Irish Statutory Accounts

WILLIS TOWERS WATSON PLC
(Registered Number 475616)

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED DECEMBER 31, 2023

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

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)
Paul C. Reilly
Michelle R. Swanback
Paul D. Thomas
Fredric J. Tomczyk (as of April 1, 2023)

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 potential impact of natural or man-made disasters like health pandemics and other world health crises; 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 our completed sale of Willis Re to Arthur J. Gallagher & Co. (‘Gallagher’) and transitional arrangements related thereto; demand for our services and competitive strengths; strategic goals; the benefits of new initiatives; growth of our business and operations; the sustained health of our product, service, transaction, client, and talent assessment and management pipelines; 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; our recognition of future impairment charges; 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, including with respect to free cash flow generation, adjusted net revenue, adjusted operating margin and adjusted earnings per share, are forward-looking statements. Also, when we use words such as ‘may’, ‘will’, ‘would’, ‘anticipate’, ‘believe’, ‘estimate’, ‘expect’, ‘intend’, ‘plan’, ‘continues’, ‘seek’, ‘target’, ‘goal’, ‘focus’, ‘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 in our 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, 2023

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, 2023.

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 include many of the world's leading corporations, including approximately 95% of the FTSE 100, 89% of the Fortune 1000, and 91% 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, 2023, 2022 and 2021. 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 2023, 2022 or 2021.

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 48,000 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

We manage our business across two integrated reportable operating 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, 2023, 2022 and 2021. These percentages exclude revenue that has been classified as discontinued operations in our consolidated statements of comprehensive income.

	Year ended December 31,		
	2023	2022	2021
Health, Wealth & Career	60%	60%	60%
Risk & Broking	40%	40%	40%

The following presents descriptions of our 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 half of the year.

W*ealth*

Our wealth-related businesses include Retirement and Investments.

Retirement — Our 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. 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-making process as 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.

Investments — 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.

Work & Rewards — 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 employees. 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.

Employee Experience — Our Employee Experience business focuses on the provision of solutions including employee insight and listening tools, a technology platform that connects users across our HWC segment, 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, 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 Global Outsourcing.

Benefits Delivery & Administration — The BDA business includes Individual Marketplace and Benefits Accounts.

Individual Marketplace — 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.

Benefits Accounts — Benefits Accounts provides employees and retirees with tax-advantaged medical spending and savings accounts including health savings accounts (‘HSA’), health care flexible spending accounts (‘HCFSA’), dependent care flexible spending accounts (‘DCFSA’), limited purpose flexible spending accounts (‘LPFSA’) and health reimbursement arrangements (‘HRA’). Benefits Accounts is an important component of our holistic solutions suite, allowing employers to choose among an array of funding accounts when offering employees and retirees account-based health plans.

Global Outsourcing — Global Outsourcing administers the health, welfare and retirement plans of clients using our proprietary technology, including tools to enable benefit modeling, decision support, enrollment and benefit choice, records management and self-service functions. 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. Our technology also provides trustees and HR teams with timely management information to monitor activity and service levels and reduce administration costs.

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.

A significant portion of the revenue in Benefits Delivery & Outsourcing 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.

Risk & Broking

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

The segment comprises two primary businesses: our Corporate Risk & Broking and our Insurance Consulting and Technology businesses.

Corporate Risk & Broking (‘CRB’)

The CRB business places more than $30 billion of premiums into the insurance markets on an annual basis and delivers integrated global solutions tailored to client needs. This is underpinned by data and analytics through a balanced matrix of global lines of business and local Property and Casualty businesses, across three geographical areas: North America, Europe and International. Globally, and across the businesses, our specialized and data-driven approach is underpinned by our risk analytics and climate analytics propositions.

Across all businesses, our experts take an industry-focused approach to risk management and assessment, delivering broader perspectives and data-informed decision making to our clients. Our lines of business include Property and Casualty, Affinity, Risk & Analytics and our specialty global lines of business.

Property and Casualty — Property and Casualty, in each of our geographical areas, provides property and liability insurance brokerage services across a wide range of industries and segments including real estate, healthcare and retail.

Affinity— Through Affinity, we 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.

Risk & Analytics (‘R&A’) — Our R&A offering includes deep expertise on specific client needs. Through the use of holistic analysis, R&A brings value through risk quantification and development of a robust portfolio risk strategy, ultimately delivering a sound financial approach to all clients.

Our specialty global lines of business include:

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 globally, 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 globe, 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 and multinational corporations.

Crisis Management — Our global practice delivers crisis management and contingency risk management to multinational clients, providing comprehensive solutions around terrorism, political violence, accident and health, special crime and active assailant.

Surety — The Global Surety team provides expertise in placing bonds across all industries and around the globe. 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 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 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), 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, increase our costs or limit our compensation'* 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, including the California Privacy Rights Act ('CPRA'). Sustainable investing and environmental, social and governance initiatives continue to be the focus of increased regulatory scrutiny across jurisdictions, with emerging regulation of greenhouse gas emissions and disclosures of their impact on the climate, including in the state of California, proposed rules of the U.S. Securities and Exchange Commission, the Corporate Sustainability Reporting Directive and other regulations across the E.U. 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. Similarly, we are subject in many jurisdictions to antitrust laws, which are designed to promote robust competition in the markets in which we participate.

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 ('CMS'), which is part of the U.S. Department of Health and Human Services. See 'Principal Risks and Uncertainties' under the heading '*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, increase our costs or limit our compensation'* for a description of the risks related to our private exchange activities.

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' 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) was required to seek authorization from the FCA as a third country branch. Full authorization was granted by the FCA on September 29, 2023 following completion of the application process. As a result of full FCA authorization, the branch is no longer operating under the FCA's Temporary Permissions Regime. The branch is therefore subject to requirements in key areas such as SMCR and continues to be subject, in addition, to the supervisory oversight of the Belgian Financial Services & Markets Authority.

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.

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.

Other

All companies carrying on similar activities discussed above 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.

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' 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 and cybersecurity, 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, 2023 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, 2023. 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, 2023.

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’ 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, 2023.

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 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.

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

U.S. and global markets are continuing to experience volatility and disruption as a result of the ongoing Russia-Ukraine and Israel-Hamas wars. Although the length and impact of these ongoing situations are highly unpredictable, they have caused disruption in the global markets and could continue to lead to further market disruptions. The conflicts have contributed to negative impacts on and volatility of the global economy and capital markets, resulting in significant inflation and fluctuating interest rates in many of the markets in which we operate. This impacts not only the cost of and access to liquidity, but also other costs to run and invest in our business.

Other global economic events, such as accommodative monetary and fiscal policy and geopolitical tensions beyond the ongoing wars, have also contributed to significant inflation across the globe. 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. Moreover, U.S. and global economic conditions have created market uncertainty and volatility. Such general economic conditions, including inflation, stagflation, political volatility, costs of labor, cost of capital, interest rates, bank stability, credit availability, and tax rates, affect our operating and general and administrative expenses, and we have no control or limited ability to control such factors. These general economic conditions can also impact revenue, including revenue from customers as well as income from funds we hold on behalf of customers and pension-related income.

From time to time, our financial results have been (such as in 2021 and 2022), and may in the future be, negatively impacted by adverse workforce factors in a number of businesses, particularly commercial risk broking and health and benefits broking. Additionally, our performance has benefited (such as in 2021 and 2022), and may benefit in the future, from revenue from book sales, which is non-recurring revenue. The net impact of these factors, which caused our growth in 2021 and 2022 to be meaningfully slower than other competitors, has affected the comparability of our 2022 results against those in 2023 and could affect comparability of other future periods. See 'Principal Risks and Uncertainties' in this annual report for a discussion of risks that may affect our growth relative to expectations and our ability to compete.

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 stabilizing 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 company 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.

See 'Principal Risks and Uncertainties' in this annual report for discussions of risks that may affect our ability to compete.

Business Strategy

We believe that a unified and integrated approach to advisory, broking and solutions 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 industries, segments and businesses globally.

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) 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.

Through these strategies we aim to grow revenue, improve margins and increase cash flow, EBITDA and earnings.

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. Our values of client focus, teamwork, integrity, respect and excellence underlie all that we do, and how we behave and interact with each other, our clients and our partners.

For more information about risks to our strategic plans, see 'Principal Risks and Uncertainties' in this annual report.

Transformation Program

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 fourth quarter of 2023, we revised the expected costs and savings under the program and we now expect the program to generate annual cost savings in excess of $425 million by the end of 2024. The program is expected to incur cumulative costs of approximately $995 million and capital expenditures of approximately $130 million, for a total investment of $1.125 billion. The main categories of charges have been 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 includes 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 are incurred in the right-shoring strategy and automation of our operations, which includes optimizing resource deployment and appropriate colleague alignment. These costs 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, 2023, 2022 and 2021, restructuring charges under our Transformation program totaled $68 million, $99 million and $26 million, respectively. Other costs incurred under the Transformation program are included in transaction and transformation, net and were $347 million and $136 million for the years ended December 31, 2023 and 2022, respectively.

From the actions taken during 2023, we have identified an additional $188 million of annualized run-rate savings during the year due to newly-realized opportunities and incremental sources of value. Since the inception of the program, we have identified $337 million of cumulative annualized run-rate savings, which overall are primarily attributable to process optimization. We began to recognize the benefits from the program during 2022.

For a discussion of material risks associated with the Transformation program, please see 'Principal Risks and Uncertainties' in this annual report - *'We may not be able to fully realize the anticipated benefits of our growth strategy or our expected product, service and transaction pipelines'* and other risks and uncertainties in this annual report.

Financial Statement Overview

The tables below set forth our summarized consolidated profit and loss account 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,					
	2023		2022		2021	
Revenue	$ 9,483	100%	$ 8,866	100%	$ 8,998	100%
Costs of providing services						
Salaries and benefits	5,344	56%	5,065	57%	5,253	58%
Other operating expenses	1,815	19%	1,776	20%	1,673	19%
Depreciation	242	3%	255	3%	281	3%
Amortization	263	3%	312	4%	369	4%
Restructuring costs	68	1%	99	1%	26	—%
Transaction and transformation, net	386	4%	181	2%	(806)	(9)%
Total costs of providing services	8,118		7,688		6,796	
Income from operations	1,365	14%	1,178	13%	2,202	24%
Interest expense	(235)	(2)%	(208)	(2)%	(211)	(2)%
Other income, net	149	2%	288	3%	701	8%
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	1,279	13%	1,258	14%	2,692	30%
Provision for income taxes	(215)	(2)%	(194)	(2)%	(536)	(6)%
INCOME FROM CONTINUING OPERATIONS	1,064	11%	1,064	12%	2,156	24%
(LOSS)/INCOME FROM DISCONTINUED OPERATIONS, NET OF TAX	—	—%	40	—%	2,080	23%
Income attributable to non-controlling interests	(9)	—%	(15)	—%	(14)	—%
NET INCOME ATTRIBUTABLE TO WTW	$ 1,055	11%	$ 1,009	11%	$ 4,222	47%
Diluted earnings per share from continuing operations	$ 9.95		$ 9.34		$ 16.63	

(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, 2023. These figures do not represent the currency of the related revenue, which is presented in the next table.

Geographic Region	% of Revenue
United States	53%
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, 2023.

Transactional Currency	Revenue	Expenses (i)
U.S. dollars	60%	54%
Pounds sterling	11%	17%
Euro	14%	12%
Other currencies	15%	17%

(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, 2023 and 2022 and the components of the change in total revenue for the year ended December 31, 2023, as compared to the prior year. The components of the revenue change may not add due to rounding.

	Years Ended December 31,			Components of Revenue Change			
	2023	2022	As Reported Change	Less: Currency Impact	Constant Currency Change	Less: Acquisitions/ Divestitures	Organic Change
	($ in millions)						
Revenue	$ 9,483	$ 8,866	7%	—%	7%	—%	8%

Revenue for the year ended December 31, 2023 was $9.5 billion, compared to $8.9 billion for the year ended December 31, 2022, an increase of $617 million, or 7%, on an as-reported basis. Adjusting for the impact of foreign currency and acquisitions and disposals, our organic revenue growth was 8% for the year ended December 31, 2023. The increases in both as-reported and organic revenue were driven by strong performances in both segments as well as the recognition of higher interest income that is not allocated to the 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, 2023, currency translation decreased our consolidated revenue by $10 million. The primary currencies driving this change were the Argentine Peso and Canadian Dollar.

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

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,			Components of Revenue Change			
	2022	2021	As Reported Change	Less: Currency Impact	Constant Currency Change	Less: Acquisitions/ Divestitures	Organic Change
	($ in millions)						
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' in this annual report.

Segment Revenue

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 required 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, 2023. 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, 2023 and 2022, and the components of the change in revenue for the year ended December 31, 2023 from the year ended December 31, 2022.

	Years Ended December 31,			Components of Revenue Change			
	2023	2022	As Reported Change	Less: Currency Impact	Constant Currency Change	Less: Acquisitions/ Divestitures	Organic Change
	($ in millions)						
Segment revenue	$ 5,582	$ 5,287	6%	—%	6%	—%	6%

HWC segment revenue for the years ended December 31, 2023 and 2022 was $5.6 billion and $5.3 billion, respectively. Organic growth was led by Benefits Delivery & Outsourcing, driven by higher volumes and placements of Medicare Advantage and life policies in Individual Marketplace and increased project activity in Outsourcing. Our Wealth businesses generated organic revenue growth from higher levels of Retirement work in North America and Europe, along with new client acquisitions and higher fees in Investments. Health had organic revenue growth driven by the continued expansion of our Global Benefits Management client portfolio, expanded consulting work and increased brokerage income. Career had organic revenue growth from increased compensation survey sales and executive compensation and other reward-based advisory services.

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.

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, 2023. 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, 2023 and 2022, and the components of the change in revenue for the year ended December 31, 2023 from the year ended December 31, 2022.

	Years Ended December 31,		As Reported Change	Components of Revenue Change			
	2023	2022		Less: Currency Impact	Constant Currency Change	Less: Acquisitions/ Divestitures	Organic Change
	($ in millions)						
Segment revenue	$ 3,735	$ 3,460	8%	—%	8%	(1)%	10%

R&B segment revenue for the years ended December 31, 2023 and 2022 was $3.7 billion and $3.5 billion, respectively. Despite significant pressure from headwinds from book-of-business settlement revenue in the comparable period, Corporate Risk & Broking generated solid organic revenue growth driven by strong new business and improved client retention. Insurance Consulting and Technology had organic revenue growth from software sales and increased project revenue.

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,		As Reported Change	Components of Revenue Change			
	2022	2021		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.

Costs of Providing Services (Continuing Operations)

Total costs of providing services for the year ended December 31, 2023 were $8.1 billion, compared to $7.7 billion for the year ended December 31, 2022, an increase of $430 million, or 6%. 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. See the following discussion for further details.

Salaries and Benefits

Salaries and benefits for the year ended December 31, 2023 were $5.3 billion, compared to $5.1 billion for the year ended December 31, 2022, an increase of $279 million, or 6%. The increase in the current year is primarily due to higher salary expense, driven by increased colleague headcount and cost-of-living compensation adjustments, and increased incentive and benefit costs for the year.

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, as a percentage of revenue, represented 56%, 57% and 58% for the years ended December 31, 2023, 2022 and 2021, 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 both years ended December 31, 2023 and 2022 were $1.8 billion, an increase of $39 million, or 2%. The increase was primarily due to higher professional service and marketing-related expenses for the current year as compared to the prior-year, and higher travel and entertainment costs due to the continued increase of post-pandemic activity. These increases were partially offset by the absence of the prior-year asset impairments incurred, mostly accounts receivables, related to Russian insurance contracts placed by U.K. brokers in the London market (see Note 3 to the Consolidated Financial Statements) and lower external labor fees in the current year. 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 were the result of actions taken in our restructuring program.

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, 2023 was $242 million, compared to $255 million for the year ended December 31, 2022, a decrease of $13 million, or 5%. The year-over-year decrease was primarily due to a lower depreciable base of assets resulting from business disposals and a lower dollar value of assets placed in service during the past few years. 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.

Amortization

Amortization represents the amortization of acquired intangible assets, including acquired internally-developed software. Amortization for the year ended December 31, 2023 was $263 million, compared to $312 million for the year ended December 31, 2022, a decrease of $49 million, or 16%. 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.

Restructuring Costs

Restructuring costs for the years ended December 31, 2023 and 2022 were $68 million and $99 million, respectively. Restructuring costs in both the current year and prior year primarily related to the real estate rationalization component of the Transformation program commenced by the Company during the fourth quarter of 2021 (see Transformation Program within this section and Note 6 to the Consolidated Financial Statements). Restructuring costs for the years ended December 31, 2022 and 2021 were $99 million and $26 million, respectively. Restructuring costs in the year ended December 31, 2022 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.

Transaction and Transformation, Net

Transaction and transformation, net for the years ended December 31, 2023 was $386 million, compared to $181 million for the year ended December 31, 2022, an increase of $205 million. Transaction and transformation costs for the current year were higher primarily due to increased consulting and compensation costs related to our Transformation program (see ‘Transformation Program’ elsewhere in this annual report) incurred in the current year as compared to the prior year. 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 year ended December 31, 2022 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.

Income from Operations

Income from operations for the year ended December 31, 2023 was $1.4 billion, compared to $1.2 billion for the year ended December 31, 2022, an increase of $187 million. This increase resulted primarily from higher revenue, the absence of the prior-year's asset impairment expense discussed above and lower restructuring costs in the current year, partially offset by higher salary expense and incentive and benefit costs, increased transaction and transformation costs, higher professional service and marketing-related expenses and increased travel and entertainment costs in the current year as compared to the prior year. 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.

Interest Expense

Interest expense for the years ended December 31, 2023 and 2022 was $235 million and $208 million, respectively. Interest expense, which is attributable primarily to our senior notes, increased by $27 million for the year ended December 31, 2023, which was primarily the result of higher levels of indebtedness in the current year. 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.

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, 2023 was $149 million, compared to $288 million for the year ended December 31, 2022, a decrease of $139 million. Other income, net decreased due to lower pension income, which was primarily attributable to higher interest costs resulting from higher assumed discount rates in the current year, partially offset by greater gains on disposals in the current year.

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).

Provision for Income Taxes

Provision for income taxes on continuing operations for the year ended December 31, 2023 was $215 million, compared to $194 million for the year ended December 31, 2022. The effective tax rates for the years ended December 31, 2023 and 2022 were 16.8% and 15.4%, 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 $20 million deferred tax benefit related to changes in state apportionment and a $10 million deferred tax benefit related to the remeasurement of deferred tax assets and liabilities associated with the enactment of the Bermuda corporate income tax law. The prior-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'), and a $22 million income tax benefit associated with foreign exchange remeasurement on income tax account balances.

In December 2022, E.U. member states formally adopted the E.U.'s Pillar Two Directive, which introduces a global corporate minimum tax of 15% for certain large multinational companies. For the rules to take effect, E.U. member states were required to enact domestic legislation by the end of 2023 to be effective January 1, 2024. While we do not anticipate that this will have a material impact on our tax provision or effective tax rate, we continue to monitor evolving tax legislation in the jurisdictions in which we operate.

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%.

(Loss)/Income from Discontinued Operations, Net of Tax

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

	Years ended December 31,		
	2023	2022	2021
Revenue from discontinued operations	$ —	$ 48	$ 721
Costs of providing services			
Salaries and benefits	—	14	350
Other operating expenses	—	10	59
Amortization	—	—	2
Transaction and transformation, net	—	—	33
Total costs of providing services	—	24	444
Other income, net	—	5	2
Income from discontinued operations before income taxes	—	29	279
(Loss)/gain on disposal of Willis Re	—	(65)	2,300
Benefit from/(provision for) income tax expense	—	1	(500)
Net income (payable to)/receivable from Gallagher on Deferred Closing	—	(5)	1
(Loss)/income from discontinued operations, net of tax	$ —	$ (40)	$ 2,080

(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.

Net income attributable to WTW

Net income attributable to WTW for the year ended December 31, 2023 was $1.1 billion, compared to $1.0 billion for the year ended December 31, 2022, an increase of $46 million. This increase resulted primarily from higher revenue, the absence of the prior-year's asset impairment expense discussed above, higher gains on disposals and lower restructuring costs in the current year, partially offset by higher salary expense and incentive and benefit costs, increased transaction and transformation costs, lower pension income, higher professional service and marketing-related expenses and higher travel and entertainment costs in the current year. 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.

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 facility and any new debt offerings. These sources of liquidity will fund our short-term and long-term obligations at December 31, 2023. 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, following the reduced spending driven by the COVID-19 pandemic, spending on travel and associated expenses began to increase in 2022, and this trend continued during 2023 following the return to office for many companies increasing 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 and those related to our Transformation program, scheduled debt repayments, share repurchases and dividend payments. During the year ended December 31, 2023, we completed an offering of $750 million aggregate principal amount of 5.350% senior notes due 2033 and used the net proceeds to repay in full the $250 million aggregate principal amount and related accrued interest of 4.625% senior notes. The Company will use the remaining net proceeds for general corporate purposes. Additionally, during the year ended December 31, 2023 we repurchased $1.0 billion of shares, with remaining authorization to repurchase an additional $1.3 billion as of December 31, 2023. Further, as of February 29, 2024, we have repurchased approximately $42 million of additional shares.

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

Before its disposal in 2021, 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, 2023 and 2022 totaled $1.4 billion and $1.3 billion, respectively. The increase in cash from December 31, 2022 to December 31, 2023 was due primarily to increased cash flow from operations, driven by operating margin improvement and the non-recurrence of certain prior-year headwinds related to foreign currency, tax and discretionary compensation, partially offset by increased Transformation program costs and $1.0 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, 2023.

Included within cash and cash equivalents at December 31, 2023 and 2022 are amounts held for regulatory capital adequacy requirements, including $105 million and $99 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,		
	2023	2022	2021
		(in millions)	
Net cash from/(used in):			
Operating activities	$ 1,345	$ 812	$ 2,061
Investing activities	(1,085)	(173)	2,570
Financing activities	(1,200)	(3,445)	(3,114)
(DECREASE)/INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(940)	(2,806)	1,517
Effect of exchange rate changes on cash, cash equivalents and restricted cash	11	(164)	(127)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR (i)	4,721	7,691	6,301
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR (i)	$ 3,792	$ 4,721	$ 7,691

(i) The amounts of the cash, cash equivalents and restricted cash, their respective classification on the consolidated balance sheet, 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 $1.3 billion for 2023, compared to $812 million for 2022. The $1.3 billion net cash from operating activities for 2023 included net income of $1.1 billion and $652 million of favorable non-cash adjustments, partially offset by unfavorable changes in operating assets and liabilities of $371 million. The $652 million of favorable non-cash adjustments primarily includes depreciation, amortization and non-cash lease expense. The increase in cash flows from operating activities as compared to the prior year was due primarily to operating margin improvement and the non-recurrence of prior-year headwinds, including realized losses on foreign currency hedges, payments made in the prior year for certain discretionary compensation and taxes for one-time gains recognized in connection with the Willis Re divestiture and the 2021 income receipt related to the Aon plc ('Aon') transaction termination. These tailwinds were partially offset by increased Transformation program-related costs.

