

TOWERS WATSON LIMITED

Registered in England Number 05379716

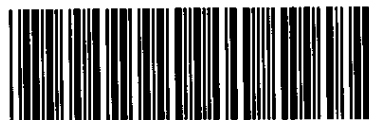
ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2023

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TOWERS WATSON LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2023

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TOWERS WATSON LIMITED

STRATEGIC REPORT

For the year ended 31 December 2023

The directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

REVIEW OF THE BUSINESS

The directors present their review of the business for the year ended 31 December 2023.

Review of the year

Turnover in the year amounted to £577.7 million (2022 - £541.8 million), which represents a 6.6% increase. Over the course of 2023, growth was noted in several business areas, including revenue growth within the Health, Wealth & Career (HWC) business unit which represents the majority of business. Specifically, revenue growth in its Retirement businesses and Outsourcing helped the HWC business unit grow by 7%.

Risk & Broking, which comprises Insurance Consulting and Technology (ICT), showed a 3% revenue increase on a year-over-year basis, driven by growth in property and casualty insurance consultancy revenue which has more than compensated a small decline in Life revenue.

Staff costs for the year were £374.2 million (2022 - £345.9 million), an increase of 8.2%. Staff numbers increased by 2.4% (increasing from 3,525 to 3,608). The absolute financial increase is due to a change in the mix of staff and the timing of leavers and new hires.

Other operating charges in the current period amounted to £142.7 million (2022 - £127.4 million), an increase of 12.0%. This is similar to the prior year as costs, increases in travel and office costs have been off-set through reductions in contractor costs.

Profit before taxation was £59.0 million (2022 - £53.4 million), representing 10.2% of turnover (2022 - 9.9%).

The additional expense in the current year reported in Other Comprehensive Income ("OCI"), amounted to £21.0 million after tax (2022 - expense of £14.1 million) principally attributable to the remeasurement of the net defined benefit pension asset and related deferred tax.

During the year the Company undertook the following transactions:

- the Company invested into two funds Towers Watson Alternative Credit Fund and Towers Watson Global Equity Focus Fund for which market valuations are available. The cost of investment was £8,395,000 and is disclosed within 'other investments'.
- the Company disposed of its shares in Watson Wyatt Holdings Limited to a fellow group company for cash consideration of £23,889,000, the book value.
- the Company impaired its investment in two non trading subsidiaries Towers Watson UK Limited and EMB Management Holdings Limited by £3,498,000 following a capital reduction and a dividend of £3,498,000. Prior to the year end EMB Management Holdings Limited was put into liquidation and post year end Towers Watson UK Limited was put into liquidation.

STRATEGY

Willis Towers Watson plc together with its subsidiaries ("WTW") believes that a unified and integrated approach to advisory, broking and solutions can be a path to growth for organisations around the world. WTW harnesses our collective power as 'One WTW' to make smart connections to serve and support our clients.

WTW operates in attractive markets – both growing and mature – with a diversified platform across industries, segments and businesses globally.

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

TOWERS WATSON LIMITED

STRATEGIC REPORT (continued) For the year ended 31 December 2023

STRATEGY (continued)

WTW believes it can achieve this through executing on our three strategic priorities – grow, simplify and transform:

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

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

WTW cares as much about how it works as it does about the impact that it makes. This means commitment to a shared purpose and values, a framework that guides how we run our business and serve clients. Our values of client focus, teamwork, integrity, respect and excellence underlie all that it does, and how it behaves and interacts with each other, our clients and our partners.

The Company plays an integral part in WTW's strategy.

POST BALANCE SHEET EVENTS

There have been no post balance sheet events since the year end.

FUTURE DEVELOPMENTS

Over 2024 and beyond, the Company will continue to look to grow its core businesses profitably and seek opportunities to increase recurring revenue. The Company will concentrate on delivering the best innovations, as well as continue to focus on cost control activities and seek opportunities to drive bottom line growth.

Key performance indicators

Key metrics used within the business are, trade debtors as a percentage of turnover, client chargeable hours, associate utilisation (being a reflection of the proportion of chargeable time associates dedicate to client billable activities).

Revenue growth and operating margin are monitored through trade debtors as a percentage of turnover and client chargeable hours.

Trade debtors as a percentage of turnover decreased from 11.7% in 2022 to 11.6% in 2023 as a result of increased timely billing in the final two months of the year compared with prior year. The Company continues its efforts to improve the timeliness of billing of work in progress and recovery of accounts receivable.

Total client chargeable hours decreased by 3% and utilisation decreased by 5% relative to 2022, primarily as a result of an increase in head count to undertake chargeable work.

Despite a solid performance, the market remains challenging and it is therefore essential to ensure that the Company's colleagues are deployed in the most efficient manner.

TOWERS WATSON LIMITED

STRATEGIC REPORT (continued) **For the year ended 31 December 2023**

Exposure to Willis Towers Watson plc

The Company is a wholly-owned subsidiary of Willis Towers Watson plc. Willis Towers Watson plc together with its subsidiaries "WTW" is a leading global advisory, broking and solutions company, is listed on the NASDAQ and has total assets at 31 December 2023 of \$29.1 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 fellow subsidiary companies of WTW.

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

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's activities expose it to a number of risks as described below. The directors believe such risks are adequately monitored by the management of the Company.

Operational risk

Operational risk, inherent in all businesses, is the potential for financial and reputational loss arising from failures in internal controls, operational processes or systems that support them. It includes errors, omissions, disasters and deliberate acts such as fraud. The regulated environment in which the Company operates imposes regular reporting requirements and continuing self-assessment and appraisal of the Company's operations. Furthermore, internal arrangements are supported with appropriate disaster recovery and business continuity plans. The processes in place are continually re-evaluated as the Company seeks to improve its operating efficiencies. The directors consider the current procedures to have been effective to date.

Change Risk

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

Business risks

The Company's success depends on our ability to attract, retain and motivate qualified personnel, including key managers and colleagues. In addition, our success largely depends upon our colleagues' abilities to generate business and provide quality services. Our ability to provide services our clients demand requires such skills and training, in insurance, actuarial, human resources and other areas, which are also in high demand among our competitors. The market for talent in our industry is extremely competitive, and competitors for talent increasingly attempt to hire, and to varying degrees have been successful in hiring, our colleagues or employment candidates. In particular, our colleagues' business relationships with our clients are a critical element of obtaining and maintaining client engagements. Labour markets have continued to tighten globally, and the Company has experienced intense competition and increased costs for certain types of colleagues.

TOWERS WATSON LIMITED

STRATEGIC REPORT (continued)

For the year ended 31 December 2023

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Business risks (continued)

Also, in the past, we have lost colleagues who manage substantial client relationships or possess substantial experience or expertise; if we lose additional colleagues such as those, or if we lose a large number of other colleagues, it could result in such colleagues competing against us. It may take longer than expected to hire new colleagues to replace colleagues who have left and/or these new colleagues may be subject to restrictive covenants that impact the amount of business they can generate while those covenants are in effect. Further, the increased availability of remote working arrangements has also expanded the pool of companies that can compete for our colleagues and employment candidates.

Our operational transformation efforts require us to attract, onboard, and retain individuals relevant for those efforts and we may not be able to do that successfully. The failure to successfully attract and retain qualified personnel could materially adversely affect our ability to secure and complete engagements or could disrupt our business or cause increased operational risk, which would materially adversely affect our results of operations and prospects.

The Company currently provides clients with actuarial and consulting services relating to both defined benefit and defined contribution pension schemes. Defined benefit pension schemes generally require more actuarial services than defined contribution plans because defined benefit plans typically involve large asset pools, complex calculations to determine employer costs, funding requirements and sophisticated analysis to match liabilities and assets over long periods of time. If organisations shift to defined contribution plans more rapidly than anticipated, the operating results of the Company could be adversely affected.

Additionally, professional services providers, including those in the human resources and financial services consulting industry, are subject to claims from their clients. Clients and third parties who are dissatisfied with, or claim to suffer damages caused by, the services of the Company may bring lawsuits against the Company. The risk of professional liability claims is an ongoing concern and appropriate insurance cover is taken. The expected cost of claims identified in respect of work done prior to the balance sheet date is recognised in the financial statements.

As a regulated company, it is subject from time to time to inquiries or investigations by governmental agencies or regulators that could have a materially adverse effect on the business or results of operations.

Business Environment Risks

Global economic events and other factors, such as accommodative monetary and fiscal policy and the impacts of the COVID-19 pandemic, have contributed to significant inflation in many of the markets in which WTW and the Company operates. In particular, recently inflation in the United States, Europe and other geographies had risen to levels not experienced in recent decades and WTW and the Company have and may see its impact on various aspects of the business, which in some cases have, or could in the future, negatively affect our business and financial condition.

In order to combat inflation and restore price stability, a number of central banks around the world have raised interest rates and may continue to do so in 2024. Increased inflation and the fluctuation of interest rates may hinder the economic growth in a number of markets where we do business, and has had, and may continue to have, far-reaching effects on the global economy. Weakness in the economy and the possibility of a global recession has had, and may continue to have, a negative effect on our business and financial condition.

