Irish Statutory Accounts

WILLIS TOWERS WATSON PLC

(Registered Number 475616)

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED DECEMBER 31, 2022

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
'EBITDA'	Earnings before Interest, Taxes, Depreciation and Amortization

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DIRECTORS

Executive Director

Carl A. Hess

Non-Executive Directors

Dame Inga K. Beale
Fumbi F. Chima
Stephen M. Chipman (as of April 1, 2023)
Michael P. Hammond
Jacqueline Hunt (as of April 1, 2023)
Brendan R. O'Neill (i)
Linda D. Rabbitt (i)
Paul C. Reilly
Michelle R. Swanback
Paul D. Thomas
Fredric J. Tomczyk (as of April 1, 2023)

(i) Retiring from the Board as of the conclusion of the 2023 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

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. 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) and the impact of changes to tax laws on our financial results, existing and evolving business strategies, and acquisitions and dispositions, including transitional arrangements in effect subsequent to the completed sale of Willis Re to Arthur J. Gallagher & Co. (‘Gallagher’); demand for our services and competitive strengths; strategic 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, short-term and long-term financial goals, plans, objectives, expectations and intentions are all 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. Given 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. With regard to 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, 2022

Summary and Basis of Presentation

The Directors present their report, together with the audited financial statements of Willis Towers Watson plc, a company incorporated in Ireland, for the year ended December 31, 2022.

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. 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 93% of the FTSE 100, 89% 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. None of the Company's customers individually represented more than 10% of its consolidated revenue for each of the years ended December 31, 2022, 2021 and 2020. 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 2022, 2021 or 2020.

Segment Reorganization

On January 1, 2022, WTW realigned to provide its comprehensive offering of services and solutions to clients across two business segments: Health, Wealth & Career ('HWC'), and Risk & Broking ('R&B'). 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. Following the realignment, the two new segments consist of the following businesses:

- The HWC segment includes businesses previously aligned under the Human Capital and Benefits segment, the Benefits Delivery and Administration segment, and the Investments business, which was previously under the Investment, Risk and Reinsurance segment.
- The R&B segment includes businesses previously aligned under the Corporate Risk and Broking segment, as well as the Insurance Consulting and Technology business, which was previously under the Investment, Risk and Reinsurance segment.

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. Utilizing the global view and local expertise of our more than 46,000 colleagues serving more than 140 countries and markets, we help organizations sharpen strategies, enhance 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

On January 1, 2022, WTW realigned to provide its comprehensive offering of services and solutions to clients across two business segments: Health, Wealth & Career and Risk & Broking. Below are the percentages of revenue generated by each segment for each of the years ended December 31, 2022, 2021 and 2020. These percentages exclude revenue that has been classified as discontinued operations in our consolidated statements of comprehensive income.

	Year ended December 31,		
	2022	2021	2020
Health, Wealth & Career	60%	60%	60%
Risk & Broking	40%	40%	40%

The following presents descriptions of our reorganized segments:

Health, Wealth & Career

The Health, Wealth & Career ('HWC') segment provides an array of advice, broking, solutions and technology for employee benefit plans, institutional investors, compensation and career programs, and the employee experience overall. Our portfolio of services support the interrelated challenges that the management teams of our clients face across human resources ('HR') and finance.

HWC is the larger of the two segments of the Company. Addressing four key areas, Health, Wealth, Career and Benefits Delivery & Outsourcing, the segment is focused on addressing our clients' people and risk needs to help them succeed in a global marketplace.

Health

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

Our consultants help clients make strategic decisions on topics such as optimizing program spend; evaluating emerging vendors, point solutions and 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. We also assist clients in selecting the appropriate insurance carriers to cover benefit risks and administer the programs. In addition to our consulting and broking 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 (e.g., life, disability) programs, we have a tailored offering for multinationals. This offering includes a flexible set of ready-made solutions, proven technology and an integrated approach to service delivery that translates to a globally consistent, high-quality experience for our clients.

A meaningful portion of revenue in this business is from recurring work, though contracts may be annual or multi-year. Given the balance of revenue across consulting, broking and solutions, our revenue is somewhat weighted to the first quarter.

W*ealth*

Our wealth-related businesses include Retirement and Investments.

The Retirement business provides actuarial support, plan design, and administrative services for all forms of 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 and solutions 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 help multinationals coordinate plan design and actuarial services across their complex global plans. We bring in-depth data analysis and perspective to their decision process, because we have tracked the retirement designs and financing strategies of companies around the world over many decades.

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

Retirement 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 pension plans and our clients’ annual needs for these services. Revenue for the Retirement business in some geographies is somewhat seasonal, as much of our work pertains to calendar-year plan administration, financing, reporting and compliance; thus, revenue is typically more weighted to the first and fourth quarters of the fiscal year.

Our Investments business provides advice and discretionary investment management solutions to defined benefit and defined contribution pension plans as well as to a range of other client types including insurers, endowments and foundations, and private wealth investors. We provide a solution to a significant business problem faced by our clients, namely sustaining the resources and skills required to deliver a financial services product in highly competitive capital markets. We offer a flexible approach that adapts to a wide range of client needs and circumstances, with the objective of higher returns, lower risk and lower costs within each client’s unique situation.

Our solutions range from single asset class activity, through complete management of entire pension plan assets including sophisticated liability hedging programs.

We bring together a broad array of specialist investment knowledge and skills across all asset classes, a high-quality execution platform, a cost advantage through our scale, and expert advisors with experience across all client types from the largest plans in the world to small corporate pension plans.

We have long-term relationships with our Investments clients, with the majority of our revenue driven by retainer contracts.

Career

Our career-related offerings include advice, data, software and products to address clients’ total rewards and talent issues across the globe delivered through our *Work & Rewards* and *Employee Experience* businesses.

Within our Work & Rewards business, we help clients determine the best ways to get work done, the skills needed for jobs, and how to reward it. 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 proprietary market benchmarking data and software to support compensation administration.

Our Employee Experience business focuses on the provision of solutions including employee insight and listening tools, talent assessment tools and services, communication and change management services.

Revenue for our career-related businesses is partly seasonal in nature, with heightened activity in the second half of the calendar year during the annual compensation, benefits, and survey cycles. While these businesses enjoy long-term relationships with many clients, work in several practices is often project-based and can be sensitive to economic changes. The businesses benefit from regulatory changes affecting our clients that require strategic advice, program changes and communication, as well as the focus on ESG as a component of executive and board pay, the redefinition of jobs, work location and career paths as technology disaggregates work, and the recalibration of pay and the employee experience amidst shifting labor markets.

Benefits Delivery & Outsourcing

Our Benefits Delivery & Outsourcing businesses include Benefits Delivery & Administration (‘BDA’) and Technology and Administration Solutions (‘TAS’).

The BDA business provides primary medical and ancillary benefit exchange and outsourcing services to active employees and retirees across both the group and individual markets, primarily in the U.S.

A significant portion of the revenue in this business is 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 business is seasonal and is generally higher in the fourth quarter as it is driven when typical annual enrollment activity occurs.

BDA provides services via two related offerings:

Benefits Outsourcing is focused on serving active employee groups for clients across the U.S. Working closely with other HWC businesses, we use our proprietary technology to provide a suite of health and welfare and pension administration outsourcing services, including tools to enable benefit modeling, decision support, enrollment and benefit choice. Drawing on expertise in H&B and Retirement to 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.

Individual Marketplace 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.

Our TAS business provides pension 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. Given the nature of the work, our revenue is distributed generally evenly across the year.

With ongoing servicing requirements and multi-year contracts in place, we have high client retention rates. 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 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.

Risk & Broking

The Risk & Broking ('R&B') segment provides a broad range of risk advice, insurance brokerage and consulting services to clients worldwide ranging from small businesses to multinational corporations.

The segment comprises two primary businesses:

Corporate Risk & Broking ('CRB')

The 'CRB' business places more than $25 billion of premiums into the insurance markets on an annual basis, and delivers integrated global solutions tailored to client needs, underpinned by data and analytics through a balanced matrix of global lines of business across all of the Company's three geographical areas: North America, Europe (including Great Britain) and International.

The global lines of business include:

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.

Global Markets Direct & Facultative — Operating in the major wholesale reinsurance hubs across the world, including London, Bermuda, Singapore, Hong Kong and Shanghai, solutions are delivered both directly to clients for the most complex property and casualty risks and as facultative reinsurance placements where we serve as an intermediary for insurance companies. Facultative solutions are provided across various classes of risk for our insurer clients, some of which may also be direct clients of WTW. The aim is to deliver optimum results for our clients by getting the right risk to the right market by the right broker, be it local, wholesale or facultative every time.

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 and political risk and crisis management, including terrorism, kidnap and ransom and contingency risk. Clients include international banks, leasing companies, commodity traders, export credit agencies, multinational corporations and sporting institutions.

Surety — The Global Surety team provides expertise in placing bonds across all industries and around the world. A surety bond is a financial instrument that guarantees contractual performance, statutory compliance, and financial assurance for domestic and international companies.

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.

Insurance Consulting and Technology ('ICT')

ICT is a global business that provides advice and technology solutions to the insurance industry. We leverage our industry experience, strategic perspective and analytical skills to help clients measure and manage risk and capital, improve business performance and create a sustainable competitive advantage. Our services include software and technology, risk and capital management, products and product pricing, financial and regulatory reporting, financial and capital modeling, M&A, outsourcing and business management.

Competition

We face competition in all fields in which we operate, based on factors including global capability, product breadth, innovation, quality of service and price. We compete with companies such as 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. 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 and other competitors 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 and expansion 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 we have developed competitive advantages in providing HR consulting and risk management consulting services. We face strong competition from numerous sources, including from large consulting firms, accounting firms and specialized firms focused on these services as further identified below. See 'Principal Risks and Uncertainties' – '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 substantially and negatively affect us', for a description of competition-related risks that may affect demand for the Company's services.

Our largest competitors in the pension consulting industry are Mercer HR Consulting (a Marsh & McLennan company) and Aon plc. In addition, we face vigorous competition from numerous other companies in the global HR consulting industry.

Our major competitors in the insurance consulting and software industry include Milliman, Oliver Wyman (a Marsh & McLennan company), the big four accounting firms (Deloitte LLP, Ernst & Young, PricewaterhouseCoopers, and KPMG), and SunGard. Aon plc, Buck Consultants (an HIG Capital Company), Connextions (a United Healthcare company) and Mercer (a Marsh & McLennan company). Automatic Data Processing and Fidelity are among our largest 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 also compete with providers of account-based health plans and consumer-directed benefits such as WageWorks 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. See 'Principal Risks and Uncertainties' – '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' and related risk factors for a description of legal, non-financial regulatory, and compliance risks to the Company.

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; geographic scope; 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 that apply to health, medical, financial and other types of personal information belonging to our employees, clients and their employees and other third parties across most jurisdictions, including, among others, the E.U. and U.K. General Data Protection Regulations, the Personal Information Protection Law ('PIPL') in China and privacy legislation in certain U.S. states. Our most significant regulatory regions are further 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 & 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 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.

New regulations and modifications to existing regulations that are specific to the U.K. have and will continue to result in differences from the regulatory requirements 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) has been required to seek authorization from the FCA as a third country branch. This application for full authorization was submitted in March 2022 and we are currently awaiting approval from the FCA. This 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 an additional 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.

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 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 as well as compliance with evolving laws, including with respect to data privacy, cybersecurity, and 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 our chief executive officer ('CEO') and chief financial officer ('CFO'), of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the 'Exchange Act'), as of the end of the period covered by this annual 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, 2022 in providing reasonable assurance that the information required to be disclosed in the 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 U.S. generally accepted accounting principles ('U.S. GAAP'), 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 our assets;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our 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. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. 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 the adequacy and effectiveness of our internal control over financial reporting. Under the supervision and with the participation of our management, including our CEO and CFO, we evaluated the effectiveness of our internal control over financial reporting as of December 31, 2022. In making this evaluation, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in the report entitled *Internal Control — Integrated Framework (2013)*. Based on this evaluation, management has concluded that we maintained effective internal control over financial reporting as of December 31, 2022.

The effectiveness of our internal control over financial reporting has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report titled "Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting," which is included herein.

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, 2022.

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

Executive Overview

Business Overview

WTW offers its clients a broad range of services and solutions to help them to identify and control their risks, and to enhance business performance by improving their ability to attract, retain and engage a talented workforce. Our risk control services range from strategic risk consulting (including providing actuarial analysis) to a variety of due diligence services, to the provision of practical on-site risk control services (such as health and safety or property loss control consulting), as well as analytical and advisory services (such as hazard modeling and climate risk quantification). We assist clients in planning how to manage incidents or crises when they occur. These services include contingency planning, security audits and product tampering plans. We help our clients enhance their business performance by delivering consulting services, technology and solutions that help them anticipate, identify and capitalize on emerging opportunities in human capital management, as well as offer investment advice to help them develop disciplined and efficient strategies to meet their investment goals.

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 exchange in the U.S. Through this exchange and those for active employees, we help our clients move to a more sustainable economic model by capping and controlling the costs associated with healthcare benefits. We are not an insurance company, and therefore we do not underwrite insurable risks for our own account.

We derive the majority of our revenue from either commissions or fees for brokerage or consulting services. We 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 derived from a percentage of the premiums paid by the insureds. Fluctuations in these premiums charged by the insurance carriers can therefore have a direct and potentially material impact on our results of operations. Our fees for consulting services are spread across a variety of complementary businesses that generally remain 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.

Risks and Uncertainties of the Economic Environment

Beginning with the COVID-19 pandemic there have been adverse changes in global commercial activity, particularly in the global supply chain and workforce availability, and 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.

Supply and labor market disruptions caused by COVID-19, accommodative monetary and fiscal policy and the Russian invasion of Ukraine 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 revenue, 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.

Although we believe we have adapted to the unique challenges posed by COVID-19 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. Additional information about COVID-19 related risks is discussed in 'Principal Risks and Uncertainties' below – 'We have been impacted by the COVID-19 pandemic and may be substantially and negatively impacted by COVID-19 or other pandemics in the future'.

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 this trend may continue.

From time to time, including but not limited to the period after the announcement of the proposed Aon plc ('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 Risk & Broking segment during 2021, has caused the segment's growth rate for 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. It is possible that growth could be different than expected and our results of operations could be significantly and adversely impacted by this factor going into 2023.

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

Outlook Following Russia Divestiture

In the third quarter of 2022, we completed the transfer of ownership of our Russian subsidiaries to local management and, given current conditions, do not anticipate resuming operations in Russia within the foreseeable future. The Russian entities were primarily within our Risk & Broking segment. We have estimated that the annualized run-rate impact from the divestiture of our Russian operations is approximately $120 million of revenue. Additionally, the Russian business was highly profitable, with operating margins in excess of double the enterprise-level margins. Because we did not receive significant proceeds in connection with the divestiture with which to reinvest in the business, the lost profits will adversely impact earnings, margins and cash flow. For additional information about the risks relating to lost profits following the divestiture of our Russian subsidiaries see 'Principal Risks and Uncertainties' below – 'Our business, financial condition, results of operations, and long-term goals may continue to be adversely affected, possibly materially, by negative impacts on the global economy and capital markets resulting from the war between Russia and Ukraine or any other geopolitical tensions'.

Business Strategy

As discussed under 'Principal Activities' above, we seek to be an advisory, broking and solutions provider of choice through an integrated global platform.

WTW 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. We harness our collective power as 'One WTW' to make smart connections 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 & Career and Risk & 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, 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. During the third quarter of 2022, we revised the expected costs and savings under the program and we now expect the program to generate annual cost savings in excess of $360 million by the end of 2024. The program is expected to incur cumulative costs of $630 million and capital expenditures of approximately $270 million, for a total investment of $900 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.

Certain costs under the Transformation program are accounted for under ASC 420, *Exit or Disposal Cost Obligation*, and are included as restructuring costs in the consolidated statements of comprehensive income. For the years ended December 31, 2022 and 2021, restructuring charges under our Transformation program totaled $99 million and $26 million, respectively. Other costs incurred under the Transformation program are included in transaction and transformation, net and were $136 million for the year ended December 31, 2022. From the actions taken during 2022, we have identified an additional $129 million of annualized run-rate savings during the year due to newly-realized opportunities and incremental sources of value, and $149 million of cumulative annualized run-rate savings identified to date since the inception of the program, which savings overall are primarily attributable to the reduction of real estate and technology costs, as well as process optimization. The benefits from the program began to be recognized during 2022.

For a discussion of some of the risks associated with the Transformation program, please see 'Principal Risks and Uncertainties' below – 'We may not be able to fully realize the anticipated benefits of our growth strategy' and other risks and uncertainties in this Report.

Financial Statement Overview

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, 2022		2021		2020	
Revenue	$ 8,866	100%	$ 8,998	100%	$ 8,615	100%
Costs of providing services						
Salaries and benefits	5,065	57%	5,253	58%	5,157	60%
Other operating expenses	1,776	20%	1,673	19%	1,697	20%
Depreciation	255	3%	281	3%	307	4%
Amortization	312	4%	369	4%	461	5%
Restructuring costs	99	1%	26	—%	24	—%
Transaction and transformation, net	181	2%	(806)	(9)%	110	1%
Total costs of providing services	7,688		6,796		7,756	
Income from operations	1,178	13%	2,202	24%	859	10%
Interest expense	(208)	(2)%	(211)	(2)%	(244)	(3)%
Other income, net	288	3%	701	8%	396	5%
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	1,258	14%	2,692	30%	1,011	12%
Provision for income taxes	(194)	(2)%	(536)	(6)%	(249)	(3)%
INCOME FROM CONTINUING OPERATIONS	1,064	12%	2,156	24%	762	9%
(LOSS)/INCOME FROM DISCONTINUED OPERATIONS, NET OF TAX	(40)	—%	2,080	23%	258	3%
Income attributable to non-controlling interests	(15)	—%	(14)	—%	(24)	—%
NET INCOME ATTRIBUTABLE TO WTW	$ 1,009	11%	$ 4,222	47%	$ 996	12%
Diluted earnings per share from continuing operations	$ 9.34		$ 16.63		$ 5.67	

(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, 2022. These figures do not represent the currency of the related revenue, which is presented in the next table.

Geographic Region	% of Revenue
United States	54%
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, 2022.

Transactional Currency	Revenue	Expenses [(i)]
U.S. dollars	60%	55%
Pounds sterling	11%	17%
Euro	14%	12%
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 transformation, net.

The following table sets forth the total revenue for the years ended December 31, 2022 and 2021 and the components of the change in total revenue for the year ended December 31, 2022, as compared to the prior year. The components of the revenue change may not add due to rounding.

	Years Ended December 31, 2022 ($ in millions)	Years Ended December 31, 2021 ($ in millions)	As Reported Change	Components of Revenue Change: Less: Currency Impact	Constant Currency Change	Less: Acquisitions/ Divestitures	Organic Change
Revenue	$ 8,866	$ 8,998	(1)%	(4)%	2%	(1)%	4%

Revenue for the year ended December 31, 2022 was $8.9 billion, compared to $9.0 billion for the year ended December 31, 2021, a decrease of $132 million, or 1%, on an as-reported basis. This decrease was primarily driven by unfavorable foreign currency exchange movement. Adjusting for the impact of foreign currency and acquisitions and disposals, our organic revenue growth was 4% for the year ended December 31, 2022. The increase in organic revenue was driven by both segments.

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, 2022, currency translation decreased our consolidated revenue by $335 million. The primary currencies driving these changes were the Euro and Pound sterling.

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

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

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 former 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.

Segment Revenue

For further information on our segment reorganization and a full description of our businesses, please see the section entitled 'Management Structure' above. Due to the reorganization of our segments in 2022, prior-year segment information has been retrospectively adjusted to conform to the current-year presentation.

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, as permitted by applicable accounting standards and SEC rules. See Note 5 to the Consolidated Financial Statements for more information about how our segment revenue is calculated and a reconciliation to our GAAP results.

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.

For all tables presented below, the components of the revenue change may not add due to rounding.

Health, Wealth & Career ('HWC')

The HWC segment provides an array of advice, broking, solutions and technology for employee benefit plans, institutional investors, compensation and career programs, and the employee experience overall.

HWC is the larger of the two segments of the Company, generating approximately 60% of our segment revenue for the year ended December 31, 2022. Addressing four key areas, Health, Wealth, Career and Benefits Delivery & Outsourcing, the segment is focused on addressing our clients' people and risk needs to help them succeed in a global marketplace.

The following table sets forth HWC segment revenue for the years ended December 31, 2022 and 2021, and the components of the change in revenue for the year ended December 31, 2022 from the year ended December 31, 2021.

	Years Ended December 31,			Components of Revenue Change			
	2022	2021	As Reported Change	Less: Currency Impact	Constant Currency Change	Less: Acquisitions/ Divestitures	Organic Change
	($ in millions)						
Segment revenue	$ 5,287	$ 5,268	—%	(3)%	4%	—%	3%

HWC segment revenue for both the years ended December 31, 2022 and 2021 was $5.3 billion. Organic growth was led by the Benefits Delivery & Outsourcing business driven by Medicare Advantage sales and its expanded client base. The Health business' revenue grew from improved retention and expansion of our client portfolio. Career also contributed strong growth, driven by demand for our advisory services, survey offerings, compensation benchmarking products and project activity. Year-over-year organic growth in our Wealth businesses was flat, with increases from higher project activity across all regions, primarily related to financial market volatility and higher levels of regulatory work in Great Britain, offset by declines in our Investments business due to headwinds from the negative impact of capital market performance and performance fees received in the prior year.

The following table sets forth HWC 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,			Components of Revenue Change			
	2021	2020	As Reported Change	Less: Currency Impact	Constant Currency Change	Less: Acquisitions/ Divestitures	Organic Change
	($ in millions)						
Segment revenue	$ 5,268	$ 4,895	8%	2%	6%	—%	6%

HWC segment revenue for the years ended December 31, 2021 and 2020 was $5.3 billion and $4.9 billion, respectively. On both an as-reported and organic basis, Benefits Delivery & Administration was led by Individual Marketplace, primarily by TRANZACT, which had strong growth in Medicare Advantage sales. Career revenue growth was driven by strong market demand for rewards advisory work and talent and compensation products. Wealth revenue increased with notable growth in Europe, driven by funding advice and Guaranteed Minimum Pension equalization work, along with advisory-related fees in our Investments business. Health 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. Benefits Delivery & Outsourcing revenue increased primarily due to new project and client activity in Europe and in

North America, driven by an expanded client base and project work stemming from temporary federal policy changes affecting group healthcare plans.

