evolution of regulations and laws, and associated changes to our operations, cause disruptions to our existing businesses, whether inside or outside the U.K., or both;
- the risk that the U.K. will continue to have in place a limited number of trade agreements with the E.U. member states and/or any non-E.U. states leading to potentially adverse trading conditions with other territories; and
- the risk that the way in which the U.K.-E.U. regulatory and legal environment evolves differs from current expectations, resulting in the need to quickly and materially change our plans, and the risks described above with respect to any associated changes in such plans.

There is also a risk that other countries may decide to leave the E.U. We cannot predict the impact that any additional countries leaving the E.U. will have on us, but any such impacts could materially adversely affect us.

Allegations of conflicts of interest, including in connection with accepting market derived income ('MDI'), may have a material adverse effect on our business, financial condition, results of operation or reputation.

We could suffer significant financial or reputational harm if we fail to properly identify and manage potential conflicts of interest. Conflicts of interest exist or could exist any time the Company or any of its employees have or may have an interest in a transaction or engagement that is inconsistent with our clients' interests. This could occur, for example, when the Company is providing services to multiple parties in connection with a transaction. In addition, as we provide more solutions-based services, there is greater potential for conflicts with advisory services. Managing conflicts of interest is an important issue for the Company, but can be a challenge for a large and complex company such as ours. Due to the broad scope of our businesses and our client base, we regularly address potential conflicts of interest, including, without limitation, situations where our services to a particular client or our own investments or other interests conflict, or are perceived to conflict, with the interests of another client. If these are not carefully managed, this could then lead to failure or perceived failure to protect the client's interests, with attendant regulatory and reputational risks that could materially adversely affect us and our operations. There is no guarantee that all potential conflicts of interest will be identified, and undetected conflicts may result in damage to our professional reputation and result in legal liability which may have a material adverse effect on our business. Identifying conflicts of interest may also prove particularly difficult as we continue to bring systems and information together and integrate newly acquired businesses. In addition, we may not be able to adequately address such conflicts of interest.

In addition, insurance intermediaries have traditionally been remunerated by base commissions paid by insurance carriers in respect of placements we make for clients, or by fees paid by clients. Intermediaries also obtain other revenue from insurance carriers. This revenue, when derived from carriers in their capacity as insurance markets (as opposed to as corporate clients of the intermediaries where they may be purchasing insurance or reinsurance or other non-market-related services), is commonly known as market derived income or 'MDI'. MDI is another example of an area in which allegations of conflicts of interest may arise. MDI takes a variety of forms, including volume- or profit-based contingent commissions, facilities administration charges, business development agreements, and fees for providing certain data to carriers.

MDI creates various risks. Intermediaries in many markets have a duty to act in the best interests of their clients and payments from carriers can incentivize intermediaries to put carriers' or their own interests ahead of their clients. Accordingly, MDI may be subject to scrutiny by various regulators under conflict of interest, anti-trust, unfair competition, conduct and anti-bribery laws and regulations. While accepting MDI is a lawful and acceptable business practice, and while we have established systems and controls to manage these risks, we cannot predict whether our position will result in regulatory or other scrutiny and our controls may not be effective.

In addition, the Company offers affiliated investment funds, with plans to launch additional funds over time. Given that our Investment business may recommend affiliated investment funds or affirmatively invest such clients' assets in such funds under delegated authority, there may be a perceived conflict of interest. While the Company has processes, procedures and controls in place intended to mitigate potential conflicts, such perception could cause regulatory inquiries, or could impact client demand and the business' financial performance, and our controls may not be effective. In addition, underperformance by our affiliated investment funds could lead to lawsuits by clients that were invested in such funds.

The failure or perceived failure to adequately address conflicts of interest could affect the willingness of clients to deal with us, or give rise to litigation or enforcement actions. Conflicts of interest may also arise in the future that could cause material harm to us.

Damage to our reputation, including due to the failure of third parties on whom we rely to perform services or public opinions of third parties with whom we associate, could adversely affect our businesses.

Maintaining a positive reputation is critical to our ability to attract and maintain relationships with clients and colleagues. Damage to our reputation could therefore cause significant harm to our business and prospects. Harm to our reputation can arise from numerous sources, including among others, employee misconduct, litigation or regulatory action, failure to deliver minimum standards of service and quality, compliance failures, allegations of conflicts of interest and unethical behavior. Such harm could also arise from negative public opinion or political conditions arising from our association with third parties in any number of activities or circumstances. Negative perceptions or publicity, whether or not true, may result in harm to our prospects. In addition, the failure to deliver satisfactory service and quality performance, on time and within budget, in one line of business could cause clients to terminate the services we provide to those clients in many other lines of business. This risk has increased as the Company has become larger and more complex and as we take on increasingly complicated projects for our clients (such as complex outsourcing engagements and technology solutions development/implementation projects that require a significant amount of dedicated personnel resources and expenses).

In addition, as part of providing services to clients and managing our business, we rely on a number of third-party service providers. Our ability to perform effectively depends in part on the ability of these service providers to meet their obligations, as well as on our effective oversight of their performance. The quality of our services could suffer, or we could be required to incur unanticipated costs if our third-party service providers do not perform as expected or their services are disrupted. This could have a material adverse effect on our reputation as well as our business and results of operations.

Our business performance and growth plans could be negatively affected if we are not able to effectively apply technology, data and analytics to drive value for our clients through technology-based solutions or gain internal efficiencies through the effective application of technology, analytics and related tools.

Our success depends, in part, on our ability to develop and implement technology, data and analytic solutions that anticipate, lead or keep pace with rapid and continuing changes in technology both for internal operations and for maintaining industry standards and meeting client preferences. We may not be successful in anticipating or responding to these developments in a timely and cost-effective manner or in attracting and maintaining personnel with the necessary skills in this area. Additionally, our ideas may not lead to the desired internal efficiencies or be accepted in the marketplace. In addition, we may not be able to implement technology-based solutions as quickly as desired if, for example, greater resources are required than originally expected or resources are otherwise needed elsewhere. The effort to gain technological and data expertise and develop new technologies or analytic techniques in our business requires us to incur significant cost and attract qualified technical talent who are in high demand. Our competitors are seeking to develop competing or new technologies, and their success in this space may impact our ability to differentiate our services to our clients through the use of unique technological solutions. In certain cases, we may decide, based on perceived business needs, to make investments that may be greater than we currently anticipate. If we cannot offer new technologies or data and analytic services or solutions as quickly or effectively as our competitors, or if our competitors develop more cost-effective technologies or analytic tools, it could have a material adverse effect on our ability to obtain and complete client engagements.

Our business may be harmed by any negative developments that may occur in the insurance industry or if we fail to maintain good relationships with insurance carriers.

Many of our businesses are heavily dependent on the insurance industry. Any negative developments that occur in the insurance industry may have a material adverse effect on our business and our results of operations. In addition, if we fail to maintain good relationships with insurance carriers, it may have a material adverse effect on our business and results of operations.

The private health insurance industry in the U.S. has experienced a substantial amount of consolidation over the past several years, resulting in a decrease in the number of insurance carriers. In the future, it may become necessary for us to offer insurance plans from a reduced number of insurance carriers or to derive a greater portion of our revenue from a more concentrated number of carriers as our business and the health insurance industry continue to evolve. The termination, amendment or consolidation of our relationships with our insurance carriers could harm our business, results of operations and financial condition.

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Legal, Non-Financial/Tax Regulatory and Compliance Risks

Our inability to comply with complex and evolving laws and regulations related to data privacy and cyber security could result in material financial loss, regulatory actions, reputational harm or legal liability.

We are subject to numerous laws and regulations in the U.S. and foreign jurisdictions, only certain of which are named here, designed to protect the personally identifiable information of client and company constituents and suppliers, notably the European Union's General Data Protection Regulation ('GDPR') and the California Consumer Privacy Act and its implementing regulations ('CCPA'). We are also subject to regulations from other countries that prohibit or restrict the transmission of data outside of such countries' borders, and to various U.S. federal and state laws governing the protection of health, financial or other individually identifiable information. The GDPR, which became effective in May 2018, as well as other more recently-enacted privacy laws, significantly increased our responsibilities when handling personal data including, without limitation, requiring us to conduct privacy impact assessments, restricting the transmission of data, and requiring public disclosure of significant data breaches. Violations of the GDPR may result in possible fines of up to 4% of global annual turnover for the preceding financial year or €20 million (whichever is higher). A July 2020 judgment by the Court of Justice of the European Union on *Schrems II* has made cross border data transfers to organizations outside the European Economic Area more onerous and uncertain, pending definitive guidance by European Union authorities. Further, as a result of the U.K.'s withdrawal from the European Union ('Brexit'), the data transfer regime between the U.K. and the European Economic Area is subject to some uncertainty if the U.K.'s data strategy diverges from the E.U.'s in the coming years. The Company is also subject to numerous U.S. and foreign marketing and telecommunications laws and regulations designed to protect consumers from unwanted or fraudulent communications. A violation of any such law may lead to litigation or regulatory liability, including substantial financial damages or fines.

Laws and regulations in this area are evolving and generally becoming more stringent, including, without limitation, the U.S. Health Insurance Portability and Accountability Act of 1996 ('HIPAA'), enforced by the Office for Civil Rights within the Department of Health and Human Services, and the New York State Department of Financial Services' cybersecurity regulations outlining required security measures for the protection of data. Certain U.S. states have also recently enacted laws requiring certain data security and privacy measures of regulated entities, notably the CCPA. We expect that both other U.S. states and other countries will follow in implementing their own data privacy and data security laws. For example, Brazil recently enacted the Lei Geral de Proteção de Dados Pessoais, a national data protection law modeled on the GDPR. The People's Republic of China and India, among other countries, are also expected to enact data protection laws that could, among other things, restrict data transfers out of each of those countries.

Each of these evolving laws and regulations, in the United States and abroad, as well as laws applicable to the Company that are not named here, may be subject to evolving and conflicting interpretations, restrict the manner in which we provide services to our clients, divert resources from other important initiatives, increase the risk of non-compliance, impose significant compliance and other costs that are likely to increase over time, and increase the risk of fines, lawsuits or other potential liability, all of which could have a material adverse effect on our business and results of operations. Our failure to adhere to or successfully develop processes in response to legal or regulatory requirements, including legal or regulatory requirements that may be developed or revised due to economic or geopolitical changes such as Brexit, and changing customer expectations in this area, could result in substantial legal liability and impairment to our reputation or business.

In conducting our businesses around the world, we are subject to political, economic, legal, regulatory, cultural, market, operational and other risks that are inherent in operating in many countries.

In conducting our businesses and maintaining and supporting our global operations, we are subject to political, economic, legal, regulatory, market, operational and other risks. Our businesses and operations continue to expand into new regions throughout the world, including emerging markets. The possible effects of political, economic, financial and climate change related disruptions throughout the world could have an adverse impact on our businesses and financial results. These risks include:

- the general economic and political conditions in the U.S. and foreign countries (including political and social unrest in certain regions);
- the imposition of controls or limitations on the conversion of foreign currencies or remittance of dividends and other payments by foreign subsidiaries;
- the imposition of sanctions by both the U.S. and foreign governments;
- the imposition of withholding and other taxes on remittances and other payments from subsidiaries;
- the imposition or increase of investment and other restrictions by foreign governments;

- fluctuations in currency exchange rates or our tax rates;
- difficulties in controlling operations and monitoring employees in geographically dispersed and culturally diverse locations; and
- the practical challenges and costs of complying, or monitoring compliance, with a wide variety of foreign laws (some of which are evolving or are not as well-developed as the laws of the U.S. or U.K. or which may conflict with U.S. or other sources of law), and regulations applicable to insurance brokers and other business operations abroad (in more than 140 countries, including many in emerging markets), including laws, rules and regulations relating to the conduct of business, trade sanction laws administered by the U.S. Office of Foreign Assets Control, the E.U., the U.K. and the United Nations ('U.N.'), and the requirements of the U.S. Foreign Corrupt Practices Act as well as other anti-bribery and corruption rules and requirements in all of the countries in which we operate.

Sanctions imposed by governments, or changes to such sanction regulations (such as sanctions imposed on Russia), and related counter-sanctions, could have a material adverse impact on our operations or financial results.

As described above, our businesses are subject to the risk of sanctions imposed by the U.S., the E.U., the U.K. and other governments. In the past year, there was an increase in U.S. designations in relation to Russia and China (including recent sanctions on Russia by the U.S. as well as the E.U. and U.K. due to Ukraine), and there has also been an increased risk of counter-sanctions in some locations, such as China and Russia in response to the recently imposed sanctions. We have also seen a maturing of the U.K. sanctions regime, which has navigated a differing path from the E.U. and U.S. sanctions regimes but largely with the same objectives. A number of volatile geopolitical events are likely to affect the implementation of sanctions such as the change of regime in Afghanistan, the escalation of sanctions towards Belarus, Russia's invasion of Ukraine, the uncertainty around the Nord Stream 2 pipeline, negotiations between the E.U., U.S. and Iran over a new nuclear deal as well as the continuing trade war between the U.S. and China with their sanctions and subsequent counter-sanctions. Some of these jurisdictions, such as China or Russia, may be significant businesses for us. As a result, we cannot predict the impacts of any changes in the U.S., E.U., U.K. or other sanctions, and whether such changes could have a material adverse impact on our operations or financial results.

Our business will be negatively affected if we are not able to anticipate and keep pace with rapid changes in government laws or regulations, or if government laws or regulations decrease the need for our services or increase our costs.

A material portion of our revenue is affected by statutory or regulatory changes. An example of a statutory or regulatory change that could materially impact us is any change to the U.S. Patient Protection and Affordable Care Act ('PPACA'), and the Healthcare and Education Reconciliation Act of 2010, ('HCERA'), which we refer to collectively as 'Healthcare Reform'. While the U.S. Congress has not passed legislation replacing or fundamentally amending Healthcare Reform (other than changes to the individual mandate), such legislation, or another version of Healthcare Reform, could be implemented in the future. In addition, some U.S. political candidates and representatives elected to office in the recent election have expressed a desire to amend all or a portion of Healthcare Reform or otherwise establish alternatives to employer-sponsored health insurance or replace it with government-sponsored health insurance, often referred to as 'Medicare for All'. Furthermore, various aspects of Healthcare Reform have been challenged in the judicial system with some success. The status of some of those challenges are in flux but could materially change U.S. healthcare. If we are unable to adapt our services to potential new laws and regulations, or judicial modifications, with respect to Healthcare Reform or otherwise, our ability to provide effective services in these areas may be substantially impacted. In addition, more restrictive rules or interpretations of the Centers for Medicare and Medicaid Services marketing rules, or judicial decisions that restrict or otherwise change existing provisions of U.S. healthcare regulation, could have a material adverse impact on our healthcare-related businesses. In addition, as we implement and expand our direct-to-consumer sales and marketing solutions, we are subject to various federal and state laws and regulations that prescribe when and how we may market to consumers (including, without limitation, the Telephone Consumer Protection Act and other telemarketing laws and the Medicare Communications and Marketing Guidelines issued by the Center for Medicare Services of the U.S. Department of Health and Human Service). Changes to these laws could negatively affect our ability to market directly to consumers or increase our costs or liabilities.

Many other areas in which we provide services are the subject of government regulation, which is constantly evolving. For example, our activities in connection with insurance brokerage services are subject to regulation and supervision by national, state or other authorities. Insurance laws in the markets in which we operate are often complex and generally grant broad discretion to supervisory authorities in adopting regulations and supervising regulated activities. That supervision generally includes the licensing of insurance brokers and agents and the regulation of the handling and investment of client funds held in a fiduciary capacity. Our continuing ability to provide insurance brokerage in the markets in which we currently operate is dependent upon our compliance with the rules and regulations promulgated from time to time by the regulatory authorities in each of these locations.

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Changes in government and accounting regulations in the U.S. and the U.K., two of our principal geographic markets, affecting the value, use or delivery of benefits and human capital programs, may materially adversely affect the demand for, or the profitability of, our various services. In addition, we have significant operations throughout the world, which further subject us to applicable laws and regulations of countries outside the U.S. and the U.K. Changes in legislation or regulations and actions by regulators in particular countries, including changes in administration and enforcement policies, could require operational improvements or modifications, which may result in higher costs or hinder our ability to operate our business in those countries.

Our compliance systems and controls cannot guarantee that we comply with all applicable federal and state or foreign laws and regulations, and actions by regulatory authorities or changes in applicable laws and regulations in the jurisdictions in which we operate could have an adverse effect on our business.

Our activities are subject to extensive regulation under the laws of the U.S., the U.K., the E.U. and its member states, and the other jurisdictions around the world in which we operate. In addition, we own an interest in a number of associates and companies where we do not exercise management control. Over the last few years, regulators across the world are increasingly seeking to regulate brokers who operate in their jurisdictions. The foreign and U.S. laws and regulations applicable to our operations are complex, continually evolving and may increase the costs of regulatory compliance, limit or restrict the products or services we sell or subject our business to the possibility of regulatory actions or proceedings. These laws and regulations include insurance and financial industry regulations, antitrust and competition laws, economic and trade sanctions laws relating to countries in which certain subsidiaries do business or may do business ('Sanctioned Jurisdictions') such as Crimea, Cuba, Iran, Russia, Sudan, Syria and Venezuela, anti-corruption laws such as the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act 2010 and similar local laws prohibiting corrupt payments to governmental officials and the Foreign Account Tax Compliance provisions of the Hiring Incentives to Restore Employment Act in the U.S., as well as laws and regulations related to data privacy, cyber security and telemarketing. Because of changes in regulation and company practice, our non-U.S. subsidiaries are providing more services with connections to various countries, including some Sanctioned Jurisdictions, that our U.S. subsidiaries are unable to perform.

In most jurisdictions, governmental and regulatory authorities have the ability to interpret and amend these laws and regulations and impose penalties for non-compliance, including sanctions, civil remedies, monetary fines, injunctions, revocation of licenses or approvals, suspension of individuals, limitations on business activities or redress to clients. While we believe that we have substantially increased our focus on the geographic breadth of regulations to which we are subject, maintain good relationships with our key regulators and our current systems and controls are adequate, we cannot assure that such systems and controls will prevent any violations of any applicable laws and regulations. While we strive to remain fully compliant with all applicable laws and regulations, we cannot guarantee that we will fully comply at all times with all laws and regulations, especially in countries with developing or evolving legal systems or with evolving or extra-territorial regulations. In particular, given the challenges of integrating operations, many of which are decentralized, we cannot assure that acquired or decentralized entities' business systems and controls have prevented or will prevent any and all violations of applicable laws or regulations.

Changes and developments in the health insurance system in the United States could harm our business.

In 2010, the Federal government enacted significant reforms to healthcare legislation through Healthcare Reform. Many of our lines of business depend upon the private sector of the U.S. insurance system, its role in financing health care delivery, and insurance carriers' use of, and payment of commissions to, agents, brokers and other organizations to market and sell individual and family health insurance plans. Healthcare Reform provisions have changed and will continue to change the industry in which we operate in substantial ways. Any changes to the roles of the private and public sectors in the health insurance system could also substantially change the industry.

Healthcare legislation and changes to government-funded healthcare programs remain a focus in Congress, while various aspects of Healthcare Reform have been challenged in the judicial system with some success. Any partial or complete repeal or amendment, judicial modifications or implementation difficulties, or uncertainty regarding such events, could increase our costs of compliance, prevent or delay future adoption or revisions to our business, and adversely impact our results of operations and financial condition. In addition, other members of Congress and certain state governments have expressed a desire to establish alternatives to employer-sponsored health insurance or replace it with government-sponsored health insurance, often referred to as 'Medicare for All'. Given the uncertainties relating to the potential repeal and replacement of Healthcare Reform or other alternative proposals related to health insurance plans, the impact is difficult to determine, but it could have material negative effects on us, including:

- increasing our competition;
- reducing or eliminating the need for health insurance agents and brokers or demand for the health insurance that we sell;
- decreasing the number of types of health insurance plans that we sell, as well as the number of insurance carriers offering such plans;

- causing insurance carriers to change the benefits and/or premiums for the plans they sell;
- causing insurance carriers to reduce the amount they pay for our services or change our relationship with them in other ways; or
- materially restricting our call center operations.

Any of these effects could materially harm our business and results of operations. For example, various aspects of Healthcare Reform could cause insurance carriers to limit the types of health insurance plans we are able to sell and the geographies in which we are able to sell them. In addition, the U.S. Congress may seek to find spending cuts, and such cuts may include Medicare. If cuts are made to Medicare, there may be substantial changes in the types of health insurance plans we are able to sell, especially through our Individual Marketplace business, which focuses on direct-to-consumer Medicare policy sales. Changes in the law could also cause insurance carriers to exit the business of selling insurance plans in a particular jurisdiction, to eliminate certain categories of products or to attempt to move members into new plans for which we receive lower commissions. If insurance carriers decide to limit our ability to sell their plans or determine not to sell individual health insurance plans altogether, our business, results of operations and financial condition would be materially harmed.

Limited protection of our intellectual property could harm our business and our ability to compete effectively, and we face the risk that our services or products may infringe upon the intellectual property rights of others.

We cannot guarantee that trade secret, trademark and copyright law protections, or our internal policies and procedures regarding our management of intellectual property, are adequate to deter misappropriation of our intellectual property (including our software, which may become an increasingly important part of our business). Existing laws of some countries in which we provide services or products may offer only limited protection of our intellectual property rights. Also, we may be unable to detect the unauthorized use of our intellectual property and take the necessary steps to enforce our rights, which may have a material adverse impact on our business, financial condition or results of operations. We cannot be sure that our services and products, or the products of others that we offer to our clients, do not infringe on the intellectual property rights of third parties, and we may have infringement claims asserted against us or our clients. These claims may harm our reputation, result in financial liability, consume financial resources to pursue or defend, and prevent us from offering some services or products. In addition, these claims, whether with or without merit, could be expensive, take significant time and divert management's focus and resources from business operations. Successful challenges against us could require us to modify or discontinue our use of technology or business processes where such use is found to infringe or violate the rights of others, or require us to purchase licenses from third parties, any of which could adversely affect our business, financial condition and operating results.

The laws of Ireland differ from the laws in effect in the United States and may afford less protection to holders of our securities.

It may not be possible to enforce court judgments obtained in the U.S. against us in Ireland, based on the civil liability provisions of the U.S. federal or state securities laws. In addition, there is some uncertainty as to whether the courts of Ireland would recognize or enforce judgments of U.S. courts obtained against us or our directors or officers based on the civil liabilities provisions of the U.S. federal or state securities laws or hear actions against us or those persons based on those laws. We have been advised that the U.S. currently does not have a treaty with Ireland providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any U.S. federal or state court based on civil liability, whether or not based solely on U.S. federal or state securities laws, would not automatically be enforceable in Ireland.

As an Irish company, we are governed by the Irish Companies Act, which differs in some material respects from laws generally applicable to U.S. corporations and shareholders, including, among others, differences relating to interested director and officer transactions and shareholder lawsuits. Likewise, the duties of directors and officers of an Irish company generally are owed to the company only. Shareholders of Irish companies generally do not have a personal right of action against directors or officers of the company and may exercise such rights of action on behalf of the company only in limited circumstances. Accordingly, holders of our securities may have more difficulty protecting their interests than would holders of securities of a corporation incorporated in a jurisdiction of the United States.

Financial and Related Regulatory, Including Tax, Risks

We have material pension liabilities that can fluctuate significantly and adversely affect our financial position or net income or result in other financial impacts.

We have material pension liabilities, some of which represent unfunded and underfunded pension and postretirement liabilities. Movements in the interest rate environment, investment returns, inflation or changes in other assumptions that are used to estimate our benefit obligations and other factors could have a material effect on the level of liabilities in these plans at any given time. Most

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pension plans have minimum funding requirements that may require material amounts of periodic additional funding and accounting requirements that may result in increased pension expense. For example, in 2018 we were required to recognize a £31 million ($40 million) pension settlement expense related to the accelerated recognition of certain accumulated losses in one of our U.K. pension schemes following the transfer out of assets of certain plan participants. Depending on the above factors, among others, we could be required to recognize further pension expense in the future. Increased pension expense could adversely affect our earnings or cause earnings volatility. In addition, the need to make additional cash contributions may reduce our financial flexibility and increase liquidity risk by reducing the cash available to meet our other obligations, including the payment obligations under our credit facilities and other long-term debt, or other needs of our business.

Our outstanding debt could adversely affect our cash flows and financial flexibility, and we may not be able to obtain financing on favorable terms or at all.

WTW had total consolidated debt outstanding of approximately $4.6 billion as of December 31, 2021, and our interest expense was $211 million for the year ended December 31, 2021.

Although management believes that our cash flows will be sufficient to service this debt, there may be circumstances in which required payments of principal and/or interest on this debt could adversely affect our cash flows and this level of indebtedness may:

- require us to dedicate a significant portion of our cash flow from operations to payments on our debt, thereby reducing the availability of cash flow to fund capital expenditures, to pursue other acquisitions or investments, to pay dividends and for general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes or challenges relating to our business and industry; and
- put us at a competitive disadvantage against competitors who have less indebtedness or are in a more favorable position to access additional capital resources.

The terms of our current financings also include certain limitations. For example, the agreements relating to the debt arrangements and credit facilities contain numerous operating and financial covenants, including requirements to maintain minimum ratios of consolidated EBITDA to consolidated cash interest expense and maximum levels of consolidated funded indebtedness in relation to consolidated EBITDA, in each case subject to certain adjustments. The operating restrictions and financial covenants in our credit facilities do, and any future financing agreements may, limit our ability to finance future operations or capital needs or to engage in other business activities.

A failure to comply with the restrictions under our credit facilities and outstanding notes could result in a default or a cross-default under the financing obligations or could require us to obtain waivers from our lenders for failure to comply with these restrictions. The occurrence of a default that is not cured, or the inability to secure a necessary consent or waiver, could cause our obligations with respect to our debt to be accelerated and have a material adverse effect on our business, financial condition or results of operations.

The maintenance and growth of our business depends on our access to capital, which will depend in large part on cash flow generated by our business and the availability of equity and debt financing. Also, we could be at risk to rising interest rates in the future to the extent that we borrow at floating rates under our existing borrowing agreements or refinance existing debt at higher rates. There can be no assurance that our operations will generate sufficient positive cash flow to finance all of our capital needs or that we will be able to obtain equity or debt financing on favorable terms or at all, which could have a material adverse effect on us.

A downgrade to our corporate credit rating and the credit ratings of our outstanding debt may adversely affect our borrowing costs and financial flexibility and, under certain circumstances, may require us to offer to buy back some of our outstanding debt.

A downgrade in our corporate credit rating or the credit ratings of our debt would increase our borrowing costs including those under our credit facilities and reduce our financial flexibility. If we need to raise capital in the future, any credit rating downgrade could negatively affect our financing costs or access to financing sources.

In addition, under the indentures for our 3.600% senior notes due 2024, our 4.625% senior notes due 2023, our 6.125% senior notes due 2043, our 4.400% senior notes due 2026, our 2.125% senior notes due 2022, our 4.500% senior notes due 2028, our 5.050% senior notes due 2048, our 2.950% senior notes due 2029, and our 3.875% senior notes due 2049, if we experience a ratings decline together with a change of control event, we would be required to offer to purchase these notes from holders unless we had previously redeemed those notes. We may not have sufficient funds available or access to funding to repurchase tendered notes in

that event, which could result in a default under the notes. Any future debt that we incur may contain covenants regarding repurchases in the event of a change of control triggering event.

If a U.S. person is treated as owning at least 10% of our shares, such a holder may be subject to adverse U.S. federal income tax consequences.

Under current U.S. federal tax law, many of our non-U.S. subsidiaries are now classified as 'controlled foreign corporations' ('CFCs') for U.S. federal income tax purposes due to the expanded application of certain ownership attribution rules within a multinational corporate group. If a U.S. person is treated as owning (directly, indirectly or constructively) at least 10% of the value or voting power of our shares, such a person may be treated as a U.S. shareholder with respect to one or more of our CFC subsidiaries. In addition, if our shares are treated as owned more than 50% by U.S. shareholders, we would be treated as a CFC. A U.S. shareholder of a CFC may be required to annually report and include in its U.S. taxable income, as ordinary income, its pro-rata share of Subpart F income, global intangible low-taxed income, and investments in U.S. property by CFCs, whether or not we make any distributions to such U.S. shareholder. An individual U.S. shareholder generally would not be allowed certain tax deductions or foreign tax credits that would be allowed to a corporate U.S. shareholder with respect to a CFC. A failure by a U.S. shareholder to comply with its reporting obligations may subject the U.S. shareholder to significant monetary penalties and may extend the statute of limitations with respect to the U.S. shareholder's U.S. federal income tax return for the year for which such reporting was due. We cannot provide any assurances that we will assist investors in determining whether we or any of our non-U.S. subsidiaries are CFCs or whether any investor is a U.S. shareholder with respect to any such CFCs. We also cannot guarantee that we will furnish to U.S. shareholders any or all of the information that may be necessary for them to comply with the aforementioned obligations. U.S. investors should consult their own advisors regarding the potential application of these rules to their investments in us.

Legislative or regulatory action or developments in case law in the U.S. or elsewhere could have a material adverse impact on our worldwide effective corporate tax rate.

We cannot give any assurance as to what our effective tax rate will be in the future, because of, among other things, uncertainty regarding the tax policies of the jurisdictions where we operate. Our actual effective tax rate may vary from expectations, and that variance may be material. Additionally, the tax laws of Ireland and other jurisdictions could change in the future. There may be an enactment of additional, or the revision of existing, state, federal and/or foreign regulatory and tax laws, and/or a development of case law as well as regulations and policy changes in the U.S. or abroad. Any such changes could cause a material change in our effective tax rate.

Further, it is possible that significant changes to the U.S. tax policies may be proposed, and legislative action may be taken by the U.S. Congress which, if ultimately enacted, could limit the availability of tax benefits or deductions that we currently claim, override tax treaties upon which we rely, or otherwise affect the taxes that the U.S. imposes on our worldwide operations. Regulations or administrative guidance from the U.S. Treasury Department that are currently proposed or newly issued in the future could have similar consequences. Such changes could materially adversely affect our effective tax rate and/or require us to take further action, at potentially significant additional expense, to seek to preserve our effective tax rate. In addition, if proposals were enacted that have the effect of limiting our ability as an Irish company to take advantage of tax treaties with the U.S., we could incur additional tax expense and/or otherwise experience business detriment.

In addition, the U.S. Congress, the Organization for Economic Co-operation and Development ('OECD'), the World Trade Organization and other government agencies in non-U.S. jurisdictions where we and our affiliates do business have had an extended focus on issues related to the taxation of multinational corporations. One example is in the area of base erosion and profit shifting, where payments are made between affiliates from a jurisdiction with high tax rates to a jurisdiction with lower tax rates. Several jurisdictions have enacted legislation that is aligned with, and in some cases exceeds the scope of, the recommendations in the OECD's 2015 reports addressing 15 specific actions as part of a comprehensive plan to create an agreed set of international rules for fighting base erosion and profit shifting. On October 8, 2021, the OECD announced an international agreement with more than 130 countries to implement a global minimum effective corporate tax rate of 15% for certain large multinational companies starting in 2023. The agreement also introduced rules that would result in the reallocation of certain taxing rights from multinational companies from their home countries to the markets where they have business activities and earn profits, regardless of physical presence, and could impact certain tax measures in the European Union. As a result, the tax laws in the U.S., Ireland, and other countries in which we and our affiliates do business could change on a prospective or retroactive basis, and any such changes could adversely affect us and our affiliates.

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Our significant non-U.S. operations, particularly our London market operations, expose us to exchange rate fluctuations and various other risks that could impact our business.

A significant portion of our operations is conducted outside of the U.S. Accordingly, we are subject to legal, economic and market risks associated with operating in foreign countries, including devaluations and fluctuations in currency exchange rates; imposition of limitations on conversion of foreign currencies into Pounds sterling or U.S. dollars or remittance of dividends and other payments by foreign subsidiaries; hyperinflation in certain foreign countries; imposition or increase of investment and other restrictions by foreign governments; and the requirement of complying with a wide variety of foreign laws. Additionally, and as noted above, the unknown impacts of Brexit may expose us to additional exchange rate fluctuations in the Pounds sterling.

We report our operating results and financial condition in U.S. dollars. Our U.S. operations earn revenue and incur expenses primarily in U.S. dollars. In our London market operations however, we earn revenue in a number of different currencies, but expenses are almost entirely incurred in Pounds sterling. Outside of the U.S. and our London market operations, we predominantly generate revenue and expenses in local currencies.

Because of devaluations and fluctuations in currency exchange rates or the imposition of limitations on conversion of foreign currencies into U.S. dollars, we are subject to currency translation exposure on the profits of our operations, in addition to economic exposure. Furthermore, the mismatch between Pounds sterling revenue and expenses, together with any net Pounds sterling balance sheet position we hold in our U.S. dollar-denominated London market operations, creates an exchange exposure. While we do utilize hedging strategies to attempt to reduce the impact of foreign currency fluctuations, there can be no assurance that our hedging strategies will be effective.

Changes in accounting principles or in our accounting estimates and assumptions could negatively affect our financial position and results of operations.

We prepare our consolidated financial statements in accordance with U.S. GAAP unless such preparation contravenes Irish Company Law. We prepare our parent company financial statements in accordance with IFRS. Any change to accounting principles, particularly to U.S. GAAP, could have a material adverse effect on us or our results of operations.

U.S. GAAP accounting principles require us to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of our financial statements. We are also required to make certain judgments that affect the reported amounts of revenue and expenses during each reporting period. We periodically evaluate our estimates and assumptions, including those relating to revenue recognition, valuation of billed and unbilled receivables from clients, discretionary compensation, incurred-but-not-reported liabilities, restructuring, pensions, goodwill and other intangible assets, contingencies, share-based payments and income taxes. We base our estimates on historical experience and various assumptions that we believe to be reasonable based on specific circumstances. Actual results could differ from these estimates, and changes in accounting standards could have an adverse impact on our future financial position and results of operations.

In addition, we have a substantial amount of goodwill on our consolidated balance sheet as a result of acquisitions we have completed. We review goodwill for impairment annually or whenever events or circumstances indicate impairment may have occurred. Application of the impairment test requires judgment, including the identification of reporting units, assignment of assets, liabilities and goodwill to reporting units and the determination of the fair value of each reporting unit. A significant deterioration in a key estimate or assumption or a less significant deterioration to a combination of assumptions, or the sale of a part of a reporting unit, could result in an impairment charge in the future, which could have a significant adverse impact on our reported earnings.

Our quarterly revenue and cash flow could fluctuate, including as a result of factors outside of our control, while our expenses may remain relatively fixed or be higher than expected.

Quarterly variations in our revenue, cash flow and results of operations have occurred in the past and could occur as a result of a number of factors, such as: the significance of client engagements commenced and completed during a quarter; seasonality of certain types of services; the number of business days in a quarter; colleague hiring and utilization rates; our clients' ability to terminate engagements without penalty; the size and scope of assignments; our ability to enhance our billing, collection and working capital management efforts; differences in timing of renewals; non-recurring revenue from disposals and book-of-business sales; and general economic conditions.

We derive significant revenue from commissions for brokerage services, but do not determine the insurance premiums on which our commissions are generally based. Commission levels generally follow the same trend as premium levels, as they are a percentage of the premiums paid by the insureds. Fluctuations in the premiums charged by the insurance carriers can therefore have a direct and potentially material impact on our results of operations. Due to the cyclical nature of the insurance market and the impact of other

market conditions on insurance premiums, commission levels may vary widely between accounting periods. A period of low or declining premium rates, generally known as a 'soft' or 'softening' market, generally leads to downward pressure on commission revenue and can have a material adverse impact on our commission revenue and operating margin. We could be negatively impacted by soft market conditions across certain sectors and geographic regions. In addition, insurance carriers may seek to reduce their expenses by reducing the commission rates payable to insurance agents or brokers such as us. The reduction of these commission rates, along with general volatility and/or declines in premiums, may significantly undermine our profitability.
A sizeable portion of our total operating expenses is relatively fixed or may even be higher than expected, encompassing the majority of administrative, occupancy, communications and other expenses, depreciation and amortization, and salaries and employee benefits excluding fiscal year-end incentive bonuses. Therefore, a variation in the number of client assignments and collection of accounts receivable, or in the timing of the initiation or the completion of client assignments, or our inability to forecast demand, can cause significant variations in quarterly operating results and could result in losses and volatility in our stock price.

Increasing scrutiny and changing expectations from investors, clients and our colleagues with respect to our environmental, social and governance ('ESG') practices may impose additional costs on us or expose us to reputational or other risks.

There is increased focus, including from governmental organizations, investors, colleagues and clients, on ESG issues such as environmental stewardship, climate change, diversity and inclusion, racial justice and workplace conduct. Negative public perception, adverse publicity or negative comments in social media and other forums could damage our reputation if we do not, or are not perceived to, adequately address any one or more of these issues. Any harm to our reputation could impact colleague engagement and retention and the willingness of clients and others to do business with us.

Investors, in particular, have increased their emphasis on the ESG practices of companies across all industries, including with respect to climate and human capital management. Certain investors have developed their own ESG ratings while others use third-party benchmarks or scores to measure a company's ESG practices and make investment decisions or otherwise engage with the company to influence its practices in these areas. Additionally, our clients may evaluate our ESG practices and/or request that we adopt certain ESG policies in order to work with us. Also, organizations that provide ratings information to certain investors on ESG matters may assign unfavorable ratings to the Company, which may lead to negative investor sentiment and the diversion of investment capital to other companies or industries, which could have a negative impact on our stock price and our costs of capital.

New government regulations could also result in new or more stringent forms of ESG oversight and new mandatory and voluntary reporting, diligence and disclosure. As we work to align with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures, the Sustainability Accounting Standards Board and our own ESG assessments and priorities, we may disclose additional metrics against which we may measure ourselves or be measured and tracked by others over time. Our failure to meet expectations of metrics, whether expectations set by us or by investors or other stakeholders, or to any other failure to make progress in this area on a timely basis, or at all, may negatively impact our reputation and our business.

It is unclear how increased regulatory oversight and changes in the method for determining as well as the anticipated discontinuation of the London Interbank Offered Rate ('LIBOR') may affect the value of the financial obligations to be held or issued by us that are linked to LIBOR, or how such changes could affect our results of operations or financial condition.

In the recent past, concerns have been publicized regarding the calculation of LIBOR, the London interbank offered rate, which present risks for the financial instruments that use LIBOR as a reference rate. LIBOR has been the basic rate of interest used in lending between banks on the London interbank market and is widely used as a reference for setting the interest rate on loans globally. On March 5, 2021, LIBOR's regulator, the Financial Conduct Authority, and administrator, ICE Benchmark Administration, Limited, announced that the publication of the one-week and two-month USD LIBOR maturities and non-USD LIBOR maturities will cease immediately after December 31, 2021, with the remaining USD LIBOR maturities ceasing immediately after June 30, 2023. Accordingly, uncertainty as to the nature of such changes may affect the market for or pricing of any LIBOR-linked securities, loans, derivatives and other financial obligations or extensions of credit held by or due to us or on our overall financial condition or results of operations. In addition, any further changes or reforms to the determination or supervision of LIBOR may result in a sudden or prolonged increase or decrease in reported LIBOR, which could have an impact on the market for or pricing of any LIBOR-linked securities, loans, derivatives and other financial obligations or extensions of credit held by or due to us, including our revolving credit facility, or on our overall financial condition or results of operations. For example, on July 27, 2017, the United Kingdom's Financial Conduct Authority, which regulates LIBOR, announced that it intends to stop persuading or compelling banks to submit LIBOR rates after 2021. Currently, there is not an agreement on what rate or rates may become accepted alternatives to LIBOR; however, the Alternative Reference Rate Committee in the U.S., comprised of a group of large banks and other financial institutions, selected the Secured Overnight Finance Rate ('SOFR'), as an alternative to LIBOR. In May 2018, the Federal Reserve Bank of New York began to publish the alternative rate. SOFR is a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities. Furthermore, as of April 23, 2018, the Bank of England has

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commenced publication of a reformed Sterling Overnight Index Average ('SONIA'), comprised of a broader set of overnight Sterling money market transactions. The SONIA has been recommended as the alternative to Sterling LIBOR by the U.K. Working Group on Sterling Risk-Free Reference Rates.

