WILLIS LIMITED

Registered Number 00181116

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Directors

Executive Directors

Nicolas Aubert
Richard R Goff (Appointed 23 June 2020)
James E Kent
Catherine Roy
Dipesh M P R Shah
Alastair J P Swift
Claire E Turner
Richard J Vanner

Non-executive Directors

Rosemary Hilary (independent)
Dr Brendan R O'Neill
Peter A Shaw (independent)
Stuart W Sinclair (Chairman) (Appointed 11 March 2020)
Sarah J Turvill

Company Secretary

Fahrin J Ribeiro

Registered Office

51 Lime Street
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Auditor

Deloitte LLP
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WILLIS LIMITED

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STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Company activities and review of developments

The Company's business model

Willis Limited (the 'Company') is a subsidiary of Willis Towers Watson plc. Willis Towers Watson plc, together with its subsidiaries ('WTW'), is a leading global advisory, broking and solutions company that helps clients around the world turn risk into a path for growth.

We offer our clients a broad range of services 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 modelling and reinsurance optimization studies). 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 organisations anticipate, identify and capitalise on emerging opportunities in human capital management, as well as investment advice to help our clients develop disciplined and efficient strategies to meet their investment goals.

Our colleagues serve a diverse base of clients ranging in size from large, major multinational corporations to middle-market companies in a variety of industries, public institutions and individual clients. Many of our client relationships span decades.

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 are not an insurance company and therefore we do not underwrite insurable risks for our own account.

The Company is regulated by the Financial Conduct Authority ('FCA') and is domiciled and incorporated in the UK.

During the year the Company took steps to ensure that clients with European Union ('EU') based risks could continue to be serviced effectively by WTW following the UK's departure from the EU on 31 January 2020. On the 15 October 2020 the Company transferred its EU Client portfolio and certain Reinsurance portfolios to a fellow group subsidiary operation domiciled in the EU, as discussed in 'Principal risks and uncertainties' below.

During 2020, the Company was impacted by the COVID-19 pandemic. The impacts and risks related to this are discussed throughout the Strategic Report, with main references found within the 'Financial Results for the Year' and 'Principal risks and uncertainties' sections.

On 9 March 2020, it was announced that the Boards of Directors of WTW and Aon had reached agreement on the terms of a recommended acquisition of WTW by Aon. Further information on this is provided in 'Developments During the Year' below.

There have been no other significant changes in the Company's principal activities in 2020. The Directors are not aware, at the date of this report, of any other likely major changes in the Company's activities in the next year.

During 2020, the activities of the business segments for WTW and the Company were as follows:

<u>Corporate Risk and Broking</u>

The Willis Towers Watson Corporate Risk & Broking ('CRB') segment provides a broad range of risk advice, insurance brokerage and consulting services to clients worldwide ranging from small businesses to multinational corporations. The segment delivers integrated global solutions tailored to client needs and is underpinned by data and analytics through a balanced matrix of global lines of business across all of the WTW's regions. The global lines of business as of 31 December 2020 are:

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

Company activities and review of developments (continued)

The Company's business model (continued)

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

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

Facultative — Facultative capabilities exist for each of CRB's offerings to serve as a broker or intermediary for insurance companies seeking to arrange reinsurance solutions across various classes of risk for their clients, some of which may also be broking clients of Willis Towers Watson. The Facultative team also works closely with our treaty reinsurance business to structure reinsurance solutions that deliver capital and strategic benefits to insurance company clients.

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

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

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

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

Investment, Risk and Reinsurance

The Willis Towers Watson Investment, Risk and Reinsurance ('IRR') segment uses a sophisticated approach to risk which helps clients free up capital and manage investment complexity. The segment works closely with investors, reinsurers and insurers to manage the equation between risk and return. Blending advanced analytics with deep institutional knowledge, IRR identifies new opportunities to maximise performance. This segment provides investment consulting and discretionary management services and insurance specific services and solutions through reserves opinions, software, ratemaking, risk underwriting, and reinsurance broking. The Company's results include part of the reinsurance business within the IRR segment.

Strategy

The Company's strategy is aligned to the WTW strategy, which is based on the belief that a unified approach to people, risk and capital can be a path to growth for our clients. Our integrated teams bring together our understanding of risk strategies and market analytics. This helps clients around the world to achieve their objectives.

We operate in attractive markets - both growing and mature - with a diversified platform across geographies, industries, segments and lines of business. We aim to be the premier advisory, broking and solutions company creating a competitive advantage and delivering sustainable growth.

Company activities and review of developments (continued)

Strategy (continued)

We believe we achieve this by:

- Driving profitable organic growth in our current core businesses and geographies - each has a role to play in Willis Towers Watson's success;
- Delivering a winning client experience - we are committed to always bringing the best of Willis Towers Watson to our clients - with a consistent standard across all of our businesses and geographies; and
- Investing both organically and inorganically - with a focus on the most attractive markets for growth or where we can achieve a sustainable competitive advantage, including adjacencies, innovation and inorganic opportunities.

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

Through these strategies WTW aims to accelerate revenue, cash flow, earnings before interest, taxes, depreciation and amortisation ('EBITDA') and earnings growth and to generate compelling returns for investors by delivering tangible growth in revenue.

Financial Results for the Year Ended 31 December 2020

The Company's key financial and other performance indicators during the year were as follows:

	2020 $m	2019 $m	Movement $m	% Change
Turnover	927	974	(47)	(5)%
Operating expenses - excluding foreign exchange gain	(719)	(717)	(2)	—%
Profit before taxation	426	309	117	38%
Shareholders' equity	1,391	1,372	19	1%
Current Assets as % of Current Liabilities	130%	132%		
Average number of employees	3,272	3,220		

WTW manages its operations on a business segment basis. For this reason, the Company's directors believe that key performance indicators specifically for the Company are not meaningful for an understanding of the development, performance or position of the business. The performance of WTW, which includes the Company, is discussed in WTW's financial statements which do not form part of this report.

In 2020, the Company's turnover was $927 million, a $47 million, or 5 percent decrease on 2019 turnover of $974 million. This decrease was driven by:

- $16 million underlying growth from net new business in the Reinsurance business within the IRR segment;
- $1 million underlying increase from other segments including our Corporate operations; and
- $3 million of favourable impact from foreign exchange translation,

more than offset by:

- $57 million underlying reduction in the Corporate Risk and Broking segment. A change in the remuneration structure for Central and Eastern Europe, Middle East and Africa ('CEEMEA') business accounted for $50 million of the reduction (partly offset by corresponding operating expense reductions). In addition the sale of the European book to a fellow subsidiary based in the EU amounting to approximately $19 million for the year. Of the remaining book, FINEX and Financial Lines returned growth on prior year, offset by reductions in Aerospace, Marine and Natural Resources, with the Transportation businesses particularly impacted by lower passenger and freight volumes during the COVID-19 pandemic ; and
- $10 million lower investment income earned on fiduciary cash balances held as a result of reduced interest rate yields.

Company activities and review of developments (continued)

Financial Results for the Year Ended 31 December 2020 (continued)

Operating expenses were $719 million in 2020, a $2 million, or less than 1 percent, increase on 2019 operating expenses of $717 million. This increase was driven by:

- $76 million Salary and benefits costs increase, with growth in underlying salary and incentive charges in our primary segments of CRB and Reinsurance. Salary costs are predominantly incurred in pounds sterling, and salary and benefits expenses were adversely affected by the impact of foreign exchange;

offset by:

- $74 million other operating expense decrease, with the impact of COVID-19 driving lower underlying business expenses in our primary segments of CRB and Reinsurance. In addition, the sale of the European book and the change in remuneration structure of CEEMEA business resulted in both reduced cost recharges from other WTW group entities as well as increased cost recoveries. These cost reductions were partly offset by increased amortisation linked to the exclusive business introduction intangible asset and an adverse impact from transactional foreign exchange.

Operating profit was additionally impacted by:

- foreign exchange gain of $32 million in 2020 versus a $23 million gain in 2019, a $9 million favourable variance year over year. This arose following movements in foreign exchange rates, primarily the impact of the strengthening Pounds Sterling versus US Dollars on certain balance sheet positions versus the prior year; and
- $170 million favourable impact from the gain on disposal of the Company's European operations in 2020, with no comparable amount in 2019.

Total operating profit of $410 million in 2020 was $130 million, or 46 percent, higher than 2019 operating profit of $280 million.

Profit before taxation of $426 million in 2020 was $117 million, or 38 percent, higher than 2019 profit before tax of $309 million. The increase was driven by:

- $170 million profit on disposal of books of business as discussed above; and
- $9 million favourable foreign exchange gains,

offset by:

- $47 million decrease in turnover;
- $2 million increase in operating expenses; and
- $13 million decrease on the net of interest receivable and interest payable.

Profit for the year of $349 million in 2020 was $98 million, or 39 percent, higher than 2019 profit for the year of $251 million. This was a result of the $117 million increase in profit before tax, discussed above, being partially offset by a $19 million increase in the tax charge on profit.

Company activities and review of developments (continued)

Shareholder's Equity and Other Resources

Shareholder's equity of $1,391 million in 2020 rose by $19 million from $1,372 million in 2019, reflecting increases from:

- $349 million profit for the year as described above;
- $22 million actuarial gain related to the defined benefit pension scheme net asset, consisting of a $373 million increase in scheme assets following higher asset returns and actuarial experience gains of $12 million arising on scheme liabilities partly offset by a $363 million increase in scheme liabilities primarily attributable to a change in actuarial financial and demographic assumptions in the year;
- $5 million deferred tax increase to equity attributed primarily to other comprehensive income movements on the pension scheme net asset; and
- $2 million of equity-settled share-based payments,

partly offset by:

- $356 million dividend payments, with $217 million paid on 15 October 2020 and $139 million paid on 30 November 2020; and
- $3 million unrealised loss and reclassification of prior period gains and losses, attributed to the fair value of derivative instruments (forward currency sales) following movements in the value of the pound sterling, Euro and Japanese Yen to the US dollar during the year.

The Directors review the adequacy of the Company's capital relative to the risks it faces on a regular basis.

The Company maintains a $20 million revolving credit facility which is renewed annually and is secured against the Company's real estate assets. It was not drawn upon during 2020 or 2019.

Balance Sheet

The balance sheet on page 35 of the financial statements shows the Company's financial position at the year end. Net assets, including pension plan surplus, of $1,391 million in 2020 have increased by $19 million on 2019 net assets, including pension plan surplus, of $1,372 million. The increase was driven by:

- $140 million increase in net amounts receivable from group undertakings;
- $112 million increase in deposits and cash held in bank, comprising $169 million increase in cash held in a fiduciary capacity offset by a $57 million decrease in own cash held;
- $49 million increase in the net defined benefit pension asset; and
- $8 million reduction in provisions,

partly offset by:

- $169 million increase in fiduciary creditors;
- $41 million increase in accrued expenses, deferred income and other creditors;
- $30 million decrease in trade debtors, of which $34 million of the decrease is on amounts falling due within one year offset by a $4 million increase on amounts falling due after more than one year;
- $11 million increase in net VAT payable;
- $10 million decrease in prepayments, accrued income and other debtors;
- $8 million reduction in goodwill and other intangibles primarily attributed to the disposal of the European book during the year, offset by the addition of the exclusive introducer agreement for CRB and the Special Contingency Risks ('SCR') book acquisition;
- $8 million increase in trade creditors;
- $5 million decrease in retention awards which amortise over the period of retention;
- $3 million decrease in the net liability of thc fair value of derivative instruments;
- $2 million increase in income tax and social security payable; and
- $2 million decrease in tangible fixed assets.

Company activities and review of developments (continued)

Developments During the Year

On 9 March 2020, WTW and Aon plc ('Aon') issued an announcement disclosing that the Boards of Directors of WTW and Aon had reached agreement on the terms of a recommended acquisition of WTW by Aon. On 26 August 2020, WTW and Aon announced that their respective shareholders had approved all the proposals necessary to complete this combination. The transaction is subject to other customary closing conditions, including required regulatory approvals. The parties expect the transaction to close subject to satisfaction of these conditions.

On 1 January 2020 the Company entered into an exclusive business introduction agreement for proceeds of $18 million. This agreement will generate revenues for our CRB segment in certain CEEMEA geographies over a three-year period and has as such been recognised as an intangible asset and amortised over the life of the agreement.

On 14 May 2020, the Company disposed of a Bloodstock book of business for consideration of $1 million, with no corresponding costs in relation to the disposal.

On 30 September 2020, the Company acquired the SCR business from Miller LLP, a fellow group undertaking for proceeds of $37 million. Operating under the SCR brand name, this team has been assisting clients in the insurance and management of kidnap and extortion, political evacuation events, risk mitigation and general security for over 30 years and is the recognised leader in this field. SCR also leads the principal Accident and Health team in London, enabling a fully integrated people risks approach. SCR provides both financial protection solutions and in-house security risk management services to corporations and high-net-worth individuals around the world. Historical transactions and claims activities were transferred to the Company as part of this business combination.

During the year the Company took measures to ensure that WTW can continue to service those clients with EU risks through the London market post cessation of the UK/EU transitional arrangements on 31 December 2020 put in place after the UK left the EU in January 2020. On 15 October 2020, the Company disposed of the new and renewal book of EU risk business (both CRB and Reinsurance) to Willis Towers Watson SANV, a fellow group company domiciled in Belgium within the EU. Proceeds of this disposal totalled $217 million, against which the Company recorded a charge of $47 million of intangible asset and goodwill impairment, resulting in a profit on disposal of $170 million.

Defined Benefit Pension Scheme

Schedule of contributions

During 2020 contributions of $44 million were made to the UK defined benefit pension scheme of which approximately $26 million were in respect of deficit funding and approximately $18 million were in respect of on-going contributions. Following the conclusion of the tri-annual valuation, deficit funding ceased during the year and as a result, we expect contributions in total next year to broadly equal 2020 on-going contributions only.

Future Developments

There are no other significant future developments as at the date of these financial statements.

Capital policy

As an insurance intermediary regulated by the Financial Conduct Authority ('FCA'), the Company's capital requirements are set out in both the Threshold Conditions and MIPRU requirements within the FCA Handbook. The Company's policy is to review its capital requirements on a regular basis and to maintain capital resources of at least twice that requirement.

Principal risks and uncertainties

The Company has an Enterprise Risk Management Committee that meets at least quarterly. This Committee is a Committee of the Board and advises the Board on risk matters including overseeing the Risk Management Framework and, the assessment and monitoring of risk against the Company risk appetite.

The principal risks and uncertainties facing the Company are:

COVID-19

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

COVID-19 risks could magnify other risks. For example, the effectiveness of external parties, including governmental and non-governmental organisations, in combating the spread and severity of COVID-19 could have a material impact on demand for WTW's business. The rapid development and fluidity of COVID-19, notwithstanding the continued development, availability and distribution of an effective vaccine, precludes any prediction as to the duration of COVID and the ultimate adverse impact of COVID on WTW's business. Accordingly, COVID-19 continues to present significant uncertainty with respect to demand for WTW's products and services.

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

Also, a potential COVID-19 infection of any key WTW colleagues could materially and adversely impact its operations. Further, it is possible that COVID-19 impacts processes of third-party vendors on whom WTW relies, which could also materially impact its operations. The rapidly evolving changes in financial markets could also have a material impact on WTW's financial transactions.