Risk & Broking ('R&B')

The R&B segment provides a broad range of risk advice, insurance brokerage and consulting services to clients worldwide ranging from small businesses to multinational corporations.

R&B generated approximately 40% of our segment revenue for the year ended December 31, 2022. The segment comprises two primary businesses - Corporate Risk & Broking and Insurance Consulting and Technology.

The following table sets forth R&B segment revenue for the years ended December 31, 2022 and 2021, and the components of the change in revenue for the year ended December 31, 2022 from the year ended December 31, 2021.

	Years Ended December 31,			Components of Revenue Change			
	2022	2021	As Reported Change	Less: Currency Impact	Constant Currency Change	Less: Acquisitions/ Divestitures	Organic Change
	($ in millions)						
Segment revenue	$ 3,460	$ 3,564	(3)%	(5)%	2%	(2)%	3%

R&B segment revenue for the years ended December 31, 2022 and 2021 was $3.5 billion and $3.6 billion, respectively. This decrease on an as-reported basis was primarily driven by unfavorable foreign currency exchange movement. On an organic basis, CRB's revenue grew across all regions, driven by our global lines of business, primarily Aerospace and Construction. ICT's organic revenue grew from increased software sales and advisory work.

The following table sets forth R&B 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,			Components of Revenue Change			
	2021	2020	As Reported Change	Less: Currency Impact	Constant Currency Change	Less: Acquisitions/ Divestitures	Organic Change
	($ in millions)						
Segment revenue	$ 3,564	$ 3,316	7%	2%	5%	—%	5%

R&B segment revenue for the years ended December 31, 2021 and 2020 was $3.6 billion and $3.3 billion, respectively. On both an as-reported and organic basis, CRB North America led the segment with gains recorded in connection with book-of-business sales and settlements alongside strong renewals, primarily in FINEX, Marine, Aerospace and Construction. CRB International revenue increased with new business generation, primarily in the FINEX and Construction insurance lines. Advisory-related fees led the revenue growth in Insurance Consulting and Technology. CRB Revenue in Europe was down due to challenges related to senior staff departures.

Costs of Providing Services (Continuing Operations)

Total costs of providing services for the year ended December 31, 2022 were $7.7 billion, compared to $6.8 billion for the year ended December 31, 2021, an increase of $892 million, or 13%. This increase was primarily due to the $1 billion income receipt related to the termination of our then-proposed Aon transaction, which was received during the third quarter of 2021 and partially offset total costs in that year. 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. See the following discussion for further details.

Salaries and Benefits

Salaries and benefits for the year ended December 31, 2022 were $5.1 billion, compared to $5.3 billion for the year ended December 31, 2021, a decrease of $188 million, or 4%. The decrease in the current year is primarily due to lower salary expense related to our non-U.S. workforce resulting from favorable foreign currency exchange movements and lower discretionary and incentive costs. Overall, currency translation decreased our salaries and benefits expense by $234 million during 2022. 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, as a percentage of revenue, represented 57%, 58% and 60% for the years ended December 31, 2022, 2021 and 2020, 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 are partially offset by fees under a cost reimbursement Transition Services Agreement (‘TSA’; see Note 3 to the Consolidated Financial Statements) with Gallagher.

Other operating expenses for the year ended December 31, 2022 were $1.8 billion, compared to $1.7 billion for the year ended December 31 2021, an increase of $103 million, or 6%. This increase was primarily due to asset impairments associated with our Russian divestiture. These impairments were mostly accounts receivables derived from Russian insurance contracts placed by U.K. brokers in the London market (see Note 3 to the Consolidated Financial Statements). Additionally, costs increased due to higher travel and entertainment costs as post-pandemic activity increased, local office expenses, professional services and business insurance costs. These costs were partially offset by lower non-income-related tax expense and occupancy costs which are the result of actions taken in our restructuring program. 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.

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, 2022 was $255 million, compared to $281 million for the year ended December 31, 2021, a decrease of $26 million, or 9%. The year-over-year decrease was primarily due to a lower depreciable base of assets resulting from business disposals over the last two years, a lower dollar value of assets placed in service during 2021 and favorable foreign currency exchange movements. 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.

Amortization

Amortization represents the amortization of acquired intangible assets, including acquired internally-developed software. Amortization for the year ended December 31, 2022 was $312 million, compared to $369 million for the year ended December 31, 2021, a decrease of $57 million, or 15%. Our intangible amortization is generally more heavily weighted to the initial years of the useful lives of the related intangibles, and therefore amortization related to intangible assets will continue to decrease over time. 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%.

Restructuring Costs

Restructuring costs for the years ended December 31, 2022 and 2021 were $99 million and $26 million, respectively. Restructuring costs in the current year primarily related to the real estate rationalization and technology modernization components of the Transformation program (see Transformation Program within this section and Note 6 to the Consolidated Financial Statements). Restructuring costs in the prior year primarily related to the real estate rationalization component of the Transformation program. 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.

Transaction and Transformation, Net

Transaction and transformation, net for the year ended December 31, 2022 was $181 million of expenses, compared to income of $806 million for the year ended December 31, 2021. Transaction and transformation expenses for the current year were comprised of costs related to our Transformation program, primarily compensation costs and consulting fees, as well as legal fees and other transaction-related costs. The income for the prior year consisted mostly of the $1 billion income receipt related to the termination of our then-proposed combination with Aon, and was partially offset by legal and other professional fees related to this terminated 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.

Income from Operations

Income from operations for the year ended December 31, 2022 was $1.2 billion, compared to $2.2 billion for the year ended December 31, 2021, a decrease of $1.0 billion. The decrease was primarily due to the prior-year $1 billion income receipt from the termination of the then-proposed Aon transaction, which resulted in lower total costs. 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.

Interest Expense

Interest expense for the years ended December 31, 2022 and 2021 was $208 million and $211 million, respectively. Interest expense, which arose primarily from our senior notes, decreased by $3 million for the year ended December 31, 2022, which was primarily the result of lower average levels of indebtedness in the current year. 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.

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, 2022 was $288 million, compared to $701 million for the year ended December 31, 2021, a decrease of $413 million. Other income, net decreased primarily due to the prior year including the net gain on disposal of our Miller business (see Note 3 to the Consolidated Financial Statements). 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).

Provision for Income Taxes

Provision for income taxes on continuing operations for the year ended December 31, 2022 was $194 million, compared to $536 million for the year ended December 31, 2021. The effective tax rates for the years ended December 31, 2022 and 2021 were 15.4% and 19.9%, 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 $34 million tax benefit associated with amending the Company's U.S. federal income tax returns for tax years 2019 and 2020, primarily related to the reduction of Base Erosion and Anti Abuse Tax ('BEAT'). The prior-year effective tax rate includes a $250 million estimated tax expense related to the income receipt associated with the termination of our then-proposed combination with Aon, as well as a $40 million tax expense related to the remeasurement of deferred tax assets and liabilities associated with an increase in the U.K. tax rate from 19% to 25%. Provision for income taxes on continuing operations for the years ended December 31, 2021 and 2020 was $536 million and $249 million, respectively. The effective tax rates for the years ended December 31, 2021 and 2020 were 19.9% and 24.7%, 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 2021 effective tax rate includes a $250 million estimated tax expense related to the income receipt of the termination payment.

(Loss)/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,		
	2022	2021	2020
Revenue from discontinued operations	$ 48	$ 721	$ 737
Costs of providing services			
Salaries and benefits	14	350	350
Other operating expenses	10	59	61
Amortization	—	2	2
Transaction and transformation, net	—	33	—
Total costs of providing services	24	444	413
Other income, net	5	2	3
Income from discontinued operations before income taxes	29	279	327
(Loss)/gain on disposal of Willis Re	(65)	2,300	—
Benefit from/(provision for) income tax expense	1	(500)	(69)
Net income (payable to)/receivable from Gallagher on Deferred Closing	(5)	1	—
(Loss)/income from discontinued operations, net of tax	$ (40)	$ 2,080	$ 258

(Loss)/income from discontinued operations, net of tax for the years ended December 31, 2022 and 2021 was a loss of $40 million and income of $2.1 billion, respectively. The operations of our Willis Re business were 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). Gains and losses from discontinued operations in the current year are primarily attributable to the adjustments to the gain on disposal resulting from finalizing the value of the net assets transferred and the operations of the deferred closing entities and run-off activity associated with the divestiture.

Income from discontinued operations, net of tax for the years ended December 31, 2021 and 2020 was $2.1 billion and $258 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.

Net income attributable to WTW

Net income attributable to WTW for the year ended December 31, 2022 was $1.0 billion, compared to $4.2 billion for the year ended December 31, 2021, a decrease of $3.2 billion, or 76%. This decrease was primarily due to lower net income from the discontinued operations of our Willis Re business and the prior-year $1 billion income receipt related to the termination of our then-proposed combination with Aon. 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.

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, 2022. Our most significant long-term obligations include mandatory debt and related interest, operating leases and pension obligations and contributions to our qualified pension plans.

There has been 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 few years, the COVID-19 pandemic had an initial negative impact on discretionary work we perform for our clients, but we subsequently saw increased demand for these services begin to return in the second quarter of 2021 and continue during 2022. Although reduced in 2020 and 2021, spending on travel and associated expenses has increased in 2022 following the return to office for many companies which has increased in-person interactions.

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 $1.5 billion revolving credit facility, 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, 2022, we completed an offering of $750 million aggregate principal amount of 4.650% senior notes due 2027, using the proceeds in part to repay in full our €540 million ($582 million on the date of repayment) aggregate principal amount of 2.125% Senior Notes due 2022 ($594 million including accrued interest), which were to mature during the second quarter of 2022. Additionally, during 2022, our board of directors approved a $1.0 billion increase to the existing share repurchase program, and during the year ended December 31, 2022 we repurchased $3.5 billion of shares, with remaining authorization to repurchase an additional $1.3 billion. Further, as of March 10, 2023, we have repurchased approximately $77 million 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.

Before its disposal last year, Willis Re's operating cash flows approximated 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 were retained following the disposal, but are being 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, or future pension funding during periods of severe downturn in the capital markets.

Distributable Profits - We are required under Irish law to have available 'distributable profits' to make share repurchases or pay dividends to shareholders. Distributable profits are created through the earnings of the Irish parent company and, among other methods, through intercompany dividends or a reduction in share capital approved by the High Court of Ireland. Distributable profits are not linked to a U.S. GAAP reported amount (e.g. retained earnings). At WTW's Annual General Meeting on June 8, 2022, its shareholders voted in favor of a proposed capital reduction. In accordance with Part 3 of the Irish Companies Act 2014 the Parent Company submitted an application to the High Court of Ireland to reduce its share premium account. On July 19, 2022, the High Court of Ireland approved a reduction of the share premium account of the Parent Company of approximately $9.5 billion, with the resulting balance being treated as realized profits of the Parent Company. The High Court of Ireland's order was registered with the Irish Companies Registration Office and became effective on July 21, 2022.

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, 2022 and 2021 totaled $1.3 billion and $4.5 billion, respectively. The decrease in cash from December 31, 2021 to December 31, 2022 was due primarily to $3.5 billion of share repurchases.

Additionally, we had all of the borrowing capacity available to draw against our $1.5 billion revolving credit facility at December 31, 2022.

Included within cash and cash equivalents at December 31, 2022 and 2021 are amounts held for regulatory capital adequacy requirements, including $99 million and $120 million, respectively, held within our regulated U.K. entities.

Summarized Consolidated Cash Flows

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

	Years ended December 31,		
	2022	2021	2020
		(in millions)	
Net cash from/(used in):			
Operating activities	$ 812	$ 2,061	$ 1,774
Investing activities	(173)	2,570	(160)
Financing activities	(3,445)	(3,114)	378
(DECREASE)/INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(2,806)	1,517	1,992
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(164)	(127)	126
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR (i)	7,691	6,301	4,183
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR (i)	$ 4,721	$ 7,691	$ 6,301

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

Cash Flows From Operating Activities

Cash flows from operating activities were $812 million for 2022, compared to $2.1 billion for 2021. The $812 million net cash from operating activities for 2022 included net income of $1.0 billion, and $676 million of favorable non-cash adjustments, partially offset by unfavorable changes in operating assets and liabilities of $888 million. The $676 million of favorable non-cash adjustments primarily includes depreciation, amortization and non-cash lease expense. The decrease in cash flows from operating activities as compared to the prior year was due primarily to the prior-year income receipt of $1 billion related to the termination of the then-proposed Aon transaction, 2022 tax payments related to this income receipt, and the elimination of Willis Re cash generation following the divestiture.

Cash flows from operating activities of $2.1 billion 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. The cash flows from operating activities for 2021 mostly included 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. 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.

Cash Flows (Used In)/From Investing Activities

Cash flows used in investing activities for the year ended December 31, 2022 were $173 million compared to cash flows from investing activities of $2.6 billion for the year ended December 31, 2021. The cash flows used in investing activities for the year ended December 31, 2022 consisted of capital expenditures and capitalized software additions of $204 million and net cash outflows for acquisitions and divestitures of $169 million, partially offset by sales of investments of $200 million.

Cash flows from investing activities for the year ended December 31, 2021 were $2.6 billion, which primarily included 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 were $160 million, 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 Used In Financing Activities

Cash flows used in financing activities for the year ended December 31, 2022 were $3.4 billion. The significant financing activities included share repurchases of $3.5 billion, debt repayments of $585 million and dividend payments of $369 million, partially offset by $750 million of net proceeds from issuance of debt and $354 million of net proceeds from fiduciary funds held for clients.

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.

Indebtedness

Total debt, total equity, and the capitalization ratio at December 31, 2022 and December 31, 2021 were as follows:

	December 31,	
	2022	2021
	(in millions)	
Long-term debt	$ 4,471	$ 3,974
Current debt	250	613
Total debt	$ 4,721	$ 4,587
Total WTW shareholders' equity	$ 10,016	$ 13,260
Capitalization ratio	32.0%	25.7%

The capitalization ratio increased from December 31, 2021 primarily due to $3.5 billion of share repurchases during the year ended December 31, 2022.

At December 31, 2022, our mandatory debt repayments over the next twelve months include $250 million outstanding on our 4.625% senior notes due 2023.

At December 31, 2022 and 2021, 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, 2022 and 2021, we had fiduciary funds of $3.6 billion and $3.4 billion, respectively, of which $945 million and $719 million, respectively, are attributable to our Willis Re business.

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 July 26, 2021, the board of directors approved a $1.0 billion increase to the existing share repurchase program, which was previously at $500 million. Additionally, on September 16, 2021, the board of directors approved a $4.0 billion increase to the existing share repurchase program, and on May 25, 2022, approved a $1.0 billion increase to the existing share repurchase program. These increases brought the total approved authorization to $6.5 billion.

At December 31, 2022, approximately $1.3 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, 2022 of $244.58 was 5,489,619.

The following table presents specified information about the Company's repurchases of ordinary shares for the year ended December 31, 2022:

	Year ended December 31, 2022
Shares repurchased	15,729,085
Average price per share	$224.42
Aggregate repurchase cost (excluding broker costs)	$3.5 billion

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

	Year Ended December 31, 2022 Ordinary shares, $0.000304635 nominal value		
	Number of shares	Percentage of the called-up share capital	Nominal value (thousands)
Balance at January 1, 2022	17,519	Under 0.01%	$—
Shares repurchased	15,729,085		5
Shares canceled	(15,729,085)		(5)
Balance at December 31, 2022	17,519	Under 0.01%	$—

Dividends

Total interim cash dividends of $369 million were paid during the year ended December 31, 2022 (2021: $374 million; 2020: $346 million). In February 2023, the Board of Directors approved an interim quarterly cash dividend of $0.84 per share ($3.36 per share annualized rate), which will be paid on or around April 17, 2023 to shareholders of record as of March 31, 2023.

Capital Commitments

The Company's capital expenditures for fixed assets and software for internal use were $138 million for the year ended December 31, 2022. Capital expenditures for fixed assets and software for internal use, which include expenditures under our Transformation program, are expected to be in the range of $225 million to $250 million for the year ended December 31, 2023. We expect cash from operations to adequately provide for these cash needs.

Consolidated Balance Sheet

Total assets of $31.8 billion as of December 31, 2022 decreased by $3.2 billion in the year ended December 31, 2022, largely driven by a reduction in cash due to share repurchases in 2022 of $3.5 billion.

Total liabilities of $21.7 billion as of December 31, 2022 were consistent with the position at December 31, 2021.

Total equity decreased by $3.2 billion in the year ended December 31, 2022, largely due to the share repurchases in 2022 of $3.5 billion.

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, 2022, 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, 2022 are as follows:

	Payments due by				
	Total	**2023**	**2024-2025**	**2026-2027**	**After 2027**
			(in millions)		
Debt and related interest obligations					
Senior notes	$ 4,750	$ 250	$ 650	$ 1,300	$ 2,550
Revolving $1.5 billion credit facility	—	—	—	—	—
Interest on senior notes	2,006	196	340	270	1,200
Total debt and related interest obligations	6,756	446	990	1,570	3,750
Operating and finance leases	860	154	271	186	249
U.K. pension contractual obligations	62	15	20	20	7
Acquisition liabilities	46	16	27	3	—
Other contractual obligations	18	5	—	13	—
Total contractual obligations	$ 7,742	$ 636	$ 1,308	$ 1,792	$ 4,006

Debt Obligations and Facilities — The Company's material debt and related interest obligations at December 31, 2022 are shown in the above table. The Company's mandatory debt repayments over the next twelve months include $250 million outstanding on its 4.625% 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, 2023 are projected to be $54 million. Additionally, the Company expects to pay $50 million in benefits directly to participants for the year ended 2023.

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 $47 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.

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 pertinent 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 and loss from discontinued operations, net of tax – Adjustment to remove the after-tax income or loss from discontinued operations and the after-tax gain attributable to the divestiture of our Willis Re business.
- Restructuring costs and transaction and transformation, net – Management believes it is appropriate to adjust for restructuring costs and transaction and transformation, 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 transformation, net in 2021 includes the income receipt related to the termination of the then-proposed Aon transaction.
- Impairment – Adjustment to remove the impairment related to the net assets of our Russian business that are held outside of our Russian entities.
- Gains and losses on disposals of operations – Adjustment to remove the gains or losses 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.
- 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 or benefit, primarily from the BEAT, generated from electing or changing elections of certain income tax provisions available under the CARES Act.
- Tax effect 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.

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, 2022 from the year ended December 31, 2021 is as follows. The components of revenue change may not add due to rounding.

	Years ended December 31,		As Reported Change	Components of Revenue Change			
	2022	2021		Less: Currency Impact	Constant Currency Change	Less: Acquisitions/ Divestitures	Organic Change
	($ in millions)						
Revenue	$ 8,866	$ 8,998	(1)%	(4)%	2%	(1)%	4%

For the year ended December 31, 2022, our as-reported revenue declined by 1%, primarily as a result of unfavorable foreign currency exchange movement. Adjusting for the impacts of foreign currency and acquisitions and disposals in the calculation of our organic activity, our revenue grew by 4% for the year ended December 31, 2022. The increase to our organic revenue was driven by both segments.

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. The components of revenue change may not add due to rounding.

	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%

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.

Adjusted Operating Income/Margin

We consider adjusted operating income/margin to be important financial measures, which are used internally to 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 impairment, amortization, restructuring costs, transaction and transformation, 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, 2022 and 2021 are as follows:

	Years Ended December 31,		
	2022	2021	2020
		($ in millions)	
Income from operations	$ 1,178	$ 2,202	$ 859
Adjusted for certain items:			
Impairment	81	—	35
Amortization	312	369	461
Restructuring costs	99	26	24
Transaction and transformation, net	181	(806)	110
Provision for significant litigation	—	—	65
Adjusted operating income	$ 1,851	$ 1,791	$ 1,554
Income from operations margin	13.3%	24.5%	10.0%
Adjusted operating income margin	20.9%	19.9%	18.0%

Adjusted operating income increased for the year ended December 31, 2022 to $1.9 billion, from $1.8 billion for the year ended December 31, 2021. This increase resulted from salaries and benefits, as a percentage of revenue, reducing from 58% to 57% on an as- reported basis, primarily related to the reduction in discretionary and incentive costs. 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 EBITDA/Margin

We consider adjusted EBITDA/margin to be important financial measures, which are used internally to 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, impairment, depreciation and amortization, restructuring costs, transaction and transformation, 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, 2022 and 2021 are as follows:

	Years Ended December 31,		
	2022	2021	2020
		($ in millions)	
NET INCOME	$ 1,024	$ 4,236	$ 1,020
Loss/(income) from discontinued operations, net of tax	40	(2,080)	(258)
Provision for income taxes	194	536	249
Interest expense	208	211	244
Impairment	81	—	—
Depreciation (i)	255	281	307
Amortization	312	369	461
Restructuring costs	99	26	24
Transaction and transformation, net	181	(806)	110
Provision for significant litigation	—	—	65
Gain on disposal of operations	(7)	(379)	(81)
Adjusted EBITDA	$ 2,387	$ 2,394	$ 2,141
Net income margin	11.5%	47.1%	11.8%
Adjusted EBITDA margin	26.9%	26.6%	24.9%

(i) Includes abandonment of long-lived asset of $35 million for the year ended December 31, 2020.

Adjusted EBITDA for both the years ended December 31, 2022 and 2021 was $2.4 billion, a decrease of $7 million. This decrease was due to lower pension income, partially offset by salaries and benefits, as a percentage of revenue, reducing from 58% to 57% on an as-reported basis, primarily related to the reduction in discretionary and incentive costs in the current year. 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 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, impairment, amortization, restructuring costs, transaction and transformation, 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 ordinary shares, 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.