The Company has incorporated provisions for the use of successor benchmarks where required in all of its external borrowing facilities that provide for floating-rate borrowing, including our recently amended and restated $1.5 billion revolving credit facility. Additionally, where the Company engages in floating-rate intercompany lending, we have made arrangements to benchmark the borrowing off successor market rates to maintain arms-length pricing. While we do not expect that the transition from LIBOR and risks related thereto will have a material adverse impact on our financing costs, it is still uncertain at this time.

We are a holding company and, therefore, may not be able to receive dividends or other distributions in needed amounts from our subsidiaries.

The Company is organized as a holding company, a legal entity separate and distinct from our operating subsidiaries. As a holding company without significant operations of our own, we are dependent upon dividends and other payments from our operating subsidiaries to meet our obligations for paying principal and interest on outstanding debt obligations, for paying dividends to shareholders, for repurchasing shares of common stock and for corporate expenses. Legal and regulatory restrictions, foreign exchange controls, as well as operating requirements of our subsidiaries, may limit our ability to obtain cash from these subsidiaries. For example, Willis Limited, our U.K. brokerage subsidiary regulated by the FCA, is currently required to maintain $140 million in unencumbered and available financial resources, of which at least $83 million must be in cash, for regulatory purposes. In the event our operating subsidiaries are unable to pay dividends and other payments to the Company, we may not be able to service debt, pay obligations or pay dividends on, or repurchase shares of, common stock. In the event we are unable to generate cash from our operating subsidiaries for any of the reasons discussed above, our overall liquidity could deteriorate.

Quantitative and Qualitative Disclosures about Market Risk

Financial Risk Management

We are exposed to market risk from changes in foreign currency exchange rates. In order to manage the risk arising from these exposures, we enter into a variety of foreign currency derivatives. We do not hold financial or derivative instruments for trading purposes.

A discussion of our accounting policies for financial and derivative instruments is included in Notes 2 and 10 to the Consolidated Financial Statements.

Foreign Exchange Risk

Because of the large number of countries and currencies we operate in, movements in currency exchange rates may affect our results.

We report our operating results and financial condition in U.S. dollars. Our U.S. operations earn revenue and incur expenses primarily in U.S. dollars. Outside the U.S., we predominantly generate revenue and expenses in the local currency with the exception of our London market operations which earn revenue in several currencies but incur expenses predominantly in Pounds sterling.

The table below gives an approximate analysis of revenue and expenses from continuing operations by currency in 2021.

	U.S. dollars	Pounds sterling	Euro	Other currencies
Revenue	58%	12%	15%	15%
Expenses (i)	53%	18%	13%	16%

(i) These percentages exclude certain expenses for significant items which will not be settled in cash, or which we believe to be items that are not core to our current or future operations. These items include amortization of intangible assets and transaction and integration expense

Our principal exposures to foreign exchange risk arise from:

- our London market operations;
- intercompany lending between subsidiaries; and
- translation.

London market operations

The Company's primary foreign exchange risks in its London market operations arise from changes in the exchange rate between the U.S. dollar and Pound sterling as its London market operations earn the majority of its revenue in U.S. dollars but incur expenses predominantly in Pounds sterling and may also hold significant foreign currency asset or liability positions on its consolidated balance sheet. In addition, the London market operations earn significant revenue in Euro and Japanese yen.

The foreign exchange risks in our London market operations are hedged to the extent that:

- forecasted Pounds sterling expenses exceed Pounds sterling revenue, in which case the Company limits its exposure to this exchange rate risk by the use of forward contracts matched to a portion of the forecasted Pounds sterling outflows arising in the ordinary course of business. In addition, we are also exposed to foreign exchange risk on any net Pounds sterling asset or liability position in our London market operations; and
- the U.K. operations also earn significant revenue in Euro and Japanese yen. The Company limits its exposure to changes in the exchange rates between the U.S. dollar and these currencies by the use of foreign exchange contracts matched to a proportion of forecast cash inflows in these specific currencies and periods.

Intercompany lending between subsidiaries

The Company engages in intercompany borrowing and lending between subsidiaries, primarily through our in-house banking operations which give rise to foreign exchange exposures. The Company mitigates these risks through the use of short-term foreign currency forward and swap transactions that offset the underlying exposure created when the borrower and lender have different functional currencies. These derivatives are not generally designated as hedging instruments and at December 31, 2021 we had notional amounts of $2.9 billion (denominated primarily in U.S. dollars, Pound sterling, Euro and Australian dollars), with a net asset fair value of $15 million. Such derivatives typically mature within three months.

Translation risk

Outside our U.S. and London market operations, we predominantly earn revenue and incur expenses in the local currency. When we translate the results and net assets of these operations into U.S. dollars for reporting purposes, movements in exchange rates will affect reported results and net assets. For example, if the U.S. dollar strengthens against the Euro, the reported results of our Eurozone operations in U.S. dollar terms will be lower.

The table below provides information about our foreign currency forward exchange contracts, which are sensitive to exchange rate risk. The table summarizes the U.S. dollar equivalent amounts of each currency bought and sold forward and the weighted-average contractual exchange rates. All forward exchange contracts mature within two years.

	Settlement date before December 31,			
	2022		2023	
December 31, 2021	Contract amount	Average contractual exchange rate	Contract amount	Average contractual exchange rate
	(millions)		(millions)	
Foreign currency sold				
U.S. dollars sold for Pounds sterling	$ 67	$1.33 = £1	$ 22	$1.34 = £1
Euros sold for U.S. dollars	46	€1 = $1.16	16	€1 = $1.17
Japanese yen sold for U.S. dollars	3	¥107.25 = $1	1	¥110.62 = $1
Total	$ 116		$ 39	
Fair value [(i)]	$ 3		$ —	

(i) Represents the difference between the contract amount and the cash flow in U.S. dollars which would have been receivable had the foreign currency forward exchange contracts been entered into on December 31, 2021 at the forward exchange rates prevailing at that date.

Income earned within foreign subsidiaries outside of the U.K. is generally offset by expenses in the same local currency, however the Company does have exposure to foreign exchange movements on the net income of these entities.

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Interest Rate Risk

The Company has access to $1.5 billion under a newly-amended and restated revolving credit facility (see Note 11 to the Consolidated Financial Statements for further information). As of December 31, 2021, no amount was drawn on this facility. We are also subject to market risk from exposure to changes in interest rates based on our investing activities where our primary interest rate risk arises from changes in short-term interest rates in U.S. dollars, Pounds sterling and Euros.

The table below provides information about our financial instruments that are sensitive to changes in interest rates. The Company had no outstanding floating rate-based debt at December 31, 2021.

	Expected to mature before December 31,							
	2022	2023	2024	2025	2026	Thereafter	Total	Fair Value (i)
	($ in millions)							
Fixed rate debt								
Principal	$ 614	$ 250	$ 650	$ —	$ 550	$ 2,550	$ 4,614	$ 5,069
Fixed rate payable	2.125%	4.625%	3.600%	—	4.400%	4.186%	3.879%	

(i) Represents the net present value of the expected cash flows discounted at current market rates of interest or quoted market rates as appropriate.

Interest Income on Fiduciary Funds

As a result of our operating activities, we receive cash for premiums and claims which we deposit in short-term investments denominated in U.S. dollars and other currencies. We earn interest on these funds, which is included in our consolidated financial statements as interest income. These funds are regulated in terms of access and the instruments in which they may be invested, most of which are short-term in maturity. At December 31, 2021, we held $1.9 billion of fiduciary funds invested in interest-bearing accounts.

If short-term interest rates increased or decreased by 25 basis points, interest earned on these invested fiduciary funds, and therefore our interest income recognized, would increase or decrease by approximately $5 million on an annualized basis.

LIBOR-Related Debt Instruments

In July 2017, the Financial Conduct Authority, the authority that regulates LIBOR, announced its intention to phase out LIBOR as a benchmark rate by the end of 2021. The Alternative Reference Rates Committee ('ARRC'), a group of private-market participants convened by the Federal Reserve Board and the Federal Reserve Bank of New York to help ensure a successful transition from U.S. dollar LIBOR ('USD-LIBOR') to a more robust reference rate, has proposed that the Secured Overnight Financing Rate ('SOFR') represents the best alternative to USD-LIBOR for use in derivatives and other financial contracts that are currently indexed to USD-LIBOR. ARRC has proposed a transition plan with specific steps and timelines designed to encourage the adoption of SOFR and guide the transition to SOFR from USD-LIBOR. Organizations are currently working on industry-wide and company-specific transition plans related to derivatives and cash markets exposed to USD-LIBOR. Similar efforts are underway to identify suitable replacement reference rates for LIBOR in other major currencies.

Subsequently, on March 5, 2021, ICE Benchmark Administration ('IBA') stated that as a result of its not having access to input data necessary to calculate LIBOR settings on a representative basis beyond the intended cessation dates as set forth below, it would have to cease publication of all 35 LIBOR settings immediately after December 31, 2021 for all GBP-, EUR-, CHF- and JPY-LIBOR settings as well as 1-week and 2-month USD-LIBOR settings. Effective after June 30, 2023, IBA will cease publishing overnight and 1-, 3-, 6- and 12-month USD-LIBOR settings.

Prior to October, 2021, the Company's primary exposure was its $1.25 billion revolving credit facility which was then replaced with a new $1.5 billion revolving credit facility which contains appropriate LIBOR replacement language, as described in Note 11 to the Consolidated Financial Statements. Additionally, the Company repaid and closed its collateralized facility during November 2021, as described in Note 11 to the Consolidated Financial Statements. On January 1, 2022, the Company made changes to its LIBOR-based intercompany notes, and following this change, none of the Company's impacted debt instruments are currently linked to LIBOR, thus minimizing the Company's exposure to known risks related to the transition from LIBOR to alternative rates.

We have updated our Treasury workstation software to implement the new benchmarks and continue to monitor the LIBOR-related risks that may be inherent elsewhere in our business and are monitoring further proposals and guidance from the ARRC and other alternative-rate initiatives. While it is currently uncertain whether SOFR or another reference rate will be selected as the alternative

to LIBOR, or whether other reforms will be enacted in response to the planned transition, we will make the appropriate changes when necessary.

Credit Risk and Concentrations of Credit Risk

Credit risk represents the loss that would be recognized at the reporting date if counterparties failed to perform as contracted. The Company currently does not anticipate non-performance by its counterparties. The Company generally does not require collateral or other security to support financial instruments with credit risk.
Concentrations of credit risk that arise from financial instruments exist for groups of customers or counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Financial instruments on the balance sheet that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, fiduciary funds, accounts receivable and derivatives which are recorded at fair value.

The Company maintains a policy of providing for the diversification of cash and cash equivalent investments and places such investments in an extensive number of financial institutions to limit the amount of credit risk exposure. These financial institutions are monitored on an ongoing basis for credit quality predominantly using information provided by credit agencies.

Concentrations of credit risk with respect to receivables are limited due to the large number of clients and markets in which the Company does business, as well as the dispersion across many geographic areas. Management does not believe that significant risk exists in connection with the Company's concentrations of credit as of December 31, 2021.

Subsidiary Companies

Information regarding principal subsidiary undertakings and undertakings of substantial interest is provided in Note 25 to the Consolidated Financial Statements.

Branches

As of December 31, 2021, Willis Towers Watson had the following branch of European Economic Area ('E.E.A.') entities in other E.E.A. member states: Willis Towers Watson Insurance Broking (Czech Republic) s.r.o. branch in Slovakia. We also had the following branches of U.K. entities in E.E.A. states, or vice versa: Willis Towers Watson Insurances (Ireland) Limited branch in the U.K.; Willis Towers Watson Trade Credit and Surety Limited branch in the U.K.; Willis Europe B.V. branch in the U.K.; Willis Towers Watson S.A./N.V. branch in the U.K. and Towers Watson Limited branch in Germany.

Political Donations

Neither the Parent Company nor its subsidiaries made any political donations which are required to be disclosed under Irish law for the year ended December 31, 2021 (2020: none).

Non-Financial Statement

Human Capital

Colleague experience – Our colleague experience is an important differentiating factor for WTW. It is designed to provide interesting and meaningful work, development and recognition opportunities, foster an inclusive environment where everyone can be their authentic selves, innovate and lead in the market, provide the tools and flexibility colleagues need in how and where they do their work, help colleagues feel connected to their work and why they do it, make our processes efficient, have a continuous improvement mindset and leverage best practices, ensure managers actively engage with colleagues, assess and reward colleagues, and ensure colleagues are heard and valued.

Our values, new vision and refreshed purpose, including our new brand in 2022, set the tone for what to expect at WTW. And, our 'grow, simplify and transform' strategic priorities are supporting our focus on how to continually support and improve, as appropriate, our colleague experience. We evaluate process efficiencies, system upgrades and rewards offerings as well as the tradeoffs that may be required. We further consider how we can work with flexibility in an on-going hybrid model, and fuel innovation, among other things, to continually attract, engage and retain the most accomplished and aspiring talent.

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Headcount – Our success depends on our ability to attract, retain, and motivate the most accomplished and aspiring talent in the industry. The number of employees by segment for the year ended December 31, 2021 is approximated below:

	December 31, 2021
Human Capital and Benefits (i)	14,800
Corporate Risk and Broking (i)	11,800
Investment, Risk and Reinsurance	2,500
Benefits Delivery and Administration	6,900
Corporate and Other (i)	8,200
Total Employees	44,200

(i) Approximately 1,400 colleagues provide region and account management and operational support for the HCB and CRB segments and in prior year were allocated to those segments. These colleagues have been included in Corporate and Other in 2021, consistent with our treatment of other shared resources.

The number of employees by geography as of the year ended December 31, 2021 is approximated below:

	December 31, 2021
North America	15,800
Great Britain	6,300
Western Europe	8,000
International	14,100
Total Employees	44,200

Voluntary turnover excluding seasonal employees (rolling 12-month attrition) was 15.2% in 2021 compared to 8.7% in 2020. The turnover rate for 2020 was abnormally low; pre-COVID-19 attrition typically averaged around 12.0%. The increase in attrition in 2021 compared to 2020 and 2019 was attributable, in large part, to both uncertainty associated with the planned combination with Aon, which was terminated in July, and, to a lesser extent, generally increased movement in global talent markets. The prolonged period of uncertainty introduced by the pending transaction, and continuing in the period following the termination of that transaction, drove attrition higher, particularly in certain business units where job insecurity or other uncertainty was most elevated. For example, attrition in CRB North America and Europe was elevated because the perceived risk of business divestiture needed to secure regulatory approval was high. Additionally, in Corporate where deal-related synergy savings were expected to be most concentrated, colleagues sought employment elsewhere in order to avoid role redundancy.

Hiring – Hiring in 2021 increased significantly partly due to hiring in 2020 that was deferred due to the pandemic and business conditions and partly due to increased demand for our services. Hiring and internal movement for 2021, summarized below, excludes seasonal colleagues in TRANZACT and Individual Marketplace as the volumes are material and fluctuate significantly:

- Hires increased 73.5% over 2020 to 7,284. Hiring growth was strong across all segments and geographies. At year-end, there were approximately 2,800 open positions, which is higher than historic rates but reflective of the sharp increase in new positions opened in the second half of the year.
- During 2021, 13.9% of open positions were filled with internal candidates compared to 22.4% in 2020, the percentage drop being attributable to the significantly higher number of open positions in 2021. In addition, promotions (changes in levels) and direct appointments into new roles brought additional opportunities for career growth and advancement.
- Rehires represented 13.0% of total hires in 2021.

Inclusion and Diversity ('I&D') – We believe that when our individual talents are combined, we unlock our collective potential. We further believe that we are better together because each of us is different. WTW aims to ensure that our values and I&D commitments are reflected in every interaction. To support this, we're focusing on three key areas:

- Attract and hire to grow our talent pipeline of colleagues from underrepresented communities
- Develop and promote to increase the overall diversity in business leadership
- Promote an inclusive culture that respects each other's differences and celebrates what's unique about each of us

A key underlying theme of these priorities is a sharpened focus on our female talent and an aspirational goal to increase gender balance in leadership levels across the Company. This focus directly supports the statement we made when we joined the Paradigm for Parity® ('P4P') coalition in 2016. P4P is committed to reaching gender parity in leadership by 2030.

At December 31, 2021, we had the following global female representation, and in the U.S. where we have the most complete data, we had the following ethnic and racial diversity representation:

Colleague Group	All Colleagues	Senior Leadership [ii]
Female (global)	54.9%	30.8%
Ethnic and racial diversity (U.S. only)		
Asian	7.1%	4.5%
Black	10.4%	1.3%
Hispanic	6.0%	1.6%
Other non-white [i]	2.3%	0.6%
Total	25.8%	8.0%

(i) Other non-white includes American Indian, Native Hawaiian or other Pacific Islander, and two or more races.
(ii) Senior leadership represents about 5% of our colleagues and includes those with titles of Managing and Senior Directors.

As of January 1, 2022, three new independent directors joined our Board of Directors, with a fourth new independent director to join on April 1, 2022. This creates a further diverse Board (as self-identified), of which, as of April 1, 50% will be female, including the Compensation Committee Chair. Our new Board, as of that date, will also have representation from the LGBT+ community and the Black and Asian communities, and also has members with non-U.S. citizenship, including the Audit and Risk Committee Chair.

Our executive officers have I&D objectives as part of their individual performance component, comprising a portion of their short-term incentive awards. Each year our leaders cascade I&D objectives throughout the organization, and we continue to reinforce objective and fair processes that mitigate bias in all of our talent programs and processes. Examples of key activities include:

- Our global I&D council, sponsored by our CEO and by our CHRO, sets the standard for our I&D initiatives globally. It is driven by regional councils that provide local perspectives and help to translate our global priorities into actions within each region.
- Our inclusion networks are designed to engage our talent and better connect us to each other, our clients and the communities in which we work and live. Current inclusion networks include: Gender Equity, LGBT+, Multicultural, Workability (Asia, North America, the U.K.) and Young Professionals (Asia, the U.K., Western Europe).

Total rewards – We invest significant resources in our most important asset, our colleagues. We offer market competitive rewards packages comprising of a mix of base salary and incentives aligned to our pay-for-performance philosophy plus benefits that support health and wellbeing as well as the ability to plan for the future.

Our total rewards programs align to our commitment to colleague health and wellbeing, ensuring our people are protected in the event of accident or illness, have sufficient paid time off and can accumulate capital for personal needs and retirement. We also understand the need for flexibility in the modern workplace and provide modified work arrangements and schedules where practical (e.g., flex time, part-time, work-from-home) that enable and support colleagues to stay focused on their clients and business needs and balance their personal commitments.

COVID-19 response – In 2021, we continued to support the health and safety of colleagues by:

- Monitoring and adapting both in-office operations and return-to-office approaches for colleagues across our more than 140 countries, prioritizing colleague health and safety as well as client service continuity while complying with all applicable local regulations.
- Offering remote working solutions that address wellbeing, potential travel, at-home office equipment provisioning, collaboration tools and manager resources while also facilitating flexible work-life arrangements and support for home care requirements.
- Monitoring colleague feedback on our response to the pandemic. Our November 2021 all-colleague pulse survey showed strong support for our efforts with over 90% of respondents feeling connected to their teams in an inclusive environment and able to effectively work in a hybrid work model.

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- Rethinking how colleagues work (both independently and collaboratively, now and in the future), focusing on the evolving role our offices play. The outcome of this work has been the development of a new work styles model that supports colleagues who are office-based, home-based or a hybrid of the two. For our hybrid colleagues, we are extending a greater level of autonomy over where and how they do their work. Our belief is that colleagues know their work and the people, tools and environment they need to be successful. Therefore, to the extent that role, geography and/or any regulations allow, how and where a colleague works will be determined by the work itself, not arbitrary rules to simply be in the office.

The failure to successfully attract and retain qualified personnel could materially adversely affect our results of operations and prospects. For more information see Principal Risks and Uncertainties.

Environmental Matters

Climate change and its growing impact on society represents a significant global challenge. As one of the world's leading risk advisors and experts in assessing and mitigating climate risk, WTW is committed to supporting measures aimed at helping to tackle climate change.

As a global company serving 140 countries and markets, we recognize our environmental responsibilities and the need to minimize our impact on the environment. We have set a commitment to achieve net zero greenhouse gas emissions by 2050 and 50% reduction by 2030 using science-based indicators. We have also established an environmental baseline for the company in 2019 - which gave us a good sense of major drivers of our carbon footprint. We are currently updating that baseline to help us develop a more comprehensive action plan supporting our climate commitments. In addition to that work, we will be developing a complementary environmental management system, all of which will help us track and report our emissions and carbon footprint.

We help reduce our environmental impact and carbon emissions through improvements to energy efficiency in our operations, reducing our need for business travel through the use of virtual meeting technologies, promoting recycling and reducing the waste we send to landfill.

We engage over 44,000 colleagues globally through the promotion of Company-wide and local initiatives. Our colleagues are encouraged to adopt environmentally responsible habits, like paperless record-keeping and recycling, and to learn information about new sustainability initiatives through internal communications and promotional campaigns.

We partner with our clients and communities to help address their social and economic challenges. We accomplish this through a combination of our business services and corporate programs.

We are committed to improving our suppliers' environmental impacts by increasing our demand for and use of goods that are developed in a sustainable way and contribute to a reduced carbon footprint, including Environmental, Social and Governance ('ESG') questions and evaluation criteria within our procurement processes, and having in place a form of supplier contract that stipulates, where the form is in place, that all operations must be conducted in full compliance with all applicable laws in connection with the contract.

We have been closely involved with various governments, intergovernmental organizations and civil societies on climate policy and research for some years and share the collective ambition of an orderly transition towards sustainable and resilient economies and communities. Amongst a variety of our collaborations and memberships, we are members of the insurance industry initiative ClimateWise, to support the Taskforce on Climate-Related Financial Disclosures ('TCFD'), and are active members of the Coalition for Climate Resilient Investment.

Our policy is to comply with all applicable environmental laws and regulations where we operate.

Internally, we have an ESG Taskforce that provides central governance and focuses on aligning our ESG commitments with our Company's strategic priorities. The Taskforce is sponsored by our General Counsel, Chief Financial Officer and Chief Administrative Officer, and comprises representatives from across the business segments and corporate functions.

Further detail regarding our approach to ESG, including our TCFD and SASB statements, is contained on our website at https://www.wtwco.com/en-US/About-Us/environmental-social-and-governance and is not part of or incorporated by reference into this document.

Social and Employee Matters and Respect for Human Rights

Social and Employee Matters

We are committed to demonstrating to our shareholders and communities that we are a responsible and ethical business partner and good corporate citizen by conducting our business based on our global Code of Conduct, Respect at Work and Anti-Harassment Policy, and our Company values, which emphasize managing our relationships, inside the Company and out, with fairness, decency and good citizenship. Our policy is that adherence is compulsory and enforced, with reported violations investigated promptly, and demonstration of values formally assessed during annual performance reviews and incorporated into a colleague's overall performance rating. Colleagues may raise concerns anonymously or confidentially through our Code of Conduct Hotline, online or by phone. As discussed further below, mandatory training on our Code of Conduct is delivered to all colleagues annually and completion rates are monitored.

We partner with our clients and communities to help address their social and economic challenges. For example, we participate in the Insurance Development Forum, a public/private partnership led by the insurance industry and international organizations (such as the United Nations and the World Bank) that aims to optimize and extend the use of insurance and its related risk management capabilities to build greater resilience and protection for people, communities, businesses and public institutions that are vulnerable to disasters and their associated economic shocks.

Additionally, as a professional services company, we endeavor to enable our colleagues to reach their full potential by fostering a culture of mutual respect, an inclusive and diverse work environment, professional development opportunities, safe working conditions and fair hiring and labor standards. Each year, our leaders cascade I&D focused objectives throughout the organization, and we continue to look for ways to provide for an objective and fair process that mitigates human biases in our talent programs and processes. Highlights of our I&D activities include the following:

> ***Globally*** – Our I&D councils – with members from our businesses and functions – lead our I&D efforts around the world, with support from internal communication and HR colleagues, including our dedicated I&D team and our inclusion networks (employee resource groups). The councils help to align regional I&D objectives with Company priorities, including how we attract, hire, develop, promote and retain diverse talent and foster an inclusive environment.
>
> Additionally, our five global inclusion networks and recruitment teams partner with organizations such as the International Association of Black Actuaries, Organization of Latino Actuaries, Where Women Work and MyGwork to source diverse talent. We continually look to expand such partnerships with diversity-focused organizations to hire the best talent from the broadest, most diverse talent pools. Other strategic relationships include:
>
> - Since 2019, WTW has qualified for the Bloomberg Gender Equality Index, which recognizes organizations who are trailblazers in their commitment to transparency in workplace gender reporting.
> - In January 2021, WTW became one of the 44 founding members of the World Economic Forum's Racial Justice in Business Initiative. The purpose of this initiative is to build more equitable and just workplaces for professionals with under-represented racial and ethnic identities.
> - WTW is a member of the Valuable 500, which works to ensure disability inclusion is on business leadership agendas across the globe.
> - WTW is proud to be a global festival partner of Dive In: The Festival for Diversity and Inclusion in Insurance. Supporting the festival since its inception in 2015, WTW colleagues worldwide collaborate with insurance industry peers and clients to lead local committees on the planning and launch of 100+ festival events each year, attracting thousands of participants worldwide (30,000+ across 30+ countries in 2021).
>
> Our commitment to I&D is universal and ongoing. We recognize observances around the world and in specific countries, such as Black History Month, International Women's Day, World Autism Awareness Day, World Day for Cultural Diversity, LGBT+ Pride month, Dive In, World Mental Health Day, and International Day of Persons with Disabilities, and use these events to help us get to know one another better – and to become more aware of our similarities and our differences. We have also implemented unconscious bias and inclusion workshops in many of the countries in which we operate and have launched an online, interactive unconscious bias module available globally to leadership teams and colleagues.

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We launched a comprehensive set of actions to address and ameliorate gender imbalance in leadership levels, with an integrated, business-sponsored approach targeted at hiring, developing, retaining, and promoting senior women. Select recognition:

In the U.S.: We have been recognized by the Human Rights Campaign Foundation as a "Best Place to Work" for LGBT+ equality. In certain cities, we have also launched a pilot program that seeks to increase the representation of Black, African American and Latinx talent. Leadership teams and Multicultural Inclusion Network representatives will support a collection of focused efforts to attract, hire, develop, promote, and retain colleagues, in partnership with select external organizations.

In the U.K.: WTW is a member of Stonewall's Diversity Champions Program, an employers' forum for sexual orientation and gender identity equality.

We help strengthen our communities through charitable giving and volunteering by offering the following:

- Matching Gifts Program that matches our colleagues' contributions to charitable organizations focused on healthcare, inclusion and diversity, post-secondary education, disaster relief and environmental/climate sustainability;
- Our Volunteer Day Program that provides our colleagues with paid opportunities to volunteer their time and talents to improve our communities; and
- A global charitable giving policy that benefits the Company by providing consistent new Company-wide governance and expenditure recording for all business and office charitable expenditures in this area.

We manage our internal Total Rewards activities using our Guiding Principles and internal governance processes to help ensure compliance and fair treatment. Our total rewards programs align to our commitment to colleague health and wellbeing, ensuring our people are protected in the event of accident or illness, have sufficient paid time off and can accumulate capital for personal needs and retirement. To ensure all colleagues have appropriate support and resources available for themselves and their families, Employee Assistance Programs are available throughout our organization.

Respect for Human Rights

While we believe the nature of our business as a professional services provider to predominantly corporate clients means that we are not directly exposed to a high risk of modern slavery and human trafficking, we are nonetheless aware that the possibility does exist within our global supply chains. We do not have a formal global human rights policy; however our approach to modern slavery reflects our overall approach to human rights. Seven of our U.K. subsidiaries (including Willis Limited and Towers Watson Limited) have produced Modern Slavery Act Transparency Statements, most recently for the financial year ending December 31, 2020. These U.K. entities work with other WTW entities to combat modern slavery and human trafficking in the business structure and have a cross-functional modern slavery working group that continues to coordinate a Company-wide approach. As part of WTW, these U.K. entities are committed to maintaining and improving practices to combat the human rights violations of slavery and human trafficking. The U.K. Modern Slavery Working Group has continued investigations into our supply chain to advance a standardized approach to assessing the risk of modern slavery and human trafficking.

We have expanded training to ensure a high level understanding of the risks of modern slavery and human trafficking amongst those of our colleagues helping to manage supplier arrangements; ensuring that relevant employees are aware of the risks and warning signs. We continue to standardize Company-wide modern slavery and human trafficking requirements for our large enterprise-wide supplier arrangements to provide for a coordinated approach.

Anti-Bribery and Anti-Corruption

The Company is subject to global anti-bribery and anti-corruption policies and procedures, which apply to all employees in entities owned and/or controlled by WTW, suppliers to WTW and third parties performing services on behalf of WTW (unless the suppliers or third parties have comparable anti-bribery and anti-corruption policies of their own).

WTW's Anti-Bribery & Corruption Policy states that WTW is committed to conducting business with honesty, integrity and fairness and without the use of bribery and corrupt practices, and prohibits the offering, promising, giving, requesting, agreeing to receive or accepting of any bribes or other illegal or corrupt payments or inducements to or from any person at any time, anywhere in the world.

Bribery and corruption risks include those through third parties and gifts, entertainment and hospitality. The Company mitigates these risks through global procedures which apply to all employees in entities owned and/or controlled by WTW. The Company's

Anti-Bribery & Corruption - Gifts, Entertainment & Hospitality Procedures require approval of gifts, entertainment and hospitality (whether given or received by WTW) that meet bribery risk criteria explained in the procedures. In general, the Anti-Bribery & Corruption - Third Party Approval Procedures require due diligence be conducted on, and approval be obtained for, all third parties performing specified services on behalf of WTW. For all but the very lowest risk third parties, the approval procedures must be refreshed and repeated annually. Very low risk third parties require re-approval under the procedures every two years.

The policies, procedures and supporting forms and information are available on the Company's intranet site and are translated into 26 languages to support their global application and understanding.
Online training is delivered annually in these languages on a risk-based approach to WTW employees regarding Anti-Bribery & Corruption, Gifts, Entertainment & Hospitality, and Third Party Bribery Risk, including a comprehension test on the module content.

All WTW employees are also required to comply with the Code of Conduct, which among other things sets out the Company's expectations regarding anti-bribery and anti-corruption matters. All employees are required annually to complete Code of Conduct training (provided in multiple languages) and to complete a comprehension test on the module content and certify their understanding and compliance with the Code of Conduct.

Risk Factors

The principal risks related to the Company's business are described in the 'Principal Risks and Uncertainties' section above.

Business Model

The Company's business model is described in the 'Executive Overview - Business Overview' and 'Business Strategy' sections above.

Accounting Records

To ensure that adequate accounting records are kept in accordance with Sections 281 to 285 of the Companies Act 2014 the Directors have employed appropriately qualified accounting personnel and have maintained appropriate computerized accounting systems. The accounting records are held at the Company's registered office at Elm Park, Merrion Road, Dublin 4, Ireland.

Directors and Secretary

The Directors of the Company at December 31, 2021 were John J. Haley, Anna C. Catalano, Victor F. Ganzi, Wendy E. Lane, Brendan R. O'Neill, Jaymin B. Patel, Linda D. Rabbitt, Paul D. Thomas and Wilhelm Zeller and the Secretary of the Company is Nicole Napolitano. At the date of this Directors' Report, the Directors of the Company are Dame Inga K. Beale, Anna C. Catalano, Victor F. Ganzi, Michael P. Hammond, Carl A. Hess, Wendy E. Lane, Brendan R. O'Neill, Linda D. Rabbitt, Michelle R. Swanback, Paul D. Thomas and Wilhelm Zeller. As of April 1, 2022, Fumbi Chima will join the Board. Jaymin B. Patel and John J. Haley retired from the Board on December 31, 2021. Mr. Ganzi, Ms. Lane, Ms. Catalano and Mr. Zeller will retire from the Board at the conclusion of the 2022 Annual General Meeting of Shareholders. There were no other changes in Directors during the year, or after year-end.

Directors' and Secretary's Interests

None of the Directors, nor the Company Secretary, in office at December 31, 2021 had an interest in 1 percent or over of the share capital of the ultimate Parent Company at January 1, 2021 or December 31, 2021.

There have been no contracts or arrangements entered into during the financial period in which a Director of the Company had a material interest in and which were significant in relation to Willis Towers Watson's business.

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Directors' Responsibilities Statement in relation to the Financial Statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with the Companies Act 2014.

Irish company law requires the Directors to prepare financial statements for each financial year. Under Irish company law, the Directors have elected to prepare the Company financial statements in accordance with U.S. GAAP, as defined in Section 279 of the Companies Act 2014, to the extent that the use of those principles in the preparation of the Company financial statements does not contravene any provision of Part 6 of the Companies Act 2014, and to prepare the Parent Company financial statements in accordance with IFRSs as adopted by the European Union ('relevant financial reporting framework').

Under Irish company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and the Parent Company at the financial year end date and of the profit or loss of the Company for the financial year and otherwise comply with the Companies Act 2014. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies for the Company and Parent Company financial statements and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and reasons for any material departures from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Parent Company and the Company will continue in business.

The Directors are responsible for ensuring that the Company keeps, or causes to be kept, adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy and enable them to ensure that the financial statements and Directors' Report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Compliance Statement

As required by section 225(2) of the Companies Act 2014, the Directors acknowledge that they are responsible for securing the Parent Company's compliance with its relevant obligations (as defined in section 225(1)). The Directors further confirm that a "compliance policy statement" (as defined in section 225(3)(a)) has been drawn up, that appropriate arrangements and structures that are, in the Directors' opinion, designed to secure material compliance with the relevant obligations have been put in place and that a review of those arrangements and structures has been conducted in the financial year to which this report relates.

Relevant Audit Information

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the statutory auditor is unaware; and
- the Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the statutory auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 330 of the Companies Act 2014.

Audit Committee

The Company has established an Audit Committee which is in conformity with the provisions of Section 167 of the Companies Act 2014, with responsibilities including:

- the monitoring of the financial reporting process;
- the monitoring of the effectiveness of the Company's systems of internal control, internal audit and risk management;
- the monitoring of the statutory audit of the Company's statutory financial statements; and
- the review and monitoring of the independence of the statutory auditor and the provision of additional services to the Company.

Auditor

Deloitte were appointed as independent auditors of the Entity on 12 April 2020 and have expressed its willingness to remain as auditors to the Entity. The Directors recommend the re-appointment of the auditors, in accordance with section 383 of the Companies Act.

On behalf of the Directors

/s/ Paul D. Thomas
Director

Date: March 16, 2022

/s/ Brendan R. O'Neill
Director

Date: March 16, 2022

Elm Park
Merrion Road
Dublin 4, Ireland

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Deloitte.

Deloitte Ireland LLP
Chartered Accountants &
Statutory Audit Firm

Independent auditor's report to the members of Willis Towers Watson Public Limited Company

Report on the audit of the financial statements

Opinion on the financial statements of Willis Towers Watson Public Limited Company (the 'company')

In our opinion the group financial statements:

- give a true and fair view of the assets, liabilities and financial position of the group company as at financial year end 31 December 2021 and of the profit of the group for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

The group company financial statements we have audited comprise:

- the Consolidated Profit and Loss Account;
- the Consolidated Statement of Comprehensive Income;
- the Consolidated Balance Sheet;
- the Consolidated of Cash Flows
- the Consolidated Statement of Changes in Equity; and
- the related notes 1 to 26, including a summary of significant accounting policies as set out in note 2.

The relevant financial reporting framework that has been applied in the preparation of the group financial statements is the Companies Act 2014 and United States Generally Accepted Accounting Principles ("US GAAP") ("the relevant financial reporting framework").

Basis for opinion

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

We are independent of the group company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: • Valuation and Allocation of Errors and Omissions Provisions.
Materiality	The materiality that we used in the current year was $90 million which was determined on the basis of adjusted profit before tax ('PBT') as a primary benchmark.
Scoping	We structured our approach to the audit to reflect how the group company is organised as well as ensuring our audit was both effective and risk focused.

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Conclusions relating to going concern

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

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

- As part of our risk assessment procedures, we obtained an understanding of the relevant controls in place regarding going concern.
- Challenged the reasonableness of the key assumptions applied by the directors in their assessment.
- Held discussions with management on the directors' going concern assessment, the future plans for the group company and the feasibility of those plans.
- Reviewed all board meeting minutes during the period up to the date of approval of the financial statements, for evidence of any discussions and/or decisions that could impact the company's ability to continue as a going concern.
- Assessed the adequacy of the relevant going concern disclosures made in the financial statements

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current financial year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation and Allocation of Errors and Omissions Provisions	
Key audit matter description	The Company has established provisions against various actual and potential claims, lawsuits and other proceedings relating principally to alleged errors and omissions ('E&O') which arise in connection with the placement of insurance and reinsurance and provision of broking, consulting and outsourcing services in the ordinary course of business. Such provisions cover claims that have been reported but not paid and claims that have been incurred but not reported ('IBNR'). These provisions are established based on actuarial estimates together with individual case reviews. Significant management judgment is required to estimate the amounts of such claims. Auditing management's judgments related to its E&O provision, and in particular the broking, consulting and outsourcing business provisions related to the IBNR, and the provisions related to significant claims reported but not paid, involved especially complex and subjective judgment and an increased extent of effort, including the need to involve our actuarial specialists. For the Errors and Omissions reserve, refer to Notes 2, 15 and 16 to the financial statements.
How the scope of our audit responded to the key audit matter	We tested the effectiveness of controls over the Company's estimation of the E&O provisions, including controls over the underlying historical claims data, the actuarial methodology used, the assumptions selected by management that are used to calculate the broking consulting and outsourcing business IBNR provisions, and the establishment and quarterly evaluation of provisions for reported claims, including significant claims. For the IBNR provisions, we evaluated the appropriateness of the IBNR models, including evaluating changes needed or warranted given changes in the business and trends emerging from the COVID-19 pandemic, and evaluated the consistency of the model with prior years in order to challenge the methodology used to estimate the provisions. With the assistance of our actuarial specialists, we assessed the methodology and models used, including key inputs and assumptions used in, and arithmetical accuracy of, the models used. We also performed retrospective reviews of management's estimated claims emergence in comparison to actual results and evaluated the provisions set by management in comparison to a range of independent estimates that we developed. We evaluated the E&O matters and the appropriateness of their projected settlement values through inquiries of, and confirmations from, in-house counsel and external lawyers handling those matters for the Company.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

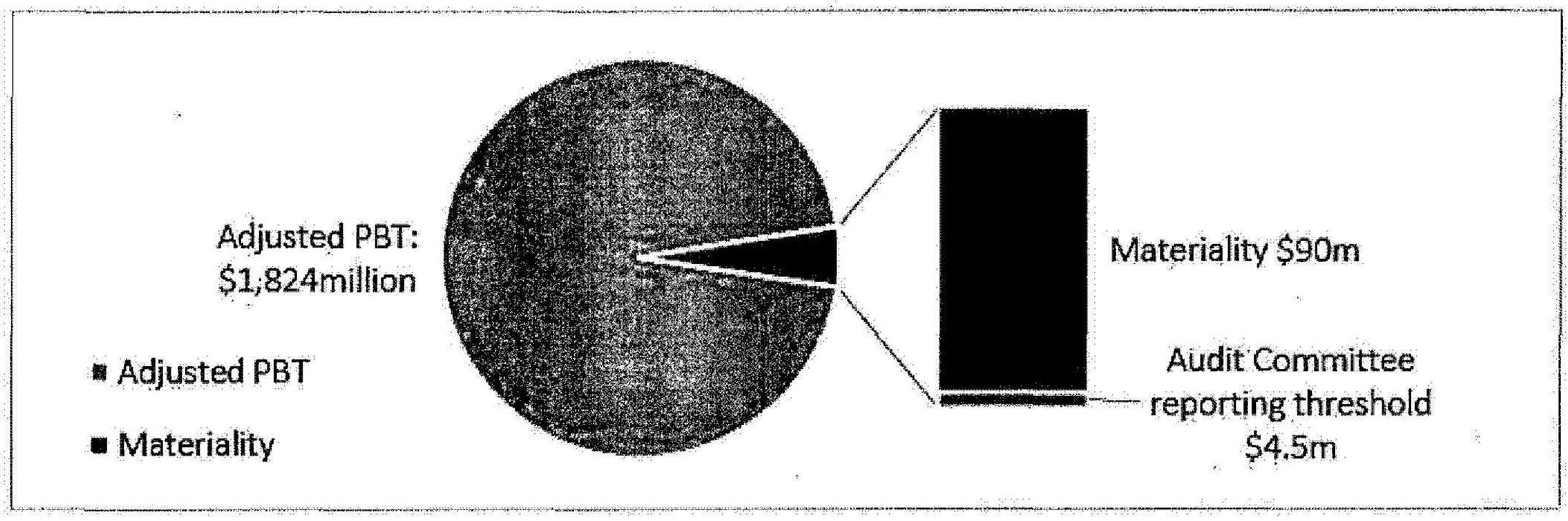
Our application of materiality

We define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the group company to be $90 million which is approximately 5% of Adjusted PBT. We have considered Adjusted PBT to be the critical component for determining materiality because the attention of the users of the group companies' financial statements is primarily focused on adjusted PBT. This is due to shareholders being interested in what can be reinvested in the business or the potential for dividends to be paid. Adjusted PBT is also used as a benchmark for valuing a

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company. We have considered quantitative and qualitative factors such as understanding the entity and its environment, history of misstatements, complexity of the company, and reliability of control environment etc.