TOWERS WATSON LIMITED

STRATEGIC REPORT (continued)

For the year ended 31 December 2023

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Business risks (continued)

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

Moreover, U.S. and global economic conditions have created market uncertainty and volatility. Such general economic conditions, such as inflation, stagflation, political volatility, costs of labour, cost of capital, interest rates and tax rates, affect our operating and general and administrative expenses, and WTW and the Company have no control or limited ability to control such factors. If costs grow significantly in excess of our ability to raise revenue, margins and results of operations may be materially and adversely impacted and the Company may not be able to achieve our strategic and financial objectives. These conditions also affect our clients' businesses and the markets that they serve and may reduce demand for our services, increase demands for pricing accommodations or cause a higher rate of delays in the collection of, or losses on, our accounts receivable, which could adversely affect our results of operations.

The Company will continue to monitor the situation and assess any implications to our business and our stakeholders.

Environmental, social and governance ('ESG')

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

For further details see the ESG section of wtwco.com and the Energy and Carbon report included within these financial statements.

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 materially adverse impact on the Company's profitability, cash and capital position which may include the following areas:

- The Company often assists our clients with matters involving substantial amounts of money and complex regulatory requirements including actuarial services, asset management and the placement of insurance coverage and the handling of related claims errors and omissions claims against us may arise that allege our potential liability for all or part of the substantial amounts in question. The nature of our work, particularly our actuarial services, necessarily involves the use of assumptions and the preparation of estimates relating to future and contingent events, the actual outcome of which we cannot know in advance. The actuarial services also rely on substantial amounts of data provided by clients, the accuracy and quality of which we may not be able to ensure. In addition, the Company could make computational, software programming or data management errors in connection with the services the Company provides to clients.
- Clients may seek to hold the Company responsible for the financial consequences of variances between assumptions and estimates and actual outcomes or for errors. For example, in the case of pension plan actuarial work, a client's claims might focus on the client's alleged reliance on actuarial assumptions that it believes were unreasonable and, based on such reliance, the client makes benefit commitments that it may later claim are not affordable or funding decisions that result in plan underfunding if and when actual outcomes vary from actuarial assumptions.

TOWERS WATSON LIMITED

STRATEGIC REPORT (continued)

For the year ended 31 December 2023

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Errors and omissions exposures (continued)

- The Company frequently works with large pension funds and other large clients, relatively small percentage errors or variances can create significant financial variances and result in significant claims for unintended or unfunded liabilities. The risks from such variances or errors could be aggravated in an environment of declining pension fund asset values. In almost all cases, our exposure to liability with respect to a particular engagement is substantially greater than the revenue opportunity that the engagement generates for us.
- The Company also provides advice on both asset allocation and selection of investment managers. Increasingly, for many clients, the Company is responsible for making decisions on both of these matters, or may serve in a fiduciary capacity, either of which may increase liability exposure. In addition, the Company offers affiliated investment funds, including in the U.S. and Ireland, with plans to launch additional funds over time. Given that our Investment business may recommend affiliated investment funds or affirmatively invest such clients' assets in such funds under delegated authority, this may increase our liability exposure. We may also be liable for actions of managers or other service providers to the funds. Further, for certain clients, the Company is responsible for some portions of cash and investment management, including rebalancing of investment portfolios and guidance to third parties on the structure of derivatives and securities transactions. Asset classes may experience poor absolute performance, and investment managers may under-perform their benchmarks; in both cases the investment return shortfall can be significant. Clients experiencing this under-performance, including from our affiliated investment funds, may assert claims against us, and such claims may be for significant amounts. In addition, the Company's failure to properly execute the role can cause monetary damage to clients or such third parties for which the Company might be found liable, and such claims may be for significant amounts. Overall, the ability to contractually limit potential liability may be limited in certain jurisdictions or markets or in connection with claims involving breaches of fiduciary duties or other alleged errors or omissions.

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

The Company mitigates this risk through procedures designed to provide a consistently high level of service and quality to the Company's clients. In addition, the Company has taken out a programme of insurance cover to protect against impacts of such claims.

Regulatory, legal and conduct risk

The Company is subject to regulation from the Financial Conduct Authority ('FCA') in relation to its investment advice, investment management, benefits brokerage and other regulated activities. The FCA has prescribed principles for business and rules by which the Company's operations are to conduct business. The FCA has a wide range of rule-making, investigatory and enforcement powers aimed at meeting its statutory objective of ensuring that the relevant markets function well. Effective 9 December 2019, the FCA extended the Senior Managers and Certification Regime ('SMCR') which is designed to drive improvements in culture and governance within financial services firms and to deter misconduct by increasing individual accountability to the FCA.

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.

TOWERS WATSON LIMITED

STRATEGIC REPORT (continued) **For the year ended 31 December 2023**

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Regulatory, legal and conduct risk (continued)

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. The Company's failure, or that of its employees, to satisfy the FCA that it is in compliance with their requirements or the legal requirements governing its activities, can result in disciplinary actions, fines, reputational damage and financial harm. We continue to focus on Conduct Risk through the review of appropriate metrics and taking appropriate action as necessary.

Additionally, the Company is, for the purposes of the Pension Schemes Act 2017, the Scheme Funder and joint Scheme Strategist in respect of LifeSight, a Defined Contribution master trust pension scheme authorised and regulated by the Pension Regulator.

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

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

Pension risks

The Company is the sponsoring employer to two defined benefit pension schemes, in addition to unfunded and postretirement liabilities. Movements in the interest rate environment, investment returns, inflation, changes in other assumptions that are used to estimate our benefit obligations, changes to existing legislation or interpretation thereof, the outcome of current or future litigation, and other factors could have a material effect on the level of liabilities in these plans at any given time. Most pension plans have minimum funding requirements that may require material amounts of periodic additional funding and accounting requirements that may result in additional financial liability for the Company.

Data security risk - Intellectual Property, Technology, Cybersecurity and Data Protection Risks

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

TOWERS WATSON LIMITED

STRATEGIC REPORT (continued) For the year ended 31 December 2023

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Data security risk - Intellectual Property, Technology, Cybersecurity and Data Protection Risks (continued)

Many of the software applications that the Company uses in its business are licensed from, and supported, upgraded and maintained by, third-party vendors. 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, colleagues and clients. The Company has processes designed to require third-party vendors that provide IT outsourcing, offsite storage and other services to agree to maintain certain standards with respect to the storage, protection and transfer of confidential, personal and proprietary information. However, this data is at risk of compromise or unauthorised access or use in the event of a breakdown of a vendor's data protection processes, a data breach due to the intentional or unintentional non-compliance by a vendor's employee or agent, or as a result of a cyber-attack on the product, software or information systems of a vendor in our software supply chain. Any compromise of the product, software, data or infrastructure of a Company vendor, including a software or IT vendor in our supply chain has, and could again, in turn result in the compromise of Company data or infrastructure or result in material operational disruption although no such previous compromise has been material to our business or financial results. Further, the risk and potential impact of a data breach on our third-party vendors' products, software or systems increase as we move more of our data and our clients' data into the Company's vendors' cloud storage, engage in IT outsourcing, and consolidate the group of third-party vendors that provide cloud storage or other IT services for the Company. Over time, the frequency, severity and sophistication of the attacks against the Company and its vendors have increased, including due to the use of artificial intelligence for purposes of cybercrime, and the broader range of threat actors, including state-sponsored actors and hacker activists.

The Company and our vendors regularly experience cybersecurity incidents, including successful attacks from time to time, and expect that to continue going forward. Cybersecurity incidents also include those resulting from human error or malfeasance, implantation of mal-ware and viruses, phishing and spear-phishing attacks, unauthorised access to our information technology networks and systems, and unauthorised access to data or individual account funds through fraud or other means of deceiving our colleagues, third-party service providers and vendors. The Company has experienced successful attacks, by various types of hacking groups, in which personal and commercially sensitive information, belonging to us or our clients, has been compromised. However, none of these cybersecurity incidents or attacks to our knowledge have been material to the Company's business or financial results. The Company cannot assure that such cybersecurity incidents or attacks will not be material in the future. When required by law, the Company has notified individuals and relevant regulatory authorities which in the U.K. is the Information Commissioner's Office of such cybersecurity incidents or attacks.

The Company maintains policies, procedures and administrative, physical 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 the data in our custody and control. However, such safeguards are time-consuming and expensive to deploy broadly and are not necessarily always in place or effective, and the Company cannot entirely eliminate the risk of data security breaches, improper access to, takeover of or disclosure of confidential company or personally identifiable information. The Company may not be able to detect and assess such issues, or implement appropriate remediation, in a timely manner. The Company is engaged in an ongoing effort to enhance our protections against such attacks; this effort will require significant expenditures and may not be successful. The Company's technology may fail to adequately secure the private information it holds and protect it from theft, computer viruses, hackers or inadvertent loss.

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

TOWERS WATSON LIMITED

STRATEGIC REPORT (continued) **For the year ended 31 December 2023**

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Data security risk - Intellectual Property, Technology, Cybersecurity and Data Protection Risks (continued)

The methods used to obtain unauthorised access, disable or degrade service or sabotage systems are also constantly evolving are increasingly sophisticated, and may be difficult to anticipate or detect; To our knowledge, these incidents have not had a material impact on the business or operations thus far. However, the WTW and/or the Company's reputation could be harmed and the business and results of operations could be materially and adversely affected if the Company were to be the target of such attacks in the future, or if, despite our controls and efforts to detect breaches, the Company were to be the victim of an undetected breach.