All of the foregoing events or potential outcomes could cause a material adverse effect on the Company's own results of operations in any period and, depending on their severity, could also materially and adversely affect its financial condition. Furthermore, such potential material adverse effects may lag behind the developments related to the COVID-19 pandemic. Such events and outcomes also could potentially impact WTW's reputation with clients and regulators, among others.

Further details on risks relating to COVID-19 are discussed in WTW's consolidated financial statements which do not form part of this report.

The Company has well established and tested business interruption plans in place both in the UK and in our overseas supporting operations which have enabled the vast majority of colleagues to work remotely and continue to service and support clients, thus mitigating the risks to business interruption. We continue to engage with clients, carriers and the wider market as well as the regulator during this period of disruption.

The Board of Directors currently does not consider that these uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

Principal risks and uncertainties (continued)

Combination related risk

Our pending combination with Aon creates incremental business, regulatory and reputational risks. On 9 March 2020, WTW announced that it had entered into a business combination agreement with Aon. The proposed transaction with Aon entails important risks, including, among others: the risk that we are unable to obtain the requisite regulatory approvals or satisfy all of the other conditions required to consummate the proposed transaction on the proposed terms and schedule, if at all; the impact of the announcement and/or the potential impact of the consummation of the proposed transaction on relationships, including with employees, suppliers, clients and competitors; the risk that we and/or the combined company will not have the ability to hire and retain key personnel; the risk that management's attention is diverted from other matters during the pendency of the combination; the risk that litigation associated with the proposed combination affects the combination or the business otherwise; the risk of disruptions from the proposed transaction that impact our and/or Aon's business, including current plans and operations; the risk posed by extensive government regulation on our business and/or the business of the combined company; the risk of adverse effects on the market price of Aon's and the WTW's securities and on Aon's and WTW's operating results for any reason.

Change Risk, including Combination-Related risks

WTW and the Company are typically subject to on-going business and organisational changes as well as multi-year operational improvement programmes. There are also a number of other initiatives planned or ongoing to transform our systems and processes and gain efficiencies as well as integration planning from the potential combination with Aon. Effectively managing these organisational changes is critical to retaining talent, servicing clients and our business success overall. The failure to effectively manage such risks could adversely impact our resources or business or financial results. The Company manages this risk through robust change governance processes, mechanisms to retain key colleagues, delivery of the planned operational improvement programme benefits and through ongoing monitoring of key performance indicators designed to provide early notice of declining performance. The Company has a robust approach to change management and the relevant governance forums are utilised to consolidate activity and monitor and adjust that activity to reflect the resource and change capability available from time to time.

Exposure to WTW

The Company is a wholly-owned subsidiary of WTW. WTW is a leading global advisory, broking and solutions company, is listed on the NASDAQ and has total assets at 31 December 2020 of $38.5 billion.

The Company is dependent upon its ultimate parent company and WTW for ongoing support in a wide range of areas, including the provision of operational and technology services and delivery of a number of key projects and initiatives. The Company also deposits surplus funds with WTW.

WTW is dependent upon the Company for its access to the London Insurance Market and related expertise. The Directors expect the support from WTW to continue for the foreseeable future.

The Company is exposed to additional risks by virtue of being part of the wider group. These risks have been discussed in WTW's financial statements which do not form part of this report.

The Board considers the Company's exposure to WTW when setting the Company's capital requirement and risk appetite. The Company maintains and regularly refreshes a detailed response plan to provide a framework to enable the timely notification, invocation and management of the initial response to a Parental Failure scenario through documented processes.

Principal risks and uncertainties (continued)

Economic Environment and Competition

The markets for our principal services are highly competitive. 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 market and technological changes. New competitors, as well as increasing and evolving consolidation or alliances among existing competitors, have created and could create additional competition and could significantly reduce our market share, resulting in a loss of business for us and a corresponding decline in revenue and profit margin. In order to respond to increased competition and pricing pressure, we may have to lower our prices, which would also have an adverse effect on our revenue and profit margin.

In addition, existing and new competitors (whether traditional competitors or non-traditional competitors, such as technology companies) could develop competing technologies or product or service offerings that disrupt our industries. Any new technology or product or service offering (including insurance companies selling their products directly to consumers or other insureds) that reduces or eliminates the need for intermediaries in insurance or reinsurance 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 and reinsurance needs, could also materially adversely affect us and our results of operations.

We expect that the challenging economic circumstances and resulting competition will remain for the foreseeable future, with additional disruption expected as a result of continuing COVID-19 pandemic market impact. Whilst overall we observe a modest but definite improvement with pricing in the market, fluctuations are expected resulting from COVID-19 and additionally a weaker worldwide economy will lead to a reduction in overall premiums placed and a consequent challenge to our revenues. We mitigate the risk through our focus on service, product quality and pricing. The Company continues to monitor both regulatory and market developments, and adapt its model to both threats and new opportunities accordingly. Economic conditions also continue to provide challenges relating to the security of carriers; the Company mitigates the risk of the failure of a major (re)insurer through its Market Security monitoring, policies and procedures, and through using a large number of carriers.

Acceptance of Market derived income

Willis Limited, in common with the wider insurance intermediary market, has traditionally been remunerated by base commissions paid by insurance carriers in respect of placements we make for clients, or by fees paid by clients. We 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 an area in which allegations of conflicts of interest may arise, where the Company or any of its employees has or may have an interest in a transaction or engagement that is inconsistent with our clients' interests. 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.

Willis Limited has a duty to act in the best interests of their clients and the Company has processes, procedures and controls in place intended to mitigate potential conflicts overseen by the Market Derived Income Committee.

Pension Risks

The Company's defined benefit pension scheme was closed to new members in January 2006 but continues to accrue future benefits for existing members. Under Financial Report Standard 101, Reduced Disclosure Framework ('FRS 101'), the net asset recorded within the financial statements in respect of the pension scheme fund is $653 million (net of tax) (2019: $604 million). The liabilities of the pension scheme, and a large proportion of the assets of the scheme, are denominated in pounds sterling, which gives exposure to currency risks. The scheme valuation is subject to assumptions and other factors, including equity and bond market returns, inflation rates, mortality assumptions, potential regulatory and legal changes and counterparty exposure in investments.

The last actuarial funding valuation of the scheme performed as at 31 December 2019, showed a deficit of £77 million ($105 million). Pension risks are mitigated through a balanced approach to investments held and a proactive relationship with the Scheme Trustee, including an agreed funding strategy.

Principal risks and uncertainties (continued)

Regulatory, Legal and Conduct Risk

The Company is subject to regulation from the FCA in relation to its insurance mediation activities. The FCA has prescribed principles for business and rules by which the Company's insurance and reinsurance operations are to conduct business, including the rules governing how the Company holds client assets.

The FCA has three operational objectives:

- Promoting effective competition in the interests of consumers;
- Securing an appropriate degree of protection for consumers; and
- Protecting and enhancing the integrity of the UK financial system.

Central to the regulator's agenda is 'Conduct Risk', which is the risk that a firm's behaviour will result in poor outcomes for customers and adversely impact on the integrity of the market. Any failure by the Company, or its employees, to satisfy the FCA that it is in compliance with their requirements or the legal requirements governing its activities, could result in disciplinary actions, fines, reputational damage and financial harm. In addition, the Senior Managers and Certification Regime ('SM&CR') is designed to drive improvements in culture and governance within financial services firms and to deter misconduct by increasing individuals' accountability. We continue to focus on Conduct Risk through the review of appropriate metrics and taking appropriate action as necessary.

The Company is also subject to rules and legislation governing money laundering, bribery and corruption, sanctions and competition. The Company has established procedures to ensure that it is in compliance with these rules. However, should the Company fail to comply with the requirements, this failure may result in disciplinary actions, fines, reputational damage and financial harm. These rules and legislation impact the Company's global operations. From time to time the rules and legislation are subject to change which may impact the Company's operations.

To mitigate these risks the Company's Legal, Risk and Compliance departments have established a framework to ensure compliance with all applicable regulatory requirements, which include detailed guidance on the standards to which colleagues must adhere. Reviews and audits of compliance with this guidance are carried out on a regular basis by both the Compliance and Internal Audit departments.

Errors and Omissions Exposures

As a consequence of the business sector the Company operates in, claims alleging professional negligence may be made against the Company. Some of these claims may have a material adverse impact on the Company's profitability, cash and capital position. The Company mitigates this risk through the use of the Client Excellence Model, which is designed to provide a consistent high level of service and quality to the Company's clients. In addition, the Company has taken out its own programme of insurance cover in respect of these risks.

Liquidity Risk

Liquidity risk is the risk that the Company may not have sufficient cash available to meet its obligations as they fall due. The Company assesses the potential scenarios in which this might take place and maintains significant cash and liquid funds to mitigate the risk. These assessments include stress testing based on estimated impacts COVID-19 on the Company. In the ordinary course of business, the Company can also rely on WTW's liquidity. In addition, the Company has access to a $20 million credit facility.

Currency Risk (Fx)

The Company conducts its business in multiple currencies, primarily US dollars, pounds sterling, Euro and Japanese Yen, and is therefore exposed to currency risk in relation to revenue and the value of its assets and liabilities. The Company has intercompany balances with fellow group undertakings in currencies other than US dollars, the primary functional currency of the Company, and is therefore exposed to movements in exchange rates. The Board has established and monitors a policy with clear limits and processes to be followed to manage this risk. In addition, WTW's treasury function takes out contracts to manage this risk at a group level.

Principal risks and uncertainties (continued)

Credit Risk

Credit risk is the risk that counterparties may not be able to repay amounts in full when due. This risk arises in respect of amounts due from clients and insurers in respect of brokerage not yet received, funded claims and funded premiums. It also arises in respect of its cash and investment holdings. The Company is also potentially exposed to credit risk from its investments in its subsidiary undertakings. An impairment allowance would be made if there were to be an identified loss event which would evidence a potential reduction in the recoverability of the cash flows. No such event has been identified.

Brokerage not yet received is monitored closely to minimise the time taken to collect. The risk of funded claims and premiums is mitigated by the Company's policy of only funding claims and premiums in exceptional circumstances and then through active collection of the debts created.

The failure of one or more banks may have an adverse impact on the Company. The Company holds its own and fiduciary cash in bank accounts and deposits and money-market funds. These accounts and deposits are spread across a number of banks. The Company does not place any funds in banks with a credit rating below Fitch Short Term F1. Banks with which the Company has a credit exposure are monitored monthly. In the event of a bank failure, the FCA's Client Asset Sourcebook ('CASS') rules set out the mechanism by which any loss of client money should be administered. The Company has reviewed its processes for complying with these rules and continues to implement changes to further strengthen them. The Company mitigates its exposure to credit risk through the diversification of funds between approved banks and through a programme of reduction of fiduciary balances where possible.

The Board has established and monitors a policy with clear limits and processes to be followed to manage these risks.

Interest Rate Risk

The Company's investment portfolio is held over a variable maturity profile and therefore exposes the Company to interest rate risk. The Company mitigates this risk through active investment portfolio management.

Business & Technology Interruption Risk

The Company conducts its business in multiple locations across the world. The most significant of these are in London and Ipswich (United Kingdom), and Delhi and Mumbai (India) and in addition the Company relies on significant Group operations in Manilla (Philippines). These locations may be subject to natural and man-made catastrophes which may disrupt the Company's operations. The Company mitigates this risk through the documentation and testing of business interruption plans, which include establishment of backup operational sites (including remote working) and procedures for re-establishment of operations. The Company maintains appropriate insurance cover for business interruption events.

The Company has established a control framework around the provision of IT services which aims to address these risks. These controls are subject to ongoing review and testing.

Outsourcing Risk

As part of providing services to clients and managing our business, we rely on a number of third-party service providers. Our ability to perform effectively depends in part on the ability of these service providers to meet their obligations, as well as on our effective oversight of their performance. The quality of our services could suffer or we could be required to incur unanticipated costs if our third-party service providers do not perform as expected or their services are disrupted. This could have a material adverse effect on our business operations. The Company manages this risk through processes of supplier and partner selection, onboarding and an ongoing programme of monitoring and review to ensure that our outsource partners remain appropriate.

Principal risks and uncertainties (continued)

Data Security Risk

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, insurance markets, clients and third-party vendors. 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/or employees. Our information systems, and those of our third-party service providers and vendors, are vulnerable to an increasing threat of continually evolving cybersecurity risks. We are the target of computer viruses, hackers, distributed denial of service attacks, malware infections, ransomware attacks, phishing and spear-phishing campaigns and other external hazards, as well as improper or inadvertent workforce behaviour which, could expose confidential company and personal data systems and information to security breaches.

Many of the software applications that we use in our business are licensed from, and supported, upgraded and maintained by, third-party vendors. Our third-party applications include, but are not limited to, enterprise cloud storage and cloud computing application services provided and maintained by third-party vendors. These third-party applications store or may afford access to confidential and proprietary data of the Company, our employees and our clients. We have processes designed to require third-party vendors that supply IT outsourcing, off-site 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. Further, the potential impact of a data breach of our third-party vendors' systems increases as we move more of our data and our clients' data into our vendors' cloud storage, we engage in IT outsourcing or we consolidate the group of third-party vendors that provide cloud storage or other IT services for the Company.

We maintain policies, procedures and technological safeguards (such as, where in place, multi-factor authentication and encryption of data in transit and at rest) designed to protect the security and privacy of data in our custody and control. However, we cannot entirely eliminate the risk of data security breaches, improper access to, takeover of or disclosure of confidential company or personally identifiable information. Our technology may fail to adequately secure the private information we hold and protect it from theft, computer viruses, hackers or inadvertent loss. In such circumstances, we could be held liable to our clients, which could result in legal liability or impairment to our reputation, resulting in increased costs and/or loss of revenue.

We have implemented and regularly review and update processes and procedures to protect against fraud or unauthorised access to or use of secured data and to prevent data loss. The ever-evolving threats mean that we and our third-party service providers and vendors must continually evaluate, adapt, enhance and otherwise improve our respective systems and processes, especially as we grow our mobile, cloud and other internet-based services. There is no guarantee that such efforts will be adequate to safeguard against all fraud, data security breaches, unauthorized access, operational impacts or misuses of data. For example, our policies, employee training (including phishing prevention training), procedures and technical safeguards may be insufficient to prevent or detect improper access to confidential, personal or proprietary information by employees, vendors or other third parties with otherwise legitimate access to our systems. 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 to operations and service, fines, lawsuits, and damage to our reputation with our clients and in the broader market.

Environment

The Company recognises the importance of its environmental responsibilities and through WTW monitors its impact on the environment on a location by location basis, and designs and implements policies to reduce any damage that might be caused by its activities. We participate in The Clean City Awards, a programme developed and run by the City of London to promote and reward best practices in waste management for London businesses.