We agreed with the Audit Committee that we would report to them any audit differences in excess of $4.5 million as well as differences below that threshold which, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

The scope of our audit was determined by obtaining an understanding of the group company its environment, including group-wide controls and assessing the risk of material misstatement.

Our Group audit scope focused primarily in two locations (U.S. and U.K.) with two components subject to full scope audits. In addition, our component teams performed audits of specified account balances and classes of transactions for eight components to support our opinion on the consolidated financial statements.

The components were selected to provide an appropriate basis of undertaking audit work to address the risks of material misstatements including those identified above. Our audits of each of the components was performed using materiality lower than the Group materiality based on their size relative to the Group.

The Group engagement team activities comprised audit work in areas such as the consolidation, review of the overall financial statements and disclosures, taxes, overall IT controls work and other areas such as discretionary compensation awards. The component teams carried out work in relation to the transactions and balances of the underlying businesses. The Group engagement team had oversight of the work performed by the component teams, reviewed their work and discussed any issues throughout the year.

Other information

The other information comprises the information included in the Directors' Report and Consolidated Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Directors' Report and Consolidated Financial Statements.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.
Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the group to express an opinion on the (consolidated) financial statements. The group auditor is responsible for the direction, supervision and performance of the group audit. The group auditor remains solely responsible for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

For listed entities and public interest entities, the auditor also provides those charged with governance with a statement that the auditor has complied with relevant ethical requirements regarding independence, including the Ethical Standard for Auditors

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(Ireland) 2016, and communicates with them all relationships and other matters that may reasonably be thought to bear on the auditor's independence, and where applicable, related safeguards.
Where the auditor is required to report on key audit matters, from the matters communicated with those charged with governance, the auditor determines those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. The auditor describes these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the auditor determines that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The consolidated financial statements are in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements and the directors' report has been prepared in accordance with the Companies Act 2014.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the group company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report
We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Christian MacManus
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

Date: 16 March 2022

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CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	Years ended December 31, 2021	2020	2019
		(millions, except per share data)		
REVENUE	4	$ 8,998	$ 8,615	$ 8,370
EXPENSES				
Salaries and benefits	20	5,253	5,157	4,929
Other operating expenses		1,673	1,697	1,647
Depreciation	9	281	307	239
Amortization	8	369	461	488
Restructuring costs	6	26	24	—
Transaction and integration, net		(806)	110	13
Total expenses		6,796	7,756	7,316
OPERATING INCOME		2,202	859	1,054
Other income, net	18	701	396	226
Interest expense	11	(211)	(244)	(234)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES		2,692	1,011	1,046
Provision for from income taxes	7	(536)	(249)	(197)
INCOME FROM CONTINUING OPERATIONS		2,156	762	849
INCOME FROM DISCONTINUED OPERATIONS, NET OF TAX		2,080	258	224
NET INCOME		4,236	1,020	1,073
Less: net income attributable to non-controlling interests		(14)	(24)	(29)
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON		$ 4,222	$ 996	$ 1,044
EARNINGS PER SHARE	23			
Basic earnings per share:				
Income from continuing operations per share		$ 16.68	$ 5.69	$ 6.32
Income from discontinued operations per share		16.20	1.99	1.73
Basic earnings per share		$ 32.88	$ 7.68	$ 8.05
Diluted earnings per share:				
Income from continuing operations per share		$ 16.63	$ 5.67	$ 6.30
Income from discontinued operations per share		16.15	1.98	1.72
Diluted earnings per share		$ 32.78	$ 7.65	$ 8.02

The accompanying notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

	Note	Years ended December 31, 2021	2020	2019
			(millions)	
NET INCOME		$ 4,236	$ 1,020	$ 1,073
Other comprehensive income/(loss), net of tax:				
Foreign currency translation	19	$ (87)	$ 139	$ 78
Defined pension and post-retirement benefits	19	260	(266)	(329)
Derivative instruments	19	2	(4)	21
Other comprehensive income/(loss), net of tax, before non-controlling interests		175	(131)	(230)
Comprehensive income before non-controlling interests		4,411	889	843
Comprehensive income attributable to non-controlling interests		(16)	(25)	(29)
Comprehensive income attributable to Willis Towers Watson		$ 4,395	$ 864	$ 814

The accompanying notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET

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	Note	December 31, 2021	2020
		(millions, except share data)	
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Goodwill	8	$ 10,183	$ 10,392
Other intangible assets, net	8	2,555	2,989
Tangible assets			
Right-of-use assets	14	720	901
Fixed assets, net	9	851	1,013
Financial assets			
Investments in associates		23	25
Pension benefits assets	13	971	971
Deferred tax assets	7	79	95
Other non-current assets	17	1,100	960
Non-current assets held for sale		—	884
Total fixed assets		16,482	18,230
CURRENT ASSETS			
Accounts receivable, net	4	2,370	2,408
Fiduciary assets		11,014	12,003
Other current assets	17	612	479
Cash and cash equivalents		4,486	2,039
Current assets held for sale		6	3,372
Total current assets		18,488	20,301
TOTAL ASSETS		$ 34,970	$ 38,531
LIABILITIES, CAPITAL AND RESERVES			
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Current debt	11	$ 613	$ 971
Fiduciary liabilities		11,014	12,003
Current lease liabilities	14	150	152
Deferred revenue	17	576	546
Accrued expenses	17	1,350	1,552
Income taxes payable	7	260	60
Other current liabilities	17	755	738
Current liabilities held for sale		6	3,310
Total creditors: amounts falling due within one year		14,724	19,332
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Long-term debt	11	3,974	4,664
Retirement benefit obligations	13	757	1,403
Long-term lease liabilities	14	734	917
Deferred tax liabilities	7	845	561
Other non-current liabilities	17	253	290
Non-current liabilities held for sale		—	26
Total creditors: amounts falling due after more than one year		6,563	7,861
PROVISIONS FOR LIABILITIES	16	375	406
Total liabilities		21,662	27,599

(Continued on next page)

CONSOLIDATED BALANCE SHEET (continued)

	Note	December 31, 2021	2020
		(millions, except share data)	
COMMITMENTS AND CONTINGENCIES	15		
CAPITAL AND RESERVES (i)			
Share premium		9,491	9,481
Profit and loss account		4,465	2,254
Other reserves		1,490	1,444
Accumulated other comprehensive loss, net of tax	19	(2,186)	(2,359)
Total Willis Towers Watson shareholders' equity		13,260	10,820
Non-controlling interests		48	112
Total equity		13,308	10,932
TOTAL LIABILITIES, CAPITAL AND RESERVES		$ 34,970	$ 38,531

(i) Capital and reserves includes (a) Ordinary shares $0.000304635 nominal value; Authorized 1,510,003,775; Issued 122,055,815 (2021) and 128,964,579 (2020); Outstanding 122,055,815 (2021) and 128,964,579 (2020); (b) Preference shares, $0.000115 nominal value; Authorized 1,000,000,000 and Issued none in 2021 and 2020.

The accompanying notes are an integral part of these Consolidated Financial Statements.

Approved by the Board of Directors on March 16, 2022 and signed on behalf of the Directors:

/s/ Paul D. Thomas
Director

/s/ Brendan R. O'Neill
Director

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CONSOLIDATED STATEMENT OF CASH FLOWS

	Years ended December 31,		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
NET INCOME	$ 4,236	$ 1,020	$ 1,073
Adjustments to reconcile net income to total net cash from operating activities:			
Depreciation	281	308	240
Amortization	369	462	489
Non-cash lease expense	160	146	148
Net periodic benefit of defined benefit pension plans	(168)	(196)	(135)
Provision for doubtful receivables from clients	19	29	9
Provision for/(benefit from) deferred income taxes	226	99	(72)
Share-based compensation	101	90	74
Net (gain)/loss on disposal of operations	(2,679)	(81)	2
Non-cash foreign exchange (gain)/loss	(10)	(6)	26
Other, net	(25)	(41)	17
Changes in operating assets and liabilities, net of effects from purchase of subsidiaries:			
Accounts receivable	(134)	72	(261)
Other assets	(122)	(205)	(269)
Other liabilities	(175)	215	(264)
Provisions	(18)	(138)	4
Net cash from operating activities	2,061	1,774	1,081
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Additions to fixed assets and software for internal use	(148)	(223)	(246)
Capitalized software costs	(53)	(63)	(59)
Acquisitions of operations, net of cash acquired	(47)	(69)	(1,329)
Proceeds from sale of operations	4,048	237	17
Cash and fiduciary funds transferred in sale of operations	(1,030)	(25)	—
Purchase of investments	(200)	—	—
Other, net	—	(17)	3
Net cash from/(used in) investing activities	2,570	(160)	(1,614)
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES			
Net payments on revolving credit facility	—	—	(131)
Senior notes issued	—	282	997
Proceeds from issuance of other debt	—	—	1,100
Debt issuance costs	(4)	(2)	(13)
Repayments of debt	(1,008)	(327)	(995)
Repurchase of shares	(1,627)	—	(150)
Proceeds from issuance of shares	10	16	45
Net (payments)/proceeds from fiduciary funds held for clients	(40)	812	58
Payments of deferred and contingent consideration related to acquisitions	(19)	(12)	(57)
Cash paid for employee taxes on withholding shares	(16)	(14)	(15)
Dividends paid	(374)	(346)	(329)
Acquisitions of and dividends paid to non-controlling interests	(36)	(28)	(55)
Other, net	—	(3)	—
Net cash (used in)/from financing activities	(3,114)	378	455
INCREASE/(DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH (i)	1,517	1,992	(78)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(127)	126	—
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR (i)	6,301	4,183	4,261
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR (i)	$ 7,691	$ 6,301	$ 4,183

(i) The amounts of cash, cash equivalents and restricted cash, their respective classification on the balance sheets and how these amounts have changed for prior years have been included in Note 24 to these Consolidated Financial Statements, as well as their respective portion of the change in the increase or decrease of cash, cash equivalents and restricted cash for each of the periods presented.

The accompanying notes are an integral part of note these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Shares outstanding	Share premium	Profit and loss account	Other reserves	AOCL [i]	Total WTW shareholders' equity	Non-controlling interests	Total equity	Redeemable non-controlling interest [ii]	Total
	(thousands)	(millions)								
Balance at December 31, 2018	128,922	$ 9,420	$ 1,021	$ 1,372	$ (1,961)	$ 9,852	$ 119	$ 9,971	$ 26	
Adoption of ASU 2018-02	—	—	36	—	(36)	—	—	—	—	
Shares repurchased	(788)	—	(150)	—	—	(150)	—	(150)	—	
Net income	—	—	1,044	—	—	1,044	23	1,067	6	$ 1,073
Dividends ($2.60 per share)	—	—	(339)	—	—	(339)	—	(339)		
Dividends attributable to non-controlling interests	—	—	—	—	—	—	(21)	(21)	(2)	
Other comprehensive loss	—	—	—	—	(230)	(230)	—	(230)	—	$ (230)
Issuance of shares under employee stock compensation plans	556	45	—	—	—	45	—	45	—	
Share-based compensation and net settlements	—	—	—	32	—	32	—	32	—	
Acquisition of non-controlling interests	—	—	—	(6)	—	(6)	(1)	(7)	(30)	
Foreign currency translation	—	—	—	1	—	1	—	1	—	
Balance at December 31, 2019	128,690	$ 9,465	$ 1,612	$ 1,399	$ (2,227)	$ 10,249	$ 120	$ 10,369	$ —	
Net income	—	—	996	—	—	996	24	1,020	—	$ 1,020
Dividends ($2.75 per share)	—	—	(354)	—	—	(354)	—	(354)	—	
Dividends attributable to non-controlling interests	—	—	—	—	—	—	(22)	(22)	—	
Other comprehensive (loss)/income	—	—	—	—	(132)	(132)	1	(131)	—	$ (131)
Issuance of shares under employee stock compensation plans	275	16	—	—	—	16	—	16	—	
Share-based compensation and net settlements	—	—	—	46	—	46	—	46	—	
Reduction of non-controlling interests [iii]	—	—	—	9	—	9	(11)	(2)	—	
Other	—	—	—	(3)	—	(3)	—	(3)	—	
Foreign currency translation	—	—	—	(7)	—	(7)	—	(7)	—	
Balance at December 31, 2020	128,965	$ 9,481	$ 2,254	$ 1,444	$ (2,359)	$ 10,820	$ 112	$ 10,932	$ —	
Shares repurchased	(7,155)	—	(1,627)	—	—	(1,627)	—	(1,627)	—	
Net income	—	—	4,222	—	—	4,222	14	4,236	—	$ 4,236
Dividends ($3.02 per share)	—	—	(384)	—	—	(384)	—	(384)	—	
Dividends attributable to non-controlling interests	—	—	—	—	—	—	(29)	(29)	—	
Other comprehensive income	—	—	—	—	173	173	2	175	—	$ 175
Issuance of shares under employee stock compensation plans	246	10	—	—	—	10	—	10	—	
Share-based compensation and net settlements	—	—	—	47	—	47	—	47	—	
Reduction of non-controlling interests [iii]	—	—	—	(8)	—	(8)	(51)	(59)	—	
Foreign currency translation	—	—	—	7	—	7	—	7	—	
Balance at December 31, 2021	122,056	$ 9,491	$ 4,465	$ 1,490	$ (2,186)	$ 13,260	$ 48	$ 13,308	$ —	

(i) Additional other comprehensive loss, net of tax ('AOCL').
(ii) The redeemable non-controlling interest was related to Max Matthiessen Holding AB. The Company purchased the remaining non-controlling interest of Max Matthiessen Holding AB during the year ended December 31, 2019.
(iii) Attributable to the divestiture of businesses that are less than wholly-owned or the acquisition of shares previously owned by minority interest holders.

The accompanying notes are an integral part of these Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Tabular amounts are in millions of U.S. dollars, except per share data and employee numbers)

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1. NATURE OF OPERATIONS

Willis Towers Watson plc is a leading global advisory, broking and solutions company that provides data-driven, insight-led solutions in the areas of people, risk and capital. The Company has more than 44,000 colleagues serving more than 140 countries and markets.

We design and deliver solutions that manage risk, optimize benefits, cultivate talent and expand the power of capital to protect and strengthen institutions and individuals.

Our risk management services include strategic risk consulting (including providing actuarial analysis), a variety of due diligence services, the provision of practical on-site risk control services (such as health and safety and property loss control consulting), and analytical and advisory services (such as hazard modeling). We also assist our clients with planning for addressing incidents or crises when they occur. These services include contingency planning, security audits and product tampering plans.

We help our clients enhance business performance by delivering consulting services, technology and solutions that optimize benefits and cultivate talent. Our services and solutions encompass such areas as employee benefits, total rewards, talent and benefits outsourcing. In addition, we provide investment advice to help our clients develop disciplined and efficient strategies to meet their investment goals and expand the power of capital.

As an insurance broker, we act as an intermediary between our clients and insurance carriers by advising on their risk management requirements, helping them to determine the best means of managing risk and negotiating and placing insurance with insurance carriers through our global distribution network.

We operate a private Medicare marketplace in the U.S. through which, along with our active employee marketplace, we help our clients move to a more sustainable economic model by capping and controlling the costs associated with healthcare benefits. We also provide direct-to-consumer sales of Medicare coverage.

We are not an insurance company, and therefore we do not underwrite insurable risks for our own account. We help sharpen strategies, enhance organizational resilience, motivate workforces and maximize performance to uncover opportunities for sustainable success.

Termination of Proposed Combination with Aon plc

On March 9, 2020, WTW and Aon plc ('Aon') issued an announcement disclosing that the respective Boards of Directors of WTW and Aon had reached agreement on the terms of a recommended acquisition of WTW by Aon. Under the terms of the agreement each WTW shareholder would receive 1.08 Aon ordinary shares for each WTW ordinary share. At the time of the announcement, it was estimated that upon completion of the combination, existing Aon shareholders would own approximately 63% and existing WTW shareholders would own approximately 37% of the combined company on a fully diluted basis.

On June 16, 2021, the U.S. Department of Justice filed suit in U.S. District Court in the District of Columbia against WTW and Aon, seeking to enjoin the proposed business combination between the two companies (among other relief). On July 26, 2021, WTW and Aon announced they had terminated the business combination agreement and that Aon had agreed to pay WTW $1 billion in connection with such termination, which was received by WTW on July 27, 2021 (the 'Termination' or the 'Termination Agreement'). The $1 billion income receipt has been included in transaction and integration, net in the consolidated statements of comprehensive income. Under the Termination Agreement, WTW and Aon on behalf of themselves and certain other related and affiliated parties, each agreed to release the other from all claims and actions arising out of or related to the business combination agreement and the transactions contemplated thereby, subject to certain exceptions.

2. BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

Basis of Presentation

The Parent Company, Willis Towers Watson plc, is a public company limited by shares incorporated and registered in Ireland. Its registered address is Willis Towers Watson House, Elm Park, Merrion Road, Dublin 4, Ireland and its registered number is 475616.

The Company is required to file consolidated financial statements with the Irish Companies Registration Office.

The Directors have elected to prepare the consolidated financial statements of Willis Towers Watson in accordance with Section 279 of the Companies Act 2014 of Ireland, which provides that a true and fair view of the assets and liabilities, financial position and profit or loss may be given by preparing the consolidated financial statements in accordance with U.S. GAAP, to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of Part 6 of the Companies Act 2014.

The preparation of these financial statements under U.S. GAAP includes primary statement formats, captions and terminology throughout that both complies with U.S. GAAP and is familiar to users of such accounts filed by the Company in the U.S.

Such disclosure formats, captions and terminology may not always comply specifically with the requirements of Irish company law. The Company has departed from the format requirements in Irish company law as explained below, to continue its disclosure under U.S. formats. There are various instances of this occurring, including, but not limited to, the Company's consolidated profit and loss account not strictly conforming to the formats prescribed under Irish company law. However, the Company believes that the consolidated profit and loss account as reported better reflects the business and activities of the Company.

All intercompany accounts and transactions have been eliminated in consolidation.

Risks and Uncertainties Related to the COVID-19 Pandemic and the Related Economic Environment

The COVID-19 pandemic has had an adverse impact on global commercial activity, particularly on the global supply chain and workforce availability, and has contributed to significant volatility in the global financial markets including, among other effects, occasional declines in the equity markets, changes in interest rates and reduced liquidity on a global basis. With regard to the effects on our own business operations and those of our clients, suppliers and other third parties with whom we interact, the Company has regularly considered the impact of COVID-19 and the wider economic results on our business, taking into account our business resilience and continuity plans, financial modeling and stress testing of liquidity and financial resources.

Over the last two years, the COVID-19 pandemic generally did not have a material adverse impact on our overall financial results. Initially, the COVID-19 pandemic had a negative impact on our revenue growth, primarily in our businesses that are discretionary in nature, however we later saw an increased demand for these services, which improved revenue growth beginning in the second quarter of 2021. There continues to be increased demand for our services, particularly those services that address the various challenges in the global labor markets and disruptions to the supply chain. While we have fully adapted to the unique challenges posed by the pandemic surrounding how and where we do our work, we are also impacted by the negative effect on workforce availability, which could hamper our ability to grow our capacity on pace with increasing demand for our services. We expect the market for talent to remain highly competitive for at least the next several months. We will continue to monitor the situation and assess any implications to our business and our stakeholders.

Supply and labor market disruptions caused by COVID-19 as well as other factors, such as accommodative monetary and fiscal policy, have contributed to significant inflation in many of the markets in which we operate. This impacts not only the costs to attract and retain employees but also other costs to run and invest in our business. If our costs grow significantly in excess of our ability to raise revenues, our margins and results of operations may be materially and adversely impacted and we may not able to achieve our strategic and financial objectives.

The extent to which COVID-19 impacts our business and financial position will depend on future developments, which are difficult to predict. These future developments may include the severity and scope of the COVID-19 outbreak and the emergence of new variants, which may unexpectedly change or worsen, and the types and duration of measures imposed by governmental authorities to contain the virus or address its impact. We continue to expect that the COVID-19 pandemic and the

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2. BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS (continued)

related impacts on the wider economic environment may cause volatility to our revenue and operating results in fiscal 2022. We believe that, as a general matter, these trends and uncertainties are similar to those faced by other comparable registrants as a result of the pandemic.

True and Fair View Override

In special disclosure circumstances, where compliance with any of the provisions of the Companies Act 2014 as to the matters to be included in a company's financial statements (or notes thereto) is inconsistent with the requirement to give a true and fair view of the state of affairs and profit or loss, the directors shall depart from that provision to the extent necessary to give a true and fair view. The Company is adopting a true and fair view override in relation to goodwill - see the accounting policy on goodwill below.

Significant Accounting Policies

Principles of Consolidation — The accompanying consolidated financial statements include the accounts of WTW and those of our majority-owned and controlled subsidiaries. We determine whether we have a controlling financial interest in an entity by first evaluating whether the entity is a voting interest entity or a variable interest entity ('VIE'). Variable interest entities are entities that lack one or more of the characteristics of a voting interest entity and therefore require a different approach in determining which party involved with the VIE should consolidate the entity. With a VIE, either the entity does not have sufficient equity at risk to finance its activities without additional subordinated financial support from other parties, or the equity holders, as a group, do not have the power to direct the activities that most significantly impact its financial performance, the obligation to absorb expected losses of the entity, or the right to receive the expected residual returns of the entity. The entity that has a controlling financial interest in a VIE is referred to as the primary beneficiary and is required to consolidate the VIE.

Voting interest entities are entities that have sufficient equity and provide equity investors voting rights that give them the power to make significant decisions related to the entity's operations. The usual condition for a controlling financial interest in a voting interest entity is ownership of a majority voting interest. Accordingly, we consolidate our voting interest entity investments in which we hold, directly or indirectly, more than 50% of the voting rights.

Use of Estimates — These consolidated financial statements conform to U.S. GAAP in so far as the use of U.S. GAAP does not contravene Irish Company Law, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Our estimates, judgments and assumptions are continually evaluated based on available information and experience. Because of the use of estimates inherent in the financial reporting process, actual results could differ from those estimates. Estimates are used when accounting for revenue recognition and related costs, the selection of useful lives of fixed and intangible assets, impairment testing, valuation of billed and unbilled receivables from clients, discretionary compensation, income taxes, pension assumptions, incurred but not reported claims, legal reserves and goodwill and intangible assets.

Going Concern — Management evaluates at each annual and interim period whether there are conditions or events, considered in the aggregate, that raise substantial doubt about our ability to continue as a going concern within one year after the date that the consolidated financial statements are issued. Management's evaluation is based on relevant conditions and events that are known and reasonably knowable at the date that the consolidated financial statements are issued. Management has concluded that there are no conditions or events, considered in the aggregate, that raise substantial doubt about our ability to continue as a going concern within one year after the date of these financial statements.

Fair Value of Financial Instruments — The carrying values of our cash, cash equivalents and restricted cash, accounts receivable, short-term investments, accrued expenses and revolving lines of credit approximate their fair values because of the short maturity and liquidity of those instruments. The fair value of our senior notes and note receivable are considered Level 2 financial instruments as they are corroborated by observable market data. See Note 12 to these Consolidated Financial Statements for additional information about our measurements of fair value.

2. BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS (continued)

Cash and Cash Equivalents — Cash and cash equivalents primarily consist of time deposits with original maturities of three months or less. In certain of the countries in which we conduct business, we are subject to capital adequacy requirements. Most significantly, Willis Limited, our U.K. brokerage subsidiary regulated by the Financial Conduct Authority, is currently required to maintain $140 million in unencumbered and available financial resources, of which at least $83 million must be in cash, for regulatory purposes. Term deposits and certificates of deposits with original maturities greater than three months are considered to be short-term investments and are included in prepaid and other current assets. As a result of the acquired TRANZACT collateralized facility (see Note 11 to these Consolidated Financial Statements), we had $7 million of restricted cash at December 31, 2020, which is included within prepaid and other current assets on our consolidated balance sheets. Additionally, see Note 24 to these Consolidated Financial Statements for a reconciliation of the cash, cash equivalents and restricted cash as presented on our consolidated balance sheets and the consolidated statements of cash flows.

Fiduciary Assets and Liabilities — The Company collects premiums from insureds and, after deducting commissions, remits the premiums to the respective insurers. The Company also collects claims or refunds from insurers on behalf of insureds. Certain of our health and welfare benefits administration outsourcing agreements require us to hold funds on behalf of clients to pay obligations on their behalf or for plan participants to pay for medical costs ('benefit funds'). Benefit funds held in cash and cash equivalents are part of fiduciary funds. In some instances, plan participants direct us to invest these benefit funds on their behalf ('benefit funds investments'). Each of these transactions is reported on our consolidated balance sheets as assets and corresponding liabilities unless such balances are due to or from the same party and a right of offset exists, in which case the balances are recorded net.

Fiduciary assets on the consolidated balance sheets are comprised of fiduciary funds, benefit funds investments and fiduciary receivables:

Fiduciary funds – These amounts are restricted cash and cash equivalents held for unremitted insurance premiums and claims and benefit funds not invested, and are recorded within fiduciary assets on the consolidated balance sheets. Fiduciary funds are generally required to be kept in certain regulated bank accounts subject to guidelines which emphasize capital preservation and liquidity. Such funds are not available to service the Company's debt or for other corporate purposes. Notwithstanding the legal relationships with insureds and insurers and excluding earnings on benefit funds, the Company is entitled to retain investment income earned on fiduciary funds in accordance with industry custom and practice and, in some cases, as supported by agreements with insureds. The period for which the Company holds such funds in its broking capacity is dependent upon the date the insured remits the payment of the premium to the Company, or the date the Company receives a refund from the insurer, and the date the Company is required to forward such payments to the insurer or insured, respectively. For the benefit funds, cash and cash equivalents are held until the funds are directed by plan participants to either be invested in mutual funds or paid out on their behalf. Fiduciary funds are included in the beginning and ending balances of cash, cash equivalents and restricted cash in the consolidated statements of cash flows. See Note 24 to these Consolidated Financial Statements for a reconciliation of the fiduciary funds as presented on our consolidated balance sheets and the consolidated statements of cash flows.

Benefit funds investments - Benefit funds investments can be invested in open-ended mutual funds at the direction of the participant. Such funds are not available to service the Company's debt or for other corporate purposes and earnings accrue to the participant.

Fiduciary receivables – Uncollected premiums from insureds, uncollected claims or refunds from insurers and unremitted benefits funds are recorded as fiduciary assets on the consolidated balance sheets. In certain instances, the Company advances premiums, refunds or claims to insurance underwriters or insureds prior to collection. Such advances are made from fiduciary funds and are reflected in the consolidated balance sheets as fiduciary assets.

Fiduciary liabilities on the consolidated balance sheets represent the obligations to remit all fiduciary assets as required under the terms of the various arrangements. Fiduciary receivables and liabilities for which cash has not been collected are equal and offsetting and have not been presented in the consolidated statements of cash flows.

Accounts Receivable — Accounts receivable includes both billed and unbilled receivables and is stated at estimated net realizable values. Provision for billed receivables is recorded, when necessary, in an amount considered by management to be sufficient to meet probable future losses related to uncollectible accounts. Accrued and unbilled receivables are stated at net realizable value which includes an allowance for accrued and unbillable amounts. See Note 4 to these Consolidated Financial Statements for additional information about our accounts receivable.

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2. BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS (continued)

Acquired Accounts Receivable — As part of the acquisition accounting for the TRANZACT business (see Note 3 to these Consolidated Financial Statements), the acquired accounts receivable arising from direct-to-consumer Medicare broking sales were present-valued at the acquisition date in accordance with ASC 805, *Business Combinations* ('ASC 805'). Cash collections for these receivables are expected to occur over a period of several years. Due to the provisions of ASC 606, *Revenue From Contracts With Customers* ('ASC 606'), these receivables are not discounted for a significant financing component when initially recognized. Following the acquisition, the acquired renewal commissions receivables have been accounted for prospectively using the cost-recovery method in which future cash receipts will initially be applied against the acquisition date fair value until the value reaches zero. Any cash received in excess of the fair value determined at acquisition will be recorded to earnings when it is received at a future date. The adjusted values of these acquired renewal commissions receivables are included in prepaid and other current assets or other non-current assets, as appropriate, on the consolidated balance sheets.

Income Taxes — The Company recognizes deferred tax assets and liabilities for the estimated future tax consequences of events attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating and capital loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which the differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of changes in tax rates is recognized for continuing operations in the consolidated statement of comprehensive income in the period in which the change is enacted. Deferred tax assets are reduced through the establishment of a valuation allowance at such time as, based on available evidence, it is more likely than not that the deferred tax assets will not be realized. The Company adjusts valuation allowances to measure deferred tax assets at the amounts considered realizable in future periods, which is assessed at each balance sheet date. In making such determinations, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and recent financial operating results. We place more reliance on evidence that is objectively verifiable.

Positions taken in the Company's tax returns may be subject to challenge by the taxing authorities upon examination. The Company recognizes the benefits of uncertain tax positions in the financial statements when it is more likely than not that a position will be sustained on the basis of the technical merits of the position assuming the tax authorities have full knowledge of the position and all relevant facts. Recognition also occurs upon either the lapse of the relevant statute of limitations or when positions are effectively settled. The benefit recognized is the largest amount of tax benefit that is greater than 50 percent likely to be realized on settlement with the tax authority. The Company adjusts its recognition of uncertain tax benefits in the period in which new information is available impacting either the recognition or measurement of its uncertain tax positions. Such adjustments are reflected as increases or decreases to income taxes in the period in which they are determined.

The Company recognizes interest and penalties relating to unrecognized tax benefits within income taxes. See Note 7 to these Consolidated Financial Statements for additional information regarding the Company's income taxes.

Foreign Currency — Transactions in currencies other than the functional currency of the entity are recorded at the rates of exchange prevailing at the date of the transaction. Monetary assets and liabilities in currencies other than the functional currency are translated at the rates of exchange prevailing at the balance sheet date and the related transaction gains and losses are reported as income or expense in the consolidated profit and loss account. Certain intercompany loans are determined to be of a long-term investment nature. The Company records transaction gains and losses from re-measuring such loans as other comprehensive income in the consolidated statement of total comprehensive income.

Upon consolidation, the results of operations of subsidiaries and associates whose functional currency is other than the U.S. dollar are translated into U.S. dollars at the average exchange rates, and assets and liabilities are translated at year-end exchange rates. Translation adjustments are presented as a separate component of other comprehensive income in the financial statements and are included in net income only upon sale or liquidation of the underlying foreign subsidiary or associated company.

2. BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS (continued)

Derivatives — The Company uses derivative financial instruments to alter the risk profile of an existing underlying exposure. Forward foreign currency exchange contracts are used to manage currency exposures arising from future income and expenses and to offset balance sheet exposures in currencies other than the functional currency of an entity. We do not hold any derivatives for trading purposes. The fair values of derivative contracts are recorded in other assets and other liabilities in the consolidated balance sheets. The effective portions of changes in the fair value of derivatives that qualify for hedge accounting as cash flow hedges are recorded in other comprehensive income. Amounts are reclassified from other comprehensive income into earnings when the hedged exposure affects earnings. If the derivative is designated and qualifies as an effective fair value hedge, the changes in the fair value of the derivative and of the hedged item associated with the hedged risk are both recognized in earnings. The amount of hedge ineffectiveness recognized in earnings is based on the extent to which an offset between the fair value of the derivative and hedged item is not achieved. Changes in the fair value of derivatives that do not qualify for hedge accounting, together with any hedge ineffectiveness on those that do qualify, are recorded in other income, net or interest expense as appropriate.

The Company evaluates whether its contracts include clauses or conditions which would be required to be separately accounted for at fair value as embedded derivatives. See Note 10 to these Consolidated Financial Statements for additional information about the Company's derivatives.

Commitments, Contingencies and Provisions for Liabilities — The Company establishes provisions against various actual and potential claims, lawsuits and other proceedings relating principally to alleged errors and omissions in the ordinary course of business. Such provisions cover claims that have been reported but not paid and also unasserted claims and related legal fees. These provisions are established based on actuarial estimates together with individual case reviews and are believed to be adequate in light of current information and legal advice. In certain cases, where a range of loss exists, we accrue the minimum amount in the range if no amount within the range is a better estimate than any other amount. To the extent such losses can be recovered under the Company's insurance programs, estimated recoveries are recorded when losses for insured events are recognized and the recoveries are likely to be realized. Significant management judgment is required to estimate the amounts of such unasserted claims and the related insurance recoveries. The Company analyzes its litigation exposure based on available information, including consultation with outside counsel handling the defense of these matters, to assess its potential liability. These contingent liabilities are not discounted. See Notes 15 and 16 to these Consolidated Financial Statements for additional information about our commitments, contingencies and provisions for liabilities.

Share-Based Compensation — The Company has equity-based compensation plans that provide for grants of restricted stock units and stock options to employees and non-employee directors of the Company. Additionally, the Company has cash-settled share-based compensation plans that provide for grants to employees.

The Company expenses equity-based compensation, which is included in Salaries and benefits in the consolidated statements of comprehensive income, primarily on a straight-line basis over the requisite service period. The significant assumptions underlying our expense calculations include the fair value of the award on the date of grant, the estimated achievement of any performance targets and estimated forfeiture rates. The awards under equity-based compensation are classified as equity and are included as a component of equity on the Company's consolidated balance sheets, as the ultimate payment of such awards will not be achieved through use of the Company's cash or other assets.

For the cash-settled share-based compensation, the Company recognizes a liability for the fair-value of the awards as of each reporting date. The liability for these awards is included within other current liabilities or other non-current liabilities in the consolidated balance sheets depending when the amounts are payable. Expense is recognized over the service period, and as the liability is remeasured at the end of each reporting period, changes in fair value are recognized as compensation cost within Salaries and benefits in the consolidated statements of comprehensive income. The significant assumptions underlying our expense calculations include the estimated achievement of any performance targets and estimated forfeiture rates.

See Note 22 to these Consolidated Financial Statements for additional information about the Company's share-based compensation.

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2. BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS (continued)

Fixed Assets — Fixed assets are stated at cost less accumulated depreciation. Expenditures for improvements are capitalized; repairs and maintenance are charged to expense as incurred. Depreciation is computed primarily using the straight-line method based on the estimated useful lives of assets.

Depreciation on internally-developed software is amortized over the estimated useful life of the asset ranging from 3 to 10 years. Buildings include assets held under finance leases and are depreciated over the lesser of 50 years, the asset lives or the lease terms. Depreciation on leasehold improvements is calculated over the lesser of the useful lives of the assets or the remaining lease terms. Depreciation on furniture and equipment is calculated based on a range of 3 to 10 years. Land is not depreciated.

Long-lived assets are tested for recoverability whenever events or changes in circumstance indicate that their carrying amounts may not be recoverable. An impairment loss is recognized if the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. Recoverability is determined based on the undiscounted cash flows expected to result from the use and eventual disposition of the asset or asset group. Long-lived assets and certain identifiable intangible assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell. See Note 9 to these Consolidated Financial Statements for additional information about our fixed assets.

Leases — As an advisory, broking and solutions company providing services to clients in more than 140 countries, we enter into lease agreements from time to time, primarily for the use of real estate for our office space. We determine if an arrangement is a lease at the inception of the contract, and the nature of our operations is such that it is generally clear whether an arrangement contains a lease and what underlying asset is being leased. The majority of the leases into which we enter are operating leases. Upon entering into leases, we obtain the right to control the use of an identified space for a lease term and recognize these right-of-use ('ROU') assets on our consolidated balance sheets with corresponding lease liabilities reflecting our obligation to make the related lease payments. ROU assets are amortized over the term of the lease.

Our real estate leases are generally long-term in nature, with terms that typically range from 5 to 15 years. Our most significant lease supports our London market operations with a lease term through 2032. Our real estate leases often contain options to renew the lease, either through exercise of the option or through automatic renewal. Additionally, certain leases have options to cancel the lease with appropriate notice to the landlord prior to the end of the stated lease term. As we enter into new leases, we consider these options as we assess lease terms in our recognized ROU assets and lease liabilities. If we are reasonably certain to exercise an option to renew a lease, we include this period in our lease term. To the extent that we have the option to cancel a lease, we recognize our ROU assets and lease liabilities using the term that would result from using this earlier date. If a

significant penalty is required to cancel the lease at an earlier date, we assess our lease term as ending at the point when no significant penalty would be due.

In addition to payments for previously-agreed base rent, many of our lease agreements are subject to variable and unknown future payments, typically in the form of common area maintenance charges (a non-lease component as defined by ASC 842, *Leases* ('ASC 842')) or real estate taxes. These variable payments are excluded from our lease liabilities and ROU assets, and instead are recognized as lease expense within other operating expenses on the consolidated statement of comprehensive income as the amounts are incurred. To the extent that we have agreed to fixed charges for common area maintenance or other non-lease components, or our base rent increases by an index or rate (most commonly an inflation rate), these amounts are included in the measurement of our lease liabilities and ROU assets. We have elected the practical expedient under ASC 842 which allows the lease and non-lease components to be combined in our measurement of lease liabilities and ROU assets.

From time to time we may enter into subleases if we are unable to cancel or fully occupy a space and are able to find an appropriate subtenant. However, entering subleases is not a primary objective of our business operations and these arrangements represent an immaterial amount of cash flows.

We are required to use judgment in the determination of the incremental borrowing rates to calculate the present values of our future lease payments. Since the majority of our debt is publicly traded, our real estate function is centralized, and our treasury function is centralized and generally prohibits our subsidiaries from borrowing externally, we have determined it appropriate to use the Company's consolidated unsecured borrowing rate, and we adjust for collateralization in accordance with ASC 842. Using the resulting interest rate curves from publicly traded debt at this collateralized borrowing rate, we select the interest rate

2. BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS (continued)

at lease inception by reference to the lease term and lease currency. Over 90% of our leases are denominated in U.S. dollars, Pounds sterling or Euros.