Reconciliations of net income attributable to WTW to adjusted diluted earnings per share for the years ended December 31, 2022 and 2021 are as follows:

	Years Ended December 31,		
	2022	2021	2020
	($ and weighted-average shares in millions)		
NET INCOME ATTRIBUTABLE TO WTW	$ 1,009	$ 4,222	$ 996
Adjusted for certain items:			
Loss/(income) from discontinued operations, net of tax	40	(2,080)	(258)
Impairment	81	—	—
Abandonment of long-lived asset	—	—	35
Amortization	312	369	461
Restructuring costs	99	26	24
Transaction and transformation, net	181	(806)	110
Provision for significant litigation	—	—	65
Gain on disposal of operations	(7)	(379)	(81)
Tax effect on certain items listed above [(i)]	(188)	103	(149)
Tax effect of statutory rate change	—	40	—
Tax effect of the CARES Act	(24)	—	61
Tax effect of internal reorganizations	4	—	—
	$ 1,507	$ 1,495	$ 1,264
Weighted-average ordinary shares — diluted	112	129	130
Diluted earnings per share	$ 8.98	$ 32.78	$ 7.65
Adjusted for certain items [(ii)]:			
Loss/(income) from discontinued operations, net of tax	0.36	(16.15)	(1.98)
Impairment	0.72	—	—
Abandonment of long-lived asset	—	—	0.27
Amortization	2.78	2.86	3.54
Restructuring costs	0.88	0.20	0.18
Transaction and transformation, net	1.61	(6.26)	0.84
Provision for significant litigation	—	—	0.50
Gain on disposal of operations	(0.06)	(2.94)	(0.62)
Tax effect on certain items listed above [(i)]	(1.67)	0.79	(1.14)
Tax effect of statutory rate change	—	0.31	—
Tax effect of the CARES Act	(0.21)	—	0.47
Tax effect of internal reorganizations	0.04	—	—
Adjusted diluted earnings per share	$ 13.41	$ 11.60	$ 9.71

(i) The tax effect was calculated using an effective tax rate for each item.
(ii) Per share values and totals may differ due to rounding.

Our adjusted diluted earnings per share increased for the year ended December 31, 2022 as compared to the year ended December 31, 2021 primarily due to a lower weighted-average outstanding share count attributable to our share repurchase activity in the current year. 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.

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 impairment, amortization, restructuring costs, transaction and transformation, 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 impairment, amortization, restructuring costs, transaction and transformation, 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, 2022 and 2021 are as follows:

	Years Ended December 31,		
	2022	2021	2020
		($ in millions)	
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	$ 1,258	$ 2,692	$ 1,011
Adjusted for certain items:			
Impairment	81	—	—
Abandonment of long-lived asset	—	—	35
Amortization	312	369	461
Restructuring costs	99	26	24
Transaction and transformation, net	181	(806)	110
Provision for significant litigation	—	—	65
Gain on disposal of operations	(7)	(379)	(81)
Adjusted income before taxes	$ 1,924	$ 1,902	$ 1,625
Provision for income taxes	$ 194	$ 536	$ 249
Tax effect on certain items listed above (i)	188	(103)	149
Tax effect of statutory rate change	—	(40)	—
Tax effect of the CARES Act	24	—	(61)
Tax effect of internal reorganizations	(4)	—	—
Adjusted income taxes	$ 402	$ 393	$ 337
U.S. GAAP tax rate	15.4%	19.9%	24.7%
Adjusted income tax rate	20.9%	20.7%	20.8%

(i) The tax effect was calculated using an effective tax rate for each item.

Our U.S. GAAP tax rates were 15.4% and 19.9% for the years ended December 31, 2022 and 2021, respectively. The current-year effective tax rate includes a $34 million tax benefit associated with amending the Company's U.S. federal income tax returns for tax years 2019 and 2020, primarily related to a reduction in the BEAT. The effective tax rate for the year ended December 31, 2021 includes a $250 million estimated tax expense related to the income receipt associated with the termination of our then-proposed combination with Aon, as well as a $40 million tax expense related to the remeasurement of deferred tax assets and liabilities associated with an increase in the U.K. tax rate from 19% to 25%. Our U.S. GAAP tax rates were 19.9% and 24.7% for the years ended December 31, 2021 and 2020, 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 the tax year 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 20.9%, 20.7% and 20.8% for the years ended December 31, 2022, 2021 and 2020, 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, 2022 and 2021 are as follows:

	Years ended December 31,		
	2022	2021	2020
		(in millions)	
Cash flows from operating activities	$ 812	$ 2,061	$ 1,774
Less: Additions to fixed assets and software for internal use	(138)	(148)	(223)
Free cash flow	$ 674	$ 1,913	$ 1,551

The unfavorable movement in free cash flows in the current year was due primarily to the prior-year income receipt of $1 billion related to the termination of the then-proposed Aon transaction, tax payments in 2022 related to this income receipt, and the elimination of Willis Re cash generation following the divestiture. 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 the prior year presented includes 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.

Principal Risks and Uncertainties

Our financial performance, including our business results, financial condition, result of operations, cash flows and price of our ordinary shares, is subject to various risks and uncertainties, including as described in this 'Principal Risks and Uncertainties' section. 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. Risks in this section are grouped into categories; the headings of these categories are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of any of the risk factors described herein. Many risks affect more than one category, and the risks are not in order of significance or probability of occurrence solely because they have been grouped by categories. **With respect to the tax-related consequences of acquisition, ownership, and disposal of ordinary shares, you should consult with your own tax advisors.**

<u>Strategic and Operational Transformation Risks</u>

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 the section entitled 'Principal Activities' 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, and in 2022, in light of the completion of the divestiture of our Russian subsidiaries to local management (and updated conditions and assessments about the impact of the divestiture on future revenue and expenses), we recast our previously stated outlook and financial targets.

Our initiatives aiming to implement our recast targets and future financial 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 recast financial goals.

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 transformation programs and a new management and organizational 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 expected. 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. We may have difficulty attracting, training, and retaining the talent that we need to successfully manage this change. Further, many of the risks described herein increase during periods of significant organizational change and transformation. The failure to effectively manage such risks could adversely impact our resources or business or financial results.

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 divestiture of the Willis Re business to Gallagher in 2022 which may give rise to such risks including those risks associated with 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 or regulatory censure 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, pension advisory, and investment 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.

The sale of Willis Re to Gallagher, including transitional arrangements, 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 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, competitors, 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 in domestic and international jurisdictions across the globe; the risk that management's attention is diverted from other matters during the post-closing period; the risk that litigation associated with the Gallagher transaction or with contingent liabilities we have retained, if any, arises; 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.

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.

Business Environment Risks

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 substantially and negatively affect us.

The demand for our services may not grow or be maintained, and we may not be able to 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), recessionary conditions in some of the markets where we do business, inflationary conditions, 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 disruptions have impacted and could have a material adverse impact on global demand from our clients, as well as our operations as 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 could also reduce the need for our services.

Our business, financial condition, results of operations, and long-term goals may continue to be adversely affected, possibly materially, by negative impacts on the global economy and capital markets resulting from the war between Russia and Ukraine or any other geopolitical tensions.

U.S. and global markets are experiencing volatility and disruption as a result of the war between Russia and Ukraine. Although the length and impact of the ongoing situation is highly unpredictable, as the war in Ukraine continues, it has and could continue to lead to further market disruptions.

Additionally, during the first quarter of 2022, we announced our intention to transfer ownership of our Russian subsidiaries to local management who will operate independently in the Russian market. Due to the sanctions and prohibitions on certain types of business and activities, we deconsolidated our Russian entities on March 14, 2022. The transfer of our Russian subsidiaries to local management was completed on agreed-upon terms on July 18, 2022, and the transfer was registered in Russia on July 25, 2022. The deconsolidation in the first quarter of 2022 resulted in a loss of $57 million. Further, total net assets impaired, including accounts receivable balances related to our Russian business that are held outside of our Russian entities, were $81 million during the year ended December 31, 2022. The Russian entities comprised approximately 1% of consolidated WTW revenue for 2021, primarily within our Risk & Broking segment. Our Russian operation was a high-margin business and the lost profits from our Russian operations have impacted and are anticipated to continue to impact operating income and cash flow.

Sanctions imposed by the U.S., the E.U., the U.K. and other countries on Russia, as well as Russian counter-sanctions, are extensive. Additional sanctions and penalties have also been enacted, proposed and/or threatened. Russian actions and the resulting sanctions could adversely affect the global economy and financial markets and lead to instability and lack of liquidity in capital markets. The ramifications of the hostilities and sanctions, however, may not be limited to Russia and Russian companies but may spill over to and negatively impact other regional and global economic markets (including Europe and the United States), companies in other countries (particularly those that have done business with Russia) and various sectors, industries and markets for securities and commodities globally, such as oil and natural gas. Accordingly, the actions discussed above and the potential for a wider conflict could increase financial market volatility and could cause severe negative effects on regional and global economic markets, industries, and companies. In addition, Russia may take retaliatory actions and other countermeasures, including cyberattacks and espionage against other countries and companies around the world, which may negatively impact such countries and companies. The extent and duration of the Russian actions or future escalation of such hostilities, the extent and impact of existing and future sanctions, market disruptions and volatility, and the result of any diplomatic negotiations cannot be predicted. For additional sanctions-related risks, also see '*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'* below.

Any of the above-mentioned factors, or other geopolitical tensions, could adversely affect our business, prospects, financial condition, and operating results. The extent and duration of the crisis, sanctions and resulting market disruptions are impossible to predict, but could be substantial.

We have been impacted by the COVID-19 pandemic and may be substantially and negatively impacted by COVID-19 or other pandemics 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 continue to have a negative impact, potentially substantial, 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 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. The continued fluidity of the COVID-19 pandemic, including the ongoing development, availability, distribution and acceptance of effective vaccines and the emergence of vaccine-resistant variants, precludes any prediction as to the duration of the effects of the COVID-19 pandemic and the ultimate adverse impact of COVID-19 on our business. As a result, the COVID-19 pandemic continues to present material uncertainty and risk with respect to demand for and delivery of our products and services.

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 hubs 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.

As noted above, 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. For additional economic risks, also see ‘*Macroeconomic trends, including inflation, increased interest rates and trade policies could continue to adversely affect our business, results of operations or financial condition’* below. 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.

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 not only depend on a number of third-party service providers and suppliers today, but we expect to engage the services of new third parties in the future as we continue to implement our operational transformation programs. 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 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 in the U.S. or in any other jurisdiction could harm our business, results of operations and financial condition.

Macroeconomic trends, including inflation, increased interest rates and trade policies could continue to adversely affect our business, results of operations or financial condition.

Global economic events and other factors, such as accommodative monetary and fiscal policy and the impacts of the COVID-19 pandemic, have contributed to significant inflation in many of the markets in which we operate. In particular, inflation in the United States, Europe and other geographies has risen to levels not experienced in recent decades and we are seeing its impact on various aspects of our business, which in some cases have, or could in the future, negatively affect our business and financial condition. In order to combat inflation and restore price stability, a number of central banks around the world have raised interest rates and are expected to keep increasing interest rates in 2023. Increased inflation and interest rates may hinder the economic growth in a number of markets where we do business, and has had, and may continue to have, far reaching effects on the global economy. This weakness in the economy and the possibility of a global recession has had, and may continue to have, a negative effect on our business and financial condition, including on the value of our ordinary shares.

Moreover, U.S. and global economic conditions have created market uncertainty and volatility. Such general economic conditions, such as inflation, stagflation, political volatility, costs of labor, cost of capital, interest rates and tax rates, affect our operating and general and administrative expenses, and we have no control or limited ability to control such factors. If our costs grow significantly in excess of our ability to raise revenue, 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. These conditions also affect our clients' businesses and the markets that they serve and may reduce demand for our services, increase demands for pricing accommodations or cause a higher rate of delays in the collection of, or losses on, our accounts receivable, which could adversely affect our results of operations.

Further, the continued slowdown in the global economy, including a recession, or in a particular region or industry, inflation or a tightening of the credit markets could negatively impact our business, financial condition and liquidity, including our ability to continue to access preferred sources of liquidity when we would like, and our borrowing costs could increase. In particular, further tightening of the credit markets could limit our ability to obtain external financing to fund our operations and capital expenditures, if and when needed. In addition, we could experience losses on our holdings of cash and investments due to failures of financial institutions and other parties. Thus, a continued deterioration or prolonged period of negative or stagnant macroeconomic conditions in the U.S. and globally could adversely affect our business, results of operations or financial condition.

Human Capital Risks

We depend on the continued services of our executive officers, senior management team, and skilled individual contributors, and any changes in our management structure and in senior leadership could affect our business and financial results.

Our success and future performance has depended largely upon the continued services of our executive officers, senior management, and other highly skilled personnel. We have relied on our leadership team to execute on our business plan, for strategy, growth, research and development, marketing, sales, provision, maintenance, and support of our products and services, and general and administrative functions, and on mission-critical individual contributors. From time to time, our executive management team and the groups of skilled individual contributors may change from the hiring or departure of executive officers or such contributors, which could disrupt our business. The employment agreements with our executive officers (to the extent our officers are party to such agreements) and other key personnel will not require them to continue to work for us for any specified period; therefore, they could terminate their employment at any time. The loss of one or more of our executive officers, senior management, or other key employees (including any limitation on the performance of their duties or short-term or long-term absences as a result of COVID-19) could significantly delay or prevent the achievement of our development and strategic objectives.

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. Our ability to provide services our clients demand requires such skills and training, in insurance, actuarial, human resources and other areas, which are also in high demand among our competitors. The market for employees in our industry is extremely competitive, and competitors for talent increasingly attempt to hire, and to varying degrees have been successful in hiring, our employees or employment candidates. 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) continue to expend significant resources in their own hiring. Also, in the past, including following the announcement and the termination of the proposed Aon plc 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. Further, the increased availability of remote working arrangements has also expanded the pool of companies that can compete for our employees and employment candidates. Our operational transformation efforts require us to attract, onboard, and retain individuals relevant for those efforts and we may not be able to do that successfully. 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.

Failure to maintain our corporate culture, including in a remote or hybrid work environment, could damage our reputation.

We aim to foster a culture that is based on a strong client focus, an emphasis on teamwork, integrity, mutual respect and striving for excellence. Our colleagues are the cornerstone of this culture, and acts of misconduct by any colleague, and particularly by senior management, could erode trust and confidence and damage our reputation among existing and potential clients and other stakeholders. Our business is managing people, risk and capital, and our success depends on our ability to develop and promote an ethical culture of trust, integrity and other important qualities in which our colleagues are comfortable speaking up about potential misconduct. While we do not believe we have experienced any material adverse cultural impacts as a result of our remote and hybrid work environment, this may manifest over time. As a result, remote and hybrid work arrangements may negatively impact our ability to maintain and promote our culture and increase related risks.

Intellectual Property, Technology, Cybersecurity and Data Protection Risks

Data and cyber security breaches or improper disclosure of confidential company or personal data could result in material financial loss, regulatory actions, reputational harm, and/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 mitigation or 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/or 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, 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 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.

Our inability to comply with complex and evolving laws and regulations related to data privacy and cybersecurity could result in material financial loss, regulatory actions, reputational harm, and/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’), which became effective on May 25, 2018, the California Consumer Privacy Act and its implementing regulations (‘CCPA’), which became effective on January 1, 2020, and the Virginia Consumer Data Protection Act (‘VCDPA’), which became effective on March 2, 2021. 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, 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. 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 and VDCPA. We expect that 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 addition to government regulation, privacy advocates and industry groups may propose new and different self-regulatory standards that either legally or contractually apply to us. We also expect that there will continue to be new proposed laws and regulations concerning privacy, data protection and information security, but cannot yet determine the impact such future laws, regulations and standards may have on our business. New laws, amendments to or re-interpretations of existing laws and regulations, industry standards, contractual obligations and other obligations may require us to incur additional costs and restrict our business operations. Because the interpretation and application of laws and other obligations relating to privacy and data protection are still uncertain, it is possible that these laws and other obligations may be interpreted and applied in a manner that is inconsistent with our existing data management practices. If so, in addition to the possibility of fines, lawsuits and other claims, we could be required to fundamentally change our business activities and practices, which could harm our business. We may be unable to make such changes and modifications in a commercially reasonable manner or at all. Any inability to adequately address privacy concerns, even if unfounded, or comply with applicable privacy or data protection laws, regulations and policies, could result in additional cost and liability, damage to our reputation, or harm to our business.

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

Should we or a third party on whom we rely 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, our outsourcing providers or other vendors, 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.

Material 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, and/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.

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.

Legal, Non-Financial/Regulatory and Compliance Risks

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 Investments 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.

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 ('FCPA'), 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 imposed 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. Touchpoints with sanctioned individuals, entities or locations can be difficult to identify and, given the increased scope of complexity of sanctions, there is an increased risk of non-compliance. 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, 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 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'. 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 marketing rules or interpretations of the Centers for Medicare and Medicaid Services, 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 ('CMS') of the U.S. Department of Health and Human Service). Federal and state legislators and/or regulators recently have expressed concerns about existing methods of marketing individual health policies, particularly Medicare Advantage and Medicare Supplement policies, and CMS has recently expanded its regulation and oversight of the marketing of Medicare Advantage policies. Changes to these laws and/or regulations 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.

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 FCPA, 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.

Allegations of conflicts of interest or anti-competitive behavior, 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.

The ways in which insurance intermediaries are compensated receive scrutiny from regulators in part because of the potential for anti-competitive behavior and conflicts of interest. We could suffer significant financial or reputational harm if we fail to properly identify and manage any such potential conflicts of interest or allegations of anti-competitive behavior. 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 Investments 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 actual or potential conflicts of interest or allegations of anti-competitive behavior could affect the willingness of clients to deal with us or give rise to litigation or enforcement actions. Conflicts of interest or anti-competitive activities may also arise in the future that could cause material harm to us.

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. Further, changes in customer demand for these Medicare policies, particularly differences in customer persistency and renewals from what we have currently assumed, could cause us to write down receivable assets we have booked. 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.

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, changes to applicable regulatory requirements, 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 or metrics, whether expectations or metrics 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.

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 2022, approximately 18% of our revenue from continuing operations was generated in the U.K., although only about 11% of revenue from continuing operations was denominated in Pounds sterling as much of the insurance business is transacted in U.S. dollars or other currencies. Approximately 17% 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. Uncertainty remains 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. For example, the loss of pre-Brexit passporting rights or regulatory limitations on the ability to conduct business in various E.U. countries by relying on a regulatory permission in the U.K. (or, conversely, doing business in the U.K. by relying on a regulatory permission in an E.U. country) may increase our costs of doing business or our ability to conduct business in impacted jurisdictions. These Brexit-related changes may adversely affect 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 (including any amended E.U. regulatory guidance in connection with the use of third-country branches of E.U.-domiciled insurance intermediary entities, whether following supervisory statements such as that issued by European Insurance and Occupational Pensions Authority ('EIOPA') on February 3, 2023 or otherwise) 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 to client servicing as a result of equivalence not being granted on qualifications or qualification requirements themselves being changed, or a need to relocate talent or roles or both between or within the E.U. and the U.K. as the regulatory and business environment changes following Brexit;

- 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 business solutions implemented by our market counterparties change as the U.K.-E.U. regulatory environment evolves in a way that necessitates further alterations to our business models, with the risks described above;
- 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.

Financial and Related Regulatory 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 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. 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 $4.7 billion as of December 31, 2022, and our interest expense was $208 million for the year ended December 31, 2022.

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 level of indebtedness may:

- require us to dedicate a significant portion of our cash flow 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 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. Real or anticipated changes in our credit ratings will generally affect any trading market for, or trading value of, our securities. Such changes could result from any number of factors, including the modification by a credit rating agency of the criteria or methodology it applies to particular issuers, a change in the agency's view of us or our industry, or as a consequence of actions we take to implement our corporate strategies. If we need to raise capital in the future, any credit rating downgrade could negatively affect our financing costs or access to financing sources. A change in our credit rating could also adversely impact our competitive position.

In addition, under the indentures for our 4.625% senior notes due 2023, our 3.600% senior notes due 2024, our 4.400% senior notes due 2026, our 4.650% senior notes due 2027, our 4.500% senior notes due 2028, our 2.950% senior notes due 2029, our 6.125% senior notes due 2043, our 5.050% senior notes due 2048, 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.

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; adverse or unexpected impacts of fiscal and monetary policies of 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.

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 financial statements in accordance with U.S. GAAP. 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. Because we do not determine the timing or extent of premium pricing changes, it is difficult to accurately forecast our commission revenue, including whether they will significantly decline. As a result, we may have to adjust our plans for future acquisitions, capital expenditures, dividend payments, loan repayments and other expenditures to account for unexpected changes in revenue, and any decreases in premium rates may adversely affect the results of our operations.

In addition to movements in premium rates, our ability to generate premium-based commission revenue may be challenged by disintermediation and the growing availability of alternative methods for clients to meet their risk-protection needs. This trend includes a greater willingness on the part of corporations to self-insure, the use of captive insurers, and the presence of capital markets-based solutions for traditional insurance and reinsurance needs. Further, the profitability of our risk and broking businesses depends in part on our ability to be compensated for the analytical services and other advice that we provide, including the consulting and analytics services that we provide to insurers. If we are unable to achieve and maintain adequate billing rates for all of our services, our margins and profitability could decline.

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.

While we have incorporated provisions for the use of successor benchmarks in our existing external and intercompany floating-rate facilities which use the London Interbank Offered Rate ('LIBOR') as a reference rate, there remains uncertainty as to how the anticipated discontinuation of LIBOR may affect the market for or pricing of any LIBOR-linked securities, loans, derivatives, and other financial obligations which we may seek to obtain in the future.

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 has widely been 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.

In response, the Company has incorporated provisions for the use of successor benchmarks (such as the Secured Overnight Financing Rate ('SOFR') in the U.S. and the Sterling Overnight Index Average ('SONIA') in the U.K.) where required in all of its external borrowing facilities that provide for floating-rate borrowing, including our 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 given the measures we have taken to install successor benchmark provisions in our floating-rate facilities, there remains the possibility that the transition away from LIBOR could affect the pricing of any future LIBOR-linked securities, loans, derivatives, or other financial obligations or extensions of credit which we may seek to obtain.

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 our ordinary shares 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 $105 million in unencumbered and available financial resources, of which at least $66 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, our ordinary shares. 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.

Tax Risks

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 laws and policies of the jurisdictions where we operate. Our actual effective tax rate may vary from expectations, and that variance may be material.

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 non-U.S. regulatory and tax laws, and/or a development of case law, regulations and policy changes in the jurisdictions in which we operate. Any such changes could cause a material change in our effective tax rate.

Further, it is possible that taxing authorities may propose significant changes, which, if ultimately executed, 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 Ireland, the U.S. or other territories impose on our worldwide operations.

Such new legislation (or changes to existing legislation or interpretation thereof) 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. Relatedly, 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. or other territories, we could incur additional tax expense and/or otherwise experience business detriment.

For example, in August 2022, the U.S. enacted the Inflation Reduction Act of 2022 ('IRA'), which, among other effects, creates a new corporate alternative minimum tax of at least 15% on consolidated GAAP pre-tax income for corporations with average book income in excess of $1 billion. The book minimum tax will first apply to us in 2023, although we do not expect the IRA to have a material impact on our effective tax rate.

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.