WTW has implemented and regularly reviews and updates processes and procedures to protect against fraud and unauthorised access to and of secured data and to prevent data loss. The ever-evolving threats means that WTW and the Company 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, unauthorised 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 colleagues, vendors or other third parties with otherwise legitimate access to our systems. In addition, the Company may not be able to implement such efforts as quickly as desired if, for example, greater resources are required than originally expected or resources and management's focus are insufficient. Any future significant compromise or breach of our data security or fraud, whether external or internal, or misuse of client, colleague, supplier or company data, could result in additional significant costs, lost revenue opportunities, disruption of operations and service, fines, lawsuits, and damage to our reputation with our clients and in the broader market.

Political risk

The Company has operations and generates income across a large number of countries which may be, or become, subject to economic or political instability. The Company manages this risk through ongoing monitoring of the economic and political situation in these countries.

It remains difficult to predict with any level of certainty the impact that Brexit will have on the economy; economic, regulatory and political stability; and market conditions in Europe, including in the U.K., or on the Pound sterling, Euro or other European currencies. But any such impacts and others we cannot currently anticipate could materially adversely affect us and our operations. Among other things, the Company could experience lower growth in the region due to indecision by businesses holding off on generating new projects or due to adverse market conditions.

On 24 December 2020, the E.U. and the U.K. agreed to the terms of a Trade and Cooperation Agreement (the 'TCA') that reflects certain matters agreed upon between the parties in relation to a broad range of separation issues which provisionally applied as of 1 January 2021, and entered into force on 1 May 2021. While many separation issues have been resolved, some uncertainty remains in relation to the future regulation of financial services, among other matters. The TCA addresses issues related to financial services on a limited basis. The E.U. and the U.K. have separately agreed to a Memorandum of Understanding to establish a framework for future regulatory cooperation. The British government and the E.U. will therefore continue over time to negotiate certain terms of the U.K.'s future relationship with the E.U. that are not addressed in the TCA. If the outcomes of Brexit and the TCA negatively impact the U.K., then it could have a material adverse impact on the Company.

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

TOWERS WATSON LIMITED

STRATEGIC REPORT (continued) For the year ended 31 December 2023

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Outsourcing Risk

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

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Cash flow risk

Surplus cash held over and above the balances for working capital management and regulatory requirements is transferred to fellow group undertakings managed by WTW treasury. Such deposits are repayable on demand. Remaining residual funds are invested in money-market funds which offer both security of capital and liquidity.

The Company is at risk from interest rate movements on deposits with fellow group undertakings.

In addition, the Company is exposed to the effects of changes in foreign currency exchange rates on payables and receivables to and from other group companies which are typically denominated in the functional currency of those entities. However, any material residual risks are hedged as required.

Credit risk

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Terms of engagement are agreed with all clients. Management has a credit policy in place and exposure to credit risk is monitored on an on-going basis. There is no significant concentration of current trade debtors.

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 forecasts its short and longer term cash needs each week through the WTW Treasury function and, in common with WTW, the Company invests its surplus funds with or requests funding from the WTW's in-house treasury companies. For the Company, this is principally Trinity Acquisitions plc and it has same-day access to those funds under its facility agreement.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

CLIMATE RELATED FINANCIAL DISCLOSURE

The Company has included climate-related financial disclosures as required by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 (SI 2022/31) in a separate Climate related Financial Disclosures report which follows the Directors' report in these financial statements.

TOWERS WATSON LIMITED

STRATEGIC REPORT (continued) For the year ended 31 December 2023

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) and Principle 6: Stakeholder Relationships and Engagement within the adoption of the Wates principles as noted below);
- (b) the interests of its employees (see Employees section within the Directors' Report);
- (c) the Company's business relationships with its suppliers, customers and others (see Outsourcing Risk section above and the Wates Principles within the Directors' Report);
- (d) community and environment (see Environment section within the Directors' Report);
- (e) reputation and business conduct (see Regulatory, Legal and Conduct Risk section above); and
- (f) the need to act fairly as between members of the Company.

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.

A key responsibility of the Board is to review the solvency of the Company and its subsidiaries on a realistic stressed basis for the foreseeable future. The Board regularly considers, 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 Board also reviews 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.

The Board 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 Human Resources, Legal, Risk, Finance, Internal Audit and Compliance functions. In the course of the year, the Board of Directors enhanced its engagement with colleagues and other stakeholders in various ways, details of which are included in the Directors' Report below.

TOWERS WATSON LIMITED

STRATEGIC REPORT (continued) For the year ended 31 December 2023

Section 172 Companies Act 2006 (continued)

Throughout the year, some 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 Senior Managers and Certification Regime ('SM&CR'). Some also received training from the Institute of Directors on directors' duties.

WTW's culture of diversity also applies to its suppliers. WTW is committed to working with diverse suppliers who can provide fresh perspectives and viewpoints, in addition to maximising the benefits and support they can provide to employees and customers. The due diligence and on-boarding in relation to WTW's supply-chain emphasises compliance with WTW's core values and includes additional requirements relating to the risk of modern slavery.

Board packs for the Company are issued to the Directors a few days in advance of the Board meetings in order to provide adequate time for review. Any specific S172 factors will be flagged for consideration by the Board in respect of any relevant decisions in the future.

Approved by the Board of Directors
and signed on behalf of the Board

C M Hodges

C M Hodges

Watson House
London Road
Reigate
Surrey
RH2 9PQ

23 April 2024

TOWERS WATSON LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2023

The directors present their annual report and audited financial statements of the Company for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Company are the provision of actuarial services, advice on employee benefits and rewards, talent management, benefits brokerage, benefits administration, investment consulting and investment management, which are reported with the Health, Wealth and Career business unit and insurance consulting and technology, reported within the Risk and Broking business unit.

The operations of each business unit are described below:

Health, Wealth and Career

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

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

Health

The Health & Benefits ('H&B') business provides strategy and design consulting, plan management service and support, broking and administration across the full spectrum of health, wellbeing and other group benefit programs, including medical, dental, disability, life, voluntary benefits and other coverage.

Wealth

Our wealth-related businesses includes Retirement and Investment.

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

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

Retirement relationships are generally long-term in nature, and client retention rates for this business are high. A significant portion of the revenue in this business is from recurring work, with multi-year contracts that are driven by the heavily regulated nature of pension plans and our clients' annual needs for these services.

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

TOWERS WATSON LIMITED

DIRECTORS' REPORT (continued)

For the year ended 31 December 2023

PRINCIPAL ACTIVITIES (continued)

Wealth (continued)

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

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

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

Career

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

Within our Work & Rewards business, we help clients determine the best ways to get work done, the skills needed for jobs, and how to reward it. We address executive compensation and broad-based rewards. We advise our clients' management and boards of directors on all aspects of executive pay programs, including base pay, annual bonuses, long-term incentives, perquisites and other benefits. Our focus is on aligning pay plans with an organisation's business strategy and driving desired performance. Our solutions incorporate proprietary market benchmarking data and software to support compensation administration.

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

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

Outsourcing

Outsourcing provides pension outsourcing services to hundreds of clients across multiple industries where our services are supported by high quality administration teams using robust technology platforms. Given the nature of the work, our revenue is distributed generally evenly across the year.

With ongoing servicing requirements and multi-year contracts in place, we have high client retention rates. We are the leading administrator among the 200 largest pension plans in the U.K.

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

TOWERS WATSON LIMITED

DIRECTORS' REPORT (continued)

For the year ended 31 December 2023

PRINCIPAL ACTIVITIES (continued)

Risk & Broking

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

The Company only operates the Insurance Consulting and Technology business.

Insurance Consulting and Technology ('ICT')

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

PRINCIPAL RISKS AND UNCERTAINTIES, FUTURE DEVELOPMENTS AND POST BALANCE SHEET EVENTS

Details of principal risks and uncertainties, future developments and post balance sheet events can be found in the Strategic Report on pages 1 to 12 and form part of this report by cross-reference.

GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, 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 the notes to the financial statements (note 1a).

DIVIDENDS

An interim dividend of £31,000,000 was declared and paid during the year (2022 - £45,000,000). No final dividend is proposed (2022 - £ nil).

EMPLOYEES

The Company is committed, in addition to the letter of the law, to the promotion of equal opportunity in all fields, fulfilled via consistent and equitable policies and procedures for all colleagues which recognise each individual's expertise and ability. Specifically, the Company endeavours to offer equal opportunity in employment, training, career development and promotion wherever possible, both to disabled colleagues, to disabled job applicants and to those who may become disabled whilst in employment.

The Company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as colleagues and various factors affecting the performance of WTW, as well as seeking suggestions from its colleagues. Both upwards and downwards flow of information is achieved through team briefings and on-line question and answer facilities. All colleagues receive remuneration that is partially linked to the profitability of WTW.