The below illustrates some notable activities that are further helping reduce our environmental impact across WTW:

- Reduced paper use and increased recycling have been a focus for several years throughout the Group. This has included a focus on reducing print volumes, and therefore paper and equipment usage, by implementing print on demand technology and scanning capabilities and by offering fewer printers in office space. We have also increased the availability (and use) of online meeting and records management tools that reduce their overall reliance on paper-based materials. This has resulted in our ability to reduce paper consumption while also recycling several million pounds of paper each year;
- We encourage our colleagues to participate in office-based recycling programmes and paperless recordkeeping, our offices to replace personal printers with networked multi-function devices and procure recycled supplies, and our IT programmes to ensure proper disposal and recycling of obsolete computer equipment;
- We raise awareness for and provide information about environmental sustainability and corporate social responsibility to our colleagues through internal news stories, communications and a forum; and
- We support our suppliers', subcontractors' and service providers' commitment to environmental sustainability. We encourage this commitment through increasing our demand for and use of goods that are developed in a sustainable way and contribute to a reduced carbon footprint. Since our direct impact on the environment largely comes from office-based operations, our priority is procuring sustainable choices by negotiating a wide variety of office product options that focus on reducing our carbon footprint. Recycled office supplies, paper, toner, kitchen and pantry products, and cleaning products are available as part of our main corporate agreements with our suppliers.

The Company does not measure performance against specific environmental key performance indicators at this time, but will align with Group measures as they develop. See the Energy and Carbon Report in the Directors' Report for further details.

Employees

COVID-19 Response: Health, Safety and Wellbeing

WTW mobilized incident management teams to ensure employee safety and client service continuity in the early stage of the COVID-19 pandemic. Most of our colleagues began working remotely through technology enhancements, full access to flexible work-life arrangements and open communication. We continued to collect feedback and wellbeing ideas to help our colleagues adapt, and chartered a multi-faceted team to develop a structured approach to the 'new normal.' Recognizing colleagues' varied situations, their feedback was sought on these efforts. The June all-colleague engagement survey, with high participation, showed strong support for our efforts, with over 90% of staff feeling connected to their teams, having adequate access to their managers and appreciating the flexibility. Work has since shifted to 'reimagining the workplace,' using lessons from the crisis to define the evolving role offices will play in how our work is done.

Combination with Aon

As noted in our principal risk factors, our combination with Aon is likely to have an impact the Company as well as its employees. Employees are kept informed through email and other colleague publications.

Employee Matters

Details of the number of employees and related costs can be found in note 6 to the financial statements on page 47.

Communication with colleagues concerning the objectives and performance of WTW is conducted through staff briefings and regular meetings, complemented by colleague publications and video presentations. Feedback is continually sought from staff on a variety of business, management and human resources issues. These communication tools provide colleagues with the opportunity to contribute to the everyday running of the business, to support the achievement of WTW's vision and business strategy and to facilitate their personal development.

Employees (continued)

Employee Matters (continued)

During the year WTW commissioned an all-colleague engagement survey to gauge colleague satisfaction and feedback across a range of topics ranging from business focus through to colleague wellbeing and inclusion. The results of the survey allowed the executive leadership to identify key themes with priorities for action, and specific outcomes were communicated to colleagues. We are committed to demonstrating to our stakeholders 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. 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, WTW endeavours 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 labour standards. Each year, our leaders cascade inclusion and diversity 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.

While we believe the nature of our business as a professional services provider to predominantly corporate clients means that we are not directly exposed to a high risk of modern slavery and human trafficking, we are nonetheless aware that the possibility does exist within our global supply chains. We do not have a formal global human rights policy; however our approach to modern slavery reflects our overall approach to human rights. Willis Limited has produced a Modern Slavery Act Transparency Statement, most recently for the financial year ending 31 December 2020. We 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, the Company is committed to maintaining and improving practices to combat the human rights violations of slavery and human trafficking. The UK Modern Slavery Working Group has continued investigations into our supply chain to advance a standardized approach to assessing the risk of modern slavery and human trafficking. To ensure a high level understanding of the risks of modern slavery and human trafficking amongst those of our colleagues engaged in our large enterprise-wide supplier arrangements, we have continued to train across key departments so that relevant employees are aware of the risks and warning signs. We continue to standardize Company-wide modern slavery and human trafficking requirements for our large enterprise-wide supplier arrangements to provide for a coordinated approach.

Inclusion and Diversity

We believe that a culture of inclusion and diversity (I&D) is critical to our business. I&D has a direct impact on our ability to grow and excel.

Our enterprise-wide I&D priorities include the following:

- Build a robust pipeline for underrepresented talent;
- Meaningfully increase the level of overall diversity – including the number of women and underrepresented groups – in leadership; and
- Promote an inclusive culture, one that respects each other's differences and celebrates what's unique about each of us.

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

Employees (continued)

Inclusion and Diversity (continued)

WTW's Operating Committee members have I&D objectives as part of their individual performance component, comprising 20% of their short-term incentive awards. In 2020, we continued to make progress increasing female representation in leadership roles to 27.7% (26.5% in 2019). Furthermore, female representation in our global workforce increased from 53.3% in 2019 to 53.8% in 2020.

Each year our leaders cascade I&D-focused objectives throughout the organization, and we continue to look for ways to ensure an objective and fair process that mitigates human biases in all of our talent programs and processes. Our global I&D council, sponsored by our Chief Executive Officer and WTW's Chief Administrative Officer and Head of Human Resources, sets the standard for our I&D initiatives globally. It is driven by regional I&D councils that provide local perspectives and help to translate our global priorities into actions within each region.

Our business-led Inclusion and Diversity Council leads geographically-based councils to help align regional inclusion and diversity objectives with WTW priorities, including how we attract, hire, develop, promote and retain diverse talent and foster an inclusive environment. We continually look to expand our partnership with diversity-focused organizations to hire the best talent from the broadest, most diverse talent pools. We have also implemented unconscious bias and inclusion workshops in many of the countries in which we operate and have launched an online, interactive unconscious bias module available globally to leadership teams and colleagues. For several years running, WTW was a gold sponsor of the Dive In festival for inclusion and diversity in insurance, holding events across the Company globally. In response to the global pandemic, we have shared a number of new resources with colleagues dedicated to mental health and emotional wellbeing, flexible working, and parenthood in the workplace. We have continued to refresh the resources to meet colleagues' needs as they adapt to the pandemic and other societal pressures. We have also committed to increasing cultural awareness about race within WTW, including continuing to train leaders and supervisors to be more effective in building, managing, engaging, and developing racially diverse teams. Our commitment to inclusion and diversity is universal and ongoing. We recognize observances around the world and in specific countries, such as Black History Month, International Women's Day, World Autism Awareness Day, World Day for Cultural Diversity, LGBT+ Pride month, Dive In, World Mental Health Day, and International Day of Persons with Disabilities, and use these events to help us get to know one another better – and to become more aware of our similarities and our differences. The Company is a member of Stonewall's Diversity Champions program, an employers' forum for sexual orientation and gender identity equality.

Gender Pay Gap Reporting

WTW is committed to giving everyone - people of all genders and backgrounds - equal opportunity to participate, unlock their full potential and succeed. This inclusion and diversity strengthens our business and benefits both our clients and our colleagues. To encourage companies across all industries to do more to progress women in the workplace, the UK Government requires employers with 250 or more employees to report their gender pay gap annually. Willis Limited has provided this disclosure based on April 2020 data which can be obtained from https://www.willistowerswatson.com/en-gb/notices/gender-pay-gap-report.

Consistent with many of our competitors and our sector, we continue to record a gender pay gap that is higher than we would like and not reflective of the company that we aspire to be. In Willis Limited, there is a 2.4% improvement over last year on the mean gender pay gap, but the overall gender pay gap remains high at 38.4%.

The biggest driver of the gender pay gap remains the size and shape of our workforce. We currently have a much higher number of men than women in senior roles, and therefore in higher paid positions. We also have more women in junior roles than men at the same level which has a further effect. The combination of this makes average male pay higher than average female pay, resulting in a gender pay gap. This is reflected across both hourly pay and bonus gaps. We know that closing the gender pay gap will require time, as men outnumber women at every level after the first step up into a managerial role and therefore there are simply fewer women available for senior management roles. Even as our hiring and promotion rates improve, to close our gender pay gap, we need gender parity across our population, and this will take time. That doesn't mean though that we are any less resolute in our determination and commitment to close the gender pay gap as quickly as we possibly can. Making progress requires commitments from many different angles. Over the last four years, we have implemented several changes and initiatives, and talked about our gender pay gap with our company Board of Directors, leadership team and colleagues, to raise awareness and seek their input. While the gender pay gap has decreased, we are striving to accelerate this rate of improvement in the coming years.

Employees (continued)

Gender Pay Gap Reporting (continued)

While the focus of this report is on pay differences between males and females, our commitment to inclusion and diversity extends beyond gender. We want every colleague at Willis Towers Watson to be able to bring their authentic selves to work every day from many different backgrounds. To do that, we continue to focus on building a culture of inclusivity and embedding inclusion and diversity into everything we do.

Anti-Bribery and Anti-Corruption

The Company is subject to global anti-bribery and anti-corruption policies and procedures which apply to all colleagues 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).

The 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 bribe or other illegal or corrupt payment or inducement to or from any person at any time anywhere in the world.

Bribery and corruption risks include those through third parties and gifts, entertainment and hospitality. The Company mitigates these risks by global procedures which apply to all employees in entities owned and/or controlled by WTW. The Anti-Bribery & Corruption-Gifts, Entertainment & Hospitality Procedures require Compliance approval of gifts, entertainment and hospitality (whether given or received by WTW) that meet bribery risk criteria explained in the procedures. The Anti-Bribery & Corruption-Third Party Approval Procedures require due diligence be conducted on, and approval be obtained for, all third parties performing 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 to colleagues on WTW's intranet site and are translated into 26 languages to support their global application and understanding.

Online training is delivered annually in these languages on a risk-based approach to WTW employees regarding Anti-Bribery & Corruption; Gifts Entertainment & Hospitality; and Third Party Bribery Risk, including a comprehension test on the module content.

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

Corporate and Social responsibility

At WTW, we each share a set of core values that serve as a guide for how we manage our relationships inside the company and out. Within these values there is a focus on good citizenship that involves supporting the communities and protecting the environments where we live and work.

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

- Matching Gifts Programme that matches our colleagues' contributions to charitable organizations focused on healthcare, inclusion, and diversity, post-secondary education, disaster relief, and environmental/climate sustainability;
- Volunteer Day Programme 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.

Whistleblowing

Pursuant to the Code of Conduct, WTW conducts its business responsibly and in compliance with all applicable laws, regulations, internal accounting standards, accounting controls and audit findings. It is expected that colleagues will act with the highest possible standards of honesty, ethical conduct and integrity in all that they do. Should colleagues have a genuinely held concern that these high standards are not being maintained, they are invited to raise any concerns via several different confidential reporting routes. WTW takes all reports of misconduct seriously and investigates them thoroughly. Reprisal or retaliation against anyone who has in good faith reported potential breaches of our values, the Code of Conduct or the law is not tolerated.

Section 172 Companies Act 2006

In the course of the year, the Board of Directors complied with Section 172 of the Companies Act 2006 ('S172') by having regard to the following in all its principal decision making:

a. the long-term consequences of any of its decisions (see Strategy section above);

b. the interests of its employees (see Employees section above);

c. the Company's business relationships with its suppliers, customers and others (see Outsourcing Risk section above);

d. community and environment (see Environment section above); and

e. reputation and business conduct (see Regulatory, Legal and Conduct Risk section above).

Section 172 (f) does not apply to the Company as it is a wholly owned subsidiary of Willis Towers Watson plc.

In each case, the Board carefully considered the long-term consequences of each of these decisions by discussing with, and challenging management, on the consequences of any decisions on its key stakeholders (see Directors' Report below), the Company's reputation, and the impact on its culture and conduct. The Board has a well-established Audit Committee and an Enterprise Risk Management Committee, both of which review all the Board's principal decisions based on their internal control assessments and risk assessments.

The key responsibility of the Enterprise Risk Management Committee is to satisfy itself and report its conclusions to the Board on the solvency of the Company and its subsidiaries on a realistic stressed basis for the foreseeable future. The Enterprise Risk Management Committee reviews, and reports to the Board, whether:

- there is effective leadership on risk issues;
- the risk culture across the organisation is appropriate;
- the remuneration strategy encourages excessive risk taking;
- all material risks have been identified and accurately assessed;
- any risks that are outside the Company's risk appetite are identified and escalated and are being actively managed to bring the risk back within appetite;
- mitigation action is timely and appropriate;
- material risks are being controlled through an effective, efficient and comprehensive control environment;
- WTW policies and initiatives are appropriate and adhered to; and
- the businesses are meeting their regulatory responsibilities.

The purpose of the Audit Committee is to provide assurance to the Board that, based on available evidence, the system of internal control established by management is:

- appropriately designed for a business of the size and nature of the Company;
- operating effectively;
- likely to continue to operate for the foreseeable future; and
- the Internal Audit function has appropriate resources to fulfil its function effectively.

Section 172 Companies Act 2006 (continued)

The Audit Committee ensures all reporting disclosures on the system of internal control are appropriate, and satisfies itself that:

- the financial statements of the Company present a true and fair view and are in accordance with the agreed accounting policies;
- key judgements and disclosures are appropriate;
- it continues to be appropriate to prepare the financial statements on a going concern basis;
- risk issues are adequately reflected in the financial statements; and
- appropriate Client Money Controls are in place.

During the year the Audit Committee requested, and received, confirmation that the Internal Audit resources were adequate to fulfil the Internal Audit Plan.

An important channel that provided rigorous review and challenge to some of management's recommendations to the Board was the Controls Committee, whose prime responsibility is to ensure the effective design and operation of controls within the Company, including monitoring key controls and overseeing improvements to key controls. The Committee facilitates dialogue and co-operation between the Risk, Compliance, Internal Audit, IT, Information Security, Legal and Finance functions and the business operations of the Company to ensure an appropriate control environment exists across the Company.

In the course of the year, the Board of Directors regularly reviewed and monitored management information in respect of the Company's day-to-day activities by regularly receiving and reviewing the reports from the Chief Executive Officer, the Heads of the Lines of Business (CRB and IRR), Chief Finance Officer, Chief Operating Officer and the Human Resources, Legal, Risk, Finance, Audit and Compliance functions. In the course of the year, the Board of Directors enhanced its engagement with employees and other stakeholders in various ways, details of which are included in the Directors' Report below.

During the course of the year, the Directors received training on a variety of subjects including directors' duties, The Companies (Miscellaneous Reporting) Regulations 2018, corporate governance reporting requirements, financial crime and the FCA's SM&CR.

Board packs for the Company were streamlined and were issued to the Directors a few days in advance of the Board meetings in order to provide adequate time for review. Each paper in the Board pack contained a cover sheet which provided an executive summary of the paper and specified the action that was required of the Board. While Board papers have in practice covered various S172 factors in their content, it is expected that going forward the cover sheets will highlight specifically any S172 factors for consideration if the Board is requested to make any decisions.

This strategic report was approved by the Board of Directors and authorised for issue on 28 May 2021 and signed on its behalf by:

Nicolas Aubert

Director

51 Lime Street

London EC3M 7DQ

WILLIS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their annual report, together with the audited financial statements, for the year ended 31 December 2020.

Strategic report

The Directors have approved the content of the Company's strategic report prepared in accordance with Section 414C of the Companies Act 2006. The strategic report provides an overview of the Company's activities and an analysis of its performance for the year ended 31 December 2020, along with the principal risks faced in achieving its future objectives, future developments, information on financial risk management and information about employees.

Going concern

The Directors evaluate at each annual period whether there are conditions or events, considered in the aggregate, that raise a material uncertainty about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued. The Directors' evaluation is based on relevant conditions and events that are known and reasonably knowable at the date that the financial statements are issued.