Cash flows from operating activities of $812 million 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.

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 (Used In)/From Investing Activities

Cash flows used in investing activities for the year ended December 31, 2023 were $1.1 billion compared to $173 million for the year ended December 31, 2022. The cash flows used in investing activities for the year ended December 31, 2023 consisted primarily of cash and fiduciary funds of $922 million associated with the transfer to Gallagher under a new side letter to the Willis Re sale agreement (see Note 3 to the Consolidated Financial Statements) and $242 million of capital expenditures and capitalized software additions.

Cash flows used in investing activities of $173 million 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 Financing Activities

Cash flows used in financing activities for the year ended December 31, 2023 were $1.2 billion. The significant financing activities included share repurchases of $1.0 billion, dividend payments of $352 million and net payments from fiduciary funds held for clients of $234 million, partially offset by $487 million of net proceeds from the issuance of debt.

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 the 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.

Indebtedness

Total debt, total equity, and the capitalization ratio at December 31, 2023 and December 31, 2022 were as follows:

	December 31, 2023	December 31, 2022
	(in millions)	
Long-term debt	$ 4,567	$ 4,471
Current debt	650	250
Total debt	$ 5,217	$ 4,721
Total WTW shareholders' equity	$ 9,520	$ 10,016
Capitalization ratio	35.4%	32.0%

At December 31, 2023, our mandatory debt repayments over the next twelve months include $650 million outstanding on our 3.600% senior notes due 2024.

At December 31, 2023 and 2022, 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, some of which are invested in open-ended mutual funds as directed by the participant. These fiduciary funds are included in fiduciary assets on our consolidated balance sheet. 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 sheet.

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, 2023 and 2022, we had fiduciary funds of $2.6 billion and $3.6 billion, respectively. At December 31, 2022, $945 million of these funds were attributable to the divested Willis Re business. All amounts have since been settled or transferred to Gallagher due to the termination of the co-broking agreement (see Note 3 to the Consolidated Financial Statements).

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, on May 25, 2022, approved a $1.0 billion increase to the existing share repurchase program, and on September 20, 2023, approved a $1.0 billion increase to the existing share repurchase program. These increases brought the total approved authorization, since April 20, 2016, to $9.2 billion.

At December 31, 2023, 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, 2023 of $241.20 was 5,565,955.

The following table presents specified information about the Company's repurchases of ordinary shares for the year ended December 31, 2023:

	Year ended December 31, 2023
Shares repurchased	4,482,846
Average price per share	$223.10
Aggregate repurchase cost (excluding broker costs)	$1.0 billion

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

	Year Ended December 31, 2023 Ordinary shares, $0.000304635 nominal value		
	Number of shares	Percentage of the called-up share capital	Nominal value (thousands)
Balance at January 1, 2023	17,519	Under 0.01%	$—
Shares repurchased	4,482,846		1
Shares canceled	(4,500,365)		(1)
Balance at December 31, 2023	—	Under 0.01%	$—

Dividends

Total interim cash dividends of $352 million were paid during the year ended December 31, 2023 (2022: $369 million; 2021: $374 million). On February 27, 2024, the board of directors approved an interim quarterly cash dividend of $0.88 per share ($3.24 per share annualized rate), which will be paid on or around April 15, 2024 to shareholders of record as of March 31, 2024.

Capital Commitments

The Company's capital expenditures for fixed assets and software for internal use were $153 million for the year ended December 31, 2023. 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 $175 million to $200 million for the year ended December 31, 2024. We expect cash from operations to adequately provide for these cash needs.

Consolidated Balance Sheet

Total assets of $29.1 billion as of December 31, 2023 decreased by $2.7 billion in the year ended December 31, 2023, largely driven by a reduction in cash due to share repurchases in 2023 of $1.0 billion and cash and fiduciary balances associated with the transfer to Gallagher under a new side letter to the Willis Re sale agreement.

Total liabilities of $19.5 billion as of December 31, 2023 decreased by $2.2 billion in the year ended December 31, 2023 largely driven by the Gallagher transfer noted above.

Total equity decreased by $0.5 billion in the year ended December 31, 2023, largely due to the share repurchases in 2023 of $1.0 billion and dividends paid partly offset by net income.

Off-Balance Sheet Arrangements and Contractual Obligations

Off-Balance Sheet Transactions

Apart from commitments, guarantees and contingencies, as disclosed herein and Note 15 to the Consolidated Financial Statements and incorporated herein by reference, as of December 31, 2023, 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, 2023 are as follows:

	Payments due by				
	Total	**2024**	**2025-2026**	**2027-2028**	**After 2028**
			(in millions)		
Debt and related interest obligations					
Senior notes	$ 5,250	$ 650	$ 550	$ 1,350	$ 2,700
Revolving $1.5 billion credit facility	—	—	—	—	—
Interest on senior notes	2,185	214	393	302	1,276
Total debt and related interest obligations	7,435	864	943	1,652	3,976
Operating and finance leases	826	153	263	183	227
U.K. pension contractual obligations	—	—	—	—	—
Acquisition liabilities	34	6	24	4	—
Other contractual obligations	30	30	—	—	—
Total contractual obligations	$ 8,325	$ 1,053	$ 1,230	$ 1,839	$ 4,203

Debt Obligations and Facilities — The Company's material debt and related interest obligations at December 31, 2023 are shown in the above table. The Company's mandatory debt repayments over the next twelve months include $650 million outstanding on its 3.600% 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 three to eleven years. See further discussion in Note 14 to the Consolidated Financial Statements.

Pension Contributions — The Company had previously agreed with the Trustees of certain plans in the U.K. to contribute deficit funding and minimum ongoing accrual of benefits funding although there are no such contractual amounts at December 31, 2023. The amounts shown in the above table 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, 2024 are projected to be $13 million. Additionally, the Company expects to pay $44 million in benefits directly to participants for the year ended 2024.

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 $51 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/margin

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 – Management believes it is appropriate to adjust for restructuring costs and transaction and transformation 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.

- 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 in this annual report. These measures are also reported by segment in the 'Segment Revenue' section, within this annual report.

A reconciliation of the reported change to the constant currency and organic change for the year ended December 31, 2023 from the year ended December 31, 2022 is as follows. The components of revenue change may not add due to rounding.

	Years ended December 31,			Components of Revenue Change			
	2023	2022	As Reported Change	Less: Currency Impact	Constant Currency Change	Less: Acquisitions/ Divestitures	Organic Change
	($ in millions)						
Revenue	$ 9,483	$ 8,866	7%	—%	7%	—%	8%

For the year ended December 31, 2023, our as-reported revenue increased by 7%, and our organic revenue increased by 8%. The increases in both as-reported and organic revenue were driven by strong performances in both segments as well as the recognition of higher interest income that is not allocated to the segments.

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,			Components of Revenue Change			
	2022	2021	As Reported Change	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.

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 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, 2023, 2022 and 2021 are as follows:

	Years Ended December 31,		
	2023	2022	2021
		($ in millions)	
Income from operations	$ 1,365	$ 1,178	$ 2,202
Adjusted for certain items:			
Impairment	—	81	—
Amortization	263	312	369
Restructuring costs	68	99	26
Transaction and transformation, net	386	181	(806)
Adjusted operating income	$ 2,082	$ 1,851	$ 1,791
Income from operations margin	14.4%	13.3%	24.5%
Adjusted operating income margin	22.0%	20.9%	19.9%

Adjusted operating income increased for the year ended December 31, 2023 to $2.1 billion, from $1.9 billion for the year ended December 31, 2022. This increase resulted primarily from higher revenue, partially offset by higher salary expense and incentive and benefit costs, higher professional service and marketing-related expenses and increased travel and entertainment costs in the current year as compared to the prior year. 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 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 or loss from discontinued operations, net of tax, provision for income taxes, interest expense, impairment, depreciation and amortization, restructuring costs, transaction and transformation, 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, 2023, 2022 and 2021 are as follows:

	Years Ended December 31,		
	2023	2022	2021
		($ in millions)	
NET INCOME	$ 1,064	$ 1,024	$ 4,236
Loss/(income) from discontinued operations, net of tax	—	40	(2,080)
Provision for income taxes	215	194	536
Interest expense	235	208	211
Impairment	—	81	—
Depreciation	242	255	281
Amortization	263	312	369
Restructuring costs	68	99	26
Transaction and transformation, net	386	181	(806)
Gain on disposal of operations	(43)	(7)	(379)
Adjusted EBITDA	$ 2,430	$ 2,387	$ 2,394
Net income margin	11.2%	11.5%	47.1%
Adjusted EBITDA margin	25.6%	26.9%	26.6%

Adjusted EBITDA for both the years ended December 31, 2023 and 2022 was $2.4 billion, an increase of $43 million. This increase was due primarily to higher revenue, partially offset by higher salary expense and incentive and benefit costs, lower pension income, higher professional service and marketing-related expenses and increased travel and entertainment costs in the current year as compared to the prior year. 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 year ended December 31, 2022.

Adjusted Net Income and Adjusted Diluted Earnings Per Share

Adjusted net income is defined as net income attributable to WTW adjusted for income or loss from discontinued operations, net of tax, impairment, amortization, restructuring costs, transaction and transformation, 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, 2023, 2022 and 2021 are as follows:

	Years Ended December 31,		
	2023	2022	2021
	($ and weighted-average shares in millions)		
NET INCOME ATTRIBUTABLE TO WTW	$ 1,055	$ 1,009	$ 4,222
Adjusted for certain items:			
Loss/(income) from discontinued operations, net of tax	—	40	(2,080)
Impairment	—	81	—
Amortization	263	312	369
Restructuring costs	68	99	26
Transaction and transformation, net	386	181	(806)
Gain on disposal of operations	(43)	(7)	(379)
Tax effect on certain items listed above (i)	(195)	(188)	103
Tax effect of statutory rate change	—	—	40
Tax effect of the CARES Act	—	(24)	—
Tax effect of internal reorganizations	2	4	—
	$ 1,536	$ 1,507	$ 1,495
Weighted-average ordinary shares — diluted	106	112	129
Diluted earnings per share	$ 9.95	$ 8.98	$ 32.78
Adjusted for certain items (ii):			
Loss/(income) from discontinued operations, net of tax	—	0.36	(16.15)
Impairment	—	0.72	—
Amortization	2.48	2.78	2.86
Restructuring costs	0.64	0.88	0.20
Transaction and transformation, net	3.64	1.61	(6.26)
Gain on disposal of operations	(0.41)	(0.06)	(2.94)
Tax effect on certain items listed above (i)	(1.84)	(1.67)	0.79
Tax effect of statutory rate change	—	—	0.31
Tax effect of the CARES Act	—	(0.21)	—
Tax effect of internal reorganizations	0.02	0.04	—
Adjusted diluted earnings per share	$ 14.49	$ 13.41	$ 11.60

(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, 2023 as compared to the year ended December 31, 2022 primarily due to a lower weighted-average outstanding share count attributable to our share repurchase activity in the current year and higher revenue, partially offset by higher salary expense and incentive and benefit costs, lower pension income, higher professional service and marketing-related expenses and increased travel and entertainment costs in the current year as compared to the prior year. 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 year ended December 31, 2022.

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, 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, 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, 2023 2022 and 2021 are as follows:

	Years Ended December 31,		
	2023	2022	2021
		($ in millions)	
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	$ 1,279	$ 1,258	$ 2,692
Adjusted for certain items:			
Impairment	—	81	—
Amortization	263	312	369
Restructuring costs	68	99	26
Transaction and transformation, net	386	181	(806)
Gain on disposal of operations	(43)	(7)	(379)
Adjusted income before taxes	$ 1,953	$ 1,924	$ 1,902
Provision for income taxes	$ 215	$ 194	$ 536
Tax effect on certain items listed above (i)	195	188	(103)
Tax effect of statutory rate change	—	—	(40)
Tax effect of the CARES Act	—	24	—
Tax effect of internal reorganizations	(2)	(4)	—
Adjusted income taxes	$ 408	$ 402	$ 393
U.S. GAAP tax rate	16.8%	15.4%	19.9%
Adjusted income tax rate	20.9%	20.9%	20.7%

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

Our U.S. GAAP tax rates were 16.8% and 15.4% for the years ended December 31, 2023 and 2022, respectively. The current-year U.S. GAAP tax rate includes a $20 million deferred tax benefit related to changes in state apportionment and a $10 million deferred tax benefit related to the remeasurement of deferred tax assets and liabilities associated with the enactment of the Bermuda corporate income tax law. The prior-year U.S. GAAP 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 the BEAT, and a $22 million income tax benefit associated with foreign exchange remeasurement on income tax account balances. Our U.S. GAAP tax rates were 15.4% and 19.9% for the years ended December 31, 2022 and 2021, respectively. The effective tax rate for the year ended December 31, 2022 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 adjusted income tax rates were 20.9%, 20.9% and 20.7% for the years ended December 31, 2023, 2022 and 2021, respectively.

Free Cash Flow/Margin

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. Free cash flow margin, which we include on an annual basis as seasonal fluctuations in our revenue render it not meaningful during interim periods, is calculated by dividing free cash flow by revenue.

Management believes that free cash flow and free cash flow margin present 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, 2023, 2022 and 2021 are as follows:

	Years ended December 31,		
	2023	2022	2021
		(in millions)	
Cash flows from operating activities	$ 1,345	$ 812	$ 2,061
Less: Additions to fixed assets and software for internal use	(153)	(138)	(148)
Free cash flow	$ 1,192	$ 674	$ 1,913
Revenue	$ 9,483	$ 8,866	$ 8,998
Free cash flow margin	12.6%	7.6%	21.3%

The favorable movement in free cash flow and free cash flow margin during the current-year period was primarily due to operating margin improvement and the non-recurrence of prior-year headwinds, including realized losses on foreign currency hedges, payments made in the prior year for certain discretionary compensation and taxes for one-time gains recognized in connection with the Willis Re divestiture and the 2021 income receipt related to the Aon transaction termination. These tailwinds were partially offset by increased Transformation program-related costs. The unfavorable movement in free cash flows in the year ended December 31, 2022 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.

Additionally, the free cash flow for the year ended December 31, 2021 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.

Subsequent events

Debt offering

On February 28, 2024, the Company announced the pricing of a registered offering (the "Offering") by Willis North America Inc., an indirect wholly-owned subsidiary of the Company, of $750 million aggregate principal amount of 5.900% senior unsecured notes due 2054 (the "notes"). Payment of principal and interest on the notes will be fully and unconditionally guaranteed by the Company, and certain direct and indirect subsidiary entities of the Company. The Offering closed on March 5, 2024.

Willis North America Inc. intends to use the net proceeds of the Offering to (i) repay approximately $650 million aggregate principal amount of the 3.600% Senior Notes due 2024 and related accrued interest, when due, which will result in the repayment in full of the 3.600% Senior Notes due 2024, and (ii) for general corporate purposes.

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.**

Strategic and Operational Transformation Risks

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

Our future growth, profitability, and cash flows largely depend upon our ability to successfully establish and execute our global business strategy. As discussed under 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, as well as investments in technology and infrastructure to support these offerings, and there is the possibility that we may not realize our expected return on these offerings or that these offerings may fail to yield sufficient return to cover the cost of 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 or our expected product, service, and transaction pipelines.

We have stated certain financial goals through the end of fiscal 2024, including with respect to our cash flows, our growth and margin targets, and our share repurchases. We have stated, and may in the future state, other goals for 2024 or future periods. Our initiatives aiming to implement our targets and future financial objectives pose potential operational risks and may result in distraction of management and colleagues. We cannot be certain whether we will be able to realize benefits from current revenue-generating or cost-saving initiatives, including our Transformation program, and ultimately realize our strategic objectives. In addition, costs necessary to realize the savings benefits of such initiatives may be greater, or require more time, than originally projected. There can be no assurance that our actual results will meet our stated financial goals.

In addition, our pipeline estimates may prove to be unreliable either in a particular quarter or over a longer period of time. Should we be unable to succeed in our initiatives to drive growth and achieve our stated financial targets, we may have to delay, scale back or discontinue the development, deployment and commercialization of our products or services or delay our efforts to expand our transaction pipeline. As a result, our ability to deliver continued sustainable and profitable growth may be negatively impacted and financial performance across our segments and geographies may be adversely affected.

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 or grow our business organically. 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 and grow organically. We may not be successful in identifying appropriate acquisition and disposition candidates or consummating acquisitions on terms acceptable or favorable to us. We also face additional risks related to acquisitions, including the ability to negotiate transactions on favorable terms, the ability to secure regulatory approval of transactions where required, the ability to successfully integrate them into our existing businesses and culture, and the potential 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 gives 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.

Beyond inorganic acquisition activity, we may further our organic growth strategy by entering into lines of business or by offering new products and services within existing lines of business. These lines of business, products and services present us with additional risks, particularly in instances where the markets are heavily regulated, meaningfully competitive with high bars to entry, or new or not fully developed. Such risks include the investment of significant time and resources; the possibility that these efforts will not be successful and could result in reputational damage to us; the possibility that the marketplace does not accept our products or services or that we are unable to retain clients that adopt our new products or services; and the risk of new or additional liabilities associated with these efforts, including potential E&O or other claims. In addition, many of the businesses that we acquire and develop will likely have significantly smaller scales of operations prior to the implementation of our growth strategy. External factors, such as compliance with new or revised regulations, competitive alternatives and shifting market preferences may also impact the successful implementation of a line of business, product or service.

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 colleagues 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 colleagues, 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 or entry into businesses, products or services are not successfully integrated and the intended benefits of the acquisitions or business developments 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, colleagues, 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 litigation associated with the Gallagher transaction or with contingent liabilities we have retained, if any, may arise; and other risks in this report.

Our business performance and growth plans could be negatively affected if we are not able to develop and implement improvements in technology and 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. For example, incorporating artificial intelligence into certain product offerings may become more important in our operations over time. If we fail to keep pace with rapidly evolving artificial intelligence technological developments, our competitive position and business results may be negatively impacted. 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.

We depend on our technology systems for conducting business, as well as for providing the data and analytics we use to manage our business. As a result, our business success is dependent on maintaining the effectiveness of existing technology systems and on continuing to develop and enhance technology systems that support our business processes and strategic initiatives in a cost- and resource-efficient manner, particularly as our business processes become more digital.

We have a number of strategic initiatives involving investments in technology and infrastructure to support our own systems as well as partnerships with technology companies as part of our Transformation program and as a subset of our overall growth strategy. These investments may be costly and require significant capital expenditures and/or may not be profitable or may be less profitable than what we have experienced historically. In addition, investments in technology systems may not deliver the benefits or perform as expected or may be replaced or become obsolete more quickly than expected, which could result in operational difficulties or additional costs. If we do not keep up with technological changes or execute effectively on our strategic initiatives, our business and results of operations could be adversely impacted.

As part of our efforts to enhance our technological capabilities, from time to time, we may utilize artificial intelligence, machine learning, data analytics, and similar tools that collect, aggregate and analyze data (collectively, 'Data Tools'). There are significant risks involved in utilizing Data Tools and no assurance can be provided that the usage of such Data Tools will enhance our business or assist us in being more efficient or profitable. While Data Tools may improve the efficiency of data analytics and reduce certain costs, there is no assurance that the expenses related to Data Tools directly or indirectly borne by us will outweigh such reduced investment costs or outweigh such risks. In addition, the use of Data Tools may enhance cybersecurity risks and operational and technological risks. The technologies underlying Data Tools and their use cases are rapidly developing, and remain subject to existing laws, including privacy, consumer protection and federal equal opportunity laws. As a result, it is not possible to predict all of the legal, operational or technological risks related to the use of Data Tools. Moreover, Data Tools are the subject of evolving review by various regulatory agencies, including the SEC and the U.S. Federal Trade Commission, and changes in the regulation of the use of Data Tools may adversely affect our ability to use them in a manner that is cost- and resource-effective. For further discussion of risks relating to these technology systems, please see '*Data and cybersecurity breaches or improper disclosure of confidential company or personal data could result in material financial loss, regulatory actions, reputational harm, and/or legal liability'* below.

Business Environment Risks

Macroeconomic trends, including inflation, changes in interest rates and trade policies, as well as political events, trade and other international disputes, war, terrorism, natural disasters, public health issues and other business interruptions, can 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, recently inflation in the United States, Europe and other geographies had risen to levels not experienced in recent decades and we have and may see 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 may continue to do so in 2024. Increased inflation and the fluctuation of 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. 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.

Major public health issues, including the COVID-19 pandemic, have adversely affected, and could in the future materially adversely affect our business, results of operations or financial condition. The COVID-19 pandemic disrupted certain aspects of our business and the businesses of our clients, third-party vendors, business partners and others, in every geography in which we operate and the ultimate extent of its impact on us, how we operate and our results, will depend on future developments that we are unable to predict. Public health issues could continue to disrupt, possibly materially, our business operations and services that we provide or impact our business operations and results in the future.

Additionally, U.S. and global markets are affected by geopolitical conflict in highly unpredictable ways and are currently experiencing volatility and disruption as a result of the war between Russia and Ukraine and the Israel-Hamas war. These ongoing wars and other geopolitical conflicts could lead to further market disruptions and could have a material adverse effect on our business, prospects, financial condition, and operating results as further discussed in '*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 wars or any other geopolitical tensions'* below.

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 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.

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, the lingering effects of the COVID-19 pandemic 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) may continue to develop competing technologies or product or service offerings. 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 wars or any other geopolitical tensions.

U.S. and global markets are experiencing volatility and disruption as a result of the Russia-Ukraine and Israel-Hamas wars. Although the length and impact of the ongoing wars are highly unpredictable, these geopolitical conflicts could continue to lead to further market disruptions. Geopolitical tensions that have not crystallized into active wars could similarly cause market disruptions, directly or indirectly. The extent and duration of geopolitical crises, sanctions and resulting market disruptions are impossible to predict, but could be substantial.

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.

Damage to our business, including to our reputation arising from, among other things, the failure of third parties on whom we rely to perform services or maintain positive public perceptions, could adversely affect our business, operations and results.

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, colleague 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.

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 colleagues (including any limitation on the performance of their duties) 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 colleagues 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, colleagues, 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 talent in our industry is extremely competitive, and competitors for talent increasingly attempt to hire, and to varying degrees have been successful in hiring, our colleagues 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, 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. 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 colleagues 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 cybersecurity 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 regularly subject to cyberattacks and 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 colleagues 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 has, and could again, in turn result in the compromise of Company data or infrastructure or result in material operational disruption, although no such previous compromise has been material to our business or financial results. 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.