Our leases generally do not subject us to restrictive covenants and contain no residual value guarantees.

See Note 14 to these Consolidated Financial Statements for additional information about our operating leases.

Goodwill and Other Intangible Assets — In applying the acquisition method of accounting for business combinations, amounts assigned to identifiable assets and liabilities acquired were based on estimated fair values as of the date of acquisition, with the remainder recorded as goodwill. Irish Law requires the amortization of goodwill. However, the Company believes the amortization of goodwill would not give a true and fair view because:

- not all goodwill declines in value; and
- goodwill that does decline in value rarely does so on a straight-line basis

Consequently, straight-line amortization of goodwill over an arbitrary period does not reflect economic reality and thus does not provide useful information to financial statement users. Furthermore, under both U.S. and International generally accepted accounting principles, goodwill is considered an indefinite-lived asset and not amortized. The Company is therefore invoking the 'true and fair view override' described above.

The Company is not able to reliably estimate the impact on the financial statements of the true and fair override on the basis that the useful life of goodwill cannot be predicted with a satisfactory level of reliability, nor can the pattern in which goodwill diminishes be known.

Consequently, the Company does not amortize goodwill but tests it for impairment annually as of October 1, and whenever indicators of impairment exist. Goodwill is tested at the reporting unit level, and the Company had eight reporting units as of October 1, 2021. In the impairment test, the fair value of each reporting unit is compared with its carrying value, including goodwill. If the carrying value of a reporting unit exceeds its fair value, the difference is recognized as an impairment loss. The Company's goodwill impairment tests for the years ended December 31, 2021 and 2020 have not resulted in any impairment charges.

Intangible assets are initially valued at fair value using generally accepted valuation methods appropriate for the type of intangible asset. Intangible assets with definite lives are amortized over their estimated useful lives and are reviewed for impairment if indicators of impairment arise. Intangible assets with indefinite lives are tested for impairment annually as of October 1, and whenever indicators of impairment exist. The fair values of intangible assets are compared with their carrying values, and an impairment loss would be recognized for the amount by which a carrying amount exceeds its fair value.

Acquired intangible assets are amortized over the following periods:

	Amortization basis	Expected life (years)
Client relationships	In line with underlying cash flows	5 to 20
Software	In line with underlying cash flows or straight-line basis	4 to 7
Trademark and trade name	Straight-line basis	14 to 25
Other	In line with underlying cash flows or straight-line basis	3 to 20

See Note 8 to these Consolidated Financial Statements for additional information about our goodwill and other intangible assets.

Pensions — The Company has multiple defined benefit pension and defined contribution plans. The net periodic cost of the Company's defined benefit plans is measured on an actuarial basis using various methods and actuarial assumptions. The most significant assumptions are the discount rates (formulated using the granular approach to calculating service and interest cost) and the expected long-term rates of return on plan assets. Other material assumptions include rates of participant mortality, the expected long-term rates of compensation and pension increases and rates of employee termination. Gains and losses occur when actual experience differs from actuarial assumptions. If such gains or losses exceed ten percent of the greater of the market-related value of plan assets or the projected benefit obligation, the Company amortizes those gains or losses over the average remaining service period or average remaining life expectancy, as appropriate, of the plan participants. In accordance

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2. BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS (continued)

with U.S. GAAP (provided it does not contravene Irish Company Law), the Company records the funded status of its pension plans based on the projected benefit obligation on its consolidated balance sheets.

Contributions to the Company's defined contribution plans are recognized as incurred. Differences between contributions payable in the year and contributions actually paid are shown as either other assets or other liabilities in the consolidated balance sheets. See Note 13 to these Consolidated Financial Statements for additional information about our pensions.

Revenue Recognition — We recognize revenue from a variety of services, with broking, consulting and outsourced administration representing our most significant offerings. All other revenue streams, which can be recognized at either a point in time or over time, are individually less significant and are grouped in Other in our revenue disaggregation disclosures in Note 4 to these Consolidated Financial Statements. These Other revenue streams represent approximately 5% to 6% of customer contract revenue from continuing operations each year.

Broking — Representing approximately 47% to 48% of customer contract revenue from continuing operations each year, in our broking arrangements, we earn revenue by acting as an intermediary in the placement of effective insurance policies. Generally, we act as an agent and view our client to be the party looking to obtain insurance coverage for various risks, or an employer or sponsoring organization looking to obtain insurance coverage for its employees or members. Also, prior to the disposal of Willis Re (see Note 3 to these Consolidated Financial Statements) we acted as an agent in reinsurance broking arrangements where our client was the party looking to cede risks to the reinsurance markets. Our primary performance obligation under the majority of these arrangements is to place an effective insurance or reinsurance policy, but there can also be significant post-placement obligations in certain contracts to which we need to allocate revenue. The most common of these is for claims handling or call center support. The revenue recognition method for these, after the relative fair value allocation, is described further as part of the 'Outsourced Administration' description below.

Due to the nature of the majority of our broking arrangements, no single document constitutes the contract for ASC 606 purposes. Our services may be governed by a mixture of different types of contractual arrangements depending on the jurisdiction or type of coverage, including terms of business agreements, broker-of-record letters, statements of work or local custom and practice. This is then confirmed by the client's acceptance of the underlying insurance contract. Prior to the policy inception date, the client has not accepted nor formally committed to perform under the arrangement (i.e. pay for the insurance coverage in place). Therefore, in the majority of broking arrangements, the contract date is the date the insurance policy incepts. However, in certain instances such as employer-sponsored Medicare broking or Affinity arrangements, where the employer or sponsoring organization is our customer, client acceptance of underlying individual policy placements is not required, and therefore the date at which we have a contract with a customer is not dependent upon placement.

As noted, our primary performance obligations typically consist of only the placement of an effective insurance policy which precedes the inception date of the policy. Therefore, most of our fulfillment costs are incurred before we can recognize revenue, and are thus deferred during the pre-placement process. Where we have material post-placement services obligations, we estimate the relative fair value of the post-placement services using either the expected cost-plus-margin or the market assessment approach.

Revenue from our broking services consists of commissions or fees negotiated in lieu of commissions. At times, we may receive additional income for performing these services from the insurance and reinsurance carriers' markets, which is collectively referred to as 'market derived income'. In situations in which our fees are not fixed but are variable, we must estimate the likely commission per policy, taking into account the likelihood of cancellation before the end of the policy term. For employer-sponsored Medicare broking, Affinity arrangements and proportional treaty reinsurance broking, the commissions to which we will be entitled can vary based on the underlying individual insurance policies that are placed. For employer-sponsored Medicare broking and proportional treaty reinsurance broking in particular, we base the estimates of transaction prices on supportable evidence from an analysis of past transactions, and only include amounts that are probable of being received or not refunded (referred to as applying 'constraint' under ASC 606). This is an area requiring significant judgment and results in us estimating a transaction price that may be significantly lower than the ultimate amount of commissions we may collect. The transaction price is then adjusted over time as we receive confirmation of our remuneration through receipt of treaty statements, or as other information becomes available.

2. BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS (continued)

We recognize revenue for most broking arrangements as of a point in time at the later of the policy inception date or when the policy placement is complete, because this is viewed as the date when control is transferred to the client. For employer-sponsored Medicare broking, we recognize revenue over time, as we stand ready under our agreements to place retiree Medicare coverage. For this type of broking arrangement, we recognize the majority of our placement revenue in the fourth quarter of the calendar year when most of the placement or renewal activity occurs.

Beginning on July 30, 2019 with the acquisition of TRANZACT (see Note 3 to these Consolidated Financial Statements), we have a direct-to-consumer Medicare broking offering. The contractual arrangements in this offering differ from our previously existing employer-sponsored Medicare broking offering described above. The governing contracts in our direct-to-consumer Medicare broking offering are the contractual arrangements with insurance carriers, for whom we act as an agent, that provide compensation in return for issued policies. Once an application is submitted to a carrier, our obligation is complete, and we have no ongoing fulfilment obligations. We receive compensation from carriers in the form of commissions, administrative fees and marketing fees in the first year, and depending on the type of policy issued, we may receive renewal commissions for up to 25 years, provided the policies are renewed for such periods of time.

Because our obligation is complete upon application submission to the carrier, we recognize revenue at that date, which includes both compensation due to us in the first year as well as an estimate of the total renewal commissions that will be received over the lifetime of the policy. This variable consideration estimate requires significant judgment, and will vary based on product type, estimated commission rates, the expected lives of the respective policies and other factors. The Company has applied an actuarial model to account for these uncertainties, which is updated periodically based on actual experience, and includes an element of 'constraint' as defined by ASC 606 such that no significant reversal is expected to occur in the future. Actual results will differ from these estimates.

The timing of renewal payments in our direct-to-consumer Medicare broking offering is reflective of regulatory restrictions and insurance carriers' protection for cancellations and varies based on policy holder decisions that are outside of the control of both the Company and the insurance carriers. As such, the estimate of these renewal commissions receivables has not been discounted to reflect a significant financing component.

Consulting — We earn revenue for advisory and consulting work that may be structured as different types of service offerings, including annual recurring projects, projects of a short duration or stand-ready obligations. Collectively, our consulting arrangements represent approximately 32% to 34% of customer contract revenue from continuing operations each year.

We have engagement letters with our clients that specify the terms and conditions upon which the engagements are based. These terms and conditions can only be changed upon agreement by both parties.

In assessing our performance obligations, our consulting work is typically highly integrated, with the various promised services representing inputs of the combined overall output. We view these arrangements as representing a single performance obligation. To the extent we do not integrate our services, as is the case with unrelated services that may be sourced from different areas of our business, we consider these separate performance obligations.

Fee terms can be in the form of fixed-fees (including fixed-fees offset by commissions), time-and-expense fees, commissions, per-participant fees, or fees based on assets under management. Payment is typically due on a monthly basis as we perform under the contract, and we are entitled to be reimbursed for work performed to date in the event of termination.

The majority of our revenue from these consulting engagements is recognized over time, either because our clients are simultaneously receiving and consuming the benefits of our services, or because we have an enforceable right to payment for performance rendered to date. Additionally, from time to time, we may be entitled to an additional fee based on achieving certain performance criteria. To the extent that we cannot estimate with reasonable assurance the likelihood that we will achieve the performance target, we will 'constrain' this portion of the transaction price and recognize it when or as the uncertainty is resolved.

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2. BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS (continued)

We use different progress measures to determine our revenue depending on the nature of the engagement:

- *Annual recurring projects* and *projects of short duration.* These projects are typically straightforward and highly predictable in nature with either time-and-expense or fixed fee terms. Time-and-expense fees are recognized as hours or expenses are incurred using the 'right to invoice' practical expedient allowed under ASC 606. For fixed-fee arrangements, to the extent estimates can be made of the remaining work required under the arrangement, revenue is based upon the proportional performance method, using the value of labor hours spent to date compared to the estimated total value of labor hours for the entire engagement. We believe that cost represents a faithful depiction of the transfer of value because the completion of these performance obligations is based upon the professional services of employees of differing experience levels and thereby costs. It is appropriate that satisfaction of these performance obligations considers both the number of hours incurred by each employee and the value of each labor hour worked (as opposed to simply the hours worked).

- *Stand-ready obligations.* These projects consist of repetitive monthly or quarterly services performed consistently each period. As none of the activities provided under these services are performed at specified times and quantities, but at the discretion of each customer, our obligation is to stand ready to perform these services on an as-needed basis. These arrangements represent a 'series' performance obligation in accordance with ASC 606. Each time increment (i.e., each month or quarter) of standing ready to provide the overall services is distinct and the customer obtains value from each period of service independent of the other periods of service.

Where we recognize revenue on a proportional performance basis, the amount we recognize is affected by a number of factors that can change the estimated amount of work required to complete the project such as the staffing on the engagement and/or the level of client participation. Our periodic engagement evaluations require us to make judgments and estimates regarding the overall profitability and stage of project completion that, in turn, affect how we recognize revenue. We recognize a loss on an engagement when estimated revenue to be received for that engagement is less than the total estimated costs associated with the engagement. Losses are recognized in the period in which the loss becomes probable and the amount of the loss is reasonably estimable.

Outsourced Administration — We provide customized benefits outsourcing and co-sourcing solutions services in relation to the administration of defined benefit, defined contribution, and health and welfare plans. These plans are sponsored by our clients to provide benefits to their active or retired employees. Additionally, these services include operating call centers and may include providing access to, and managing, a variety of consumer-directed savings accounts. The operation of call centers and consumer-directed accounts can be provisioned as part of an ongoing administration or solutions service, or separately as part of a broking arrangement. The products and services available to all clients are the same, but the selections by a client can vary and portray customized products and services based on the customer's specific needs. Our services often include the use of proprietary systems that are configured for each of our clients' needs. In total, our outsourced administration services represent approximately 13% of customer contract revenue from continuing operations each year.

These contracts typically consist of an implementation phase and an ongoing administration phase:

- *Implementation phase.* Work performed during the implementation phase is considered a set-up activity because it does not transfer a service to the customer, and therefore costs are deferred during this phase of the arrangement. Since these arrangements are longer term in nature and subject to more changes in scope as the project progresses, our contracts generally provide that if the client terminates a contract, we are entitled to an additional payment for services performed through the termination date designed to recover our up-front costs of implementation.

- *Ongoing administration phase.* The ongoing administration phase includes a variety of plan administration services, system hosting and support services. More specifically, these services include data management, calculations, reporting, fulfillment/communications, compliance services, call center support, and in our health and welfare arrangements, annual onboarding and enrollment support. While there are a variety of activities performed, the overall nature of the obligation is to provide an integrated outsourcing solution to the customer. The arrangement represents a stand-ready obligation to perform these activities on an as-needed basis. The customer obtains value from each period of service, and each time increment (i.e., each month, or each benefits cycle in our health and welfare arrangements) is distinct and substantially the same. Accordingly, the ongoing administration services represent a 'series' in accordance with ASC 606 and are deemed one performance obligation.

2. BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS (continued)

We have engagement letters with our clients that specify the terms and conditions upon which the engagement are based. These terms and conditions can only be changed upon agreement by both parties. Fees for these arrangements can be fixed, per-participant-per-month, or in the case of call center services, provided in conjunction with our broking services, with an allocation based on commissions. Our fees are not typically payable until the commencement of the ongoing administration phase. However, in our health and welfare arrangements, we begin transferring services to our customers approximately four months prior to payments being due as part of our annual onboarding and enrollment work. Although our per-participant-per-month and commission-based fees are considered variable, they are typically predictable in nature, and therefore we generally do not 'constrain' any portion of our transaction price estimates. Once fees become payable, payment is typically due on a monthly basis as we perform under the contract, and we are entitled to be reimbursed for work performed to date in the event of termination.

Revenue is recognized over time as the services are performed because our clients are simultaneously receiving and consuming the benefits of our services. For our health and welfare arrangements where each benefits cycle represents a time increment under the series guidance, revenue is recognized based on proportional performance. We use an input measure (value of labor hours worked) as the measure of progress. Given that the service is stand-ready in nature, it can be difficult to predict the remaining obligation under the benefits cycle. Therefore, the input measure is based on the historical effort expended each month, which is measured as labor cost. This results in slightly more revenue being recognized during periods of annual onboarding since we are performing both our normal monthly services and our annual services during this portion of the benefits cycle.

For all other outsourced administration arrangements where a month represents our time increment under the series guidance, we allocate transaction price to the month we are performing our services. Therefore, the amount recognized each month is the variable consideration related to that month plus the fixed monthly or annual fee. The fixed monthly or annual fee is recognized on a straight-line basis. Revenue recognition for these types of arrangements is therefore more consistent throughout the year.

Reimbursed expenses — Client reimbursable expenses, including those relating to travel, other out-of-pocket expenses and any third-party costs, are included in revenue, and an equivalent amount of reimbursable expenses is included in other operating expenses as a cost of revenue as incurred. Reimbursed expenses represented approximately 1% of customer contract revenue from continuing operations each year. Taxes collected from customers and remitted to government authorities are recorded net and are excluded from revenue.

Interest income — Interest income is recognized as earned.

Other income — Other income includes gains on disposal of intangible assets, which primarily arise from settlements through enforcing non-compete agreements in the event of losing accounts through producer defection or the disposal of books of business.

Cost to obtain or fulfill contracts — Costs to obtain customers include commissions for brokers under specific agreements that would not be incurred without a contract being signed and executed. The Company has elected to apply the ASC 606 'practical expedient' which allows us to expense these costs as incurred if the amortization period related to the resulting asset would be one year or less. The Company has no significant instances of contracts that would be amortized for a period greater than a year, and therefore has no contract costs capitalized for these arrangements.

Costs to fulfill include costs incurred by the Company that are expected to be recovered within the expected contract period. The costs associated with our system implementation activities and consulting contracts are recorded through time entry.

For our broking business, the Company must estimate the fulfillment costs incurred during the pre-placement of the broking contracts. These judgments include:

- which activities in the pre-placement process should be eligible for capitalization;
- the amount of time and effort expended on those pre-placement activities;
- the amount of payroll and related costs eligible for capitalization; and,
- the monthly or quarterly timing of underlying insurance and reinsurance policy inception dates.

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2. BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS (continued)

We amortize costs to fulfill over the period we receive the related benefits. For broking pre-placement costs, this is typically less than a year. In our system implementation and consulting arrangements, we include the likelihood of contract renewals in our estimate of the amortization period, resulting in most costs being amortized for a greater length of time than the initial contract term.

Recent Accounting Pronouncements

Not Adopted for 2021

In October 2021, the FASB issued ASU No. 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers,* which addresses the accounting for revenue contracts with customers acquired in a business combination, as well as contract assets and contract liabilities from other contracts to which the provisions of ASC 606 apply. This ASU amends Topic 805 to add these contracts to the list of exceptions to the recognition and measurement principles that apply to business combinations and to require that an entity recognize and measure such contract assets and contract liabilities acquired in a business combination in accordance with ASC 606. This ASU becomes effective for the Company on January 1, 2023 and must be applied prospectively to business combinations occurring on or after this date. As permitted, the Company early-adopted this ASU on January 1, 2022. The Company does not expect it to have a material impact on its consolidated financial statements.

Adopted

In December 2019, the FASB issued ASU No. 2019-12, *Simplifying the Accounting for Income Taxes,* which clarifies and amends existing guidance, including removing certain exceptions to the general principles of accounting for income taxes. Some of the changes must be applied on a retrospective or modified retrospective basis while others must be applied on a prospective basis. The Company adopted this guidance as it became effective on January 1, 2021 without any impact to our consolidated financial statements.

3. ACQUISITIONS AND DIVESTITURES

The following disclosures discuss significant transactions during the three-year period ended December 31, 2021.

Acquisitions

TRANZACT Acquisition

On July 30, 2019, the Company acquired TRANZACT, a U.S.-based provider of comprehensive, direct-to-consumer sales and marketing solutions for leading insurance carriers in the U.S. TRANZACT leverages digital, data and direct marketing solutions to deliver qualified leads, fully-provisioned sales and robust customer management systems to brands seeking to acquire and manage large numbers of consumers. Pursuant to the terms of the acquisition agreement, subject to certain adjustments, the consideration consisted of $1.3 billion paid in cash at closing. Additional contingent consideration in the form of an earn-out of $17 million was paid in cash in 2021 based on the achievement of certain financial targets. The acquisition was initially funded in part with a $1.1 billion one-year term loan (see Note 11 to these Consolidated Financial Statements for a description of the term loan and its repayment), with the remainder being funded from the Company's existing revolving credit facility. TRANZACT operates as part of our Benefits Delivery and Administration segment and enhances the Company's preexisting Medicare broking offering, while also adding significant direct-to-consumer marketing experience.

The registered office of CD&R TZ Holdings, Inc. (now TZ Holdings, Inc.) was 9 E. Loockerman Street, Suite 311, Dover, DE 19901 (now 251 Little Falls Drive, Wilmington, New Castle County DE 19808).

Other Acquisitions

Other acquisitions were completed during the years ended December 31, 2021 and 2020 for combined cash payments of $52 million and $79 million, respectively, and contingent consideration fair valued at $21 million and $9 million, respectively.

Divestitures

Willis Re Divestiture

As part of the potential combination with Aon, the Company entered into an agreement with Arthur J. Gallagher & Co. ('Gallagher'), a leading global provider of insurance, risk management and consulting services, to sell its treaty-reinsurance business ('Willis Re') and certain of the Company's corporate risk and broking and health and benefit businesses. Upon termination of the Aon combination, the definitive agreement with Gallagher automatically terminated in accordance with its terms.

On August 13, 2021, the Company entered into a new definitive agreement to sell Willis Re to Gallagher for total upfront cash consideration of $3.25 billion plus an earnout payable in 2025 of up to $750 million in cash, subject to certain adjustments. The deal was subject to required regulatory approvals and clearances, as well as other customary closing conditions, and was completed on December 1, 2021 ('Principal Closing'). Although the majority of the Willis Re businesses transferred to Gallagher at Principal Closing, the assets and liabilities of certain Willis Re businesses were not transferred to Gallagher at the time due to local territory restrictions ('Deferred Closing'). The Deferred Closing is expected to be completed no later than the end of the second quarter of 2022, and all net earnings of the Deferred Closing businesses accumulated between the Principal Closing and Deferred Closing are payable to Gallagher at that time. The Company recognized a preliminary pre-tax gain of $2.3 billion upon completion of the sale. The gain is subject to tax in certain jurisdictions, mainly in the U.S., and is predominantly tax-exempt in the U.K.

In connection with the transaction, the Company reclassified the results of its Willis Re operations as discontinued operations on its consolidated profit and loss account and has reclassified Willis Re assets and liabilities as held for sale on its consolidated balance sheets. The consolidated cash flow statement was not adjusted. Willis Re was previously included in the Investment, Risk and Reinsurance segment. The assets and liabilities of the Willis Re businesses that will be transferred at Deferred Closing continue to be presented as held for sale on the consolidated balance sheets at December 31, 2021, and the results of these businesses following the Principal Closing have been included in income from discontinued operations on the consolidated profit and loss account.

The Company will account for the earnout as a gain contingency and therefore will not record any receivables upon close. Rather, the earnout will be recognized in the Company's consolidated financial statements, if it is received, in 2025.

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3. ACQUISITIONS AND DIVESTITURES (continued)

A number of services are continuing under a cost reimbursement Transition Services Agreement ('TSA') in which WTW is providing Gallagher support including real estate leases, information technology, payroll, human resources and accounting.

These services are expected to be provided for a period not to exceed two years. Fees earned under the TSA were $4 million during the year ended December 31, 2021 and have been recognized as a reduction to the costs incurred to service the TSA included in continuing operations within other operating expenses on the consolidated statements of comprehensive income. Costs incurred to service the TSA are expected to be reduced as part of the Company's Transformation program (see Note 6 to these Consolidated Financial Statements for a description of the program) as quickly as possible when the services are no longer required by Gallagher.

The following selected financial information relates to the operations of Willis Re for the periods presented:

	Years ended December 31,		
	2021	2020	2019
Revenue from discontinued operations	$ 721	$ 737	$ 669
Costs of providing services			
Salaries and benefits	350	350	320
Other operating expenses	59	61	72
Depreciation and amortization	2	2	2
Transaction and integration, net	33	—	—
Total costs of providing services	444	413	394
Other income, net	2	3	1
Income from discontinued operations before income taxes	279	327	276
Gain on disposal of Willis Re	2,300	—	—
Provision for income tax expense	(500)	(69)	(52)
Net losses receivable from Gallagher on Deferred Closing	1	—	—
Income from discontinued operations, net of tax	$ 2,080	$ 258	$ 224

The expense amounts reflected above represent only the direct costs attributable to the Willis Re business and exclude allocations of corporate costs that will be retained following the sale. Neither the discontinued operations presented above, nor the unallocated corporate costs, reflect the impact of any cost reimbursement that will be received under the TSA.

The following table summarizes the total assets and liabilities of Willis Re classified as held for sale within our consolidated balance sheets at the balance sheet dates presented:

	December 31, 2021	December 31, 2020
Assets held for sale:		
Cash and cash equivalents	$ 2	$ 50
Fiduciary assets	—	3,157
Accounts receivable, net	1	147
Fixed assets, net	—	1
Goodwill	—	812
Other intangible assets, net	—	54
Right-of-use assets	—	1
Other assets	2	34
Net losses receivable from Gallagher on Deferred Closing	1	—
Total assets held for sale	$ 6	$ 4,256
Liabilities held for sale:		
Fiduciary liabilities	$ —	$ 3,157
Deferred revenue and accrued expenses	4	63
Liability for pension benefits	—	2
Lease liabilities	—	1
Provision for liabilities	—	1
Other liabilities	2	112
Total liabilities held for sale	$ 6	$ 3,336

3. ACQUISITIONS AND DIVESTITURES (continued)

Certain amounts included in the consolidated balance sheets have been excluded from the held-for-sale balances disclosed since the assets are not transferring under the terms of the sale agreement, and instead will be settled by the Company. Additionally, during the fourth quarter of 2021 prior to the Principal Closing, additional assets and liabilities were agreed to be excluded from the balances transferring to Gallagher. The amounts held for sale at December 31, 2020 have been updated accordingly.

At December 31, 2021, the amounts of significant assets and liabilities related to the Willis Re businesses which were not transferred in the sale and are therefore not classified as held for sale on the consolidated balance sheet are $2.6 billion of fiduciary assets and liabilities, $71 million of accounts receivable and $91 million of other current liabilities.

Miller Divestiture

On March 1, 2021, the Company completed the transaction to sell its U.K.-based, majority-owned wholesale subsidiary Miller for final total consideration of GBP 623 million ($818 million), which includes amounts paid to the minority shareholder. The $356 million net tax-exempt gain on the sale was included in Other income, net in the consolidated profit and loss account for the year ended December 31, 2021. Prior to disposal, Miller was included within the Investment, Risk and Reinsurance segment.

Max Matthiessen Divestiture

In September 2020, the Company completed the transaction to sell its Swedish majority-owned subsidiary MM Holding AB ('Max Matthiessen') for total consideration of SEK 2.3 billion ($262 million) plus certain other adjustments, resulting in a tax-exempt gain on the sale of $86 million, which is included in Other income, net in the consolidated profit and loss account during the year ended December 31, 2020. Of the total consideration, the Company financed a SEK 600 million ($68 million) note repayable by the purchaser. The note has no fixed term but is repayable subject to certain terms and conditions and bears an interest rate that could range from 5% to 10%, increasing the longer the note remains outstanding. This note receivable is included in Other non-current assets in the consolidated balance sheet. Prior to disposal, Max Matthiessen was included within the Investment, Risk and Reinsurance segment.

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4. REVENUE

All periods presented have been recast to exclude the revenue and balances of Willis Re, which have been reclassified as discontinued operations and assets held for sale, respectively, on the Company's consolidated financial statements (see Note 3 to these Consolidated Financial Statements).

Disaggregation of Revenue

The Company reports revenue by segment in Note 5 to these Consolidated Financial Statements. The following table presents revenue by service offering and segment, as well as a reconciliation to total revenue for the years ended December 31, 2021, 2020 and 2019. Along with reimbursable expenses and other, total revenue by service offering represents our revenue from customer contracts.

Year Ended December 31,	Broking	Consulting	Outsourced Administration	Other	*Total revenue by service offering*	Reimbursable expenses and other [i]	*Total revenue from customer contracts*	Interest and other income [ii]	*Total revenue*
HCB									
2021	$ 333	$ 2,303	$ 502	$ 279	$ 3,417	$ 48	$ 3,465	$ 30	$ 3,495
2020	302	2,215	503	241	3,261	50	3,311	17	3,328
2019	278	2,269	466	262	3,275	61	3,336	23	3,359
CRB									
2021	2,821	171	72	15	3,079	2	3,081	98	3,179
2020	2,707	154	66	11	2,938	2	2,940	39	2,979
2019	2,692	132	71	5	2,900	1	2,901	46	2,947
IRR									
2021	72	456	16	234	778	7	785	36	821
2020	294	382	15	229	920	7	927	1	928
2019	374	406	10	160	950	9	959	12	971
BDA									
2021	953	—	544	—	1,497	11	1,508	3	1,511
2020	834	—	525	—	1,359	12	1,371	—	1,371
2019	514	—	521	—	1,035	12	1,047	—	1,047
Corporate [i]									
2021	—	8	—	4	12	(25)	(13)	5	(8)
2020	1	5	—	3	9	(4)	5	4	9
2019	—	11	—	4	15	28	43	3	46
Total									
2021	$ 4,179	$ 2,938	$ 1,134	$ 532	$ 8,783	$ 43	$ 8,826	$ 172	$ 8,998
2020	$ 4,138	$ 2,756	$ 1,109	$ 484	$ 8,487	$ 67	$ 8,554	$ 61	$ 8,615
2019	$ 3,858	$ 2,818	$ 1,068	$ 431	$ 8,175	$ 111	$ 8,286	$ 84	$ 8,370

(i) Reimbursable expenses and other, as well as Corporate revenue, are excluded from segment revenue, but included in total revenue on the consolidated profit and loss account. Amounts included in Corporate revenue may include eliminations, adjustments to reserves and impacts from hedged revenue transactions.

(ii) Interest and other income is included in segment revenue and total revenue, however it has been presented separately in the above tables because it does not arise directly from contracts with customers. The significant increase in CRB's and IRR's interest and other income resulted from the book-of-business settlements. Book-of-business settlements totaled $134 million in 2021.

4. REVENUE (continued)

The following table presents revenue by the geography where our work was performed for the years ended December 31, 2021, 2020 and 2019. The reconciliation to total revenue on our consolidated statements of comprehensive income and to segment revenue is shown in the table above.

Year Ended December 31,	North America	Great Britain	Western Europe	International	Total revenue by geography
HCB					
2021	$ 1,880	$ 567	$ 622	$ 348	$ 3,417
2020	1,859	491	584	327	3,261
2019	1,901	475	566	333	3,275
CRB					
2021	1,220	656	699	504	3,079
2020	1,176	630	679	453	2,938
2019	1,112	656	661	471	2,900
IRR					
2021	178	426	87	87	778
2020	156	523	159	82	920
2019	168	505	187	90	950
BDA					
2021	1,486	—	—	11	1,497
2020	1,351	—	—	8	1,359
2019	1,033	—	—	2	1,035
Corporate					
2021	9	—	2	1	12
2020	7	—	2	—	9
2019	13	—	1	1	15
Total					
2021	$ 4,773	$ 1,649	$ 1,410	$ 951	$ 8,783
2020	$ 4,549	$ 1,644	$ 1,424	$ 870	$ 8,487
2019	$ 4,227	$ 1,636	$ 1,415	$ 897	$ 8,175

Contract Balances

The Company reports accounts receivable, net on the consolidated balance sheet, which includes billed and unbilled receivables and current contract assets. In addition to accounts receivable, net, the Company had the following non-current contract assets and deferred revenue balances at December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
Billed receivables, net of allowance for doubtful accounts of $45 million and $40 million	$ 1,504	$ 1,589
Unbilled receivables	431	445
Current contract assets	435	374
Accounts receivable, net	$ 2,370	$ 2,408
Non-current accounts receivable, net	$ 23	$ 35
Non-current contract assets	$ 532	$ 327
Deferred revenue	$ 576	$ 547

The Company receives payments from customers based on billing schedules or terms as written in our contracts. Those balances denoted as contract assets relate to situations where we have completed some or all performance under the contract, however our right to consideration is conditional. Contract assets result most materially in our Medicare intermediary businesses. The significant increases in both current and non-current contract assets for the year ended December 31, 2021 relate to our direct-to-consumer Medicare broking business. Billed and unbilled receivables are recorded when the right to consideration becomes unconditional. Deferred revenue relates to payments received in advance of performance under the contract and is recognized as revenue as (or when) we perform under the contract.

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4. REVENUE (continued)

Accounts receivable are stated at estimated net realizable values. The following table presents the changes in our allowance for doubtful accounts for the years ended December 31, 2021, 2020 and 2019.

	December 31, 2021	December 31, 2020	December 31, 2019
Balance at beginning of year	$ 40	$ 36	$ 40
Additions charged to costs and expenses	16	28	9
Deductions/other movements	(18)	(27)	(11)
Foreign exchange	7	3	(2)
Balance at end of year	$ 45	$ 40	$ 36

During the year ended December 31, 2021, revenue of approximately $493 million was recognized that was reflected as deferred revenue at December 31, 2020.

During the year ended December 31, 2021, the Company recognized revenue of approximately $28 million related to performance obligations satisfied in a prior period.

Performance Obligations

The Company has contracts for which performance obligations have not been satisfied as of December 31, 2021 or have been partially satisfied as of this date. The following table shows the expected timing for the satisfaction of the remaining performance obligations. This table does not include contract renewals or variable consideration, which was excluded from the transaction prices in accordance with the guidance on constraining estimates of variable consideration.

In addition, in accordance with ASC 606, the Company has elected not to disclose the remaining performance obligations when one or both of the following circumstances apply:

- Performance obligations which are part of a contract that has an original expected duration of less than one year, and
- Performance obligations satisfied in accordance with ASC 606-10-55-18 ('right to invoice').

	2022	2023	2024 onward	Total
Revenue expected to be recognized on contracts as of December 31, 2021	$ 608	$ 591	$ 619	$ 1,818

Since most of the Company's contracts are cancellable with less than one year's notice and have no substantive penalty for cancellation, the majority of the Company's remaining performance obligations as of December 31, 2021 have been excluded from the table above.

Costs to obtain or fulfill a contract

The Company incurs costs to obtain or fulfill contracts which it would not incur if a contract with a customer was not executed.

The following table shows the categories of costs that are capitalized and deferred over the expected life of a contract.

	Costs to fulfill		
	December 31, 2021	December 31, 2020	December 31, 2019
Balance at beginning of the year	$ 191	$ 162	$ 135
New capitalized costs	454	455	453
Amortization	(451)	(428)	(427)
Disposals	(4)	—	—
Impairments	(1)	(1)	—
Foreign currency translation	—	3	1
Balance at end of the year	$ 189	$ 191	$ 162

5. SEGMENT INFORMATION

At December 31, 2021, WTW had four reportable operating segments or business areas:

- Human Capital and Benefits ('HCB')
- Corporate Risk and Broking ('CRB')
- Investment, Risk and Reinsurance ('IRR')
- Benefits Delivery and Administration ('BDA')

WTW's chief operating decision maker is its Chief Executive Officer. We determined that the operational data used by the chief operating decision maker is at the segment level. Management bases strategic goals and decisions on these segments and the data presented below is used to assess the adequacy of strategic decisions and the method of achieving these strategies and related financial results. Management evaluates the performance of its segments and allocates resources to them based on net operating income on a pre-tax basis.

The Company experiences seasonal fluctuations of its revenue. Revenue is typically higher during the Company's first and fourth quarters due primarily to the timing of broking-related activities.

Under the segment structure and for internal and segment reporting, WTW segment revenue includes commissions and fees, interest and other income. U.S. GAAP revenue also includes amounts that were directly incurred on behalf of our clients and reimbursed by them (reimbursable expenses), which are removed from segment revenue. Segment operating income excludes certain costs, including (i) amortization of intangibles; (ii) restructuring costs; (iii) certain transaction and integration expenses; (iv) certain litigation provisions; and (v) to the extent that the actual expense based upon which allocations are made differs from the forecast/budget amount, a reconciling item will be created between internally-allocated expenses and the actual expenses that we report for U.S. GAAP purposes.

All periods presented have been recast to exclude the operating results of Willis Re, which was included within IRR and has been reclassified to discontinued operations (see Note 3 to these Consolidated Financial Statements).

The following table presents segment revenue and segment operating income for our reportable segments for the years ended December 31, 2021, 2020 and 2019.

	Segment revenue			Segment operating income		
	Years ended December 31			Years ended December 31		
	2021	2020	2019	2021	2020	2019
HCB	$ 3,447	$ 3,278	$ 3,298	$ 930	$ 853	$ 848
CRB	3,177	2,977	2,946	732	630	578
IRR	814	921	962	159	134	134
BDA	1,500	1,359	1,035	336	320	244
Total	$ 8,938	$ 8,535	$ 8,241	$ 2,157	$ 1,937	$ 1,804

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5. SEGMENT INFORMATION (continued)

The following table presents reconciliations of the information reported by segment to the Company's consolidated amounts reported for the years ended December 31, 2021, 2020 and 2019.

	Years ended December 31,		
	2021	2020	2019
Revenue:			
Total segment revenue	$ 8,938	$ 8,535	$ 8,241
Reimbursable expenses and other	60	80	129
Revenue	$ 8,998	$ 8,615	$ 8,370
Total segment operating income	$ 2,157	$ 1,937	$ 1,804
Amortization	(369)	(461)	(488)
Restructuring costs (i)	(26)	(24)	—
Transaction and integration, net (ii)	806	(110)	(13)
Provision for significant litigation (iii)	—	(65)	—
Unallocated, net (iv)	(366)	(418)	(249)
Income from operations	2,202	859	1,054
Interest expense	(211)	(244)	(234)
Other income, net	701	396	226
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	$ 2,692	$ 1,011	$ 1,046

(i) See Note 6 to these Consolidated Financial Statements for the composition of costs for 2021. In 2020, restructuring costs related to minor restructuring activities carried out by various business lines throughout the Company.

(ii) For the year ended December 31, 2021, includes the $1 billion income receipt related to the termination of the proposed Aon transaction, partially offset by related transaction costs; includes transaction costs related to the proposed Aon combination in 2020 and the TRANZACT acquisition in 2019.

(iii) For additional information, see the disclosure under *WTW Merger-Related Securities Litigation* in Note 15 to these Consolidated Financial Statements.

(iv) Includes certain costs, primarily related to corporate functions which are not directly related to the segments, and certain differences between budgeted expenses determined at the beginning of the year and actual expenses that we report for U.S. GAAP purposes.

The Company does not currently provide asset information by reportable segment as it does not routinely evaluate the total asset position by segment.

None of the Company's customers represented a significant amount of its consolidated revenue for the years ended December 31, 2021, 2020 and 2019.

Below are our revenue and tangible long-lived assets for Ireland, our country of domicile, countries with significant concentrations, and all other foreign countries as of and for the years ended as indicated:

	Revenue			Long-Lived Assets (i)	
	Years ended December 31,			December 31,	December 31,
	2021	2020	2019	2021	2020
Ireland	$ 197	$ 157	$ 144	$ 3	$ 29
United States	4,621	4,359	4,106	562	691
United Kingdom	1,632	1,604	1,637	605	739
Rest of World	2,548	2,495	2,483	401	455
Total Foreign Countries	8,801	8,458	8,226	1,568	1,885
	$ 8,998	$ 8,615	$ 8,370	$ 1,571	$ 1,914

(i) Tangible long-lived assets consist of fixed assets and ROU assets.

6. RESTRUCTURING COSTS

In the fourth quarter of 2021, the Company initiated a three-year 'Transformation program' designed to enhance operations, optimize technology and align its real estate footprint to its new ways of working. The program is expected to generate annual cost savings of approximately $300 million by the end of 2024. The program is expected to include cumulative costs of approximately $490 million and capital expenditures of approximately $260 million, for a total investment of $750 million. The main categories of charges will be in the following four areas:

- Real estate rationalization — includes costs to align the real estate footprint to the new ways of working (hybrid work) and includes breakage fees and the impairment of right-of-use assets and other related leasehold assets.
- Technology modernization — these charges are incurred in moving to common platforms and technologies, including migrating certain platforms and applications to the cloud. This category will include the impairment of technology assets that are duplicative or no longer revenue-producing, as well as costs for technology investments that do not qualify for capitalization.
- Process optimization — these costs will be incurred in the right-shoring strategy and automation of our operations, which will include optimizing resource deployment and appropriate colleague alignment. These costs will include process and organizational design costs, severance and separation-related costs and temporary retention costs.
- Other — other costs not included above including fees for professional services, other contract terminations not related to the above categories and supplier migration costs.