COVID-19 has had an adverse impact on global commercial activity, including the global supply chain, and has contributed to strain in financial markets, including, among others, a decline in equity markets, changes in interest rates and reduced liquidity on a global basis. It has also resulted in increased travel restrictions and extended shutdowns of businesses in various industries including, among others, travel, trade, tourism, health systems and food supply, and significantly reduced overall economic output.

As noted in the Capital Policy note within the strategic review, the Company is required to maintain capital and cash balances in accordance with the FCA's Threshold Conditions and MIPRU requirements. The Directors have considered liquidity stress testing that includes COVID-19 impact scenarios against these capital requirements to ensure the Company would continue to maintain capital resources of at least twice that requirement for the foreseeable future.

COVID-19 has disrupted certain aspects of WTW's business and could continue to disrupt WTW's business and those of its clients, suppliers and other third parties with whom it interacts. In the light of this, the Directors considered it was appropriate to perform and analysis, specific to COVID-19, to consider whether these events and uncertainties cast a material uncertainty upon the Company's ability to continue as a going concern. These procedures were carried out as part of a WTW-wide exercise in conjunction with WTW, and considered business resilience and continuity plans, financial modelling, both for the Company and wider WTW group and stress testing of liquidity and financial resources.

Having assessed the responses to their enquiries, including those related to COVID-19, the Directors have no reason to believe that a material uncertainty exists that may cast significant doubt upon the ability of the Company to continue as a going concern or its ability to repay loans due from time to time. As a consequence of the enquiries, the Directors have a reasonable expectation that the Company has appropriate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements on page 37.

Branches

As at 31 December 2020, the Company has a branch located in the United Arab Emirates. A further branch that had been in operation during 2020 was closed during the year (the only branch that had been located in an European Economic Area member state other than the UK).

Dividends

An interim dividend of $217 million was paid on 15 October 2020 (2019: $195 million paid on 14 October 2019) and a second interim dividend of $139 million on 30 November 2020 (2019: $nil). The Directors do not recommend the payment of a final dividend (2019: $nil).

Events after the balance sheet date

Agreement to sell set of WTW assets to Gallagher

On 12 May 2021 WTW announced the signing of a definitive agreement to sell Willis Re and a set of Willis Towers Watson corporate risk and broking and health and benefits services to Arthur J. Gallagher & Co. ('Gallagher'). These businesses will be divested for a total consideration of approximately US$3.57 billion.

The agreement resolves questions raised by the European Commission and is intended to address certain questions raised by regulators in certain other jurisdictions. Aon and Willis Towers Watson continue to work toward obtaining additional regulatory approval in all relevant jurisdictions, including the United States, where regulators are conducting an independent review of the Aon and WTW combination.

Aon and Willis Towers Watson continue to progress with their integration planning, most recently highlighted by the announcement of the future leadership team that, following the close of the combination, will collaborate to deliver new sources of value to clients and create new opportunities for colleagues.

In terms of the impact on the Company, Gallagher is acquiring the following businesses from Willis Limited:

- the Reinsurance segment in its entirety,
- Global cedent facultative reinsurance;
- the Inspace business unit;
- certain business undertaken for Aerospace Manufacturing clients;
- the Cyber business unit;
- Corporate Risk and Broking services for Property & Casualty and Finex insurance in the UK relating to certain large multinational companies headquartered in France, Germany, the Netherlands and Spain; and
- Corporate Risk and Broking Finex accounts relating to certain large multinational companies headquartered in the UK.

The transaction with Gallagher is contingent on the completion of the pending Aon and Willis Towers Watson combination, as well as other customary closing conditions. While Aon and WTW are working to complete their combination as soon as possible during the third quarter of 2021, the completion remains subject to the receipt of required regulatory approvals and clearances, including with respect to United States antitrust laws, as well as other customary closing conditions.

Employees

It is the Company's and WTW's policy, in keeping with the legislation in the countries in which it operates, to provide a working environment free from all forms of harassment and discrimination, including discrimination against disabled colleagues, with respect to employment continuity, training, career development and other employment practices.

Directors

The current Directors of the Company are shown on page 1, which forms part of this report. Peter J Carter and Rodney P Baker-Bates resigned from the Board on 24 June 2020 and 31 August 2020 respectively. Stuart W Sinclair (Chairman) and Richard R Goff joined the Board on 11 March 2020 and 23 June 2020 respectively. There were no other changes in Directors during the year or after the year end.

The activities of the Directors are covered by a WTW-wide Directors and Officers Insurance policy.

Statement of corporate governance arrangements

The Board of Directors adopted the Wates Principles of Corporate Governance for Large Private Companies as the Company's primary corporate governance code. The Board also operates within a wider corporate governance framework (the Subsidiary Governance Guidelines) for the subsidiaries of its ultimate parent company, Willis Towers Watson plc.

The Company applied the six Wates Principles in the following ways:

Principle 1: Purpose and Leadership

WTW's purpose is the reason that the Company exists. WTW creates clarity and confidence today for a more sustainable tomorrow. The Company's values are more than words. The Company has adopted the following values, which are the WTW values: customer focus, teamwork, integrity, respect and excellence. The Company believes that living its values every day drives its success. The values frame the Company's approaches and ways of working and embed the behaviours that drive its performance. The Company's values are communicated consistently across all staff and customer messaging, on the Company's website, and are embedded in all employee engagement, including performance management tools.

The Company has a strong culture aligned to its values. The Company's culture is constantly monitored through company-wide staff engagement surveys carried out every two years, exit interviews, one to one engagement, Board site visits, town hall events carried out by senior management and regular reports to the Board.

For further details on the Company's strategy, see the Strategic Report above.

Principle 2: Board Composition

On 31 December 2020, the Board comprised thirteen Directors. Using the definition contained in the UK Corporate Governance Code, the Chair was independent upon appointment. The Board has five Non-Executive Directors, two of whom are independent and chair the Enterprise Risk Management and Audit Committees. The Board has eight Executive Directors who include the Chief Executive Officer, the Chief Finance Officer, the heads of the major businesses, the Chief Operating Officer, Chief Compliance Officer and Chief Risk Officer.

The Board members are shown on page 1.

The Board considers its size and the diversity of its composition in respect of gender, experience and ethnicity to be appropriate for the size of the Company. The Company has a strong culture of inclusion and diversity and considers it to be critical to its business. It is how the Company hires and promotes, how it works with customers and how its teams function. WTW is committed to creating an inclusive work environment where everyone is heard, respected and valued for who they are. The Board has a good balance of knowledge and experience across all its Executive and Non-Executive Directors, whose details are contained in the Directors' Report.

Principle 3: Director Responsibilities

At WTW, corporate governance is defined by the system of rules, practices and processes by which companies are directed and controlled and the aim of which is to enable the best decisions to be made by those companies.

The Company ensures adherence to a set of WTW-wide internal subsidiary governance guidance that applies across the segments, geographies and legal entities at WTW. These set out minimum standards for areas such as Board composition, changes to Boards, director training, database guidelines and document retention. In addition, the Board has also adopted the Wates Principles of Corporate Governance for Large Private Companies. Also, the Company has in the course of the year, reviewed and adopted the appropriate governance standards in order to comply with the FCA's SM&CR.

In line with the Company's Risk Management Framework, the Board organises its work by delegating specific matters to the following Board Committees:

- the Enterprise Risk Management Committee;
- the Audit Committee;
- the Nominations Committee; and
- the Culture and Conduct Committee (with effect from 2020).

The Board and its Committees receive regular reports and management information from the businesses in order to assist them to discharge their responsibilities under the individual constitutional documents and terms of reference, as well as their individual responsibilities under the FCA's SM&CR.

Statement of corporate governance arrangements (continued)

Principle 4: Opportunity and Risk

The WTW Enterprise Risk Management team is a global team which works with businesses and corporate functions to ensure a proactive and integrated approach to risk management, and with colleagues to help them effectively and efficiently deliver quality and manage risk. The Board's Enterprise Risk Management Committee meets at least quarterly. This Board Committee advises the Board on risk matters including the assessment of risk appetite and monitoring of risk against that appetite.

The Board reviews its risk appetite and internal control framework regularly and uses Board meetings and other arrangements to ensure that it has continuous market insights in the context of the Company's businesses.

The Company's strategy is aligned to the WTW strategy, which is based on the belief that a unified approach to people and risk yields growth for our customers. The Company's integrated teams bring together the Company's understanding of risk strategies and market analytics. This helps customers around the world to achieve their objectives.

The Chief Executive regularly provides the Board with a market overview which includes opportunities for tangible and intangible value creation. The Board also regularly holds strategy execution discussions, which provides the Board with the time to consider and debate opportunities for the Company.

For further details, see the Strategic Report above.

Principle 5: Remuneration

At WTW, employees are paid for performance, so compensation programmes are designed to support both short- and long-term goals, as well as both individual and team successes. Base salary is determined by a colleague's role, proficiency in the role and location. As a leader in compensation surveys, WTW uses market data to ensure its offerings are competitive.

Salary increases are generally made through the annual year-end review process. Increases are based on employee performance and competency development during the prior year, and may be made in conjunction with a role change or level change, or, in some cases, to ensure external competitiveness.

Short term incentives are discretionary awards paid annually that reflect the performance of the business and enable the company to recognize colleague contributions to its success for that given year.

Senior management remuneration is also based on performance over the course of the year and demonstration of the WTW values in a similar way to that of all other employees. The Company has a long-term incentive programme which is an annual discretionary programme designed for the most senior colleagues who make strategic contributions to the success of the business over time.

Discretionary awards for all staff including senior managers align with performance, behaviours, and achievement of the Company's purpose, values, and strategy.

For further details on compensation, see note 7 to the Financial Statements below.

Statement of corporate governance arrangements (continued)

Principle 6: Stakeholder Relationships and Engagement

The Company's material stakeholders are its customers, employees, the FCA, its parent company, its environment and its third-party suppliers. The Board of Directors is committed to engaging appropriately with its material stakeholders and to consider any feedback received in making any principal decisions. While the Board of Directors has been aware of this requirement in its deliberations, it is scheduled to consider adopting a stakeholder dashboard which will be kept under regular review in the course of the following year in order to maintain this duty at the forefront of its deliberations.

In the course of the year, the Board of Directors engaged with the FCA and the parent company as well as its employees prior to arriving at its Brexit approach and implementing the governance and employment related changes that were required for the adoption of the FCA's SM&CR. The Board of Directors also took feedback from its material stakeholders in the following ways:

Employees - The Board carried out site visits which provided an opportunity for the Board to meet members of staff other than the usual presenters to the Board. In addition, the Board regularly receives a people update from the Human Resources Director as well as related updates in respect of inclusion and diversity from other members of the Executive team. The Board of Directors includes the Human Resources Director, the Chief Compliance Officer and the Chief Risk Officer ensuring that the interests of the employees, the FCA and the second line functions are actively considered during Board deliberations. The regular updates from the Human Resources Director include consideration of employees' interests when setting remuneration and terms of employment as well as a broad range of Human Resource and employment law matters such as redundancies, relocation and health and safety issues. The Board of Directors took into account feedback from the Regulator, the employees and the parent company via the various executive reports prior to approving the structural changes required for the adoption of the SM&CR.

Regulators - Most of the Directors have scheduled periodic engagement meetings with the FCA and maintain an open and proactive relationship with the FCA by engaging in frequent, two-way dialogue. The Board of Directors also engages with the Regulator on an ad-hoc basis as issues arise, and proactively engaged with the FCA while building the plans for adoption of the SM&CR as well as the Company's Brexit preparedness solution. The Board of Directors considers the feedback from the FCA very carefully and has developed a culture of proactive compliance based on its ongoing channels of communication. The appointment of the Chief Compliance Officer to the Board has been a key appointment to ensure the FCA's perspective is an active one during Board deliberations.

Shareholder - The ultimate parent of the Company is Willis Towers Watson plc. In the course of 2019, the Company entered into a Memorandum of Understanding with the ultimate parent company, which established the principle that while the parties each recognised that the Company was part of a global enterprise, the Company itself is a UK regulated entity and as such was sufficiently empowered and had the authority and mandate to undertake the activities necessary to ensure that its implementation of WTW's global aims and strategy and its business model, prudential arrangements and the conduct of its business were consistent with FCA regulation and applicable law. In addition, the Board fosters communication with the Board of Willis Towers Watson plc through the appointment of a common Non-Executive Director, who is a member of both Boards.

Customers - One of the Company's values is to be customer focused. The Company is driven to help its customers succeed. In every interaction and with every solution, employees are encouraged to act in the Company's customers' best interests, striving to understand their needs, respecting their perspectives and exceeding their expectations. For instance, the Board of Directors carefully considered the Company's customers' best interests prior to approving the Brexit preparedness solution. The Board of Directors receives updates on customer interaction and feedback via business reports, which are presented regularly to every scheduled Board meeting.

Third Party Suppliers - The company continuously monitors its supply chain and ensures oversight over its key supplier arrangements. The Company has a Chief Operating Officer, who is also a member of the Board, who oversees the Company's key suppliers and maintains appropriate relationships. The Chief Operating Officer presents a report to every scheduled Board meeting and escalates all material items of feedback as necessary to the Board on a regular basis. For further details, see the Modern Slavery Statement for Willis Limited, available on the WTW website, www.willistowerswatson.com.

Streamlined Energy and Carbon Report

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

Scope of this Report

The data in this report is for the period 1 January 2020 to 31 December 2020, unless specified.

Systems

WTW recognises its environmental responsibilities and the need to minimise its impact on the environment.

Focus Areas

WTW is currently in the process of designing and implementing processes to reduce its carbon footprint. Its work involves reducing its environmental impact and carbon emissions through improvements to energy efficiency in its operations, reducing the need for business travel through the use of virtual meeting technologies, promoting recycling and reducing the waste sent to landfill.

Real Estate and workplace transformation, agile and remote working: WTW has a global workplace vision and coordinated strategy that includes an office consolidation programme and the introduction of agile working. Agile working gives WTW colleagues more choice over how and where they work, including technology that enables remote working. Through office consolidations and increasing remote working capability, WTW continues to deliver benefit in the form of overall reductions in office energy use and colleague commutes.

During the course of 2020, office-based operations were significantly reduced, thereby reducing the overall potential carbon footprint. As this is the first year of this disclosure, a comparison against the data for the year ended 2019 has not been possible. However, the offices in London remained shut but for a skeleton colleague base between the months of March and September 2020. In September 2020, the offices in the UK re-opened for c. 10% of colleagues but were closed again in December 2020. Therefore, the data for greenhouse gas emissions is reflective of the COVID-19 situation and an increase is expected in 2021.

Colleagues

WTW engages its 46,000 colleagues globally through the promotion of WTW-wide and local initiatives. WTW colleagues are encouraged to adopt environmentally responsible habits, like paper-less record-keeping and recycling, and learn information about new sustainability initiatives through internal communications and promotional campaigns.

Customers

WTW partners with its customers and communities to help address their social and economic challenges. WTW accomplishes this through a combination of its business services and corporate programmes.

For further information, see Principle 6 of the Wates Principles included within the Directors Report.

Suppliers

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

For further information, see Principle 6 of the Wates Principles included within the Directors Report.

Compliance

WTW's policy is to comply with all applicable environmental laws and regulations where it operates.