As has happened in the past, 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, although the prior instances have not been material to our business or financial results. Unauthorized disclosure of sensitive or confidential client, supplier or colleague data, whether through systems failure, accident, colleague 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, colleague training (including phishing prevention training), procedures and technical safeguards have been insufficient to prevent or detect improper access to confidential, personal or proprietary information by colleagues, vendors or other third parties with otherwise legitimate access to our systems, although the prior instances have not been material to our business or financial results. 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.

For further discussion of the commercial risks related to the cybersecurity and data protection technology we use, please see '*Our business performance and growth plans could be negatively affected if we are not able to develop and implement improvements in technology and 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'* above.

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 of 2018, as amended by the California Privacy Rights Act of 2020 and its implementing regulations ('CCPA'), which became effective in its current form on January 1, 2023, the Virginia Consumer Data Protection Act ('VCDPA'), which became effective on January 1, 2023 and Connecticut Data Privacy Act ('CDPA'), which became effective on July 1, 2023. 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, VDCPA, and CDPA, with other states enacting similar data privacy laws that will become effective in the next 24 months. We expect that other U.S. states and other countries will follow in implementing their own data privacy and data security laws. The People's Republic of China and India, among other countries, have enacted stringent data protection laws that, among other things, may 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.

We are also subject to the terms of our privacy policies and contractual obligations to third parties related to privacy, data protection and information security. 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, act of war or other geopolitical conflict, 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 colleagues. 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, colleague, 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, 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 colleague 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, BDA, 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.

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 colleagues 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. International conflicts and related geopolitical tensions increase the risk of sanctions impacting our business. In February 2022, Russia invaded Ukraine, which led to a series of economic and other sanctions on Russia imposed by the U.S., the E.U., and the U.K. There also continue to be diplomatic and trade tensions between the U.S. and China, which have been exacerbated by Chinese military exercises around Taiwan, and which could lead to an increase in sanctions and the implementation of other trade measures. There has been an increase in U.S. sanctions designations in relation to Russia and China and counter-sanctions from both Russia and China in response to these sanctions.

Touchpoints with sanctioned individuals, entities or locations can be difficult to identify and, given the increased scope and complexity of sanctions and the manual nature of some of our processes, there is an increased risk of non-compliance. A number of volatile geopolitical events are likely to affect the implementation of sanctions such as the escalation of sanctions towards Belarus, Russia's invasion of Ukraine, the Israel-Hamas conflict, negotiations between the E.U., U.S. and Iran over a new nuclear deal as well as continuing tensions between the U.S. and China with their sanctions and subsequent counter-sanctions. Some of these jurisdictions, such as China, may include 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, increase our costs or limit our compensation.

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 have held hearings and sought information from us and from competitors. In addition, CMS has recently expanded its regulation and oversight of the marketing of Medicare Advantage policies. Changes to these laws and/or regulations, or increased scrutiny or enforcement by regulators, could negatively affect our ability to market directly to consumers or increase our costs or liabilities. In particular, CMS recently issued a proposed rule for Contract Year 2025 for the Medicare Advantage and Medicare Prescription Drug programs that modifies the agent, broker and other third-party requirements. Among other things, the proposed rule seeks to limit the administrative fees that agents and brokers may receive in relation to the initial enrollment and renewals of Medicare Advantage and Medicare Prescription Drug policies. Substantial uncertainty remains regarding the interpretation and implementation of the proposed rule, but the proposed rule has the potential to materially and negatively affect the amount of revenue that our Medicare insurance business may receive. In addition, the United States Department of Labor ('DOL') recently released a proposed rule defining who is an investment advice fiduciary rule ('Proposed DOL Fiduciary Rule') under the Employee Retirement Income Security Act ('ERISA'). Substantial uncertainty exists regarding this proposed rule as well, but the proposed rule may have a material and potentially negative impact on one or more of our businesses. For example, if the current Proposed DOL Fiduciary Rule were implemented without change, our Health Savings Accounts business may need to be restructured before it could continue to receive certain compensation for its services.

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 impact our operations or 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 (and any occupied territories of Ukraine), 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, artificial intelligence, cybersecurity 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 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 and have manual processes, we cannot assure that business systems and controls, including those of acquired or decentralized entities, have prevented or will prevent any and all violations of applicable laws or regulations. Further, our policies and procedures may not be effective or may not be complied with consistency across the enterprise. In the event that we believe our colleagues or agents may have caused us or any of our subsidiaries to violate applicable sanctions laws or other laws or regulations, we may be required to investigate or have outside counsel investigate the relevant facts and circumstances which could be costly and require significant time and attention from senior management. Non-compliance with these laws can result in criminal or civil penalties, which could disrupt our business and result in a material adverse effect on our financial condition, results of operation, cash flows, and cause significant brand or reputational damage.

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 colleagues 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 and to limit the compensation we may receive for our services. 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, or changes in regulations 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, or to limit the services that they receive from us and/or the amount of compensation that they pay to us. If such legal or regulatory changes do occur, or 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.

Our global operations expose us to increasing, and sometimes conflicting, legal and regulatory requirements in environmental, social and governance ('ESG') matters, and violation of these regulations could harm our business.

Increasing focus on ESG matters has resulted in, and is expected to continue to result in, the adoption of legal and regulatory requirements designed to mitigate, among other things, the effects of climate change on the environment, which require additional disclosure and reporting. As a result of our global operations, the regulatory requirements are also sometimes conflicting. If new laws or regulations are more stringent than current legal or regulatory requirements, or conflict, we may experience increased compliance burdens and costs to meet such obligations. In addition, our selection of voluntary disclosure frameworks and standards, and the interpretation or application of those frameworks and standards, may change from time to time or may not meet the expectations of investors or other stakeholders. Our ability to achieve our ESG commitments is subject to numerous risks, many of which are outside of our control, such as the availability and cost of low- or non-greenhouse gas-intensive energy sources, infrastructure and technologies, evolving regulatory requirements affecting ESG standards or disclosures, and the ESG posture of others in our value chain such as suppliers and other counterparties. We may also face challenges in obtaining sufficient information on such parties when seeking to evaluate how such relationships impact our own position on ESG matters. Furthermore, if we determine it is in the Company's interest to do so, we may decide that a commitment or goal, or membership or support for certain ESG-related organizations or initiatives, should change or be withdrawn.

Our processes and controls for reporting ESG matters across our operations are evolving along with standards for identifying, measuring and reporting ESG metrics, including ESG-related disclosures that may be required by the SEC, European and other regulators, and such standards may change over time, which could result in significant revisions to our current goals, reported progress in achieving such goals, or ability to achieve such goals in the future. Methodologies for reporting ESG data may be updated and previously-reported ESG data may be adjusted to reflect: improvement in availability or quality of data, changing assumptions, changes in the nature and scope of our operations and other changes in circumstances. As we work to align our reporting with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures, the Sustainability Accounting Standards Board and other reporting frameworks, and comply with the adoption of and changes to applicable legal and regulatory requirements, including reporting obligations pursuant to the Corporate Sustainability Reporting Directive as well as focus on 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. We cannot predict future legal, regulatory and other developments in these areas, and any changes to the regulatory framework or our disclosure obligations could also negatively impact our business and results.

Increasing scrutiny and changing expectations from investors, clients and our colleagues with respect to our ESG practices can impose additional costs on us or expose us to reputational or other risks.

There is increased and sometimes conflicting focus, including from governments, non-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 or appropriately 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 the price of our ordinary shares 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. These new laws, rules and regulations of our business could affect our operations or require significant expenditures.

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, could negatively impact our reputation and our business.

The economic, regulatory and political impact of the United Kingdom's exit from the European Union, which occurred on January 31, 2020, could adversely affect us.

In 2023, 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. The impact that Brexit has had and may continue to have on the economy and market conditions in Europe, including in the U.K., or on the Pound sterling, Euro or other European currencies could materially adversely affect us and our operations. Among other things, the ongoing and future effects of Brexit could result in: lower growth in the region due to indecision by businesses holding off on generating new projects or due to adverse market conditions and/or reduced reported revenue and earnings because foreign currencies may translate into fewer U.S. dollars due to the fact that we convert revenue denominated in non-U.S. currencies, such as Pounds sterling, into U.S. dollars for our financial statements. In addition, there is a corresponding risk that our current or future hedging strategies may not 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, changes in other assumptions that are used to estimate our benefit obligations, changes to existing legislation or interpretation thereof, the outcome of current or future litigation, and other factors could have a material effect on the level of liabilities in these pension plans and schemes at any given time. Most pension plans and schemes 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 foregoing 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 $5.2 billion as of December 31, 2023, and our interest expense was $235 million for the year ended December 31, 2023.

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 facility 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 to consolidated EBITDA, in each case subject to certain adjustments. The operating restrictions and financial covenants in our credit facility 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 facility 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 or noteholders, as applicable, 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, the credit ratings of our outstanding debt or other market speculation 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 facility, 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 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 5.350% senior notes due 2033, 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 the price of our ordinary shares.

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 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 adjusted financial statement income for certain corporations with average book income of more than $1 billion. The book minimum tax applies to us in 2023 and did not 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 around 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 140 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 over 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 2024 ('Pillar Two'). On December 20, 2021, the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting released the Model Global Anti-Base Erosion ('GloBE') rules (the 'OECD Model Rules') under Pillar Two. On December 12, 2022, E.U. member states reached an agreement to implement Pillar Two and this requires E.U. member states to enact domestic legislation to put Pillar Two into effect. In 2023, many E.U. countries enacted the necessary legislation (based on the OECD Model Rules) to implement Pillar Two in 2024. Ireland, in particular, enacted Pillar Two by signing Finance (No. 2) Bill 2023 into law in December 2023. Other countries and territories have indicated they will introduce Pillar Two beginning in 2025.

These changes, when enacted and implemented 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 2023.

	U.S. dollars	Pounds sterling	Euro	Other currencies
Revenue	60%	11%	14%	15%
Expenses (i)	54%	17%	12%	17%

(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 and option 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, 2023, we had notional amounts of $1.2 billion (denominated primarily in U.S. dollars, Pounds sterling and Euros), with a net asset fair value of $3 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 and option 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,			
	2024		2025	
December 31, 2023	Contract amount (millions)	Average contractual exchange rate	Contract amount (millions)	Average contractual exchange rate
Foreign currency sold				
U.S. dollars sold for Pounds sterling	$ 63	$1.23 = £1	$ 26	$1.24 = £1
Euros sold for U.S. dollars	24	€1 = $1.07	6	€1 = $1.10
Total	$ 87		$ 32	
Fair value (i)	$ 1		$ 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, 2023 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, 2023, 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, 2023.

	Expected to mature before December 31,							
	2024	2025	2026	2027	2028	Thereafter	Total	Fair Value (i)
	($ in millions)							
Fixed rate debt								
Principal	$ 650	$ —	$ 550	$ 750	$ 600	$ 2,700	$ 5,250	$ 5,004
Fixed rate payable	3.600%	—	4.400%	4.650%	4.500%	4.440%	4.368%	

(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, on which we earn interest, where permitted. We also hold funds for clients of our benefits accounts businesses. For the benefit funds not invested, cash and cash equivalents are held, on which we earn interest, until the funds are directed by plan participants to either be invested in mutual funds or paid out on their behalf. This interest earned 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 last year. This has resulted in the Company recognizing higher interest income over the same period in the prior year. 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 $145 million, $55 million and $12 million for the years ended December 31, 2023, 2022 and 2021, respectively. At December 31, 2023, 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 $6 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, 2023.

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, 2023, 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; Willis Towers Watson Investments GmbH branches in Spain and The Netherlands. We also had the following branches of U.K. entities in E.E.A. states, or vice versa: Willis Towers Watson Insurances (Ireland) Limited branch in the U.K.; Willis Towers Watson Trade Credit and Surety Limited branch in the U.K.; Willis Europe B.V. branch in the U.K.; Willis Netherlands Holdings B.V. branch in the U.K.; 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, 2023 (2022: none).

Non-Financial Statement

Human Capital

Colleague experience – Our colleague experience is an important differentiating factor for WTW and a key enabler of our grow, simplify and transform strategy. 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 Colleague Value Proposition ('CVP') — we're Authentic, Curious and Bold, sets 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 our colleague experience. We continually build on our CVP through execution of a colleague experience roadmap and a robust portfolio of colleague listening activities to attract, engage and retain the most accomplished and aspiring talent.

Colleagues – Our success depends on our ability to bring to our clients the most accomplished and aspiring talent in the industry. We provide our colleagues with meaningful long-term careers across our base of full-time (the majority), part-time and seasonal/temporary colleagues to meet the specific needs of our various businesses.

The number of employees by segment as of the year ended December 31, 2023 is approximated below:

	December 31, 2023
Health, Wealth & Career	24,100
Risk & Broking	14,300
Corporate and Other	9,600
Total Employees	48,000

The number of employees by geography as of the year ended December 31, 2023 is approximated below:

	December 31, 2023
North America	15,500
Europe	15,000
International	17,500
Total Employees	48,000

Voluntary turnover excluding TRANZACT employees (rolling 12-month attrition) has continued on a consistent downward trend throughout 2023 (10.8% compared to 15.2% in 2022). This percentage excludes individuals who are hired, but do not commence employment with the Company.

Hiring – Hiring in 2023 stabilized with the favorable reduction in attrition, resulting in a decrease year over year.

- We have seen a shift in hiring demand from our larger markets (North America, Great Britain and Europe) to our Global Service Delivery Centers (Latin America, Southern Europe and Asia) for Operations and Technology positions, as we continue to prioritize transformational hiring and the right shoring of roles.

- Hiring into the Early Careers programs remained largely consistent with 2022, with an increased focus on building a diverse pipeline of talent through attraction and development programs that deliver inclusive and diverse undergraduate classes.

Hiring and internal movement statistics, summarized below, consistent with prior years excludes colleagues in TRANZACT as the volumes are material and fluctuate significantly in light of the nature of hiring in that business, which is materially dependent on seasonal colleagues:

- Hires exceeded 8,100, a decrease of 16% as compared to 2022, attributable to a favorable reduction in global attrition, and the higher-than-typical hiring volumes in 2022.
- Promotions and direct appointments into new roles brought additional opportunities for career growth and advancement and contributed to the improvement of female representation in senior leadership.
- We continue to have a strong rate of alumni returning to WTW, with rehires representing 6% of total hires in 2023 compared to 5% in 2022.

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. We are taking action that we expect will have the effect of increasing representation and overall diversity throughout our talent pipeline, as reflected in the three focus areas of our ongoing multiyear I&D strategy:

- Attract and hire to grow our talent pipeline of colleagues from diverse communities.
- Develop and promote in an inclusive and thoughtful manner, with the aspiration of increasing the overall diversity in business leadership.
- Promote an inclusive culture that respects each other's differences and celebrates what is unique about each of us.

At December 31, 2023, 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)	55.0%	32.5% (iii)
Ethnic and racial diversity (U.S. only)		
Asian	6.7%	5.6%
Black	15.2%	1.6%
Hispanic	9.1%	2.8%
Other non-white (i)	3.2%	1.5%
Total	34.2%	11.5% (iv)

(i) Other non-white includes American Indian, Native Hawaiian or other Pacific Islander and two or more races.
(ii) Senior leadership represents about 4% of our colleagues and includes those with titles of Managing and Senior Directors.
(iii) This figure was 31.0% at December 31, 2022
(iv) This figure was 8.7% at December 31, 2022

Our commitment to diversity is also demonstrated by the range of diversity represented on our board, which reflects diversity of gender, ethnicity and nationality, and varied backgrounds and skill sets. As of December 31, 2023, 40% of directors identify as female, 10% as LGBT+ and 10% as Black. In addition, 75% of our board committee chairs are female and 50% identify as Black or LGBT+. Further, 60% of our directors have non-US citizenship.

Additionally, I&D aspirational priorities are included in our executive officers' overall individual performance objectives and individual efforts are considered as one factor in the determination of their short-term incentive awards. Each year our leaders cascade I&D aspirational priorities throughout the organization, and we continue to reinforce objective and fair processes that aim to mitigate bias in our talent programs and hiring practices. Examples of key activities include:

- Our global I&D council, sponsored by our Chief Executive Officer and Chief Human Resources Officer, sets the goals for our global I&D initiatives. It is supported by regional councils that provide local perspectives and help to translate our global priorities into actions within each region.
- We have I&D processes and learning curriculums in place that are intended to ensure progression of our I&D priorities and create an inclusive culture that fosters and promotes diversity.

- 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.), Early Careers Professionals (Asia, the U.K., Western Europe), Veterans (North America) and Caregivers (U.K.).

Total rewards – We invest significant resources in our most important asset, our colleagues, and having the right total rewards programs to support our colleague experience is an important part of our commitment to being the best company we can be. We offer market competitive arrangements in aggregate, aligned to a pay-for-performance culture that delivers optimized value to WTW for the benefit of all our stakeholders, and alongside our colleague experience, positions WTW as a magnet for the most accomplished and aspiring talent in the industry.

Our total rewards comprise a wide array of programs, including pay, benefits, wellbeing, time off, career development opportunities and other aspects of the work environment. At its core, our total rewards programs are designed to:

- Attract and retain talent in the local marketplace;
- Improve colleague performance and engagement;
- Promote an inclusive and diverse working environment and workforce; and
- Allow for meaningful choice, where appropriate, to address individual needs.

At WTW, we continually assess our total rewards strategy, seeking to understand colleague preferences to ensure we are investing in rewards that provide the greatest return. Insights gathered from colleague listening inform focus areas and adjustments that align with our grow, simplify, and transform strategic priorities and colleague experience — ensuring we are offering the right mix of meaningful and competitive programs now and in the future to deliver our growth strategy.

Work Styles – We have a flexible and adaptable approach to where colleagues work, aligned to the distinct needs of our businesses and leveraging three distinct working solutions: office-based, hybrid and remote. This framework has flexibility at its core and is based on the principle that the work itself drives where and how the work gets done. In-office interactions are encouraged for all colleagues, with some moving to more frequent and regular in-person collaboration, including minimum in-office requirements in some areas of our business. As we continue to grow, simplify, and transform, WTW Work Styles continues to be a key differentiator for us in the market and is an important part of our ongoing strategy to attract, engage 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 in this annual report.

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 tackle risks related to climate change. We partner with clients worldwide to address Environmental, Social and Governance ('ESG') — whether developing an enterprise-wide strategy, executing ESG-related programs or helping to connect sustainability goals with daily efforts.

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 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 48,000 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. Sustainability questions on ESG 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 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 a Sustainability Taskforce that provides central governance and focuses on aligning our sustainability commitments with our Company's strategic priorities. The Taskforce is sponsored by our General Counsel and comprises representatives from across the corporate functions.

To learn more about our sustainability principles, commitments and related statements, and to review our ESG report (which includes EEO-1 data) and SASB appendix, and TCFD disclosure, visit: 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 Inclusion and Diversity (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 businesses, geographies, and functions and 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 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:

- 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 2023).

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, Neurodiversity Celebration Week, 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.

Our I&D core curriculum helps colleagues understand how every individual contributes to WTW’s inclusive workplace culture by focusing on foundational skills such as understanding and overcoming bias, the power of I&D, cultural awareness, respect at work, psychological safety and allyship.

Select instances of recognition are:

Since 2015 in the U.S., WTW has been recognized by the Human Rights Campaign’s Corporate Equality Index as a best place to work for LGBT+ equality. In 2022, we were also awarded this recognition in Mexico.

In Great Britain, we are proud to have been formally accredited as a Menopause Friendly Employer in 2023. We were also recognized as a Disability Confident Employer, which demonstrates our commitment to increasing understanding of disability and playing a leading role in changing attitudes for the better. We ranked number 44 on the Stonewall UK Workplace Equality Index and received a Gold Employer Award for creating a welcoming work environment and improving the LGBT+ colleague experience.

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 competitive rewards programs aligned with our values. We invest significant resources in our most important asset, our colleagues, and having the right total rewards programs to support our colleague experience is an important part of our commitment to being the best company we can be. We offer market competitive arrangements in aggregate, aligned to a pay-for-performance culture that delivers optimized value to WTW for the benefit of all our stakeholders, and alongside our colleague experience, positions WTW as a magnet for the most accomplished and aspiring talent in the industry.

Our total rewards comprise a wide array of programs, including pay, benefits, wellbeing, time off, career development opportunities and other aspects of the work environment. At their core, our total rewards programs are designed to:

- Attract and retain talent in the local marketplace.
- Improve colleague performance and engagement.
- Promote an inclusive and diverse working environment and workforce.
- Allow for meaningful choice, where appropriate, to address individual needs.
- 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 while ensuring WTW is meeting our legislative requirements with new and existing pay transparency and gender pay gap reporting requirements.

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, particularly in the context of certain of our intra-group shared service suppliers located in countries considered to be of higher risk in the context of modern slavery and human trafficking.

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, 2022. 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. Supplier Risk Management 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 our requirements in relation to modern slavery and human trafficking for our suppliers. To encourage compliance in our supply chain with our values, we endeavor to include appropriate provisions dealing with the risk of modern slavery where possible. These enquiries, alongside our existing due diligence processes, help us to appropriately assess the modern slavery and human trafficking risk of a potential supplier as part of our general consideration of their tender.

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, events, 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, Events/Entertainment & Hospitality Procedures require approval of gifts, events, 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 over 20 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, Events/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 in this annual report.

Business Model

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

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, 2023, and as of the date of this Directors' report are as follows: Dame Inga K. Beale, Fumbi F. Chima, Stephen M. Chipman, Michael P. Hammond, Carl A. Hess, Jacqueline Hunt, Paul C. Reilly, Michelle R. Swanback, Paul D. Thomas, and Fredric J. Tomczyk, and the Secretary of the Company is Nicole Napolitano. Dr. O'Neill and Ms. Rabbitt retired from the Board at the conclusion of the 2023 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, 2023 had an interest in 1 percent or more of the share capital of the ultimate Parent Company at January 1, 2023 or December 31, 2023.

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/ Dame Inga K. Beale Director
Date: March 20, 2024	Date: March 20, 2024

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 PLC

Report on the audit of the financial statements

Opinion on the financial statements of Willis Towers Watson plc (the 'group')

In our opinion the group financial statements:

- give a true and fair view of the assets, liabilities and financial position of the as at 31 December 2023 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 frameworks and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

- The group financial statements:
- the Consolidated Profit and Loss Account;
- the Consolidated Statement of Total Comprehensive Income;
- the Consolidated Balance Sheet;
- the Consolidated Statement 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 accounting principles generally accepted in the United States of America ("US GAAP") ("the relevant financial reporting framework").