An analysis of total restructuring costs incurred under the Transformation program by category and by segment and corporate functions, as of the year ended December 31, 2021, is as follows. These costs are included in restructuring costs in the consolidated statements of comprehensive income:

	HCB	CRB	IRR	BDA	Corporate	Total
Year ended December 31, 2021						
Real estate rationalization	$ —	$ —	$ —	$ —	$ 19	$ 19
Technology modernization	—	5	—	—	—	5
Process optimization	—	—	—	—	—	—
Other	—	—	—	—	2	2
Total	$ —	$ 5	$ —	$ —	$ 21	$ 26

A rollforward of the liability associated with cash-based charges related to the Transformation program is as follows:

	Real estate rationalization	Technology modernization	Process optimization	Other	Total
Balance at October 1, 2021	$ —	$ —	$ —	$ —	$ —
Charges incurred	—	—	—	2	2
Cash payments	—	—	—	(1)	(1)
Balance at December 31, 2021	$ —	$ —	$ —	$ 1	$ 1

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7. INCOME TAXES

All periods presented have been recast to exclude the tax effects of Willis Re, which have been reclassified as discontinued operations on the Company's consolidated financial statements (see Note 3 to these Consolidated Financial Statements).

Provision for income taxes

An analysis of income from operations before income taxes by taxing jurisdiction is shown below:

	Years ended December 31,		
	2021	2020	2019
Ireland	$ 673	$ (5)	$ (11)
U.S.	516	(97)	68
U.K.	552	184	211
Rest of World	951	929	778
Total	$ 2,692	$ 1,011	$ 1,046

The components of the provision for income taxes include:

	Years ended December 31,		
	2021	2020	2019
Current tax expense:			
U.S. federal taxes	$ (79)	$ (3)	$ (94)
U.S. state and local taxes	(25)	3	(43)
U.K. corporation tax	(33)	(16)	(19)
Other jurisdictions [(i)]	(303)	(134)	(122)
Total current tax expense	(440)	(150)	(278)
Deferred tax (expense)/benefit:			
U.S. federal taxes	(41)	(79)	62
U.S. state and local taxes	3	—	16
U.K. corporation tax	(65)	(48)	(15)
Other jurisdictions	7	28	18
Total deferred tax (expense)/benefit	(96)	(99)	81
Total provision for income taxes	$ (536)	$ (249)	$ (197)

(i) The current tax expense of other jurisdictions during the year ended December 31, 2021 includes tax expense of $159 million for taxes payable in Ireland related to the income receipt of the termination payment.

7. INCOME TAXES (continued)

Effective tax rate reconciliation

The reported provision for income taxes differs from the amounts that would have resulted had the reported income from continuing operations before income taxes been taxed at the U.S. federal statutory rate. The principal reasons for the differences between the amounts provided and those that would have resulted from the application of the U.S. federal statutory tax rate are as follows:

	Years ended December 31,		
	2021	2020	2019
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	$ 2,692	$ 1,011	$ 1,046
U.S. federal statutory income tax rate	21%	21%	21%
Income tax expense at U.S. federal tax rate	(565)	(212)	(220)
Adjustments to derive effective tax rate:			
Non-deductible expenses and dividends	(21)	(19)	(34)
Net adjustments on acquisition costs	13	(15)	(2)
Impact of change in rate on deferred tax balances	(36)	(7)	—
Effect of foreign exchange and other differences	—	(4)	1
Changes in valuation allowances	2	(8)	6
Net tax effect on intra-group items	84	90	93
Net tax effect on disposal of operations	62	16	—
Tax differentials of non-U.S. jurisdictions	(24)	(2)	(7)
Impact of U.S. state and local taxes	(23)	4	(19)
Global Intangible Low-Taxed Income (GILTI)	(4)	(3)	(7)
Base Erosion Anti-Abuse Tax (BEAT)	(22)	(83)	(3)
Other items, net	(2)	(6)	(5)
Provision for income taxes	$ (536)	$ (249)	$ (197)

The current year effective tax rate includes a $250 million estimated tax expense related to the income receipt of the termination payment. Included within the current period reconciliation under Net adjustments on acquisition costs is a benefit of $15 million arising from a change in the presumption for costs considered non-deductible in the prior period which are now considered deductible following the termination of the proposed combination with Aon. Also included in the current period reconciliation is tax expense of $40 million related to the remeasurement of deferred tax assets and liabilities associated with an increase in the U.K. tax rate from 19% to 25% and a benefit of $68 million from the tax-exempt gain on the sale of Miller. Included in the BEAT expense for 2020 is a $29 million true-up related to the 2019 tax year as a result of certain elections of the CARES Act. The BEAT effectively applies a 10 percent minimum tax if modified taxable income, as adjusted for base erosion payments, is greater than the regular tax liability for a year.

Willis Towers Watson plc is a non-trading holding company tax resident in Ireland where it is taxed at the statutory rate of 25%. The provisions for income tax on operations have been reconciled above to the U.S. federal statutory tax rate of 21% due to significant operations in the U.S.

Deferred income taxes

Deferred income tax assets and liabilities reflect the effect of temporary differences between the assets and liabilities recognized for financial reporting purposes and the amounts recognized for income tax purposes. We recognize deferred tax assets if it is more likely than not that a benefit will be realized.

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7. INCOME TAXES (continued)

Deferred income tax assets and liabilities included in the consolidated balance sheets at December 31, 2021 and 2020 are comprised of the following:

	December 31, 2021	December 31, 2020
Deferred tax assets:		
Accrued expenses not currently deductible	$ 142	$ 212
Net operating losses	71	92
Capital loss carryforwards	1	40
Accrued retirement benefits	189	334
Operating lease liabilities	153	165
Deferred compensation	92	90
Stock options	22	25
Financial derivative transactions	1	1
Gross deferred tax assets	671	959
Less: valuation allowance	(42)	(84)
Net deferred tax assets	$ 629	$ 875
Deferred tax liabilities:		
Cost of intangible assets, net of related amortization	$ 735	$ 788
Operating lease right-of-use assets	142	159
Cost of tangible assets, net of related depreciation	95	78
Prepaid retirement benefits	228	152
Financial derivative transactions	—	1
Accrued revenue not currently taxable	195	163
Deferred tax liabilities	$ 1,395	$ 1,341
Net deferred tax liabilities	$ 766	$ 466

The net deferred income tax assets are included in other non-current assets and the net deferred tax liabilities are included in deferred tax liabilities in our consolidated balance sheets. The change to net deferred income tax in the current year includes $130 million recognized as part of deferred tax expense within discontinued operations.

	December 31 2021	December 31 2020
Balance sheet classifications		
Deferred tax assets	$ 79	$ 95
Deferred tax liabilities	845	561
Net deferred tax liability	$ 766	$ 466

At December 31, 2021, we had U.S. federal and non-U.S. net operating loss carryforwards amounting to $139 million of which $93 million can be indefinitely carried forward under local statutes. The remaining $46 million of net operating loss carryforwards will expire, if unused, in varying amounts from 2022 through 2041. In addition, we had U.S. state net operating loss carryforwards of $711 million, of which $64 million can be indefinitely carried forward, while the remaining $647 million will expire in varying amounts from 2022 to 2041.

Management believes, based on the evaluation of positive and negative evidence, including the future reversal of existing taxable temporary differences, it is more likely than not that the Company will realize the benefits of net deferred tax assets of $629 million, net of the valuation allowance. During 2021, the Company decreased its valuation allowance by $42 million, primarily related to the disposal of underlying positions which were part of the divestment of Miller. In addition, part of the decrease reflected the utilization of the U.K. capital loss carryforward, the benefit of which was recorded in discontinuing operations. During 2020, the Company increased its valuation allowance by $8 million, primarily related to non-U.S. deferred tax assets. During 2019, the Company decreased its valuation allowance by $5 million primarily related to non-U.S. deferred tax assets now considered realizable. The U.S. restructuring provided a source of positive evidence and enabled the Company to release its valuation allowance on certain state deferred tax assets now considered realizable. In addition, the Company reassessed certain state net operating losses and determined that certain losses and the related valuation allowance would never be realized.

7. INCOME TAXES (continued)

At December 31, 2021 and 2020, the Company had valuation allowances of $42 million and $84 million, respectively, to reduce its deferred tax assets to their estimated realizable values. The valuation allowance at December 31, 2021 primarily relates to deferred tax U.S. state and non-U.S. net operating losses of $28 million and $15 million, respectively.

An analysis of our valuation allowance is shown below.

	Years ended December 31,		
	2021	2020	2019
Balance at beginning of year	$ 84	$ 76	$ 81
Additions charged to costs and expenses	3	17	7
Deductions	(45)	(9)	(12)
Balance at end of year	$ 42	$ 84	$ 76

The movement in the current year differs from the 2021 rate reconciliation above because part of the benefit was recognized in discontinued operations. The change in 2019 differs from the 2019 rate reconciliation due to changes in foreign currency translation.

The Company recognizes deferred tax balances related to the undistributed earnings of subsidiaries when the Company expects that it will recover those undistributed earnings in a taxable manner, such as through receipt of dividends or sale of the investments.

The Company recognizes deferred tax balances related to the undistributed earnings of subsidiaries when the Company expects that it will recover those undistributed earnings in a taxable manner, such as through receipt of dividends or sale of the investments. At December 31, 2021 the Company has $14.2 billion of undistributed earnings in subsidiaries where no deferred tax has been recognized. Of this amount $7.7 billion relates to earnings which have been reinvested indefinitely and $6.5 billion relates to earnings identified as being recoverable in an untaxable manner. It is not practicable to calculate the tax cost of repatriating the unremitted earnings which have been reinvested indefinitely. If future events, including material changes in estimates of cash, working capital, long-term investment requirements necessitate that these earnings be distributed, an additional provision for income and foreign withholding taxes, net of credits, may be necessary.

Uncertain tax positions

At December 31, 2021, the amount of unrecognized tax benefits associated with uncertain tax positions, determined in accordance with ASC 740-10, excluding interest and penalties, was $43 million. A reconciliation of the beginning and ending balances of the liability for unrecognized tax benefits is as follows:

	2021	2020	2019
Balance at beginning of year	$ 50	$ 49	$ 49
Increases related to acquisitions	—	4	—
Increases related to tax positions in prior years	—	1	2
Decreases related to tax positions in prior years	—	—	(1)
Decreases related to settlements	—	(3)	—
Decreases related to lapse in statute of limitations	(6)	(2)	(1)
Cumulative translation adjustment and other adjustments	(1)	1	—
Balance at end of year	$ 43	$ 50	$ 49

The liability for unrecognized tax benefits for each of the years ended December 31, 2021, 2020 and 2019 can be reduced by $3 million of offsetting deferred tax benefits associated with timing differences, foreign tax credits and the federal tax benefit of state income taxes. If these offsetting deferred tax benefits were recognized, there would be a favorable impact on our effective tax rate. There are no material balances that would result in adjustments to other tax accounts.

Interest and penalties related to unrecognized tax benefits are included as a component of income tax expense. At December 31, 2021 and 2020, we had cumulative accrued interest of $5 million. Accrued penalties were immaterial in 2021 and 2020.

Tax expense allocated to continuing operations for both the years ended December 31, 2021 and 2020 includes $1 million of interest expense.

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7. INCOME TAXES (continued)

The Company believes that the outcomes which are reasonably possible within the next 12 months may result in a reduction in the liability for unrecognized tax benefits in the range of $7 million to $9 million, excluding interest and penalties.

The Company and its subsidiaries file income tax returns in various tax jurisdictions in which it operates.

Willis North America Inc. and subsidiaries' federal income tax filings for the tax years ended December 31, 2017 and December 31, 2018 are currently under examination by the Internal Revenue Service ('IRS'). As of December 31, 2021, the IRS has not advised the Company of any adjustments to income tax as reported.

We have ongoing state income tax examinations in certain states for tax years ranging from calendar years ended December 31, 2014 through December 31, 2018. The statute of limitations in certain states remains open back to calendar year 2014.

All U.K. tax returns have been filed timely and are in the normal process of being reviewed by Her Majesty's Revenue & Customs. The Company is not currently subject to any material examinations in other jurisdictions. A summary of the tax years that remain open to tax examination in our major tax jurisdictions are as follows:

	Open Tax Years (fiscal year ending in)
U.S. — federal	2017 and forward
U.S. — various states	2015 and forward
U.K.	2010 and forward
Ireland	2017 and forward
France	2016 and forward
Germany	2008 and forward
Canada - federal	2014 and forward

8. GOODWILL AND OTHER INTANGIBLE ASSETS

All periods presented have been recast to exclude the goodwill and intangible assets of Willis Re, which were included within our IRR segment and which have been reclassified as assets held for sale (see Note 3 to these Consolidated Financial Statements).

Goodwill

The components of goodwill are outlined below for the years ended December 31, 2021 and 2020.

	HCB	CRB	IRR	BDA	Total
Balance at December 31, 2019					
Goodwill, gross	$ 4,298	$ 2,309	$ 986	$ 3,284	$ 10,877
Accumulated impairment losses	(130)	(362)	—	—	(492)
Goodwill, net - December 31, 2019	4,168	1,947	986	3,284	10,385
Goodwill acquired	15	30	2	3	50
Goodwill disposals	(12)	(1)	(117)	—	(130)
Acquisition accounting adjustment	—	—	—	(9)	(9)
Foreign exchange	45	40	11	—	96
Balance at December 31, 2020					
Goodwill, gross	4,346	2,378	882	3,278	10,884
Accumulated impairment losses	(130)	(362)	—	—	(492)
Goodwill, net - December 31, 2020	4,216	2,016	882	3,278	10,392
Goodwill acquired	—	8	—	43	51
Goodwill disposals	—	(7)	(193)	—	(200)
Foreign exchange	(35)	(27)	2	—	(60)
Balance at December 31, 2021					
Goodwill, gross	4,311	2,352	691	3,321	10,675
Accumulated impairment losses	(130)	(362)	—	—	(492)
Goodwill, net - December 31, 2021	$ 4,181	$ 1,990	$ 691	$ 3,321	$ 10,183

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8. GOODWILL AND OTHER INTANGIBLE ASSETS (continued)

Other Intangible Assets

The following table reflects changes in the net carrying amounts of the components of finite-lived intangible assets for the year ended December 31, 2021 and 2020:

	Client relationships	Software	Trademark and trade name	Other	Total
Balance at December 31, 2019:					
Intangible assets, gross	$ 3,976	$ 753	$ 1,051	$ 134	$ 5,914
Accumulated amortization	(1,728)	(551)	(176)	(31)	(2,486)
Intangible assets, net - December 31, 2019	2,248	202	875	103	3,428
Intangible assets acquired	30	—	—	27	57
Intangible asset disposals	(19)	—	—	(48)	(67)
Amortization	(301)	(103)	(43)	(14)	(461)
Foreign exchange	26	3	2	1	32
Balance at December 31, 2020:					
Intangible assets, gross	4,012	761	1,054	103	5,930
Accumulated amortization	(2,028)	(659)	(220)	(34)	(2,941)
Intangible assets, net - December 31, 2020	1,984	102	834	69	2,989
Intangible assets acquired	14	—	—	—	14
Intangible asset disposals	(47)	—	(8)	—	(55)
Amortization	(250)	(61)	(43)	(15)	(369)
Foreign exchange	(25)	—	(1)	2	(24)
Balance at December 31, 2021:					
Intangible assets, gross	3,794	742	1,039	102	5,677
Accumulated amortization	(2,118)	(701)	(257)	(46)	(3,122)
Intangible assets, net - December 31, 2021	$ 1,676	$ 41	$ 782	$ 56	$ 2,555

The weighted-average remaining life of amortizable intangible assets and liabilities at December 31, 2021 was 13.0 years.

The table below reflects the future estimated amortization expense for amortizable intangible assets for the next five years and thereafter:

Years ended December 31,	Amortization
2022	$ 313
2023	257
2024	224
2025	204
2026	198
Thereafter	1,359
Total	$ 2,555

9. FIXED ASSETS

All periods presented have been recast to exclude the assets of Willis Re, which have been reclassified as assets held for sale (see Note 3 to these Consolidated Financial Statements).

The following table reflects changes in the net carrying amount of the components of fixed assets for the years ended December 31, 2021 and 2020:

	Furniture, equipment and software	Leasehold improvements	Land and buildings	Total
Cost: at January 1, 2020	$ 1,297	$ 549	$ 90	$ 1,936
Additions	238	31	—	269
Acquisitions	1	—	—	1
Disposals	(65)	(12)	(1)	(78)
Abandonment of long-lived asset (i)	(35)	—	—	(35)
Foreign exchange	31	9	1	41
Cost: at December 31, 2020	1,467	577	90	2,134
Additions	176	18	—	194
Disposals (ii)	(145)	(61)	(2)	(208)
Foreign exchange	(21)	(7)	—	(28)
Cost: at December 31, 2021	$ 1,477	$ 527	$ 88	$ 2,092
Depreciation: at January 1, 2020	$ (590)	$ (244)	$ (57)	$ (891)
Depreciation expense (i)	(213)	(55)	(4)	(272)
Disposals	56	10	—	66
Foreign exchange	(17)	(6)	(1)	(24)
Depreciation: at December 31, 2020	(764)	(295)	(62)	(1,121)
Depreciation expense	(227)	(51)	(3)	(281)
Disposals	103	41	2	146
Foreign exchange	11	4	—	15
Depreciation: at December 31, 2021	$ (877)	$ (301)	$ (63)	$ (1,241)
Net book value:				
At December 31, 2020	$ 703	$ 282	$ 28	$ 1,013
At December 31, 2021	$ 600	$ 226	$ 25	$ 851

(i) Depreciation expense on the consolidated profit and loss account for the year ended December 31, 2020 includes both the depreciation expense presented here as well as the abandonment of an internally-developed software asset of $35 million prior to being placed in service.

(ii) Includes $5 million of furniture, equipment and software costs and $4 million of leasehold improvements costs which have been written off as part of technology modernization and real estate rationalization, respectively, under the Transformation program (see Note 6 to these Consolidated Financial Statements).

Included within land and buildings are the following assets held under finance leases:

	December 31, 2021	2020
Finance leases	$ 26	$ 28
Accumulated depreciation	(20)	(20)
	$ 6	$ 8

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10. DERIVATIVE FINANCIAL INSTRUMENTS

We are exposed to certain foreign currency risks. Where possible, we identify exposures in our business that can be offset internally. Where no natural offset is identified, we may choose to enter into various derivative transactions. These instruments have the effect of reducing our exposure to unfavorable changes in foreign currency rates. The Company's Board of Directors reviews and approves policies for managing this risk as summarized below. Additional information regarding our derivative financial instruments can be found in Notes 2, 12 and 19 to these Consolidated Financial Statements.

Foreign Currency Risk

Certain non-U.S. subsidiaries receive revenue and incur expenses in currencies other than their functional currency, and as a result, the foreign subsidiary's functional currency revenue and/or expenses will fluctuate as the currency rates change. Additionally, the forecast Pounds sterling expenses of our London brokerage market operations may exceed their Pounds sterling revenue, and the entity with such operations may also hold significant foreign currency asset or liability positions in the consolidated balance sheet. To reduce such variability, we use foreign exchange contracts to hedge against this currency risk.

These derivatives were designated as hedging instruments and at December 31, 2021 and December 31, 2020 had total notional amounts of $155 million and $340 million, respectively, and had net asset fair values of $3 million and $5 million, respectively. At December 31, 2020, we had derivatives designated as hedging instruments with notional values of $15 million and $27 million, related to our Willis Re and Miller businesses, respectively, that were closed prior to their contract expirations as part of and prior to our disposal of these businesses (see Note 3 to these Consolidated Financial Statements).

At December 31, 2021, the Company estimates, based on current exchange rates, there will be $2 million of net derivative gains on forward exchange rates reclassified from accumulated other comprehensive loss into earnings within the next twelve months as the forecast transactions affect earnings. At December 31, 2021, our longest outstanding maturity was 1.7 years.

The effects of the material derivative instruments that are designated as hedging instruments on the consolidated profit and loss account and the consolidated statement of total comprehensive income for the years ended December 31, 2021,2020 and 2019 are below. Amounts pertaining to the ineffective portion of hedging instruments and those excluded from effectiveness testing were immaterial for the years ended December 31, 2021, 2020 and 2019.

	Gain/(loss) recognized in OCL (effective element)		
	2021	2020	2019
Foreign exchange contracts	$ 5	$ (13)	$ 15

Location of (loss)/gain reclassified from Accumulated OCL into income (effective element)	(Loss)/gain reclassified from Accumulated OCL into income (effective element)		
	2021	2020	2019
Revenue	$ (3)	$ (5)	$ (7)
Salaries and benefits	6	(3)	1
Discontinued operations	3	(1)	(3)
	$ 6	$ (9)	$ (9)

We also enter into foreign currency transactions, primarily to hedge certain intercompany loans and other balance sheet exposures in currencies other than the functional currency of a given entity. These derivatives are not generally designated as hedging instruments, and at December 31, 2021 and December 31, 2020, we had notional amounts of $2.9 billion and $1.5 billion, respectively, and had net asset fair values of $15 million at both balance sheet dates presented.

The effects of derivatives that have not been designated as hedging instruments on the consolidated profit and loss account for the years ended December 31, 2021, 2020 and 2019 are as follows:

Derivatives not designated as hedging instruments:	Location of (loss)/gain recognized in income	(Loss)/gain recognized in income		
		2021	2020	2019
Foreign exchange contracts	Other income, net	$ —	$ (3)	$ 18

11. DEBT

Current debt consists of the following:

	December 31, 2021	December 31, 2020
5.750% senior notes due 2021	$ —	$ 500
3.500% senior notes due 2021	—	449
2.125% senior notes due 2022 (i)	613	—
Current portion of collateralized facility	—	22
	$ 613	$ 971

Long-term debt consists of the following:

	December 31, 2021	December 31, 2020
Revolving $1.5 billion credit facility	$ —	$ —
Revolving $1.25 billion credit facility	—	—
Collateralized facility (ii)	—	33
2.125% senior notes due 2022 (i)	—	659
4.625% senior notes due 2023	249	249
3.600% senior notes due 2024	648	647
4.400% senior notes due 2026	546	546
4.500% senior notes due 2028	597	596
2.950% senior notes due 2029	726	726
6.125% senior notes due 2043	271	271
5.050% senior notes due 2048	395	395
3.875% senior notes due 2049	542	542
	$ 3,974	$ 4,664

(i) Notes issued in Euro (€540 million).

(ii) At December 31, 2020, the Company had $98 million of renewal commissions receivables pledged as collateral for this facility (see below for additional information).

Guarantees

The following table presents a summary of the entities that issued each note or entered into the revolving credit facility and those wholly-owned and consolidated subsidiaries of the Company that guarantee each respective note and the revolving credit facility on a joint and several basis as of December 31, 2021.

Entity	Revolving credit facility 2.125% due 2022 4.625% due 2023 4.400% due 2026 6.125% due 2043	3.600% due 2024 4.500% due 2028 2.950% due 2029 5.050% due 2048 3.875% due 2049
Willis Towers Watson plc	Guarantor	Guarantor
Trinity Acquisition plc	Issuer	Guarantor
Willis North America Inc.	Guarantor	Issuer
Willis Netherlands Holdings B.V.	Guarantor	Guarantor
Willis Investment UK Holdings Limited	Guarantor	Guarantor
TA I Limited	Guarantor	Guarantor
Willis Group Limited	Guarantor	Guarantor
Willis Towers Watson Sub Holdings Unlimited Company	Guarantor	Guarantor
Willis Towers Watson UK Holdings Limited	Guarantor	Guarantor

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11. DEBT (continued)

Revolving Credit Facility

$1.5 billion revolving credit facility

On October 6, 2021, Trinity Acquisition plc entered into a second amended and restated revolving credit facility (the 'new RCF') for $1.5 billion that will mature on October 6, 2026. This new RCF replaced the previous $1.25 billion revolving credit facility which was due to expire in March of 2022 (see below for additional information).

Borrowing costs under the $1.5 billion facility differ if the borrowing is a 'base rate' borrowing or a 'Eurocurrency' borrowing, both as defined by the new RCF, and equal the sum of the relevant benchmark plus a margin based on the Company's senior unsecured long-term debt rating:

- For base rate borrowings, the benchmark rate will be the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 0.50%, and (c) the one-month LIBOR rate plus 1.0%. The margin on the base rate benchmark is 0.00% to 0.75% depending on the Company's senior unsecured long-term debt rating.

- For Eurocurrency or Sterling Overnight Interbank Average Rate ('SONIA') borrowings, the rate will be the applicable LIBOR rate or SONIA (as applicable based on the currency of the borrower) plus a margin of 1.0% to 1.75% depending on the Company's guaranteed unsecured long-term debt rating. In anticipation of the cessation of LIBOR, the new RCF provides for a benchmark rate adjustment that will be added to the replacement benchmark rate to reflect the differential between LIBOR and the replacement benchmark (e.g., the Secured Overnight Financing Rate). This adjustment amount will be a function of both the currency and borrowing tenor.

The new RCF also carries a commitment fee, applicable to the unused portion, of 0.09% to 0.25%, which is also based on the Company's senior unsecured long-term debt rating.

$1.25 billion revolving credit facility

Amounts outstanding under the previous $1.25 billion revolving credit facility bore interest at LIBOR plus a margin of 1.00% to 1.75%, or alternatively, the base rate plus a margin of 0.00% to 0.75%, based upon the Company's guaranteed senior unsecured long-term debt rating.

Senior Notes

2.950% senior notes due 2029 and 3.875% senior notes due 2049

On September 10, 2019, the Company, together with its wholly-owned subsidiary, Willis North America Inc., as issuer, completed an offering of $450 million aggregate principal amount of 2.950% senior notes due 2029 (the 'initial 2029 senior notes') and $550 million aggregate principal amount of 3.875% senior notes due 2049 ('2049 senior notes'; collectively, the '2019 senior notes offering'). On May 29, 2020, the Company, together with its wholly-owned subsidiary, Willis North America Inc., as issuer, completed an offering of an additional $275 million aggregate principal amount of 2.950% senior notes due 2029 (the 'additional 2029 senior notes'). The additional 2029 senior notes will be treated as a single class with, and otherwise identical to, the initial 2029 senior notes other than with respect to the date of issuance, the issue price and the amounts paid to holders for each class of note on the first interest payment date. The effective interest rates of the initial 2029 senior notes and 2049 senior notes are 2.971% and 3.898%, respectively, which include the impact of the discount upon issuance. The effective interest rate of the additional 2029 senior notes is 2.697%, which includes the impact of the premium upon issuance. Both 2029 senior notes offerings will mature on September 15, 2029, and the 2049 senior notes will mature on September 15, 2049. Interest on the 2019 senior notes offering has accrued from September 10, 2019 and is paid in cash on March 15 and September 15 of each year. Interest on the additional 2029 senior notes has accrued from March 15, 2020 and is paid in cash on March 15 and September 15 of each year. The net proceeds from the 2019 senior notes offering, after deducting underwriter discounts and commissions and estimated offering expenses, were approximately $988 million and were used to prepay a portion of the amount outstanding under the Company's one-year term loan commitment (described below) and to repay borrowings under the Company's $1.25 billion revolving credit facility. The net proceeds from the additional 2029 senior notes offering were used to repay $175 million of the full principal amount and related accrued interest under the term loan

11. DEBT (continued)

facility, which was set to expire in July 2020, as well as repay $105 million of borrowings outstanding under the Company's $1.25 billion revolving credit facility and related accrued interest.

4.500% senior notes due 2028 and 5.050% senior notes due 2048

On September 10, 2018, the Company, together with its wholly-owned subsidiary, Willis North America Inc. as issuer, completed an offering of $600 million of 4.500% senior notes due 2028 ('2028 senior notes') and $400 million of 5.050% senior notes due 2048 ('2048 senior notes'). The effective interest rates of the 2028 senior notes and 2048 senior notes are 4.504% and 5.073%, respectively, which include the impact of the discount upon issuance. The 2028 senior notes will mature on September 15, 2028 and the 2048 senior notes will mature on September 15, 2048. Interest has accrued on both the 2028 senior notes and 2048 senior notes from September 10, 2018 and is paid in cash on March 15 and September 15 of each year. The net proceeds from this offering, after deducting underwriter discounts and commissions and estimated offering expenses, were $989 million and were used to prepay in full $127 million outstanding under the Company's term loan due December 2019 and to repay a portion of the amount outstanding under the Company's RCF.

3.600% senior notes due 2024

On May 16, 2017, Willis North America Inc. issued $650 million of 3.600% senior notes due 2024 ('2024 senior notes'). The effective interest rate of the 2024 senior notes is 3.614%, which includes the impact of the discount upon issuance. The 2024 senior notes will mature on May 15, 2024, and interest has accrued on the 2024 senior notes from May 16, 2017 and is paid in cash on May 15 and November 15 of each year. The net proceeds from this offering, after deducting underwriter discounts and commissions and estimated offering expenses, were $644 million and were used to pay down amounts outstanding under the RCF and for general corporate purposes.

2.125% senior notes due 2022

On May 26, 2016, Trinity Acquisition plc issued €540 million ($609 million) of 2.125% senior notes due 2022 ('2022 senior notes'). The effective interest rate of these senior notes is 2.154%, which includes the impact of the discount upon issuance. The 2022 senior notes will mature on May 26, 2022. Interest has accrued on the notes from May 26, 2016 and will be paid in cash on May 26 of each year. The net proceeds from this offering, after deducting underwriter discounts and commissions and estimated offering expenses, were €535 million ($600 million). We used the net proceeds of this offering to repay a portion of the previous 1-year term loan facility, which matured in 2016, and related accrued interest.

3.500% senior notes due 2021 (repaid in August 2021) and 4.400% senior notes due 2026

On March 22, 2016, Trinity Acquisition plc issued $450 million of 3.500% senior notes due 2021 ('2021 senior notes') and $550 million of 4.400% senior notes due 2026 ('2026 senior notes'). The effective interest rate of the 2021 senior notes was 3.707% and the effective interest rate on the 2026 senior notes is 4.572%, which includes the impact of the discount upon issuance. The 2021 senior notes were to mature on September 15, 2021; the 2026 senior notes will mature on March 15, 2026. Interest on the 2026 senior notes has accrued from March 22, 2016 and will be paid in cash on March 15 and September 15 of each year. The net proceeds from these offerings, after deducting underwriter discounts and commissions and estimated offering expenses, were $988 million. We used the net proceeds of these offerings to: (i) repay $300 million principal under the prior $800 million revolving credit facility and related accrued interest, which was drawn to repay our previously-issued 4.125% senior notes on March 15, 2016; (ii) repay $400 million principal on another portion of the previous 1-year term loan facility and related accrued interest; and (iii) pay down a portion of the remaining principal amount outstanding under the previous revolving credit facility and related accrued interest. In August 2021, the Company called the 2021 senior notes due to mature in September 2021 and repaid the principal and interest at that time using cash on-hand.

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11. DEBT (continued)

4.625% senior notes due 2023 and 6.125% senior notes due 2043

On August 15, 2013, Trinity Acquisition plc issued $250 million of 4.625% senior notes due 2023 ('2023 senior notes') and $275 million of 6.125% senior notes due 2043 ('2043 senior notes'). The effective interest rates of these senior notes are 4.696% and 6.154%, respectively, which include the impact of the discount upon issuance. The proceeds were used to repurchase other previously issued senior notes. The 2023 senior notes will mature on August 15, 2023 and the 2043 senior notes will mature on August 15, 2043.

Collateralized Facility (repaid in November 2021)

As part of the acquisition of TRANZACT, the Company assumed debt of $91 million related to borrowings by TRANZACT whereby certain renewal commissions receivables were pledged as collateral. The Company was required to remit cash received from these pledged renewal commissions receivables on a quarterly basis to the lenders until the borrowings and related interest were repaid, after the payment of certain fees and other permitted distributions. No additional borrowings were made against this collateralized facility since the acquisition. Per the terms of the collateralized facility and specific approvals having been obtained, in November 2021 the Company repaid in full $32 million of principal and interest outstanding using cash on-hand, and the facility was subsequently closed. As a result, the renewal commissions receivables are no longer collateralizing the facility, thus cash received for these receivables is no longer classified as restricted cash on our consolidated balance sheet at December 31, 2021.

Additional Information Regarding Fully Repaid Senior Notes and Term Loan Commitment

5.750% senior notes due 2021

In March 2011, the Company issued $500 million of 5.750% senior notes due 2021. The effective interest rate of these senior notes was 5.871%, which included the impact of the discount upon issuance. The proceeds were used to repurchase and redeem other previously-issued senior notes. In March 2021, the senior notes matured, and the Company repaid the principal and interest using cash on-hand.

7.000% senior notes due 2019

In September 2009, Willis North America Inc. issued $300 million of 7.000% senior notes due 2019. The effective interest rate of these senior notes was 7.081%, which included the impact of the discount upon issuance. A portion of the proceeds was used to repurchase and redeem other previously issued senior notes. In August 2013, $113 million of the 7.000% senior notes due 2019 were repurchased. In September 2019, the Company repaid in full the remaining $187 million outstanding on the 7.000% senior notes due 2019 with borrowings against its revolving credit facility.

One-year Term Loan Commitment

As part of the acquisition of TRANZACT, the Company secured financing of up to $1.1 billion in the form of a one-year unsecured term loan. Borrowing occurred in conjunction with the closing of the acquisition on July 30, 2019.

Amounts outstanding under the term loan bore interest, at the option of the borrowers, at a rate equal to (a) LIBOR plus 0.75% to 1.375% for Eurocurrency Rate Loans or (b) the highest of (i) the Federal Funds Rate plus 0.5%, (ii) the 'prime rate' quoted by Bank of America, N.A., and (iii) LIBOR plus 1.00%, plus 0.00% to 0.375%, in each case, based upon the Company's guaranteed senior-unsecured long-term debt rating. In addition, the Company paid a commitment fee in an amount equal to 0.15% per annum on the undrawn portion of the commitments in respect of the term loan, which we had accrued from May 29, 2019 until the closing date of the acquisition.

The term loan was pre-payable in part or in full prior to the maturity date at the Company's discretion. Covenants and events of default were substantively the same as in our existing revolving credit facility. The remaining outstanding balance on the term loan was repaid in full upon issuance of the additional 2029 senior notes discussed above.

11. DEBT (continued)

Covenants

The terms of our current financings also include certain limitations. For example, the agreements relating to the debt arrangements and credit facilities generally contain numerous operating and financial covenants, including requirements to maintain minimum ratios of consolidated EBITDA to consolidated cash interest expense and maximum levels of consolidated funded indebtedness in relation to consolidated EBITDA, in each case subject to certain adjustments. The operating restrictions and financial covenants in our current credit facilities do, and any future financing agreements may, limit our ability to finance future operations or capital needs or to engage in other business activities. At December 31, 2021 and 2020, we were in compliance with all financial covenants.

Debt Maturity

The following table summarizes the maturity of our debt and interest on senior notes and excludes any reduction for debt issuance costs:

	2022	2023	2024	2025	2026	Thereafter	Total
Senior notes	$ 614	$ 250	$ 650	$ —	$ 550	$ 2,550	$ 4,614
Interest on senior notes	171	162	140	131	112	1,306	2,022
Revolving $1.5 billion credit facility	—	—	—	—	—	—	—
Total	$ 785	$ 412	$ 790	$ 131	$ 662	$ 3,856	$ 6,636

Interest Expense

The following table shows an analysis of the interest expense for the years ended December 31, 2021, 2020 and 2019:

	Years ended December 31,		
	2021	2020	2019
Senior notes	$ 200	$ 227	$ 206
Term loans	—	6	9
Revolving credit facility	3	4	8
Collateralized facility	2	3	1
Other (i)	6	4	10
Total interest expense	$ 211	$ 244	$ 234

(i) Other primarily includes amortization of debt issuance costs, interest expense on finance leases and accretion on deferred and contingent consideration.

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12. FAIR VALUE MEASUREMENTS

The Company has categorized its assets and liabilities that are measured at fair value on a recurring and non-recurring basis into a three-level fair value hierarchy, based on the reliability of the inputs used to determine fair value as follows:

- Level 1: refers to fair values determined based on quoted market prices in active markets for identical assets;
- Level 2: refers to fair values estimated using observable market-based inputs or unobservable inputs that are corroborated by market data; and
- Level 3: includes fair values estimated using unobservable inputs that are not corroborated by market data.

The following methods and assumptions were used by the Company in estimating its fair value disclosure for financial instruments:

- Available-for-sale securities are classified as Level 1 because we use quoted market prices in determining the fair value of these securities.
- Market values for our derivative instruments have been used to determine the fair values of forward foreign exchange contracts based on estimated amounts the Company would receive or have to pay to terminate the agreements, taking into account observable information about the current foreign currency forward rates. Such financial instruments are classified as Level 2 in the fair value hierarchy.
- Contingent consideration payable is classified as Level 3, and we estimate fair value based on the likelihood and timing of achieving the relevant milestones of each arrangement, applying a probability assessment to each of the potential outcomes, which at times includes the use of a Monte Carlo simulation and discounting the probability-weighted payout. Typically, milestones are based on revenue or earnings growth for the acquired business.

The following tables present our assets and liabilities measured at fair value on a recurring basis at December 31, 2021 and December 31, 2020:

		Fair Value Measurements on a Recurring Basis at December 31, 2021			
	Balance Sheet Location	Level 1	Level 2	Level 3	Total
Assets:					
Available-for-sale securities:					
Mutual funds / exchange traded funds	Prepaid and other current assets and other non-current assets	$ 9	$ —	$ —	$ 9
	Fiduciary assets	152	—	—	152
Certificates of deposit/term deposits	Prepaid and other current assets	200	—	—	200
Derivatives:					
Derivative financial instruments (i)	Prepaid and other current assets and other non-current assets	$ —	$ 18	$ —	$ 18
Liabilities:					
Contingent consideration:					
Contingent consideration (ii)	Other current liabilities and other non-current liabilities	$ —	$ —	$ 51	$ 51
Derivatives:					
Derivative financial instruments (i)	Other current liabilities and other non-current liabilities	$ —	$ —	$ —	$ —

12. FAIR VALUE MEASUREMENTS (continued)

		Fair Value Measurements on a Recurring Basis at December 31, 2020			
	Balance Sheet Location	Level 1	Level 2	Level 3	Total
Assets:					
Available-for-sale securities:					
Mutual funds / exchange traded funds	Prepaid and other current assets and other non-current assets	$ 8	$ —	$ —	$ 8
	Fiduciary assets	104	—	—	104
Derivatives:					
Derivative financial instruments (i)	Prepaid and other current assets and other non-current assets	$ —	$ 27	$ —	$ 27
Liabilities:					
Contingent consideration:					
Contingent consideration (ii)	Other current liabilities and other non-current liabilities	$ —	$ —	$ 45	$ 45
Derivatives:					
Derivative financial instruments (i)	Other current liabilities and other non-current liabilities	$ —	$ 7	$ —	$ 7

(i) See Note 10 to these Consolidated Financial Statements for further information on our derivative instruments.

(ii) Probability weightings are based on our knowledge of the past and planned performance of the acquired entity to which the contingent consideration applies. The fair value weighted-average discount rates used in our material contingent consideration calculations were 11.92% and 9.46% at December 31, 2021 and December 31, 2020, respectively. The range of these discount rates was 3.53% - 13.50% at December 31, 2021. Using different probability weightings and discount rates could result in an increase or decrease of the contingent consideration payable.

The following table summarizes the change in fair value of the Level 3 liabilities:

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	December 31, 2021
Balance at December 31, 2020	$ 45
Obligations assumed	21
Payments	(19)
Realized and unrealized losses (i)	6
Foreign exchange	(2)
Balance at December 31, 2021	$ 51

(i) Realized and unrealized losses are included within Interest expense and Other operating expenses on the consolidated profit and loss account.

There were no significant transfers between Levels 1, 2 or 3 during the years ended December 31, 2021 and 2020.