Colleague experiences are an important differentiating factor for WTW and the Company and a key enabler of our grow, simplify and transform strategy. It is designed to provide colleagues with a strong sense of purpose and belonging where everyone is heard and valued, the opportunity to build great connections with people and leaders, meaningful and interesting work, and opportunities to grow and thrive with recognition and reward in return. This means it strives to foster an inclusive environment where everyone can be their authentic self, where it encourages curiosity, innovation and a continuous improvement mindset and an environment where it is bold in its thinking and cares about the impact it has.

TOWERS WATSON LIMITED

DIRECTORS' REPORT (continued) For the year ended 31 December 2023

EMPLOYEES (continued)

WTW's values, vision, purpose, and Colleague Value Proposition ('CVP'). Authentic, Curious and Bold, set the tone for what to expect at WTW. In addition, 'grow, simplify and transform' strategic priorities enhance focus on how to continually support and improve our colleague experience. WTW continually builds on its CVP through execution of a colleague experience roadmap and a robust portfolio of colleague listening activities to attract, engage and retain the most accomplished and aspiring talent.

Success depends on WTW's ability to bring to its clients the most accomplished and aspiring talent in the industry. To provide colleagues with meaningful long-term careers across our base of full-time (the majority), part-time and seasonal/temporary colleagues to meet the specific needs of our various businesses.

The Company is 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 emphasise 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.

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 organisation, 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, particularly in the context of certain of our intra-group shared service suppliers located in countries considered to be of higher risk in the context of modern slavery and human trafficking. We do not have a formal global human rights policy; however our approach to modern slavery reflects our overall approach to human rights.

The Company has produced a Modern Slavery Act Transparency Statement. The Company works 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 WTW-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 U.K. Supplier Risk Management Working Group has continued investigations into our supply chain to advance a standardised approach to assessing the risk of modern slavery and human trafficking.

WTW has expanded training to ensure a high-level understanding of the risks of modern slavery and human trafficking amongst those of our colleagues helping to manage supplier arrangements; ensuring that relevant employees are aware of the risks and warning signs. WTW continues to standardise its requirements in relation to modern slavery and human trafficking for our suppliers. To encourage compliance in our supply chain with our values and endeavours to include appropriate provisions dealing with the risk of modern slavery where possible. These enquiries, alongside our existing due diligence processes, help us to appropriately assess the modern slavery and human trafficking risk of a potential supplier as part of our general consideration of their tender

TOWERS WATSON LIMITED

DIRECTORS' REPORT (continued)

For the year ended 31 December 2023

EMPLOYEES (continued)

Inclusion and Diversity (I&D)

WTW believes that when our individual talents are combined, we unlock our collective potential. We further believe that we are better together because each of us is different. We are taking action that we expect will have the effect of increasing representation and overall diversity throughout our talent pipeline, as reflected in the three focus areas of our ongoing multiyear I&D strategy:

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

A key underlying theme of these priorities is a sharpened focus on our female talent and our aim to increase overall diversity in leadership levels and throughout our talent pipeline.

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

- Our global I&D council, sponsored by our Chief Executive Officer and Chief Human Resources Officer, sets the goals for our global I&D initiatives. It is supported by regional councils that provide local perspectives and help to translate our global priorities into actions within each region.
- We have I&D processes and learning curriculums in place that are intended to ensure progression of our I&D priorities and create an inclusive culture that fosters and promotes diversity.
- Our inclusion networks are designed to engage our talent and better connect us to each other, our clients, and the communities in which we work and live. Current inclusion networks include: Gender Equity, LGBT+, Multicultural, Workability (Asia, North America, the U.K.), Early Careers Professionals (Asia, the U.K., Western Europe), Veterans (North America) and Caregivers (U.K.).

The Company's inclusion networks support the following:

- *Caregivers*
Supports colleagues with caring responsibilities, highlights the impact of caring, and emphasises the challenges and contribution caregivers make to families and communities. (U.K. network)
- *Gender Equity*
Focuses on the career development and advancement of women and supports company efforts to make progress towards our aspirational goals.
- *LGBT+*
Engages colleagues from across the diverse spectrums of sexual orientation and gender identity
- *Multicultural*
Focuses on cultural diversity and educates on differences in race, ethnicity, religion, language and culture.
- *Workability*
Aims to increase understanding related to disability, neurodiversity, and mental health. In this network, we also have a Menopause Support Group (MSG).
- *Young Professionals*
Creates a community of connected, engaged, well-informed and career-confident professionals.

TOWERS WATSON LIMITED

DIRECTORS' REPORT (continued) For the year ended 31 December 2023

EMPLOYEES (continued)

Gender pay gap report

As a part of WTW, the Company has been publishing its UK Gender pay gap report for the past 6 years and in those years has seen progress towards better gender balance. The mean gender pay gap for WTW in the UK is 30.3%, a year-on-year improvement (2.1% difference compared with 2022). For the Company, the mean gender pay gap is 28.1%, an improvement of 1.8%.

This improvement is partially attributable to the change in our business composition over the past 12 months. The Company knows closing the gender pay gap will take time and commitment. Men outnumber women in early management, so fewer women are in the right roles internally to progress into senior management. Even as our hiring and promotion rates improve, the Company needs more equitable gender representation at all levels to close our gender pay gap.

Anti-Bribery and Anti-Corruption

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

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

Bribery and corruption risks include those through third parties and gifts, events, entertainment and hospitality. The Company mitigates these risks through global procedures which apply to all employees in entities owned and/or controlled by WTW. The Company's Anti-Bribery & Corruption - Gifts, Events/Entertainment & Hospitality Procedures require approval of gifts, events, entertainment and hospitality (whether given or received by WTW) that meet bribery risk criteria explained in the procedures. In general, the Anti-Bribery & Corruption - Third Party Approval Procedures require due diligence be conducted on, and approval be obtained for, all third parties performing specified services on behalf of WTW. For all but the very lowest risk third parties, the approval procedures must be refreshed and repeated annually. Very low risk third parties require re-approval under the procedures every two years.

The policies, procedures and supporting forms and information are available on the Company's intranet site and are translated into 27 languages to support their global application and understanding.

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

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

Corporate and Social responsibility

We recognise that a big part of being a good corporate citizen is caring about our communities and taking steps to help reinvest in and strengthen them now and for the future. Our philanthropy outlets include:

- Business and office giving: Our local business leaders are empowered to support charities.
- Matching gifts: We match the donations of individual colleagues up to \$2,500 cumulatively per year to charitable causes.
- Volunteer day: We support colleagues who donate their time and talent by offering one paid day per calendar year for volunteering with an organisation that supports and enhances our communities

TOWERS WATSON LIMITED

DIRECTORS' REPORT (continued)

For the year ended 31 December 2023

EMPLOYEES (continued)

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 reasonable belief 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.

For further information regarding employees is included within the Wates principles disclosure below.

DIRECTORS

The directors who served throughout the year (except where otherwise stated) were as follows:

Executive Directors

J E Ball	(Resigned 31 July 2023)
M Boschetti	(Appointed 17 August 2023)
M R Calnan	(Resigned 09 November 2023)
C M Hodges	
I J Spencer	(Appointed 27 October 2023)

Non-executive Director

P G Morris

Third party indemnity provisions

As is permitted by the Company's Articles of Association and section 232 and 234 of the Companies Act 2006 qualifying third party indemnity provisions were in force during the period and remain in force for the benefit of the Directors (and any officers) of the Company. A fellow group company maintains directors' liability insurance cover for the Company directors and officers as permitted under the Company's Articles. Such insurance policies remained in force during the period.

ADOPTION OF THE WATES PRINCIPLES

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.

TOWERS WATSON LIMITED

DIRECTORS' REPORT (continued) **For the year ended 31 December 2023**

ADOPTION OF THE WATES PRINCIPLES (continued)

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. The Company is a leading advisory, broking and solutions company that helps its customers around the world turn risk into a path for growth. 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 colleagues and customer messaging, on the Company's website, and are embedded in all colleague engagement efforts, including performance management tools.

The Company has a strong culture aligned to its values. The Company's culture is constantly monitored through company-wide colleague engagement surveys carried out every two years, one to one engagement, 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.

Principle 2: Board Composition

The Board comprises three Executive Directors covering the core business units operating within the entity and a Finance Director. The Company also has an appointed Non-Executive director.

The Board members are shown on page 18.

The Board considers its size and the diversity of its composition 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.

During 2023, the Board carried out a Board effectiveness review. It will consider the output and implement any recommendation as appropriate.

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 business units, 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 as part of a cyclical review process various governance documents to ensure compliance with the most recent governance standards as set out in the FCA's SMCR.

The Board receives 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 SMCR.

TOWERS WATSON LIMITED

DIRECTORS' REPORT (continued)

For the year ended 31 December 2023

ADOPTION OF THE WATES PRINCIPLES (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. This Board's Risk officer 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 Board regularly discusses market overviews in the areas which it operates and opportunities for tangible and intangible value creation.

For further details, see the Strategic Report.

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 recognise 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 colleagues. 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.

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 took feedback from its material stakeholders in the following ways:

Employees - Board regularly meets with members of staff other than the usual presenters to the Board. In addition, the Board regularly receives a people update from the Human Resources officer function as well as related updates in respect of inclusion and diversity. The interests of the employees, the FCA and the second line functions are actively considered during Board deliberations.