Basis for opinion

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

Key audit matters	The key audit matters that we identified in the current financial year were: • Provisions for Liabilities - Errors & Omissions Reserve • Goodwill – Benefits Delivery & Administration Reporting Unit Within this report, any new key audit matters are identified with and any key audit matters which are the same as the prior financial year identified with .
Materiality	The group materiality that we used in the current financial year was $100m which was determined on the basis of 5% of Adjusted Profit Before Tax.

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Deloitte.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIS TOWERS WATSON PLC

Scoping	We structured our approach to the audit to reflect how the group is organised as well as ensuring our audit was both effective and risk focused.
Significant changes in our approach	Goodwill – Benefits Delivery & Administration Reporting Unit has been assessed as a KAM in the current financial year due to the narrow margin for which the fair value of the BDA reporting unit exceeds its carrying value.

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'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 the directors' assessment of the group's ability to adopt the going concern basis of accounting.
- We challenged the reasonableness of the key assumptions applied by the directors in their assessment.
- We held discussions with management on the directors' going concern assessment, the future plans for the group and the feasibility of those plans.
- We reviewed all board meeting minutes during the period up to the date of approval of the financial statements, for evidence of any discussions or decisions that could impact the group's ability to continue as a going concern.
- We 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'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.

Goodwill – Benefits Delivery & Administration Reporting Unit has been assessed as a KAM in the current financial year. This is because auditing management's judgments related to its goodwill impairment analysis on the BDA reporting unit, and in particular the discount rate, and forecasts of future revenue and operating margin, involved especially complex and subjective auditor judgment and an increased extent of effort. This included the need to involve our fair value specialists when performing audit procedures to evaluate the reasonableness of management's estimates and assumptions related to the selection of the discount rate, specifically due to the sensitivity of the BDA reporting unit's fair value to a change in the discount rate .

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
WILLIS TOWERS WATSON PLC

Provisions for Liabilities - Errors & Omissions Reserve	
Key audit matter description	The group 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 also 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 the provisions related to significant claims reported but not paid, involve especially complex and subjective judgments and an increased extent of effort, including the need to involve our actuarial specialists. Refer to Note 16 to the financial statements and the section 'Key sources of estimation uncertainty' in Note 2 to the financial statements.
How the scope of our audit responded to the key audit matter	Our audit procedures related to the determination of E&O provisions included the following : • We evaluated the design, determined the implementation and tested the operating effectiveness of key controls over the group'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 financial 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 group.

Goodwill – Benefits Delivery & Administration Reporting Unit	
Key audit matter description	The group's evaluation of goodwill for impairment is performed annually as of October 1, and whenever indicators of impairment exist. Goodwill is tested at the reporting unit level, and the group had seven reporting units as of October 1, 2023. 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. Through this analysis, management determined that the reporting unit comprising its Benefits Delivery & Administration ('BDA') business had a narrowed margin of excess fair value in 2023. Management estimated the fair value of the reporting unit using the discounted cash flow method and guideline public company method. Significant management judgement is required to make assumptions and estimates that are subject to risk and uncertainty related to the discount rate, and forecasts of future revenue and operating margin. Changes in these assumptions could have a significant impact on either the fair value, the amount of any goodwill impairment charge, or both.

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	Auditing management's judgments related to its goodwill impairment analysis on the BDA reporting unit, including the discount rate, and forecasts of future revenue and operating margin, involve especially complex and subjective auditor judgment and an increased extent of effort. This includes the need to involve our fair value specialists when performing audit procedures to evaluate the reasonableness of management's estimates and assumptions related to the selection of the discount rate, specifically due to the sensitivity of the BDA reporting unit's fair value to a change in the discount rate. Refer to Note 8 to the financial statements and the section 'Key sources of estimation uncertainty' in Note 2 to the financial statements.

How the scope of our audit responded to the key audit matter	Our audit procedures related to the discount rate and forecasts of future revenue and operating margin used by management to estimate the fair value of the BDA reporting unit included the following, among others:
	• We evaluated the design, determined the implementation and tested the operating effectiveness of key controls over the group's goodwill impairment evaluation, including those over the determination of the fair value of the BDA reporting unit, including controls related to management's assumptions of discount rates, and forecasts of future revenues and operating margins.
	• We evaluated management's ability to accurately forecast BDA reporting unit revenues and operating margins, by comparing actual results to management's historical forecasts.
	• We evaluated the reasonableness of management's BDA reporting unit forecasted revenues and operating margins by comparing the forecasts to:
	  ◦ Historical revenues and operating margins;
	  ◦ Internal communications to management and the Board of Directors; and,
	  ◦ Forecasted information included in group press releases as well as in analyst and industry reports for the group and certain of its peer companies.
	• With the assistance of our fair value specialists, we evaluated (1) the valuation methodology and (2) the discount rate. We developed a range of independent estimates and compared those to the discount rate selected by management.

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 in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person 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.

Based on our professional judgement, we determined materiality for the financial statements as follows:

	Group financial statements
Materiality	\$100m (2022 : \$100m)
Basis for determining materiality	Approximately 5% of Adjusted Profit Before Tax (PBT)

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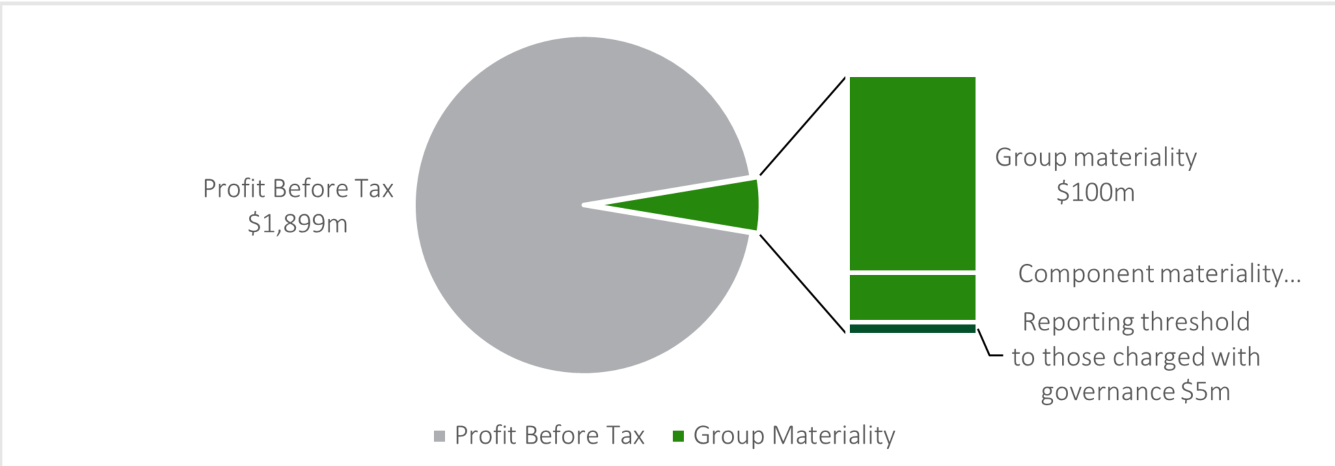
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
WILLIS TOWERS WATSON PLC

Rationale for the benchmark applied	We have considered Adjusted PBT to be the critical component for determining materiality because the attention of the users of the group's 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



We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements
Performance materiality	80% (2022: 80%) of materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: • our understanding of the group; • the quality of the group's Internal Control environment and whether we are able to rely on controls; • the nature and extent of misstatements (corrected and uncorrected) identified in previous audits; and • our expectations in relation to misstatements in the current period.

We agreed with the Audit and Risk Committee that we would report to them all audit differences in excess of $5m (2022: $4.5m) as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk 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 and its environment, including group-wide key controls and assessing the risks of material misstatement at a group level.

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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIS TOWERS WATSON PLC

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 (ranging from $24m to $90m).
The group engagement team activities comprised audit work in areas such as the consolidation, review of the overall financial statements and disclosures, 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, issued referral instructions, reviewed their working papers related to significant and key audit matters and discussed any issues throughout the audit process, including at planning and closing stages.

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 in relation to the Financial Statements, 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'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 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.

A further description of our responsibilities for the audit of the financial statements is located on IAASA's website at: https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements. This description forms part of our auditor's report.

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIS TOWERS WATSON PLC

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

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and the audit committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance ;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team including significant component audit teams and relevant internal specialists, including tax, pensions and IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

In common with all audits under ISAs (Ireland), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies Act 2014 and tax laws relevant to the jurisdictions the group operates in..

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. This included Securities Exchange Commission Listing Rules.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIS TOWERS WATSON PLC

Audit response to risks identified

As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations
Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit and Risk Committee and legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the Security Exchange Commission ("SEC"); and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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 group were sufficient to permit the financial statements to be readily and properly audited.
- The 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 and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIS TOWERS WATSON PLC

Use of our report

This report is made solely to the group'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 group'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 group and the group'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, 29 Earlsfort Terrace, Dublin 2

22 March 2024

Notes: An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial statements since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area.

Legislation in Ireland governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

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CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	Years ended December 31, 2023	2022	2021
		(millions, except per share data)		
REVENUE	4	$ 9,483	$ 8,866	$ 8,998
EXPENSES				
Salaries and benefits	20	5,344	5,065	5,253
Other operating expenses		1,815	1,776	1,673
Depreciation	9	242	255	281
Amortization	8	263	312	369
Restructuring costs	6	68	99	26
Transaction and integration, net		386	181	(806)
Total expenses		8,118	7,688	6,796
OPERATING INCOME		1,365	1,178	2,202
Other income, net	18	149	288	701
Interest expense	11	(235)	(208)	(211)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES		1,279	1,258	2,692
Provision for from income taxes	7	(215)	(194)	(536)
INCOME FROM CONTINUING OPERATIONS		1,064	1,064	2,156
(LOSS)/INCOME FROM DISCONTINUED OPERATIONS, NET OF TAX		—	(40)	2,080
NET INCOME		1,064	1,024	4,236
Less: net income attributable to non-controlling interests		(9)	(15)	(14)
NET INCOME ATTRIBUTABLE TO WILLIS TOWERS WATSON		$ 1,055	$ 1,009	$ 4,222
EARNINGS PER SHARE	23			
Basic earnings per share:				
Income from continuing operations per share		$ 10.01	$ 9.36	$16.68
(Loss)/income from discontinued operations per share		—	(0.36)	16.20
Basic earnings per share		$ 10.01	$ 9.00	$ 32.88
Diluted earnings per share:				
Income from continuing operations per share		$ 9.95	$ 9.34	$16.63
(Loss)/income from discontinued operations per share		—	(0.36)	16.15
Diluted earnings per share		$ 9.95	$ 8.98	$ 32.78

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

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

	Note	Years ended December 31, 2023	2022	2021
			(millions)	
NET INCOME		$ 1,064	$ 1,024	$ 4,236
Other comprehensive (loss)/income, net of tax:				
Foreign currency translation	19	$ 173	$ (499)	$ (87)
Defined pension and post-retirement benefits	19	(408)	65	260
Derivative instruments	19	2	(2)	2
Other comprehensive (loss)/income, net of tax, before non-controlling interests		(233)	(436)	175
Comprehensive income before non-controlling interests		831	588	4,411
Comprehensive income attributable to non-controlling interests		(11)	(14)	(16)
Comprehensive income attributable to WTW		$ 820	$ 574	$ 4,395

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

CONSOLIDATED BALANCE SHEET

	Note	December 31, 2023	December 31, 2022
		(millions, except share data)	
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Goodwill	8	$ 10,195	$ 10,173
Other intangible assets, net	8	2,016	2,273
Tangible assets			
Right-of-use assets	14	565	586
Fixed assets, net	9	720	718
Financial assets			
Investments in associates		9	9
Pension benefits assets	13	588	827
Deferred tax assets	7	86	68
Other non-current assets	17	1,478	1,280
Total fixed assets		15,657	15,934
CURRENT ASSETS			
Accounts receivable, net	4	2,572	2,387
Fiduciary assets		9,073	11,772
Other current assets	17	364	414
Cash and cash equivalents		1,424	1,262
Total current assets		13,433	15,835
TOTAL ASSETS		$ 29,090	$ 31,769
LIABILITIES, CAPITAL AND RESERVES			
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Current debt	11	$ 650	$ 250
Fiduciary liabilities		9,073	11,772
Current lease liabilities	14	125	126
Deferred revenue	17	677	646
Accrued expenses	17	1,427	1,269
Income taxes payable	7	50	83
Other current liabilities	17	628	633
Total creditors: amounts falling due within one year		12,630	14,779
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Long-term debt	11	4,567	4,471
Retirement benefit obligations	13	563	480
Long-term lease liabilities	14	592	620
Deferred tax liabilities	7	542	748
Other non-current liabilities	17	238	221
Total creditors: amounts falling due after more than one year		6,502	6,540
PROVISIONS FOR LIABILITIES	16	365	357
Total liabilities		19,497	21,676

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CONSOLIDATED BALANCE SHEET (continued)

	Note	December 31, 2023	December 31, 2022
		(millions, except share data)	
COMMITMENTS AND CONTINGENCIES	15		
CAPITAL AND RESERVES [i]			
Share premium		6	6
Profit and loss account		10,778	11,076
Other reserves		1,592	1,555
Accumulated other comprehensive loss, net of tax	19	(2,856)	(2,621)
Total Willis Towers Watson shareholders' equity		9,520	10,016
Non-controlling interests		73	77
Total equity		9,593	10,093
TOTAL LIABILITIES, CAPITAL AND RESERVES		$ 29,090	$ 31,769

(i) Capital and reserves includes (a) Ordinary shares $0.000304635 nominal value; Authorized 1,510,003,775; Issued 102,538,072 (2023) and 106,756,364 (2022); Outstanding 102,538,072 (2023) and 106,756,364 (2022); (b) Preference shares, $0.000115 nominal value; Authorized 1,000,000,000 and Issued none in 2023 and 2022.

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

Approved by the board of directors on March 20, 2024 and signed on behalf of the Directors:

/s/ Paul D. Thomas
Director

/s/ Dame Inga K. Beale
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

	Years ended December 31,		
	2023	2022	2021
		(millions)	
CASH FLOWS FROM OPERATING ACTIVITIES			
NET INCOME	$ 1,064	$ 1,024	$ 4,236
Adjustments to reconcile net income to total net cash from operating activities:			
Depreciation	242	255	281
Amortization	263	312	369
Impairment	—	81	—
Non-cash restructuring charges	38	71	—
Non-cash lease expense	105	120	160
Net periodic benefit of defined benefit pension plans	(26)	(153)	(168)
Provision for doubtful receivables from clients	6	13	19
(Benefit from)/provision for deferred income taxes	(109)	(50)	226
Share-based compensation	125	99	101
Net (gain)/loss on disposal of operations	(43)	59	(2,679)
Non-cash foreign exchange loss/(gain)	20	(137)	(10)
Other, net	31	6	(25)
Changes in operating assets and liabilities, net of effects from purchase of subsidiaries:			
Accounts receivable	(206)	(188)	(134)
Other assets	(185)	(197)	(122)
Other liabilities	16	(495)	(175)
Provisions	4	(8)	(18)
Net cash from operating activities	1,345	812	2,061
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES			
Additions to fixed assets and software for internal use	(153)	(138)	(148)
Capitalized software costs	(89)	(66)	(53)
Acquisitions of operations, net of cash acquired	(6)	(81)	(47)
Net proceeds/(payments) from sale of operations	89	(59)	4,048
Cash and fiduciary funds transferred in sale of operations	(922)	(29)	(1,030)
(Purchase)/sale of investments	(4)	200	(200)
Net cash (used in)/from investing activities	(1,085)	(173)	2,570
CASH FLOWS USED IN FINANCING ACTIVITIES			
Senior notes issued	748	750	—
Debt issuance costs	(7)	(5)	(4)
Repayments of debt	(254)	(585)	(1,008)
Repurchase of shares	(1,000)	(3,530)	(1,627)
Proceeds from issuance of shares	—	7	10
Net (payments)/proceeds from fiduciary funds held for clients	(234)	354	(40)
Payments of deferred and contingent consideration related to acquisitions	(12)	(22)	(19)
Cash paid for employee taxes on withholding shares	(26)	(34)	(16)
Dividends paid	(352)	(369)	(374)
Acquisitions of and dividends paid to non-controlling interests	(63)	(11)	(36)
Net cash used in financing activities	(1,200)	(3,445)	(3,114)
(DECREASE)/INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH (i)	(940)	(2,806)	1,517
Effect of exchange rate changes on cash, cash equivalents and restricted cash	11	(164)	(127)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR (i)	4,721	7,691	6,301
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR(i)	$ 3,792	$ 4,721	$ 7,691

(i) The amounts of cash, cash equivalents and restricted cash, their respective classification on the consolidated balance sheet 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, 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
Shares repurchased	(4,483)	—	(1,000)	—	—	(1,000)	—	(1,000)
Net income	—	—	1,055	—	—	1,055	9	1,064
Dividends ($3.36 per share)	—	—	(353)	—	—	(353)	—	(353)
Dividends attributable to non-controlling interests	—	—	—	—	—	—	(13)	(13)
Other comprehensive (loss)/income	—	—	—	—	(235)	(235)	2	(233)
Issuance of shares under employee stock compensation plans	265	—	—	—	—	—	—	—
Share-based compensation and net settlements	—	—	—	89	—	89	—	89
Reduction of non-controlling interests (ii)	—	—	—	(47)	—	(47)	(2)	(49)
Foreign currency translation	—	—	—	(5)	—	(5)	—	(5)
Balance at December 31, 2023	102,538	$ 6	$ 10,778	$ 1,592	$ (2,856)	$ 9,520	$ 73	$ 9,593

(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. In an acquisition, additional paid-in capital is adjusted as well to the extent that the consideration transferred differs from the carrying value of non-controlling interests prior to the acquisition.

(iii) Refer to Parent Company financial statements (Note 15).

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 48,000 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 control 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 or property loss control consulting), and analytical and advisory services (such as hazard modeling and climate risk quantification). We also assist our clients with managing 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 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.

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.

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

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.

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.

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

Cash and Cash Equivalents — Cash and cash equivalents primarily consist of time deposits with original maturities of three months or less. In certain of the countries in which we conduct business, we are subject to capital adequacy requirements. Most significantly, Willis Limited, our U.K. brokerage subsidiary regulated by the Financial Conduct Authority, is currently required to maintain $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 sheet and the consolidated statements of cash flows.

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

Fiduciary liabilities on the consolidated balance sheet 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.

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

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 is recorded to earnings when it is received. 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 sheet.

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

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

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

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

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

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

Derivatives — The Company uses derivative financial instruments to alter the risk profile of an existing underlying exposure. Forward and option 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 sheet. 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.

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 sheet, 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 sheet depending on 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.

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

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

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

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

Leases — As an advisory, broking and solutions company providing services to clients in more than 140 countries, we enter into lease agreements from time to time, primarily for the use of real estate for our office space. We determine if an arrangement is a lease at the inception of the contract, and the nature of our operations is such that it is generally clear whether an arrangement contains a lease and what underlying asset is being leased. The majority of the leases into which we enter are operating leases. Upon entering into leases, we obtain the right to control the use of an identified space for a lease term and recognize these right-of-use ('ROU') assets on our consolidated balance sheet 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 currently range from three to 11 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.

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

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

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

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

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

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

Consequently, the Company does not amortize goodwill but tests it for impairment annually as of October 1, and whenever indicators of impairment exist. Goodwill is tested at the reporting unit level, and the Company had seven reporting units as of October 1, 2023. 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, 2023 and 2022 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 held at December 31, 2023 are being amortized on the basis noted and over the following expected life:

	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 9
Trademark and trade name	Straight-line basis	5 to 25
Other	In line with underlying cash flows or straight-line basis	5 to 11

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 sheet.

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 sheet. See Note 13 to these Consolidated Financial Statements for additional information about our pensions.

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

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 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 fulfillment obligations. We receive compensation from carriers in the form of commissions, administrative

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

fees and marketing fees in the first year, and depending on the type of policy issued, we may receive renewal commissions for up to 25 years, provided the policies are renewed for such periods of time.

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

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

Consulting— We earn revenue for advisory and consulting work that may be structured as different types of service offerings, including annual recurring projects, projects of a short duration or stand-ready obligations. Collectively, our consulting arrangements represent 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.

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

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

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

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

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

Reimbursed expenses — Client reimbursable expenses, including those relating to travel, other out-of-pocket expenses and any third-party costs, are included in revenue, and an equivalent amount of reimbursable expenses is included in other operating expenses as a cost of revenue as incurred. Reimbursed expenses represented approximately 1% 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.

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

Recent Accounting Pronouncements

In November 2023, the FASB issued ASU No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which is intended to improve reportable segment disclosure requirements through enhanced disclosures about significant segment expenses. Among other amendments, this ASU creates a 'significant expense principle,' and adds required disclosures of significant expenses for each reportable segment, as well as certain other disclosures to help investors understand how the chief operating decision maker ('CODM') evaluates segment expenses and operating results. In addition, this ASU requires for interim periods all disclosures about a reportable segment's profit or loss and assets under ASC 280, Segment Reporting, that had previously only been provided annually (e.g., interest revenue and expense, depreciation and amortization expense). The annual requirements of this ASU became effective for the Company on January 1, 2024, at which time we adopted it, and will include the new disclosures in our annual report for the year ended December 31, 2024. New interim disclosures are required for fiscal years beginning January 1, 2025.

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which is intended to improve the transparency of income tax disclosures by requiring consistent categories and greater disaggregation of information within the income tax rate reconciliation and income taxes paid disclosures. It also includes certain other amendments intended to improve the effectiveness of income tax disclosures. Specifically, this ASU requires a tabular income tax rate reconciliation using both percentages and amounts disaggregated into specific categories with certain reconciling items at or above 5% of the statutory tax, further disaggregated by its nature and/or jurisdiction. Additionally, income taxes paid will be required to be presented by federal, state, local and foreign jurisdictions, including amounts paid to individual jurisdictions representing 5% or more of the total income taxes paid. This ASU becomes effective for the Company on January 1, 2025, with early adoption permitted. The guidance is applied prospectively, with the option for retrospective application. The Company does not plan to early-adopt this ASU and is assessing the expected impact on its consolidated financial statements.

Other Legislation

Inflation Reduction Act

The Inflation Reduction Act (the 'IRA') was enacted into law on August 16, 2022 and certain portions of the IRA became effective January 1, 2023. The IRA introduced, among other provisions, a share repurchase excise tax and a new Corporate Alternative Minimum Tax ('CAMT') which imposes a 15% tax on the adjusted financial statement income of 'applicable corporations'. Since becoming effective, the IRA has not had a material impact on the Company's consolidated financial statements.