Fair value information about financial instruments not measured at fair value

The following tables present our assets and liabilities not measured at fair value on a recurring basis at December 31, 2021 and 2020:

	December 31, 2021		December 31, 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets:				
Long-term note receivable	$ 69	$ 70	$ 71	$ 73
Liabilities:				
Current debt	$ 613	$ 616	$ 971	$ 985
Long-term debt	$ 3,974	$ 4,453	$ 4,664	$ 5,488

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12. FAIR VALUE MEASUREMENTS (continued)

The carrying values of our revolving credit facility and collateralized facility (repaid in November 2021) approximate their fair values. The fair values above, which exclude accrued interest, are not necessarily indicative of the amounts that the Company would realize upon disposition, nor do they indicate the Company's intent or ability to dispose of the financial instruments. The fair values of our respective senior notes and long-term note receivable are considered Level 2 financial instruments as they are corroborated by observable market data.

13. RETIREMENT BENEFITS

Defined Benefit Plans and Post-retirement Welfare Plans

WTW sponsors both qualified and non-qualified defined benefit pension plans and other post-retirement welfare ('PRW') plans throughout the world. The majority of our plan assets and obligations are in the U.S. and the U.K. We have also included disclosures related to defined benefit plans in certain other countries, including Canada, France, Germany, Switzerland and Ireland. Together, these disclosed funded and unfunded plans represent 99% of WTW's pension and PRW obligations and are presented herein.

As part of these obligations, in the U.S., the U.K. and Canada, we have non-qualified plans that provide for the additional pension benefits that would be covered under the qualified plan in the respective country were it not for statutory maximums. The non-qualified plans are unfunded.

The significant plans within each grouping are described below:

United States

Legacy Willis – This plan was frozen in 2009. Approximately one-quarter of the Legacy Willis employees in the United States have a frozen accrued benefit under this plan.

WTW Plan – Substantially all U.S. employees are eligible to participate in this plan. Benefits are provided under a stable value pension plan design. The original stable value design came into effect on January 1, 2012. Plan participants prior to July 1, 2017 earn benefits without having to make employee contributions, and all newly-eligible employees after that date are required to contribute 2% of pay on an after-tax basis to participate in the plan.

United Kingdom

Legacy Willis – This plan covers approximately one-fifth of the Legacy Willis employees in the United Kingdom. The plan is now closed to new entrants.

Legacy Towers Watson – Benefit accruals earned under the Legacy Watson Wyatt defined benefit plan (predominantly pension benefits) ceased on February 28, 2015, although benefits earned prior to January 1, 2008 retain a link to salary until the employee leaves the Company. Benefit accruals earned under the legacy Towers Perrin defined benefit plan (predominantly lump sum benefits) were frozen on March 31, 2008.

Legacy Miller – This plan is no longer with WTW following the divestiture of its Miller business in March 2021 (see Note 3 to these Consolidated Financial Statements for further information). The plan provided retirement benefits based on members' salaries at the point at which they ceased to accrue benefits under the scheme.

Other

Canada (WTW) – Participants accrue qualified and non-qualified benefits based on a career-average benefit formula. Additionally, participants can choose to make voluntary contributions to purchase enhancements to their pension.

France (legacy broking business) – The mandatory retirement indemnity plan is a termination benefit which provides lump sum benefits at retirement. There is no vesting before the retirement date, and the benefit formula is determined through the collective bargaining agreement and the labor code. All employees with permanent employment contracts are eligible.

13. RETIREMENT BENEFITS (continued)

Germany (Legacy Willis and Legacy Towers Watson) – The defined benefit plans are closed to new entrants and include certain legacy employee populations hired before 2011. These benefits are primarily account-based, with some long-service participants continuing to accrue benefits according to grandfathered final-average-pay formulas.

Ireland (Legacy Willis) – Benefit accruals ceased effective from December 31, 2019; however accrued benefits for active employees are indexed to salary increases (to a maximum annual salary of €150,000) until the member leaves the Company. A future service retirement provision is being provided on a defined contribution basis.

Ireland (Legacy Towers Watson) – Benefit accruals ceased effective from May 1, 2015; however accrued benefits for active employees are indexed to salary increases (to a maximum annual salary of €160,000) until the member leaves the Company. A future service retirement provision is being provided on a defined contribution basis.

Switzerland (WTW) – The defined benefit plans require all employees with local employment contracts to participate. The Company provides benefits in excess of the mandatory minimum required under Swiss occupational pension law. Participants continue to accrue benefits until retirement or upon leaving the Company.

Post-retirement Welfare Plan

We provide certain healthcare and life insurance benefits for retired participants. The principal plan disclosed herein covers participants in the U.S. who have met certain eligibility requirements. This post-retirement benefit plan was primarily unfunded, with the remaining assets being paid out during the year ended December 31, 2019. Retiree medical benefits provided under our U.S. post-retirement benefit plan were closed to new hires effective January 1, 2011. Life insurance benefits under the plan were frozen with respect to service, eligibility and amounts as of January 1, 2012 for active participants.

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13. RETIREMENT BENEFITS (continued)

Amounts Recognized in our Consolidated Financial Statements

The following schedules provide information concerning the defined benefit pension plans and PRW plan as of and for the years ended December 31, 2021 and 2020:

	2021				2020			
	U.S.	U.K.	Other	PRW	U.S.	U.K.	Other	PRW
Change in Benefit Obligation								
Benefit obligation, beginning of year	$ 5,291	$ 4,843	$ 955	$ 91	$ 4,768	$ 4,259	$ 842	$ 90
Service cost	79	17	24	1	72	15	21	1
Interest cost	94	56	12	2	131	73	15	2
Employee contributions	16	—	—	3	15	—	—	3
Actuarial (gains)/losses	(170)	(109)	(54)	(2)	509	494	65	5
Settlements	(6)	(9)	(6)	—	(10)	(27)	(4)	—
Curtailments	—	11	—	—	—	—	—	—
Benefits paid	(209)	(145)	(40)	(11)	(194)	(146)	(32)	(10)
Plan amendments	—	—	12	—	—	9	—	—
Plan (disposal)/addition	—	(257)	46	—	—	—	(1)	—
Other	1	—	—	—	—	—	1	—
Foreign currency changes	—	(38)	(27)	—	—	166	48	—
Benefit obligation, end of year	$ 5,096	$ 4,369	$ 922	$ 84	$ 5,291	$ 4,843	$ 955	$ 91
Change in Plan Assets								
Fair value of plan assets, beginning of year	$ 4,357	$ 5,767	$ 684	$ —	$ 3,873	$ 5,086	$ 588	$ —
Actual return on plan assets	470	(68)	44	—	602	590	64	—
Employer contributions	82	42	36	8	71	66	35	7
Employee contributions	16	—	—	3	15	—	—	3
Settlements	(6)	(9)	(6)	—	(10)	(27)	(4)	—
Benefits paid	(209)	(145)	(40)	(11)	(194)	(146)	(32)	(10)
Plan (disposal)/addition	—	(275)	37	—	—	—	—	—
Other	—	—	1	—	—	—	1	—
Foreign currency changes	—	(46)	(17)	—	—	198	32	—
Fair value of plan assets, end of year	$ 4,710	$ 5,266	$ 739	$ —	$ 4,357	$ 5,767	$ 684	$ —
Funded status at end of year	$ (386)	$ 897	$ (183)	$ (84)	$ (934)	$ 924	$ (271)	$ (91)
Accumulated Benefit Obligation	$ 5,096	$ 4,369	$ 884	$ 84	$ 5,291	$ 4,841	$ 918	$ 91
Components on the Consolidated Balance Sheet								
Pension benefits assets	$ —	$ 903	$ 48	$ —	$ —	$ 932	$ 28	$ —
Current liability for pension benefits	$ (52)	$ —	$ (5)	$ (6)	$ (31)	$ (1)	$ (5)	$ (6)
Non-current liability for pension benefits	$ (334)	$ (6)	$ (226)	$ (78)	$ (903)	$ (7)	$ (294)	$ (85)
	$ (386)	$ 897	$ (183)	$ (84)	$ (934)	$ 924	$ (271)	$ (91)

For the year ended December 31, 2021, bond yields increased, driving an increase in the discount rates and actuarial gains for all plans. The U.K. and Other plans also had favorable effects from foreign exchange, and the Miller disposal further reduced obligations for the U.K. plans.

For the year ended December 31, 2020, bond yields declined, which drove a decrease in the discount rates and resulted in actuarial losses. These losses, coupled with unfavorable foreign exchange effects for the U.K. and Other plans, were the most significant drivers of the increases in benefit obligations for the plans.

Amounts recognized in accumulated other comprehensive loss as of December 31, 2021 and 2020 consist of:

	2021				2020			
	U.S.	U.K.	Other	PRW	U.S.	U.K.	Other	PRW
Net actuarial loss	$ 776	$ 1,356	$ 103	$ 21	$ 1,143	$ 1,304	$ 169	$ 24
Net prior service (gain)/loss	—	(7)	10	(20)	—	(37)	—	(23)
Accumulated other comprehensive loss	$ 776	$ 1,349	$ 113	$ 1	$ 1,143	$ 1,267	$ 169	$ 1

13. RETIREMENT BENEFITS (continued)

The following table presents the projected benefit obligation and fair value of plan assets for our plans that have a projected benefit obligation in excess of plan assets as of December 31, 2021 and 2020:

	2021			2020		
	U.S.	U.K.	Other	U.S.	U.K.	Other
Projected benefit obligation at end of year	$ 5,096	$ 7	$ 476	$ 5,291	$ 8	$ 891
Fair value of plan assets at end of year	$ 4,710	$ —	$ 245	$ 4,357	$ —	$ 593

The following table presents the projected benefit obligation, accumulated benefit obligation and fair value of plan assets for our plans that have an accumulated benefit obligation in excess of plan assets as of December 31, 2021 and 2020.

	2021			2020		
	U.S.	U.K.	Other	U.S.	U.K.	Other
Projected benefit obligation at end of year	$ 5,096	$ 7	$ 458	$ 5,291	$ 8	$ 477
Accumulated benefit obligation at end of year	$ 5,096	$ 7	$ 437	$ 5,291	$ 8	$ 457
Fair value of plan assets at end of year	$ 4,710	$ —	$ 228	$ 4,357	$ —	$ 193

The components of the net periodic benefit income and other amounts recognized in other comprehensive (income)/loss for the years ended December 31, 2021, 2020 and 2019 for the defined benefit pension and PRW plans are as follows:

	2021				2020				2019			
	U.S.	U.K.	Other	PRW	U.S.	U.K.	Other	PRW	U.S.	U.K.	Other	PRW
Components of net periodic benefit (income)/cost:												
Service cost	$ 79	$ 17	$ 24	$ 1	$ 72	$ 15	$ 21	$ 1	$ 65	$ 14	$ 20	$ 1
Interest cost	94	56	12	2	131	73	15	2	157	93	18	3
Expected return on plan assets	(312)	(170)	(37)	—	(291)	(247)	(34)	—	(254)	(246)	(29)	—
Amortization of unrecognized prior service (credit)/cost	—	(17)	1	(4)	—	(17)	—	(4)	—	(16)	—	(4)
Amortization of unrecognized actuarial loss	37	27	6	1	35	23	3	1	19	21	2	1
Settlement	1	2	2	—	2	3	1	—	—	—	1	—
Curtailment gain	—	(1)	—	—	—	—	—	—	—	—	—	—
Other	1	—	—	—	—	—	—	—	—	—	—	—
Net periodic benefit (income)/cost	$ (100)	$ (86)	$ 8	$ —	$ (51)	$ (150)	$ 6	$ —	$ (13)	$ (134)	$ 12	$ 1
Other changes in plan assets and benefit obligations recognized in other comprehensive (income)/loss:												
Net actuarial (gain)/loss	$ (328)	$ 140	$ (61)	$ (2)	$ 198	$ 151	$ 35	$ 5	$ 232	$ 157	$ 32	$ 5
Amortization of unrecognized actuarial loss	(37)	(27)	(6)	(1)	(35)	(23)	(3)	(1)	(19)	(21)	(2)	(1)
Prior service cost	—	—	12	—	—	9	—	—	—	—	—	—
Amortization of unrecognized prior service credit/(cost)	—	17	(1)	4	—	17	—	4	—	16	—	4
Settlement	(1)	(2)	(2)	—	(2)	(3)	(1)	—	—	—	(1)	—
Curtailment gain	—	1	—	—	—	—	—	—	—	—	—	—
Plan (disposal)/addition	—	(34)	8	—	—	—	—	—	—	—	—	—
Total recognized in other comprehensive (income)/loss	(366)	95	(50)	1	161	151	31	8	213	152	29	8
Total recognized in net periodic benefit (income)/cost and other comprehensive (income)/loss	$ (466)	$ 9	$ (42)	$ 1	$ 110	$ 1	$ 37	$ 8	$ 200	$ 18	$ 41	$ 9

Assumptions Used in the Valuations of the Defined Benefit Pension Plans and PRW Plan

The determination of the Company's obligations and annual expense under the plans is based on a number of assumptions that, given the longevity of the plans, are long-term in focus. A change in one or a combination of these assumptions could have a material impact on our projected benefit obligation. However, certain of these changes, such as changes in the discount rate and actuarial assumptions, are not recognized immediately in net income, but are instead recorded in other comprehensive income. The accumulated gains and losses not yet recognized in net income are amortized into net income as a component of the net periodic benefit cost/(income) generally based on the average working life expectancy or remaining life expectancy, where appropriate, of each of the plan's active participants to the extent that the net gains or losses as of the beginning of the year exceed 10% of the greater of the market-related value of plan assets or the projected benefit obligation. The average remaining service period of participants for the PRW plan is approximately 8.8 years.

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13. RETIREMENT BENEFITS (continued)

The Company considers several factors prior to the start of each fiscal year when determining the appropriate annual assumptions, including economic forecasts, relevant benchmarks, historical trends, portfolio composition and peer company comparisons. These assumptions, used to determine our pension liabilities and pension expense, are reviewed annually by senior management and changed when appropriate. A discount rate will be changed annually if underlying rates have moved, whereas an expected long-term return on assets will be changed less frequently as longer-term trends in asset returns emerge or long-term target asset allocations are revised. To calculate the discount rate, we use the granular approach to determining service and interest costs. The expected rate of return assumptions for all plans are supported by an analysis of the weighted-average yield expected to be achieved based upon the anticipated makeup of the plans' investments. Other material assumptions include rates of participant mortality, and the expected long-term rate of compensation and pension increases.

The following assumptions were used in the valuations of WTW's defined benefit pension plans and PRW plan. The assumptions presented for the U.S. plans represent the weighted-average of rates for all U.S. plans. The assumptions presented for the U.K. plans represent the weighted-average of rates for the U.K. plans. The assumptions presented for the Other plans represent the weighted-average of rates for the Canada, France, Germany, Switzerland and Ireland plans.

The assumptions used to determine net periodic benefit cost for the fiscal years ended December 31, 2021, 2020 and 2019 were as follows:

	Years ended December 31,											
	2021				2020				2019			
	U.S.	U.K.	Other	PRW	U.S.	U.K.	Other	PRW	U.S.	U.K.	Other	PRW
Discount rate - PBO	2.5%	1.5%	1.7%	2.4%	3.3%	2.0%	2.1%	3.2%	4.2%	2.8%	2.8%	4.2%
Discount rate - service cost	2.7%	1.6%	2.3%	2.5%	3.4%	2.1%	2.5%	3.3%	4.3%	2.9%	3.0%	4.2%
Discount rate - interest cost on service cost	2.0%	1.4%	2.0%	1.8%	2.8%	1.9%	2.4%	2.8%	3.8%	2.8%	2.9%	3.9%
Discount rate - interest cost on PBO	1.8%	1.2%	1.3%	1.7%	2.8%	1.8%	1.9%	2.8%	3.9%	2.6%	2.5%	3.9%
Expected long-term rate of return on assets	7.2%	3.1%	5.4%	N/A	7.7%	5.0%	5.9%	N/A	7.6%	5.6%	6.0%	2.0%
Rate of increase in compensation levels	4.3%	3.0%	2.3%	N/A	4.3%	3.0%	2.3%	N/A	4.3%	3.0%	2.3%	N/A
Healthcare cost trend												
Initial rate				6.3%				6.5%				6.0%
Ultimate rate				5.0%				5.0%				5.0%
Year reaching ultimate rate				2027				2027				2022

The following tables present the assumptions used in the valuation to determine the projected benefit obligation for the fiscal years ended December 31, 2021 and 2020:

	December 31, 2021				December 31, 2020			
	U.S.	U.K.	Other	PRW	U.S.	U.K.	Other	PRW
Discount rate	2.8%	1.9%	2.0%	2.8%	2.5%	1.5%	1.7%	2.4%
Rate of increase in compensation levels	4.3%	3.4%	2.3%	N/A	4.3%	3.0%	2.3%	N/A

The expected return on plan assets was determined on the basis of the weighted-average of the expected future returns of the various asset classes, using the target allocations shown below. The Company's pension plan asset target allocations as of December 31, 2021 were as follows:

	U.S.	U.K.		Switzerland	Canada	Germany		Ireland	
			Towers				Towers		Towers
Asset Category	WTW	Willis	Willis	Watson	WTW	WTW	Watson	Willis	Watson
Equity securities	23%	30%	—%	1%	49%	40%	40%	31%	42%
Debt securities	33%	33%	27%	25%	18%	50%	50%	27%	29%
Real estate	6%	11%	—%	1%	28%	5%	—%	4%	—%
Other	38%	26%	73%	73%	5%	5%	10%	38%	29%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%

The Willis plan in Germany is invested in insurance contracts. Consequently, the asset allocations of the plans are managed by the respective insurer. The French plan is unfunded.

13. RETIREMENT BENEFITS (continued)

Our investment strategy is designed to generate returns that will reduce the interest rate risk inherent in each of the plan's benefit obligations and enable the plans to meet their future obligations. The precise amount for which these obligations will be settled depends on future events, including the life expectancy of the plan participants and salary inflation. The obligations are estimated using actuarial assumptions based on the current economic environment.

Each pension plan seeks to achieve total returns sufficient to meet expected future obligations when considered in conjunction with expected future contributions and prudent levels of investment risk and diversification. Each plan's targeted asset allocation is generally determined through a plan-specific asset-liability modeling study. These comprehensive studies provide an evaluation of the projected status of asset and benefit obligation measures for each plan under a range of both positive and negative factors. The studies include a number of different asset mixes, spanning a range of diversification and potential equity exposures.

In evaluating the strategic asset allocation choices, an emphasis is placed on the long-term characteristics of each individual asset class, such as expected return, volatility of returns and correlations with other asset classes within the portfolios. Consideration is also given to the proper long-term level of risk for each plan, the impact of the volatility and magnitude of plan contributions and costs, and the impact that certain actuarial techniques may have on the plan's recognition of investment experience.

We monitor investment performance and portfolio characteristics on a quarterly basis to ensure that managers are meeting expectations with respect to their investment approach. There are also various restrictions and controls placed on managers, including prohibition from investing in our stock.

Fair Value of Plan Assets

The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value:

- Level 1: refers to fair values determined based on quoted market prices in active markets for identical assets;
- Level 2: refers to fair values estimated using observable market-based inputs or unobservable inputs that are corroborated by market data; and
- Level 3: includes fair values estimated using unobservable inputs that are not corroborated by market data.

The fair values of our U.S. plan assets by asset category at December 31, 2021 and 2020 are as follows:

	December 31, 2021				December 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Asset category:								
Cash	$ 5	$ —	$ —	$ 5	$ 3	$ —	$ —	$ 3
Short-term securities	—	65	—	65	—	106	—	106
Pooled / commingled funds	—	—	—	2,788	—	—	—	2,599
Private equity	—	—	—	537	—	—	—	415
Hedge funds	—	—	—	1,315	—	—	—	1,234
Total assets	$ 5	$ 65	$ —	$ 4,710	$ 3	$ 106	$ —	$ 4,357

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13. RETIREMENT BENEFITS (continued)

The fair values of our U.K. plan assets by asset category at December 31, 2021 and 2020 are as follows:

	December 31, 2021				December 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Asset category:								
Cash	$ 389	$ —	$ —	$ 389	$ 366	$ —	$ —	$ 366
Government bonds	2,610	—	—	2,610	2,684	—	—	2,684
Corporate bonds	—	504	—	504	—	898	—	898
Other fixed income	—	519	—	519	—	458	—	458
Pooled / commingled funds	—	—	—	1,537	—	—	—	1,237
Mutual funds	—	—	—	12	—	—	—	59
Private equity	—	—	—	25	—	—	—	31
Derivatives	—	226	—	226	—	376	—	376
Real estate	—	—	—	152	—	—	—	159
Insurance contracts	—	—	69	69	—	—	71	71
Total assets	$ 2,999	$ 1,249	$ 69	$ 6,043	$ 3,050	$ 1,732	$ 71	$ 6,339
Liability category:								
Repurchase agreements	—	777	—	777	—	572	—	572
Net assets	$ 2,999	$ 472	$ 69	$ 5,266	$ 3,050	$ 1,160	$ 71	$ 5,767

The fair values of our Other plan assets by asset category at December 31, 2021 and 2020 are as follows:

	December 31, 2021				December 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Asset category:								
Cash	$ 4	$ —	$ —	$ 4	$ 2	$ —	$ —	$ 2
Pooled / commingled funds	—	—	—	648	—	—	—	635
Hedge funds	—	—	—	43	—	—	—	39
Insurance contracts	—	—	7	7	—	—	8	8
Investment in multiple-employer pension plan	—	—	37	37	—	—	—	—
Total assets	$ 4	$ —	$ 44	$ 739	$ 2	$ —	$ 8	$ 684

We evaluate the need to transfer between levels based upon the nature of the financial instrument and size of the transfer relative to the total net assets of the plans. There were no significant transfers between Levels 1, 2 or 3 in the fiscal years ended December 31, 2021 and 2020.

In accordance with Subtopic 820-10, *Fair Value Measurement and Disclosures*, certain investments that are measured at fair value using the net asset value per share practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of net assets.

Following is a description of the valuation methodologies used for investments at fair value:

Short-term securities: Valued at the net value of shares held by the Company at year end as reported by the sponsor of the funds.

Government bonds: Valued at the closing price reported in the active market in which the bond is traded.

Corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing values on yields currently available on comparable securities of issuers with similar credit ratings.

Other fixed income: Foreign and municipal bonds are valued using pricing models maximizing the use of observable inputs for similar securities.

13. RETIREMENT BENEFITS (continued)

Pooled / commingled funds and mutual funds: Valued at the net value of shares held by the Company at year end as reported by the manager of the funds. These funds are not exchange-traded and are not reported by level in the tables above.

Derivative investments: Valued at the closing level of the relevant index or security and interest accrual through the valuation date.

Private equity funds, real estate funds, hedge funds: The fair values for these investments are estimated based on the net asset values derived from the latest audited financial statements or most recent capital account statements provided by the private equity fund's investment manager or third-party administrator.

Insurance contracts: The fair values are determined using model-based techniques that include option-pricing models, discounted cash flow models and similar techniques.

Investment in multiple-employer pension plan: The Company sponsors a pension plan for its Swiss employees in which assets of the plan are invested in a collective fund with multiple employers through a Swiss insurance company. WTW does not have rights to, nor does it have investment authority over, the individual assets of the plan. The fair value of the plan assets is estimated based on information provided by the collective fund.

Repurchase agreements: Valued as the repurchase obligation which includes an interest rate linked to the underlying fixed interest government bond portfolio. These agreements are short-term in nature (less than one year) and were entered into for the purpose of purchasing additional government bonds.

Level 3 investments

As a result of the inherent limitations related to the valuations of the Level 3 investments, due to the unobservable inputs of the underlying funds, the estimated fair values may differ significantly from the values that would have been used had a market for those investments existed.

The following table sets forth a summary of changes in the fair value of the plans' Level 3 assets for the fiscal year ended December 31, 2021:

	Level 3 Roll Forward
Beginning balance at December 31, 2020	$ 79
Purchases	37
Unrealized loss	(2)
Foreign exchange	(1)
Ending balance at December 31, 2021	$ 113

Contributions and Benefit Payments

Funding is based on actuarially-determined contributions and is limited to amounts that are currently deductible for tax purposes. Since funding calculations are based on different measurements than those used for accounting purposes, pension contributions are not equal to net periodic pension costs.

The following table sets forth our projected pension contributions to our qualified plans for fiscal year 2022, as well as the pension contributions to our qualified plans in fiscal years 2021 and 2020:

	2022 (Projected)	2021 (Actual)	2020 (Actual)
U.S.	$ 60	$ 60	$ 40
U.K.	$ 40	$ 41	$ 65
Other	$ 25	$ 25	$ 24

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13. RETIREMENT BENEFITS (continued)

Expected benefit payments from our defined benefit pension plans to current plan participants, including the effects of their expected future service, as appropriate, are as follows:

	Benefit Payments				
Fiscal Year	**U.S.**	**U.K.**	**Other**	**PRW**	**Total**
2022	$ 284	$ 133	$ 40	$ 10	$ 467
2023	267	126	30	10	433
2024	276	133	32	10	451
2025	281	135	33	11	460
2026	288	145	35	11	479
Years 2027 – 2031	1,454	783	199	56	2,492
	$ 2,850	$ 1,455	$ 369	$ 108	$ 4,782

Defined Contribution Plans

We have defined contribution plans covering eligible employees in many countries. The most significant plans are in the U.S. and U.K. and are described here.

We have a U.S. defined contribution plan covering all eligible employees of WTW. The Plan allows participants to make pre-tax and Roth after-tax contributions, and the Company provides a 100% match on the first 1% of employee contributions and a 50% match on the next 5% of employee contributions. Employees vest in the Company match upon 2 years of service. All investment assets of the plan are held in a trust account administered by independent trustees.

Our Legacy Towers Watson U.K. and Legacy Willis U.K. pension plans provide for a defined contribution component as part of a master trust. We make contributions to the plan, a portion of which represents matching contributions made by the participants up to a maximum rate.

We had defined contribution plan expense for the years ended December 31, 2021, 2020 and 2019 amounting to $155 million, $160 million and $150 million, respectively.

14. LEASES

The following tables present amounts recorded on our consolidated balance sheets at December 31, 2021 and 2020, classified as either operating or finance leases. Operating leases are presented separately on our consolidated balance sheets. For the finance leases, the right-of-use ('ROU') assets are included in fixed assets, net, and the liabilities are classified within other current liabilities and other non-current liabilities.

	December 31, 2021			December 31, 2020		
	Operating Leases	**Finance Leases**	**Total Leases**	**Operating Leases**	**Finance Leases**	**Total Leases**
Right-of-use assets	$ 720	$ 6	$ 726	$ 901	$ 8	$ 909
Current lease liabilities	150	4	154	152	3	155
Long-term lease liabilities	734	15	749	917	19	936

14. LEASES (continued)

The following tables present amounts recorded on our consolidated statements of comprehensive income for the years ended December 31, 2021, 2020 and 2019:

	Years ended December 31,		
	2021	2020	2019
Finance lease cost:			
Amortization of right-of-use assets	$ 1	$ 2	$ 2
Interest on lease liabilities	3	3	3
Operating lease cost	192	181	191
Short-term lease cost	1	1	2
Variable lease cost	52	53	51
Sublease income	(20)	(21)	(16)
Total lease cost, net	$ 229	$ 219	$ 233

The total lease cost is recognized in different locations in our consolidated statements of comprehensive income. Amortization of the finance lease ROU assets is included in depreciation, while the interest cost component of these finance leases is included in interest expense. All other costs are included in other operating expenses, with the exception of $19 million that was included in restructuring costs (see Note 6 to these Consolidated Financial Statements) that primarily related to the impairment of certain right-of-use assets. There are no significant lease costs that have been included as discontinued operations in the consolidated statements of comprehensive income during the years ended December 31, 2021, 2020 and 2019.

Cash paid for amounts included in the measurement of lease liabilities for the years ended December 31, 2021, 2020 and 2019, as well as its location in the consolidated statements of cash flows, is as follows:

	Years ended December 31,		
	2021	2020	2019
Cash flows from operating activities:			
Operating leases	$ 186	$ 190	$ 205
Finance leases	3	3	3
Cash flows used in financing activities:			
Finance leases	3	3	2
Total lease payments	$ 192	$ 196	$ 210

Non-cash additions to our operating lease ROU assets, net of modifications, were $37 million, $70 million and $124 million during the years ended December 31, 2021, 2020 and 2019, respectively.

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14. LEASES (continued)

The following table reflects changes in the net carrying amount of operating lease right-of-use assets for the year ended December 31, 2021:

	Land and buildings
Cost: at January 1, 2020	1,118
Additions	18
Remeasurements	52
Retirements	(47)
Foreign exchange	27
Cost: at December 31, 2020	$ 1,168
Additions	42
Remeasurements	(5)
Retirements	(98)
Foreign exchange	(26)
Cost: at December 31, 2021	$ 1,081
Depreciation: at January 1, 2020	(150)
Depreciation expense	(146)
Retirements	47
Disposals	(13)
Foreign exchange	(5)
Depreciation: at December 31, 2020	$ (267)
Depreciation expense	(200)
Retirements	98
Disposals	—
Foreign exchange	8
Depreciation: at December 31, 2021	$ (361)
Net book value:	
At December 31, 2020	$ 901
At December 31, 2021	$ 720

Our operating and finance leases have the following weighted-average terms and discount rates as of December 31, 2021 and 2020:

	December 31, 2021		December 31, 2020	
	Operating Leases	Finance Leases	Operating Leases	Finance Leases
Weighted-average term (in years)	7.5	4.1	8.3	5.2
Weighted-average discount rate	3.3%	12.7%	3.4%	12.9%

14. LEASES (continued)

The maturity of our lease liabilities on an undiscounted basis, including a reconciliation to the total lease liabilities reported on the consolidated balance sheet as of December 31, 2021, is as follows:

	Operating Leases	Finance Leases	Total Leases
2022	$ 179	$ 6	$ 185
2023	151	6	157
2024	135	6	141
2025	122	6	128
2026	104	1	105
Thereafter	314	—	314
Total future lease payments	1,005	25	1,030
Interest	(121)	(6)	(127)
Total lease liabilities	$ 884	$ 19	$ 903

15. COMMITMENTS AND CONTINGENCIES

Guarantees

Guarantees issued by certain of Willis Towers Watson's subsidiaries with respect to the senior notes and credit facilities are discussed in Note 11 to these Consolidated Financial Statements.

Certain of WTW's subsidiaries in the U.S. and the U.K. have given the landlords of some leased properties occupied by the Company guarantees with respect to the repayment of the lease obligations. The operating lease obligations subject to such guarantees amounted to $498 million and $566 million at December 31, 2021 and 2020, respectively. The finance lease obligations subject to such guarantees amounted to $4 million and $5 million at December 31, 2021 and 2020, respectively.

Acquisition liabilities

The Company has deferred and contingent consideration related to acquisitions due to be paid until 2024 totaling $51 million at December 31, 2021. Total deferred and contingent consideration paid during the year ended December 31, 2021 was $19 million.

Other contractual obligations

For certain subsidiaries and associates, the Company has the right to purchase shares (a call option) from co-shareholders at various dates in the future. In addition, the co-shareholders of certain subsidiaries and associates have the right to sell their shares (a put option) to the Company at various dates in the future. Generally, the exercise price of such put options and call options is formula-based (using revenue and earnings) and is designed to reflect fair value. Based on current projections of profitability and exchange rates, and assuming the put options are exercised, the potential amount payable from these put options is not expected to exceed $17 million.

Additionally, the Company has capital commitments with Trident V Parallel Fund, LP, an investment fund managed by Stone Point Capital, and Dowling Capital Partners I, LP. At December 31, 2021, the Company is obligated to make capital contributions of approximately $2 million, collectively, to these funds.

Indemnification Agreements

WTW has various agreements which provide that it may be obligated to indemnify the other party to the agreement with respect to certain matters. Generally, these indemnification provisions are included in contracts arising in the normal course of business and in connection with the purchase and sale of certain businesses, including the disposal of Willis Re. It is not possible to predict the maximum potential amount of future payments that may become due under these indemnification agreements because of the conditional nature of the Company's obligations and the unique facts of each particular agreement. However, we do not believe that any potential liability that may arise from such indemnity provisions is probable or material.

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15. COMMITMENTS AND CONTINGENCIES (continued)

Legal Proceedings

In the ordinary course of business, the Company is subject to various actual and potential claims, lawsuits and other proceedings. Some of the claims, lawsuits and other proceedings seek damages in amounts which could, if assessed, be significant. We expect the impact of claims or demands not described below to be immaterial to the Company's consolidated financial statements. The Company also receives subpoenas in the ordinary course of business and, from time to time, receives requests for information in connection with governmental investigations.

Errors and omissions claims, lawsuits, and other proceedings arising in the ordinary course of business are covered in part by professional indemnity or other appropriate insurance. The terms of this insurance vary by policy year. Regarding self-insured risks, the Company has established provisions which are believed to be adequate in light of current information and legal advice, or, in certain cases, where a range of loss exists, the Company accrues the minimum amount in the range if no amount within the range is a better estimate than any other amount. The Company adjusts such provisions from time to time according to developments. See Note 17 to these Consolidated Financial Statements for the amounts accrued at December 31, 2021 and 2020 in the consolidated balance sheets.

On the basis of current information, the Company does not expect that the actual claims, lawsuits and other proceedings to which it is subject, or potential claims, lawsuits, and other proceedings relating to matters of which it is aware, will ultimately have a material adverse effect on its financial condition, results of operations or liquidity. Nonetheless, given the large or indeterminate amounts sought in certain of these actions, and the inherent unpredictability of litigation and disputes with insurance companies, it is possible that an adverse outcome or settlement in certain matters could, from time to time, have a material adverse effect on the Company's results of operations or cash flows in particular quarterly or annual periods. In addition, given the early stages of some litigation or regulatory proceedings described below, it may not be possible to predict their outcomes or resolutions, and it is possible that any one or more of these events may have a material adverse effect on the Company.

The Company provides for contingent liabilities based on ASC 450, *Contingencies,* when it is determined that a liability, inclusive of defense costs, is probable and reasonably estimable. The contingent liabilities recorded are primarily developed actuarially. Litigation is subject to many factors which are difficult to predict so there can be no assurance that in the event of a material unfavorable result in one or more claims, we will not incur material costs.

WTW Merger-Related Securities Litigation

The Company was named as a defendant in two consolidated actions arising out of the 2016 'merger of equals' between Towers Watson and Willis (the 'Merger'), consisting of a consolidated shareholder class action pending in the United States District Court for the Eastern District of Virginia, captioned 'In re Willis Towers Watson plc Proxy Litigation,' Master File No. 1:17-cv-1338-AJT-JFA (the 'Federal Action'), and a consolidated putative shareholder class action pending in the Delaware Court of Chancery, captioned 'In re Towers Watson & Co. Stockholders Litigation,' C.A. No. 2018-0132-KSJM (the 'Delaware Action'). The complaints in these actions generally allege that the defendants omitted material information from the proxy disclosures relating to the Merger, including with respect to potential conflicts of interest, and, as a result, that Towers Watson's stockholders approved the Merger based on inadequate information. Based on these allegations, among others, the complaint in the Federal Action asserts claims under Sections 14(a) and 20(a) of the Securities Exchange Act of 1934, and the complaint in the Delaware Action asserts claims under Delaware state law for breach of fiduciary duty and aiding and abetting breach of fiduciary duty.

On or about November 19, 2020, the parties to the Federal Action and the Delaware Action reached an agreement in principle to resolve the Federal Action and the Delaware Action for $75 million and $15 million, respectively. The Company agreed to the settlement and the payment of the settlement amounts to eliminate the distraction, burden, expense and uncertainty of further litigation. Further, in reaching the settlement, the parties understood and agreed that there is no admission of liability or wrongdoing by the Company or any of the other defendants in either the Federal Action or the Delaware Action. The Company and the other defendants expressly deny any liability or wrongdoing with respect to the matters alleged in the Federal Action and the Delaware Action.

On January 15, 2021, the parties to the Federal Action and the Delaware Action signed formal stipulations of settlement, which memorialized the terms of the agreement in principle, and which the plaintiffs in the Federal Action and the Delaware Action then filed with each of the respective courts. Also on January 15, 2021, the plaintiff in the Federal Action filed a motion to

15. COMMITMENTS AND CONTINGENCIES (continued)

preliminarily approve the settlement. On January 21, 2021 the court in the Federal Action preliminarily approved the settlement, approved the form of notice to be disseminated to class members, and scheduled a final fairness hearing on the settlement for May 21, 2021. On May 21, 2021, following the final fairness hearing, the court in the Federal Action finally approved the settlement. On January 25, 2021 the court in the Delaware Action approved the form of notice to be disseminated to class members and scheduled a final fairness hearing on the settlement for May 25, 2021. On May 25, 2021, following the final fairness hearing, the court in the Delaware Action finally approved the settlement. The Company made the $90 million aggregate settlement payment in escrow in February 2021.

During 2020 the Company recognized $65 million of expense, net of $25 million of insurance and other recoveries. Additional insurance recoveries are possible.

16. PROVISIONS FOR LIABILITIES

An analysis of movements on provisions for liabilities is as follows:

	Claims, lawsuits and other proceedings[i]	Other provisions[ii]	Total
Balance at January 1, 2020	$ 456	$ 80	$ 536
Net provisions made during the year	109	30	139
Provisions disposed of, net of provisions acquired, during the year	—	(1)	(1)
Balances transferred out during the year[iii]	(210)	—	(210)
Utilized in the year	(33)	(33)	(66)
Foreign currency translation adjustment	3	5	8
Balance at December 31, 2020	$ 325	$ 81	$ 406
Net provisions made during the year	37	16	53
Provisions disposed of, net of provisions acquired, during the year	—	(9)	(9)
Utilized in the year	(50)	(20)	(70)
Foreign currency translation adjustment	(1)	(4)	(5)
Balance at December 31, 2021	$ 311	$ 64	$ 375

(i) The claims, lawsuits and other proceedings provision includes E&O cases which represents management's assessment of liabilities that may arise from asserted and unasserted claims for alleged errors and omissions that arise in the ordinary course of the Company's business. Where some of the potential liability is recoverable under the Company's external insurance arrangements, the full assessment of the liability is included in the provision with the associated insurance recovery shown separately as an asset.

(ii) The 'Other' category includes amounts that principally relate to post-placement service provisions, property and employee-related provisions.

(iii) Amounts relating to certain litigation settlements which were previously recognized within Provisions for Liabilities were transferred to Accrued expenses during 2020 and were subsequently settled in the first quarter of 2021.

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17. SUPPLEMENTARY INFORMATION FOR CERTAIN BALANCE SHEET ACCOUNTS

Additional details of specific balance sheet accounts are detailed below. The information at both dates presented excludes the assets and liabilities of Willis Re, which have been reclassified as held for sale as appropriate on the consolidated balance sheets.