Finally, on October 8, 2021, the OECD announced an international agreement with more than 130 countries to implement a two-pillar solution to address tax challenges arising from digitalization of the economy. The agreement 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 ('Pillar One') and introduced a global corporate minimum tax of 15% for certain large multinational companies starting in 2023 ('Pillar Two'). Significant progress has been made on implementation of Pillar Two, with the Model Rules for implementation being released in December 2021 and related commentary in March 2022. On December 12, 2022, E.U. member states reached an agreement to implement Pillar Two which requires E.U. member states to enact domestic legislation by the end of 2023.

These changes, when enacted by various countries in which we do business, could increase uncertainty and may adversely affect our tax rate and cash flow in future years.

Risks Related to Being an Irish-Incorporated Company

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.

As an Irish public limited company, certain decisions related to our capital structure will require the approval of shareholders, which may limit our flexibility to manage our capital structure.

Irish law generally provides that a board of directors may allot and issue shares (or rights to subscribe for or convert into shares) if authorized to do so by a company's constitution or by an ordinary resolution of shareholders. Such authorization may be granted in respect of up to the entirety of a company's authorized but unissued share capital and for a maximum period of five years, at which point it must be renewed by another ordinary resolution. The Company's constitution authorizes our directors to allot shares up to the maximum of the Company's authorized but unissued share capital for a period of five years. This authorization will need to be renewed by ordinary resolution upon its expiration and at periodic intervals thereafter. Under Irish law, an allotment authority may be given for up to five years at each renewal, but governance considerations may result in renewals for shorter periods or in respect of less than the maximum permitted number of shares being sought or approved.

Additionally, under Irish law, we may only pay dividends and, generally, make share repurchases and redemptions from distributable profits. Distributable profits may be created through the earnings of the Company or other methods (including certain intragroup reorganizations involving the capitalization of the Company's undistributable profits and their subsequent reduction). While it is our intention to maintain a sufficient level of distributable profits in order to pay dividends on our ordinary shares and make share repurchases, there is no assurance that the Company will maintain the necessary level of distributable profits to do so.

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 2022.

	U.S. dollars	Pounds sterling	Euro	Other currencies
Revenue	60%	11%	14%	15%
Expenses (i)	55%	17%	12%	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 transformation, net.

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 its 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, 2022, we had notional amounts of $1.7 billion (denominated primarily in U.S. dollars, Pound sterling, Euro and Australian dollars), with a net asset fair value of $24 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 designated as hedging instruments and 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,			
	2023		2024	
December 31, 2022	Contract amount (millions)	Average contractual exchange rate	Contract amount (millions)	Average contractual exchange rate
Foreign currency sold				
U.S. dollars sold for Pounds sterling	$ 74	$1.26 = £1	$ 30	$1.21 = £1
Euros sold for U.S. dollars	23	€1 = $1.11	5	€1 = $1.03
Japanese yen sold for U.S. dollars	2	¥122.34= $1	—	¥127.18= $1
Total	$ 99		$ 35	
Fair value [(i)]	$ (2)		$ (1)	

(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, 2022 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.

Interest Rate Risk

The Company has access to $1.5 billion under a revolving credit facility (see Note 11 to the Consolidated Financial Statements for further information). As of December 31, 2022, 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, 2022.

	Expected to mature before December 31,							
($ in millions)	2023	2024	2025	2026	2027	Thereafter	Total	Fair Value [(i)]
Fixed rate debt								
Principal	$ 250	$ 650	$ —	$ 550	$ 750	$ 2,550	$ 4,750	$ 4,317
Fixed rate payable	4.625%	3.600%	—	4.400%	4.650%	4.186%	4.227%	

(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

We are exposed to interest rate risk. Specifically, as a result of our operating activities, we receive cash for premiums and claims which we deposit in high-quality bank term deposit and money market funds where permitted. 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. As a result of measures taken by central banks around the world, rates offered on these investments have increased, in some cases significantly over the course of the year. As a result, interest income has improved substantially this year, with the greatest impact having been recognized in the second half of 2022. Interest income in the future will be a function of the short-term rates we are able to obtain by currency and the cash balances available to invest in these instruments. Interest income was $55 million, $12 million and $18 million for the years ended December 31, 2022, 2021 and 2020, respectively. At December 31, 2022, we held $2.2 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.

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, 2022.

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, 2022, 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. and Willis Towers Watson S.A./N.V. branch in the U.K..

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, 2022 (2021: none).

Non-Financial Statement

Human Capital

Colleague experience – Our colleague experience is an important differentiating factor for WTW. It is designed to provide colleagues with a strong sense of purpose and belonging where everyone is heard and valued, the opportunity to build great connections with people and leaders, meaningful and interesting work, and opportunities to grow and thrive with recognition and reward in return. This means we strive to foster an inclusive environment where everyone can be their authentic self, where we encourage curiosity, innovation and a continuous improvement mindset and an environment where we are bold in our thinking and care about the impact we have.

Our values, vision, purpose, and new Colleague Value Proposition ('CVP') - we're Authentic, Curious and Bold, set the tone for what to expect at WTW. In addition, our 'grow, simplify and transform' strategic priorities enhance our focus on how to continually support and improve, as appropriate, our colleague experience. We evaluate rewards offerings, system upgrades and process efficiencies as well as the tradeoffs that may be required. We continually explore how we can work with flexibility in an on-going hybrid model, and fuel innovation, among other things, to attract, engage and retain the most accomplished and aspiring talent.

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 as of the year ended December 31, 2022 is approximated below:

	December 31, 2022
Health, Wealth & Career	24,000
Risk & Broking	14,000
Corporate and Other	8,600
Total Employees	46,600

The number of employees by geography as of the year ended December 31, 2022 is approximated below:

	December 31, 2022
North America	15,900
Europe	15,000
International	15,700
Total Employees	46,600

Voluntary turnover excluding seasonal employees (rolling 12-month attrition) has stabilized in 2022 (15.2%) compared to 2021 (15.2%). Pre-COVID-19 attrition typically averaged around 12.0% and we have seen voluntary turnover begin to decline in the latter part of 2022.

Hiring – Hiring in 2022 increased significantly as the business stabilized, demand for our services increased and we returned to our historical experience as an employer of choice. Hiring and internal movement statistics, summarized below, consistent with prior years excludes seasonal colleagues in TRANZACT and Individual Marketplace as the volumes are material and fluctuate significantly:

- Hires increased 34% over 2021 to over 9,700. Hiring growth was strong across all segments and geographies. At year-end, there were approximately 2,400 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, partly attributable to transformation hiring.
- During 2022, 14.7% of open positions were filled with internal candidates compared to 13.9% in 2021. Promotions (changes in levels) and direct appointments into new roles brought additional opportunities for career growth and advancement.
- Rehires represented 11.8% of total hires in 2022 (5% excluding seasonal colleagues).

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 our aim to increase overall diversity in leadership levels and throughout our talent pipeline.

At December 31, 2022, 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)	55.1%	31.0%
Ethnic and racial diversity (U.S. only)		
Asian	7.3%	4.9%
Black	11.8%	1.2%
Hispanic	6.3%	2.0%
Other non-white (i)	2.3%	0.6%
Total	27.7%	8.7%

(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.

The current board is 44% female, including the Human Capital and Compensation Committee Chair. Our board also has representation from the LGBT+ and Black communities, and includes members with non-U.S. citizenship, including the Audit and Risk Committee Chair.

Additionally, effective April 1, 2023, three new independent directors will join the board. Further, two current directors will not be standing for re-election at the Company's 2023 Annual General Meeting. Assuming all of the Company's nominees are elected and have joined the board, the board's composition as of the conclusion of the 2023 Annual General Meeting will then be 40% female and will continue to include representation from the LGBT+ and Black communities as well as directors with non-U.S. citizenship.

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 our talent programs and processes. Examples of key activities include:

- Our global I&D council, sponsored by our CEO and 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.
- We have I&D processes in place that are intended to ensure outcomes represent our values and progress our diversity goals.
- 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 generally seek to 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. In 2022, WTW commenced a companywide review of total rewards, encompassing compensation, benefit offerings and lifestyle support. It entails an assessment of data attained through surveys, interviews, focus groups and external benchmarking.

Our total rewards programs align to our commitment to colleague health and wellbeing, ensuring our colleagues are protected in the event of accident or illness, have sufficient paid time off and can accumulate capital for personal needs and retirement.

Work Styles – In the past few years, we have adapted the way we work, enabling colleagues to work across a wide variety of different environments. In 2022 we officially launched WTW Work Styles, our approach to recognizing that there are many different approaches to work, which includes three distinct colleague working solutions; office-based, hybrid and remote. This new framework has flexibility at its core, and it's based on the idea that the work itself drives where and how the work gets done. As we grow, simplify, and transform WTW, this cultural shift is a differentiator for us in the market and is an important part of our ongoing strategy to attract and retain top talent.

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' section above.

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 risks, WTW is committed to supporting measures aimed at helping our clients to tackle risks related to 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 for our business operations by 2050 and 50% reduction by 2030 in alignment with the science-based targets initiative. We plan to report on our 2019 baseline and 2021 emissions data in 2023.

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, purchasing renewable power and reducing the waste we send to landfill.

We engage over 46,000 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 campaigns.

We are committed to improving our suppliers’ environmental impacts. Environmental, Social and Governance (‘ESG’) questions and evaluation criteria are included for key suppliers within parts of our procurement processes. WTW’s supplier contracts stipulate that all operations must be conducted in full compliance with all applicable laws in connection with the contract where the form is in place.

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

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 and support the Taskforce on Climate-Related Financial Disclosures (‘TCFD’).

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 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 global and regional I&D councils, with members from our geographies, businesses and functions as well as our leadership team, support the direction of our multiyear I&D strategy through initiatives that align with the Company's priorities. The councils help define our priorities and determine which efforts are most relevant to our colleagues and will provide the greatest impact.

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.
- 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 40+ countries in 2022).

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. Our License to Hire training gives hiring managers tools to be inclusive and mitigate bias throughout the recruitment process, with the goal of attracting, assessing and hiring the most qualified candidates from the broadest and most diverse talent pools.

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 instances of recognition are:

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 program that focuses on recruitment, engagement, retention and career development of Black, African American and Latinx talent; and

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.

At WTW, we intend to offer a competitive rewards programs aligned with our values. Our total reward package is intended to drive a high-performing and successful company and is a key part of our colleague experience and commitment to being the best company we can be (working towards alignment with our I&D priorities).

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 and opportunities for workplace flexibility align to our commitment to colleague health and wellbeing. Our aim is to provide our colleagues with access to benefits that support good health and a balanced life now, as well as the ability to plan for the future.

To ensure all colleagues have appropriate support and resources available for themselves and their families, Employee Assistance Programs are available throughout our organization.

We remain committed to ensuring we have the right mix of meaningful programs in place for colleagues that work towards greater alignment with our global I&D principles. As part of this effort, in 2022 we commenced a companywide review of Total Rewards, encompassing compensation, benefits offerings and lifestyle support (including an assessment of data attained through surveys, interviews, focus groups and external benchmarking).

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, 2021. 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 anytime, 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, 2022, and as of the date of this Directors' report are as follows: Dame Inga K. Beale, Fumbi F. Chima, Michael P. Hammond, Carl A. Hess, Brendan R. O'Neill, Linda D. Rabbitt, Paul C. Reilly, Michelle R. Swanback and Paul D. Thomas, and the Secretary of the Company is Nicole Napolitano. Stephen M. Chipman, Jacqueline Hunt and Fredric J. Tomczyk will join the Board of Directors on April 1, 2023. Dr. O'Neill and Ms. Rabbitt will retire from the Board at the conclusion of the 2023 Annual General Meeting of Shareholders. Victor F. Ganzi, Wendy E. Lane, Anna C. Catalano and Wilhelm Zeller retired from the Board at the conclusion of the 2022 Annual General Meeting of Shareholders. There were no other changes to the Board after year-end.

Directors' and Secretary's Interests

None of the Directors, nor the Company Secretary, in office at December 31, 2022 had an interest in 1 percent or more of the share capital of the ultimate Parent Company at January 1, 2022 or December 31, 2022.

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.

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 and Risk Committee

The Company has established an Audit and Risk 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 Ireland LLP were appointed as independent auditors of the Parent Company on 12 April 2020 and have expressed their willingness to remain as auditors of the Parent Company. 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	/s/ Brendan R. O'Neill Director
Date: March 16, 2023	Date: March 16, 2023

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 2022 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 auditing standards generally accepted in the United States of America ("US GAAS") ("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 $100 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 1, 15 and 16 to the financial statements.

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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, 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 $100 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 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 $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 (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

16 March 2023

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CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	Years ended December 31, 2022	2021	2020
		(millions, except per share data)		
REVENUE	4	$ 8,866	$ 8,998	$ 8,615
EXPENSES				
Salaries and benefits	20	5,065	5,253	5,157
Other operating expenses		1,776	1,673	1,697
Depreciation	9	255	281	307
Amortization	8	312	369	461
Restructuring costs	6	99	26	24
Transaction and integration, net		181	(806)	110
Total expenses		7,688	6,796	7,756
OPERATING INCOME		1,178	2,202	859
Other income, net	18	288	701	396
Interest expense	11	(208)	(211)	(244)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES		1,258	2,692	1,011
Provision for from income taxes	7	(194)	(536)	(249)
INCOME FROM CONTINUING OPERATIONS		1,064	2,156	762
(LOSS)/INCOME FROM DISCONTINUED OPERATIONS, NET OF TAX		(40)	2,080	258
NET INCOME		1,024	4,236	1,020
Less: net income attributable to non-controlling interests		(15)	(14)	(24)
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON		$ 1,009	$ 4,222	$ 996
EARNINGS PER SHARE	23			
Basic earnings per share:				
Income from continuing operations per share		$ 9.36	$ 16.68	$ 5.69
(Loss)/income from discontinued operations per share		(0.36)	16.20	1.99
Basic earnings per share		$ 9.00	$ 32.88	$ 7.68
Diluted earnings per share:				
Income from continuing operations per share		$ 9.34	$ 16.63	$ 5.67
(Loss)/income from discontinued operations per share		(0.36)	16.15	1.98
Diluted earnings per share		$ 8.98	$ 32.78	$ 7.65

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

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

	Note	Years ended December 31, 2022	2021	2020
			(millions)	
NET INCOME		$ 1,024	$ 4,236	$ 1,020
Other comprehensive (loss)/income, net of tax:				
Foreign currency translation	19	$ (499)	$ (87)	$ 139
Defined pension and post-retirement benefits	19	65	260	(266)
Derivative instruments	19	(2)	2	(4)
Other comprehensive (loss)/income, net of tax, before non-controlling interests		(436)	175	(131)
Comprehensive income before non-controlling interests		588	4,411	889
Comprehensive income attributable to non-controlling interests		(14)	(16)	(25)
Comprehensive income attributable to Willis Towers Watson		$ 574	$ 4,395	$ 864

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

CONSOLIDATED BALANCE SHEET

	Note	December 31, 2022	December 31, 2021
		(millions, except share data)	
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Goodwill	8	$ 10,173	$ 10,183
Other intangible assets, net	8	2,273	2,555
Tangible assets			
Right-of-use assets	14	586	720
Fixed assets, net	9	718	851
Financial assets			
Investments in associates		9	23
Pension benefits assets	13	827	971
Deferred tax assets	7	68	79
Other non-current assets	17	1,280	1,100
Total fixed assets		15,934	16,482
CURRENT ASSETS			
Accounts receivable, net	4	2,387	2,370
Fiduciary assets		11,772	11,014
Other current assets	17	414	612
Cash and cash equivalents		1,262	4,486
Current assets held for sale		—	6
Total current assets		15,835	18,488
TOTAL ASSETS		$ 31,769	$ 34,970
LIABILITIES, CAPITAL AND RESERVES			
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Current debt	11	$ 250	$ 613
Fiduciary liabilities		11,772	11,014
Current lease liabilities	14	126	150
Deferred revenue	17	646	576
Accrued expenses	17	1,269	1,350
Income taxes payable	7	83	260
Other current liabilities	17	633	755
Current liabilities held for sale		—	6
Total creditors: amounts falling due within one year		14,779	14,724
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Long-term debt	11	4,471	3,974
Retirement benefit obligations	13	480	757
Long-term lease liabilities	14	620	734
Deferred tax liabilities	7	748	845
Other non-current liabilities	17	221	253
Total creditors: amounts falling due after more than one year		6,540	6,563
PROVISIONS FOR LIABILITIES	16	357	375
Total liabilities		21,676	21,662

(Continued on next page)

CONSOLIDATED BALANCE SHEET (continued)

	Note	December 31, 2022	December 31, 2021
		(millions, except share data)	
COMMITMENTS AND CONTINGENCIES	15		
CAPITAL AND RESERVES [i]			
Share premium		6	9,491
Profit and loss account		11,076	4,465
Other reserves		1,555	1,490
Accumulated other comprehensive loss, net of tax	19	(2,621)	(2,186)
Total Willis Towers Watson shareholders' equity		10,016	13,260
Non-controlling interests		77	48
Total equity		10,093	13,308
TOTAL LIABILITIES, CAPITAL AND RESERVES		$ 31,769	$ 34,970

(i) Capital and reserves includes (a) Ordinary shares $0.000304635 nominal value; Authorized 1,510,003,775; Issued 106,756,364 (2022) and 122,055,815 (2021); Outstanding 106,756,364 (2022) and 122,055,815 (2021); (b) Preference shares, $0.000115 nominal value; Authorized 1,000,000,000 and Issued none in 2022 and 2021.

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

Approved by the Board of Directors on March 16, 2023 and signed on behalf of the Directors:

/s/ Paul D. Thomas
Director

/s/ Brendan R. O'Neill
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

	Years ended December 31,		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
NET INCOME	$ 1,024	$ 4,236	$ 1,020
Adjustments to reconcile net income to total net cash from operating activities:			
Depreciation	255	281	308
Amortization	312	369	462
Impairment	81	—	—
Non-cash restructuring charges	71	—	—
Non-cash lease expense	120	160	146
Net periodic benefit of defined benefit pension plans	(153)	(168)	(196)
Provision for doubtful receivables from clients	13	19	29
(Benefit from)/provision for deferred income taxes	(50)	226	99
Share-based compensation	99	101	90
Net loss/(gain) on disposal of operations	59	(2,679)	(81)
Non-cash foreign exchange gain	(137)	(10)	(6)
Other, net	6	(25)	(41)
Changes in operating assets and liabilities, net of effects from purchase of subsidiaries:			
Accounts receivable	(188)	(134)	72
Other assets	(197)	(122)	(205)
Other liabilities	(495)	(175)	215
Provisions	(8)	(18)	(138)
Net cash from operating activities	812	2,061	1,774
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES			
Additions to fixed assets and software for internal use	(138)	(148)	(223)
Capitalized software costs	(66)	(53)	(63)
Acquisitions of operations, net of cash acquired	(81)	(47)	(69)
Net (payments)/proceeds from sale of operations	(59)	4,048	237
Cash and fiduciary funds transferred in sale of operations	(29)	(1,030)	(25)
Sale/(purchase) of investments	200	(200)	—
Other, net	—	—	(17)
Net cash (used in)/from investing activities	(173)	2,570	(160)
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES			
Senior notes issued	750	—	282)
Debt issuance costs	(5)	(4)	(2)
Repayments of debt	(585)	(1,008)	(327)
Repurchase of shares	(3,530)	(1,627)	—
Proceeds from issuance of shares	7	10	16
Net proceeds/(payments) from fiduciary funds held for clients	354	(40)	812
Payments of deferred and contingent consideration related to acquisitions	(22)	(19)	(12)
Cash paid for employee taxes on withholding shares	(34)	(16)	(14)
Dividends paid	(369)	(374)	(346)
Acquisitions of and dividends paid to non-controlling interests	(11)	(36)	(28)
Other, net	—	—	(3)
Net cash (used in)/from financing activities	(3,445)	(3,114)	378
(DECREASE)/INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH (i)	(2,806)	1,517	1,992
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(164)	(127)	126
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR (i)	7,691	6,301	4,183
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR(i)	$ 4,721	$ 7,691	$ 6,301

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

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
	(thousands)				(millions)			
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
Dividends ($2.75 per share)	—	—	(354)	—	—	(354)	—	(354)
Dividends attributable to non-controlling interests	—	—	—	—	—	—	(22)	(22)
Other comprehensive (loss)/income	—	—	—	—	(132)	(132)	1	(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 (ii)	—	—	—	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
Dividends ($3.02 per share)	—	—	(384)	—	—	(384)	—	(384)
Dividends attributable to non-controlling interests	—	—	—	—	—	—	(29)	(29)
Other comprehensive income	—	—	—	—	173	173	2	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 (ii)	—	—	—	(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
Shares repurchased	(15,729)	—	(3,530)	—	—	(3,530)	—	(3,530)
Capital reduction (iii)	—	(9,492)	9,492	—	—	—	—	—
Net income	—	—	1,009	—	—	1,009	15	1,024
Dividends ($3.28 per share)	—	—	(360)	—	—	(360)	—	(360)
Dividends attributable to non-controlling interests	—	—	—	—	—	—	(10)	(10)
Other comprehensive loss	—	—	—	—	(435)	(435)	(1)	(436)
Issuance of shares under employee stock compensation plans	429	7	—	—	—	7	—	7
Share-based compensation and net settlements	—	—	—	54	—	54	—	54
Additional non-controlling interests	—	—	—	—	—	—	27	27
Reduction of non-controlling interests (ii)	—	—	—	2	—	2	(2)	—
Foreign currency translation	—	—	—	9	—	9	—	9
Balance at December 31, 2022	106,756	$ 6	$ 11,076	$ 1,555	$ (2,621)	$ 10,016	$ 77	$ 10,093

(i) Additional other comprehensive loss, net of tax ('AOCL').

(ii) Attributable to the divestiture of businesses that are less than wholly-owned or the acquisition of shares previously owned by minority interest holders.

(iii) Refer to Parent Company financial statements (Note 14).

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)

1. NATURE OF OPERATIONS

Willis Towers Watson Public Limited Company 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 46,000 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.

Segment Reorganization

On January 1, 2022, WTW realigned to provide its comprehensive offering of services and solutions to clients across two business segments: Health, Wealth & Career ('HWC'), and Risk & Broking ('R&B'). 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. Following the realignment, the two new segments consist of the following businesses:

- The HWC segment includes businesses previously aligned under the Human Capital and Benefits segment, the Benefits Delivery and Administration segment, and the Investments business, which was previously under the Investment, Risk and Reinsurance segment.
- The R&B segment includes businesses previously aligned under the Corporate Risk and Broking segment, as well as the Insurance Consulting and Technology business, which was previously under the Investment, Risk and Reinsurance segment.