Pillar Two

E.U. member states formally adopted the E.U.'s Pillar Two Directive, which introduces a global corporate minimum tax of 15% for certain large multinational companies. For the rules to take effect, E.U. member states were required to enact domestic legislation by the end of 2023 to be effective January 1, 2024. While we do not anticipate that this legislation will have a material impact on our tax provision or effective tax rate, we continue to monitor evolving tax legislation in the jurisdictions in which we operate.

3. ACQUISITIONS AND DIVESTITURES

The following disclosures discuss significant transactions during the three-year period ended December 31, 2023.

Acquisitions

The Company completed acquisitions, including acquisitions of non-controlling interests of certain subsidiaries, during the years ended December 31, 2023, 2022 and 2021 for combined cash payments of $56 million, $111 million and $52 million, respectively, and contingent or deferred consideration fair valued at $3 million, $28 million and $21 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 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 security and asset purchase agreement (the 'Willis Re SAPA') 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 in the third quarter of 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 transferred 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 sheet. 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 results of the Deferred Closing businesses following the Principal Closing until their respective Deferred Closing dates had been included in income from discontinued operations on the consolidated profit and loss account during 2022.

The Company is accounting 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 and when a receipt becomes certain 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. During the third quarter of 2023, the term for these services was extended from November 30, 2023 to May 31, 2024 and may be further extended by Gallagher, in accordance with the terms of the TSA. Fees earned under the TSA were $36 million and $45 million during the years ended December 31, 2023 and 2022, 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
Revenue from discontinued operations	$ 48	$ 721
Costs of providing services		
Salaries and benefits	14	350
Other operating expenses	10	59
Depreciation and amortization	—	2
Transaction and transformation, net	—	33
Total costs of providing services	24	444
Other income, net	5	2
Income from discontinued operations before income taxes	29	279
(Loss)/gain on disposal of Willis Re	(65)	2,300
Benefit from/(provision for) income tax expense	1	(500)
Net income (payable to)/receivable from Gallagher on Deferred Closing	(5)	1
(Loss)/income from discontinued operations, net of tax	$ (40)	$ 2,080

The expense amounts reflected above represent only the direct costs attributable to the Willis Re business and exclude allocations of corporate costs that were 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.

Certain amounts included in the consolidated balance sheet did not transfer to Gallagher under the terms of the Willis Re SAPA, and instead are to be settled by the Company, noting that certain fiduciary positions continued to be held under the terms of various co-broking agreements between subsidiaries of the Company and Gallagher. At December 31, 2022, the amounts of significant assets and liabilities related to the Willis Re businesses which were not transferred in the sale were $3.2 billion of fiduciary assets and liabilities, $29 million of accounts receivable and $73 million of other current liabilities. On May 31, 2023, the Company and Gallagher entered into a side letter to the Willis Re SAPA which became effective on June 1, 2023 and which (A) ended the co-broking agreements prospectively and which (B) transferred related fiduciary and certain non-fiduciary assets and liabilities to Gallagher at that time based on then-current estimates. These non-fiduciary amounts were finalized in the third quarter of 2023. The value of the initial transfer amounted to $74 million of other current liabilities less $26 million of accounts receivables due to the Company, totaling $48 million of net cash transferred to Gallagher. Additionally, total fiduciary assets and liabilities of $4.5 billion, including $868 million of fiduciary cash, were transferred to Gallagher. The total cash outflow of $916 million is included in cash used in investing activities in the consolidated statements of cash flows. During the third quarter of 2023, WTW and Gallagher agreed to a final settlement of all balances which resulted in a $5 million increase to the gain on disposal recognized at that time, and is included within Other income, net on our consolidated statements of comprehensive income. The settlement of remaining amounts owed to Gallagher totaling $11 million was transferred in October 2023.

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.

3. ACQUISITIONS AND DIVESTITURES (continued)

Other Disposals

The Company completed other disposals during the years ended December 31, 2023, 2022 and 2021 for cash proceeds of $89 million, $1 million and $75 million, respectively, and net gains on disposal of $38 million, $64 million and $26 million, respectively. There were no non-cash proceeds recognized on disposals for the years ended December 31, 2023 and 2021; for the year ended December 31, 2022, the Company recognized non-cash proceeds on disposals of $63 million.

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, 2023, 2022 and 2021. Along with reimbursable expenses and other, total revenue by service offering represents our revenue from customer contracts.

Year Ended December 31,	Broking	Consulting	Outsourced Administration	Other	*Total revenue by service offering*	Reimbursable expenses and other (i)	*Total revenue from customer contracts*	Interest and other income	*Total revenue*
HWC									
2023	$ 1,531	$ 2,594	$ 1,078	$ 349	$ 5,552	$ 73	$ 5,625	$ 30	$ 5,655
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
R&B									
2023	2,947	378	81	222	3,628	13	3,641	107	3,748
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
Divested Businesses									
2023	—	—	—	—	—	—	—	—	—
2022	—	—	—	—	—	—	—	—	—
2021	65	6	—	—	71	—	71	35	106
Corporate (i)									
2023	8	14	—	—	22	16	38	42	80
2022	7	10	—	—	17	2	19	25	44
2021	—	8	—	4	12	(24)	(12)	5	(7)
Total									
2023	$ 4,486	$ 2,986	$ 1,159	$ 571	$ 9,202	$ 102	$ 9,304	$ 179	$ 9,483
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

(i) Reimbursable expenses and other, as well as Corporate revenue, are excluded from segment revenue, but included in total revenue on the consolidated statements of comprehensive income. Amounts included in Corporate revenue may include eliminations, adjustments to reserves and impacts from hedged revenue transactions.

Interest and other income is included in segment revenue and total revenue, however it has been presented separately in the above tables because it does not arise directly from contracts with customers. The significant components of interest and other income are as follows for the periods presented above:

	Year Ended December 31,											
	Book-of-business settlements			Interest income			Other income			Total		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
HWC	$ 1	$ 19	$ 17	$ 25	$ 8	$ 2	$ 4	$ 12	$ 18	$ 30	$ 39	$ 37
R&B	25	52	82	79	25	11	3	(1)	2	107	76	95
Divested businesses	—	—	35	—	—	—	—	—	—	—	—	35
Corporate	—	—	—	41	22	(1)	1	3	6	42	25	5
Total interest and other income	$ 26	$ 71	$ 134	$ 145	$ 55	$ 12	$ 8	$ 14	$ 26	$ 179	$ 140	$ 172

4. REVENUE (continued)

As a result of the cessation of the co-broking agreement, (see Note 3 to these Consolidated Financial Statements) interest income associated with fiduciary funds is now allocated more directly to the Risk and Broking segment beginning in the third quarter of 2023. These amounts were previously allocated to the Corporate segment following the disposal of Willis Re.

The following table presents revenue from service offerings by the geography where our work was performed for the years ended December 31, 2023, 2022 and 2021. The reconciliation to total revenue on our consolidated statements of comprehensive income and to segment revenue is shown in the table above.

Year Ended December 31,	North America	Europe	International	Total revenue by geography
HWC				
2023	$ 3,738	$ 1,362	$ 452	$ 5,552
2022	3,569	1,266	413	5,248
2021	3,456	1,376	399	5,231
R&B				
2023	1,400	1,668	560	3,628
2022	1,328	1,527	529	3,384
2021	1,295	1,623	551	3,469
Divested Businesses				
2023	—	—	—	—
2022	—	—	—	—
2021	17	53	1	71
Corporate				
2023	8	12	2	22
2022	7	9	1	17
2021	8	3	1	12
Total				
2023	$ 5,146	$ 3,042	$ 1,014	$ 9,202
2022	$ 4,904	$ 2,802	$ 943	$ 8,649
2021	$ 4,776	$ 3,055	$ 952	$ 8,783

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, 2023 and 2022:

	December 31, 2023	December 31, 2022
Billed receivables, net of allowance for doubtful accounts of $34 million and $46 million	$ 1,581	$ 1,464
Unbilled receivables	491	457
Current contract assets	500	466
Accounts receivable, net	$ 2,572	$ 2,387
Non-current accounts receivable, net	$ 19	$ 9
Non-current contract assets	$ 909	$ 745
Deferred revenue	$ 677	$ 646

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.

4. REVENUE (continued)

Accounts receivable are stated at estimated net realizable values. The following table presents the changes in our allowance for doubtful accounts for the years ended December 31, 2023, 2022 and 2021.

	December 31, 2023	December 31, 2022	December 31, 2021
Balance at beginning of year	$ 46	$ 45	$ 40
Additions charged to costs and expenses	6	14	16
Deductions/other movements	(21)	(20)	(18)
Foreign exchange	3	7	7
Balance at end of year	$ 34	$ 46	$ 45

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, 2023, revenue of approximately $502 million was recognized that was reflected as deferred revenue at December 31, 2022.

During the year ended December 31, 2023, the Company recognized revenue of approximately $32 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, 2023 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').

	2024	2025	2026 onward	Total
Revenue expected to be recognized on contracts as of December 31, 2023	$ 490	$ 371	$ 460	$ 1,321

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, 2023 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, 2023	December 31, 2022	December 31, 2021
Balance at beginning of the year	$ 197	$ 189	$ 191
New capitalized costs	458	421	454
Amortization	(441)	(407)	(451)
Disposals	—	—	(4)
Impairments	—	—	(1)
Foreign currency translation	4	(6)	—
Balance at end of the year	$ 218	$ 197	$ 189

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.

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; and (iv) 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, 2023, 2022 and 2021.

	Segment revenue			Segment operating income		
	Years ended December 31			Years ended December 31		
	2023	2022	2021	2023	2022	2021
HWC	$ 5,582	$ 5,287	$ 5,268	$ 1,565	$ 1,382	$ 1,346
R&B	3,735	3,460	3,564	813	734	835
Total	$ 9,317	$ 8,747	$ 8,832	$ 2,378	$ 2,116	$ 2,181

5. SEGMENT INFORMATION (continued)

The following table presents reconciliations of the information reported by segment to the Company's consolidated amounts reported for the years ended December 31, 2023, 2022 and 2021.

	Years ended December 31,		
	2023	2022	2021
Revenue:			
Total segment revenue	$ 9,317	$ 8,747	$ 8,832
Divested businesses (i)	—	—	106
Reimbursable expenses and other	166	119	60
Revenue	$ 9,483	$ 8,866	$ 8,998
Total segment operating income	$ 2,378	$ 2,116	$ 2,181
Divested businesses (i)	—	—	(24)
Impairment (ii)	—	(81)	—
Amortization	(263)	(312)	(369)
Restructuring costs (iii)	(68)	(99)	(26)
Transaction and transformation, net (iv)	(386)	(181)	806
Unallocated, net (v)	(296)	(265)	(366)
Income from operations	1,365	1,178	2,202
Interest expense	(235)	(208)	(211)
Other income, net	149	288	701
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	$ 1,279	$ 1,258	$ 2,692

(i) Represents the revenue and income from operations of certain Investment, Risk and Reinsurance businesses which were divested in 2021 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 2023, 2022 and 2021.
(iv) In 2023 and 2022, in addition to legal fees and other transaction costs, includes primarily consulting fees and compensation costs 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.
(v) Includes certain costs, primarily related to corporate functions which are not directly related to the segments, and certain differences between budgeted expenses determined at the beginning of the year and actual expenses that we report for U.S. GAAP purposes.

The Company does not currently provide asset information by reportable segment as it does not routinely evaluate the total asset position by segment.

None of the Company's customers individually represented more than 10% of its consolidated revenue for the years ended December 31, 2023, 2022 and 2021.

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,
	2023	2022	2021	2023	2022
Ireland	$ 118	$ 130	$ 197	$ 10	$ 11
United States	5,011	4,760	4,621	408	465
United Kingdom	1,723	1,563	1,632	512	496
Rest of World	2,631	2,413	2,548	355	332
Total Foreign Countries	9,365	8,736	8,801	1,275	1,293
	$ 9,483	$ 8,866	$ 8,998	$ 1,285	$ 1,304

(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 fourth quarter of 2023, we revised the expected costs and savings under the program and we now expect the program to generate annual cost savings in excess of $425 million by the end of 2024. The program is expected to incur cumulative costs of approximately $995 million and capital expenditures of approximately $130 million, for a total investment of $1.125 billion. 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 includes 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 are incurred in the right-shoring strategy and automation of our operations, which includes optimizing resource deployment and appropriate colleague alignment. These costs 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 $347 million and $136 million for the years ended December 31, 2023 and 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, 2023, 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	—	—	—	—
2023				
Real estate rationalization	—	—	46	46
Technology modernization	2	5	15	22
Process optimization	—	—	—	—
Other	—	—	—	—
Total				
Real estate rationalization	—	—	144	144
Technology modernization	2	13	31	46
Process optimization	1	—	—	1
Other	—	—	2	2
Total	$ 3	$ 13	$ 177	$ 193

6. RESTRUCTURING COSTS (continued)

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
Charges incurred	22	8	—	—	30
Cash payments	(25)	—	—	—	(25)
Balance at December 31, 2023	$ 3	$ 8	$ —	$ —	$ 11

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, 2023	2022	2021
Ireland	$ 14	$ (160)	$ 673
U.S.	348	394	516
U.K.	(93)	142	552
Rest of World	1,010	882	951
Total	$ 1,279	$ 1,258	$ 2,692

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

	Years ended December 31, 2023	2022	2021
Current tax expense:			
U.S. federal taxes	$ (106)	$ (103)	$ (79)
U.S. state and local taxes	(41)	(39)	(25)
U.K. corporation tax	(40)	(13)	(33)
Other jurisdictions	(137)	(93)	(303)
Total current tax expense	(324)	(248)	(440)
Deferred tax benefit/(expense):			
U.S. federal taxes	20	52	(41)
U.S. state and local taxes	15	(5)	3
U.K. corporation tax	63	(7)	(65)
Other jurisdictions	11	14	7
Total deferred tax benefit/(expense)	109	54	(96)
Total provision for income taxes	$ (215)	$ (194)	$ (536)

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,		
	2023	2022	2021
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	$ 1,279	$ 1,258	$ 2,692
U.S. federal statutory income tax rate	21%	21%	21%
Income tax expense at U.S. federal tax rate	(269)	(264)	(565)
Adjustments to derive effective tax rate:			
Non-deductible expenses and dividends	(24)	(19)	(15)
Net adjustments on acquisition costs	(1)	(4)	13
Impact of change in rate on deferred tax balances	10	(1)	(36)
Effect of foreign exchange and other differences	1	28	—
Changes in valuation allowances	(2)	1	2
Net tax effect on intra-group items	94	84	84
Net tax effect on disposal of operations	6	1	62
Tax differentials of non-U.S. jurisdictions	8	20	(24)
Impact of U.S. state and local taxes	(26)	(42)	(23)
Global Intangible Low-Taxed Income (GILTI)	(9)	(10)	(4)
Subpart F income	(5)	(6)	(6)
Base Erosion Anti-Abuse Tax (BEAT)	13	24	(22)
Tax on unremitted earnings	(12)	(14)	—
Other items, net	1	8	(2)
Provision for income taxes	$ (215)	$ (194)	$ (536)

The current-year effective tax rate includes a $20 million tax benefit related to changes in state apportionment and a $10 million deferred tax benefit related to the remeasurement of deferred tax assets and liabilities associated with the enactment of the Bermuda corporate income tax law. The effective tax rate for the year ended December 31, 2022 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 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 related to the Aon transaction termination and 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%.

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 sheet at December 31, 2023 and 2022 are comprised of the following:

	December 31,	
	2023	2022
Deferred tax assets:		
Accrued expenses not currently deductible	$ 76	$ 69
Interest carryforwards	276	174
Net operating losses	44	44
Capital loss carryforwards	1	1
Accrued retirement benefits	150	85
Operating lease liabilities	120	125
Deferred compensation	93	97
Share-based compensation	25	18
Financial derivative transactions	2	4
Gross deferred tax assets	787	617
Less: valuation allowance	(35)	(28)
Net deferred tax assets	$ 752	$ 589
Deferred tax liabilities:		
Cost of intangible assets, net of related amortization	$ 604	$ 679
Operating lease right-of-use assets	103	106
Cost of tangible assets, net of related depreciation	24	44
Prepaid retirement benefits	129	142
Accrued revenue not currently taxable	319	262
Unremitted earnings	29	36
Deferred tax liabilities	$ 1,208	$ 1,269
Net deferred tax liabilities	$ 456	$ 680

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 sheet.

	December 31,	
	2023	2022
Balance sheet classifications:		
Deferred tax assets	$ 86	$ 68
Deferred tax liabilities	542	748
Net deferred tax liability	$ 456	$ 680

At December 31, 2023, we had U.S. federal and non-U.S. net operating loss carryforwards amounting to $116 million of which $72 million can be indefinitely carried forward under local statutes. The remaining $44 million of net operating loss carryforwards will expire, if unused, in varying amounts from 2024 through 2043. In addition, we had U.S. state net operating loss carryforwards of $419 million, of which $21 million can be indefinitely carried forward, while the remaining $398 million will expire in varying amounts from 2024 to 2043.

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 $752 million, net of the valuation allowance. During 2023, the Company increased its valuation allowance by $7 million, primarily related to state net operating losses and U.S. foreign tax credits. 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

7. INCOME TAXES (continued)

of the decrease reflected the utilization of the U.K. capital loss carryforward, the benefit of which was recorded in discontinued operations.

At December 31, 2023 and 2022, the Company had valuation allowances of $35 million and $28 million, respectively, to reduce its deferred tax assets to their estimated realizable values. The valuation allowance at December 31, 2023 primarily relates to deferred taxes on U.S. state and non-U.S. net operating losses of $12 million and $13 million, respectively.

An analysis of our valuation allowance is shown below.

	Years ended December 31,		
	2023	2022	2021
Balance at beginning of year	$ 28	$ 42	$ 84
Additions charged to costs and expenses	10	8	3
Deductions	(3)	(22)	(45)
Balance at end of year	$ 35	$ 28	$ 42

The movement in the 2023 valuation allowance differs from the 2023 rate reconciliation primarily due to the increase in state net operating losses and the related valuation allowance. The movement in the prior-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, 2022 and 2021 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, 2023 the Company has $17.9 billion of undistributed earnings in subsidiaries where no deferred tax has been recognized. Of this amount $10.3 billion relates to earnings which have been reinvested indefinitely and $7.6 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, 2023, the amount of unrecognized tax benefits associated with uncertain tax positions, determined in accordance with ASC Subtopic 740-10, excluding interest and penalties, was $51 million. A reconciliation of the beginning and ending balances of the liability for unrecognized tax benefits is as follows:

	2023	2022	2021
Balance at beginning of year	$ 47	$ 43	$ 50
Increases related to tax positions in prior years	13	16	—
Decreases related to tax positions in prior years	(9)	(2)	—
Increases related to tax positions in current year	3	—	—
Decreases related to settlements	—	(1)	—
Decreases related to lapse in statute of limitations	(4)	(6)	(6)
Cumulative translation adjustment and other adjustments	1	(3)	(1)
Balance at end of year	$ 51	$ 47	$ 43

The liability for unrecognized tax benefits for each of the years ended December 31, 2023, 2022 and 2021 can be reduced by $3 million using 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, 2023, and 2022, we had cumulative accrued interest of $6 million and $5 million, respectively. Accrued penalties were immaterial in 2023 and 2022.

Tax expense allocated to continuing operations for both the years ended December 31, 2023 and 2022 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 $1 million to $2 million, excluding interest and penalties.

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

We have ongoing state income tax examinations in certain states for tax years ranging from December 31, 2015 to December 31, 2021. The statute of limitations in certain states remains open back to the tax period ended December 31, 2015.

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	2019 and forward
France	2017 and forward
Germany	2008 and forward
Canada - federal	2016 and forward

8. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

The components of goodwill are outlined below for the years ended December 31, 2023 and 2022.

	HWC	R&B	Total
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
Goodwill disposals	(21)	—	(21)
Foreign exchange	17	26	43
Balance at December 31, 2023:			
Goodwill, gross	7,866	2,821	10,687
Accumulated impairment losses	(130)	(362)	(492)
Goodwill, net - December 31, 2023	$ 7,736	$ 2,459	$ 10,195

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, 2023 and 2022:

	Client relationships	Software	Trademark and trade name	Other	Total
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
Intangible assets acquired	7	—	—	—	7
Intangible asset disposals	—	—	—	(13)	(13)
Amortization	(204)	(10)	(43)	(6)	(263)
Foreign exchange	12	—	—	—	12
Balance at December 31, 2023:					
Intangible assets, gross	3,807	729	1,039	63	5,638
Accumulated amortization	(2,514)	(726)	(342)	(40)	(3,622)
Intangible assets, net - December 31, 2023	$ 1,293	$ 3	$ 697	$ 23	$ 2,016

The weighted-average remaining life of amortizable intangible assets and liabilities at December 31, 2023 was 11.7 years.

8. GOODWILL AND OTHER INTANGIBLE ASSETS (continued)

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
2024	$ 231
2025	211
2026	202
2027	198
2028	194
Thereafter	980
Total	$ 2,016

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, 2023 and 2022:

	Furniture, equipment and software	Leasehold improvements	Land and buildings	Total
Cost: at January 1, 2022	$ 1,477	$ 527	$ 88	$ 2,092
Additions	174	24	—	198
Acquisitions	1	—	—	1
Disposals (i)	(129)	(78)	—	(207)
Foreign exchange	(71)	(21)	(5)	(97)
Cost: at December 31, 2022	1,452	452	83	1,987
Additions	219	32	—	251
Disposals (i)	(182)	(34)	—	(216)
Foreign exchange	38	9	2	49
Cost: at December 31, 2023	$ 1,527	$ 459	$ 85	$ 2,071
Depreciation: at January 1, 2022	$ (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)
Depreciation expense	(202)	(37)	(3)	(242)
Disposals	164	25	—	189
Foreign exchange	(23)	(5)	(1)	(29)
Depreciation: at December 31, 2023	$ (994)	$ (289)	$ (68)	$ (1,351)
Net book value:				
At December 31, 2022	$ 519	$ 180	$ 19	$ 718
At December 31, 2023	$ 533	$ 170	$ 17	$ 720

(i) For 2023 and 2022, includes $17 million and $12 million, respectively, of furniture, equipment and software costs and $4 million and $18 million, respectively, 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, 2023	December 31, 2022
Finance leases	$ 26	$ 26
Accumulated depreciation	(23)	(22)
	$ 3	$ 4

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, 2023 and December 31, 2022 had total notional amounts of $119 million and $134 million, respectively, with a net asset fair value of $2 million and a net liability fair value of $3 million, respectively.