TOWERS WATSON LIMITED

DIRECTORS' REPORT (continued) For the year ended 31 December 2023

ADOPTION OF THE WATES PRINCIPLES (continued)

Principle 6: Stakeholder Relationships and Engagement (continued)

Regulators - The Chief Executive Officer, an Executive Director, may have engagement meetings with the FCA subject to their annual schedule of proactive engagement meetings with WTW's leaders. The Board of Directors, through the nominated Compliance Officer also engages with the Regulator on an ad-hoc basis as issues arise, and proactively, where necessary, on material regulatory change projects. They also consider the feedback from the FCA very carefully and have developed a culture of proactive compliance based on its ongoing channels of communication.

Shareholder - the ultimate parent of the Company is Willis Towers Watson plc. In 2019, the Company entered into a Memorandum of Understanding with the ultimate parent company. This establishes the principle that while the parties each recognised that the Company is part of a global enterprise, the Company itself is a UK regulated entity and as such was sufficiently empowered and has 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 are consistent with FCA regulation and applicable law.

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, designs and implements policies to reduce any damage that might be caused by its activities. WTW is 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. The Company uses internal and external methods to measure its environmental and social governance progress.

Internally, the Company has a taskforce that ensures focus on the areas of most importance to its stakeholders and that activities are aligned with WTW's strategic priorities and comprises representatives from across the business units and corporate functions. WTW is committed to improving its suppliers' environmental impact by increasing our demand for and use of goods that are developed in a sustainable way and contribute to a reduced carbon footprint, including Environmental, Social and Governance ('ESG') questions and evaluation criteria within our procurement processes, and having in place a form of supplier contract that stipulates, where the form is in place, that all operations must be conducted in full compliance with all applicable laws in connection with the contract.

Externally, WTW is committed to delivering net zero greenhouse gas emissions in alignment with the Science Based Targets Initiative by 2050 at the latest, with at least a 50% reduction by 2030, across the WTW's business operations. This includes a commitment to achieving 100% renewable energy supplies across the WTW's real estate portfolio by 2050. To support this WTW has been involved with various governments, intergovernmental organisations and civil societies on climate policy and research for some years and share the collective ambition of an orderly transition towards sustainable and resilient economies and communities. Amongst a variety of our collaborations and memberships, WTW is a member of the insurance industry initiative ClimateWise, is a member of the Taskforce on Climate-Related Financial Disclosures ('TCFD'), a member of the Asset Managers Net-Zero Initiative, active members of the Coalition for Climate Resilient Investment and created the Natural Resource Risk Index. Our policy is to comply with all applicable environmental laws and regulations where we operate.

Separately, in the fully discretionary delegated investment portfolios that the Company manages for clients, in 2021 we committed to targeting net zero greenhouse gas emissions by 2050 at the latest, with at least a 50% reduction by 2030, consistent with the goals of the Paris Agreement. The Company continues to take steps to achieve this commitment in alignment with our clients' portfolio strategies. Emissions for the delegated investment portfolios we manage for clients are not included in this report.

For further details see the ESG section of www.wtwco.com and the Climate related financial disclosures in these financial statements.

Customers - one of the Company's values is to be client focused. The Company is driven to help its clients succeed. In every interaction and with every solution, employees are encouraged to act in the Company's clients' best interests, striving to understand their needs, respecting their perspectives and exceeding their expectations. The Board of Directors receives updates on client interaction and feedback via business reports, which are presented regularly to every scheduled Board meeting.

TOWERS WATSON LIMITED

DIRECTORS' REPORT (continued)

For the year ended 31 December 2023

ADOPTION OF THE WATES PRINCIPLES (continued)

Principle 6: Stakeholder Relationships and Engagement (continued)

Third Party Suppliers - the Company continuously monitors its supply chain and ensures oversight over its key supplier arrangements. WTW's culture of diversity also applies to its suppliers. WTW is committed to working with diverse suppliers who can provide fresh perspectives and viewpoints, in addition to maximising the benefits and support they can provide to employees and customers. The due diligence and on-boarding in relation to WTW's supply-chain emphasises compliance with WTW's core values and includes additional requirements relating to the risk of modern slavery. The Company receives reports from an Operations officer, who oversees the Company's key suppliers and maintains appropriate relationships. They present a report to every scheduled Board meeting and escalate all material items of feedback as necessary to the Board on a regular basis. For further details, see the Modern Slavery Statement for Towers Watson Limited, available on the WTW website, www.wtwco.com.

STREAMLINED ENERGY AND CARBON REPORTING

SCOPE OF THIS REPORT

The data in this report is for the period 1 January 2023 to 31 December 2023, unless otherwise specified.

SYSTEMS

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

FOCUS AREAS

WTW has set a commitment to achieve net zero greenhouse gas emissions by 2050 and 50% reduction by 2030 aligned with Science Based Targets initiative. In 2023, WTW completed additional planning helping to lay the foundation for a comprehensive action plan supporting its climate commitments.

WTW helps reduce 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.

WTW operations in 2023 reflected a continued return to more typical business operations, compared with 2021 when office occupancy was still significantly impacted by the COVID pandemic. In addition WTW is actively engaged in a right-sizing exercise to ensure the right amount of office space is available to employees. As part of this project WTW expects a net reduction in emissions.

In an effort to reduce WTW's environmental impact, the procurement of renewable energy has been prioritised for certain offices in which WTW has the ability to influence energy procurement. This has been included in the 2023 and 2022 SECR electricity (market-based) emissions totals, resulting in a reduction in the associated greenhouse gas emissions, despite an increase to the total energy consumption in 2023 and 2022 compared with 2021.

The Company, as a member of WTW forms part of these commitments

EMPLOYEES

WTW engages more than 48,000 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 to 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: Stakeholder Relationships and Engagement within the adoption of the Wates principles as noted above.

TOWERS WATSON LIMITED

DIRECTORS' REPORT (continued) For the year ended 31 December 2023

STREAMLINED ENERGY AND CARBON REPORTING (continued)

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 by having in place a template 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.

WTW has begun to engage key suppliers in an effort to increase awareness of the importance of setting Science Based Targets as part of an effective emissions reduction plan.

For further information, see Principle 6: Stakeholder Relationships and Engagement within the adoption of the Wates principles as noted above.

COMPLIANCE

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

CORPORATE/ BUSINESS OVERSIGHT

Internally, WTW has an ESG Taskforce that provides central governance and focuses on aligning its ESG commitments with its strategic priorities.

For more information, see the ESG section of wtwco.com

Total Emission Scope Summary - the Company

Emission Type	2023		2022	
	Total Volume (kWh)	Calculated Emissions (Tonnes of CO ₂ e)	Total Volume (kWh)	Calculated Emissions (Tonnes of CO ₂ e)
Scope 1 (direct)	4,408,220	823	5,479,577	1,010
Scope 2 (indirect)	9,812,167	148	11,368,982	224
Scope 3 (indirect - only purchased fuel for employee travel)	690,741	153	199,159	43
Total	14,911,128	1,124	17,047,718	1,277

Scope 1 Emissions (Direct)

Emissions from activities owned or controlled by the Company that release emissions into the atmosphere either through stationary combustion or mobile combustion. Examples of Scope 1 emissions include emissions from combustion in owned or controlled boilers, furnaces or vehicles.

Energy Type	Definition	2023		2022	
		Total Volume (kWh)	Calculated Emissions (Tonnes of CO ₂ e)	Total Volume (kWh)	Calculated Emissions (Tonnes of CO ₂ e)
Stationary combustion	Emissions from combustion of gas	4,399,253	821	5,451,065	1,003
Mobile combustion	Emissions from combustion of fuel for transport purposes	8,967	2	28,512	7
Total		4,408,220	823	5,479,577	1,010

TOWERS WATSON LIMITED

DIRECTORS' REPORT (continued)

For the year ended 31 December 2023

STREAMLINED ENERGY AND CARBON REPORTING (continued)

Scope 2 Emissions (Indirect)

Scope 2 includes indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the Company. It is considered an indirect emissions source because it is a consequence of the Company's activities, but occurs at sources owned and controlled by a separate, external entity.

The results below are showing the Company's relevant market-based scope 2 emissions. Using the market-based emission factor in scope 2 corporate accounting enables WTW to reflect the electricity emissions based on contractual instruments, rather than the location of electricity generation alone, which relies only on the grid to become cleaner for emission reduction. WTW reported that its UK sites in Birmingham, Bristol, London, Northwich, Redhill, Reigate, Ipswich Friars St, and Ipswich Greyfriars source electricity from renewable sources (e.g. REC or PPA) in 2022 and 2023, hence their zero emissions under "Renewable" below.

Electricity Type	Definition	2023		2022	
		Total Volume (kWh)	Calculated Emissions (Tonnes of CO ₂ e)	Total Volume (kWh)	Calculated Emissions (Tonnes of CO ₂ e)
Renewable	Emissions from purchased renewable electricity	9,410,780	—	10,737,443	—
Grid	Emissions from purchased electricity from the grid	401,387	148	631,539	224
Total		9,812,167	148	11,368,982	224

Scope 3 Emissions (Indirect)

Scope 3 focuses on emissions that are not produced by the Company itself, and not the result of activities from assets owned or controlled by them, but by those that the Company is indirectly responsible for, upstream and downstream from its value chain. Examples of Scope 3 emissions are business travel by means not owned or controlled by the organisation (e.g. ride-sharing services, employee vehicles, or rental cars). Under SECR it is not mandatory to report rail or air travel.