Streamlined Energy and Carbon Report (continued)

Total Emission Scope Summary

Emission Type	Total Volume (kWh)	Calculated Emissions (Tonnes of CO_2e)
Scope 1 (direct)	2,880,096	535
Scope 2 (indirect)	7,264,579	1,694
Scope 3 (indirect)	214,463	53
Total	**10,359,138**	**2,282**

Scope 1 Emissions (Direct)

Emissions from activities owned or controlled by the Company that release emissions into the atmosphere. Examples of Scope 1 emissions include emissions from combustion in owned or controlled boilers, furnaces, vehicles; emissions from chemical production in owned or controlled process equipment.

Energy Type	Definition	Total Volume (kWh)	Calculated Emissions (Tonnes of CO_2e)
Gas	Emissions from combustion of gas	2,795,308	514
Transport	Emissions from combustion of fuel for transport purposes	84,788	21
Total		**2,880,096**	**535**

Scope 2 Emissions (Indirect)

Emissions released into the atmosphere associated with the Company's consumption of purchased electricity, heat, steam and cooling. These are indirect emissions that are a consequence of the Company's activities, but which occur at sources the Company does not own or control.

Energy Type	Definition	Total Volume (kWh)	Calculated Emissions (Tonnes of CO_2e)
Electricity	Emissions from purchased electricity	7,264,579	1,694
Total		**7,264,579**	**1,694**

Scope 3 Emissions (Indirect)

Emissions that are a consequence of the Company's actions, which occur at sources which the Company does not own or control and which are not classed as Scope 2 emissions. Examples of Scope 3 emissions are business travel by means not owned or controlled by the Company. Under SECR it is not mandatory to report rail or air travel.

Energy Type	Definition	Total Volume (kWh)	Calculated Emissions (Tonnes of CO_2e)
Employee Owned Cars	Emissions from business travel in employee-owned vehicles where the company is responsible for purchasing the fuel (mandatory)	214,463	53
Total		**214,463**	**53**

Streamlined Energy and Carbon Report (continued)

Out of Scope

In addition to the emissions reported above, fuels with biogenic content are not required to be reported within the Company's emissions total and are outside of scope. For completeness, these are noted below.

Energy Type	Total Volume (kWh)	Calculated Emissions (Tonnes of CO_2)
Transport (e.g. cars)	-	3
Total	**-**	**3**

Total Emissions History

As this is the first year of reporting, there are no comparisons of change from previous years.

Emission	Year 1 2020
Tonnes of CO_2e	**2,282**

Intensity ratios

Intensity ratios compare emissions data with an appropriate business metric or financial indicator.

Intensity Measurement	Turnover ($m)	Intensity Ratio (tCO2e / Turnover $m)
Tonnes of CO2e per total $m Turnover	**927**	**2.46**

The Company has chosen to use tonnes of CO2e per $m turnover for its Intensity Ratio. As this is the first year of reporting, there are no comparisons of change from previous years.

Quantification and Reporting Methodology

WTW has taken guidance from the UK Government Environmental Reporting Guidelines (March 2019), the GHG Reporting Protocol - Corporate Standard, and from the UK Government GHG Conversion Factors for Company Reporting document for calculating carbon emissions. Energy usage information (gas and electricity) has been obtained directly from their energy suppliers, HH/AMR data, as well as landlord invoices where available. For sites with no available data, the usage estimate was calculated based on a similar size office space. As all the entities have employees across the estate, it was agreed that the usage for each entity would be worked out based on the number of employees at each site. This means that a sites usage could be split over multiple entities however total site usage has been captured and reported. Transport mileage data was provided for company and employee owned vehicles. CO2 emissions were calculated using the appropriate emission factors from the UK Government GHG conversion information and retained within the organisations data file for reference where required.

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to the auditor

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 Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Auditor

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

This Directors' report was approved by the Board of Directors and authorised for issue on 28 May 2021 and signed on its behalf by:

Nicolas Aubert

Director

51 Lime Street

London EC3M 7DQ

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Willis Limited (the 'company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 28.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB.

Basis for opinion

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

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, 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.

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 company's ability to continue to adopt the going concern basis of accounting included:

- current year results and financial position
- assumptions used in forecasts
- accuracy of historical forecasts
- first quarter results relative to forecasts
- principal risks and uncertainties and how these have been mitigated

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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIS LIMITED (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and 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 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 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 (UK) 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 the FRC's website at: www.frc.org.uk/auditorsresponsibilities. 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.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included FCA client money rules, UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the company's operating licence, regulatory solvency requirements and environmental regulations.

We discussed among the audit engagement team including relevant internal specialists such as tax, financial instruments, pensions and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements. As a result of performing the above, we identified the greatest potential for fraud in multi-annual policies , and our specific procedures performed to address it are described below:

- specific sample testing of multi-annual policies with detailed assessment of cut-off.

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

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

David Rush FCA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

28 May 2021

WILLIS LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 $m	2019 $m
Brokerage and fees	3	**919**	955
Other income	4	**1**	2
Interest and investment income		**7**	17
Turnover		**927**	974
Operating expenses		**(719)**	(717)
Operating income – foreign exchange gain		**32**	23
Profit on disposal of operations	8	**170**	—
Operating profit	5	**410**	280
Interest receivable and similar income	9	**16**	29
Profit before taxation		**426**	309
Tax charge on profit	10	**(77)**	(58)
Profit for the year		**349**	251

All activities derive from continuing operations.

The notes on pages 37 to 63 form an integral part of these financial statements.

WILLIS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	**2020**	2019
		$m	$m
Profit for the year		**349**	251
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Actuarial gain relating to the defined benefit pension scheme	22	**22**	55
UK deferred tax attributable to actuarial gain	10	**(4)**	(10)
UK deferred tax attributable to rate change	10	**9**	—
		27	45
Items that are or may be reclassified subsequently to profit or loss:			
Derivative instruments:			
- (Loss)/Gains on forward contracts (effective element)		**(6)**	10
- Reclassification adjustments for forward exchange contracts included in income statement		**3**	8
Tax on items relating to components of comprehensive income	10	**—**	(3)
Other comprehensive income for the year, net of income tax		**24**	60
Total comprehensive income for the year		**373**	311

The notes on pages 37 to 63 form an integral part of these financial statements.

WILLIS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2020

	Notes	2020 $m	2019 $m
Fixed assets			
Intangible assets	12	**198**	206
Tangible fixed assets	13	**28**	30
Investments	14	**5**	5
		231	241
Current assets			
Debtors:			
Amounts falling due within one year	16	**789**	873
Amounts falling due after more than one year	16	**36**	33
		825	906
Deposits and cash: held in fiduciary capacity		**1,493**	1,324
Deposits and cash		**93**	150
		2,411	2,380
Current liabilities			
Creditors: amounts falling due within one year	17	**(369)**	(481)
Fiduciary liabilities: amounts falling due within one year	18	**(1,493)**	(1,324)
		(1,862)	(1,805)
Net current assets		**549**	575
Total assets less current liabilities		**780**	816
Creditors: amounts falling due after more than one year	19	**(9)**	(7)
Provisions for liabilities	20	**(33)**	(41)
Net assets excluding pension plan surplus		**738**	768
Defined pension plan surplus	22	**653**	604
Net assets including pension plan surplus		**1,391**	1,372
Equity			
Called up share capital	21	**153**	153
Cash flow hedging reserve		**1**	4
Retained earnings		**1,237**	1,215
Shareholder's equity		**1,391**	1,372

The notes on pages 37 to 63 form an integral part of these financial statements.

The financial statements of Willis Limited, registered company number 00181116, were approved by the Board of Directors and authorised for issue on 28 May 2021 and signed on its behalf by:

Richard R Goff

Director

WILLIS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Called up share capital	Cash flow hedging reserve	Retained earnings	Total equity
		$m	$m	$m	$m
Balance at 1 January 2019		153	(11)	1,114	1,256
Profit for the year		—	—	251	251
Other comprehensive income/ (expense):					
Actuarial gain on pension scheme	22	—	—	55	55
Reclassification adjustments for forward exchange contracts included in income statement		—	8	—	8
Gains on forward contracts (effective element)		—	10	—	10
Tax on items relating to components of other comprehensive income		—	(3)	(10)	(13)
Total comprehensive income for the year		—	15	296	311
Dividends to shareholders	11	—	—	(195)	(195)
Balance at 31 December 2019		**153**	**4**	**1,215**	**1,372**
Profit for the year		—	—	349	349
Other comprehensive income/ (expense):					
Actuarial gain on pension scheme	22	—	—	22	22
Reclassification adjustments for forward exchange contracts included in income statement		—	3	—	3
Losses on forward contracts (effective element)		—	(6)	—	(6)
Tax on items relating to components of other comprehensive income		—	—	5	5
Total comprehensive income for the year		—	(3)	376	373
Equity-settled share based payment transactions	27	—	—	2	2
Dividends to shareholders	11	—	—	(356)	(356)
Balance at 31 December 2020		**153**	**1**	**1,237**	**1,391**

The notes on pages 37 to 63 form an integral part of these financial statements.

1. General information and accounting policies

General information

The Company is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The registered number and address of the Company's registered office is shown on page 1 of this report.

Basis of preparation

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 and, consequently, has prepared these financial statements in accordance with Financial Reporting Standard 101 - Reduced Disclosure Framework ('FRS 101').

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period

The principal accounting policies adopted are set out below.

Disclosure exemptions

The Company has taken advantage of disclosure exemptions permitted under FRS 101 in relation to certain requirements of IAS 1, IAS 36, IFRS 13, IFRS 15 and IFRS 16 and others, primarily: (i) business combinations; (ii) share-based payments; (iii) financial instruments; (iv) presentation of a cash flow statement; (v) related party transactions; and (vi) new International Financial Reporting Standards ('IFRSs') that have been issued but are not yet effective as, where required, equivalent disclosures are given in the group financial statements of Willis Towers Watson plc.

Going concern

The Company's business activities and the factors likely to affect its future development and position are set out in the Strategic Report. The Company's financial projections indicate that it will generate positive cash flows on its own account for a period of at least twelve months from the date of approval of the financial statements. The Company deposits its excess own cash funds with WTW's centralised treasury function and so shares banking arrangements with its parent and fellow subsidiaries.

In accordance with their duties set out in the Financial Services and Markets Act and the FCA's 'Threshold Condition 2.4 - Appropriate Resources' the Directors have conducted enquiries into the nature and quality of the assets, liabilities and cash that make up the Company's capital. Furthermore, the Directors' enquiries extend to the Company's relationship with WTW and 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 WTW to continue as a going concern or its ability to repay loans due to the Company from time to time.

As a consequence of the enquiries the Directors have a reasonable expectation that the Company has appropriate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Parent undertaking and controlling party

The Company's:

- immediate parent company and controlling undertaking is Willis Faber Limited; and
- ultimate parent company is Willis Towers Watson plc, a company incorporated in Ireland, whose registered office is Willis Towers Watson House, Elm Park, Merrion Road, Dublin 4, Ireland.

In accordance with Section 400 of the Companies Act 2006, the Company is exempt from the requirement to produce group financial statements.

The largest and smallest group in which the results of the Company are consolidated is Willis Towers Watson plc, whose financial statements are available to members of the public on WTW's website www.willistowerswatson.com, in the Investor Relations section.

1. General information and accounting policies (continued)

Revenue recognition

Revenue includes insurance commissions, fees for services rendered, certain commissions receivable from insurance carriers and investment income earned on fiduciary balances.

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 organisation looking to obtain insurance coverage for its employees or members. Also, we act as an agent in reinsurance broking arrangements where our client is 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 post-placement obligations in certain contracts. The most common of these is for claims handling , although this is typically considered to be an immaterial performance obligation.

Due to the nature of the majority of our broking arrangements, no single document constitutes the contract for IFRS 15 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.

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 fulfilment costs are incurred before we can recognise 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.

Fees for our broking services consist 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. 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, 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 IFRS 15). This is an area requiring significant judgement 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 recognise 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.

Revenue is stated net of VAT and other sales-related taxes, where applicable.

Investment income earned on fiduciary balances is recognised on an accruals basis.

Cost to obtain or fulfil 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 IFRS 15 'practical expedient' which allows it 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.

1. General information and accounting policies (continued)

Cost to obtain or fulfil contracts (continued)

Costs to fulfil include costs incurred by the Company that are expected to be recovered within the expected contract period. The Company must estimate the fulfilment costs incurred during the pre-placement of the broking contracts. These judgements include:

- which activities in the pre-placement process should be eligible for capitalisation;
- the amount of time and effort expended on those pre-placement activities;
- the amount of payroll and related costs eligible for capitalisation; and,
- the monthly timing of underlying insurance and reinsurance policy inception dates.

The Company amortises costs to fulfil over the period it receives the related benefits. For broking pre-placement costs, this is typically less than a year.

Interest receivable

Interest receivable is recognised as interest accrues using the effective interest method.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Foreign currency translation

These financial statements are presented in US dollars which is the currency of the primary economic environment in which the Company operates ('the functional currency').

Transactions in currencies other than the functional currency are initially recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange ruling at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the income statement in the period in which they arise, except for transactions entered into to hedge certain foreign currency risks (see Financial assets and financial liabilities, below).

Intangible assets - Goodwill

Goodwill represents the excess of the cost of businesses acquired over the fair market value of identifiable net assets at the dates of acquisition. The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 require the amortisation of goodwill. However, the Company believes the amortisation 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 amortisation of goodwill over an arbitrary period does not reflect economic reality and thus does not provide useful information to financial statement users. 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 amortise goodwill but reviews it for impairment annually and whenever facts or circumstances indicate that the carrying amounts may not be recoverable.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units (or groups of cash generating units) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which goodwill is allocated shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and not be larger than an operating segment before aggregation.

1. General information and accounting policies (continued)

Intangible assets - Other

Both acquired and other intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Amortisation is calculated as follows:

- Acquired client relationships in line with underlying cash flows over 3 to 20 years; and
- Software development costs on a straight line basis over 4 to 7 years.

Development costs have been capitalised in accordance with IAS 38 *Intangible Assets* and are therefore not treated, for dividend purposes, as a realised loss.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is calculated on a straight-line basis to write off the cost of such assets over their estimated useful economic lives as follows:

- Freehold buildings at 2 per cent per annum;
- Freehold land is not depreciated ; and
- Equipment on a straight line basis over 7 years.

Expenditure for improvements is capitalised; repairs and maintenance are charged to the income statement as incurred.

Tangible fixed assets are reviewed for impairment when events or changes in circumstance indicate that the carrying amount may not be recoverable. Any impairment in the value of tangible fixed assets is charged to the income statement in the period in which the impairment occurs.

Fixed asset investments

Investments in subsidiaries and associates are carried at cost less provision for impairment.

Insurance broking assets and liabilities

The Company acts as agent in placing the insurable risks of its clients with insurers and, as such, generally is not principal to the contracts under which the right to receive premiums from clients, or reimbursement of insured losses from insurers, arises. Consequently, the Company is generally neither contractually entitled to demand premiums from clients nor liable to insurers for any uncollected amounts arising from such transactions

In recognition of this relationship, uncollected premiums and claims from insurance broking transactions are not included as assets or liabilities of the Company. Other than the receivable for revenue not yet received for fees and commissions earned on a transaction, no recognition of the insurance transactions occurs.