At December 31, 2023, the Company estimates, based on current exchange rates, there will be $1 million of net derivative gains on forward exchange rates reclassified from accumulated other comprehensive loss into earnings within the next twelve months as the forecast transactions affect earnings. At December 31, 2023, 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, 2023, 2022 and 2021 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, 2023, 2022 and 2021.

	Gain/(loss) recognized in OCL (effective element)		
	2023	2022	2021
Foreign exchange contracts	$ 3	$ (8)	$ 5

Location of gain/(loss) reclassified from Accumulated OCL into income (effective element)	Gain/(loss) reclassified from Accumulated OCL into income (effective element)		
	2023	2022	2021
Revenue	$ 1	$ 2	$ (3)
Salaries and benefits	(2)	(4)	6
Discontinued operations	—	—	3
	$ (1)	$ (2)	$ 6

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, 2023 and December 31, 2022, we had notional amounts of $1.2 billion and $1.7 billion, respectively, with net asset fair values of $3 million and $24 million, respectively. Such derivatives typically mature within three months.

The effects of derivatives that have not been designated as hedging instruments on the consolidated profit and loss account for the years ended December 31, 2023, 2022 and 2021 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 gain/(loss) recognized in income	Gain/(loss) recognized in income 2023	2022	2021
Foreign exchange contracts	Other income, net	$ 11	$ (147)	$ —

11. DEBT

Current debt consists of the following:

	December 31, 2023	December 31, 2022
4.625% senior notes due 2023	$ —	$ 250
3.600% senior notes due 2024	650	—
	$ 650	$ 250

Long-term debt consists of the following:

	December 31, 2023	December 31, 2022
Revolving $1.5 billion credit facility	$ —	$ —
3.600% senior notes due 2024	—	649
4.400% senior notes due 2026	548	547
4.650% senior notes due 2027	745	744
4.500% senior notes due 2028	598	597
2.950% senior notes due 2029	726	726
5.350% senior notes due 2033	741	—
6.125% senior notes due 2043	272	271
5.050% senior notes due 2048	395	395
3.875% senior notes due 2049	542	542
	$ 4,567	$ 4,471

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, 2023.

Entity	Revolving credit facility 4.400% due 2026 6.125% due 2043	3.600% due 2024 4.650% due 2027 4.500% due 2028 2.950% due 2029 5.350% due 2033 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.

On June 29, 2023, Trinity Acquisition plc amended its revolving credit facility to replace the use of London Interbank Offered Rate (‘LIBOR’) with the Secured Overnight Financing Rate (‘SOFR’) in connection with its base-rate borrowings. This amendment was done in connection with the cessation of LIBOR and all other terms remain the same. 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

11. DEBT (continued)

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 Term SOFR 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 Term Benchmark or Sterling Overnight Interbank Average Rate ('SONIA') borrowings, the rate will be the applicable Term SOFR rate or SONIA (as applicable based on the currency of the borrower) plus the Applicable SOFR Adjustment of 0.10% plus a margin of 1.0% to 1.75% depending on the Company's guaranteed unsecured long-term debt rating.

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

5.350% senior notes due 2033

On May 17, 2023, the Company, together with its wholly-owned subsidiary, Willis North America Inc. as issuer, completed an offering of $750 million aggregate principal amount of 5.350% senior notes due 2033 ('2033 senior notes'). The effective interest rate of the 2033 senior notes is 5.47%, which includes the impact of the discount upon issuance. The 2033 senior notes will mature on May 15, 2033. Interest on the 2033 senior notes accrues from May 17, 2023 and will be paid in cash on May 15 and November 15 of each year, commencing on November 15, 2023. The net proceeds from this offering, after deducting the underwriting discount and offering expenses, were $741 million, of which $256 million was used to fully repay the $250 million aggregate principal amount and related accrued interest of the 4.625% senior notes at maturity during the third quarter of 2023. The Company used the remaining net proceeds for general corporate purposes.

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.

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

11. DEBT (continued)

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.

4.625% senior notes due 2023 (repaid in August 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 rate of the 2023 senior notes was 4.696% and the effective interest rate of the 2043 senior notes is 6.154%, which includes the impact of the discount upon issuance. The proceeds were used to repurchase other previously-issued senior notes. The 2023 senior notes matured on August 15, 2023; the 2043 senior notes will mature on August 15, 2043. In August 2023, the Company repaid in full the principal and related accrued interest associated with the 2023 senior notes using, in part, the proceeds from the issuance of the 2033 senior notes discussed above.

11. DEBT (continued)

Additional Information Regarding Fully Repaid Senior Notes 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.

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.

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, 2023 and 2022, 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:

	2024	2025	2026	2027	2028	Thereafter	Total
Senior notes	$ 650	$ —	$ 550	$ 750	$ 600	$ 2,700	$ 5,250
Interest on senior notes	214	206	187	163	139	1,276	2,185
Revolving $1.5 billion credit facility	—	—	—	—	—	—	—
Total	$ 864	$ 206	$ 737	$ 913	$ 739	$ 3,976	$ 7,435

11. DEBT (continued)

Interest Expense

The following table shows an analysis of the interest expense for the years ended December 31, 2023, 2022 and 2021:

	Years ended December 31,		
	2023	2022	2021
Senior notes	$ 227	$ 196	$ 200
Revolving credit facility	3	3	3
Collateralized facility	—	—	2
Other (i)	5	9	6
Total interest expense	$ 235	$ 208	$ 211

(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:

- Mutual funds and exchange-traded funds are classified as Level 1 because we use quoted market prices in active markets in determining the fair value of these securities.
- Commingled funds are not leveled within the fair value hierarchy as the funds are valued at the net value of shares held as reported by the manager of the funds. These funds are not exchange-traded.
- Hedge funds are not leveled within the fair value hierarchy as 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 funds' investment manager or third-party administrator, as a practical expedient.
- Market values for our derivative instruments have been used to determine the fair values of forward and option 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.
- 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, 2023 and December 31, 2022:

		Fair Value Measurements on a Recurring Basis at December 31, 2023			
	Balance Sheet Location	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:					
Available-for-sale securities:					
Mutual funds/exchange traded funds (i)	Other current assets and Other non-current assets	$ 102	$ —	$ —	$ 102
	Fiduciary assets	215	—	—	215
Commingled funds (i) (ii)	Other non-current assets	—	—	—	9
Hedge funds (i) (iii)	Other non-current assets	—	—	—	8
Derivatives:					
Derivative financial instruments (iv)	Other current assets and Other non-current assets	$ —	$ 6	$ —	$ 6
Liabilities:					
Contingent consideration:					
Contingent consideration (v) (vi)	Other current liabilities and Other non-current liabilities	$ —	$ —	$ 31	$ 31
Derivatives:					
Derivative financial instruments (iv)	Other current liabilities and Other non-current liabilities	$ —	$ 1	$ —	$ 1

12. FAIR VALUE MEASUREMENTS (continued)

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

(i) With the exception of the funds included in fiduciary assets, the majority of these balances are held as part of deferred compensation plans with related liabilities in other current liabilities and other non-current liabilities on the consolidated balance sheet.
(ii) Consists of the Towers Watson Global Equity Focus Fund, for which redemptions can occur on any business day, and require a minimum of one business day's notice.
(iii) Consists of the Towers Watson Alternative Credit Fund, for which the redemption period is generally quarterly, however requires a 50-day notice.
(iv) See Note 10 to these Consolidated Financial Statements for further information on our derivative investments.
(v) 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 13.28% and 10.26% at December 31, 2023 and December 31, 2022, respectively. The range of these discount rates was 11.61% - 13.80% at December 31, 2023. Using different probability weightings and discount rates could result in an increase or decrease of the contingent consideration payable.
(vi) 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, 2023
Balance at December 31, 2022	$ 40
Obligations assumed	—
Payments	(15)
Realized and unrealized losses (i)	6
Foreign exchange	—
Balance at December 31, 2023	$ 31

(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 statements of comprehensive income.

There were no significant transfers to or from Level 3 during the years ended December 31, 2023 and 2022.

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, 2023 and 2022:

	December 31, 2023 Carrying Value	Fair Value	December 31, 2022 Carrying Value	Fair Value
Assets:				
Long-term note receivable	$ 74	$ 70	$ 68	$ 63
Liabilities:				
Current debt	$ 650	$ 645	$ 250	$ 248
Long-term debt	$ 4,567	$ 4,359	$ 4,471	$ 4,069

12. FAIR VALUE MEASUREMENTS (continued)

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.

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 were required to contribute 2% of pay on an after-tax basis to participate in the plan. Effective January 1, 2024, stable value benefits are earned under the same contributory formula for all eligible colleagues. To participate, plan participants are required to contribute 2% of eligible earnings (base salary only) on an after-tax basis.

United Kingdom

Legacy Willis – This plan covers approximately 400 WTW employees in the U.K. The plan is now closed to new entrants. New employees in the U.K. 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.

13. RETIREMENT BENEFITS (continued)

Ireland (Legacy Towers Watson) – Benefit accruals ceased effective from May 1, 2015; however accrued benefits for active employees are indexed to salary increases (to a maximum annual salary of €160,000) until the member leaves the Company. A future service retirement provision is being provided on a defined contribution basis.

Switzerland (WTW) – The defined benefit plans require all employees with local employment contracts to participate. The Company provides benefits in excess of the mandatory minimum required under Swiss occupational pension law. Participants continue to accrue benefits until retirement or upon leaving the Company.

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, 2023 and 2022:

	2023			2022		
	U.S.	U.K.	Other	U.S.	U.K.	Other
Change in Benefit Obligation						
Benefit obligation, beginning of year	$ 3,871	$ 2,435	$ 655	$ 5,096	$ 4,369	$ 922
Service cost	56	6	14	77	12	22
Interest cost	195	120	28	119	70	15
Employee contributions	17	—	1	16	—	1
Actuarial losses/(gains)	201	(32)	72	(1,186)	(1,434)	(221)
Settlements	(11)	—	(2)	(25)	(5)	(2)
Benefits paid	(230)	(116)	(35)	(226)	(130)	(30)
Other	(1)	—	3	—	—	2
Foreign currency changes	—	145	26	—	(447)	(54)
Benefit obligation, end of year	$ 4,098	$ 2,558	$ 762	$ 3,871	$ 2,435	$ 655
Change in Plan Assets						
Fair value of plan assets, beginning of year	$ 3,823	$ 2,999	$ 580	$ 4,710	$ 5,266	$ 739
Actual return on plan assets	173	(3)	67	(694)	(1,622)	(124)
Employer contributions	31	13	36	42	33	38
Employee contributions	17	—	1	16	—	1
Settlements	(11)	—	(2)	(25)	(5)	(2)
Benefits paid	(230)	(116)	(35)	(226)	(130)	(30)
Other	—	—	3	—	—	2
Foreign currency changes	—	176	23	—	(543)	(44)
Fair value of plan assets, end of year	$ 3,803	$ 3,069	$ 673	$ 3,823	$ 2,999	$ 580
Funded status at end of year	$ (295)	$ 511	$ (89)	$ (48)	$ 564	$ (75)
Accumulated Benefit Obligation	$ 4,098	$ 2,558	$ 733	$ 3,871	$ 2,435	$ 629
Components on the Consolidated Balance Sheet						
Pension benefits assets	$ —	$ 516	$ 52	$ 179	$ 569	$ 57
Current liability for pension benefits	$ (24)	$ (1)	$ (5)	$ (26)	$ —	$ (5)
Non-current liability for pension benefits	$ (271)	$ (4)	$ (136)	$ (201)	$ (5)	$ (127)
	$ (295)	$ 511	$ (89)	$ (48)	$ 564	$ (75)

For the year ended December 31, 2023, bond yields decreased, driving decreases in the discount rates and increasing the benefit obligation for all plans although certain U.K. plans benefited from favorable changes in demographic assumptions and plan experience. The U.K. and Other plans also had unfavorable effects from foreign exchange, and the U.S. plan had a change in mortality assumptions, all of which increased their respective benefit obligations.

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.

Amounts recognized in accumulated other comprehensive loss as of December 31, 2023 and 2022 consist of:

	2023			2022		
	U.S.	U.K.	Other	U.S.	U.K.	Other
Net actuarial loss	$ 915	$ 1,674	$ 82	$ 597	$ 1,497	$ 36
Net prior service loss/(gain)	—	19	8	—	6	9
Accumulated other comprehensive loss	$ 915	$ 1,693	$ 90	$ 597	$ 1,503	$ 45

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, 2023 and 2022:

	2023			2022		
	U.S.	U.K.	Other	U.S.	U.K.	Other
Projected benefit obligation at end of year	$ 4,098	$ 5	$ 324	$ 939	$ 5	$ 278
Fair value of plan assets at end of year	$ 3,803	$ —	$ 182	$ 713	$ —	$ 145

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, 2023 and 2022.

	2023			2022		
	U.S.	U.K.	Other	U.S.	U.K.	Other
Projected benefit obligation at end of year	$ 4,098	$ 5	$ 324	$ 939	$ 5	$ 238
Accumulated benefit obligation at end of year	$ 4,098	$ 5	$ 309	$ 939	$ 5	$ 228
Fair value of plan assets at end of year	$ 3,803	$ —	$ 182	$ 713	$ —	$ 106

The components of the net periodic benefit income and other amounts recognized in other comprehensive (income)/loss for the years ended December 31, 2023, 2022 and 2021 for the defined benefit pension plans are as follows:

	2023			2022			2021		
	U.S.	U.K.	Other	U.S.	U.K.	Other	U.S.	U.K.	Other
Components of net periodic benefit (income)/cost:									
Service cost	$ 56	$ 6	$ 14	$ 77	$ 12	$ 22	$ 79	$ 17	$ 24
Interest cost	195	120	28	119	70	15	94	56	12
Expected return on plan assets	(304)	(162)	(38)	(331)	(144)	(38)	(312)	(170)	(37)
Amortization of unrecognized prior service (credit)/cost	—	(12)	1	—	(12)	1	—	(17)	1
Amortization of unrecognized actuarial loss	13	48	—	14	29	3	37	27	6
Settlement	1	—	(1)	4	1	(1)	1	2	2
Curtailment gain	—	—	—	—	—	—	—	(1)	—
Other	—	—	—	—	—	—	1	—	—
Net periodic benefit (income)/cost	$ (39)	$ —	$ 4	$ (117)	$ (44)	$ 2	$ (100)	$ (86)	$ 8
Other changes in plan assets and benefit obligations recognized in other comprehensive (income)/loss:									
Net actuarial (gain)/loss	$ 332	$ 133	$ 43	$ (161)	$ 332	$ (59)	$ (328)	$ 140	$ (61)
Amortization of unrecognized actuarial loss	(13)	(48)	—	(14)	(29)	(3)	(37)	(27)	(6)
Prior service cost	—	—	—	—	—	—	—	—	12
Amortization of unrecognized prior service credit/(cost)	—	12	(1)	—	12	(1)	—	17	(1)
Settlement	(1)	—	1	(4)	(1)	1	(1)	(2)	(2)
Curtailment gain	—	—	—	—	—	—	—	1	—
Plan (disposal)/addition	—	—	—	—	—	—	—	(34)	8
Total recognized in other comprehensive (income)/loss	318	97	43	(179)	314	(62)	(366)	95	(50)
Total recognized in net periodic benefit (income)/cost and other comprehensive (income)/loss	$ 279	$ 97	$ 47	$ (296)	$ 270	$ (60)	$ (466)	$ 9	$ (42)

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 in each column represent the weighted-average of rates for all plans included in the U.S., U.K., and Other groups. The assumptions used to determine net periodic benefit cost for the fiscal years ended December 31, 2023, 2022 and 2021 were as follows:

	Years ended December 31,								
	2023			2022			2021		
	U.S.	U.K.	Other	U.S.	U.K.	Other	U.S.	U.K.	Other
Discount rate - PBO	5.4%	5.0%	4.3%	2.8%	1.9%	2.0%	2.5%	1.5%	1.7%
Discount rate - service cost	5.5%	5.0%	4.3%	3.0%	1.9%	2.4%	2.7%	1.6%	2.3%
Discount rate - interest cost on service cost	5.3%	4.9%	4.3%	2.5%	1.8%	2.2%	2.0%	1.4%	2.0%
Discount rate - interest cost on PBO	5.2%	4.9%	4.3%	2.4%	1.8%	1.8%	1.8%	1.2%	1.3%
Expected long-term rate of return on assets	8.2%	5.3%	6.5%	7.2%	3.0%	5.4%	7.2%	3.1%	5.4%
Rate of increase in compensation levels	4.3%	3.4%	2.4%	4.3%	3.4%	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, 2023 and 2022:

	December 31, 2023			December 31, 2022		
	U.S.	U.K.	Other	U.S.	U.K.	Other
Discount rate	5.1%	4.7%	3.8%	5.4%	5.0%	4.3%
Rate of increase in compensation levels	4.3%	3.3%	2.4%	4.3%	3.4%	2.4%

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, 2023 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%	53%	40%	34%	30%	40%
Debt securities	33%	33%	35%	19%	14%	50%	62%	28%	30%
Real estate	16%	11%	—%	1%	28%	5%	—%	3%	—%
Other	28%	26%	65%	79%	5%	5%	4%	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.

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.

13. RETIREMENT BENEFITS (continued)

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, 2023 and 2022 are as follows:

	December 31, 2023				December 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Asset category:								
Cash	$ 29	$ —	$ —	$ 29	$ 15	$ —	$ —	$ 15
Short-term securities	—	85	—	85	—	89	—	89
Pooled/commingled funds	—	—	—	2,146	—	—	—	1,945
Private equity	—	—	—	665	—	—	—	612
Hedge funds	—	—	—	878	—	—	—	1,160
Total assets	$ 29	$ 85	$ —	$ 3,803	$ 15	$ 89	$ —	$ 3,821

The fair values of our U.K. plan assets by asset category at December 31, 2023 and 2022 are as follows:

	December 31, 2023				December 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Asset category:								
Cash	$ 204	$ —	$ —	$ 204	$ 125	$ —	$ —	$ 125
Government bonds	1,305	—	—	1,305	1,267	—	—	1,267
Corporate bonds	—	282	—	282	—	335	—	335
Other fixed income	—	377	—	377	—	189	—	189
Pooled/commingled funds	—	—	—	1,065	—	—	—	1,255
Private equity	—	—	—	14	—	—	—	20
Derivatives	—	254	—	254	—	229	—	229
Real estate	—	—	—	112	—	—	—	121
Insurance contracts	—	—	45	45	—	—	40	40
Total assets	$ 1,509	$ 913	$ 45	$ 3,658	$ 1,392	$ 753	$ 40	$ 3,581
Liability category:								
Repurchase agreements	—	496	—	496	—	484	—	484
Derivatives	—	93	—	93	—	98	—	98
Net assets	$ 1,509	$ 324	$ 45	$ 3,069	$ 1,392	$ 171	$ 40	$ 2,999

13. RETIREMENT BENEFITS (continued)

The fair values of our Other plan assets by asset category at December 31, 2023 and 2022 are as follows:

	December 31, 2023				December 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Asset category:								
Cash	$ 2	$ —	$ —	$ 2	$ 3	$ —	$ —	$ 3
Pooled/commingled funds	—	—	—	583	—	—	—	501
Hedge funds	—	—	—	36	—	—	—	32
Insurance contracts	—	—	5	5	—	—	5	5
Investment in multiple-employer pension plan	—	—	47	47	—	—	39	39
Total assets	$ 2	$ —	$ 52	$ 673	$ 3	$ —	$ 44	$ 580

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, 2023 and 2022.

In accordance with ASC 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 total fair value of plan 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.

Pooled / commingled 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 at 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.

13. RETIREMENT BENEFITS (continued)

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

	December 31, 2023	December 31, 2022
Net assets held in investments	$ 7,545	$ 7,400
Net receivable for investments purchased	—	2
Fair value of plan assets	$ 7,545	$ 7,402

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, 2023:

	Level 3 Roll Forward
Beginning balance at December 31, 2022	$ 84
Purchases	2
Unrealized gain	4
Foreign exchange	7
Ending balance at December 31, 2023	$ 97

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 2023 and 2022:

	2024 (Projected)	2023 (Actual)	2022 (Actual)
U.S.	$ —	$ —	$ 1
U.K.	$ 2	$ 12	$ 32
Other	$ 9	$ 24	$ 25

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
2024	$ 287	$ 119	$ 36	$ 442
2025	287	121	32	440
2026	293	130	33	456
2027	290	135	34	459
2028	289	137	36	462
Years 2029 – 2033	1,380	744	210	2,334
	$ 2,826	$ 1,386	$ 381	$ 4,593

13. RETIREMENT BENEFITS (continued)

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 allowed participants to make pre-tax and Roth after-tax contributions, and the Company provided a 100% match on the first 1% of employee contributions and a 50% match on the next 5% of employee contributions. Effective January 2024, the Company provides to non-Benefits Delivery & Administration ('BDA') participants a non-elective company contribution of 3.5% of eligible earnings, regardless of the contributions they make to the plan. Participants employed in BDA business entities will continue under the prior formula. 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, 2023, 2022 and 2021 amounting to $158 million, $148 million and $155 million, respectively.

14. LEASES

The following tables present amounts recorded on our consolidated balance sheet at December 31, 2023 and 2022, classified as either operating or finance leases. Operating leases are presented separately on our consolidated balance sheet. 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, 2023			December 31, 2022		
	Operating Leases	Finance Leases	Total Leases	Operating Leases	Finance Leases	Total Leases
Right-of-use assets	$ 565	$ 3	$ 568	$ 586	$ 4	$ 590
Current lease liabilities	125	5	130	126	4	130
Long-term lease liabilities	592	7	599	620	12	632

The following tables present amounts recorded on our consolidated profit and loss account for the years ended December 31, 2023, 2022 and 2021:

	Years ended December 31,		
	2023	2022	2021
Finance lease cost:			
Amortization of right-of-use assets	$ 1	$ 2	$ 1
Interest on lease liabilities	2	2	3
Operating lease cost	146	175	192
Short-term lease cost	1	—	1
Variable lease cost	64	71	52
Sublease income	(13)	(15)	(20)
Total lease cost, net	$ 201	$ 235	$ 229

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 $38 million, $57 million and $19 million incurred during the years ended December 31, 2023, 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, 2023, 2022 and 2021.

14. LEASES (continued)

Cash paid for amounts included in the measurement of lease liabilities for the years ended December 31, 2023, 2022 and 2021, as well as its location in the consolidated statements of cash flows, is as follows:

	Years ended December 31, 2023	2022	2021
Cash flows from operating activities:			
Operating leases	$ 155	$ 173	$ 186
Finance leases	2	2	3
Cash flows used in financing activities:			
Finance leases	4	4	3
Total lease payments	$ 161	$ 179	$ 192

Non-cash additions to our operating lease ROU assets, net of modifications, were $85 million, $65 million and $37 million during the years ended December 31, 2023, 2022 and 2021, respectively.