In addition, effective January 1, 2022, the Company manages its businesses across three geographical areas: North America, Europe (including Great Britain) and International.

Certain Investment, Risk and Reinsurance businesses that were part of the results from continuing operations in the prior-year period presented were divested during 2021. The revenue and income from operations for these businesses have been included as 'divested businesses' in the reconciliations between the total segment results and the consolidated results of the Company. However, the results of the divested Willis Re treaty-reinsurance business are presented as discontinued operations and are therefore excluded from the divested businesses presented in the segment reconciliations.

Segment results herein are presented on a retrospective basis to reflect the reorganization. See Note 4, Note 5, Note 6 and Note 8 to these Consolidated Financial Statements for the Company's segment-based presentations.

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 on consolidation.

True and Fair View Override

In rare 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.

Risks and Uncertainties of the Economic Environment

Beginning with the COVID-19 pandemic, there have been adverse changes in global commercial activity, particularly in the global supply chain and workforce availability, and 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.

Supply and labor market disruptions caused by COVID-19, accommodative monetary and fiscal policy and the Russian invasion of Ukraine 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 revenue, 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.

Although we believe we have adapted to the unique challenges posed by COVID-19 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.

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

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, 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, 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.

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 $105 million in unencumbered and available financial resources, of which at least $66 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. 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.

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

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.

Acquired Accounts Receivable — As part of the acquisition accounting for the TRANZACT business in 2019, 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.

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

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.

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 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.

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

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.

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.

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

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 three to 12 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 do not currently represent a material 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 at lease inception by reference to the lease term and lease currency. Approximately 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.

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

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 seven reporting units as of October 1, 2022. 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, 2022 and 2021 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	3 to 21
Software	In line with underlying cash flows or straight-line basis	5 to 7
Trademark and trade name	Straight-line basis	5 to 25
Other	In line with underlying cash flows or straight-line basis	5 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 with U.S. GAAP, 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 6% of customer contract revenue from continuing operations each year.

Broking — Representing 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

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

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 historically for 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.

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.

We also have a direct-to-consumer Medicare broking offering. The contractual arrangements in this offering differ from our 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.

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

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 33% 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.

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.

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

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 12% to 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.

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. 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.

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

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% or less 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.

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.

Transaction and transformation, net — Transaction and transformation, net consists of two components, transaction-related costs and termination income receipts related to acquisitions and disposals, and transformation expenses associated with our Transformation program (see Note 6 to these Consolidated Financial Statements).

Transaction costs primarily include legal and other professional fees as well as other costs that are directly attributable to an acquisition or an in-process but not yet completed divestiture. Costs related to divestitures incurred during the period of the divestment are not included in transaction costs, but are instead included in the gain or loss on disposal of a business within Other income, net on the consolidated statements of comprehensive income. Additionally, on July 26, 2021, WTW and Aon plc ('Aon') announced they had terminated the business combination agreement between the two companies previously entered into in March 2020. Per the terms of the agreement and as part of this termination, Aon agreed to pay WTW $1 billion in connection with such termination, which was received by WTW on July 27, 2021. The $1 billion income receipt was included within Transaction and transformation, net in the consolidated statement of comprehensive income during the year ended December 31, 2021.

Transformation costs are costs incurred under the Transformation program but are not eligible to be classified as restructuring costs under ASC 420, *Exit or Disposal Cost Obligation* ('ASC 420'). These costs are not expected to continue beyond the defined period of the program.

Recent Accounting Pronouncements

There were no new U.S. GAAP pronouncements that are expected to have a significant impact to the Company or its consolidated financial statements.

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

Other Legislation

Inflation Reduction Act

The Inflation Reduction Act of 2022 was enacted into law on August 16, 2022 and became effective January 1, 2023. The Company is currently evaluating the provisions of the new legislation, the most significant of which are the corporate alternative minimum tax ('CAMT') and the share repurchase excise tax. The Company does not expect the CAMT or excise tax to have a significant impact on its consolidated financial statements.

Pillar Two

On December 12, 2022, E.U. member states reached an agreement to implement Pillar Two, which introduces a global corporate minimum tax of 15% for certain large multinational companies beginning in 2023. For the rules to take effect, E.U. member states are required to enact domestic legislation by the end of 2023 to be effective January 1, 2024. The Company is currently evaluating the impact Pillar Two will have on its consolidated financial statements.

3. ACQUISITIONS AND DIVESTITURES

The following disclosures discuss significant transactions during the three-year period ended December 31, 2022.

Acquisitions

The Company completed acquisitions during the years ended December 31, 2022, 2021 and 2020 for combined cash payments of $111 million, $52 million, and $79 million, respectively, and contingent and deferred consideration fair valued at $28 million, $21 million, and $9 million, respectively.

Divestitures

Divestment of Russian Business

During the first quarter of 2022, WTW announced its intention to transfer ownership of its Russian subsidiaries to local management who will operate independently in the Russian market. Due to the sanctions and prohibitions on certain types of business and activities, WTW deconsolidated its Russian entities on March 14, 2022. The transfer of its Russian subsidiaries to local management was completed on the agreed-upon terms on July 18, 2022, and the transfer was registered in Russia on July 25, 2022. The deconsolidation in the first quarter of 2022 resulted in a loss of $57 million, which includes an allocation of Risk & Broking goodwill, and was recognized as a loss on disposal of a business within Other income, net on our consolidated profit and loss account. Further, certain Russian insurance contracts were placed historically by our U.K. brokers into the London market, the majority of which were under multi-year terms resulting in both current and non-current accounts receivables. Total net assets impaired, including accounts receivable balances related to our Russian business that are held outside of our Russian entities, were $81 million recorded during the three months ended March 31, 2022 in Other operating expenses on our consolidated profit and loss account.

Willis Re Divestiture

On August 13, 2021, the Company entered into a definitive agreement to sell its treaty-reinsurance business (‘Willis Re’) to Arthur J. Gallagher & Co. (‘Gallagher’), a leading global provider of insurance, risk management and consulting services, 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 for all but one business was completed during the second quarter of 2022, and all net earnings of the Deferred Closing businesses accumulated between the Principal Closing and Deferred Closing remained payable to Gallagher at June 30, 2022 and September 30, 2022. The Company recognized a preliminary pre-tax gain of $2.3 billion upon completion of the sale in 2021, and during the second quarter of 2022, WTW recognized a $60 million reduction to the pre-tax gain related to an updated estimate of the working capital transferred upon disposal. The Company recognized the final allocation of the proceeds and related tax expense, as well as an adjustment of certain indemnities for the three months ended September 30, 2022. These amounts as well as the amounts payable with respect to the settled Deferred Closing businesses were remitted to Gallagher in October 2022. The remaining Deferred Closing business occurred during the fourth quarter of 2022, and all businesses have now been transferred to Gallagher. 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 reclassified Willis Re assets and liabilities as held for sale on its consolidated balance sheets. The consolidated cash flow statements were not adjusted for the divestiture. Willis Re was previously included in the Company's former Investment, Risk and Reinsurance segment. As noted above, the amounts owed as part of the Deferred Closing were classified as held for sale on the consolidated balance sheet at December 31, 2021, and the results of these businesses following the Principal Closing until their respective Deferred Closing dates 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 did 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.

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 from the Principal Closing. Fees earned under the TSA were $45 million and $4 million during the years ended December 31, 2022 and 2021, respectively, and have been recognized as a reduction to the costs incurred to service the TSA and are included in continuing operations within Other operating expenses on the consolidated profit and loss account. 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,		
	2022	2021	2020
Revenue from discontinued operations	$ 48	$ 721	$ 737
Costs of providing services			
Salaries and benefits	14	350	350
Other operating expenses	10	59	61
Depreciation and amortization	—	2	2
Transaction and transformation, net	—	33	—
Total costs of providing services	24	444	413
Other income, net	5	2	3
Income from discontinued operations before income taxes	29	279	327
(Loss)/gain on disposal of Willis Re	(65)	2,300	—
Benefit from/(provision for) income tax expense	1	(500)	(69)
Net income (payable to)/receivable from Gallagher on Deferred Closing	(5)	1	—
(Loss)/income from discontinued operations, net of tax	$ (40)	$ 2,080	$ 258

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 has been received under the TSA.

Amounts classified as held for sale within our consolidated balance sheet at December 31, 2021 were related to amounts payable as part of the Deferred Closing. Certain amounts included in the consolidated balance sheets have been excluded from the held-for-sale balances disclosed since the assets did not transfer under the terms of the sale agreement, and instead will be settled by the Company. At December 31, 2022 and 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 sheets are $3.2 billion and $2.6 billion of fiduciary assets and liabilities, $29 million and $71 million of accounts receivable and $73 million and $91 million of other current liabilities, respectively. Other than indemnified amounts, these amounts will be settled over time.

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 during the year ended December 31, 2021. Prior to disposal, Miller was included within the Company's former 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 sheets. Prior to disposal, Max Matthiessen was included within the Company's former Investment, Risk and Reinsurance segment.

3. ACQUISITIONS AND DIVESTITURES (continued)

Other Disposals

The Company completed other disposals during the years ended December 31, 2022, 2021 and 2020 for cash proceeds of $1 million, $75 million, and $30 million, respectively, and net gains on disposal of $64 million, $26 million, and $18 million, respectively. For the year ended December 31, 2022, the Company recognized non-cash proceeds on disposals of $63 million; there were no non-cash proceeds recognized on disposals for the years ended December 31, 2021 and 2020.

4. REVENUE

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, 2022, 2021 and 2020. Along with reimbursable expenses and other, total revenue by service offering represents our revenue from customer contracts. The prior years' segment information has been retrospectively adjusted to conform to the current year presentation.

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*
HWC									
2022	$ 1,415	$ 2,522	$ 979	$ 332	$ 5,248	$ 64	$ 5,312	$ 39	$ 5,351
2021	1,295	2,538	1,046	352	5,231	60	5,291	37	5,328
2020	1,141	2,413	1,028	295	4,877	64	4,941	18	4,959
R&B									
2022	2,745	370	75	194	3,384	11	3,395	76	3,471
2021	2,822	384	88	175	3,469	7	3,476	95	3,571
2020	2,707	336	81	154	3,278	7	3,285	38	3,323
Divested Businesses									
2022	—	—	—	—	—	—	—	—	—
2021	65	6	—	—	71	—	71	35	106
2020	290	2	—	31	323	—	323	1	324
Corporate (i)									
2022	7	10	—	—	17	2	19	25	44
2021	—	8	—	4	12	(24)	(12)	5	(7)
2020	1	5	—	3	9	(4)	5	4	9
Total									
2022	$ 4,167	$ 2,902	$ 1,054	$ 526	$ 8,649	$ 77	$ 8,726	$ 140	$ 8,866
2021	$ 4,182	$ 2,936	$ 1,134	$ 531	$ 8,783	$ 43	$ 8,826	$ 172	$ 8,998
2020	$ 4,139	$ 2,756	$ 1,109	$ 483	$ 8,487	$ 67	$ 8,554	$ 61	$ 8,615

(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. In 2022, both HWC's and R&B's interest and other income resulted primarily from book-of-business settlements. For HWC and R&B, these amounts totaled $19 million and $52 million, respectively, for the year ended December 31, 2022. For the year ended December 31, 2021, for HWC and R&B, these amounts totaled $17 million and $82 million, respectively. Interest income comprised $55 million, $12 million and $18 million for the years ended December 31, 2022, 2021 and 2020, respectively. In 2022, the interest income earned by HWC, R&B and Corporate was $8 million, $25 million and $22 million, respectively.

4. REVENUE (continued)

The following table presents revenue by the geography where our work was performed for the years ended December 31, 2022, 2021 and 2020. The reconciliation to total revenue on our consolidated statements of comprehensive income and to segment revenue is shown in the table above. The prior years' geographic information has been retrospectively adjusted to conform to the current year presentation.

Year Ended December 31,	North America	Europe	International	Total revenue by geography
HWC				
2022	$ 3,569	$ 1,266	$ 413	$ 5,248
2021	3,456	1,376	399	5,231
2020	3,287	1,219	371	4,877
R&B				
2022	1,328	1,527	529	3,384
2021	1,295	1,623	551	3,469
2020	1,237	1,549	492	3,278
Divested Businesses				
2022	—	—	—	—
2021	17	53	1	71
2020	19	298	6	323
Corporate				
2022	7	9	1	17
2021	8	3	1	12
2020	7	2	—	9
Total				
2022	$ 4,904	$ 2,802	$ 943	$ 8,649
2021	$ 4,776	$ 3,055	$ 952	$ 8,783
2020	$ 4,550	$ 3,068	$ 869	$ 8,487

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, 2022 and 2021:

	December 31, 2022	December 31, 2021
Billed receivables, net of allowance for doubtful accounts of $46 million and $45 million	$ 1,464	$ 1,504
Unbilled receivables	457	431
Current contract assets	466	435
Accounts receivable, net	$ 2,387	$ 2,370
Non-current accounts receivable, net	$ 9	$ 23
Non-current contract assets	$ 745	$ 532
Deferred revenue	$ 646	$ 576

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 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.

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, 2022, 2021 and 2020.

	December 31, 2022	December 31, 2021	December 31, 2020
Balance at beginning of year	$ 45	$ 40	$ 36
Additions charged to costs and expenses	14	16	28
Deductions/other movements	(20)	(18)	(27)
Foreign exchange	7	7	3
Balance at end of year	$ 46	$ 45	$ 40

4. REVENUE (continued)

The changes in our allowance for doubtful accounts presented above do not include receivables that were impaired as a result of the divestment of our Russian businesses in March 2022. See Note 3 to these Consolidated Financial Statements.

During the year ended December 31, 2022, revenue of approximately $430 million was recognized that was reflected as deferred revenue at December 31, 2021.

During the year ended December 31, 2022, the Company recognized revenue of approximately $25 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, 2022 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').

	2023	2024	2025 onward	Total
Revenue expected to be recognized on contracts as of December 31, 2022	$ 761	$ 489	$ 566	$ 1,816

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, 2022 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, 2022	December 31, 2021	December 31, 2020
Balance at beginning of the year	$ 189	$ 191	$ 162
New capitalized costs	421	454	455
Amortization	(407)	(451)	(428)
Disposals	—	(4)	—
Impairments	—	(1)	(1)
Foreign currency translation	(6)	—	3
Balance at end of the year	$ 197	$ 189	$ 191

5. SEGMENT INFORMATION

WTW has two reportable operating segments or business areas:

- Health, Wealth & Career ('HWC'); and
- Risk & Broking ('R&B').

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 methods 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.

5. SEGMENT INFORMATION (continued)

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 transformation 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.

The following table presents segment revenue and segment operating income for our reportable segments for the years ended December 31, 2022, 2021 and 2020. The prior years' information has been retrospectively adjusted to conform to the current year presentation.

	Segment revenue			Segment operating income		
	Years ended December 31			Years ended December 31		
	2022	2021	2020	2022	2021	2020
HWC	$ 5,287	$ 5,268	$ 4,895	$ 1,382	$ 1,346	$ 1,236
R&B	3,460	3,564	3,316	734	835	714
Total	$ 8,747	$ 8,832	$ 8,211	$ 2,116	$ 2,181	$ 1,950

The following table presents reconciliations of the information reported by segment to the Company's consolidated amounts reported for the years ended December 31, 2022, 2021 and 2020.

	Years ended December 31,		
	2022	2021	2020
Revenue:			
Total segment revenue	$ 8,747	$ 8,832	$ 8,211
Divested businesses (i)	—	106	324
Reimbursable expenses and other	119	60	80
Revenue	$ 8,866	$ 8,998	$ 8,615
Total segment operating income	$ 2,116	$ 2,181	$ 1,950
Divested businesses (i)	—	(24)	(13)
Impairment (ii)	(81)	—	—
Amortization	(312)	(369)	(461)
Restructuring costs (iii)	(99)	(26)	(24)
Transaction and transformation, net (iv)	(181)	806	(110)
Provision for significant litigation (v)	—	—	(65)
Unallocated, net (vi)	(265)	(366)	(418)
Income from operations	1,178	2,202	859
Interest expense	(208)	(211)	(244)
Other income, net	288	701	396
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	$ 1,258	$ 2,692	$ 1,011

(i) Represents the revenue and income from operations of certain Investment, Risk and Reinsurance businesses which were divested in 2021 and 2020 and not classified as discontinued operations.

(ii) Represents the impairment related to the net assets of our Russian business that are held outside of our Russian entities (see Note 3 to these Consolidated Financial Statements for further information).

(iii) See Note 6 to these Consolidated Financial Statements for the composition of costs for 2022 and 2021. In 2020, restructuring costs related to minor restructuring activities carried out by various business lines throughout the Company.

(iv) In 2022, in addition to legal fees and other transaction costs, includes primarily consulting fees related to the Transformation program (see Note 6 to these Consolidated Financial Statements). For the year ended December 31, 2021, includes the $1 billion income receipt related to the termination of, and fees related to, the then-proposed Aon combination; includes transaction costs related to the then-proposed Aon combination in 2020.

(v) Represents the recognition of settlement expense attributable to the Company's Merger-related securities litigation during the year ended December 31, 2020.

(vi) 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.

5. SEGMENT INFORMATION (continued)

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 individually represented more than 10% of its consolidated revenue for the years ended December 31, 2022, 2021 and 2020.

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,
	2022	2021	2020	2022	2021
Ireland	$ 130	$ 197	$ 157	$ 11	$ 3
United States	4,760	4,621	4,359	465	562
United Kingdom	1,563	1,632	1,604	496	605
Rest of World	2,413	2,548	2,495	332	401
Total Foreign Countries	8,736	8,801	8,458	1,293	1,568
	$ 8,866	$ 8,998	$ 8,615	$ 1,304	$ 1,571

(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. During the third quarter of 2022, we revised the expected costs and savings under the program and we now expect the program to generate annual cost savings in excess of $360 million by the end of 2024. The program is expected to incur cumulative costs of approximately $630 million and capital expenditures of approximately $270 million, for a total investment of $900 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 ROU 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.

Certain costs under the Transformation program are accounted for under ASC 420 and are included as restructuring costs in the consolidated statements of comprehensive income. Other costs incurred under the Transformation program are included in transaction and transformation, net and were $136 million for the year ended December 31, 2022; there were no such costs incurred for the year ended December 31, 2021. An analysis of total restructuring costs incurred under the Transformation program by category and by segment and corporate functions, from commencement to December 31, 2022, is as follows:

	HWC	R&B	Corporate	Total
2021				
Real estate rationalization	$ —	$ —	$ 19	$ 19
Technology modernization	—	5	—	5
Process optimization	—	—	—	—
Other	—	—	2	2
2022				
Real estate rationalization	—	—	79	79
Technology modernization	—	3	16	19
Process optimization	1	—	—	1
Other	—	—	—	—
Total				
Real estate rationalization	—	—	98	98
Technology modernization	—	8	16	24
Process optimization	1	—	—	1
Other	—	—	2	2
Total	$ 1	$ 8	$ 116	$ 125

A rollforward of the liability associated with cash-based charges related to restructuring costs associated with 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
Charges incurred	27	—	1	—	28
Cash payments	(21)	—	(1)	(1)	(23)
Balance at December 31, 2022	$ 6	$ —	$ —	$ —	$ 6

7. INCOME TAXES

Provision for income taxes

An analysis of income from continuing operations before income taxes by taxing jurisdiction is shown below:

	Years ended December 31,		
	2022	2021	2020
Ireland	$ (160)	$ 673	$ (5)
U.S.	394	516	(97)
U.K.	142	552	184
Rest of World	882	951	929
Total	$ 1,258	$ 2,692	$ 1,011

The components of the provision for income taxes from continuing operations include:

	Years ended December 31,		
	2022	2021	2020
Current tax expense:			
U.S. federal taxes	$ (103)	$ (79)	$ (3)
U.S. state and local taxes	(39)	(25)	3
U.K. corporation tax	(13)	(33)	(16)
Other jurisdictions	(93)	(303)	(134)
Total current tax expense	(248)	(440)	(150)
Deferred tax (expense)/benefit:			
U.S. federal taxes	52	(41)	(79)
U.S. state and local taxes	(5)	3	—
U.K. corporation tax	(7)	(65)	(48)
Other jurisdictions	14	7	28
Total deferred tax (expense)/benefit	54	(96)	(99)
Total provision for income taxes	$ (194)	$ (536)	$ (249)

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,		
	2022	2021	2020
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	$ 1,258	$ 2,692	$ 1,011
U.S. federal statutory income tax rate	21%	21%	21%
Income tax expense at U.S. federal tax rate	(264)	(565)	(212)
Adjustments to derive effective tax rate:			
Non-deductible expenses and dividends	(25)	(21)	(19)
Net adjustments on acquisition costs	(4)	13	(15)
Impact of change in rate on deferred tax balances	(1)	(36)	(7)
Effect of foreign exchange and other differences	28	—	(4)
Changes in valuation allowances	1	2	(8)
Net tax effect on intra-group items	84	84	90
Net tax effect on disposal of operations	1	62	16
Tax differentials of non-U.S. jurisdictions	20	(24)	(2)
Impact of U.S. state and local taxes	(42)	(23)	4
Global Intangible Low-Taxed Income (GILTI)	(10)	(4)	(3)
Base Erosion Anti-Abuse Tax (BEAT)	24	(22)	(83)
Tax on unremitted earnings	(14)	—	—
Other items, net	8	(2)	(6)
Provision for income taxes	$ (194)	$ (536)	$ (249)

The current year effective tax rate includes a $34 million tax benefit associated with amending the Company's U.S. federal income tax returns for tax years 2019 and 2020, primarily related to a reduction in Base Erosion and Anti Abuse Tax ('BEAT'), and also includes a $22 million income tax benefit associated with foreign exchange remeasurement on income tax account balances. 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 as well as a $40 million tax expense related to the remeasurement of deferred tax assets and liabilities associated with an increase in the U.K. tax rate from 19% to 25%. 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.

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.

7. INCOME TAXES (continued)

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.

Deferred income tax assets and liabilities included in the consolidated balance sheets at December 31, 2022 and 2021 are comprised of the following:

	December 31, 2022	December 31, 2021
Deferred tax assets:		
Accrued expenses not currently deductible	$ 69	$ 72
Interest carryforwards	174	91
Net operating losses	44	71
Capital loss carryforwards	1	1
Accrued retirement benefits	85	189
Operating lease liabilities	125	153
Deferred compensation	97	92
Stock options	18	22
Financial derivative transactions	4	1
Gross deferred tax assets	617	692
Less: valuation allowance	(28)	(42)
Net deferred tax assets	$ 589	$ 650
Deferred tax liabilities:		
Cost of intangible assets, net of related amortization	$ 679	$ 735
Operating lease right-of-use assets	106	142
Cost of tangible assets, net of related depreciation	44	95
Prepaid retirement benefits	142	228
Accrued revenue not currently taxable	262	194
Unremitted earnings	36	22
Deferred tax liabilities	$ 1,269	$ 1,416
Net deferred tax liabilities	$ 680	$ 766

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.