In certain exceptional circumstances, the Company advances premiums, refunds or claims to insurance underwriters or clients prior to collection from fiduciary funds. To the extent that these advances result in increased credit risk this is reflected in the recognition of an expense for bad and doubtful debts and an equal and opposite provision.

Deposits and cash: held in fiduciary capacity ('fiduciary funds')

Unremitted insurance premiums and claims are recorded within fiduciary funds. Fiduciary funds are required to be kept in certain regulated bank accounts subject to guidelines which emphasise 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 generally entitled to retain interest and investment income earned on fiduciary funds in accordance with agreements with insureds and insurers and in accordance with industry custom and practice where these agreements are not in place.

1. General information and accounting policies (continued)

Pension costs

The Company has a defined benefit pension scheme and a defined contribution pension scheme. The defined benefit scheme was closed to new entrants in January 2006, and subsequently a salary freeze was enacted on 30 June 2015. New employees are now offered the opportunity to join the defined contribution scheme.

Defined benefit scheme

A defined benefit scheme is a pension scheme that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of the defined benefit obligation) and is based on actuarial advice.

Past service costs are recognised in profit and loss on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are remeasured using current actuarial assumptions and the resultant gain or loss recognised in the income statement during the period in which the settlement or curtailment occurs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance income or cost.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on the net assets (excluding amounts included in net interest), are recognised immediately in other comprehensive income in the period in which they occur.

The defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is restricted to the present value of any amount the Company expects to recover by way of refunds from the plan or reductions in the future contributions.

Defined contribution scheme

A defined contribution scheme is a pension scheme under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods.

The costs of the defined contribution scheme in which the Company participates are charged to the income statement as part of employee costs in the period in which they fall due. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Share-based payments

The Company's ultimate parent company, Willis Towers Watson plc, issues equity-settled and cash-settled share-based payments to certain employees of the Company under which the Company receives services from employees as consideration for these awards. The awards are granted by Willis Towers Watson plc and the Company has no obligation to settle the awards.

The fair value of the employee service received in exchange for the grant of the awards is recognised as an expense. A credit is recognised directly in equity. The equity-settled share-based payments are measured at fair value at the date of grant and are expensed on a straight-line basis over the vesting period, based on WTW's estimate of shares that will eventually vest.

1. General information and accounting policies (continued)

Share-based payments (continued)

Fair value of options is typically measured by use of the Black-Scholes pricing model. The expected life of options granted used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The fair value of each performance-based restricted stock unit is estimated on the grant date using a Monte-Carlo simulation that uses the following assumptions: expected volatility is based on the historical volatility of WTW's shares and the risk-free rate is based on the US Treasury yield curve in effect at the time of the grant.

For the cash-settled share-based compensation, the Company recognises a liability for the fair-value of the awards as of each reporting date. The liability for these awards is included within other non-current liabilities in the balance sheet since these amounts are not payable until at least 2022. Expense is recognised over the service period, and as the liability is remeasured at the end of each reporting period, changes in fair value are recognised within Operating Expenses in the Income statement. The significant assumptions underlying our expense calculations include the estimated achievement of any performance targets and estimated forfeiture rates.

Income Taxes

Current 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 recognised 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 recognised 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 utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities. The deferred income taxes relate to the same tax authority and that authority permits the Company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are credited or charged to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise, income tax is recognised in the income statement.

Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Financial assets and financial liabilities

Financial assets and financial liabilities include cash and cash equivalents, trade debtors and other receivables as well as trade creditors and other payables (including amounts owed to/by group undertakings) and derivative financial instruments.

The Company classifies its financial assets as at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss, on the basis of the business model in which a financial asset is managed and its contractual cash flow characteristics. The Company generally classifies its financial liabilities as at amortised cost or at fair value through profit or loss.

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value, and are subsequently measured at fair value. Gains or losses arising from changes in fair value through profit and loss are presented in the income statement, within interest income or expense, in the period in which they arise.

1. General information and accounting policies (continued)

Financial assets and financial liabilities (continued)

Financial assets or financial liabilities at amortised cost are initially recognised at fair value, plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability, except that trade receivables are initially recognised at their transaction price, and are subsequently measured at amortised cost using the effective interest method. Any resulting interest is recognised in interest receivable or interest payable, as appropriate.

At each reporting date, the Company measures the loss allowance for financial assets at amortised cost. Impairment losses on financial assets at amortised cost are recognised in profit or loss on an expected loss basis: lifetime expected losses are recognised 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 recognised if the credit risk on a financial asset has not increased significantly since initial recognition. For trade receivables, lifetime expected losses are recognised, under the simplified approach. 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 to be in default if it were more than 90 days past due. The amount of any impairment loss is recognised in profit or loss.

The Company uses derivative financial instruments for other than trading purposes to alter the risk profile of an existing underlying exposure. Interest rate swaps are used to manage interest rate exposures. Forward foreign currency exchange contracts are used to manage currency exposures arising from future income and expenses.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

For those derivatives designated as hedges and for which hedge accounting is desired, the hedging relationship is formally designated and documented at its inception.

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 to earnings when the hedged exposure affects earnings. Changes in fair value of derivatives that do not qualify for hedge accounting, together with any hedge ineffectiveness on those that do qualify, are recorded in operating expenses or interest expense as appropriate.

Recent accounting pronouncements adopted in the current period

No amendments to International Financial Reporting Standards ('IFRSs') or International Accounting Standards ('IASs') issued or adopted by the International Accounting Standards Board ('IASB') and endorsed by the EU that became effective for the Company during the financial year had a significant effect on the Company's financial statements.

2. Critical accounting judgements and estimates

The preparation of financial statements in conformity with FRS 101 and in the application of the Company's accounting policies, which are described in note 1, requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the dates of the financial statements and the reported amounts of revenues and expenses during the year. Judgements, 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 recognised 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.

2. Critical accounting judgements and estimates (continued)

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

Management judgement has been applied in the assessment of the significance of brokerage post placement obligations and hence the amount of revenue deferred and, also, for negotiated fee arrangements covering multiple insurance placements, in the determination of the relative fair value of the services completed and the services yet to be rendered.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, 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.

Valuation of goodwill

Significant management judgement is required to estimate:

- the future cash flows of the cash generating units, which are sensitive to projected cash flows for the period for which detailed forecasts are available and assumptions regarding the long-term pattern of cash flows thereafter; and
- the rates used to discount cash flows, which are sensitive to the risk-free interest rate in the UK and a premium for the risk of the business being evaluated; these variables are subject to fluctuations beyond management's control.

As part of the annual impairment test, which was performed as at 31 December 2020, management reviewed the current and expected performance of the cash generating units and determined that there was no indication of impairment of the goodwill allocated to them. See note 12 for the carrying amount of goodwill. No impairment of goodwill was identified in 2020 or 2019.

Funded defined benefit pension scheme

The Company uses the granular approach to calculating service and interest cost. The major assumptions used in the actuarial valuation of the funded defined benefit pension scheme operated by the Company are the rate of increase in salaries, the rate of increase in pensions in payment, the discount rate, RPI and CPI inflation rates, and mortality and longevity rates. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. Further details are given in note 22.

3. Brokerage and fees

The table below analyses the Company's brokerage and fees by the registered company address of the client from whom the business is derived. This does not necessarily reflect the original source or location of the business. Brokerage and fees are attributable to continuing operations.

	2020	2019
Brokerage and fees	**$m**	$m
United Kingdom	**325**	340
North America	**165**	157
Rest of the world	**429**	458
	919	955

3. Brokerage and fees (continued)

Contract Balances

The Company receives payments from customers based on billing schedules or terms as written in its contracts. Those balances denoted as contract assets relate to situations where the Company has completed some or all performance under the contract, however the Company's right to consideration is conditional. Contract assets result most materially in the proportional treaty broking business. Deferred revenue (within Accruals and deferred income) relates to payments received in advance of performance under the contract, and is recognised as revenue as (or when) the Company performs under the contract.

During the year ended 31 December 2020, revenue of approximately $12 million was recognised that was reflected as deferred revenue at 1 January 2020. The primary driver for the changes in contract assets and liabilities from 1 January 2020 to 31 December 2020 was the collection of cash, which either reduced the contract assets, or added additional deferred revenue.

During the year ended 31 December 2020, the Company recognised no material revenue related to performance obligations satisfied in a prior period.

Performance Obligations

The Company has contracts for which performance obligations have not been satisfied at 31 December 2020 or have been partially satisfied at 31 December 2020. The following table shows the expected timing for the satisfaction of the remaining performance obligations. This table does not include contract renewals nor variable consideration, which was excluded from the transaction prices in accordance with the guidance on constraining estimates of variable consideration.

In addition, 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 IFRS 15 paragraph B16 ('right to invoice').

	2021	2022 onwards	Total
	$m	$m	$m
Revenue expected to be recognised on contracts as of 31 December 2020	—	—	—

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 31 December 2020 has been excluded from the table above.

Costs to obtain or fulfil a contract

The Company incurs costs to obtain or fulfil 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 capitalised and deferred over the expected life of a contract.

	Costs to fulfil
	$m
Balance at 1 January 2019	24
New capitalised costs	97
Amortisation	(94)
Balance at 31 December 2019	**27**
New capitalised costs	101
Amortisation	(99)
Balance at 31 December 2020	**29**

	2020	2019
4. Other income	**$m**	$m
Other income	**1**	2

On 14 May 2020, the Company disposed of a Bloodstock book of business for consideration of $1 million, with no corresponding costs in relation to the disposal.

In anticipation of a change to the UK's trading relationship with the EU, on 1 July 2019 the Company disposed of a Reinsurance book of business to Willis BV (Netherlands), a fellow group undertaking. Consideration paid to the Company was €1.8 million ($2.0 million) with no corresponding costs in relation to the disposal.

	2020	2019
5. Operating profit	**$m**	$m
Operating profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets (note 13)	**3**	2
Amortisation of intangible assets (note 12)	**12**	8
Impairment of software and development costs (note 12)	**—**	1
Current service cost of pension schemes:		
- defined benefit scheme (note 22)	**17**	14
- defined contribution scheme (note 22)	**12**	10
Defined benefit scheme past service cost (note 22)	**9**	—
Net foreign currency exchange differences	**(32)**	(23)

The foreign exchange gain of $32 million (2019: $23 million) shown in the profit and loss account is mainly attributable to the fluctuation in the value of pound sterling and the Euro to the US dollar during the year in relation to intercompany assets and liabilities, the defined benefit pension scheme net asset and the close out of forward currency sale contracts.

Auditor's remuneration

	2020	2019
	$000	$000
Statutory financial statements audit fee	**1,175**	993
Audit-related assurance services	**137**	93
	1,312	1,086

Auditor's remuneration of $1,175,000 (£859,000) (2019: $993,000 (£750,000)) was borne by another group company.

6. Employee costs

	2020 $m	2019 $m
Salaries and incentives	**493**	460
Social security costs	**47**	46
Pension costs:		
- defined benefit scheme (note 22)	**26**	14
- defined contribution scheme (note 22)	**12**	10
Gross employee costs	**578**	530
Amounts borne by fellow subsidiary undertakings	**(89)**	(90)
Net employee costs	**489**	440

Number of employees – average for the period	2020 Number	2019 Number
Client service and insurance broking	**1,853**	1,842
Support services	**1,419**	1,378
	3,272	3,220

Pension costs for the defined benefit scheme include only those items included within operating expenses. Further details of those items and those recorded in interest receivable and similar income and the statement of comprehensive income are presented in note 22.

A number of the Company's employees are seconded to other subsidiary undertakings within WTW. The employment costs of those employees, including salaries, social security and pension costs, are borne and accounted for by those subsidiary undertakings. The costs borne by those subsidiary undertakings decreased from $90 million in 2019 to $89 million in 2020.

The Company recognised total expenses in 2020 of $3 million (2019: $1 million) related to equity-settled share-based payment transactions to employees and $6 million (2019: $5 million) related to cash-settled share-based payments (these are included within salaries and incentives above). Further details are presented in note 27.

7. Directors' remuneration

	2020 $000	2019 $000
Emoluments (excluding pension contributions, benefits and long-term incentive awards)	**9,068**	6,007
Benefits	**114**	31
Pension contributions	**38**	59
Amounts receivable under long-term incentive rewards	**—**	1,342
	9,220	7,439
Highest paid Director:		
Emoluments (excluding pension contributions, benefits and long-term incentive awards)	**3,987**	2,230
Benefits	**4**	10
Pension contributions	**13**	—
Amounts receivable under long-term incentive rewards	**—**	676
	4,004	2,916
Exercise of share options during the year	**2,574**	124

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

7. Directors' remuneration (continued)

	2020 Number	2019 Number
Directors exercising share options	2	1
Directors receiving shares under long-term incentive plans	2	2
Directors eligible for defined contribution pension schemes	8	7

The Directors working for the Company are employed by other subsidiary undertakings of Willis Towers Watson plc.

8. Profit on the disposal of operations

	2020 $m	2019 $m
Profit on the disposal of operations	170	—

On 15 October 2020, the Company disposed of its operations relating to EU domiciled client risks to Willis Towers Watson SANV (Belgium), a fellow group undertaking. Consideration paid to the Company was €184.4 million ($217 million) with associated costs of $47 million in relation to the impairment of intangible assets (see note 12), resulting in a profit on disposal of $170 million.

9. Interest receivable and similar income

	2020 $m	2019 $m
Bank interest receivable	—	2
Interest receivable from group undertakings	3	11
Total interest income for financial assets measured at amortised cost	3	13
Other finance income:		
Return on pension scheme assets (note 22)	65	82
Interest on pension scheme liabilities (note 22)	(52)	(66)
	13	16
Total interest receivable and similar income	16	29

	2020	2019
10. Tax charge	**$m**	$m
(a) Analysis of charge for the year		
Current tax:		
UK corporation tax	**40**	39
Adjustments in respect of prior periods	**2**	3
	42	42
Foreign tax	**1**	1
Total current income tax	**43**	43
Deferred tax:		
Origination and reversal of timing differences	**5**	10
Impact of changes in tax rates	**24**	—
Foreign exchange on deferred tax	**5**	5
Total deferred tax (note 10(e))	**34**	15
Tax expense in the income statement (note 10(c))	**77**	58

	2020	2019
	$m	$m
(b) Tax relating to items charged or credited to other comprehensive income		
Deferred tax:		
Actuarial gains on defined benefit pension scheme	**(4)**	(10)
Net gain on revaluation of cash flow hedges	—	(3)
Change in tax laws and rates	**9**	—
Total deferred tax	**5**	(13)
Tax credit/(expense) in the statement of other comprehensive income	**5**	(13)

	2020	2019
	$m	$m
(c) Reconciliation of the total tax charge		
The tax assessed for the year is lower than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019:19%). The differences are explained below:		
Profit before taxation	**426**	309
Tax calculated at UK standard rate of corporation tax of 19% (2019: 19%)	**81**	59
Effects of:		
Non-taxable income - overseas branch profits	**(2)**	(1)
Non-taxable income - profit on the disposal of operations (note 8)	**(33)**	—
Share-based payment relief	**(2)**	(1)
Changes in deferred tax laws and rates	**24**	—
Tax under provided in previous years	**2**	3
Other adjustments including the effects of exchange rates and differences in aggregated deferred and current tax rates	**7**	(2)
Total tax expense in the income statement (note 10(a))	**77**	58

10. Tax charge (continued)

(d) Change in corporation tax rate

The Finance (No.2) Act 2015, which received royal assent on 18 November 2015, reduced the rate of UK Corporation tax to 19% with effect from 1 April 2017. The Finance Act 2016, which received royal assent on 15 September 2016, subsequently reduced the main rate of corporation tax to 17% from 1 April 2020. The Finance Bill 2019-21, which was published on 17 March 2020 and received royal assent on 22 July 2020 repealed the reduction in the rate of UK corporation tax from 19% to 17% from 1 April 2020. The rate of UK corporation tax would therefore remain at 19%. As the changes were substantively enacted prior to 31 December 2020, they have been reflected in these financial statements.