The following table reflects changes in the net carrying amount of operating lease right-of-use assets for the year ended December 31, 2023:

	Land and buildings
Cost: at January 1, 2022	1,081
Additions	60
Remeasurements	6
Retirements	(85)
Disposals	(2)
Foreign exchange	(66)
Cost: at December 31, 2022	$ 994
Additions	95
Remeasurements	(10)
Retirements	(102)
Impairments	(48)
Foreign exchange	28
Cost: at December 31, 2023	$ 957
Depreciation: at January 1, 2022	(361)
Depreciation expense	(150)
Retirements	85
Disposals	2
Foreign exchange	16
Depreciation: at December 31, 2022	$ (408)
Depreciation expense	(108)
Retirements	102
Impairments	35
Foreign exchange	(13)
Depreciation: at December 31, 2023	$ (392)
Net book value:	
At December 31, 2022	$ 586
At December 31, 2023	$ 565

14. LEASES (continued)

Our operating and finance leases have the following weighted-average terms and discount rates as of December 31, 2023 and 2022:

	December 31, 2023		December 31, 2022	
	Operating Leases	Finance Leases	Operating Leases	Finance Leases
Weighted-average term (in years)	6.6	2.1	6.9	3.1
Weighted-average discount rate	3.7%	12.7%	3.4%	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, 2023, is as follows:

	Operating Leases	Finance Leases	Total Leases
2024	$ 147	$ 6	$ 153
2025	135	6	141
2026	120	2	122
2027	96	—	96
2028	87	—	87
Thereafter	227	—	227
Total future lease payments	812	14	826
Interest	(95)	(2)	(97)
Total lease liabilities	$ 717	$ 12	$ 729

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 $350 million and $399 million at December 31, 2023 and 2022, respectively. There were no finance lease obligations subject to such guarantees at December 31, 2023. The finance lease obligations subject to such guarantees amounted to $3 million at December 31, 2022.

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 $3 million at December 31, 2023, which is payable until 2026. The Company had deferred consideration of $6 million at December 31, 2022.

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 $3 million.

Additionally, the Company has capital commitments with Trident V Parallel Fund, LP, an investment fund managed by Stone Point Capital, Dowling Capital Partners I, LP., and PruVen Capital Partners Fund II, LP. At December 31, 2023, the Company is obligated to make capital contributions of approximately $27 million, collectively, to these funds.

15. COMMITMENTS AND CONTINGENCIES (continued)

Indemnification Agreements

WTW has various agreements which provide that it may be obligated to indemnify the other party to the agreement with respect to certain matters. Generally, these indemnification provisions are included in contracts arising in the normal course of business and in connection with the purchase and sale of certain businesses, including the disposal of Willis Re. It is not possible to predict the maximum potential amount of future payments that may become due under these indemnification agreements because of the conditional nature of the Company's obligations and the unique facts of each particular agreement. However, we do not believe that any potential liability that may arise from such indemnity provisions is probable or material.

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 16 to these Consolidated Financial Statements for the amounts accrued at December 31, 2023 and 2022 in the consolidated balance sheet.

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, 2022	$ 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
Net provisions made during the year	50	17	67
Utilized in the year	(42)	(21)	(63)
Foreign currency translation adjustment	2	2	4
Balance at December 31, 2023	$ 306	$ 59	$ 365

(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, 2023	December 31, 2022
Prepayments and accrued income	$ 123	$ 132
Deferred contract costs	76	71
Derivatives and investments	4	43
Deferred compensation plan assets	16	16
Corporate income and other taxes	87	89
Acquired renewal commissions receivable	5	9
Other current assets	53	54
Total other current assets	$ 364	$ 414

Other non-current assets consist of the following:

	December 31, 2023	December 31, 2022
Prepayments and accrued income	$ 9	$ 10
Deferred contract costs	142	126
Deferred compensation plan assets	89	74
Accounts receivable, net	19	9
Acquired renewal commissions receivable	23	29
Long-term note receivable	74	68
Other investments	88	90
Insurance recovery receivables	85	80
Non-current contract assets	909	745
Other non-current assets	40	49
Total other non-current assets	$ 1,478	$ 1,280

Deferred revenue and accrued expenses consist of the following:

	December 31, 2023	December 31, 2022
Accounts payable, accrued liabilities and deferred revenue (i)	$ 1,073	$ 975
Accrued discretionary and incentive compensation	795	708
Accrued vacation	150	142
Other employee-related liabilities	86	90
Total deferred revenue and accrued expenses	$ 2,104	$ 1,915

(i) Includes deferred revenue of $677 million and $646 million at December 31, 2023 and 2022, respectively.

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

Other current liabilities consist of the following:

	December 31, 2023	December 31, 2022
Dividends payable	$ 103	$ 102
Interest payable	50	49
Deferred compensation plan liabilities	16	14
Contingent and deferred consideration on acquisitions	7	17
Accrued retirement benefits	31	32
Payroll and other benefits-related liabilities	166	157
Other taxes payable (i)	78	65
Derivatives	1	4
Third-party commissions	106	124
Other current liabilities	70	69
Total other current liabilities	$ 628	$ 633

(i) Certain amounts have been reclassified from the prior year to conform to the current year presentation

Other non-current liabilities consist of the following:

	December 31, 2023	December 31, 2022
Deferred and long-term compensation plan liabilities (i)	$ 97	$ 113
Contingent and deferred consideration on acquisitions	27	29
Liabilities for uncertain tax positions	42	40
Finance leases	7	12
Other non-current liabilities	65	27
Total other non-current liabilities	$ 238	$ 221

(i) Certain amounts have been reclassified from the prior year to conform to the current year presentation.

18. OTHER INCOME, NET

Other income, net consists of the following:

	Years ended December 31,		
	2023	2022	2021
Gain on disposal of operations (i)	$ 43	$ 7	$ 379
Net periodic pension and postretirement benefit credits	109	272	303
Interest in earnings of associates and other investments	3	4	8
Foreign exchange (loss)/gain (ii)	(11)	—	8
Other	5	5	3
Other income, net	$ 149	$ 288	$ 701

(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, 2023			December 31, 2022			December 31, 2021		
	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	$ 173	$ —	$ 173	$ (499)	$ —	$ (499)	$ (87)	$ —	$ (87)
Defined pension and post-retirement benefits	(546)	138	(408)	87	(22)	65	343	(83)	260
Derivative instruments	3	(1)	2	(6)	4	(2)	(1)	3	2
Other comprehensive (loss)/income	(370)	137	(233)	(418)	(18)	(436)	255	(80)	175
Less: Other comprehensive (income)/loss attributable to non-controlling interests	(2)	—	(2)	1	—	1	(2)	—	(2)
Other comprehensive (loss)/income attributable to WTW	$ (372)	$ 137	$ (235)	$ (417)	$ (18)	$ (435)	$ 253	$ (80)	$ 173

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, 2021	$ (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)
Other comprehensive income/(loss) before reclassifications	171	2	(444)	(271)
Loss reclassified from accumulated other comprehensive loss (net of income tax benefit of $11)	—	—	36	36
Net other comprehensive income/(loss)	171	2	(408)	(235)
Balance, December 31, 2023	$ (816)	$ 11	$ (2,051)	$ (2,856)

(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,		
	2023 (average number)	2022 (average number)	2021 (average number)
Health, Wealth & Career	24,500	24,100	22,900
Risk & Broking	14,300	13,700	12,900
Total operating segments	38,800	37,800	35,800
Corporate and Other (i)	9,300	8,400	9,800
Total average number of employees for the year	48,100	46,200	45,600

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

Staff costs were as follows:

	Years ended December 31,		
	2023	2022	2021
Salaries and other compensation (i)	$ 4,604	$ 4,346	$ 4,490
Share-based compensation	125	99	101
Severance costs	6	8	21
Social security costs	368	345	361
Retirement benefits — defined benefit plan expense	83	119	135
Retirement benefits — defined contribution plan expense	158	148	145
Total salaries and benefits expense	$ 5,344	$ 5,065	$ 5,253
Restructuring costs termination benefits	—	1	—
Transaction and transformation expenses	157	89	72
Total salaries and benefits expense, including termination benefits	$ 5,501	$ 5,155	$ 5,325
Staff costs capitalized	158	130	125
Total staff costs	$ 5,659	$ 5,285	$ 5,450

(i) Salaries and other compensation includes: $3,403 million salaries and directors' fees, $1,201 million benefits and incentive awards and $nil amortization of cash retention awards (2022: $3,222 million, $1,124 million and $nil, respectively; 2021: $3,240 million, $1,253 million and $(3) 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,		
	2023	2022	2021
Aggregate emoluments in respect of qualifying services (i) (ii)			
Director services (iii)	$ 3	$ 2	$ 3
Managerial services (iv) (vi) (vii)	5	8	35
Total emoluments	$ 8	$ 10	$ 38
Defined contribution retirement scheme contributions – managerial services (iv) (v)	1	1	2
Total directors' remuneration (vi) (vii) (viii) (ix)	$ 9	$ 11	$ 40

(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. 2023 tax documentation (2022: approximately €15,000; 2021: approximately €15,000).

(iii) Includes director's fees of £27,000 received by Brendan R. O'Neill in connection with his appointment as a director of a subsidiary of the Company (2022: £50,000; 2021: £50,000).

(iv) In 2023 and 2022 directors' remuneration for managerial services represents remuneration of Carl A. Hess (CEO) for services to the Company. In 2021, 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 2023 were $512,637, in respect of the qualifying managerial services of one director (2022: $620,021 in respect of one director; 2021: $1,730,113 in respect of one director). The increase in the actuarial present value of accumulated benefits under defined benefit retirement schemes during 2023 was $156,923 (2022: $nil; 2021: $34,743), in respect of the qualifying managerial services of one director).

(vi) In aggregate, directors made $nil gains on the exercise of share options during 2023 (2022: $4,282,249 and 2021: $18,369,603).

(vii) The amounts shown include all amounts paid or payable to a person connected with a director.

(viii) In 2023, in respect of qualifying managerial services, there were $1,770,816 of long-term incentive scheme amounts (excluding share options), share options or termination payments (2022: $907,674 and 2021: $11,755,876).

(ix) In 2023, 2022 and 2021 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,		
	2023	2022	2021
Audit fees	$ 17	$ 16	$ 20
Audit-related fees	1	1	1
Tax advisory services and Other non-audit services	—	—	—
Total auditor's remuneration	$ 18	$ 17	$ 21

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

	Years ended December 31,		
	2023	2022	2021
		(thousands)	
Audit of the Company's consolidated financial statements	$ 156	$ 156	$ 148
Other assurance services	328	317	339
Tax advisory services and Other non-audit services	—	—	—
Total auditor's remuneration (i)	$ 484	$ 473	$ 487

(i) Includes out-of-pocket expenses. See Note 7 to the Parent Company Financial Statements for additional details of Deloitte Ireland LLP's remuneration.

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, 2023, 2022 and 2021.

Plan Summaries

On December 31, 2023, 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, 2023 are described below.

During 2023, approximately 265,000 shares were issued under employee stock compensation plans and non-qualified retirement plans, which is net of shares withheld for taxes and option costs. Additionally, due to retirement eligibility provisions, 93,000 shares vested during the current year which will be issued during a future year. See below for further detail on the options exercised and RSUs vested in 2023.

The compensation cost that has been recognized for these plans for the years ended December 31, 2023, 2022 and 2021 was $125 million, $99 million and $101 million, respectively. Of the $125 million and $99 million of compensation cost for the years ended December 31, 2023 and 2022, respectively, $31 million and $27 million, respectively, were recognized within transaction and transformation, net on the consolidated statements of comprehensive income. The total income tax benefits recognized in the consolidated statements of comprehensive income for share-based compensation arrangements for the years ended December 31, 2023, 2022, and 2021 were $21 million, $18 million and $17 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 3,867,028 shares remaining available for grant under this plan as of December 31, 2023. 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.

Options

There were no options granted during the years ended December 31, 2023, 2022 and 2021.

Award Activity

Classification of options as time-based or performance-based is dependent on the original terms of the award.

During the year ended December 31, 2023, the remaining 15,000 time-based stock options were exercised with a weighted-average exercise price of $117.36, and had an immaterial intrinsic value, leaving no options outstanding at December 31, 2023. The total intrinsic values of time-based options exercised during the years ended December 31, 2022 and 2021 were $1 million and $7 million, respectively.

All remaining performance-based options outstanding were exercised during 2022. The total intrinsic values of performance-based options exercised during the years ended December 31, 2022 and 2021 were $9 million and $23 million, respectively.

Cash received from option exercises under all share-based payment arrangements for the year ended December 31, 2023 was immaterial, and for the years ended December 31, 2022 and 2021 was $7 million and $10 million, respectively. The actual tax benefit recognized for the tax deductions from option exercises of the share-based payment arrangements totaled $6 million, $11 million and $8 million for the years ended December 31, 2023, 2022 and 2021, respectively.

22. SHARE-BASED COMPENSATION (continued)

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 years ended December 31, 2023 and 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 year ended December 31, 2021 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.

	Year ended December 31, 2021
Expected volatility	29.1%
Expected dividend yield	—%
Expected life (years)	2.9
Risk-free interest rate	0.3%

During the year ended December 31, 2023, certain performance-based RSU awards were modified to either better align the payout percentages for the broad-based population with the awards granted to the executive officers, or to reflect the impact of the divestment of our Russian business (see Note 3 — Acquisitions and Divestitures for additional information). In total, 464 grantees benefited from the modifications. Incremental compensation cost of $14 million is being recognized over the remaining service periods, $6 million of which is included within transaction and transformation, net on the consolidated statements of comprehensive income.

Award Activity

A summary of time-based and performance-based RSU activity under the plans at December 31, 2023, 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, 2022	412	$ 237.23
Granted	156	$ 231.33
Vested	(122)	$ 233.20
Forfeited	(24)	$ 239.67
Balance as of December 31, 2023	422	$ 236.08
Performance-based RSUs		
Balance as of December 31, 2022	588	$ 266.39
Granted	231	$ 232.98
Vested	(273)	$ 259.54
Forfeited	(29)	$ 267.36
Balance as of December 31, 2023	517	$ 255.01

Time-based RSUs approximating 122,000, 35,000 and 15,000 vested during the years ended December 31, 2023, 2022 and 2021, respectively, with average share prices at time of vesting of $221.26, $202.80 and $250.83, respectively. At December 31, 2023 there was $41 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 1.5 years.

Performance-based RSUs approximating 273,000, 32,000 and 133,000 vested during the years ended December 31, 2023, 2022 and 2021, respectively, with average share prices at time of vesting of $234.44, $197.55 and $224.79, respectively. At December 31, 2023 there was $74 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 1.9 years.

22. SHARE-BASED COMPENSATION (continued)

The actual tax benefits recognized for the tax deductions from RSUs that vested totaled $9 million, $23 million and $12 million for the years ended December 31, 2023, 2022 and 2021, 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 sheet and are not material.

Phantom RSUs

During the year ended December 31, 2022, cash payments totaling $32 million were made related to phantom stock units. Phantom stock units are cash-settled awards with final payout based on the performance of the Company's shares. There was no remaining liability or unearned compensation related to phantom stock as of December 31, 2022, and the Company did not grant phantom stock during 2023, 2022 and 2021.

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,		
	2023	2022	2021
Income from continuing operations	$ 1,064	$ 1,064	$ 2,156
Less: income attributable to non-controlling interests	(9)	(15)	(14)
Income from continuing operations attributable to WTW	$ 1,055	$ 1,049	$ 2,142
(Loss)/income from discontinued operations, net of tax	$ —	$ (40)	$ 2,080
Basic weighted-average number of shares outstanding	105	112	128
Dilutive effect of potentially issuable shares	1	—	1
Diluted weighted-average number of shares outstanding	106	112	129
Basic earnings per share from continuing operations attributable to WTW	$ 10.01	$ 9.36	$ 16.68
Dilutive effect of potentially issuable shares	(0.06)	(0.02)	(0.05)
Diluted earnings per share from continuing operations attributable to WTW	$ 9.95	$ 9.34	$ 16.63
Basic (loss)/earnings per share from discontinued operations, net of tax	$ —	$ (0.36)	$ 16.20
Dilutive effect of potentially issuable shares	—	—	(0.05)
Diluted (loss)/earnings per share from discontinued operations, net of tax	$ —	$ (0.36)	$ 16.15

There were no anti-dilutive options for the years ended December 31, 2023, 2022 and 2021. For the year ended December 31, 2023, anti-dilutive RSUs were immaterial; for the years ended December 31, 2022 and 2021, 0.2 million and 0.3 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,		
	2023	2022	2021
Supplemental disclosures of cash flow information:			
Cash and cash equivalents	$ 1,424	$ 1,262	$ 4,486
Fiduciary funds (included in fiduciary assets)	2,368	3,459	3,203
Cash and cash equivalents and fiduciary funds (included in current assets held for sale)	—	—	2
Total cash, cash equivalents and restricted cash	$ 3,792	$ 4,721	$ 7,691
Increase/(decrease) in cash, cash equivalents and other restricted cash	$ 163	$ (3,177)	$ 2,425
(Decrease)/increase in fiduciary funds	(1,103)	371	(908)
Total	$ (940)	$ (2,806)	$ 1,517
Cash payments for income taxes, net	$ 348	$ 428	$ 570
Cash payments for interest	$ 223	$ 201	$ 212
Cash acquired	$ —	$ 30	$ 5
Supplemental disclosures of non-cash investing and financing activities:			
Non-cash consideration received	$ —	$ 63	$ —
Fair value of deferred and contingent consideration related to acquisitions	$ 3	$ 28	$ 21

25. SUBSIDIARY UNDERTAKINGS AND UNDERTAKINGS OF SUBSTANTIAL INTEREST

As of December 31, 2023, 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 subsidiary:				
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, 2023, the Company did not have investments in undertakings of substantial interest that substantially affected the net income or net assets of the Company.

26. SUBSEQUENT EVENTS

Debt offering

On February 28, 2024, the Company announced the pricing of a registered offering (the "Offering") by Willis North America Inc., an indirect wholly-owned subsidiary of the Company, of $750 million aggregate principal amount of 5.900% senior unsecured notes due 2054 (the "notes"). Payment of principal and interest on the notes will be fully and unconditionally guaranteed by the Company, and certain direct and indirect subsidiary entities of the Company. The Offering closed on March 5, 2024.

Willis North America Inc. intends to use the net proceeds of the Offering to (i) repay approximately $650 million aggregate principal amount of the 3.600% Senior Notes due 2024 and related accrued interest, when due, which will result in the repayment in full of the 3.600% Senior Notes due 2024, and (ii) for general corporate purposes.

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Deloitte.

Deloitte Ireland LLP
Chartered Accountants &
Statutory Audit Firm

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIS TOWERS WATSON PLC

Report on the audit of the financial statements

Opinion on the financial statements of Willis Towers Watson plc (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 31 December 2023 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 frameworks and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

The parent company financial statements:
- the Parent Company Statement of Comprehensive Income;
- the Parent Company Statement of Financial Position;
- the Parent Company Statement of Cash Flows;
- the Parent Company Statement of Changes in Equity; and
- the related notes 1 to 20 including material accounting policy information 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 as adopted by the European Union ("IFRS") ("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 (IAASA), 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 approach

Key audit matters	The key audit matter that we identified in the current financial year was: • Valuation of Investment in Subsidiaries. Within this report, any new key audit matters are identified with and any key audit matters which are the same as the prior financial year identified with .
Materiality	The parent company materiality that we used in the current financial year was $78m which was determined on the basis of 0.065% of Net Assets.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIS TOWERS WATSON PLC

Scoping	We determined the scope of our audit by obtaining an understanding of the parent company and its operating environment, including the identification of key controls, and assessing the risks of material misstatement.
Significant changes in our approach	There are no significant changes to our approach.

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 the directors' assessment of the parent company's ability to adopt the going concern basis of accounting.
- We challenged the reasonableness of the key assumptions applied by the directors in their assessment.
- We held discussions with management on the directors' going concern assessment, the future plans for the parent company and the feasibility of those plans.
- We reviewed all board meeting minutes during the period up to the date of approval of the financial statements, for evidence of any discussions or decisions that could impact the parent company's ability to continue as a going concern.
- We 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 of 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 investments in subsidiaries. Refer to Note 10 to the financial statements and the section 'Key sources of estimation uncertainty' in Note 1 to the financial statements.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIS TOWERS WATSON PLC

How the scope of our audit responded to the key audit matter	The procedures we performed to address this key audit matter include: Evaluating any indicators of impairment by performing a review of the financial statements of underlying subsidiaries. Reviewing the assessment and methodology used by management for determining the recoverable amount, which included obtaining management's expert's report. We agreed the increase in the carrying value to relevant legal documents during the financial year. We evaluated the adequacy of the disclosures made in the financial statements with reference to the requirements of IFRS.

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 in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person 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.

Based on our professional judgement, we determined materiality for the financial statements as follows:

	Parent company financial statements
Materiality	\$78m (2022 : \$74m)
Basis for determining materiality	0.065% of Net Assets
Rationale for the benchmark applied	We have considered Net Assets to be the critical component for determining materiality because the attention of the users of the parent company's financial statements is primarily focused on Net Assets to measure the financial performance of the parent company. In determining our benchmark, we have considered the nature of the parent company being a holding company.

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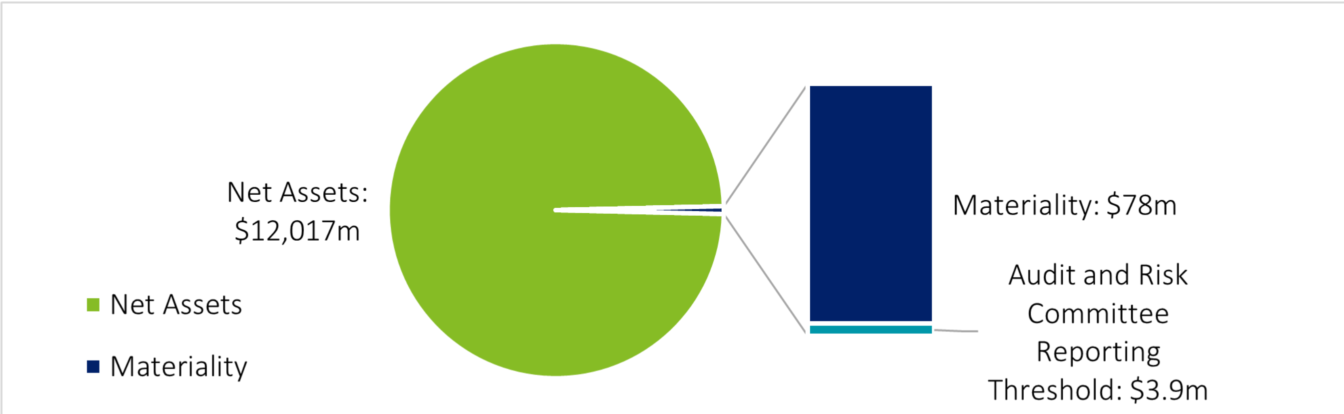
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIS TOWERS WATSON PLC



We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Parent company financial statements
Performance materiality	80% (2022: 80%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: • our understanding of the parent company; • the quality of the company's internal control environment and whether we are able to rely on controls; • the nature and extent of misstatements identified in previous audits; and • our expectations in relation to misstatements in the current period.