	December 31 2022	December 31 2021
Balance sheet classifications:		
Deferred tax assets	$ 68	$ 79
Deferred tax liabilities	748	845
Net deferred tax liability	$ 680	$ 766

At December 31, 2022, we had U.S. federal and non-U.S. net operating loss carryforwards amounting to $113 million of which $61 million can be indefinitely carried forward under local statutes. The remaining $52 million of net operating loss carryforwards will expire, if unused, in varying amounts from 2023 through 2042. In addition, we had U.S. state net operating loss carryforwards of $432 million, of which $31 million can be indefinitely carried forward, while the remaining $401 million will expire in varying amounts from 2023 to 2042.

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 $589 million, net of the valuation allowance. During 2022, the Company decreased its valuation allowance by $14 million, primarily related to certain state net operating losses. The Company determined the losses and the related valuation allowance would never be realized. 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

7. INCOME TAXES (continued)

utilization of the U.K. capital loss carryforward, the benefit of which was recorded in discontinued operations. During 2020, the Company increased its valuation allowance by $8 million, primarily related to non-U.S. deferred tax assets.

At December 31, 2022 and 2021, the Company had valuation allowances of $28 million and $42 million, respectively, to reduce its deferred tax assets to their estimated realizable values. The valuation allowance at December 31, 2022 primarily relates to deferred taxes on U.S. state and non-U.S. net operating losses of $10 million and $14 million, respectively.

An analysis of our valuation allowance is shown below.

	Years ended December 31,		
	2022	2021	2020
Balance at beginning of year	$ 42	$ 84	$ 76
Additions charged to costs and expenses	8	3	17
Deductions	(22)	(45)	(9)
Balance at end of year	$ 28	$ 42	$ 84

The movement in the current-year valuation allowance differs from the 2022 rate reconciliation primarily due to the write-down of state net operating losses and the related valuation allowance. In addition, current-year and prior-year valuation allowances differ from the 2022 and 2021 rate reconciliations, respectively, as part of the tax benefits were allocated to discontinued operations.

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. At December 31, 2022 the Company has $16.5 billion of undistributed earnings in subsidiaries where no deferred tax has been recognized. Of this amount $9.3 billion relates to earnings which have been reinvested indefinitely and $7.2 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 and 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, 2022, the amount of unrecognized tax benefits associated with uncertain tax positions, determined in accordance with ASC Subtopic 740-10, excluding interest and penalties, was $47 million. A reconciliation of the beginning and ending balances of the liability for unrecognized tax benefits is as follows:

	2022	2021	2020
Balance at beginning of year	$ 43	$ 50	$ 49
Increases related to acquisitions	—	—	4
Increases related to tax positions in prior years	16	—	1
Decreases related to tax positions in prior years	(2)	—	—
Decreases related to settlements	(1)	—	(3)
Decreases related to lapse in statute of limitations	(6)	(6)	(2)
Cumulative translation adjustment and other adjustments	(3)	(1)	1
Balance at end of year	$ 47	$ 43	$ 50

At December 31, 2022, the amount of unrecognized tax benefits associated with uncertain tax positions also includes $6 million which was allocated to tax expense in discontinued operations. The liability for unrecognized tax benefits for each of the years ended December 31, 2022, 2021 and 2020 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, 2022 and 2021, we had cumulative accrued interest of $5 million. Accrued penalties were immaterial in 2022 and 2021.

Tax expense allocated to continuing operations for both the years ended December 31, 2022 and 2021 includes $1 million of interest expense.

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 $3 million to $5 million, excluding interest and penalties.

The Company and its subsidiaries file income tax returns in various tax jurisdictions in which it operates.

During 2022, the Internal Revenue Service ('IRS') closed its examination of Willis North America Inc. and subsidiaries' federal income tax filings for the tax years ended December 31, 2017 and December 31, 2018. There were no significant adjustments to income tax as reported.

We have ongoing state income tax examinations in certain states for tax years ranging from the short period July 1, 2015 to January 4, 2016 through December 31, 2019. The statute of limitations in certain states remains open back to the short tax period ended January 4, 2016.

All U.K. tax returns have been filed timely and are in the normal process of being reviewed by His 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	2018 and forward
U.S. — various states	2015 and forward
U.K.	2014 and forward
Ireland	2018 and forward
France	2017 and forward
Germany	2008 and forward
Canada - federal	2015 and forward

8. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

The components of goodwill are outlined below for the years ended December 31, 2022 and 2021. The prior years' segment information has been retrospectively adjusted to conform to the current year presentation.

	HWC	R&B	Divested Businesses [(i)]	Total
Balance at December 31, 2020				
Goodwill, gross	$ 7,893	$ 2,798	$ 193	$ 10,884
Accumulated impairment losses	(130)	(362)	—	(492)
Goodwill, net - December 31, 2020	7,763	2,436	193	10,392
Goodwill acquired	43	8	—	51
Goodwill disposals	—	(7)	(193)	(200)
Foreign exchange	(32)	(28)	—	(60)
Balance at December 31, 2021				
Goodwill, gross	7,904	2,771	—	10,675
Accumulated impairment losses	(130)	(362)	—	(492)
Goodwill, net - December 31, 2021	7,774	2,409	—	10,183
Goodwill acquired	—	104	—	104
Goodwill disposals	—	(18)	—	(18)
Foreign exchange	(34)	(62)	—	(96)
Balance at December 31, 2022				
Goodwill, gross	7,870	2,795	—	10,665
Accumulated impairment losses	(130)	(362)	—	(492)
Goodwill, net - December 31, 2022	$ 7,740	$ 2,433	$ —	$ 10,173

(i) Represents goodwill associated with certain Investment, Risk and Reinsurance businesses which were divested in 2021.

Other Intangible Assets

The following table reflects changes in the net carrying amounts of the components of finite-lived intangible assets for the years ended December 31, 2022 and 2021:

	Client relationships	Software	Trademark and trade name	Other	Total
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
Intangible assets acquired	67	4	1	—	72
Intangible asset disposals	(1)	—	—	(5)	(6)
Amortization	(230)	(31)	(42)	(9)	(312)
Foreign exchange	(34)	(1)	(1)	—	(36)
Balance at December 31, 2022:					
Intangible assets, gross	3,760	725	1,038	98	5,621
Accumulated amortization	(2,282)	(712)	(298)	(56)	(3,348)
Intangible assets, net - December 31, 2022	$ 1,478	$ 13	$ 740	$ 42	$ 2,273

8. GOODWILL AND OTHER INTANGIBLE ASSETS (continued)

The weighted-average remaining life of amortizable intangible assets and liabilities at December 31, 2022 was 12.3 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
2023	$ 263
2024	230
2025	209
2026	201
2027	197
Thereafter	1,173
Total	$ 2,273

9. FIXED ASSETS

The following table reflects changes in the net carrying amount of the components of fixed assets for the years ended December 31, 2022 and 2021:

	Furniture, equipment and software	Leasehold improvements	Land and buildings	Total
Cost: at January 1, 2021	$ 1,467	$ 577	$ 90	$ 2,134
Additions	176	18	—	194
Disposals [(i)]	(145)	(61)	(2)	(208)
Foreign exchange	(21)	(7)	—	(28)
Cost: at December 31, 2021	1,477	527	88	2,092
Additions	174	24	—	198
Acquisitions	1	—	—	1
Disposals [(ii)]	(129)	(78)	—	(207)
Foreign exchange	(71)	(21)	(5)	(97)
Cost: at December 31, 2022	$ 1,452	$ 452	$ 83	$ 1,987
Depreciation: at January 1, 2021	$ (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)
Depreciation expense	(211)	(40)	(4)	(255)
Disposals	113	57	—	170
Foreign exchange	42	12	3	57
Depreciation: at December 31, 2022	$ (933)	$ (272)	$ (64)	$ (1,269)
Net book value:				
At December 31, 2021	$ 600	$ 226	$ 25	$ 851
At December 31, 2022	$ 519	$ 180	$ 19	$ 718

(i) 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).

(ii) Includes $12 million of furniture, equipment and software costs and $18 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, 2022	December 31, 2021
Finance leases	$ 26	$ 26
Accumulated depreciation	(22)	(20)
	$ 4	$ 6

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, 2022 and December 31, 2021 had total notional amounts of $134 million and $155 million, respectively, and had a net fair value liability of $3 million and a net fair value asset of $3 million, respectively.

At December 31, 2022, the Company estimates, based on current exchange rates, there will be $2 million of net derivative losses 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, 2022, our longest outstanding maturity was 1.7 years.

The effects of the material derivative instruments that are designated as hedging instruments on the consolidated statements of comprehensive income for the years ended December 31, 2022, 2021 and 2020 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, 2022, 2021 and 2020.

	(Loss)/gain recognized in OCL (effective element)		
	2022	2021	2020
Foreign exchange contracts	$ (8)	$ 5	$ (13)

Location of gain/(loss) reclassified from Accumulated OCL into income (effective element)	Gain/(loss) reclassified from Accumulated OCL into income (effective element)		
	2022	2021	2020
Revenue	$ 2	$ (3)	$ (5)
Salaries and benefits	(4)	6	(3)
Discontinued operations	—	3	(1)
	$ (2)	$ 6	$ (9)

The Company engages in intercompany borrowing and lending between subsidiaries, primarily through its 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, 2022 and December 31, 2021, we had notional amounts of $1.7 billion and $2.9 billion, respectively, and had net fair value assets of $24 million and $15 million, respectively. Such derivatives typically mature within three months.

The effects of these derivatives that have not been designated as hedging instruments on the consolidated profit and loss account for the years ended December 31, 2022, 2021 and 2020 are as follows (see Note 18 to these Consolidated Financial Statements for the net foreign currency impact on the Company's consolidated profit and loss account which includes the results of the offset of underlying exposures):

Derivatives not designated as hedging instruments:	Location of (loss)/gain recognized in income	(Loss)/gain recognized in income 2022	2021	2020
Foreign exchange contracts	Other income, net	$ (147)	$ —	$ (3)

11. DEBT

Current debt consists of the following:

	December 31, 2022	December 31, 2021
2.125% senior notes due 2022 [(i)]	$ —	$ 613
4.625% senior notes due 2023	250	—
	$ 250	$ 613

Long-term debt consists of the following:

	December 31, 2022	December 31, 2021
Revolving $1.5 billion credit facility	$ —	$ —
4.625% senior notes due 2023	—	249
3.600% senior notes due 2024	649	648
4.400% senior notes due 2026	547	546
4.650% senior notes due 2027	744	—
4.500% senior notes due 2028	597	597
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
	$ 4,471	$ 3,974

(i) Notes issued in Euro (€540 million).

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, 2022.

Entity	Revolving credit facility 4.625% due 2023 4.400% due 2026 6.125% due 2043	3.600% due 2024 4.650% due 2027 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

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).

11. DEBT (continued)

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

4.650% senior notes due 2027

On May 19, 2022, the Company, together with its wholly-owned subsidiary, Willis North America Inc. as issuer, completed an offering of $750 million aggregate principal amount of 4.650% senior notes due 2027 ('2027 senior notes'). The effective interest rate of the 2027 senior notes is 4.79%, which includes the impact of the discount upon issuance. The 2027 senior notes will mature on June 15, 2027. Interest on the 2027 senior notes accrues from May 19, 2022 and will be paid in cash on June 15 and December 15 of each year, commencing on December 15, 2022. The net proceeds from this offering, after deducting the underwriting discount and estimated offering expenses, were approximately $744 million and were used to fully repay the €540 million ($582 million on the date of repayment) aggregate principal amount of the 2.125% Senior Notes due 2022 and related accrued interest, and for general corporate purposes.

11. DEBT (continued)

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 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.

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.

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.

Additional Information Regarding Fully Repaid Senior Notes, Term Loan Commitment and Collateralized Facility

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 was 2.154%, which included the impact of the discount upon issuance. The 2022 senior notes matured on May 26, 2022. Interest had accrued on the notes from May 26, 2016 and was 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. In May 2022, the 2022 senior notes were repaid in full using the net proceeds from the 2027 senior notes offering discussed above.

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.

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.

Collateralized Facility

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. Prior to this repayment, cash received for the renewal commissions receivables had been classified as restricted cash on our consolidated balance sheet.

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, 2022 and 2021, 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:

	2023	2024	2025	2026	2027	Thereafter	Total
Senior notes	$ 250	$ 650	$ —	$ 550	$ 750	$ 2,550	$ 4,750
Interest on senior notes	196	174	166	147	123	1,200	2,006
Revolving $1.5 billion credit facility	—	—	—	—	—	—	—
Total	$ 446	$ 824	$ 166	$ 697	$ 873	$ 3,750	$ 6,756

Interest Expense

The following table shows an analysis of the interest expense for the years ended December 31, 2022, 2021 and 2020:

	Years ended December 31,		
	2022	2021	2020
Senior notes	$ 196	$ 200	$ 227
Term loans	—	—	6
Revolving credit facility	3	3	4
Collateralized facility	—	2	3
Other (i)	9	6	4
Total interest expense	$ 208	$ 211	$ 244

(i) Other primarily includes interest expense on finance leases and accretion on deferred and contingent consideration.

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 active markets 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, 2022 and December 31, 2021:

		Fair Value Measurements on a Recurring Basis at December 31, 2022			
	Balance Sheet Location	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:					
Available-for-sale securities:					
Mutual funds / exchange traded funds	Other current assets and Other non-current assets	$ 7	$ —	$ —	$ 7
	Fiduciary assets	142	—	—	142
Derivatives:					
Derivative financial instruments (i)	Other current assets and Other non-current assets	$ —	$ 26	$ —	$ 26
Liabilities:					
Contingent consideration:					
Contingent consideration (ii) (iii)	Other current liabilities and Other non-current liabilities	$ —	$ —	$ 40	$ 40
Derivatives:					
Derivative financial instruments (i)	Other current liabilities and Other non-current liabilities	$ —	$ 5	$ —	$ 5

12. FAIR VALUE MEASUREMENTS (continued)

		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	Other current assets and Other non-current assets	$ 9	$ —	$ —	$ 9
	Fiduciary assets	152	—	—	152
Certificates of deposit/term deposits	Other current assets	200	—	—	200
Derivatives:					
Derivative financial instruments (i)	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	$ —	$ —	$ —	$ —

(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 10.26% and 11.92% at December 31, 2022 and December 31, 2021, respectively. The range of these discount rates was 3.53% - 13.80% at December 31, 2022. Using different probability weightings and discount rates could result in an increase or decrease of the contingent consideration payable.

(iii) Consideration due to be paid across multiple years until 2027.

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, 2022
Balance at December 31, 2021	$ 51
Obligations assumed	22
Payments	(22)
Realized and unrealized gains (i)	(10)
Foreign exchange	(1)
Balance at December 31, 2022	$ 40

(i) Realized and unrealized losses include accretion and adjustments to contingent consideration liabilities, which are included within Interest expense and Other operating expenses, respectively, on the consolidated profit and loss account.

There were no significant transfers between Levels 1, 2 or 3 during the years ended December 31, 2022 and 2021.

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, 2022		December 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets:				
Long-term note receivable	$ 68	$ 63	$ 69	$ 70
Liabilities:				
Current debt	$ 250	$ 248	$ 613	$ 616
Long-term debt	$ 4,471	$ 4,069	$ 3,974	$ 4,453

The carrying value of our revolving credit facility approximates its fair value. 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

WTW sponsors both qualified and non-qualified defined benefit pension 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 98% of WTW's pension obligations and are presented herein. We have removed prior period disclosures pertaining to our post-retirement welfare plans as the Company considers such disclosure to no longer be material.

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 600 WTW 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. New employees in the United Kingdom are offered the opportunity to join a defined contribution plan.

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. All participants now accrue defined contribution benefits.

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.

Germany – 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.

13. RETIREMENT BENEFITS (continued)

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.

Amounts Recognized in our Consolidated Financial Statements

The following schedules provide information concerning the defined benefit pension plans as of and for the years ended December 31, 2022 and 2021:

	2022			2021		
	U.S.	U.K.	Other	U.S.	U.K.	Other
Change in Benefit Obligation						
Benefit obligation, beginning of year	$ 5,096	$ 4,369	$ 922	$ 5,291	$ 4,843	$ 955
Service cost	77	12	22	79	17	24
Interest cost	119	70	15	94	56	12
Employee contributions	16	—	1	16	—	—
Actuarial gains	(1,186)	(1,434)	(221)	(170)	(109)	(54)
Settlements	(25)	(5)	(2)	(6)	(9)	(6)
Curtailments	—	—	—	—	11	—
Benefits paid	(226)	(130)	(30)	(209)	(145)	(40)
Plan amendments	—	—	—	—	—	12
Plan (disposal)/addition	—	—	—	—	(257)	46
Other	—	—	2	1	—	—
Foreign currency changes	—	(447)	(54)	—	(38)	(27)
Benefit obligation, end of year	$ 3,871	$ 2,435	$ 655	$ 5,096	$ 4,369	$ 922
Change in Plan Assets						
Fair value of plan assets, beginning of year	$ 4,710	$ 5,266	$ 739	$ 4,357	$ 5,767	$ 684
Actual return on plan assets	(694)	(1,622)	(124)	470	(68)	44
Employer contributions	42	33	38	82	42	36
Employee contributions	16	—	1	16	—	—
Settlements	(25)	(5)	(2)	(6)	(9)	(6)
Benefits paid	(226)	(130)	(30)	(209)	(145)	(40)
Plan (disposal)/addition	—	—	—	—	(275)	37
Other	—	—	2	—	—	1
Foreign currency changes	—	(543)	(44)	—	(46)	(17)
Fair value of plan assets, end of year	$ 3,823	$ 2,999	$ 580	$ 4,710	$ 5,266	$ 739
Funded status at end of year	$ (48)	$ 564	$ (75)	$ (386)	$ 897	$ (183)
Accumulated Benefit Obligation	$ 3,871	$ 2,435	$ 629	$ 5,096	$ 4,369	$ 884
Components on the Consolidated Balance Sheet						
Pension benefits assets	$ 179	$ 569	$ 57	$ —	$ 903	$ 48
Current liability for pension benefits	$ (26)	$ —	$ (5)	$ (52)	$ —	$ (5)
Non-current liability for pension benefits	$ (201)	$ (5)	$ (127)	$ (334)	$ (6)	$ (226)
	$ (48)	$ 564	$ (75)	$ (386)	$ 897	$ (183)

For the year ended December 31, 2022, 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 on their benefit obligations.

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.

Amounts recognized in accumulated other comprehensive loss as of December 31, 2022 and 2021 consist of:

	2022			2021		
	U.S.	U.K.	Other	U.S.	U.K.	Other
Net actuarial loss	$ 597	$ 1,497	$ 36	$ 776	$ 1,356	$ 103
Net prior service loss/(gain)	—	6	9	—	(7)	10
Accumulated other comprehensive loss	$ 597	$ 1,503	$ 45	$ 776	$ 1,349	$ 113

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, 2022 and 2021:

	2022			2021		
	U.S.	U.K.	Other	U.S.	U.K.	Other
Projected benefit obligation at end of year	$ 939	$ 5	$ 278	$ 5,096	$ 7	$ 476
Fair value of plan assets at end of year	$ 713	$ —	$ 145	$ 4,710	$ —	$ 245

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, 2022 and 2021.

	2022			2021		
	U.S.	U.K.	Other	U.S.	U.K.	Other
Projected benefit obligation at end of year	$ 939	$ 5	$ 238	$ 5,096	$ 7	$ 458
Accumulated benefit obligation at end of year	$ 939	$ 5	$ 228	$ 5,096	$ 7	$ 437
Fair value of plan assets at end of year	$ 713	$ —	$ 106	$ 4,710	$ —	$ 228

The components of the net periodic benefit income and other amounts recognized in other comprehensive (income)/loss for the years ended December 31, 2022, 2021 and 2020 for the defined benefit pension plans are as follows:

	2022			2021			2020		
	U.S.	U.K.	Other	U.S.	U.K.	Other	U.S.	U.K.	Other
Components of net periodic benefit (income)/cost:									
Service cost	$ 77	$ 12	$ 22	$ 79	$ 17	$ 24	$ 72	$ 15	$ 21
Interest cost	119	70	15	94	56	12	131	73	15
Expected return on plan assets	(331)	(144)	(38)	(312)	(170)	(37)	(291)	(247)	(34)
Amortization of unrecognized prior service (credit)/cost	—	(12)	1	—	(17)	1	—	(17)	—
Amortization of unrecognized actuarial loss	14	29	3	37	27	6	35	23	3
Settlement	4	1	(1)	1	2	2	2	3	1
Curtailment gain	—	—	—	—	(1)	—	—	—	—
Other	—	—	—	1	—	—	—	—	—
Net periodic benefit (income)/cost	$ (117)	$ (44)	$ 2	$ (100)	$ (86)	$ 8	$ (51)	$ (150)	$ 6
Other changes in plan assets and benefit obligations recognized in other comprehensive (income)/loss:									
Net actuarial (gain)/loss	$ (161)	$ 332	$ (59)	$ (328)	$ 140	$ (61)	$ 198	$ 151	$ 35
Amortization of unrecognized actuarial loss	(14)	(29)	(3)	(37)	(27)	(6)	(35)	(23)	(3)
Prior service cost	—	—	—	—	—	12	—	9	—
Amortization of unrecognized prior service credit/(cost)	—	12	(1)	—	17	(1)	—	17	—
Settlement	(4)	(1)	1	(1)	(2)	(2)	(2)	(3)	(1)
Curtailment gain	—	—	—	—	1	—	—	—	—
Plan (disposal)/addition	—	—	—	—	(34)	8	—	—	—
Total recognized in other comprehensive (income)/loss	(179)	314	(62)	(366)	95	(50)	161	151	31
Total recognized in net periodic benefit (income)/cost and other comprehensive (income)/loss	$ (296)	$ 270	$ (60)	$ (466)	$ 9	$ (42)	$ 110	$ 1	$ 37

Assumptions Used in the Valuations of the Defined Benefit Pension Plans

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.