On 3 March 2021 the UK Government announced that from 1 April 2023, the main rate Corporation Tax on profits over £250,000 will be increased to 25%. If enacted, the change is estimated to increase the Company's net deferred tax liability by $47 million. As these changes have not been enacted they are not reflected in these financial statements.

(e) Deferred tax	**2020 $m**	2019 $m
The deferred tax included in the company balance sheet is as follows:		
Deferred tax liability		
Timing difference on pension asset	**(153)**	(124)
	(153)	(124)
Deferred tax asset		
Timing difference on share-based payments	**4**	2
Timing difference on general provisions	**3**	4
Timing difference on fixed assets	**(3)**	(1)
Derivatives	**—**	(1)
	4	4
Presented on the balance sheet		
Deferred tax asset (note 16)	**4**	4
Included in pension asset (note 22)	**(153)**	(124)
	(149)	(120)

Deferred tax assets have been recognised to the extent they are regarded as more likely than not as being recoverable either against the Company's own future profits or by way of group relief against the future profits of fellow UK WTW companies.

Deferred tax in the income statement	**2020 $m**	2019 $m
Accelerated capital allowances	**1**	—
Pensions	**5**	9
Share-based payments	**(2)**	1
Changes in tax laws and rates	**24**	—
Accrued expenses not deductible	**1**	—
Foreign exchange on non-USD assets	**5**	5
Total deferred tax (note 10(a))	**34**	15

11. **Dividends paid and proposed**	**2020 $m**	2019 $m
Equity dividends on ordinary shares:		
Interim paid on 15 October 2020 $2.07 (14 October 2019: $1.86)	**217**	195
Second interim paid 30 November 2020 $1.32 (2019: $nil)	**139**	—
	356	195

12. **Intangible assets**	**Acquired customer relationships and introduction arrangements $m**	**Software and development costs $m**	**Goodwill $m**	**Total intangible assets $m**
Cost				
1 January 2020	20	27	186	233
Additions	23	—	28	51
Disposals	(4)	—	(46)	(50)
31 December 2020	**39**	**27**	**168**	**234**
Amortisation				
1 January 2020	14	13	—	27
Amortisation charge	8	4	—	12
Disposals	(3)	—	—	(3)
31 December 2020	**19**	**17**	—	**36**
Carrying amount 31 December 2020	**20**	**10**	**168**	**198**
Carrying amount 31 December 2019	6	14	186	206

All intangible fixed assets are considered to have finite lives.

On 1 January 2020 the Company acquired the rights to an exclusive three-year business introduction agreement for proceeds of $18 million. This asset is being amortised on a straight-line basis and has a remaining amortisation period of 2 years.

On 30 September 2020, the Company acquired the SCR business from Miller Insurance Services LLP, a fellow group undertaking for proceeds of $37 million. The company recognised goodwill of $28 million and acquired customer relationships and introduction arrangements of $6 million (see note 15). The customer relationships are being amortised on a reducing balance basis and have a remaining amortisation period of between 5 and 13 years.

On 15 October 2020, the Company disposed its operations relating to EU domiciled client risks to Willis Towers Watson SANV (Belgium), a fellow group undertaking (see note 8). The Company costs totalling $47 million in respect of the disposal, consisting of a disposal of $46 million of unamortised goodwill and an impairment of $1 million of the carrying value of acquired customer relationships, resulting in a $170 million profit on disposal.

Software and development costs includes internally generated software development costs relating to the development of systems to support our insurance broking activities. At 31 December 2020, the carrying amount was $10 million (2019: $14 million). These intangible assets are being amortised on a straight line basis and have a remaining amortisation period of between 1 and 7 years.

At 31 December 2020, accumulated impairment losses were $7 million (2019: $7 million). No impairment charge was incurred during 2020.

12. Intangible assets (continued)

As described in note 1, the Company allocates goodwill acquired in a business combination and intangible assets in respect of acquired customer relationships and introduction arrangements to cash generating units (or groups of cash generating units) that are expected to benefit from the combination.

Management has determined the recoverable amount for each cash generating unit based on a value in use calculation. Management has performed sensitivity analysis which indicates that any reasonably possible changes to these assumptions, individually or combined, would not cause the recoverable amount of the goodwill relating to either cash generating unit to fall below its carrying value.

The carrying values are attributed to cash generating units as follows:

Cash generating unit	Acquired customer relationships and introduction arrangements $m	Goodwill $m
Corporate Risk and Broking	18	147
Investment, Risk and Reinsurance	2	21
Carrying amount 31 December 2020	**20**	**168**
Corporate Risk and Broking	1	159
Investment, Risk and Reinsurance	5	27
Carrying amount 31 December 2019	6	186

13. Tangible fixed assets	Equipment $m	Right-of-use asset $m	Freehold land and buildings $m	Total tangible fixed assets $m
Cost or valuation				
1 January 2020	1	2	45	**48**
Additions	1	—	—	**1**
Disposals	—	—	—	—
31 December 2020	**2**	**2**	**45**	**49**
Depreciation				
1 January 2020	—	—	18	**18**
Charge for the year	1	—	2	**3**
Disposals	—	—	—	—
31 December 2020	**1**	—	**20**	**21**
Carrying amount 31 December 2020	**1**	**2**	**25**	**28**
Carrying amount 31 December 2019	1	2	27	30

14. Investments held as fixed assets

	Subsidiary undertakings
	$m
Cost or fair value	
1 January 2020	5
31 December 2020	**5**

In the opinion of the Directors, the fair value of the shares in the subsidiary and associate undertakings is not less than the amount shown in the balance sheet. The Company's investment in subsidiary undertakings represents the recoverable amount of its holding in PPH Limited, a holding company owned directly by Willis Limited. Willis Limited holds 100% share capital in PPH Limited which is made up of ordinary class of shares of £1 each. The registered office of PPH Limited is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton, HM10, Bermuda.

15. Business combinations

On 30 September 2020, the Company acquired the SCR business from Miller Insurance Services LLP, a fellow group undertaking. Under the SCR trading name, this business provides insurance and management of kidnap and extortion, political evacuation events, risk mitigation and general security. The consideration of £28.5 million ($37 million) was satisfied in cash.

The fair values of the identifiable assets and liabilities of the business as at the date of acquisition were:

	Carrying amount	Fair value
	$m	**$m**
Acquired intangible assets	6	6
Trade debtors	4	4
Other creditors & accruals	(1)	(1)
Net assets	**9**	**9**
Goodwill arising on acquisition		28
Total		**28**
Discharged by cash		**37**

16. Debtors	**2020 $m**	2019 $m
Amounts falling due within one year:		
Trade debtors	**350**	384
Amounts owed by group undertakings	**328**	366
Prepayments and accrued income	**63**	74
Deferred contract costs	**29**	27
Retention awards	**3**	7
Derivative financial instruments	**10**	8
Deferred tax asset (note 10)	**4**	3
Other debtors	**2**	4
	789	873
Amounts falling due after more than one year:		
Trade debtors	**32**	28
Prepayments and accrued income	**3**	2
Retention awards	**1**	2
Deferred tax asset (note 10)	**—**	1
Total	**36**	33
	825	906

17. Creditors: amounts falling due within one year	**2020 $m**	2019 $m
Trade creditors	**83**	75
Amounts owed to group undertakings	**29**	209
Amounts owed to group undertakings in respect of corporation taxation group relief	**40**	38
Accruals and deferred income	**183**	138
Income tax and social security	**7**	5
VAT payable	**13**	2
Derivative financial instruments	**7**	2
Other creditors	**7**	12
	369	481

18. Fiduciary liabilities: amounts falling due within one year	**2020 $m**	2019 $m
Fiduciary trade creditors	**1,493**	1,324
	1,493	1,324

19. Creditors: amounts falling due after more than one year	**2020 $m**	2019 $m
Accruals and deferred income	**9**	7
	9	7

20. Provisions for liabilities	Post placement services $m	Claims and lawsuits $m	Total $m
1 January 2020			
Current	12	2	**14**
Non-current	9	18	**27**
	21	20	**41**
Charged to profit and loss account, net	—	2	**2**
Provision release	—	(8)	**(8)**
Utilised in the year	—	(2)	**(2)**
31 December 2020	**21**	**12**	**33**
Analysed as:			
Current	12	3	**15**
Non-current	9	9	**18**
	21	**12**	**33**

Post placement services provision:

The provision comprises an estimate of the future liabilities that arise from the placement of policies in this year and from previous years. The provision is based upon three key assumptions:

- the length of time the Company typically to provide post placement services;
- the number of claims we are likely to process in that time; and
- the average cost per claim.

The Company seeks to limit its exposure to such liabilities through the use of appropriately worded 'Terms of Business Agreements' with clients.

Claims and lawsuits provision (including errors and omissions provisions):

The provision comprises estimates for liabilities that may arise from actual and potential claims and lawsuits for errors and omissions from the Company's insurers. Where some of the potential liability is recoverable under insurance arrangements, the full assessment of the liability is included in the provision with the associated insurance recovery shown within amounts receivable from group undertakings. Insurance recoveries recognised at 31 December 2020 amounted to $2 million (31 December 2019: $3 million).

21. Called up share capital	2020 $m	2019 $m
Allotted, called up and fully paid		
105,000,000 (2019: 105,000,000) ordinary shares of $1 each	**153**	153

The Company has one class of ordinary shares, which carry no right to fixed income.

22. Pensions

Defined Benefit Scheme

The Company operates a defined benefit pension scheme in the UK on behalf of its employees and employees working for or seconded to other subsidiary companies of Willis Towers Watson plc. This scheme was closed to new entrants in January 2006. A full actuarial valuation was carried out at 31 December 2020 by a qualified independent actuary. The major assumptions used for the actuarial valuation were:

	2020	2019	2018
	%	%	%
Rate of increase in pensions in payment (LPI 5%)	**2.8**	2.9	3.0
Rate of increase in pensions in payment (LPI 2.5%)(i)	**1.8**	1.6	1.7
Discount rate PBO	**1.5**	2.0	2.8
Discount rate service cost	**1.6**	2.1	2.9
Discount rate interest cost on PBO	**1.2**	1.8	2.6
Discount rate interest rate on service cost	**1.4**	1.9	2.8
Inflation assumption (RPI)	**3.0**	3.0	3.2
Inflation assumption (CPI)	**2.4**	2.1	2.2
Mortality (ii)	**91%/91% S2NA for males/ females, CM1% long-term improvement**	86%/86% S2NA for males/ females, CM1% long-term improvement	86%/86% S1NA for males/ females, CM1% long-term improvement

(i) Based on CPI inflation.

(ii) S2NA and S1NA represent mortality tables; CMI represents assumed improvement in mortality.

Analysis of the amount charged to operating profit	**2020**	2019
	$m	$m
Current service cost	**15**	12
Administrative expense	**2**	2
Past service cost	**9**	—
Total operating charge	**26**	14

On 20 November 2020, the High Court ruled that individual transfer payments made since 17 May 1990 would need to be equalised for the effects of GMP. This judgment followed on from the previous judgment on 26 October 2018, which has previously been allowed for in accounting disclosures, where the High Court ruled that schemes had a legal obligation to pay benefits allowing for GMP equalisation. The previous judgment had not considered historic transfer values.

Analysis of the amount credited to interest receivable and similar income:	**2020**	2019
	$m	$m
Interest income on pension scheme assets	**(65)**	(82)
Interest cost on pension scheme liabilities	**52**	66
Net interest on the net defined benefit pension scheme asset	**(13)**	(16)

22. Pensions (continued)

Analysis of the amount recognised in other comprehensive income (before deferred tax):	2020	2019
	$m	$m
Return on pension scheme assets (excluding interest income)	373	394
Actuarial experience losses and gains arising on the scheme liabilities	12	(4)
Changes in actuarial demographic assumptions underlying the present value of the scheme liabilities	(6)	54
Changes in actuarial financial assumptions underlying the present value of the scheme liabilities	(357)	(389)
	22	55

Analysis of amounts included in the balance sheet:	2020	2019
	$m	$m
Fair value of scheme assets	4,226	3,752
Present value of scheme liabilities	(3,420)	(3,024)
Surplus	806	728
Related deferred tax liability (note 10(e))	(153)	(124)
Net pension asset	653	604

Movements in fair value of scheme assets during the year:	2020	2019
	$m	$m
At 1 January	3,751	3,212
Interest income on assets	65	82
Contributions from the Company	43	55
Contributions from the scheme members	1	—
Benefits paid	(128)	(119)
Administration expenses	(2)	(2)
Return on assets excluding amounts included in net interest	373	394
Exchange adjustments	123	130
At 31 December	4,226	3,752

Movements in present value of scheme liabilities during the year:	2020	2019
	$m	$m
At 1 January	3,024	2,623
Current service cost	15	12
Interest cost	52	66
Past service cost	9	—
Benefits paid	(128)	(119)
Actuarial loss	351	339
Exchange adjustments	97	103
At 31 December	3,420	3,024

The weighted average duration of the liabilities is 19 years (2019: 18 years).

22. Pensions (continued)

Analysis of scheme assets and expected return:	**Fair value of assets**	
	2020	2019
	$m	$m
Debt instruments	**3,183**	2,167
Other	**1,043**	1,585
	4,226	3,752

The actual return on scheme assets for the year ended 31 December 2020 was a gain of $438 million (2019: $476 million).

Fair value hierarchy

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 value 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 table presents, at 31 December 2020, for each of the fair value hierarchy levels, the Company's UK pension plan assets that are measured at fair value on a recurring basis:

	Fair value of plan assets as at 31 December			
	Level 1	**Level 2**	**Level 3**	**Total**
	$m	**$m**	**$m**	**$m**
Fixed income securities:				
UK Government bonds	2,815	—	—	**2,815**
UK corporate bonds	871	—	—	**871**
Derivatives	—	(503)	—	**(503)**
Real estate	—	—	159	**159**
Cash and cash equivalents	281	—	—	**281**
Other investments:				
Hedge funds	—	—	587	**587**
Other	—	16	—	**16**
	3,967	**(487)**	**746**	**4,226**

Following the conclusion of the tri-annual valuation during the year, the Company agreed a revised schedule of contributions towards the ongoing accrual of benefits. Additional funding to address a projected deficit was not considered necessary beyond 2020. Based on the revised agreement, on-going contributions will total approximately £14 million ($18 million) in 2021.

The previously agreed contribution levels applied throughout 2017 and cover the period to 31 March 2018. The contributions paid by the Company for 2020 (excluding salary sacrifice contributions) amounted to £32 million ($44 million), comprising £13 million ($18 million) regular contributions and £19 million ($26 million) towards funding the deficit. The contributions paid by the Company for 2019 (excluding salary sacrifice contributions) amounted to £39 million ($52 million), comprising £14 million ($19 million) regular contributions and £25 million ($33 million) towards funding the deficit.