We agreed with the Audit and Risk Committee that we would report to them all audit differences in excess of $3.9m (2022: $3.7m) as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

We determined the scope of our audit by obtaining an understanding of the parent company and its environment, including internal control, and assessing the risks of material misstatement related to the financial statements of the parent company. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

The risk of material misstatement that had the greatest effect on our audit is identified as a key audit matters in the table above. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIS TOWERS WATSON PLC

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 in relation to the Financial Statements, 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.

A further description of our responsibilities for the audit of the financial statements is located on IAASA's website at: https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements. This description forms part of our auditor's report.

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

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIS TOWERS WATSON PLC

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the parent company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the parent company's documentation of their policies and procedures relating to:
    - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance ;
    - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
    - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team including significant component audit teams and relevant internal specialists, including tax, pensions and IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

In common with all audits under ISAs (Ireland), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the parent company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies Act 2014.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the parent company's ability to operate or to avoid a material penalty, including Securities Exchange Commission Listing Rules.

Audit response to risks identified

As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit and Risk Committee and legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the Security Exchange Commission ("SEC"); and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIS TOWERS WATSON PLC

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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 parent company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements and the directors' report has been prepared in accordance with the Companies Act 2014.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIS TOWERS WATSON PLC

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent 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, 29 Earlsfort Terrace, Dublin 2

22 March 2024

Notes: An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial statements since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area.

Legislation in Ireland governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

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PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

	Note	Years ended December 31, 2023	2022
		(millions)	
Dividends from subsidiaries	2	$ 1,868	$ 2,148
Intercompany interest income		11	2
Termination income receipt, net	3	—	(182)
Other income		—	5
Other operating charges		(7)	(7)
OPERATING PROFIT		1,872	1,966
Finance expense	4	(6)	(5)
PROFIT BEFORE TAXATION		1,866	1,961
Taxation	8	(1)	64
PROFIT FOR THE YEAR		$ 1,865	$ 2,025

There was no other comprehensive income in 2023 or 2022.

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

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

	Note	December 31, 2023	December 31, 2022
		(millions)	
NON-CURRENT ASSETS			
Investments in subsidiaries	10	$ 12,203	$ 12,117
		12,203	12,117
CURRENT ASSETS			
Income tax receivable	12	1	—
Cash at bank and in hand		—	—
		1	—
CURRENT LIABILITIES			
Payables [(i)]	1, 13	104	101
NET CURRENT LIABILITIES		(103)	(101)
TOTAL ASSETS LESS CURRENT LIABILITIES		12,100	12,016
Creditors: amounts falling due after more than one year [(i)]	1, 14	83	597
NET ASSETS		$ 12,017	$ 11,419
EQUITY			
Called up share capital	15	$ —	$ —
Share premium account	15	6	6
Other reserves		795	709
Profit and loss account		11,216	10,704
SHAREHOLDERS' EQUITY		$ 12,017	$ 11,419

(i) Restated. See Note 1 to the Parent Company Financial Statements for further details.

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

Approved by the board of directors on March 20, 2024 and signed on behalf of the Directors:

/s/ Paul D. Thomas
Director

/s/ Dame Inga K. Beale
Director

PARENT COMPANY STATEMENT OF CASH FLOWS

	Years ended December 31, 2023	Years ended December 31, 2022
	(millions)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	$ 1,866	$ 1,961
Adjustments for:		
Movement in other assets	(1)	1,789
Movement in other liabilities (ii)	(513)	142
Net cash provided by operating activities	1,352	3,892
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds, net of repayments, from intercompany investing activities (ii)	—	—
Net cash provided by investing activities	—	—
CASH FLOWS FROM FINANCING ACTIVITIES		
Repurchase of shares	(1,000)	(3,530)
Proceeds from issuance of shares	—	7
Dividends paid	(352)	(369)
Net cash used in financing activities	(1,352)	(3,892)
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 income tax were $1 million (2022: $94 million). Dividends received from subsidiary undertakings were $1,868 million (2022: $2,148 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	Other reserves	Total
			(millions)		
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 15)	—	(9,492)	9,492	—	—
Share-based compensation and net settlements	—	—	—	54	54
At December 31, 2022	$ —	$ 6	$ 10,704	$ 709	$ 11,419
Shares repurchased (i)	—	—	(1,000)	—	(1,000)
Net profit	—	—	1,865	—	1,865
Dividends paid and payable	—	—	(353)	—	(353)
Share-based compensation and net settlements	—	—	—	86	86
At December 31, 2023	$ —	$ 6	$ 11,216	$ 795	$ 12,017

(i) Based on the settlement date, the Parent Company repurchased 4,482,846 shares in 2023 at an average price of $223.10 (2022: 15,729,085 shares at an average price of $224.42). The amounts used to purchase the shares during 2023 and 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, MATERIAL ACCOUNTING POLICIES AND SIGNIFICANT 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 target 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 reported on its 2019 baseline and 2021 emissions data in 2023. To learn more about our sustainability principles, commitments and related statements, and to review our ESG report (which includes EEO-1 data) and SASB appendix, and TCFD disclosure, visit: https://www.wtwco.com/en-US/ About-Us/environmental-social-and-governance and is not part of or incorporated by reference into this document.

The financial statements have been prepared on the historical cost basis.

The material accounting policies adopted by the Parent Company are set out below.

Material 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 $103 million as at December 31, 2023 (December 31, 2022: net current liabilities of $101 million, as restated). The Parent Company meets its day-to-day working capital requirements by being part of a cash pooling arrangement managed by the WTW Treasury function which reviews the Parent Company’s forecasts and projections, and considers possible changes in interest rates, to assure that the Parent Company should be able to operate within the level of its current arrangements. Additionally, the Parent Company continues to earn a profit largely from its dividend income from its subsidiary undertakings.

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, MATERIAL 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.

The Parent Company has taken the mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the OECD's Pillar Two model rules under the amendments to IAS 12 Income Taxes.

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 amortized 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 amortized 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 amortized cost of a financial liability.

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

Impairment of financial assets at amortized cost

At each reporting date, the Company measures the loss allowance for financial assets at amortized cost. Impairment losses on financial assets at amortized 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 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 financial year

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 a financial year that begins on or after January 1, 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in the Parent Company's financial statements.

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, 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 financial years beginning on or after January 1, 2023, and have been endorsed by the E.U. 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.

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 financial years beginning on or after January 1, 2023 and have been endorsed by the E.U.

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

The IASB amended the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules. The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. Following the amendments, the group is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.

Recent accounting pronouncements to be adopted in future financial years

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 on January 23, 2020, July 15, 2020 and October 31, 2022, respectively, with an IASB effective date of January 1, 2024, now endorsed by the E.U. did not have a material impact on the Parent Company financial statements on adoption.

The amendments to *IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current*, published in January 2020, affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments are applied retrospectively for financial years beginning on or after January 1, 2024, with early application permitted. The IASB has aligned the effective date with the 2022 amendments to IAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early. The initial application of these amendments did not have a material impact on the Parent Company financial statements.

The amendments to *IAS 1 Presentation of Financial Statements— Non-current Liabilities with Covenants* specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). The amendments are applied retrospectively for financial years beginning on or after January 1, 2024. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments early. The initial application of these amendments did not have a material impact on the Parent Company financial statements.

The amendments to *IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures— Supplier Finance Arrangements* add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. The amendments, which contain specific transition relief for the first annual reporting period in which an entity applies the amendments, are applicable for financial years beginning on or after January 1, 2024. Earlier application is permitted. The initial application of these amendments did not have a material impact on the Parent Company financial statements.

The amendment to *IFRS 16 Leases—Lease Liability in a Sale and Leaseback* add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for financial years beginning on or after January 1, 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact. The initial application of these amendments did not have a material impact on the Parent Company financial statements.

On August 15, 2023, the IASB issued Lack of Exchangeability (Amendments to IAS 21) to provide guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments are effective for financial years beginning on or after January 1, 2025. The initial application of these amendments is not expected to have any material impact on the Parent Company financial statements.

Other legislation

E.U. member states formally adopted the E.U.'s Pillar Two Directive, which introduces a global corporate minimum tax of 15% for certain large multinational companies. For the rules to take effect, E.U. member states were required to enact domestic legislation by the end of 2023 to be effective January 1, 2024. While we do not anticipate that this legislation will have a material impact on our tax provision or effective tax rate, we continue to monitor evolving tax legislation in the jurisdictions in which we operate.

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

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, an 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 2023 or 2022.

Impairment of financial assets at amortized cost

Management judgment is required to measure the loss allowance for financial assets at amortized 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 amortized cost. No impairment loss was recognized in 2023 or 2022. Under IFRS 9 *Financial Instruments*, management considered that there had been no significant increases in credit risk since initial recognition and that 12-month expected losses were immaterial.

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

Taxation

Management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the level of historical taxable income and projections for future taxable income. Further details are given in Note 8 to these Parent Company Financial Statements.

Restatement

During the year, following a review of the terms of the Company's intercompany loan facility agreement, the Company determined that it has an unconditional right to defer payment on its loan facility until the facility repayment date which is on May 31, 2025. Consequently, amounts due to subsidiary undertakings of $597 million and $362 million previously recognized in payable balances within current liabilities in the 2022 and 2021 financial statements have been restated as Creditors: amounts falling due after more than one year on the face of the statement of financial position.

As a result current liabilities decreased by $597 million from $698 million to $101 million and noncurrent liabilities increased by $597 million from nil to $597 million for the 2022 financial statements. For the 2021 financial statements, current liabilities decreased by $362 million from $629 million to $267 million and noncurrent liabilities increased by $362 million from nil to $362 million. Furthermore, Note 13 to these Parent Company Financial Statements has been restated to reclassify $597 million (2021: $362 million) of amounts due to subsidiary undertakings from current payables to noncurrent payables.

2. DIVIDENDS RECEIVED FROM SUBSIDIARIES

	Years ended December 31,	
	2023	2022
	(millions)	
Dividends from Willis Towers Watson Sub Holdings Unlimited Company	$ 1,835	$ 2,100
Dividends from other subsidiaries	33	48
Total dividends from subsidiaries	$ 1,868	$ 2,148

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,	
	2023	2022
	(millions)	
Intercompany interest	$ 6	$ 5
Total finance expense	$ 6	$ 5

5. EMPLOYEES

The Parent Company employed no staff during the year ended December 31, 2023 and the preceding year.

6. DIRECTORS' REMUNERATION

Information regarding directors' remuneration is included in Note 21 to the Consolidated Financial Statements and Note 16 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,	
	2023	2022
	(thousands)	
Audit of individual financial statements	$ 12	$ 12
Other assurance services (i)	484	473
Tax advisory services	—	—
Other non-audit services	—	—
Total remuneration (ii)	$ 496	$ 485

(i) Comprises $156,000 for audit of the Consolidated Financial Statements under Irish law and $328,000 for contribution to U.S. GAAP audit of the Consolidated Financial Statements (2022: $156,000 and $317,000, 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, 2023	2022
	(millions)	
Analysis of tax charge for the year		
Current tax		
Irish corporation tax on non-trading profit at 25% (2022: 25%)	$ 1	$ (64)
Current tax charge/(credit) on profit on ordinary activities	$ 1	$ (64)
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	$ 1,866	$ 1,961
Profit multiplied by the standard rate of corporation tax on non-trading activities in Ireland of 25%	$ 466	$ 490
Effects of:		
Intercompany dividend income not taxable	(467)	(537)
Non-deductible financing expenses	1	1
Disallowable expenditure	1	—
Foreign exchange differences	—	(18)
Total current tax charge/(credit) for the year	$ 1	$ (64)

9. DIVIDENDS

	Years ended December 31, 2023	2022
	(millions)	
First interim payable April	$ 90	$ 93
Second interim payable July	88	92
Third interim payable October	88	86
Fourth interim payable January (i) (ii)	87	89
Total dividends (i) (ii)	$ 353	$ 360

(i) The interim dividends for the first, second and third quarters of 2023 were of $0.84 per share, $0.84 per share and $0.84 per share, respectively, and were paid in April, July and October, respectively. The dividend declared during the fourth quarter of 2023 of $87 million ($0.84 per share) was subsequently paid on January 16, 2024 to shareholders of record as at December 31, 2023. The Parent Company has subsequently declared a first interim dividend in the first quarter of 2024 of $0.88 per share payable on or about April 15, 2024 to shareholders of record on March 31, 2024. See Note 13 to these Parent Company Financial Statements for accrued dividends payable at December 31, 2023.

(ii) 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.

10. INVESTMENTS IN SUBSIDIARIES

	Subsidiary undertakings
	(millions)
Cost and carrying amount	
Balance at December 31, 2021	$ 12,063
Share-based compensation	54
Balance at December 31, 2022	$ 12,117
Share-based compensation	86
Balance at December 31, 2023	$ 12,203

11. SHARES IN SUBSIDIARY UNDERTAKINGS

As of December 31, 2023, 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 subsidiary:				
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, 2023.

12. RECEIVABLES

	December 31, 2023	December 31, 2022
	(millions)	
Income tax receivable	$ 1	$ —
Total debtors	$ 1	$ —

13. CURRENT LIABILITIES

	December 31, 2023	December 31, 2022 (restated) (ii)
	(millions)	
Payables:		
Accrued dividends payable (i)	$ 103	$ 101
Other current liabilities	1	—
Total current liabilities	$ 104	$ 101

(i) Accrued dividends payable at December 31, 2023 includes $16 million dividends accrued in relation to share-based compensation units (December 31, 2022: $12 million).

(ii) Following a review of the terms of the Company's intercompany loan facility agreement, amounts due to subsidiary undertakings of $597 million recognized in payable balances within current liabilities in the 2022 financial statements have been restated as Creditors: amounts falling due after more than one year.

14. NONCURRENT LIABILITIES

	December 31, 2023	December 31, 2022 (restated) (i)
	(millions)	
Payables:		
Amounts due to subsidiary undertakings	$ 83	$ 597
Total noncurrent liabilities	$ 83	$ 597

(i) Following a review of the terms of the Company's intercompany loan facility agreement, amounts due to subsidiary undertakings of $597 million recognized in payable balances within current liabilities in the 2022 financial statements have been restated as Creditors: amounts falling due after more than one year.

15. CALLED UP SHARE CAPITAL

	December 31, 2023	December 31, 2022
	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, 2023	December 31, 2022
	(thousands)	
Allotted, called up and fully paid		
102,538,072 ordinary shares in 2023 of $0.000304635 each (2022: 106,756,364) (i)	$ 31	$ 33
Balance at December 31	$ 31	$ 33

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

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.

15. CALLED UP SHARE CAPITAL (continued)

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, on May 25, 2022, approved a $1.0 billion increase to the existing share repurchase program, and on September 20, 2023, approved a $1.0 billion increase to the existing share repurchase program. These increases brought the total approved authorization, since April 20, 2016 to $9.2 billion.

During the period ended December 31, 2023, the Company had the following share repurchase activity: 4,482,846 shares at an average share price of $223.10 for a total payment of $1.0 billion (excluding broker costs).

At December 31, 2023, 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, 2023 of $241.20 was 5,565,955.

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).

An analysis of movements on shares held by the Parent Company for the years ended December 31, 2023 and 2022 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, 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%	$—
Shares repurchased	4,482,846		1
Shares canceled	(4,500,365)		(1)
Balance at December 31, 2023 (i)	—		$—

16. 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, 2023.

16. RELATED PARTY TRANSACTIONS (continued)

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

	Year ended December 31, 2023	Year ended December 31, 2022
	(millions)	
Short-term employment benefits (Executive Director basic salary)	$ 1	$ 1
Total remuneration of Key Management Personnel (i)	$ 1	$ 1

(i) Includes nil (2022: 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 2023 or 2022, and there were no balances in respect of other transactions as of December 31, 2023 or December 31, 2022.

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 creditor accounts during the year, and amounts due to subsidiaries as of the year end, are analyzed below:

	Year ended December 31, 2023		2022	
	Balance at the end of the financial year	Transactions in the financial year (ii)	Balance at the end of the financial year (i)	Transactions in the financial year (ii)
	(millions)			
Trinity Acquisition plc	$ (83)	$ 514	$ (597)	$ (2,386)
Willis Towers Watson US LLC	—	—	—	313
Willis Group Limited	—	—	—	49
Other subsidiaries	—	—	—	—
Total	$ (83)	$ 514	$ (597)	$ (2,024)

(i) Restated. See Note 1 to the Parent Company Financial Statements for further details.
(ii) Includes the effect of foreign exchange movements.

Transactions with Trinity Acquisition plc for the year ended December 31, 2023 represent a net decrease in lending to the Parent Company of $514 million primarily as the result of dividends received from subsidiary undertakings partly offset by funding for share repurchases and external dividends.

Under the terms of the Company's intercompany loan facility agreement with Trinity Acquisition plc, the Company has an unconditional right to defer payment on the facility until the facility repayment date which is on May 31, 2025. However, if the Company is owed funds under the facility, such amounts would be repayable on demand by the counterparty.

All other balances were intercompany advances which were repayable on demand and non-interest bearing. The future settlement of intercompany balances would expect to be cash-settled.

No impairment loss was recognized in 2023 or 2022 in respect of amounts owed by related parties and any expected credit loss is considered to be immaterial.

See Note 17 to these Parent Company Financial Statements for details of guarantees given by the Parent Company.

16. RELATED PARTY TRANSACTIONS (continued)

Transactions with undertakings of substantial interest

There were no transactions with undertakings of substantial interest in 2023 or 2022, and no balances in respect of such transactions as of December 31, 2023 or December 31, 2022.

Transactions with other related parties

BlackRock, Inc. (“BlackRock”) filed a Schedule 13G/A with the SEC reporting that, as of December 31, 2023, BlackRock and certain of its subsidiaries were beneficial owners of more than 5% of our outstanding shares. During 2023, 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 $368,000 for these services and software solutions, which were provided in the ordinary course of business on an arm’s-length basis.

17. 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 U.K. and Irish subsidiaries' obligations to fund the U.K. and Irish defined benefit pension plans.

Borrowings

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)
- $750 million 5.350% Senior Notes due 2033 (issued on May 17, 2023)
- $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:

- $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 following debt securities:

- €540 million 2.125% Senior Notes due 2022 issued by its subsidiary undertaking Trinity Acquisition plc which were repaid in May 2022; and
- $250 million 4.625% Senior Notes due 2023 issued by its subsidiary undertaking Trinity Acquisition plc which were repaid in August 2023.

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 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 SOFR 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.

17. FINANCIAL GUARANTEE CONTRACTS (continued)

- For Term Benchmark or Sterling Overnight Interbank Average Rate ('SONIA') borrowings, the rate will be the applicable Term SOFR rate or SONIA (as applicable based on the currency of the borrower) plus the Applicable SOFR Adjustment of 0.10% plus a margin of 1.0% to 1.75% depending on the Company's guaranteed unsecured long-term debt rating.

The new RCF also carries 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 July 21, 2023 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, on-going contributions ceased with effect from July 2023 although contributions totaling approximately £4 million ($5 million) had been made in the financial year to the date of cessation.

18. 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 (2022: $2 million), relating to equity-settled share-based payment transactions.

19. 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 14 and 15 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 primarily currency and interest rate risk), credit risk and liquidity risk.

19. 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 97 percent of the Parent Company's pre-tax expenses in 2023 (2022: approximately 99 percent) were denominated in U.S. dollars and the Parent Company's income, assets and liabilities at December 31, 2023 and 2022 included no significant amounts that were not denominated in U.S. dollars other than payments to Irish tax authorities.

The Parent Company's profit for the 2023 financial year and equity as of December 31, 2023 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 in situations where its has amounts due from its subsidiary undertakings. An impairment allowance would be made if there were to be expected losses. Such expected losses have not been identified in the past and consequently, were it to exist, any expected credit loss is generally considered immaterial.

The Parent Company's maximum exposure to credit risk includes that in relation to its financial guarantee contracts and in relation to financial assets which is shown in Note 12 to these Parent Company Financial Statements. The Parent Company calculates expected credit losses on its financial guarantee contracts and receivables taking into account the probability of default, the exposure at default and the loss given default. No receivables have been past due during 2023 or 2022, no amounts have become payable under its financial guarantee contracts 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 its receivables and potential obligations under its financial guarantee contracts generally comprise only amounts due to/from well-funded 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 as they arise to ensure that it has sufficient funds to meet its obligations as they fall due.

Measurement categories

	Measurement category	Carrying amount at December 31, 2023	Carrying amount at December 31, 2022 (restated) (i)
Assets			
Investments in subsidiaries	Cost less impairment	$ 12,203	$ 12,117
Receivables	Amortized cost	$ 1	$ —
Cash at bank and in hand	Amortized cost	$ —	$ —
Liabilities			
Payables due in less than one year	Amortized cost	$ 104	$ 101
Payables due in more than one year	Amortized cost	$ 83	$ 597

(i) Following a review of the terms of the Company's intercompany loan facility agreement, amounts due to subsidiary undertakings of $597 million recognized in payable balances within current liabilities in the 2022 financial statements have been restated as Creditors: amounts falling due after more than one year.

20. SUBSEQUENT EVENTS

Dividends

On February 27, 2024, the Parent Company declared a first interim dividend of $0.88 per share ($3.52 per share annualized rate), payable on or about April 15, 2024 to shareholders of record on March 31, 2024.

Debt offering

On February 28, 2024, the Company announced the pricing of a registered offering (the "Offering") by Willis North America Inc., an indirect wholly-owned subsidiary of the Company, of $750 million aggregate principal amount of 5.900% senior unsecured notes due 2054 (the "notes"). Payment of principal and interest on the notes will be fully and unconditionally guaranteed by the Company, and certain direct and indirect subsidiary entities of the Company. The Offering closed on March 5, 2024.

Willis North America Inc. intends to use the net proceeds of the Offering to (i) repay approximately $650 million aggregate principal amount of the 3.600% Senior Notes due 2024 and related accrued interest, when due, which will result in the repayment in full of the 3.600% Senior Notes due 2024, and (ii) for general corporate purposes.