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. 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, 2022, 2021 and 2020 were as follows:

	Years ended December 31,								
	2022			2021			2020		
	U.S.	U.K.	Other	U.S.	U.K.	Other	U.S.	U.K.	Other
Discount rate - PBO	2.8%	1.9%	2.0%	2.5%	1.5%	1.7%	3.3%	2.0%	2.1%
Discount rate - service cost	3.0%	1.9%	2.4%	2.7%	1.6%	2.3%	3.4%	2.1%	2.5%
Discount rate - interest cost on service cost	2.5%	1.8%	2.2%	2.0%	1.4%	2.0%	2.8%	1.9%	2.4%
Discount rate - interest cost on PBO	2.4%	1.8%	1.8%	1.8%	1.2%	1.3%	2.8%	1.8%	1.9%
Expected long-term rate of return on assets	7.2%	3.0%	5.4%	7.2%	3.1%	5.4%	7.7%	5.0%	5.9%
Rate of increase in compensation levels	4.3%	3.4%	2.3%	4.3%	3.0%	2.3%	4.3%	3.0%	2.3%

The following tables present the assumptions used in the valuation to determine the projected benefit obligation for the fiscal years ended December 31, 2022 and 2021:

	December 31, 2022			December 31, 2021		
	U.S.	U.K.	Other	U.S.	U.K.	Other
Discount rate	5.4%	5.0%	4.3%	2.8%	1.9%	2.0%
Rate of increase in compensation levels	4.3%	3.4%	2.4%	4.3%	3.4%	2.3%

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, 2022 were as follows (note the French plan is unfunded):

	U.S.		U.K.		Switzerland	Canada	Germany	Ireland	
Asset Category	WTW	Willis	Willis	Towers Watson	WTW	WTW	WTW	Willis	Towers Watson
Equity securities	23%	30%	—%	1%	49%	40%	36%	29%	40%
Debt securities	33%	33%	28%	22%	18%	50%	61%	29%	30%
Real estate	6%	11%	—%	2%	28%	5%	—%	3%	—%
Other	38%	26%	72%	75%	5%	5%	3%	39%	30%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%

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.

13. RETIREMENT BENEFITS (continued)

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, 2022 and 2021 are as follows:

	December 31, 2022				December 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Asset category:								
Cash	$ 15	$ —	$ —	$ 15	$ 5	$ —	$ —	$ 5
Short-term securities	—	89	—	89	—	65	—	65
Pooled/commingled funds	—	—	—	1,945	—	—	—	2,788
Private equity	—	—	—	612	—	—	—	537
Hedge funds	—	—	—	1,160	—	—	—	1,315
Total assets	$ 15	$ 89	$ —	$ 3,821	$ 5	$ 65	$ —	$ 4,710

13. RETIREMENT BENEFITS (continued)

The fair values of our U.K. plan assets by asset category at December 31, 2022 and 2021 are as follows:

	December 31, 2022				December 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Asset category:								
Cash	$ 125	$ —	$ —	$ 125	$ 389	$ —	$ —	$ 389
Government bonds	1,267	—	—	1,267	2,610	—	—	2,610
Corporate bonds	—	335	—	335	—	504	—	504
Other fixed income	—	189	—	189	—	519	—	519
Pooled/commingled funds	—	—	—	1,255	—	—	—	1,537
Mutual funds	—	—	—	—	—	—	—	12
Private equity	—	—	—	20	—	—	—	25
Derivatives	—	229	—	229	—	226	—	226
Real estate	—	—	—	121	—	—	—	152
Insurance contracts	—	—	40	40	—	—	69	69
Total assets	$ 1,392	$ 753	$ 40	$ 3,581	$ 2,999	$ 1,249	$ 69	$ 6,043
Liability category:								
Repurchase agreements	—	484	—	484	—	777	—	777
Derivatives	—	98	—	98	—	—	—	—
Net assets	$ 1,392	$ 171	$ 40	$ 2,999	$ 2,999	$ 472	$ 69	$ 5,266

The fair values of our Other plan assets by asset category at December 31, 2022 and 2021 are as follows:

	December 31, 2022				December 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Asset category:								
Cash	$ 3	$ —	$ —	$ 3	$ 4	$ —	$ —	$ 4
Pooled/commingled funds	—	—	—	501	—	—	—	648
Hedge funds	—	—	—	32	—	—	—	43
Insurance contracts	—	—	5	5	—	—	7	7
Investment in multiple-employer pension plan	—	—	39	39	—	—	37	37
Total assets	$ 3	$ —	$ 44	$ 580	$ 4	$ —	$ 44	$ 739

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, 2022 and 2021.

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.

The following table reconciles the net plan investments to the total fair value of the plan assets:

	December 31, 2022	December 31, 2021
Net assets held in investments	$ 7,400	$ 10,715
Net receivable for investments purchased	2	—
Fair value of plan assets	$ 7,402	$ 10,715

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, 2022:

	Level 3 Roll Forward
Beginning balance at December 31, 2021	$ 113
Purchases	5
Unrealized loss	(26)
Foreign exchange	(8)
Ending balance at December 31, 2022	$ 84

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 2023, as well as the pension contributions to our qualified plans in fiscal years 2022 and 2021:

	2023 (Projected)	2022 (Actual)	2021 (Actual)
U.S.	$ —	$ 1	$ 60
U.K.	$ 31	$ 32	$ 41
Other	$ 23	$ 25	$ 25

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	Total
2023	$ 270	$ 126	$ 33	$ 429
2024	279	117	28	424
2025	285	119	29	433
2026	293	128	31	452
2027	297	133	33	463
Years 2028 – 2032	1,497	710	190	2,397
	$ 2,921	$ 1,333	$ 344	$ 4,598

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 two years of service. All investment assets of the plan are held in a trust account administered by independent trustees.

Our 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, 2022, 2021 and 2020 amounting to $148 million, $155 million and $160 million, respectively.

14. LEASES

The following tables present amounts recorded on our consolidated balance sheets at December 31, 2022 and 2021, classified as either operating or finance leases. Operating leases are presented separately on our consolidated balance sheets. For the finance leases, the ROU assets are included in fixed assets, net, and the liabilities are classified within Other current liabilities and Other non-current liabilities.

	December 31, 2022			December 31, 2021		
	Operating Leases	Finance Leases	Total Leases	Operating Leases	Finance Leases	Total Leases
Right-of-use assets	$ 586	$ 4	$ 590	$ 720	$ 6	$ 726
Current lease liabilities	126	4	130	150	4	154
Long-term lease liabilities	620	12	632	734	15	749

The following tables present amounts recorded on our consolidated profit and loss account for the years ended December 31, 2022, 2021 and 2020:

	Years ended December 31,		
	2022	2021	2020
Finance lease cost:			
Amortization of right-of-use assets	$ 2	$ 1	$ 2
Interest on lease liabilities	2	3	3
Operating lease cost	175	192	181
Short-term lease cost	—	1	1
Variable lease cost	71	52	53
Sublease income	(15)	(20)	(21)
Total lease cost, net	$ 235	$ 229	$ 219

14. LEASES (continued)

The total lease cost is recognized in different locations in our consolidated profit and loss account. 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 $57 million and $19 million incurred during the years ended December 31, 2022 and 2021, respectively, that were included in restructuring costs (see Note 6 to these Consolidated Financial Statements) that primarily related to the acceleration of amortization or impairment of certain abandoned ROU assets and the payment of early termination fees. 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, 2022, 2021 and 2020.

Cash paid for amounts included in the measurement of lease liabilities for the years ended December 31, 2022, 2021 and 2020, as well as its location in the consolidated statements of cash flows, is as follows:

	Years ended December 31,		
	2022	2021	2020
Cash flows from operating activities:			
Operating leases	$ 173	$ 186	$ 190
Finance leases	2	3	3
Cash flows used in financing activities:			
Finance leases	4	3	3
Total lease payments	$ 179	$ 192	$ 196

Non-cash additions to our operating lease ROU assets, net of modifications, were $65 million, $37 million and $70 million during the years ended December 31, 2022, 2021 and 2020, respectively.

The following table reflects changes in the net carrying amount of operating lease right-of-use assets for the year ended December 31, 2022:

	Land and buildings
Cost: at January 1, 2021	1,168
Additions	42
Remeasurements	(5)
Retirements	(98)
Foreign exchange	(26)
Cost: at December 31, 2021	$ 1,081
Additions	60
Remeasurements	6
Retirements	(85)
Disposals	(2)
Foreign exchange	(66)
Cost: at December 31, 2022	$ 994
Depreciation: at January 1, 2021	(267)
Depreciation expense	(200)
Retirements	98
Foreign exchange	8
Depreciation: at December 31, 2021	$ (361)
Depreciation expense	(150)
Retirements	85
Disposals	2
Foreign exchange	16
Depreciation: at December 31, 2022	$ (408)
Net book value:	
At December 31, 2021	$ 720
At December 31, 2022	$ 586

14. LEASES (continued)

Our operating and finance leases have the following weighted-average terms and discount rates as of December 31, 2022 and 2021:

	December 31, 2022		December 31, 2021	
	Operating Leases	Finance Leases	Operating Leases	Finance Leases
Weighted-average term (in years)	6.9	3.1	7.5	4.1
Weighted-average discount rate	3.4%	12.7%	3.3%	12.7%

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, 2022, is as follows:

	Operating Leases	Finance Leases	Total Leases
2023	$ 148	$ 6	$ 154
2024	136	6	142
2025	123	6	129
2026	103	1	104
2027	82	—	82
Thereafter	249	—	249
Total future lease payments	841	19	860
Interest	(95)	(3)	(98)
Total lease liabilities	$ 746	$ 16	$ 762

15. COMMITMENTS AND CONTINGENCIES

Guarantees

Guarantees issued by certain of WTW'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 $399 million and $498 million at December 31, 2022 and 2021, respectively. The finance lease obligations subject to such guarantees amounted to $3 million and $4 million at December 31, 2022 and 2021, respectively.

Acquisition liabilities

In addition to the contingent consideration that may be payable related to our acquisitions (see Note 12 to these Consolidated Financial Statements), we have deferred consideration of $6 million at December 31, 2022, which is payable in 2023. The Company did not have any deferred consideration at December 31, 2021.

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 prices of such put options and call options are formula-based (using revenue and earnings) and are 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 $16 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, 2022, 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.

15. COMMITMENTS AND CONTINGENCIES (continued)

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.

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. 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, 2022 and 2021 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 a particular quarterly or annual period.

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.

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, 2021	$ 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
Net provisions made during the year	11	20	31
Balances transferred out during the year[(iii)]	(2)	—	(2)
Utilized in the year	(18)	(18)	(36)
Foreign currency translation adjustment	(6)	(5)	(11)
Balance at December 31, 2022	$ 296	$ 61	$ 357

(i) The claims, lawsuits and other proceedings provision includes E&O cases and 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 legal fee accruals which were previously recognized within Provisions for Liabilities were transferred to Accrued expenses during 2022.

17. SUPPLEMENTARY INFORMATION FOR CERTAIN BALANCE SHEET ACCOUNTS

Additional details of specific balance sheet accounts are detailed below.

Other current assets consist of the following:

	December 31, 2022	December 31, 2021
Prepayments and accrued income	$ 132	$ 137
Short-term investments	—	200
Deferred contract costs	71	74
Derivatives and investments	43	35
Deferred compensation plan assets	16	19
Retention incentives	—	4
Corporate income and other taxes	89	82
Insurance and other recovery receivables	—	1
Acquired renewal commissions receivable	9	11
Other current assets	54	49
Total other current assets	$ 414	$ 612

Other non-current assets consist of the following:

	December 31, 2022	December 31, 2021
Prepayments and accrued income	$ 10	$ 11
Deferred contract costs	126	115
Deferred compensation plan assets	74	109
Accounts receivable, net	9	23
Acquired renewal commissions receivable	29	52
Long-term note receivable	68	69
Other investments	90	55
Insurance recovery receivables	80	96
Non-current contract assets	745	532
Other non-current assets	49	38
Total other non-current assets	$ 1,280	$ 1,100

Deferred revenue and accrued expenses consist of the following:

	December 31, 2022	December 31, 2021
Accounts payable, accrued liabilities and deferred revenue [(i)]	$ 975	$ 898
Accrued discretionary and incentive compensation	708	811
Accrued vacation	142	145
Other employee-related liabilities	90	72
Total deferred revenue and accrued expenses	$ 1,915	$ 1,926

[(i)] Includes deferred revenue of $576 million and $546 million at December 31, 2022 and 2021, respectively.

17. SUPPLEMENTARY INFORMATION FOR CERTAIN BALANCE SHEET ACCOUNTS (continued)

Other current liabilities consist of the following:

	December 31, 2022	December 31, 2021
Dividends payable	$ 102	$ 112
Other taxes payable	—	18
Interest payable	49	55
Deferred compensation plan liabilities	14	49
Contingent and deferred consideration on acquisitions	17	24
Accrued retirement benefits	32	65
Payroll and other benefits-related liabilities	225	230
Derivatives	4	—
Third-party commissions	124	101
Other current liabilities	66	101
Total other current liabilities	$ 633	$ 755

Other non-current liabilities consist of the following:

	December 31, 2022	December 31, 2021
Deferred compensation plan liability	$ 74	$ 109
Contingent and deferred consideration on acquisitions	29	27
Liabilities for uncertain tax positions	40	43
Finance leases	12	15
Other non-current liabilities	66	59
Total other non-current liabilities	$ 221	$ 253

18. OTHER INCOME, NET

Other income, net consists of the following:

	Years ended December 31,		
	2022	2021	2020
Gain on disposal of operations (i)	$ 7	$ 379	$ 81
Net periodic pension and postretirement benefit credits	272	303	304
Interest in earnings of associates and other investments	4	8	6
Foreign exchange gain (ii)	—	8	3
Other	5	3	2
Other income, net	$ 288	$ 701	$ 396

(i) For the year ended December 31, 2022, includes a $24 million non-cash revaluation gain related to an acquisition completed in stages.
(ii) Includes the offsetting effects of the Company's foreign currency hedging program. See Note 10 to these Consolidated Financial Statements.

19. ACCUMULATED OTHER COMPREHENSIVE LOSS

The components of other comprehensive (loss)/income are as follows:

	December 31, 2022			December 31, 2021			December 31, 2020		
	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	$ (499)	$ —	$ (499)	$ (87)	$ —	$ (87)	$ 139	$ —	$ 139
Defined pension and post-retirement benefits	87	(22)	65	343	(83)	260	(342)	76	(266)
Derivative instruments	(6)	4	(2)	(1)	3	2	(5)	1	(4)
Other comprehensive (loss)/income	(418)	(18)	(436)	255	(80)	175	(208)	77	(131)
Less: Other comprehensive loss/(income) attributable to non-controlling interests	1	—	1	(2)	—	(2)	(1)	—	(1)
Other comprehensive (loss)/income attributable to WTW	$ (417)	$ (18)	$ (435)	$ 253	$ (80)	$ 173	$ (209)	$ 77	$ (132)

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	Derivative instruments (i)	Defined pension and post-retirement benefit costs (ii)	Total
Balance, January 1, 2020	$ (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) (iii)	44	(7)	69	106
Net other comprehensive (loss)/income	(89)	2	260	173
Balance, December 31, 2021	$ (489)	$ 11	$ (1,708)	$ (2,186)
Other comprehensive (loss)/income before reclassifications	(498)	(3)	41	(460)
Loss reclassified from accumulated other comprehensive loss (net of income tax benefit of $9)	—	1	24	25
Net other comprehensive (loss)/income	(498)	(2)	65	(435)
Balance, December 31, 2022	$ (987)	$ 9	$ (1,643)	$ (2,621)

(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) Includes reclassifications in 2021 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 Profit and Loss Account.

20. EMPLOYEES

The average numbers of people, including Executive Directors, employed by the Company are approximated below:

	Years ended December 31,		
	2022	2021	2020
	(average number)	(average number)	(average number)
Health, Wealth & Career	24,100	22,900	22,600
Risk & Broking	13,700	12,900	12,900
Total operating segments	37,800	35,800	35,500
Corporate and Other (i)	8,400	9,800	10,800
Total average number of employees for the year	46,200	45,600	46,300

(i) Average employee numbers for 2021 and 2020 in Corporate and Other include employees of now divested businesses.

Staff costs were as follows:

	Years ended December 31,		
	2022	2021	2020
Salaries and other compensation (i)	$ 4,346	$ 4,490	$ 4,433
Share-based compensation	99	101	90
Severance costs	8	21	13
Social security costs	345	361	363
Retirement benefits — defined benefit plan expense	119	135	108
Retirement benefits — defined contribution plan expense	148	145	150
Total salaries and benefits expense	$ 5,065	$ 5,253	$ 5,157
Restructuring costs termination benefits	1	—	24
Transaction and transformation expenses	89	72	10
Total salaries and benefits expense, including termination benefits	$ 5,155	$ 5,325	$ 5,191
Staff costs capitalized	130	125	128
Total staff costs	$ 5,285	$ 5,450	$ 5,319

(i) Salaries and other compensation includes: $3,222 million salaries and directors' fees, $1,124 million benefits and incentive awards and $nil amortization of cash retention awards (2021: $3,240 million, $1,253 million and $(3) million, respectively; 2020: $3,258 million, $1,174 million and $1 million, respectively).

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,		
	2022	2021	2020
Aggregate emoluments in respect of qualifying services (i) (ii)			
Director services (iii)	$ 2	$ 3	$ 3
Managerial services (iv) (vi) (vii)	8	35	4
Total emoluments	$ 10	$ 38	$ 7
Defined contribution retirement scheme contributions – managerial services (iv) (v)	1	2	2
Total directors' remuneration (vi) (vii) (viii) (ix)	$ 11	$ 40	$ 9

(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 approximately €15,000 in the aggregate, in Dublin, Ireland and the U.S. to prepare the directors' Irish and U.S. 2022 tax documentation (2021: approximately €15,000).
(iii) Includes director's fees of £50,000 received by Brendan R. O'Neill in connection with his appointment as a director of a subsidiary of the Company (2021: £50,000; 2020: £50,000).
(iv) In 2022 directors' remuneration for managerial services represents remuneration of Carl A. Hess (CEO) for services to the Company. In 2021 and 2020, 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 2022 were $620,021, in respect of the qualifying managerial services of one director (2021: $1,730,113 in respect of one director; 2020: $2,412,212, in respect of one director). The increase in the actuarial present value of accumulated benefits under defined benefit retirement schemes during 2022 was $nil (2021: $34,743; 2020: $187,555), in respect of the qualifying managerial services of one director).
(vi) In aggregate, directors made $4,282,249 gains on the exercise of share options during 2022 (2021: $18,369,603 and 2020: $nil).
(vii) The amounts shown include all amounts paid or payable to a person connected with a director.
(viii) In 2022, in respect of qualifying managerial services, there were $907,674 of long-term incentive scheme amounts (excluding share options), share options or termination payments (2021: $11,755,876 and 2020: $nil).
(ix) In 2022, 2021 and 2020 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 and its affiliates is as follows:

	Years ended December 31,		
	2022	2021	2020
Audit fees	$ 16	$ 20	$ 16
Audit-related fees	1	1	2
Tax advisory services and Other non-audit services	—	—	—
Total auditor's remuneration	$ 17	$ 21	$ 18

An analysis of Deloitte Ireland LLP's remuneration is as follows:

	Years ended December 31,		
	2022	2021	2020
Audit of the Company's consolidated financial statements	$ —	$ —	$ —
Other assurance services	—	—	—
Tax advisory services and Other non-audit services	—	—	—
Total auditor's remuneration (i)	$ —	$ —	$ —

(i) Includes out-of-pocket expenses. See Note 7 to the Parent Company Financial Statements for additional details of Deloitte Ireland LLP's $168,000 remuneration in 2022 (2021: $160,000).

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, 2022, 2021 and 2020.

Plan Summaries

On December 31, 2022, 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, 2022 are described below.

During 2022, approximately 429,000 shares were issued under employee stock compensation plans, which is net of shares withheld for taxes and option costs. The total issued shares included approximately 316,000 RSUs that vested in a prior year. See below for further detail on the options exercised and RSUs vested in 2022.

The compensation cost that has been recognized for these plans for the years ended December 31, 2022, 2021 and 2020 was $99 million, $101 million and $90 million, respectively. Of the $99 million compensation cost for the year ended December 31, 2022, $27 million was recognized as transaction and transformation 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, 2022, 2021, and 2020 were $18 million, $17 million and $15 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 3,711,668 shares remaining available for grant under this plan as of December 31, 2022. 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, 2022, 2021 and 2020.

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, 2022, 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, 2021	28	$ 117.45		
Exercised	(12)	$ 118.90		
Cancelled	(1)	$ 117.92		
Balance as of December 31, 2022	15	$ 116.27	0.8 years	$ 2
Options vested or expected to vest at December 31, 2022	15	$ 116.27	0.8 years	$ 2
Options exercisable at December 31, 2022	15	$ 116.27	0.8 years	$ 2
Performance-based stock options				
Balance as of December 31, 2021	91	$ 110.58		
Exercised	(91)	$ 110.58		
Balance as of December 31, 2022	—	$ —	N/A	$ —
Options vested or expected to vest at December 31, 2022	—	$ —	N/A	$ —
Options exercisable at December 31, 2022	—	$ —	N/A	$ —

(i) Certain options are exercisable in Pounds sterling and are converted to dollars using the exchange rate at December 31, 2022.

The total intrinsic values of time-based options exercised during the years ended December 31, 2022, 2021 and 2020 were $1 million, $7 million and $17 million, respectively. At December 31, 2022, there is no unrecognized compensation cost under time-based plans.

The total intrinsic value of performance-based options exercised during the year ended December 31, 2022 was $9 million; during the year ended December 31, 2021, total intrinsic value was $23 million, and was less than $1 million for the year ended December 31, 2020. At December 31, 2022, 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, 2022, 2021 and 2020 was $7 million, $10 million and $16 million, respectively. The actual tax benefit recognized for the tax deductions from option exercises of the share-based payment arrangements totaled $11 million, $8 million and $5 million for the years ended December 31, 2022, 2021 and 2020, respectively.