Scope 3 emissions reported below reflect employee fuel reimbursement. Fuel volume was estimated by converting WTW's reported reimbursement totals by country to a volume of assumed petrol using regional fuel price data.

Energy Type	Definition	2023		2022	
		Total Volume (kWh)	Calculated Emissions (Tonnes of CO ₂ e)	Total Volume (kWh)	Calculated Emissions (Tonnes of CO ₂ e)
Employee Owned Cars	Emissions from business travel in employee-owned vehicles where the company is responsible for purchasing the fuel (mandatory)	690,741	153	199,159	43
Total		690,741	153	199,159	43

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.

TOWERS WATSON LIMITED

DIRECTORS' REPORT (continued) For the year ended 31 December 2023

STREAMLINED ENERGY AND CARBON REPORTING (continued)

Intensity ratios

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

Intensity Measurement	2023		2022	
	Turnover (£m)	Intensity Ratio (tCO ₂ e / Turnover £m)	Turnover (£m)	Intensity Ratio (tCO ₂ e / Turnover £m)
Tonnes of CO ₂ e per total £m sales revenue	578	1.95	542	2.36

The Company has chosen to use tonnes of CO₂e per £m Turnover for its Intensity Ratio.

Total Emissions - History

As this is the fourth year of the reporting requirement, the four-year history is detailed below:

Emission	Year 1 2020	Year 2 2021	Year 3 2022	Year 4 2023
Tonnes of CO ₂ e	1,949	2,376	1,277	1,124
Total Energy (kWhs)	8,823,919	11,584,682	17,047,719	14,911,128
Intensity Ratio	4.00	4.60	2.36	1.95

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 conversion factors for company reporting database from the Department for Business, Energy and Industrial Strategy (BEIS) for calculating carbon emissions. We consider this energy and emissions accounting has been completed in accordance with reasonable methodology. Utility data was obtained to measure scope 1 and 2 emissions, and where unavailable, proxy data for floor area was used to estimate energy usage and emissions. For scope 1 and 2 only, a proportional approach based on headcount was applied to allocate emissions. For ground transport (both scope 1 and 3), data was obtained from expense claims and converted to fuel volume using global fuel price averages for 2023. The conversion to kWh values was based upon the gross calorific values registered in the database from BEIS.

Energy Efficiency Action

For the 2023 reporting period, the Company has been included in WTW's UK SECR reporting for in scope entities as part of a multi-year effort to migrate datacentres to the cloud, allowing for a shift in operations to a more energy-efficient platform. This is not a completed project but will be progressed in the coming years.

In 2024, efforts will focus on reviewing renewable power purchase opportunities and further develop migration plan options.

TOWERS WATSON LIMITED

DIRECTORS' REPORT (continued) **For the year ended 31 December 2023**

STATEMENT OF PROVISION OF INFORMATION TO THE INDEPENDENT AUDITOR

Deloitte LLP have expressed their willingness to continue in office as auditor of the Company and will be reappointed as auditor for the next year.

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

(1) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

(2) 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.

Approved by the Board of Directors
and signed on behalf of the Board

C M Hodges

C M Hodges

Watson House
London Road
Reigate
Surrey
RH2 9PQ

23 April 2024

TOWERS WATSON LIMITED

CLIMATE RELATED FINANCIAL DISCLOSURE REPORT

For the year ended 31 December 2023

Introduction

Willis Towers Watson Public Limited Company and its subsidiaries ("WTW"), including Towers Watson Limited (the "Company"), focuses on sustainability matters in our internal operations including environmental, social and governance (ESG) programs. It is also an area where we support our clients through ESG services and solutions to further our purpose to 'transform tomorrows'.

Tower Watson Limited, an integral part of WTW, is aligned to those internal programs and operations and is also able to access the full suite of services and solutions for its clients.

WTW's ESG services and solutions empower our clients to sharpen their focus, become more resilient, maximise performance, foster operational excellence and drive long-term sustainable value. We partner with clients worldwide in the following areas — whether developing an enterprise-wide strategy, executing ESG-related programs or helping to connect sustainability goals with daily efforts — and more.

- **People:** We understand that people are essential to helping our clients achieve their goals. We help our clients to meet their employees' needs and build sustainable organisations for the long term. Our solutions — including diversity, equity and inclusion (DEI), total rewards, employee wellbeing and employee engagement — are core to our clients' ability to attract and retain top talent.
- **Risk:** Risk management is imperative to effective governance. Understanding risk, assessing its impacts and finding ways to effectively mitigate it is a core part of WTW's business. We help organisations to quantify, prioritise and manage risks through solutions such as insurance broking, innovative alternatives to risk transfer and financing, and pre-loss risk consulting services that protect people and safeguard assets. We also advise on and develop strategies that protect our clients against the risks of changing climate, implement net zero plans, and build more sustainable and resilient supply chain
- **Capital:** Making the most of capital means solving a complex risk-and-return equation. We help clients implement and deploy capital strategically to support their sustainability goals, which may include optimisation of capital expenditures and asset management to enable climate risk management, sustainable investment practices, fair pay and equity. We also engage in sustainable investment practices on their behalf, enabling clients to invest consistent with their objectives.

In addition to helping drive sustainable value for our clients, we also focus on this throughout our internal business programs and operations. Through our ongoing sustainability efforts, we make a positive difference in the global communities in which we operate, foster an inclusive and diverse culture for our colleagues, and implement policies and programs that guide us to conduct business ethically.

Within our business programs and operations, we engage in the efforts described not just because they fall under the sustainability umbrella. Rather, we believe they help to build and maintain sustainable value over time for the benefit of our shareholders as well as clients and colleagues.

Our ability to meet our various commitments is based on the belief that in addition to WTW making meaningful progress, others will do the same. Governments will need to act, regulatory bodies will need to drive consistency and the partners we do business with will need to make their own progress.

Through our efforts, we participate in various initiatives and working groups and with intergovernmental agencies. We review our efforts — including how we engage and our progress toward our commitments — and realign where we can best make an impact or where we believe it is otherwise in WTW's interest to do so.

We also recognise that sustainability risks and opportunities are different, and we do not address them uniformly. Translating risks into financial consequences can help organisations on their path to growth, investment and sustainability. We continue to drive actions to support our sustainability strategy by:

- Putting thoughtful policies and programs in place and using metrics to help us achieve our sustainability goals.
- Periodically measuring our progress and making necessary adjustments with the aim of ensuring the policies and programs we have in place and the metrics we use and targets we set are appropriate.
- Listening carefully to our colleagues, clients, shareholders, partners and global communities to drive improvements.

TOWERS WATSON LIMITED

CLIMATE RELATED FINANCIAL DISCLOSURE REPORT (continued)

For the year ended 31 December 2023

Introduction (continued)

- Engaging our leaders in driving our sustainability strategy forward.

As part of our ongoing commitment to sustainability, WTW became a signatory to the Task Force on Climate-Related Financial Disclosures (TCFD) in 2017. TCFD developed recommendations on climate-related financial disclosures that are applicable to organisations across sectors and jurisdictions. The recommendations are structured around four thematic areas:

- **Governance:** The organisation's governance around climate-related risks and opportunities.
- **Risk management:** The processes used by the organisation to identify, assess and manage climate-related risks.
- **Strategy:** The actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy and financial planning.
- **Metrics and targets:** The metrics and targets used to assess and manage relevant climate-related risks and opportunities.

The Company shares in this report how it considers and incorporates these factors in WTW's sustainability programs.

The table below includes the Climate related Financial Disclosure (CFD) framework that corresponds to various sections within this report.

CFD requirements	Description	Section
Governance	(a) a description of the governance arrangements of the Company in relation to assessing and managing climate-related risks and opportunities	Governance
Risk Management	(b) a description of how the Company identifies, assesses, and manages climate-related risks and opportunities (c) a description of how processes for identifying, assessing and managing climate-related risks are integrated into the overall risk management process in the Company	Risk Management
Strategy	(d) a description of: a. the principal climate-related risks and opportunities arising in connection with the operations of the Company b. the time periods by reference to which those risks and opportunities are assessed (e) a description of the actual and potential impacts of the principal climate-related risks and opportunities on the business model and strategy of the Company (f) an analysis of the resilience of the business model and strategy of the Company, taking into consideration of different climate-related scenarios	Strategy
Targets and Key Performance Indicators (KPIs)	(g) a description of the targets used by the Company to manage climate-related risks and to realise climate-related opportunities and of performance against those targets (h) the key performance indicators used to assess progress against targets used to manage climate-related risks and realises climate-related opportunities and a description of the calculations on which those key performance indicators are based.	Climate Scenarios Transition Risks and Opportunities Targets

TOWERS WATSON LIMITED

CLIMATE RELATED FINANCIAL DISCLOSURE REPORT (continued)

For the year ended 31 December 2023

Additional information

More information on WTW's sustainability commitments is available on our website (www.wtwco.com), along with WTW's 2022 ESG Report. WTW's 2022 Year-End Proxy Statement and WTW's 2022 Year-End Irish Statutory Accounts are available in the Investor Relations section of our website. These documents are not incorporated by reference into this report. This CFD statement is focused on "The Company" however certain initiatives in this area are WTW led and the Company contributes to the group initiatives as appropriate.