22. Pensions (continued)

Fair value hierarchy (continued)

With all other assumptions held constant, as at 31 December 2020:

- a 0.25% increase in the discount rate would decrease plan liabilities by approximately £110 million ($150 million);
- a 0.25% increase in the inflation assumption would increase plan liabilities by approximately £45 million ($62 million); and
- a 1 year increase in the mortality assumption would increase plan liabilities by approximately £75 million ($103 million).

As the above sensitivity analysis held all other assumptions constant, the results are not necessarily indicative of those that would occur given the interdependence of assumptions in practice.

Defined Contribution Scheme

The Company has operated a defined contribution scheme for new entrants since 1 January 2006, for which the pension cost charge for the year amounted to £9 million ($12 million) (2019: £8 million ($10 million)).

23. Forward sale of currency

The Company earns revenue in a number of different currencies, principally US dollars, pounds sterling, Euro and Japanese Yen, but incurs expenses almost entirely in pounds sterling.

The Company hedges the risk as follows:

- To the extent that forecast pound sterling expenses exceed pound sterling revenues, WTW limits its exposure to this exchange rate risk by the use of forward contracts matched by specific, clearly identified cash outflows arising in the ordinary course of business; and
- The UK operations of WTW also earn significant revenues in Euros and Japanese Yen. The exposure to changes in the exchange rate between the US dollar and these currencies is limited by the use of forward contracts matched to a percentage of forecast cash inflows in specific currencies and periods.

The Company participates in WTW's risk management activities in relation to foreign exchange risk. Derivative fair values are estimated using observable market-based inputs or unobservable inputs that are corroborated by market data. Forward contracts for the purchase/sale of foreign currencies are entered into by another subsidiary undertaking. The Company then enters into back-to-back contracts with that subsidiary undertaking. At 31 December 2020 the Company has entered into back-to-back forward contracts for the purchase/sale of foreign currencies in accordance with this policy. The fair value of the forward contract assets were $10 million and of the liabilities was $7 million (2019: $8 million and $2 million respectively).

These forward contracts are summarised below:

Contracts maturing:	**Purchase GBP Million/Rate to USD**	**Sale EUR Million/Rate to USD**	**Sale JPY Million/Rate to USD**
1 January 2021 to 31 December 2021	87.5 m/ 1.283	61.0 m/ 1.147	1,760.0 m/ 104.507
1 January 2022 to 31 December 2022	41.5 m/ 1.305	22.0 m/ 1.152	790.0 m/ 103.978

24. Contingent liabilities

Claims, lawsuits and other proceedings

European Commission and FCA Regulatory Investigations

In October 2017, the European Commission ('Commission') disclosed to WTW that it has initiated civil investigation proceedings in respect of a suspected infringement of EU competition rules involving several broking firms, including the Company and one of its parent entities. In particular, the Commission has stated that the civil proceedings concern the exchange of commercially sensitive information between competitors in relation to aviation and aerospace insurance and reinsurance broking products and services in the European Economic Area, as well as possible coordination between competitors.

In November 2020, the Commission advised us that it has decided to close the proceedings against the Company and its parent entity without taking further action. Since 2017, we have become aware that other countries are conducting their own investigations of the same or similar alleged conduct, including, without limitation, Brazil. In January 2019, the Brazil Conselho Administrativo de Defesa Economica ('CADE') launched an administrative proceeding to investigate alleged sharing of competitive and commercially sensitive information in the insurance and reinsurance brokerage industry for aviation and aerospace and related ancillary services. The CADE identified 11 entities under investigation, including Willis Group Limited, one of our parent companies.

Given the status of these investigations, the Company is currently unable to assess the terms on which they will be resolved, or any other regulatory matter or civil claims emanating from the conduct being investigated will be resolved, and thus is unable to provide an estimate of the reasonably possible loss or range of loss.

Stanford Financial Group

The Company was named as a defendant in 15 similar lawsuits relating to the collapse of The Stanford Financial Group ('Stanford'), for which Willis of Colorado, Inc. acted as broker of record on certain lines of insurance. The complaints in these actions generally alleged that the defendants actively and materially aided Stanford's alleged fraud by providing Stanford with certain letters regarding coverage that they knew would be used to help retain or attract actual or prospective Stanford client investors. The complaints further alleged that these letters, which contained statements about Stanford and the insurance policies that the defendants placed for Stanford, contained untruths and omitted material facts and were drafted in this manner to help Stanford promote and sell its allegedly fraudulent certificates of deposit. The plaintiffs in these actions sought overlapping damages, representing either the entirety or a portion of the approximately $4.6 billion in total alleged collective losses incurred by investors in Stanford certificates of deposit, notwithstanding the fact that Legacy Willis acted as broker of record for only a portion of time that Stanford issued certificates of deposit.

On 31 March 2016, the Company entered into a settlement in principle, as reflected in a Settlement Term Sheet, relating to the Stanford litigation. The Company agreed to the Settlement Term Sheet to eliminate the distraction, burden, expense and uncertainty of further litigation. In particular, the settlement and the related bar orders described below would enable the Company to conduct itself with the bar orders' protection from the continued overhang of matters alleged to have occurred over a decade ago. Further, the Settlement Term Sheet provided that the parties understood and agreed that there was no admission of liability or wrongdoing by the Company. The Company expressly denies any liability or wrongdoing with respect to the matters alleged in the Stanford litigation.

On or about 31 August 2016, the parties to the settlement signed a formal Settlement Agreement memorializing the terms of the settlement as originally set forth in the Settlement Term Sheet. The parties to the Settlement Agreement are Ralph S. Janvey (in his capacity as the Court-appointed receiver (the 'Receiver') for The Stanford Financial Group and its affiliated entities in receivership (collectively, 'Stanford')), the Official Stanford Investors Committee, Samuel Troice, Martha Diaz, Paula Gilly-Flores, Punga Punga Financial, Ltd., Manuel Canabal, Daniel Gomez Ferreiro and Promotora Villa Marina, C.A. (collectively, 'Plaintiffs'), on the one hand, and Willis Towers Watson Public Limited Company (formerly Willis Group Holdings Public Limited Company), Willis Limited, Willis North America Inc., Willis of Colorado, Inc. and the Willis associate referenced above (collectively, 'Defendants'), on the other hand. Under the terms of the Settlement Agreement, the parties agreed to settle and dismiss all current or future claims arising from or related to Stanford in exchange for a one-time cash payment to the Receiver by the Company of $120 million to be distributed to all Stanford investors who have claims recognized by the Receiver pursuant to the distribution plan in place at the time the payment was made.

24. Contingent liabilities (continued)

Claims, lawsuits and other proceedings (continued)

Stanford Financial Group (continued)

The Settlement Agreement also provided the parties' agreement to seek the Court's entry of bar orders prohibiting any continued or future litigation against the Defendants and their related parties of claims relating to Stanford, whether asserted or not. The terms of the bar orders therefore would prohibit all Stanford-related litigation, and not just the filed actions, but including any pending matters and any actions that may be brought in the future. Final Court approval of these bar orders was a condition of the settlement.

On 7 September 2016, Plaintiffs filed with the Court a motion to approve the settlement. On 19 October 2016, the Court preliminarily approved the settlement. Several of the plaintiffs in the other actions above objected to the settlement, and a hearing to consider final approval of the settlement was held on 20 January 2017, after which the Court reserved decision. On 23 August 2017, the Court approved the settlement, including the bar orders. Several of the objectors appealed the settlement approval and bar orders to the Fifth Circuit. Oral argument on the appeals was heard on 3 December 2018, and, on 22 July 2019, the Fifth Circuit affirmed the approval of the settlement, including the bar orders. On 5 August 2019, certain of the plaintiff-appellants filed a petition for rehearing by the Fifth Circuit en banc (the 'Petition'). On 19 August 2019, the Fifth Circuit requested a response to the Petition. On 29 August 2019, the Receiver filed a response to the Petition. On 19 December 2019, the Fifth Circuit granted the Petition (treating it as a petition for panel rehearing), withdrew its 22 July 2019 opinion, and substituted a new opinion that also affirmed the approval of the settlement, including the bar orders. On 2 January 2020, certain of the plaintiff-appellants filed another petition for rehearing by the Fifth Circuit en banc (the 'Second Petition'), in which the other plaintiff-appellants joined. On 21 January 2020, the Fifth Circuit denied the Second Petition. On 19 June 2020, the plaintiff-appellants filed petitions for writ of certiorari with the United States Supreme Court. On 10 September 2020, the Supreme Court requested responses to the petitions for writ of certiorari, which were filed on 6 November 2020. On 14 December 2020, the Supreme Court denied the petitions. On 12 January 2021, the Company made the $120 million settlement payment. The terms of the bar orders that are a part of the settlement prohibit any claims or litigation related to this matter from being maintained or brought against the Company.

25. Directors' interests in contracts

The Company and other insurance broking subsidiary undertakings of Willis Towers Watson plc place risks with syndicates in which the Directors or connected persons (as defined in Section 252 of the Companies Act 2006) participate in the normal course of their broking activities on the same basis as they do with other Lloyd's syndicates.

26. Related party transactions

During the year the Company transacted in the ordinary course of business brokerage with associated undertakings listed below. Amounts owed by and to associated undertakings are disclosed in notes 16 and 17. These amounts all relate to trading.

	2020	2019
	$m	$m
Willis Towers Watson India Insurance Brokers Private Limited	3	3
Al-Futtaim Willis LLC	2	1
Willis Saudi Arabia Company LLC	—	1
	5	5

FRS101 (paragraph 8(k)) exempts the reporting of transactions between group companies in the financial statements of companies that are wholly owned within WTW. The Company has taken advantage of this exemption. There are no other transactions requiring disclosure.

27. Share-based payments

Share-based Plans

On 31 December 2020, Willis Towers Watson plc, the ultimate parent company of Willis Limited, had a number of open share-based compensation plans, which provide for the grant of time-based and performance-based options, time-based and performance-based restricted stock units and various other share-based grants to employees of Willis Limited. The objectives of these plans include attracting and retaining the best personnel, motivating management personnel by means of growth-related incentives to achieve long-range goals and providing employees with the opportunity to increase their share ownership in Willis Limited. All of WTW's share-based compensation plans under which any options, restricted stock units or other share-based grants are outstanding as of 31 December 2020 are described below.

The Company recognised total expenses in 2020 of $3 million (2019: $1 million) related to equity-settled share-based payment transactions to employees.

Phantom RSUs

Willis Towers Watson plc, the ultimate parent company of Willis Limited, granted 204,269 and 268,956 units of phantom stock with a market-performance feature during the years ended 31 December 2019 and 2018, respectively. These are cash-settled awards with final payout based on the performance of the Group's stock. The grant date fair value of the awards was $105.97 and $83.57 per share for the 2019 and 2018 awards, respectively. The fair value of each phantom RSU is estimated using a Monte Carlo simulation. The Group's stock price as of the last day of the period is one of the inputs used in the simulation. Expected volatility is based on the historical volatility of the Company's shares. The expected term of each plan is three years, based on the vesting terms of the awards. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant.

Since the awards are cash-settled, they are considered a liability. Expense is recognised over the service period. The liability is remeasured at the end of each reporting period and changes in fair value are recognised within Operating expenses. For both plans, as of 31 December 2020, the liability recognised is $13 million (2019: $7 million). The Company recognised total expenses in 2020 of $6 million (2019: $5 million) related to cash-settled share-based payment transactions to employees.

2012 Equity Incentive Plan

This plan, which was established on 25 April 2012, 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 restricted share units, performance-based awards and other share-based grants or any combination thereof (collectively referred to as 'Awards') to employees, officers, non-employee directors and consultants ('Eligible Individuals') of WTW. The Board of Directors of Willis Towers Watson plc also adopted a sub-plan under the 2012 plan to provide an employee sharesave scheme in the UK.

There were approximately 5 million shares available for grant under this plan as of 31 December 2020. Options are exercisable on a variety of dates, including from the second, third, fourth or fifth anniversary of the grant date. Unless terminated sooner by the Board of Directors of Willis Towers Watson plc, the 2012 Plan will expire 10 years after the date of its adoption. That termination will not affect the validity of any grants outstanding at that date.

Option Valuation Assumptions

The fair value of each option is estimated on the date of grant using the Black-Scholes option pricing model. Expected volatility is based on historical volatility of Willis Towers Watson plc' shares. WTW uses the simplified method set out in the Financial Accounting Standards Board's ('FASB') Accounting Standard Codification ('ASC') 718-Compensation - Stock Compensation to derive the expected term of options granted as it does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate the expected term. The risk-free interest rate for periods within the expected life of the option is based on the US Treasury yield curve in effect at the time of grant.

The weighted average share price at the date of exercise for share options exercised during the year ended 31 December 2020 was $202.58.

27. Share-based payments (continued)

Option Valuation Assumptions (continued)

The fair value of each time-based restricted stock unit is based on the grant date fair value. The fair value of each performance-based restricted stock unit is estimated on the grant date using a Monte-Carlo simulation that uses the following assumptions: Expected volatility is based on the historical volatility of WTW's shares. The risk-free rate is based on the US Treasury yield curve in effect at the time of the grant.

Details of the range of exercise prices and the weighted average contractual life of share options outstanding at 31 December 2020 are as follows:

	Options outstanding (thousands)	**Weighted average remaining contractual life**
Range of exercise prices [(1)]		
\$92.85 - \$106.06	3	— years
\$116.69 - \$148.58	47	1 year
	50	1 year

[(1)] Certain options are exercisable in pounds sterling and are converted to dollars using the exchange rate at 31 December 2020.

28. Events after the balance sheet date

On 12 May 2021 WTW announced the signing of a definitive agreement to sell Willis Re and a set of Willis Towers Watson corporate risk and broking and health and benefits services to Arthur J. Gallagher & Co. ('Gallagher'). These businesses will be divested for a total consideration of approximately US\$3.57 billion.

The agreement resolves questions raised by the European Commission and is intended to address certain questions raised by regulators in certain other jurisdictions. Aon and Willis Towers Watson continue to work toward obtaining additional regulatory approval in all relevant jurisdictions, including the United States, where regulators are conducting an independent review of the Aon and WTW combination.

Aon and Willis Towers Watson continue to progress with their integration planning, most recently highlighted by the announcement of the future leadership team that, following the close of the combination, will collaborate to deliver new sources of value to clients and create new opportunities for colleagues.

In terms of the impact on the Company, Gallagher is acquiring the following businesses from Willis Limited:

- the Reinsurance segment in its entirety,
- Global cedent facultative reinsurance;
- the Inspace business unit;
- certain business undertaken for Aerospace Manufacturing clients;
- the Cyber business unit;
- Corporate Risk and Broking services for Property & Casualty and Finex insurance in the UK relating to certain large multinational companies headquartered in France, Germany, the Netherlands and Spain; and
- Corporate Risk and Broking Finex accounts relating to certain large multinational companies headquartered in the UK.

The transaction with Gallagher is contingent on the completion of the pending Aon and Willis Towers Watson combination, as well as other customary closing conditions. While Aon and WTW are working to complete their combination as soon as possible during the third quarter of 2021, the completion remains subject to the receipt of required regulatory approvals and clearances, including with respect to United States antitrust laws, as well as other customary closing conditions.