Equity-settled RSUs

Valuation Assumptions

The grant date fair value of each time-based RSU is equal to the grant date stock price. Performance-based RSUs granted during the year ended December 31, 2022, contain only non-market-based performance targets, and the grant date fair value of these awards is equal to the grant date stock price. Because performance-based RSUs granted during the years ended December 31, 2021 and December 31, 2020 contain market-based performance targets, 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
Expected volatility	29.1%	24.2%
Expected dividend yield	—%	—%
Expected life (years)	2.9	2.9
Risk-free interest rate	0.3%	0.4%

22. SHARE-BASED COMPENSATION (continued)

Award Activity

A summary of time-based and performance-based RSU activity under the plans at December 31, 2022, and changes during the year then ended, is presented below:

	Shares (thousands)		Weighted-Average Grant Date Fair Value
Time-based RSUs			
Balance as of December 31, 2021	388	$	240.77
Granted	100	$	226.84
Vested	(35)	$	242.82
Forfeited	(41)	$	240.73
Balance as of December 31, 2022	412	$	237.23
Performance-based RSUs			
Balance as of December 31, 2021	468	$	280.46
Granted	186	$	237.57
Vested	(32)	$	302.69
Forfeited	(34)	$	267.79
Balance as of December 31, 2022	588	$	266.39

Time-based RSUs approximating 35,000, 15,000 and 13,000 vested during the years ended December 31, 2022, 2021 and 2020, respectively, with average share prices of $202.80, $250.83 and $195.69, respectively. At December 31, 2022 there was $60 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 1.8 years.

Performance-based RSUs approximating 32,000, 133,000 and 416,000 vested during the years ended December 31, 2022, 2021 and 2020, respectively, with average share prices of $197.55, $224.79 and $185.30, respectively. At December 31, 2022 there was $49 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 1.7 years.

The actual tax benefits recognized for the tax deductions from RSUs that vested totaled $23 million, $12 million and $7 million for the years ended December 31, 2022, 2021 and 2020, respectively.

The amounts reflected above include awards which will be cash-settled due to local requirements. These awards are classified as liabilities in our consolidated balance sheets and are not material.

Phantom RSUs

During the years ended December 31, 2022 and 2021 cash payments totaling $32 million and $52 million, respectively, were made related to phantom stock units. There were no cash payments related to phantom stock during the year ended December 31, 2020. Phantom stock units are cash-settled awards with final payout based on the performance of the Company's stock. 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. There is no remaining liability or unearned compensation related to phantom stock as of December 31, 2022. The Company did not grant phantom stock during 2022, 2021 and 2020.

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,		
	2022	2021	2020
Income from continuing operations	$ 1,064	$ 2,156	$ 762
Less: income attributable to non-controlling interests	(15)	(14)	(24)
Income from continuing operations attributable to WTW	$ 1,049	$ 2,142	$ 738
(Loss)/income from discontinued operations, net of tax	$ (40)	$ 2,080	$ 258
Basic weighted-average number of shares outstanding	112	128	130
Dilutive effect of potentially issuable shares	—	1	—
Diluted weighted-average number of shares outstanding	112	129	130
Basic earnings per share from continuing operations attributable to WTW	$ 9.36	$ 16.68	$ 5.69
Dilutive effect of potentially issuable shares	(0.02)	(0.05)	(0.02)
Diluted earnings per share from continuing operations attributable to WTW	$ 9.34	$ 16.63	$ 5.67
Basic (loss)/earnings per share from discontinued operations, net of tax	$ (0.36)	$ 16.20	$ 1.99
Dilutive effect of potentially issuable shares	—	(0.05)	(0.01)
Diluted (loss)/earnings per share from discontinued operations, net of tax	$ (0.36)	$ 16.15	$ 1.98

There were no anti-dilutive options for the years ended December 31, 2022, 2021 and 2020. For the years ended December 31, 2022, 2021 and 2020, 0.2 million, 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.

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,		
	2022	2021	2020
Supplemental disclosures of cash flow information:			
Cash and cash equivalents	$ 1,262	$ 4,486	$ 2,039
Fiduciary funds (included in fiduciary assets)	3,459	3,203	4,205
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
Total cash, cash equivalents and restricted cash	$ 4,721	$ 7,691	$ 6,301
(Decrease)/increase in cash, cash equivalents and other restricted cash	$ (3,177)	$ 2,425	$ 1,180
Increase/(decrease) in fiduciary funds	371	(908)	812
Total	$ (2,806)	$ 1,517	$ 1,992
Cash payments for income taxes, net	$ 428	$ 570	$ 310
Cash payments for interest	$ 201	$ 212	$ 229
Cash acquired	$ 30	$ 5	$ 10
Supplemental disclosures of non-cash investing and financing activities:			
Non-cash consideration received	$ 63	$ —	$ —
Fair value of deferred and contingent consideration related to acquisitions	$ 28	$ 21	$ 9

25. SUBSIDIARY UNDERTAKINGS AND UNDERTAKINGS OF SUBSTANTIAL INTEREST

As of December 31, 2022, 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
Direct subsidiaries:				
Holding company				
Willis Towers Watson Sub Holdings Unlimited Company	Elm Park, Merrion Road, Dublin, D04 P231	Ireland	Ordinary shares	100%
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, 2022, the Company did not have investments in undertakings of substantial interest that substantially affected the net income or net assets of the Company.

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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 2022 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 $74 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.

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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 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.

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 $74 million which is approximately 0.65% of Net Assets. The basis of materiality is net assets, taking into account the group materiality of $100 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 $3.7 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.

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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.
- 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.

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

16 March 2023

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PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

	Note	Years ended December 31, 2022	Years ended December 31, 2021
		(millions)	
Dividends from subsidiaries	2	$ 2,148	$ 3,210
Intercompany interest income		2	—
Termination income receipt, net	3	(182)	638
Other income		5	—
Other operating charges		(7)	(5)
OPERATING PROFIT		1,966	3,843
Finance expense	4	(5)	(7)
PROFIT BEFORE TAXATION		1,961	3,836
Taxation	8	64	(158)
PROFIT FOR THE YEAR		$ 2,025	$ 3,678

There was no other comprehensive income in 2022 or 2021.

The accompanying notes are an integral part of the Parent Company Financial Statements.

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

	Note	December 31, 2022	December 31, 2021
		(millions)	
NON-CURRENT ASSETS			
Investments in subsidiaries	10	$ 12,117	$ 12,063
		12,117	12,063
CURRENT ASSETS			
Receivables	12	—	1,789
Cash at bank and in hand		—	—
		—	1,789
CURRENT LIABILITIES			
Payable	13	698	629
NET CURRENT (LIABILITIES)/ASSETS		(698)	1,160
TOTAL ASSETS LESS CURRENT LIABILITIES		11,419	13,223
NET ASSETS		$ 11,419	$ 13,223
EQUITY			
Called up share capital	14	$ —	$ —
Share premium account	14	6	9,491
Other reserves		709	655
Profit and loss account		10,704	3,077
SHAREHOLDERS' EQUITY		$ 11,419	$ 13,223

The accompanying notes are an integral part of the Parent Company Financial Statements.

Approved by the Board of Directors on March 16, 2023 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,	
	2022	2021
	(millions)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	$ 1,961	$ 3,836
Adjustments for:		
Movement in other assets	1,789	(1,697)
Movement in other liabilities	142	352
Net cash provided by operating activities	3,892	2,491
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds, net of repayments, from intercompany investing activities	—	—
Net cash provided by investing activities	—	—
CASH FLOWS FROM FINANCING ACTIVITIES		
Repurchase of shares	(3,530)	(1,627)
Repayment of debt	—	(500)
Proceeds from issuance of shares	7	10
Dividends paid	(369)	(374)
Net cash used in financing activities	(3,892)	(2,491)
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 and income tax were $nil and were $94 million, respectively (2021: $14 million and $nil, respectively). Dividends received from subsidiary undertakings were $2,148 million (2021: $3,210 million).

The accompanying notes are an integral part of the Parent Company Financial Statements.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium account	Profit and loss account (millions)	Other reserves	Total
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
Shares repurchased [(i)]	—	—	(3,530)	—	(3,530)
Net profit	—	—	2,025	—	2,025
Dividends paid and payable	—	—	(360)	—	(360)
Issue of shares under employee share compensation plans	—	7	—	—	7
Capital reduction (Note 14)	—	(9,492)	9,492	—	—
Share-based compensation and net settlements	—	—	—	54	54
At December 31, 2022	$ —	$ 6	$ 10,704	$ 709	$ 11,419

(i) Based on the settlement date, the Parent Company repurchased 15,729,085 shares in 2022 at an average price of $224.42 (2021: 7,155,396 shares at an average price of $227.43). The amounts used to purchase the shares during 2022, which were subsequently canceled, were charged to distributable profits. In accordance with Irish law the Parent Company maintains a capital redemption reserve fund.

The accompanying notes are an integral part of the Parent Company Financial Statements.

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 Parent Company takes its environmental responsibilities seriously and has set a commitment to achieve net zero greenhouse gas emissions for WTW's business operations by 2050 and 50% reduction by 2030 in alignment with the science-based targets initiative. WTW plans to report on its 2019 baseline and 2021 emissions data in 2023.

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, 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 Parent Company has net current liabilities of $698 million as at December 31, 2022 (December 31, 2021: net current assets of $1,160 million). On February 28, 2023, the Parent Company received a dividend of $1,320 million from a subsidiary undertaking, using part of these proceeds to repay a $597 million intercompany advance due to a subsidiary undertaking on that date.

The Directors concluded that there are no conditions or events, considered in the aggregate, including those related to the current economic environment, 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.

1. BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT 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 SIGNIFICANT 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 the current year, the Parent Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after January 1, 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in the Parent Company's 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 did not have any significant effect of the Parent Company's financial statements.

Recent accounting pronouncements to be adopted in future periods

The introduction of *IFRS 17 Insurance Contracts* and *Amendments to IFRS 17*, issued by the IASB in May 2017, June 2020 and January 2022, respectively, with an IASB effective date of January 1, 2023, now endorsed by the E.U., did not have any significant effect on the Parent Company financial statements.

The *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, July 2020 and November 2022, respectively, with an IASB effective date of January 1, 2023, now endorsed by the E.U. did not have any significant effect on the Parent Company financial statements.

The *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 did not have a significant effect on the Parent Company financial statements. 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.

1. BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

The *Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction* issued by the IASB in May 2021 with an IASB effective date of January 1, 2023, now endorsed by the E.U., did not have any significant effect on the Parent Company financial statements.

Definition of Accounting Estimates (Amendments to IAS 8), which helps entities to distinguish between accounting policies and accounting estimates, did not have a significant impact on the Parent Company financial statements. The amendments are effective for annual periods beginning on or after January 1, 2023 and have been endorsed by the E.U.

Other legislation

On December 12, 2022, E.U. member states reached an agreement to implement Pillar Two, which introduces a global corporate minimum tax of 15% for certain large multinational companies beginning in 2023. For the rules to take effect, E.U. member states are required to enact domestic legislation by the end of 2023 to be effective January 1, 2024. The Parent Company is currently evaluating the impact Pillar Two will have on its financial statements.

Significant 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 2022 or 2021.

1. BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

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 2022 or 2021. 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.

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, 2022	Years ended December 31, 2021
	(millions)	
Dividends from Willis Towers Watson Sub Holdings Unlimited Company	$ 2,100	$ 3,210
Dividends from other subsidiaries	48	—
Total dividends from subsidiaries	$ 2,148	$ 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 had 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. The allocation exercise was completed in 2022, and a final allocation was made in 2022. The final allocation determined an arm's length allocation of $544 million to subsidiary undertakings resulting in a further $182 million allocation to certain subsidiary undertakings for the year ended December 31, 2022. 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, 2022	2021
	(millions)	
Interest on senior debt	$ 5	$ 6
Intercompany interest	—	1
Total finance expense	$ 5	$ 7

5. EMPLOYEES

The Parent Company employed no staff during the year ended December 31, 2022 and the preceding year.

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 Company and its subsidiaries 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, 2022	2021
	(thousands)	
Audit of individual financial statements	$ 12	$ 12
Other assurance services (i)	473	487
Tax advisory services	—	—
Other non-audit services	—	—
Total remuneration (ii)	$ 485	$ 499

(i) Comprises $156,000 for audit of the Consolidated Financial Statements under Irish law and $317,000 for contribution to U.S. GAAP audit of the Consolidated Financial Statements (2021: $148,000 and $339,000, 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 based on the profit from ordinary activities is shown below:

	Years ended December 31, 2022	2021
	(millions)	
Analysis of tax charge for the year		
Current tax		
Irish corporation tax on non-trading profit at 25% (2021: 25%)	$ (64)	$ 158
Current tax (credit)/charge on profit on ordinary activities	$ (64)	$ 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	$ 1,961	$ 3,836
Profit multiplied by the standard rate of corporation tax on non-trading activities in Ireland of 25%	$ 490	$ 959
Effects of:		
Intercompany dividend income not taxable	(537)	(803)
Non-deductible financing expenses	1	2
Disallowable expenditure	—	1
Foreign exchange differences	(18)	—
Utilisation of brought forward management expenses	—	(1)
Total current tax charge for the year	$ (64)	$ 158

9. DIVIDENDS

	Years ended December 31, 2022	2021
	(millions)	
First interim payable April	$ 93	$ 92
Second interim payable July	92	93
Third interim payable October	86	100
Fourth interim payable January (i) (ii)	89	99
Total dividends (i) (ii)	$ 360	$ 384

(i) The interim dividends for the first, second and third quarters of 2022 were of $0.82 per share, $0.82 per share and $0.82 per share, respectively, and were paid in April, July and October, respectively. The dividend declared during the fourth quarter of 2022 of $89 million ($0.82 per share) was subsequently paid on January 17, 2023 to shareholders of record as at December 31, 2022. The Parent Company has subsequently declared a first interim dividend in the first quarter of 2023 of $0.84 per share payable on or about April 17, 2023 to shareholders of record on March 31, 2023. See Note 13 to these Parent Company Financial Statements for accrued dividends payable at December 31, 2022.

(ii) 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.

10. INVESTMENTS IN SUBSIDIARIES

	Subsidiary undertakings
	(millions)
Cost and carrying amount	
Balance at December 31, 2020	$ 12,016
Share-based compensation	47
Balance at December 31, 2021	$ 12,063
Share-based compensation	54
Balance at December 31, 2022	$ 12,117

11. SHARES IN SUBSIDIARY UNDERTAKINGS

As of December 31, 2022, 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
Direct subsidiaries:				
Holding company				
Willis Towers Watson Sub Holdings Unlimited Company	Elm Park, Merrion Road, Dublin, D04 P231	Ireland	Ordinary shares	100%
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.	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, 2022.

12. RECEIVABLES

	December 31, 2022	December 31, 2021
	(millions)	
Amounts due from subsidiary undertakings (i) (ii)	$ —	$ 1,789
Total debtors	$ —	$ 1,789

(i) The fair value of these amounts due from subsidiary undertakings, which are repayable on demand, approximate the carrying amount as of December 31, 2022 and December 31, 2021.
(ii) See Note 15 to these Parent Company Financial Statements for further details.

13. CURRENT LIABILITIES

	December 31, 2022	December 31, 2021
	(millions)	
Payables:		
Accrued dividends payable (i)	$ 101	$ 109
Corporation tax payable	—	158
Amounts due to subsidiary undertakings	597	362
Total current liabilities	$ 698	$ 629

(i) Accrued dividends payable at December 31, 2022 includes $12 million dividends accrued in relation to share-based compensation units (December 31, 2021: $11 million).

14. CALLED UP SHARE CAPITAL

	December 31, 2022	December 31, 2021
	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, 2022	December 31, 2021
	(thousands)	
Allotted, called up and fully paid		
106,756,364 ordinary shares in 2022 of $0.000304635 each (2021: 122,055,815) (i) (ii)	$ 33	$ 37
Balance at December 31	$ 33	$ 37

(i) At December 31, 2022 Parent Company subsidiaries held 17,519 ordinary shares of $0.000304635 par value (December 31, 2021: 17,519) in trusts which were subsequently cancelled on March 6, 2023.

(ii) At December 31, 2022 the Parent Company held nil treasury shares (December 31, 2021: nil).

At Willis Towers Watson plc's Annual General Meeting on June 8, 2022, its shareholders voted in favor of a proposed capital reduction. In accordance with Part 3 of the Irish Companies Act 2014 the Parent Company submitted an application to the High Court of Ireland to reduce its share premium account. On July 19, 2022, the High Court of Ireland approved a reduction of the share premium account of the Parent Company of approximately $9.5 billion with the resulting balance being treated as realized profits of the Parent Company. The High Court of Ireland's order was registered with the Irish Companies Registration Office and became effective on July 21, 2022.

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 July 26, 2021, the board of directors approved a $1.0 billion increase to the existing share repurchase program, which was previously at $500 million. Additionally, on September 16, 2021, the board of directors approved a $4.0 billion increase to the existing share repurchase program and on May 25, 2022, approved a $1.0 billion increase to the existing share repurchase program. These increases brought the total approved authorization to $6.5 billion.

14. CALLED UP SHARE CAPITAL (continued)

During the period ended December 31, 2022, the Company had the following share repurchase activity: 15,729,085 shares at an average share price of $224.42 for a total payment of $3.5 billion (excluding broker costs).

At December 31, 2022, approximately $1.3 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, 2022 of $244.58 was 5,489,619.

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).

An analysis of movements on shares held by the Parent Company for the years ended December 31, 2022 and 2021 is as follows:

	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%	$—
Shares repurchased	15,729,085		5
Shares canceled	(15,729,085)		(5)
Balance at December 31, 2022 (i)	17,519	Under 0.01%	$—

(i) The 17,519 ordinary shares were subsequently cancelled on March 6, 2023.

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, 2022.

Remuneration of the Key Management Personnel for services rendered to the Parent Company during the year is analyzed below:

	Year ended December 31,	
	2022	2021
	(millions)	
Short-term employment benefits (Executive Director basic salary)	$ 1	$ 2
Total remuneration of Key Management Personnel (i)	$ 1	$ 2

(i) Includes nil (2021: nil) paid or due to any connected persons.

Note 21 to the Consolidated Financial Statements provides additional details of directors' remuneration paid by the Company. The Parent Company entered into no other transactions with Key Management Personnel in 2022 or 2021, and there were no balances in respect of other transactions as of December 31, 2022 or December 31, 2021.

15. RELATED PARTY TRANSACTIONS (continued)

Mr. Gene Wickes' son, Mr. Colin Wickes, is employed by the Company as a benefits advisory and compliance consultant. Effective April 1, 2022, Mr. Colin Wickes' base salary was increased to $104,900 and his target STI opportunity, subject to individual and company performance, was increased to 10% of base salary; both are aligned with the compensation structure in place for other broad-based employees in similar roles. In 2022, Mr. Colin Wickes received approximately $8,700 in pension and other benefits available to other broad-based employees in similar roles. Mr. Gene Wickes was not involved in any employment or compensation decision by the Company with respect to Mr. Colin Wickes. Mr. Gene Wickes oversees the Benefits Delivery & Administration business of the Company, and his son does not report to him directly or indirectly.

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,			
	2022		2021	
	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)			
Trinity Acquisition plc	$ (597)	$ (2,386)	$ 1,789	$ 1,697
Willis Towers Watson US LLC	—	313	(313)	(313)
Willis Group Limited	—	49	(49)	(49)
Other subsidiaries	—	—	—	—
Total	$ (597)	$ (2,024)	$ 1,427	$ 1,335

(i) Includes the effect of foreign exchange movements.

Transactions with Trinity Acquisition plc for the year ended December 31, 2022 represent a net increase in lending to the Parent Company of $2.4 billion primarily as the result of funding for share repurchases and the final allocation of the Termination Income Receipt, partly offset by dividends received from subsidiary undertakings and amounts received by the Parent Company on the exercise of share options.

The balance as at December 31, 2022 due to Trinity Acquisition plc is an intercompany advance payable on February 28, 2023 with interest at a rate of USD 1 month LIBOR plus a margin of 0.9% per annum. On February 28, 2023, the intercompany advance was repaid using proceeds from a $1,320 million dividend received from a subsidiary undertaking.

Transactions with Willis Towers Watson US LLC and Willis Group Limited for the year ended December 31, 2022 represent a net decrease in borrowing by the Parent Company of $313 million and $49 million, respectively, as the result of settlement of the allocation of the Termination Income Receipt.

All other balances were intercompany advances which were repayable on demand and non-interest bearing.

No impairment loss was recognized in 2022 or 2021 in respect of amounts owed by related parties and any expected credit loss is considered to be immaterial.

See Note 16 to these Parent Company Financial Statements for details of guarantees given by the Parent Company.

15. RELATED PARTY TRANSACTIONS (continued)

Transactions with undertakings of substantial interest

There were no transactions with undertakings of substantial interest in 2022 or 2021, and no balances in respect of such transactions as of December 31, 2022 or December 31, 2021.

Transactions with other related parties

BlackRock, Inc. (“BlackRock”) filed a Schedule 13G/A with the SEC reporting that, as of December 31, 2022, BlackRock and certain of its subsidiaries were beneficial owners of more than 5% of our outstanding shares. During 2022, 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 $180,000 for these services and software solutions, which were provided in the ordinary course of business on an arm’s-length basis.

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
- $750 million 4.650% Senior Notes due 2027 (issued on May 19, 2022)
- $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:

- $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; and
- €540 million 2.125% Senior Notes due 2022 issued by its subsidiary undertaking Trinity Acquisition plc which were repaid in May 2022.

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 totaling 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 £9 million ($10 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 (2021: $2 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.

18. CAPITAL MANAGEMENT AND FINANCIAL RISK MANAGEMENT (continued)

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 pre-tax expenses in 2022 (2021: approximately 99 percent) were denominated in U.S. dollars and the Parent Company's income, assets and liabilities at December 31, 2022 and 2021 included no significant amounts that were not denominated in U.S. dollars other than payments to Irish tax authorities.

The Parent Company pays fixed rate-interest on its senior debt.

The Parent Company's profit for the 2022 financial year and equity as of December 31, 2022 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 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 and consequently any expected credit loss is considered immaterial.

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. the exposure at default and the loss given default. No receivables have been past due during 2022 or 2021 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 to and from subsidiary undertakings to ensure that it has sufficient funds to meet its obligations as they fall due.

Measurement categories

	Measurement category	Carrying amount at December 31, 2022	Carrying amount at December 31, 2021
Assets			
Investments in subsidiaries	Cost less impairment	$ 12,117	$ 12,063
Receivables	Amortized cost	$ —	$ 1,789
Cash at bank and in hand	Amortized cost	$ —	$ —
Liabilities			
Payables due in less than one year	Amortized cost	$ 698	$ 629

19. SUBSEQUENT EVENTS

Dividends

On February 8, 2023, the Parent Company declared a first interim dividend of $0.84 per share ($3.36 per share annualized rate), payable on or about April 17, 2023 to shareholders of record on March 31, 2023.

On February 28, 2023, the Parent Company received a dividend of $1,320 million from a subsidiary undertaking.