Governance

The Company board has ultimate responsibility for the oversight and management of risk management activities across the Company. The Board delegates certain responsibilities to the Company's Risk Committee (RC) as a sub-committee of the Board.

Climate and sustainability related matters are directed through the RC which meets quarterly and discusses these matters as required including the identification and management of climate related risks and opportunities along with public reporting responsibilities. The RC will review all business risk analysis through the Company's Enterprise Risk Management (ERM) framework informed by the Company's own Climate Strategy and Reporting.

WTW has a cross-functional management committee sponsored by WTW's General Counsel and comprised of representatives from across the global functions (the Sustainability Taskforce) to coordinate and facilitate communication of the WTW's sustainability initiatives applicable to its own operations. The Taskforce provides central governance over our sustainability efforts across the organisation and to ensure WTW's commitments are aligned with WTW's overall business and strategic priorities. The Company forms part of these commitments.

As governments around the world are considering and implementing regulations relevant to climate change, WTW monitors emerging actual and potential environmental regulations and sustainability-related standards (such as those issued by the International Sustainability Standards Board (ISSB)), European Sustainability Reporting Standards (ESRS) and the SEC proposed climate disclosure rule) including those relevant to the Company.

Risk Management

WTW has an ERM framework that outlines the processes and methodologies for identifying and assessing risks faced by WTW and its subsidiaries, including the Company through the Board meetings at least bi-annually or as needed. WTW considers climate change-related risks when conducting its analysis of key risk areas. WTW's approach to managing climate-related risks is embedded within its ERM framework and processes.

As described in more detail above, both the Risk Committee and the Board oversee the Company's approach to risk identification, risk assessment and risk management. These board committees are supported by management and management-level committees, from all the businesses which comprise the Company.

The Company's Risk Officer reports directly to the WTW Chief Risk Officer (CRO), which along with the use of a single ERM framework, enables consistency of approach and the sharing of best practice.

WTW manages risk across the enterprise and entity specific variables are considered if WTW determines they are material to WTW's enterprise strategy. WTW, and in turn the Company, relies on a number of key processes to help to manage climate-related risks, including:

- **Legislative and regulatory review:** Monitoring legislative and regulatory developments allows WTW to keep abreast of any change in climate-related legislation that may impact our operations globally (e.g., EU Corporate Sustainability Reporting Directive).
- **ERM reporting dashboards:** Our quarterly reporting program supports the assessment of Company risks. ERM dashboards are regularly reviewed by senior management and relevant Company committees. Management actions are identified to address control weaknesses, as appropriate.

TOWERS WATSON LIMITED

CLIMATE RELATED FINANCIAL DISCLOSURE REPORT (continued)

For the year ended 31 December 2023

Risk Management (continued)

- **Business Continuity and Disaster Recovery Plans:** Extreme weather events (e.g., hurricanes, heat waves, droughts, etc.) can significantly impact our ability to provide continuity of services to our clients. To mitigate this risk, WTW has a business continuity program and disaster recovery plans. The level of criticality of locations and business applications is based on detailed impact analysis performed by all segments and lines of business. The results of this analysis determine the level of priority to recover normal business activities.
- **Supply Chain Management:** The business depends on purchasing goods and services from our suppliers, especially within IT, professional services, travel and real estate, to ensure we can service our clients. Our supply chain network is exposed to potential adverse events, including climate-related disruptions, all of which could impact our ability to service our clients. WTW works with a number of our key / strategic suppliers (such as key IT suppliers) in terms of their disaster recovery / business continuity plans with the goal of mitigating any disruptions of service to WTW. This approach is currently being strengthened, through enhancing the supplier onboarding checks and ongoing supplier risk management processes focused on risk mitigation, social responsibility and climate change.

As part of the management of business risks, climate change has been identified by the business as an emerging risk. In 2023, the Company completed a climate risk assessment. This has been conducted in consideration with other business risks and opportunities with the aim to integrate within the wider ERM framework. The risk assessment for the Company, applied a methodology for identifying climate-related risks and opportunities.

The climate risk assessment used an adapted version of WTW's ERM scales as applicable to the Company. The adapted scales are used by the ERM function to manage risks quantified on both a financial and non-financial basis.

Workshops with senior leaders from the company were conducted to identify and assess risks. The Transition Risk Assessment was conducted using 1.5°C and 2°C Low Carbon World scenarios as described in depth below. Impacts were considered in terms of a potential impact to financial performance (including profit or loss) and financial position (balance sheet). The impact and likelihood scales used in the analysis were in line with the ERM scales. The physical risk assessment was conducted by modelling using 2°C, 2-3°C and 4°C climate scenarios. The modelling provided the likelihood of occurrence and the most likely time horizon of impact. Throughout the assessment process, participants were asked to consider existing mitigation actions that are in place and what more is required to reduce both future risk and capitalise on potential opportunities. As such both inherent and residual risk was considered.

The Company intends to update its climate scenario analysis at least every three years, when scenario indicators change materially, and/or if there is a material change to the business.

Strategy

As a professional services company, our climate risks are different from and more limited than for other companies with more extensive financial exposure to climate (such as insurance companies) or companies with manufacturing facilities.

Nevertheless, we face a number of physical risks to our operations that could be exacerbated by changing climate conditions. This includes the risk that our facilities, systems or infrastructure, colleagues, or the operations of suppliers are disrupted by a climate-related weather, health or other events.

We also face a number of more transition risks, such as exposure to economic and political conditions, which could be exacerbated by changing climate conditions.

The time-horizons were discussed and confirmed with senior risk management colleagues based on the usefulness of the outputs for key stakeholders and the scenarios applied for 2023.

TOWERS WATSON LIMITED

CLIMATE RELATED FINANCIAL DISCLOSURE REPORT (continued) For the year ended 31 December 2023

Strategy (continued)

The time-horizons were discussed and confirmed with senior risk management colleagues based on the usefulness of the outputs for key stakeholders and the scenarios applied for 2023.

	From	To (years)	Comment
Short-term	0	3	Time horizons can vary based on the business sector and operational goals. The time horizons described for short-term are based on our clients' needs for quick, accurate and timely deliverables based on the latest technology and sector developments.
Medium-term	3	7	The mid-length time horizon allows the Company to respond to potential risks and opportunities that can be seen in the present but may not be experienced until later. This is in line with WTW's environmental commitment to at least a 50% reduction in greenhouse gas emissions.
Long-term	7	20	The long-term horizon for the Company is more broadly the future state, and risks and opportunities can be difficult to predict too far in advance. We have a goal and a shared vision for a net-zero WTW in 2050, aligned with the long-term horizon.

Like other professional services companies, the environmental impact of WTW's operations and the Company's is largely due to office-based activities, suppliers and business travel. As a result, we primarily focus on these areas as well as our procurement practices with suppliers:

- **Office actions:** We are actively reviewing the renewable energy options across our real estate portfolio and have established design guidelines to reduce energy usage. In 2023, WTW estimates that 63% of electricity purchased by the Company in the U.K. is generated through renewable energy sources. This is aligned to WTW's renewable energy goal and net zero target.
- **Supplier actions:** WTW supports sustainable sourcing with suppliers, and our processes for evaluating some of our largest suppliers includes sustainability criteria. The standard form of supplier contract requires that supplier operations be conducted in full compliance with all applicable environmental and climate laws and regulations. This supports WTW's goal to reduce scope 3 emissions in line with our 2030 and 2050 goals. As more companies within WTW's supply chain set targets with SBTi and reduce emissions, WTW anticipates a reduction of scope 3 emissions from purchased goods and services.
- **Travel actions:** WTW has implemented measures that include sustainable procurement practices, including business travel emissions measurement across multiple forms of travel, to help colleagues make informed, sustainable and compliant travel choices. Overall, WTW business travel emissions decreased in 2023 compared to 2019. This is primarily due to decreased travel related to the COVID pandemic and the utilisation of virtual meeting technology. Business travel represents a top emissions source for WTW and active management and reducing business travel emissions will reduce WTW's scope 3 emissions to support WTW's 2030 and 2050 net zero goals.

Climate Scenarios

This assessment used sources of data and assumptions to understand how climate change, market and regulatory drivers could evolve in different possible futures and materialise as both physical and transition climate-related risks or opportunities. For the assessment of climate-related risks and opportunities to the Company, four scenarios were selected to assess the impacts of climate-related risks and opportunities across the short, medium and long-term time horizons: +1.5°, +2°, +2-3° and >+4° warming scenarios.

The potential positive and negative impacts of each climate scenario were assessed. The identified scenarios enable the Company to analyse the impacts of climate change and how market and regulatory drivers could evolve over the short, medium and long-term with global warming ranging from 1.5° to >+4°.