Other current assets consist of the following:

	December 31, 2021	December 31, 2020
Prepayments and accrued income	$ 137	$ 120
Short-term investments	200	—
Deferred contract costs	74	94
Derivatives and investments	35	42
Deferred compensation plan assets	19	14
Retention incentives	4	5
Corporate income and other taxes	82	82
Insurance and other recovery receivables	1	25
Restricted cash	—	7
Acquired renewal commissions receivable	11	16
Other current assets	49	74
Total other current assets	$ 612	$ 479

Other non-current assets consist of the following:

	December 31, 2021	December 31, 2020
Prepayments and accrued income	$ 11	$ 13
Deferred contract costs	115	97
Deferred compensation plan assets	109	103
Accounts receivable, net	23	35
Acquired renewal commissions receivable	52	84
Long-term note receivable	69	71
Other investments	55	70
Insurance recovery receivables	96	117
Non-current contract assets	532	327
Other non-current assets	38	43
Total other non-current assets	$ 1,100	$ 960

Deferred revenue and accrued expenses consist of the following:

	December 31, 2021	December 31, 2020
Accounts payable, accrued liabilities and deferred income	$ 898	$ 857
Accrued discretionary and incentive compensation	811	800
Litigation settlements	—	210
Accrued vacation	145	156
Other employee-related liabilities	72	75
Total deferred revenue and accrued expenses	$ 1,926	$ 2,098

17. SUPPLEMENTARY INFORMATION FOR CERTAIN BALANCE SHEET ACCOUNTS (continued)

Other current liabilities consist of the following:

	December 31, 2021	December 31, 2020
Dividends payable	$ 112	$ 103
Other taxes payable	18	37
Interest payable	55	68
Deferred compensation plan liabilities	49	55
Contingent and deferred consideration on acquisitions	24	39
Accrued retirement benefits	65	37
Payroll and other benefits-related liabilities	230	228
Derivatives	—	5
Third party commissions	101	95
Other current liabilities	101	71
Total other current liabilities	$ 755	$ 738

Other non-current liabilities consist of the following:

	December 31, 2021	December 31, 2020
Deferred compensation plan liability	$ 109	$ 103
Contingent and deferred consideration on acquisitions	27	16
Liabilities for uncertain tax positions	43	49
Derivatives	—	2
Finance leases	15	19
Other non-current liabilities	59	101
Total other non-current liabilities	$ 253	$ 290

18. OTHER INCOME, NET

Other income, net consists of the following:

	Years ended December 31,		
	2021	2020	2019
Gain/(loss) on disposal of operations	$ 379	$ 81	$ (2)
Net periodic pension and postretirement benefit credits	303	304	234
Interest in earnings of associates and other investments	8	6	21
Foreign exchange gain/(loss)	8	3	(27)
Other	3	2	—
Other income, net	$ 701	$ 396	$ 226

Certain prior period amounts within the tables above have been reclassified to discontinued operations within the consolidated profit and loss account.

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19. ACCUMULATED OTHER COMPREHENSIVE LOSS

The components of other comprehensive income/(loss) are as follows:

	December 31, 2021			December 31, 2020			December 31, 2019		
	Before tax amount	Tax	Net of tax amount	Before tax amount	Tax	Net of tax amount	Before tax amount	Tax	Net of tax amount
Other comprehensive (loss)/income:									
Foreign currency translation	$ (87)	$ —	$ (87)	$ 139	$ —	$ 139	$ 78	$ —	$ 78
Defined pension and post-retirement benefits	343	(83)	260	(342)	76	(266)	(412)	83	(329)
Derivative instruments	(1)	3	2	(5)	1	(4)	23	(2)	21
Other comprehensive income/(loss)	255	(80)	175	(208)	77	(131)	(311)	81	(230)
Less: Other comprehensive income attributable to non-controlling interests	(2)	—	(2)	(1)	—	(1)	—	—	—
Other comprehensive income/(loss) attributable to WTW	$ 253	$ (80)	$ 173	$ (209)	$ 77	$ (132)	$ (311)	$ 81	$ (230)

Changes in accumulated other comprehensive loss, net of non-controlling interests and net of tax are provided in the following table. This table excludes amounts attributable to non-controlling interests, which are not material for further disclosure.

	Foreign currency translation (i)	Derivative instruments (i)	Defined pension and post-retirement benefit costs (ii)	Total
Balance, January 1, 2019	$ (616)	$ (8)	$ (1,337)	$ (1,961)
Other comprehensive income/(loss) before reclassifications	78	12	(343)	(253)
Loss reclassified from accumulated other comprehensive loss (net of income tax benefit of $9)	—	9	14	23
Net other comprehensive income/(loss)	78	21	(329)	(230)
Reclassification of tax effects per ASU 2018-02 (iii)	—	—	(36)	(36)
Balance, December 31, 2019	$ (538)	$ 13	$ (1,702)	$ (2,227)
Other comprehensive income/(loss) before reclassifications	138	(12)	(298)	(172)
Loss reclassified from accumulated other comprehensive loss (net of income tax benefit of $11)	—	8	32	40
Net other comprehensive income/(loss)	138	(4)	(266)	(132)
Balance, December 31, 2020	$ (400)	$ 9	$ (1,968)	$ (2,359)
Other comprehensive (loss)/income before reclassifications	(133)	9	191	67
Loss/(gain) reclassified from accumulated other comprehensive loss (net of income tax benefit of $12) (iv)	44	(7)	69	106
Net other comprehensive (loss)/income	(89)	2	260	173
Balance, December 31, 2021	$ (489)	$ 11	$ (1,708)	$ (2,186)

(i) Reclassification adjustments from accumulated other comprehensive loss related to derivative instruments are included in Revenue and Salaries and benefits in the accompanying consolidated statements of comprehensive income. See Note 10 to these Consolidated Financial Statements for additional details regarding the reclassification adjustments for the derivative settlements.

(ii) Reclassification adjustments from accumulated other comprehensive loss are included in the computation of net periodic pension cost (see Note 13 to these Consolidated Financial Statements). These components are included in Other income, net in the accompanying consolidated statements of comprehensive income.

(iii) On January 1, 2019, in accordance with ASU 2018-02, we reclassified to Retained earnings $36 million of defined pension and postretirement costs, representing the 'stranded' tax effect of the change in the U.S. federal corporate tax rate resulting from U.S. Tax Reform.

(iv) Includes reclassifications of $44 million and $31 million of foreign currency translation and defined pension and post-retirement benefit costs, respectively, attributable to the gain on disposal of our Miller business (see Note 3 to these Consolidated Financial Statements). The net gain on disposal is included in Other income, net in the accompanying consolidated statements of comprehensive income.

20. EMPLOYEES

The average numbers of people, including Executive Directors, employed by the Company are approximated below:

	Years ended December 31,		
	2021	2020	2019
	(average number)	(average number)	(average number)
Human Capital and Benefits	14,500	14,900	14,300
Corporate Risk and Broking	11,800	13,200	13,500
Investment, Risk and Reinsurance	3,800	4,100	3,900
Benefits Delivery and Administration	6,700	6,400	4,900
Total operating segments	36,800	38,600	36,600
Corporate and Other	8,800	7,700	7,800
Total average number of employees for the year	45,600	46,300	44,400

(i) Approximately 1,400 colleagues provide region and account management and operational support for the HCB and CRB segments and in prior year were allocated to those segments. These colleagues have been included in Corporate and Other in 2021, consistent with our treatment of other shared resources.

Staff costs were as follows:

	Years ended December 31,		
	2021	2020	2019
Salaries and other compensation (i)	$ 4,490	$ 4,433	$ 4,223
Share-based compensation	101	90	74
Severance costs	21	13	33
Social security costs	361	363	359
Retirement benefits — defined benefit plan expense	135	108	99
Retirement benefits — defined contribution plan expense	145	150	141
Total salaries and benefits expense	$ 5,253	$ 5,157	$ 4,929
Restructuring costs termination benefits	—	24	—
Transaction and integration expenses	72	10	—
Total salaries and benefits expense, including termination benefits	$ 5,325	$ 5,191	$ 4,929
Staff costs capitalized	125	128	110
Total staff costs	$ 5,450	$ 5,319	$ 5,039

(i) Salaries and other compensation includes: $3,240 million salaries and directors' fees, $1,253 million benefits and incentive awards and $(3) million amortization of cash retention awards (2020: $3,258 million, $1,174 million and $1 million, respectively; 2019: $3,170 million, $1,052 million and $1 million, respectively).

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21. DIRECTORS' AND AUDITOR'S REMUNERATION

Directors' remuneration set forth below represents remuneration for services to Willis Towers Watson plc.

Directors' remuneration in respect of services to the Parent Company are included and also disclosed in Note 6 to the Parent Company Financial Statements.

An analysis of directors' remuneration is as follows:

	Years ended December 31,		
	2021	2020	2019
Aggregate emoluments in respect of qualifying services (i) (ii)			
Director services (iii)	$ 3	$ 3	$ 3
Managerial services (iv) (vi) (vii)	35	4	52
Total emoluments	$ 38	$ 7	$ 55
Defined contribution retirement scheme contributions – managerial services (iv) (v)	2	2	2
Total directors' remuneration (vi) (vii) (viii) (ix)	$ 40	$ 9	$ 57

(i) Emoluments information includes salaries, fees, bonuses, any sums paid by way of expense allowances in so far as those sums are chargeable to income tax, and the estimated money value of any other benefits received otherwise than in cash, including vested share awards but excluding the value of any unvested share awards.

(ii) The Company reimburses directors for reasonable travel and related expenses incurred in connection with their participation in Board or Board Committee meetings. The Company also hired tax consultants, whose fees are expected to be less than €15,000 in the aggregate, in Dublin, Ireland and the U.S. to prepare the directors' Irish and U.S. 2021 tax documentation.

(iii) Includes director's fees of £nil received by Brendan R. O'Neill in connection with his appointment as a director of a subsidiary of the Company (2020: £50,000; 2019: £50,000).

(iv) In 2021, 2020 and 2019, directors' remuneration for managerial services represents remuneration of John J. Haley (CEO) for services to the Company.

(v) Defined contribution retirement scheme contributions treated as paid or payable during 2021 were $1,730,113, in respect of the qualifying managerial services of one director (2020: $2,412,212 in respect of one director; 2019: $1,927,165, in respect of one director). The increase in the actuarial present value of accumulated benefits under defined benefit retirement schemes during 2021 was $34,743 (2020: $187,555; 2019: $181,015), in respect of the qualifying managerial services of one director).

(vi) In aggregate, directors made $18,369,603 gains on the exercise of share options during 2021 (2020: $nil and 2019: $nil).

(vii) The amounts shown include all amounts paid or payable to a person connected with a director.

(viii) In 2021, in respect of qualifying managerial services, there were $11,755,876 of long-term incentive scheme amounts (excluding share options), share options or termination payments (2020: $nil and 2019: $nil).

(ix) In 2021, 2020 and 2019 no additional amounts were paid or payable to past directors (i.e. directors who resigned or ceased to hold office before the start of the respective financial year) in respect of termination or retirement benefits.

An analysis of remuneration to Deloitte Ireland LLP (2019: Deloitte LLP) and its affiliates is as follows:

	Years ended December 31,		
	2021	2020	2019
Audit fees	$ 20	$ 16	$ 16
Audit-related fees	1	2	2
Tax advisory services and Other non-audit services	—	—	—
Total auditor's remuneration	$ 21	$ 18	$ 18

An analysis of Deloitte Ireland LLP's (2019: Deloitte LLP's) remuneration is as follows:

	Years ended December 31,		
	2021	2020	2019
Audit of the Company's consolidated financial statements	$ —	$ —	$ 1
Other assurance services	—	—	3
Tax advisory services and Other non-audit services	—	—	—
Total auditor's remuneration (i)	$ —	$ —	$ 4

(i) Includes out-of-pocket expenses. See Note 7 to the Parent Company Financial Statements for additional details of Deloitte Ireland LLP's $160,000 remuneration in 2021 (2020: $155,000).

22. SHARE-BASED COMPENSATION

Amounts related to discontinued operations in the tables and other disclosures below were not material during the years ended December 31, 2021, 2020 and 2019.

Plan Summaries

On December 31, 2021, the Company had a number of open share-based compensation plans, which provide for the granting of time-based and performance-based options, time-based and performance-based restricted stock units, and various other share-based grants to employees. All of the Company's share-based compensation plans under which any options, restricted stock units ('RSUs') or other share-based grants are outstanding as of December 31, 2021 are described below. The compensation cost that has been recognized for these plans for the years ended December 31, 2021, 2020 and 2019 was $101 million, $90 million and $74 million, respectively. Of the $101 million compensation cost for the year ended December 31, 2021, $7 million was recognized as transaction and integration expense. The total income tax benefits recognized in the consolidated statements of comprehensive income for share-based compensation arrangements for the years ended December 31, 2021, 2020, and 2019 were $17 million, $15 million and $11 million, respectively.

2012 Equity Incentive Plan

This plan, established on April 25, 2012 and amended and restated on June 10, 2016, provides for the granting of incentive stock options, time-based or performance-based non-statutory stock options, share appreciation rights, restricted shares, time-based or performance-based RSUs, performance-based awards and other share-based grants or any combination thereof to employees, officers, non-employee directors and consultants of the Company ('2012 Plan'). The Board of Directors also adopted a sub-plan under the 2012 Plan to provide an employee sharesave scheme in the U.K.

There were approximately 3 million shares remaining available for grant under this plan as of December 31, 2021. Options are exercisable on a variety of dates, including from the second, third, fourth or fifth anniversary of the grant date. The 2012 Plan shall continue in effect until terminated by the Board of Directors, except that no incentive stock option may be granted under the 2012 Plan after April 21, 2026 or after its expiration. That termination will not affect the validity of any grants outstanding at that date.

Towers Watson Share Plans

In January 2016, in connection with the Merger, we assumed the Towers Watson & Co. 2009 Long-Term Incentive Plan ('2009 LTIP') and converted the outstanding unvested restricted stock units and options into WTW RSUs and options using a conversion ratio stated in the Merger Agreement.

The acquired awards have vested in full, and the Company does not intend to grant future awards under the 2009 LTIP plan.

Options

There were no options granted during the years ended December 31, 2021, 2020 and 2019.

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22. SHARE-BASED COMPENSATION (continued)

Award Activity

Classification of options as time-based or performance-based is dependent on the original terms of the award. Performance conditions on the options have been met. A summary of option activity under the plans at December 31, 2021, and changes during the year then ended is presented below:

	Options (thousands)	Weighted-Average Exercise Price [(i)]	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Time-based stock options				
Balance as of December 31, 2020	85	$ 114.92		
Exercised	(54)	$ 108.74		
Cancelled	(3)	$ 121.48		
Balance as of December 31, 2021	28	$ 126.18	1.4 years	$ 3
Options vested or expected to vest at December 31, 2021	28	$ 126.18	1.4 years	$ 3
Options exercisable at December 31, 2021	15	$ 114.25	1.6 years	$ 2
Performance-based stock options				
Balance as of December 31, 2020	284	$ 110.58		
Exercised	(193)	$ 110.58		
Balance as of December 31, 2021	91	$ 110.58	0.7 years	$ 12
Options vested or expected to vest at December 31, 2021	91	$ 110.58	0.7 years	$ 12
Options exercisable at December 31, 2021	91	$ 110.58	0.7 years	$ 12

(i) Certain options are exercisable in Pounds sterling and are converted to dollars using the exchange rate at December 31, 2021.

The total intrinsic values of time-based options exercised during the years ended December 31, 2021, 2020 and 2019 were $7 million, $17 million and $16 million, respectively. At December 31, 2021, unrecognized compensation cost under time-based plans is not material.

The total intrinsic values of performance-based options exercised during the year ended December 31, 2021 was $23 million; during the year ended December 31, 2020, total intrinsic value was less than $1 million, and was $16 million for the year ended December 31, 2019. At December 31, 2021, there is no unrecognized compensation cost related to the performance-based stock option plans.

Cash received from option exercises under all share-based payment arrangements for the years ended December 31, 2021, 2020 and 2019 was $10 million, $16 million and $45 million, respectively. The actual tax benefit recognized for the tax deductions from option exercises of the share-based payment arrangements totaled $8 million, $5 million and $6 million for the years ended December 31, 2021, 2020 and 2019, respectively.

22. SHARE-BASED COMPENSATION (continued)

Equity-settled RSUs

Valuation Assumptions

The fair value of each time-based RSU is based on the grant date fair value. Because each performance-based RSU contains a market-based performance target, the fair value is estimated on the grant date using a Monte-Carlo simulation that uses the assumptions noted in the following table. Expected volatility is based on the historical volatility of the Company's shares. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of the grant. The assumptions noted in the table below represent the weighted average of each assumption for each grant during the year.

	Years ended December 31,		
	2021	2020	2019
Expected volatility	29.1%	24.2%	25.6%
Expected dividend yield	—%	—%	—%
Expected life (years)	2.9	2.9	2.7
Risk-free interest rate	0.3%	0.4%	2.1%

Award Activity

A summary of time-based and performance-based RSU activity under the plans at December 31, 2021, and changes during the year then ended, is presented below:

	Shares (thousands)	Weighted-Average Grant Date Fair Value
Nonvested shares (time-based RSUs)		
Balance as of December 31, 2020	11	$ 190.09
Granted	399	$ 240.75
Vested	(15)	$ 204.10
Forfeited	(7)	$ 238.60
Balance as of December 31, 2021	388	$ 240.77
Nonvested shares (performance-based RSUs)		
Balance as of December 31, 2020	439	$ 245.49
Granted	277	$ 302.01
Vested	(133)	$ 217.98
Forfeited	(115)	$ 269.70
Balance as of December 31, 2021	468	$ 280.46

Time-based RSUs totaling 15,030, 12,586 and 21,025 vested during the years ended December 31, 2021, 2020 and 2019, respectively, with average share prices of $250.83, $195.69 and $189.42, respectively. At December 31, 2021 there was $85 million of total unrecognized compensation cost related to the time-based RSU plan; that cost is expected to be recognized over a weighted-average period of 2.7 years.

Performance-based RSUs totaling 132,975, 416,349 and 178,346 vested during the years ended December 31, 2021, 2020 and 2019, respectively, with average share prices of $224.79, $185.30 and $175.01, respectively. At December 31, 2021 there was $52 million of total unrecognized compensation cost related to the performance-based RSU plan; that cost is expected to be recognized over a weighted-average period of 2.0 years.

The actual tax benefit recognized for the tax deductions from RSUs that vested totaled $12 million, $7 million and $7 million for the years ended December 31, 2021, 2020 and 2019, respectively.

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22. SHARE-BASED COMPENSATION (continued)

Phantom RSUs

The Company granted 204,269 units of phantom stock with a market-performance feature during the year ended December 31, 2019 and did not grant phantom stock during 2021 and 2020. These are cash-settled awards with final payout based on the performance of the Company's stock. The grant date fair value of the awards was $105.97 per share for the 2019 awards. The fair value of each phantom RSU is estimated using a Monte Carlo simulation. The Company's stock price as of the last day of the period is one of the inputs used in the simulation. Expected volatility is based on the historical volatility of the Company's shares. The expected term of each plan is three years, based on the vesting terms of the awards. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant.

Since the awards are cash-settled, they are considered a liability. Expense is recognized over the service period. The liability is remeasured at the end of each reporting period, and changes in fair value are recognized as compensation cost. For the 2019 plan, as of December 31, 2021, the liability recognized is $31 million and the estimated unrecognized compensation cost is $3 million.

23. EARNINGS PER SHARE

Basic and diluted earnings per share from continuing operations attributable to WTW and discontinued operations, net of tax are calculated by dividing net income from continuing operations attributable to WTW and discontinued operations, net of tax, respectively, by the average number of ordinary shares outstanding during each period. The computation of diluted earnings per share reflects the potential dilution that could occur if dilutive securities and other contracts to issue shares were exercised or converted into shares or resulted in the issuance of shares that then shared in the net income of the Company. See Note 22 to these Consolidated Financial Statements for a summary of our outstanding options and RSUs.

Basic and diluted earnings per share are as follows:

	Years ended December 31,		
	2021	2020	2019
Income from continuing operations	$ 2,156	$ 762	$ 849
Less: income attributable to non-controlling interests	(14)	(24)	(29)
Income from continuing operations attributable to Willis Towers Watson	$ 2,142	$ 738	$ 820
Income from discontinued operations, net of tax	$ 2,080	$ 258	$ 224
Basic weighted-average number of shares outstanding	128	130	130
Dilutive effect of potentially issuable shares	1	—	—
Diluted weighted-average number of shares outstanding	129	130	130
Basic earnings per share from continuing operations attributable to WTW	$ 16.68	$ 5.69	$ 6.32
Dilutive effect of potentially issuable shares	(0.05)	(0.02)	(0.02)
Diluted earnings per share from continuing operations attributable to WTW	$ 16.63	$ 5.67	$ 6.30
Basic earnings per share from discontinued operations, net of tax	$ 16.20	$ 1.99	$ 1.73
Dilutive effect of potentially issuable shares	(0.05)	(0.01)	(0.01)
Diluted earnings per share from discontinued operations, net of tax	$ 16.15	$ 1.98	$ 1.72

There were no anti-dilutive options for the years ended December 31, 2021, 2020 and 2019. For the years ended December 31, 2021, and 2020, 0.3 million and 0.1 million RSUs, respectively, were not included in the computation of the dilutive effect of potentially issuable shares because their effect was anti-dilutive. Anti-dilutive RSUs were immaterial for the year ended December 31, 2019.

24. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Supplemental disclosures regarding cash flow information and non-cash investing and financing activities are as follows:

	As of and for the Years Ended December 31,		
	2021	2020	2019
Supplemental disclosures of cash flow information:			
Cash and cash equivalents	$ 4,486	$ 2,039	$ 887
Fiduciary funds (included in fiduciary assets)	3,203	4,205	3,288
Cash and cash equivalents and fiduciary funds (included in current assets held for sale)	2	50	—
Other restricted cash (included in prepaids and other current assets)	—	7	8
Total cash, cash equivalents and restricted cash	$ 7,691	$ 6,301	$ 4,183
Increase/(decrease) in cash, cash equivalents and other restricted cash	$ 2,425	$ 1,180	$ (136)
(Decrease)/increase in fiduciary funds	(908)	812	58
Total	$ 1,517	$ 1,992	$ (78)
Cash payments for income taxes, net	$ 570	$ 310	$ 299
Cash payments for interest	$ 212	$ 229	$ 210
Cash acquired	$ 5	$ 10	$ 11
Supplemental disclosures of non-cash investing and financing activities:			
Fair value of deferred and contingent consideration related to acquisitions	$ 21	$ 9	$ 13

Revision of previously issued financial statements - During the year ended December 31, 2021, to reflect the guidance on restricted cash presentation in FASB ASC 230, *Statement of Cash Flows*, WTW corrected the classification of its fiduciary funds balances, in the amounts shown in the table above, on our consolidated statements of cash flows, by including these amounts in the total cash, cash equivalents and restricted cash amounts held at each balance sheet date. As a result, cash, cash equivalents and restricted cash balances of $2.1 billion, $895 million and $1.0 billion at December 31, 2020, 2019 and 2018, respectively, have been revised to $6.3 billion, $4.2 billion and $4.3 billion, respectively. Additionally, the effect of exchange rate changes on cash, cash equivalents and restricted cash has been updated to include the effect of exchange rate changes on the fiduciary funds balances.

Prior to this correction, the changes in fiduciary funds were presented in fiduciary assets and liabilities on a gross basis in the cash flows from operating activities, where the amounts fully offset each period. In the current presentation, an additional line item, net (payments)/proceeds from fiduciary funds held for clients, has been included within cash flows from financing activities to represent the change in fiduciary funds balances during the periods. The remaining fiduciary assets and fiduciary liabilities, in equal and offsetting amounts, are no longer presented in the cash flows from operating activities. There was no impact to the total cash flows from operating activities as a result of these changes.

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25. SUBSIDIARY UNDERTAKINGS AND UNDERTAKINGS OF SUBSTANTIAL INTEREST

As of December 31, 2021, the Company included the following subsidiary undertakings principally affecting the assets, liabilities, financial position or profit or loss of the Company.

Subsidiary Name	Registered Office	Country of Registration and Principal Place of Business	Class of Share	Percentage Ownership
Indirect subsidiaries:				
Holding companies				
Trinity Acquisition plc	51 Lime Street, London EC3M 7DQ	England and Wales	Ordinary shares	100%
WTW Delaware Holdings LLC	251 Little Falls Drive, Wilmington, New Castle County, DE 19808	U.S.A.	Membership interest	100%
Willis US Holding Company, LLC	251 Little Falls Drive, Wilmington, New Castle County, DE 19808	U.S.A.	Membership interest	100%
GS & Cie Groupe S.A.S.	33/34 Quai de Dion-Bouton, 92800 Puteaux	France	Ordinary shares	100%
Insurance broking entities				
Willis Limited	51 Lime Street, London EC3M 7DQ	England and Wales	Ordinary shares	100%
Willis HRH, Inc.	200 Liberty Street, New York, NY 10281	U.S.A.	Common shares	100%
Willis North America, Inc.	200 Liberty Street, New York, NY 10281	U.S.A.	Common shares	100%
Willis Towers Watson Northeast, Inc. (formerly Willis of New York, Inc.)	200 Liberty Street, New York, NY 10281	U.S.A.	Common shares	100%
Gras Savoye S.A.S.	33/34 Quai de Dion-Bouton, 92800 Puteaux	France	Ordinary shares	100%
Willis Towers Watson Midwest, Inc.	1001 Lakeside Avenue, Suite 1600, Cleveland, OH 44114	U.S.A.	Common shares	100%
Actuarial, consulting and benefit exchange companies				
Willis Towers Watson US LLC	251 Little Falls Drive, Wilmington, New Castle County, DE 19808	U.S.A.	Membership interest	100%
Towers Watson Limited	Watson House, London Road, Reigate, Surrey, RH2 9PQ	England and Wales	Ordinary shares	100%
Extend Health LLC	251 Little Falls Drive, Wilmington, New Castle County, DE 19808	U.S.A.	Membership interest	100%
MG LLC	251 Little Falls Drive, Wilmington, New Castle County, DE 19808	U.S.A.	Membership interest	100%
TZ Insurance Solutions LLC	251 Little Falls Drive, Wilmington, New Castle County, DE 19808	U.S.A.	Membership interest	100%

As of December 31, 2021, the Company did not have investments in undertakings of substantial interest that substantially affected the net income or net assets of the Company.

26. SUBSEQUENT EVENTS

On March 13, 2022, WTW announced it will withdraw from all of its businesses in Russia and intends to transfer ownership of its Russian businesses to local management who will operate independently in the Russian market.

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Deloitte.

Deloitte Ireland LLP
Chartered Accountants &
Statutory Audit Firm

Independent auditor's report to the members of Willis Towers Watson Public Limited Company

Report on the audit of the financial statements

Opinion on the financial statements of Willis Towers Watson Public Limited Company (the 'parent company')

In our opinion the parent company financial statements:

- give a true and fair view of the assets, liabilities and financial position of the parent company as at financial year end 31 December 2021 and of the profit of the parent company for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

The parent company financial statements we have audited comprise:

- the Statement of Financial Position;
- the Statement of Cash Flows
- the Statement of Changes in Equity; and
- the related notes 1 to 19, including a summary of significant accounting policies as set out in note 1.

The relevant financial reporting framework that has been applied in the preparation of the parent company financial statements is the Companies Act 2014 and International Financial Reporting Standards (IFRS) as adopted by the European Union ("the relevant financial reporting framework").

Basis for opinion

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

We are independent of the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: • Valuation of Investment in Subsidiaries.
Materiality	The materiality that we used for the parent company financial statements was $86 million which was determined on the basis of net assets and represents approximately 0.65% of that metric.
Scoping	We structured our approach to the audit to reflect how the parent company is organised as well as ensuring our audit was both effective and risk focused.

Conclusions relating to going concern

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

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

- As part of our risk assessment procedures, we obtained an understanding of the relevant controls in place regarding going concern.
- Challenged the reasonableness of the key assumptions applied by the directors in their assessment.
- Held discussions with management on the directors' going concern assessment, the future plans for the parent company and the feasibility of those plans.
- Reviewed all board meeting minutes during the period up to the date of approval of the financial statements, for evidence of any discussions and/or decisions that could impact the company's ability to continue as a going concern.
- Assessed the adequacy of the relevant going concern disclosures made in the financial statements

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current financial year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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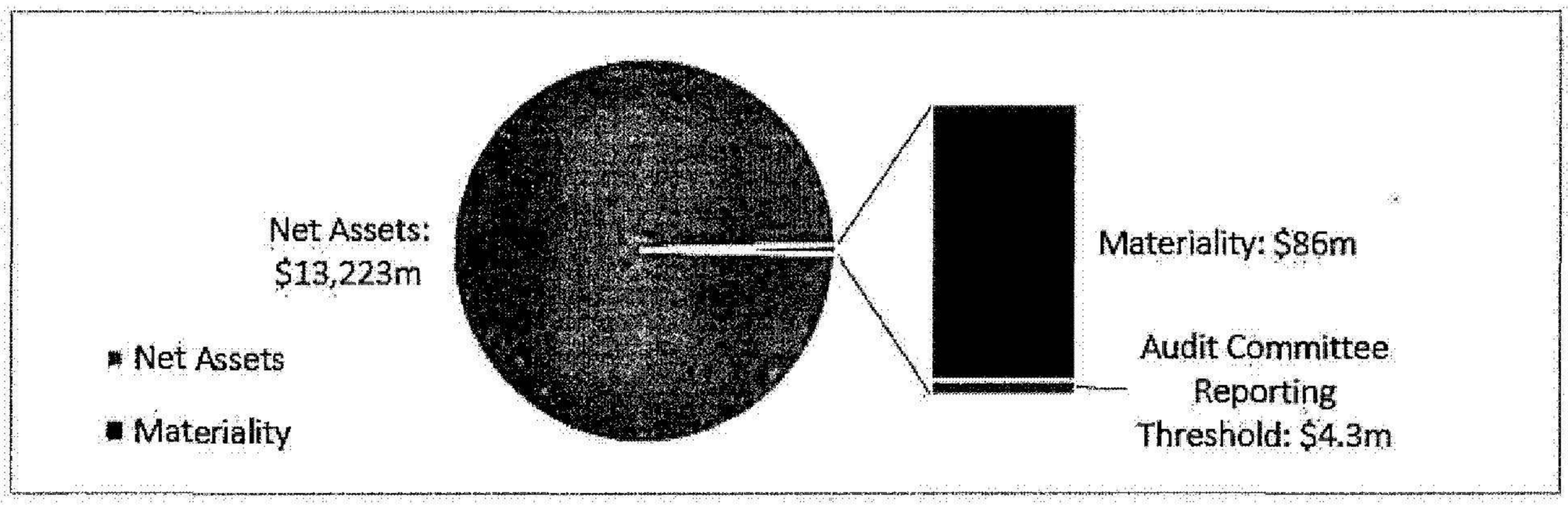
Valuation and Investment in Subsidiaries	
Key audit matter description	Investments in subsidiary undertakings are carried at cost, less any accumulated allowance for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the subsidiary may not be fully recoverable Due to the large quantitative nature of the balance there is a risk of material misstatement arising from the valuation of the carrying value of the investment. Refer to Note 10 to the financial statements and the section 'Key sources of estimation uncertainty' in Note 1 to the financial statements.
How the scope of our audit responded to the key audit matter	We performed substantive testing of the recoverable amount. This included evaluation of any indicators of impairment by performing a review of the financial statements of underlying subsidiaries. We performed substantive testing of the methodology used by management for determining the recoverable amount, which included comparing the value to the market capitalisation of Willis Towers Watson. We agreed the increase in the carrying value to backup received during the financial year.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Our application of materiality

We define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the parent company to be $86 million which is approximately .065% of Net Assets. The basis of materiality is net assets, taking into account the group materiality of $90 million as stated in our opinion on the consolidated financial statements of the group. We have considered Net Assets to be the critical component for determining materiality because the principal activities of the parent company is to hold investments in subsidiaries and debt. We have considered quantitative and qualitative factors such as understanding the entity and its environment, history of misstatements, complexity of the company, and reliability of control environment etc.



We agreed with the Audit Committee that we would report to them any audit differences in excess of $4.3 million as well as differences below that threshold which, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

The scope of our audit was determined by obtaining an understanding of the parent company and its environment, including internal control and assessing the risks of material misstatement.

Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Other information

The other information comprises the information included in the Directors' Report and Consolidated Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Directors' Report and Consolidated Financial Statements.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

For listed entities and public interest entities, the auditor also provides those charged with governance with a statement that the auditor has complied with relevant ethical requirements regarding independence, including the Ethical Standard for Auditors (Ireland) 2016, and communicates with them all relationships and other matters that may reasonably be thought to bear on the auditor's independence, and where applicable, related safeguards.

Where the auditor is required to report on key audit matters, from the matters communicated with those charged with governance, the auditor determines those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. The auditor describes these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the auditor determines that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The consolidated financial statements are in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements and the directors' report has been prepared in accordance with the Companies Act 2014.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

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Use of our report

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Christian MacManus
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

Date: 16 March 2022

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PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

	Note	Years ended December 31, 2021	2020
		(millions)	
Dividends from subsidiaries	2	$ 3,210	$ —
Termination income receipt, net	3	638	—
Other operating charges		(5)	(5)
OPERATING PROFIT/(LOSS)		3,843	(5)
Finance expense	4	(7)	(30)
PROFIT/(LOSS) BEFORE TAXATION		3,836	(35)
Taxation	8	(158)	—
PROFIT/(LOSS) FOR THE YEAR		$ 3,678	$ (35)

All activities derive from continuing operations.

There was no other comprehensive income in 2021 or 2020.

The accompanying notes are an integral part of the Parent Company Financial Statements.

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PARENT COMPANY STATEMENT OF FINANCIAL POSITION

	Note	December 31, 2021	2020
		(millions)	
NON-CURRENT ASSETS			
Investments in subsidiaries	10	$ 12,063	$ 12,016
		12,063	12,016
CURRENT ASSETS			
Receivables	12	1,789	92
Cash at bank and in hand		—	—
		1,789	92
CURRENT LIABILITIES			
Current debt	13	—	500
Payable	13	629	109
		629	609
NET CURRENT ASSETS/(LIABILITIES)		1,160	(517)
TOTAL ASSETS LESS CURRENT LIABILITIES		13,223	11,499
NET ASSETS		$ 13,223	$ 11,499
EQUITY			
Called up share capital	14	$ —	$ —
Share premium account		9,491	9,481
Other reserves		655	608
Profit and loss account [i]		3,077	1,410
SHAREHOLDERS' EQUITY		$ 13,223	$ 11,499

The accompanying notes are an integral part of the Parent Company Financial Statements.

Approved by the Board of Directors on March 16, 2022 and signed on behalf of the Directors:

/s/ Paul D. Thomas
Director

/s/ Brendan R. O'Neill
Director

PARENT COMPANY STATEMENT OF CASH FLOWS

	Years ended December 31,	
	2021	2020
	(millions)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	$ 3,836	$ (35)
Adjustments for:		
Movement in other assets	(1,697)	(119)
Movement in other liabilities	352	1
Net cash provided by/(used in) operating activities	2,491	(153)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds, net of repayments, from intercompany investing activities	—	483
Net cash provided by investing activities	—	483
CASH FLOWS FROM FINANCING ACTIVITIES		
Repurchase of shares	(1,627)	—
Repayment of debt	(500)	—
Proceeds from issuance of shares	10	16
Dividends paid	(374)	(346)
Net cash used in financing activities	(2,491)	(330)
INCREASE IN CASH AND CASH EQUIVALENTS	—	—
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	—	—
CASH AND CASH EQUIVALENTS, END OF YEAR [i]	$ —	$ —

(i) Cash and cash equivalents relate only to cash at bank and in-hand.
(ii) Cash payments for interest were $14 million (2020: $29 million). Dividends received from subsidiary undertakings were $3,210 million (2020: nil).
(iii) During 2020, the Company and some of its subsidiaries undertook a number of steps to refinance certain intergroup lending arrangements. Refer to Note 10 for further details.

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PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium account	Profit and loss account	Other reserves	Total
			(millions)		
At December 31, 2019	$ —	$ 9,465	$ 1,799	$ 562	$ 11,826
Net loss	—	—	(35)	—	(35)
Dividends paid and payable	—	—	(354)	—	(354)
Issue of shares under employee share compensation plans	—	16	—	—	16
Share-based compensation and net settlements	—	—	—	46	46
At December 31, 2020	$ —	$ 9,481	$ 1,410	$ 608	$ 11,499
Shares repurchased (i)	—	—	(1,627)	—	(1,627)
Net profit	—	—	3,678	—	3,678
Dividends paid and payable	—	—	(384)	—	(384)
Issue of shares under employee share compensation plans	—	10	—	—	10
Share-based compensation and net settlements	—	—	—	47	47
At December 31, 2021	$ —	$ 9,491	$ 3,077	$ 655	$ 13,223

(i) Based on settlement date, the Parent Company repurchased 7,155,396 shares in 2021 at an average price of $227.43 (2020: no shares). The amounts used to purchase the shares during 2021, which were subsequently canceled, were charged to distributable profits. In accordance with Irish law the Parent Company maintains a capital redemption reserve fund.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

Basis of presentation

Willis Towers Watson plc (the 'Parent Company' or the 'Company') is a public company limited by shares incorporated and registered in Ireland. Its registered address is Willis Towers Watson House, Elm Park, Merrion Road, Dublin 4, Ireland and its registered number is 475616.

The financial statements of the Parent Company have been prepared in accordance with IFRSs as adopted by the European Union and in accordance with the Companies Act 2014.

The financial statements have been prepared on the historical cost basis.

The significant accounting policies adopted by the Parent Company are set out below.

Significant accounting policies

Going concern

The Directors have conducted enquiries into the nature and quality of the assets, liabilities, and cash that make up the capital of the Parent Company and its subsidiaries. Furthermore the Directors' enquiries extend to the relationship of the Parent Company and its subsidiaries with external parties on a financial and non-financial level.

Having assessed the responses to their enquiries, including those related to COVID-19, the Directors have no reason to believe that a material uncertainty exists that may cast significant doubt upon the ability of the Parent Company to continue as a going concern or its ability to repay loans due from time to time. The Directors concluded that there are no conditions or events, considered in the aggregate, including those related to the COVID-19 pandemic, that raise substantial doubt about the Parent Company's ability to continue as a going concern within one year after the date of approval of these Parent Company Financial Statements.

Foreign currency translation

These financial statements are presented in U.S. dollars, which is the currency of the primary economic environment in which the Parent Company operates. Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

Dividends receivable

Income from shares in subsidiary undertakings is recognized when the right to receive payment is established.

Dividends payable

Dividends payable are recognized as liabilities and in equity when the obligation to make payment arises.

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1. BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

Share-based payments

The Parent Company has equity-based compensation plans that provide for grants of restricted share units and stock options to directors of the Parent Company who perform services for the Company, and equity-based and cash-settled share-based compensation plans that provide for grants of time-based and performance-based options, time-based and performance-based restricted share units and various other share-based awards to employees of the Parent Company's subsidiaries. The awards under equity-based compensation are included as a component of equity on the Parent Company's balance sheet, as the ultimate payment of such awards will not be achieved through the use of the Parent Company's cash or other assets.

The Parent Company expenses equity-based compensation for directors of the Parent Company generally on a straight-line basis over the requisite service period based upon the fair value of the award on the date of grant but may be recognized differently based on the estimated achievement of any performance targets, retirement eligibility or vesting terms. Where the Parent Company enters into share-based payment arrangements involving employees of subsidiaries, the cost of the arrangements is recognized as an addition to 'Investment in subsidiaries'. The Parent Company deducts from 'Investments in subsidiaries' certain recharges to subsidiaries related to the costs of these arrangements.

Taxation

Corporation tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is generally recognized on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements although deferred income tax assets are recognized only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilized.

Investments

Investments in subsidiary undertakings are carried at cost, less any accumulated allowance for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the subsidiary may not be fully recoverable.

Financial assets and financial liabilities

Financial assets and financial liabilities include cash and cash equivalents and receivables as well as payables (including amounts owed to/by group undertakings).

The Parent Company records its financial assets at amortised cost, on the basis of the business model in which a financial asset is managed and its contractual cash flow characteristics.

Financial assets or financial liabilities at amortised cost are initially recognized at fair value, plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability, and are subsequently measured at amortized cost using the effective interest method. Any resulting interest is recognized in interest income or interest expense, as appropriate.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

Impairment of financial assets at amortized cost

At each reporting date, the Company measures the loss allowance for financial assets at amortised cost. Impairment losses on financial assets at amortised cost are recognized in profit or loss on an expected loss basis: lifetime expected losses are recognized for relevant financial assets for which there have been significant increases in credit risk since initial recognition, whereas 12-month expected losses (cash shortfalls over the life of the loan arising from a default in the next 12 months) are recognized if the credit risk on a financial asset has not increased significantly since initial recognition. There would be a rebuttable presumption that the credit risk on a financial asset had increased significantly if it were more than 30 days past due

1. BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

and a rebuttable presumption that a financial asset was in default if it were more than 90 days past due. The amount of any impairment loss is recognized in profit or loss.

Derecognition of financial liabilities

The Parent Company removes a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or canceled or expires.

Contingencies

The Parent Company has guaranteed certain liabilities of group entities. The Parent Company reviews the status of these guarantees at each reporting date and considers whether it is required to make a provision for payment on those guarantees based on the probability of the commitment being called.

The provision required for the obligation under the guarantee would be measured initially at fair value and subsequently measured at the higher of: (i) the amount of loss allowance for expected credit losses, as determined in accordance with IFRS 9 *Financial Instruments*; and (ii) the amounts initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the principles of IFRS 15 *Revenue From Contracts With Customers*.

Recent accounting pronouncements adopted in the current period

In August 2020, the IASB issued amendments to IFRSs and IASs, *Interest Rate Benchmark Reform - Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.* These amendments were endorsed by the E.U. on January 13, 2021, with an E.U. effective date of January 1, 2021. Adoption of these amendments did not have any significant effect on the Parent Company's financial statements.

The introduction of *Extension of the Temporary Exemption from Applying IFRS 9 - Amendments to IFRS 4*, issued by the IASB in June 2020 and endorsed by the E.U. on December 15, 2020, with an E.U. effective date of January 1, 2021, did not have any significant effect on the Parent Company's financial statements.

Recent accounting pronouncements to be adopted in future periods

The Parent Company does not expect the introduction of *IFRS 17 Insurance Contracts* and *Amendments to IFRS 17*, issued by the IASB in May 2017 and June 2020, respectively, with an IASB effective date of January 1, 2023, now endorsed by the E.U., to have any significant effect on its financial statements.

The IASB issued a package of narrow-scope amendments to IFRSs and IASs in May 2020 with an IASB effective date of January 1, 2022 and endorsed by the E.U in June 2021 with the same effective date including: *Reference to the Conceptual Framework - Amendments to IFRS 3*; *Property, plant and equipment: Proceeds before intended use - Amendments to IAS 16*; *Onerous contracts - Cost of fulfilling a contract - Amendments to IAS 37*; and *Annual Improvements to IFRS Standards 2018-2020*, which include, *inter alia*, amendments to *IFRS 9 Financial Instruments* and the Illustrative Examples accompanying *IFRS 16 Leases*. These changes are not expected to have any significant effect of the Parent Company's financial statements.

The Parent Company is also assessing the impact on the its financial statements of *Amendments to IAS 1: Classification of Liabilities as Current or Non-Current* and *Classification of Liabilities as Current or Non-current - Deferral of Effective Date*, issued by the IASB in January 2020 and July 2020, respectively, with an IASB effective date of January 1, 2023, but not yet endorsed by the E.U..

The Parent Company is also assessing the impact on its financial statements of Amendments to IAS 1: Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements titled Disclosure of Accounting Policies issued by the IASB in February 2021. The Amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023, and have been endorsed by the E.U. although earlier application is permitted. For the amendments to IFRS Practice Statement 2, the Board concluded that, as the amendments provide nonmandatory guidance on the application of the definition of material to accounting policy information, transition requirements and an effective date are unnecessary.

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1. BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

The Parent Company is also assessing the impact on its financial statements of Definition of Accounting Estimates (Amendments to IAS 8) which helps entities to distinguish between accounting policies and accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2023 and have now been endorsed by the E.U.

Critical accounting judgments and estimates

The preparation of financial statements in conformity with IFRS and in the application of the Parent Company's accounting policies, which are described above, requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the dates of the financial statements and the reported amounts of revenues and expenses during the year. Judgments, estimates and assumptions are made about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Significant judgments in applying the Parent Company's accounting policies

Management made no significant judgments, apart from those involving estimations (which are dealt with separately below), in the process of applying the Parent Company's accounting policies.

Key sources of estimation uncertainty

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

Impairment of investments in subsidiaries

Determining whether the Parent Company's investment in a subsidiary has been impaired requires estimations of the investment's recoverable amount, its fair value, less costs of disposal, and its value in use. Management judgment is required when performing the test. Management used valuation techniques to estimate the fair value of a reporting unit that are under the income and/or market approaches of valuation methods. Under the discounted cash flow method, an income approach, the business enterprise value is determined by discounting to present value the terminal value which is calculated using debt-free after-tax cash flows for a finite period of years. Key estimates in this approach were internal financial projection estimates prepared by management, assessment of business risk, and expected rates of return on capital. The guideline company method, a market approach, develops valuation multiples by comparing our reporting units to similar publicly traded companies. Key estimates and determination of valuation multiples rely on the selection of similar companies, obtaining forecast revenue and EBITDA estimates for the similar companies and selection of valuation multiples as they apply to the reporting unit characteristics. Under the similar transactions method, a market approach, actual transaction prices and operating data from companies deemed reasonably similar to the reporting units are used to develop valuation multiples as an indication of how much a knowledgeable investor in the marketplace would be willing to pay for the business units. See Note 10 to these Parent Company Financial Statements for the carrying amount of investments in subsidiaries. No impairment loss was recognized in 2021 or 2020.

Impairment of financial assets at amortized cost

Management judgment is required to measure the loss allowance for financial assets at amortised cost at the end of each reporting period. See Note 12 to these Parent Company Financial Statements for the carrying amount of financial assets at amortised cost. No impairment loss was recognized in 2021 or 2020. Under IFRS 9 *Financial Instruments*, management considered that there had been no significant increases in credit risk since initial recognition and that 12-month expected losses were immaterial.

1. BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

Taxation

Management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the level of historical taxable income and projections for future taxable income. Further details are given in Note 8 to these Parent Company Financial Statements.

2. DIVIDENDS RECEIVED FROM SUBSIDIARIES

	Years ended December 31,	
	2021	2020
	(millions)	
Dividends from Willis Towers Watson Sub Holdings Unlimited Company	$ 3,210	$ —
Total dividends from subsidiaries	$ 3,210	$ —

3. TERMINATION OF PROPOSED COMBINATION WITH AON PLC

On March 9, 2020, Willis Towers Watson plc ('WTW') and Aon plc ('Aon') issued an announcement disclosing that the respective Boards of Directors of WTW and Aon had reached agreement on the terms of a recommended acquisition of WTW by Aon. Under the terms of the Business Combination Agreement (the 'BCA') each WTW shareholder would receive 1.08 Aon ordinary shares for each WTW ordinary share. At the time of the announcement, it was estimated that upon completion of the combination, existing Aon shareholders would own approximately 63% and existing WTW shareholders would own approximately 37% of the combined company on a fully diluted basis.

The transaction was approved by the shareholders of both WTW and Aon during meetings of the respective shareholders held on August 26, 2020. On June 16, 2021, the U.S. Department of Justice filed suit in U.S. District Court in the District of Columbia against WTW and Aon, seeking to enjoin the proposed business combination between the two companies (among other relief). On July 26, 2021, WTW and Aon announced they had terminated the BCA and that Aon had agreed to pay WTW $1 billion in connection with such termination (the 'Termination Income Receipt'), which was received by WTW on July 27, 2021 (the 'Termination' or the 'Termination Agreement'). Following a preliminary allocation exercise, $638 million has been included in Termination Income Receipt, net in the Parent Company Statement of Comprehensive Income with the remainder of the Termination Income Receipt allocated to certain subsidiary undertakings. This allocation is subject to further consideration and potential refinement in accordance with the arm's length principle. Under the Termination Agreement, Aon agreed to pay WTW the Termination Income Receipt as though a 'Specified Termination' under the BCA had occurred (regulatory and antitrust clearances preventing the acquisition) and WTW and Aon on behalf of themselves and certain other related and affiliated parties, each agreed to release the other from all claims and actions arising out of or related to the business combination agreement and the transactions contemplated thereby, subject to certain exceptions.

4. FINANCE EXPENSE

	Years ended December 31,	
	2021	2020
	(millions)	
Interest on senior debt	$ 6	$ 29
Intercompany interest	1	—
Amortization of transaction costs on senior debt	—	1
Total finance expense	$ 7	$ 30

5. EMPLOYEES

The Parent Company employed no staff during the year ended December 31, 2021 and the preceding year.

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6. DIRECTORS' REMUNERATION

Information regarding directors' remuneration is included in Note 21 to the Consolidated Financial Statements and Note 15 to these Parent Company Financial Statements.

Information regarding directors' interests in stock and stock options for the consolidated Company is included in the Directors' Report under the heading 'Directors' and Secretary's Interests'.

7. AUDITOR'S REMUNERATION

An analysis of Deloitte Ireland LLP's remuneration is as follows:

	Year ended December 31,	
	2021	2020
	(thousands)	
Audit of individual financial statements	$ 12	$ 12
Other assurance services [(i)]	487	473
Tax advisory services	—	—
Other non-audit services	—	5
Total remuneration [(ii)]	$ 499	$ 490

(i) Comprises $148,000 for audit of the Consolidated Financial Statements under Irish law and $339,000 for contribution to U.S. GAAP audit of the Consolidated Financial Statements (2020: $143,000 and $330,000, respectively).

(ii) Excludes remuneration to Deloitte Ireland LLP's affiliates. Includes out-of-pocket expenses.

Note 21 to the Consolidated Financial Statements provides additional details of auditor's remuneration paid by the Company.

8. TAXATION

The tax charge on ordinary activities is shown below:

	Years ended December 31,	
	2021	2020
	(millions)	
Analysis of tax charge for the year		
Current tax		
Irish corporation tax on non-trading profit at 25% (2020: 25%)	$ 158	$ —
Current tax charge on profit on ordinary activities	$ 158	$ —
Factors affecting tax charge for the year		
The tax assessed for the year is lower than the standard rate of corporation tax on non-trading activities in Ireland (25%). The differences are explained below:		
Profit before taxation	$ 3,836	$ (35)
Profit multiplied by the standard rate of corporation tax on non-trading activities in Ireland of 25%	$ 959	$ (9)
Effects of:		
Intercompany dividend income not taxable	(803)	—
Non-deductible financing expenses	2	8
Disallowable expenditure	1	1
Utilisation of brought forward management expenses	(1)	—
Total current tax charge for the year	$ 158	$ —

9. DIVIDENDS

	Years ended December 31,	
	2021	2020
	(millions)	
First interim payable April	$ 92	$ 88
Second interim payable July	93	88
Third interim payable October	100	89
Fourth interim payable January [(i)] [(ii)]	99	89
Total dividends [(i)] [(ii)]	$ 384	$ 354

(i) The interim dividends for the first, second and third quarters of 2021 were of $0.71 per share, $0.71 per share and $0.80 per share, respectively, and were paid in April, June and October, respectively. The dividend declared during the fourth quarter of 2021 of $99 million ($0.80 per share) was subsequently paid on January 18, 2022 to shareholders of record as at December 31, 2021. The Parent Company has subsequently declared a first interim dividend in the first quarter of 2022 of $0.82 per share payable on or about April 15, 2022 to shareholders of record on March 31, 2022. See Note 13 to these Parent Company Financial Statements for accrued dividends payable at December 31, 2021.

(ii) The interim dividends for the first, second and third quarters of 2020 were each of $0.68 per share and were paid in April, July and October, respectively. The dividend declared during the fourth quarter of 2020 of $89 million ($0.71 per share) was subsequently paid on January 15, 2021 to shareholders of record as at December 31, 2020.

10. INVESTMENTS IN SUBSIDIARIES

	Subsidiary undertakings
	(millions)
Cost and carrying amount	
Balance at December 31, 2019	$ 7,782
Increase in investment in Willis Towers Watson Sub Holdings Unlimited Company by way of contribution	4,089
Share-based compensation	145
Balance at December 31, 2020	$ 12,016
Share-based compensation	47
Balance at December 31, 2021	$ 12,063

On January 2, 2020 the Company and some of its subsidiaries undertook a number of steps to refinance certain intergroup lending arrangements. Those steps affecting this Company were as follows:

- Willis Netherlands Holdings B.V. transferred to the Company five transitory notes issued by Willis Towers Watson EP Unlimited Company to the value of $4.1 billion in settlement of existing interest-free notes to the same value.
- The Company contributed the five transitory notes to Willis Towers Watson Sub Holdings Unlimited Company in exchange for 10,000 ordinary $1 shares at a total premium of $4.1 billion.

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11. SHARES IN SUBSIDIARY UNDERTAKINGS

As of December 31, 2021, the Parent Company controlled the following subsidiary undertakings principally affecting the assets, liabilities, financial position or profit or loss of the Company.

Subsidiary Name	Registered Office	Country of Registration and Principal Place of Business	Class of Share	Percentage Ownership
Indirect subsidiaries:				
Holding companies				
Trinity Acquisition plc	51 Lime Street, London EC3M 7DQ	England and Wales	Ordinary shares	100%
WTW Delaware Holdings LLC	251 Little Falls Drive, Wilmington, New Castle County, DE 19808	U.S.A.	Membership interest	100%
Willis US Holding Company, LLC	251 Little Falls Drive, Wilmington, New Castle County, DE 19808	U.S.A.	Membership interest	100%
GS & Cie Groupe S.A.S.	33/34 Quai de Dion-Bouton, 92800 Puteaux	France	Ordinary shares	100%
Insurance broking entities				
Willis Limited	51 Lime Street, London EC3M 7DQ	England and Wales	Ordinary shares	100%
Willis HRH, Inc.	200 Liberty Street, New York, NY 10281	U.S.A.	Common shares	100%
Willis North America, Inc.	200 Liberty Street, New York, NY 10281	U.S.A.	Common shares	100%
Willis Towers Watson Northeast, Inc. (formerly Willis of New York, Inc.)	200 Liberty Street, New York, NY 10281	U.S.A.	Common shares	100%
Gras Savoye S.A.S.	33/34 Quai de Dion-Bouton, 92800 Puteaux	France	Ordinary shares	100%
Willis Towers Watson Midwest, Inc.	1001 Lakeside Avenue, Suite 1600, Cleveland, OH 44114	U.S.A.	Common shares	100%
Actuarial, consulting and benefit exchange companies				
Willis Towers Watson US LLC	251 Little Falls Drive, Wilmington, New Castle County, DE 19808	U.S.A.	Membership interest	100%
Towers Watson Limited	Watson House, London Road, Reigate, Surrey, RH2 9PQ	England and Wales	Ordinary shares	100%
Extend Health LLC	251 Little Falls Drive, Wilmington, New Castle County, DE 19808	U.S.A.	Membership interest	100%
MG LLC	251 Little Falls Drive, Wilmington, New Castle County, DE 19808	U.S.A.	Membership interest	100%
TZ Insurance Solutions LLC	251 Little Falls Drive, Wilmington, New Castle County, DE 19808	U.S.A.	Membership interest	100%

The Parent Company did not have material undertakings of substantial interest at December 31, 2021.

12. RECEIVABLES

	December 31, 2021	December 31, 2020
	(millions)	
Amounts due from subsidiary undertakings (i) (ii)	$ 1,789	$ 92
Total debtors	$ 1,789	$ 92

(i) The fair value of these amounts due from subsidiary undertakings, which are repayable on demand, approximate the carrying amount as of December 31, 2021 and December 31, 2020.

(ii) See Note 15 to these Parent Company Financial Statements for further details.

13. CURRENT LIABILITIES

	December 31, 2021	December 31, 2020
	(millions)	
Current debt, net of debt issuance costs [i]:		
5.750% senior notes due 2021	$ —	$ 500
Payables:		
Accrued dividends payable [ii]	109	100
Corporation tax payable	158	—
Amounts due to subsidiary undertakings	362	—
Interest payable	—	8
Other creditors	—	1
Total current liabilities	$ 629	$ 609

(i) In March 2021, the $500 million 5.750% senior notes matured. The principal and interest were repaid by the Company using cash on-hand. The fair value of these senior notes as of December 31, 2020 was $505 million. The fair value is based on quoted market values and classified as a Level 2 measurement (fair value estimated using observable market-based inputs or unobservable inputs that are corroborated by market data).

(ii) Accrued dividends payable at December 31, 2021 includes $11 million dividends accrued in relation to share-based compensation units (December 31, 2020: $8 million).

14. CALLED UP SHARE CAPITAL

	December 31, 2021	December 31, 2020
	Number (thousands)	
Authorized share capital		
Ordinary shares of $0.000304635 [i] [ii]	1,510,004	1,510,004
Preferred shares of $0.000115	1,000,000	1,000,000

	December 31, 2021	December 31, 2020
	(thousands)	
Allotted, called up and fully paid		
122,055,815 ordinary shares in 2021 of $0.000304635 each (2020: 128,964,579) [i] [ii]	$ 37	$ 39
Balance at December 31	$ 37	$ 39

(i) At December 31, 2021 Parent Company subsidiaries held 17,519 ordinary shares of $0.000304635 par value (December 31, 2020: 17,519) in trusts.

(ii) At December 31, 2021 the Parent Company held nil treasury shares (December 31, 2020: nil).

(iii) During 2020 the Parent Company cancelled 40,000 ordinary shares of €1 each at par value.

The Parent Company is authorized to repurchase shares, by way of redemption, and will consider whether to do so from time to time based on many factors, including market conditions.

On February 26, 2020, the Board of Directors approved a $251 million increase to the existing share repurchase program. On July 26, 2021, the Board of directors approved a $1.0 billion increase to the existing share repurchase program, and on September 16, 2021, approved a $4.0 billion increase to the existing share repurchase program. These three increases brought the total approved authorization to $5.5 billion.

At December 31, 2021, approximately $3.9 billion remained on the current repurchase authority. The maximum number of shares that could be repurchased based on the closing price of our ordinary shares on December 31, 2021 of $237.49 was 16,306,580.

During the period ended December 31, 2021, the Company had the following share repurchase activity: 7,155,396 shares at an average share price of $227.43 for a total payment of $1.6 billion (excluding broker costs).

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14. CALLED UP SHARE CAPITAL (continued)

An analysis of movements on shares held by the Parent Company for the years ended December 31, 2021 and 2020 is as follows:

	Ordinary shares, $0.000304635 nominal value			Ordinary shares, €1 nominal value		
	Number of shares	Percentage of the called-up share capital	Nominal value (thousands)	Number of shares	Percentage of the share class	Nominal value (thousands)
Balance at January 1, 2020	17,519	Under 0.01%	$—	40,000	100%	€40
Shares repurchased	—		—	—		—
Shares canceled	—		—	(40,000)		(40)
Balance at December, 2020	17,519	Under 0.01%	$—	—	100%	€—
Shares repurchased	7,155,396		—	—		—
Shares canceled	(7,155,396)		—	—		—
Balance at December 31, 2021	17,519	Under 0.01%	$—	—	—%	€—

15. RELATED PARTY TRANSACTIONS

The Parent Company's related parties include subsidiaries, associates and Key Management Personnel.

Transactions with Directors and other Key Management Personnel

Key Management Personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Parent Company and comprise the Directors of the Parent Company as of December 31, 2021.

Remuneration of the Key Management Personnel for services rendered to the Parent Company during the year is analyzed below:

	Year ended December 31,	
	2021	2020
	(millions)	
Short-term employment benefits (Executive Director basic salary)	$ 2	$ 1
Total remuneration of Key Management Personnel (i)	$ 2	$ 1

(i) Includes nil (2020: nil) paid or due to any connected persons.

Note 21 to the Consolidated Financial Statements provides additional details of director's remuneration paid by the Company. The Parent Company entered into no other transactions with Key Management Personnel in 2021 or 2020, and there were no balances in respect of other transactions as of December 31, 2021 or December 31, 2020.

On August 2, 2021, the Company hired Ms. Calyn Haley, Mr. Haley's daughter, as a senior research associate. Ms. Haley's base salary is $117,500 and her target STI opportunity, subject to individual and company performance, is 15% of base salary; both are aligned with the compensation structure in place for other broad-based employees in similar roles. Mr. Haley was not involved in any employment or compensation decision by the Company with respect to Ms. Haley.

15. RELATED PARTY TRANSACTIONS (continued)

Transactions with subsidiaries

Transactions relating to the cost of the Parent Company's investment in its subsidiaries are described in Note 10 to these Parent Company Financial Statements.

Transactions of the Parent Company with its subsidiaries on intercompany debtor accounts during the year, and amounts due from subsidiaries as of the year end, are analyzed below:

	Year ended December 31,			
	2021		2020	
	Balance at the end of the financial year	Transactions in the financial year [(i)]	Balance at the end of the financial year	Transactions in the financial year [(i)]
	(millions)			
Willis Netherlands Holdings B.V.	$ —	$ —	$ —	$ (4,088)
Willis Group Services Limited	—	—	—	(445)
Trinity Acquisition plc	1,789	1,697	92	92
Willis Towers Watson US LLC	(313)	(313)	—	—
Willis Group Limited	(49)	(49)	—	—
Other subsidiaries	—	—	—	(111)
Total	$ 1,427	$ 1,335	$ 92	$ (4,552)

(i) Includes the effect of foreign exchange movements.

Transactions with Trinity Acquisition plc for the year ended December 31, 2021 represent a net increase in lending to the Parent Company of $1.7 billion as the result of dividends received from subsidiary undertakings, the receipt of the termination fee, amounts received by the Parent Company on the exercise of share options, partly offset by interest payments, the repayment of the Parent Company's external debt, funding for share repurchases and the payment of expenses.

The balance as at December 31, 2021 due from Trinity Acquisition plc is an intercompany advance repayable on demand and with interest at a rate of USD 1 month LIBOR plus a margin of 1.3% per annum.

Transactions with Willis Towers Watson US LLC and Willis Group Limited for the year ended December 31, 2021 represent a net increase in lending by the Parent Company of $313 million and $49 million, respectively, as the result of a preliminary allocation of the Termination fee.

All other balances were intercompany advances which were repayable on demand and non-interest bearing.

No impairment loss was recognized in 2021 or 2020 in respect of amounts owed by related parties.

See Note 16 to these Parent Company Financial Statements for details of guarantees given by the Parent Company.

Transactions with undertakings of substantial interest

There were no transactions with undertakings of substantial interest in 2021 or 2020, and no balances in respect of such transactions as of December 31, 2021 or December 31, 2020.

Transactions with other related parties

BlackRock, Inc. ("BlackRock") filed a Schedule 13G/A with the SEC reporting that, as of December 31, 2021, BlackRock and certain of its subsidiaries were beneficial owners of more than 5% of our outstanding shares. During 2021, BlackRock Advisors (UK) provided services to Willis Group Services Limited with respect to Willis Pension Trustees Limited and the UK pensions scheme trust. BlackRock received approximately $511,682 for these services and software solutions, which were provided in the ordinary course of business on an arm's-length basis.

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16. FINANCIAL GUARANTEE CONTRACTS

As the holding company of Willis Towers Watson, the Parent Company guarantees borrowings (as detailed below), certain local letters of credit, guarantees in respect of certain subsidiaries' leasehold obligations and guarantees in respect of certain of its UK and Irish subsidiaries' obligations to fund the UK and Irish defined benefit pension plans.

Borrowings

See Note 13 to these Parent Company Financial Statements for information about the Parent Company's debt.

The Parent Company guarantees, on a joint and several basis with certain of its subsidiary undertakings, the following debt securities issued by its subsidiary undertaking Willis North America Inc.:

- $650 million 3.600% Senior Notes due 2024
- $600 million 4.500% Senior Notes due 2028
- $725 million 2.950% Senior Notes due 2029 ($450 million issued on September 10, 2019 and $275 million issued on May 29, 2020)
- $400 million 5.050% Senior Notes due 2048
- $550 million 3.875% Senior Notes due 2049

The Parent Company guarantees, on a joint and several basis with certain of its subsidiary undertakings, the following debt securities issued by its subsidiary undertaking Trinity Acquisition plc:

- €540 million 2.125% Senior Notes due 2022
- $250 million 4.625% Senior Notes due 2023
- $550 million 4.400% Senior Notes due 2026
- $275 million 6.125% Senior Notes due 2043

The Parent Company previously guaranteed, on a joint and several basis with certain of its subsidiary undertakings, the $450 million 3.500% Senior Notes due 2021 issued by its subsidiary undertaking Trinity Acquisition plc which were repaid in August 2021.

The Parent Company guaranteed, on a joint and several basis with certain of its subsidiary undertakings, the $1.25 billion revolving credit facility entered into by its subsidiary undertaking Trinity Acquisition plc on March 7, 2017 that would have matured on March 7, 2022. Amounts outstanding under the facility bore interest at LIBOR plus a margin of 1.00% to 1.75%, or alternatively, the base rate plus a margin of 0.00% to 0.75%, based upon the Company's guaranteed senior unsecured long-term debt rating. The revolving credit facility was amended and restated on October 6, 2021 whereby Trinity Acquisition plc entered into a second amended and restated revolving credit facility (the 'new RCF') for $1.5 billion that will mature on October 6, 2026. This new RCF contains appropriate LIBOR replacement language and replaces the previous $1.25 billion revolving credit facility which was due to expire in March of 2022.

Borrowing costs under the $1.5 billion facility differ if the borrowing is a 'base rate' borrowing or a 'Eurocurrency' borrowing, both as defined by the new RCF, and equal the sum of the relevant benchmark plus a margin based on the Company's senior unsecured long-term debt rating:

- For base rate borrowings, the benchmark rate will be the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 0.50%, and (c) the one-month LIBOR rate plus 1.0%. The margin on the base rate benchmark is 0.00% to 0.75% depending on the Company's senior unsecured long-term debt rating.

16. FINANCIAL GUARANTEE CONTRACTS (continued)

- For Eurocurrency or Sterling Overnight Interbank Average Rate ('SONIA') borrowings, the rate will be the applicable LIBOR rate or SONIA (as applicable based on the currency of the borrower) plus a margin of 1.0% to 1.75% depending on the Company's guaranteed unsecured long-term debt rating. In anticipation of the cessation of LIBOR, the new RCF provides for a benchmark rate adjustment that will be added to the replacement benchmark rate to reflect the differential between LIBOR and the replacement benchmark (e.g., the Secured Overnight Financing Rate). This adjustment amount will be a function of both the currency and borrowing tenor.

The new RCF also carries a commitment (unused) fees of 0.09% to 0.25%, which is also based on the Company's senior unsecured long-term debt rating.

See Note 11 to the Consolidated Financial Statements for further details.

Taking into account the inherent uncertainties involved in estimating the cash flows under the financial guarantee contracts and the credit risk of the counterparties, the fair values of these intercompany guarantee contracts are considered to approximate their carrying amounts. Furthermore, the Company considers that it is more likely than not that such an amount will not be payable under the financial guarantee contracts.

UK pension scheme contributions

The Parent Company is a guarantor, on a joint and several basis with certain of its subsidiary undertakings, of a schedule of contributions for the eight years commencing August 28, 2020 which was agreed with the trustee of the Legacy Willis defined benefit pension plan in the U.K. by the employing companies. Based on this agreement, deficit funding contributions ceased with effect from August 28, 2020 although contributions totalling approximately £17 million ($22 million) had been made in the period to the date of cessation. Ongoing contributions (excluding salary sacrifice) are expected to be approximately £13 million ($17 million) per annum.

17. SHARE-BASED PAYMENTS

Details of share-based compensation relating to the shares of the Parent Company are provided in Note 22 to the Consolidated Financial Statements.

Total share-based payment cost recognized in the Parent Company Statement of Comprehensive Income was $2 million (2020: $1 million), relating to equity-settled share-based payment transactions.

18. CAPITAL MANAGEMENT AND FINANCIAL RISK MANAGEMENT

Capital management

The Parent Company manages its capital to ensure that it will be able to continue as a going concern. The Parent Company has both debt and equity capital which it uses to invest in the activities of Willis Towers Watson. Amounts are disclosed in Notes 13 and 14 to these Parent Company Financial Statements. The capital structure of the Parent Company is reviewed at least annually as part of the review of the Company's capital structure by the Board of Directors. The Parent Company is not subject to externally imposed capital requirements.

Financial risk management

The Parent Company's financial risks are managed by the Treasury function of Willis Towers Watson. These risks comprise market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

Market risk

The Parent Company transacts in certain other currencies in addition to the U.S. dollar, its functional currency, and is therefore exposed to movements in exchange rates, primarily in respect of Pounds Sterling and Euro. However, approximately 99 percent of the Parent Company's expenses in 2021 (2020: approximately 99 percent) were denominated in U.S. dollars and the Parent Company's income, assets and liabilities at December 31, 2021 and 2020 included no significant amounts that were not denominated in U.S. dollars.

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18. CAPITAL MANAGEMENT AND FINANCIAL RISK MANAGEMENT (continued)

The Parent Company pays fixed rate-interest on its senior debt.

The Parent Company's profit for the 2021 financial year and equity as of December 31, 2021 would not have been significantly affected by a reasonably possible increase or decrease of 5% in the average rates for the year or the year-end rates of Pounds Sterling or Euro against the U.S. dollar.

Credit risk

The Parent Company is potentially exposed to credit risk from its investments in, and amounts due from, its subsidiary undertakings. An impairment allowance would be made if there were to be expected losses. No such expected losses have been identified.

The Parent Company's maximum exposure to credit risk in relation to financial assets is shown in Note 12 to these Parent Company Financial Statements. The Parent Company calculates expected credit losses on its receivables taking into account the probability of default and the loss given default. No receivables have been past due during 2021 or 2020 and the Parent has had no cause to rebut the presumptions described in 'Impairment of financial assets at amortized cost' in Note 1 to these Parent Company Financial Statements. The Parent Company considers that as receivables comprise only amounts due from entities which it controls there is no significant probability of default in relation to these balances.

Liquidity risk

The Parent Company, together with the Treasury function of Willis Towers Watson, manages amounts due from subsidiary undertakings to ensure that it has sufficient funds to repay senior debt, and interest on that debt, as it falls due.

Measurement categories

	Measurement category	Carrying amount at December 31, 2021	Carrying amount at December 31, 2020
Assets			
Investments in subsidiaries	N/A	$ 12,063	$ 12,016
Receivables	Amortized cost	$ 1,789	$ 92
Cash at bank and in hand	Amortized cost	$ —	$ —
Liabilities			
Payables	Amortized cost	$ 629	$ 109
Current debt	Amortized cost	$ —	$ 500

19. SUBSEQUENT EVENTS

Dividend

On February 23, 2022, the Parent Company declared a first interim dividend of $0.82 per share, payable on or about April 15, 2022 to shareholders of record on March 31, 2022.

Irish Statutory Accounts

WILLIS TOWERS WATSON PLC

(Registered Number 475616)

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DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED DECEMBER 31, 2021

IMPORTANT NOTICE TO SHAREHOLDERS

Due to our domicile in Ireland, we are required to produce Irish statutory accounts prepared under applicable Irish company law, to be filed with the Irish Companies Registration Office. We are also required to send this document to the shareholders in advance of the Annual General Meeting.

These are in addition to our financial statements prepared under applicable U.S. securities laws, filed with the Securities and Exchange Commission on our Annual Form 10-K and sent to shareholders.

Definitions

Certain Definitions

The following definitions apply throughout this annual report unless the context requires otherwise:

'We', 'Us', 'Company', 'WTW', 'Willis Towers Watson', 'Our', or 'Willis Towers Watson plc'	Willis Towers Watson Public Limited Company, a company organized under the laws of Ireland, and its subsidiaries
'Parent Company'	Willis Towers Watson Public Limited Company (only)
'shares'	The ordinary shares of Willis Towers Watson Public Limited Company, nominal value $0.000304635 per share
'Legacy Willis' or 'Willis'	Willis Group Holdings Public Limited Company and its subsidiaries, predecessor to WTW, prior to the Merger
'Legacy Towers Watson' or 'Towers Watson'	Towers Watson & Co. and its subsidiaries
'Merger'	Merger of Willis Group Holdings Public Limited Company and Towers Watson & Co. pursuant to the Agreement and Plan of Merger, dated June 29, 2015, as amended on November 19, 2015, and completed on January 4, 2016
'Miller'	Miller Insurance Services LLP and its subsidiaries
'TRANZACT'	CD&R TZ Holdings, Inc. and its subsidiaries, doing business as TRANZACT
'U.S.'	United States
'U.K.'	United Kingdom
'Brexit'	The United Kingdom's exit from the European Union, which occurred on January 31, 2020.
'E.U.'	European Union or European Union 27 (the number of member countries following the United Kingdom's exit)
'U.S. GAAP'	United States Generally Accepted Accounting Principles
'IFRS(s)'	International Financial Reporting Standard(s)
'FASB'	Financial Accounting Standards Board
'IASB'	International Accounting Standards Board
'ASC'	Accounting Standards Codification
'ASU'	Accounting Standards Update
'SEC'	United States Securities and Exchange Commission

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DIRECTORS

Executive Director

John J. Haley (retired as of December 31, 2021)
Carl A. Hess (as of January 1, 2022)

Non-Executive Directors

Dame Inga K. Beale (as of January 1, 2022)
Anna C. Catalano (i)
Fumbi Chima (as of April 1, 2022)
Victor F. Ganzi (Non-Executive Chair) (i)
Michael Hammond (as of January 1, 2022)
Wendy E. Lane (i)
Brendan R. O'Neill
Jaymin B. Patel (retired as of December 31, 2021)
Linda D. Rabbitt
Michelle R. Swanback (as of January 1, 2022)
Paul D. Thomas
Wilhelm Zeller (i)

(i) Retiring from the Board as of the 2022 Annual General Meeting of Shareholders

SECRETARY

Nicole Napolitano

REGISTERED OFFICE

Willis Towers Watson House
Elm Park
Merrion Road
Dublin 4, Ireland

AUDITOR

Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
29 Earlsfort Terrace
Dublin 2, Ireland

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DISCLAIMER REGARDING FORWARD-LOOKING STATEMENTS

We have included in this document "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934, which are intended to be covered by the safe harbors created by those laws. Forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, as amended. These forward-looking statements include information about possible or assumed future results of our operations. All statements, other than statements of historical facts, that address activities, events or developments that we expect or anticipate may occur in the future, including such things as our outlook, the impact of the COVID-19 pandemic on our business, future capital expenditures, ongoing working capital efforts, future share repurchases, financial results (including our revenue, costs or margins), the impact of changes to tax laws on our financial results, existing and evolving business strategies and acquisitions and dispositions, including the sale of the Company's treaty-reinsurance business to Arthur J. Gallagher, the impact of sanctions imposed by governments (such as sanctions imposed on Russia) and related counter-sanctions on our operations or financial results, demand for our services and competitive strengths, goals, the benefits of new initiatives, growth of our business and operations, our ability to successfully manage ongoing leadership, organizational and technology changes, including investments in improving systems and processes, our ability to implement and realize anticipated benefits of any cost-savings initiatives including the multi-year operational "Transformation Program" and plans and references to future successes, including our future financial and operating results, plans, objectives, expectations and intentions are forward-looking statements. Also, when we use words such as "may," "will," "would," "anticipate," "believe," "estimate," "expect," "intend," "plan," "probably," or similar expressions, we are making forward-looking statements. Such statements are based upon the current beliefs and expectations of the Company's management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. All forward-looking disclosure is speculative by its nature.

A number of risks and uncertainties that could cause actual results to differ materially from the results reflected in these forward-looking statements are identified under "Principal Risks and Uncertainties" in the Directors' Report and in our subsequent filings with the SEC. These statements are based on assumptions that may not come true and are subject to significant risks and uncertainties.

Although we believe that the assumptions underlying our forward-looking statements are reasonable, any of these assumptions, and therefore also the forward-looking statements based on these assumptions, could themselves prove to be inaccurate. In light of the significant uncertainties inherent in the forward-looking statements included in this report and updated subsequent filings with the SEC, our inclusion of this information is not a representation or guarantee by us that our objectives and plans will be achieved.

Our forward-looking statements speak only as of the date made and we will not update these forward-looking statements unless the securities laws require us to do so. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this document may not occur, and we caution you against unduly relying on these forward-looking statements.

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2021

Summary and Basis of Presentation

The Directors present their report, together with the audited consolidated financial statements of Willis Towers Watson plc, a company incorporated in Ireland, and its subsidiaries, for the year ended December 31, 2021.

WTW is a leading global advisory, broking and solutions company that helps clients around the world turn risk into a path for growth. Our clients operate on a global and local scale in a multitude of businesses and industries throughout the world and generally range in size from large, major multinational corporations to middle-market domestic and international companies. Our clients include many of the world's leading corporations, including approximately 92% of the FTSE 100, 91% of the Fortune 1000, and 90% of the Fortune Global 500 companies. We also advise the majority of the world's leading insurance companies. We work with major corporations, emerging growth companies, governmental agencies and not-for-profit institutions in a wide variety of industries, with many of our client relationships spanning decades. No one client accounted for a significant concentration of revenue in each of the years ended December 31, 2021, 2020 and 2019. We place insurance with more than 2,500 insurance carriers, none of which individually accounted for a significant concentration of the total premiums we placed on behalf of our clients in 2021, 2020 or 2019.

Segment Reorganization

With effect from January 1, 2022, we provide a comprehensive offering of services and solutions to clients across two business segments: Health, Wealth and Career ('HWC'), and Risk and Broking ('RB'). These changes were made in conjunction with changes in the WTW leadership team, including the appointment of a new chief executive officer who succeeded the prior CEO as the chief operating decision maker on that date. Prior to January 1, 2022, we operated across four segments: Human Capital and Benefits; Corporate Risk and Broking; Investment, Risk and Reinsurance; and Benefits Delivery and Administration. The HWC segment will include businesses currently aligned under the Human Capital and Benefits segment, the Benefits Delivery and Administration segment, and the Investment business, currently under the Investment, Risk and Reinsurance segment. The RB segment will include businesses currently aligned under the Corporate Risk and Broking segment, as well as the Insurance Consulting and Technology business, currently under the Investment, Risk and Reinsurance segment. Beginning from January 1, 2022, segment results will be presented on a retrospective basis to reflect the reorganization.

Willis Re Divestiture

On August 13, 2021, WTW entered into a definitive agreement to sell its treaty-reinsurance business ('Willis Re') to Arthur J. Gallagher & Co. ('Gallagher') for total upfront cash consideration of $3.25 billion plus an earnout payable in 2025 of up to $750 million in cash, subject to certain adjustments. The deal was subject to required regulatory approvals and clearances, as well as other customary closing conditions, and was completed on December 1, 2021 ('Principal Closing'). Although the majority of the Willis Re businesses transferred to Gallagher at Principal Closing, the assets and liabilities of certain Willis Re businesses were not transferred to Gallagher at the time due to local territory restrictions ('Deferred Closing'). The Deferred Closing is expected to be completed no later than the end of the second quarter of 2022, and all net earnings of the Deferred Closing businesses accumulated between the Principal Closing and Deferred Closing are payable to Gallagher at that time. We recognized a preliminary pre-tax gain of $2.3 billion upon completion of the sale.

In connection with the transaction, we reclassified the results of the Willis Re operations as discontinued operations on our consolidated statements of comprehensive income and have reclassified Willis Re assets and liabilities as held for sale on our consolidated balance sheets. Willis Re was previously included in the Investment, Risk and Reinsurance segment.

A number of services are continuing under a cost reimbursement Transition Services Agreement ('TSA') in which WTW is providing Gallagher support including real estate leases, information technology, payroll, human resources and accounting. These services are expected to be provided for a period not to exceed two years.

Termination of the Proposed Combination with Aon plc

On March 9, 2020, WTW and Aon plc ('Aon') issued an announcement disclosing that the respective Boards of Directors of WTW and Aon had reached agreement on the terms of a recommended acquisition of WTW by Aon. Under the terms of the agreement each WTW shareholder would receive 1.08 Aon ordinary shares for each WTW ordinary share. At the time of the announcement, it was estimated that upon completion of the combination, existing Aon shareholders would own approximately 63% and existing WTW shareholders would own approximately 37% of the combined company on a fully diluted basis.