TOWERS WATSON LIMITED

CLIMATE RELATED FINANCIAL DISCLOSURE REPORT (continued)

For the year ended 31 December 2023

Climate Scenarios (continued)

+1.5°C Scenario	<+ 2°C Scenario	+2-3°C Scenario	>+4° Scenario
This scenario outlines an orderly global transition, limiting warming to well below 1.5°C by 2100 and global net zero emissions by 2050. The scenario has been used to carry out the Transition Risk assessment as it presents the extreme scenario the business maybe subject to, allowing the business to stress test its risks in this scenario.	This scenario outlines a pathway where global emissions reach net zero by 2050, and the global temperature rise stays below 2 °C above pre-industrial levels by 2100. This scenario has been used in the Climate Transition Risk and Physical Risk Scenario. For the Climate Transition Risk Assessment it provides a more reasonable expected Net Zero Scenario for the risk assessment. For Physical Risk Assessment it provides a basis of the lowest level of expected risk.	This scenario considered a few actions and has been used by the business to assess the Physical Risk Impact where middle of the road actions are employed by the business.	The scenario is considered “business as usual” where no particular measures to combat climate change are implemented on a global scale. This is considered a worst-case scenario. It presents the most extreme Physical Risks and has been used in the Physical Risk Assessment to stress test the business.

The four climate scenarios have been identified and developed using several practices and sources further outlined below. Multiple sources have been considered to inform the interpretation of climate-related physical and transition risk.

- i. Intergovernmental Panel on Climate Change (IPCC) scenarios: A set of future climate scenarios known as the Representative Concentration Pathways (RCP) and Shared Socio-Economic Pathways (SSP) were developed by the Intergovernmental Panel on Climate Change (a United Nations body tasked with advancing scientific knowledge related to anthropogenic climate change). The SSP/RCP scenarios provide a standardised methodology to assess climate risk and projections, which have been developed to represent future emission trends related to a wide range of factors including economic and population growth, lifestyle and behavioural changes, associated changes in energy and land use, and technology and climate policy. For the physical climate risk assessment, scenario analyses for SSP 1 / RCP 2.6, SSP 3 / RCP4.5, and SSP 5 / RCP 8.5 were considered. The scenarios consider acute and chronic climate risks including tropical cyclones, flood, drought stress and heat stress.
- ii. International Energy Agency (IEA) scenarios: focus on the consequences of different energy policy and investment choices. The Net Zero 2050 Scenario (1.5°C) explores the path required to ensure global emissions reach net zero by 2050.
- iii. Network for Greening the Financial System (NGFS) scenarios: explore a different set of assumptions for how climate policy, emissions and temperatures evolve. The Net Zero 2050 limits global warming to 1.5°C through stringent climate policies and innovation, reaching global net zero CO₂ emissions around 2050. The NGFS also considers disorderly scenarios, which explore higher transition risk due to policies being delayed or divergent across countries and sectors.
- iv. WTW’s Climate Transition Analytics Modelling: scenarios model the impact of a global transition to a low-carbon world applying a bottom-up approach, assessing impacts on demand, margins and capital intensity at a sector-level. The modelling compares three transition scenarios (well below 2°C, 1.5°C and delayed 2°C) with a business-as-usual scenario, updated to account for market, technology and transition pathway changes. The team allows for analysis of the impacts of climate transition-related market shifts on assets and companies’ cash flows and values.

TOWERS WATSON LIMITED

CLIMATE RELATED FINANCIAL DISCLOSURE REPORT (continued)

For the year ended 31 December 2023

Risk and Opportunity: Transition Risk Assessment

The table below outlines the climate-related transition risks and opportunities identified as having a potential material impact on the Company. Due to the limited availability of public data and assumptions involved, the business has not quantified the financial impact of these risks and opportunities at this time. Instead, the Company has performed a qualitative impact assessment using the adapted ERM scales. Quantification of the financial impact (e.g. costs and revenues) on all climate-related risks and opportunities will be further developed in future reporting.

Certain non-financial data and information which is subject to measurement uncertainties resulting from limitations inherent in nature and the methods used for determining such data is set out below.

Transition Risks and Opportunities

Transition including policy and legal risks: 1. Pricing of Greenhouse Gas emissions 2. Increasing stringency of climate-related regulatory requirements 3. Climate change litigation		
Risk / opportunity description and potential impact to the Company	Potential impact under climate scenarios and time horizons	Strategic response and resilience
Pricing of greenhouse gas emissions		
The increasing levels of climate-driven carbon pricing policies, such as carbon taxation or sustainability regulation, could affect the Company, and may increase the cost of doing business.	Under both a 1.5°C and 2°C scenario, GHG emissions related costs are expected to drive market changes needed to meet national emissions reductions targets. In the short term, there is uncertainty around global costs and regulations (e.g., cap and trade schemes); this makes financial impact difficult to determine.	WTW is aiming to reduce emissions by 50% by 2030 against a baseline of 2019 figures and be net zero by 2050. This would also apply to the Company's operations.
Increasing stringency of climate-related regulatory requirements		
There may be an increase in the reporting burden and associated costs due to evolving sustainability reporting requirements coming into effect by 2025 and 2030. Given the scope of the Company's operations, the organisation will need to consider the reporting requirements under TCFD and UK CFD, which are likely to be superseded by the ISSB standards. The Company may also be impacted by the Corporate Sustainable Reporting Directive (CSRD) reporting obligations in accordance with the ESRS.	As more climate-related reporting regulations and disclosure requirements develop over time, transition risks to the Company and associated reporting burdens are expected to increase from the short-to medium-term under both 1.5°C and 2°C scenario. In the short-term, the business will have to adapt its reporting standards to guidelines for climate-related financial disclosures that are already in place, such as the TCFD.	The Company and WTW, budget for current climate-related regulatory requirements. WTW has also started to consider additional costs for future reporting obligations, budgeting for them where possible. The WTW Corporate Responsibility team monitors and plans to support the business in meeting reporting requirements including reviewing any legislation relevant to the Company.
Climate change litigation		
The business may be subject to litigation subject to the services it provides as an in-direct party; the business acts as a counterparty to many businesses. Litigation could include being included as an additional party as well as being directly subject to litigation for some of the Company's services or advice to customers. Additionally, the business may be subject to claims including relating to greenwashing.	In both the 1.5°C and 2°C scenario in the medium term the business may be exposed to litigation and thereafter associated costs. There is minimal risk in the short-term time-horizon.	The Company continues to employ processes to ensure quality outputs for clients as well as monitor industry trends and changing expectations in line with climate transition.

TOWERS WATSON LIMITED

CLIMATE RELATED FINANCIAL DISCLOSURE REPORT (continued)

For the year ended 31 December 2023

Transition Risks and Opportunities (continued)

Transition – market risk and opportunity: 1. Demand for products and services		
Risk / opportunity description and potential impact to the Company	Potential impact under climate scenarios and time horizons	Strategic response and resilience
The Company serves a broad client base which covers most industries. The Company recognises that it may be impacted by regulation, consumer behaviour, market and technology changes, but also the businesses of its clients could be affected. The Company has clients that are themselves navigating transition-related risks and adapting to the energy transition. This may affect their demand for the products and services which are supplied by the Company, in turn having an effect on the Company's financial position.	Exposure to climate change will inevitably impact the Company's clients under a 1.5°C and 2°C scenario. Clients operating in certain industries that are negatively impacted by the transition may see financial pressure and they may no longer pay for the business's products and services. Similarly, some products may become irrelevant. However, there is an opportunity in the long-term as clients transition to a lower carbon economy and seek support through the use of Company products and services.	The business continues to observe market trends and provide services including those provided by the Company Climate Practice to ensure it supports clients through the climate transition.
Transition – reputation risk and opportunity 1. Investment risk 2. Colleague risk		
Risk / opportunity description and potential impact to the Company	Potential impact under time horizons	Strategic response and resilience
Investment risk or opportunity		
Increased scrutiny from investors around the Company's approach and vulnerability to climate change is expected over the coming years. Therefore, failure to meet publicly stated sustainability targets or disclosure requirements, or poor performance against sustainability indices could have a negative impact on WTW's overall stock price and investor perception, in turn also impacting the Company. While performing poorly could pose a risk to the Company revenue and investment streams, performing well could present an opportunity.	In both short- and medium-term time horizons, it is expected that there will be ambitious climate policies that the Company will have to align with. In the medium-term it is expected that there will be potential opportunities in both 1.5- and 2-degree scenarios for the business. There is also an additional opportunity to potentially access capital or for preferential access as climate credentials may become key consideration in lending.	WTW continues to plan for its climate targets. This also applies to the Company's operational emissions. The WTW investor relations team continues to engage with investors around investor expectations.
Colleague risk or opportunity		
As sustainability and climate change may become a central concern for colleagues, the Company's ability to attract and retain best talent will continue to be monitored. Respondents also emphasise the crucial responsibility of employers to offer essential skill development for the workforce to adapt to a low-carbon economy. Conversely, the business as a professional services firm may attract more talent where it has positive outlook from a climate and sustainability lens.	In both short- and medium-term time horizons, the general interest of climate-related actions may influence employment decisions and recruitment. These could present a risk and opportunity.	Due to the Company's commitment and ongoing sustainability initiatives and strategies, this risk less likely to materialise in either time horizons. However, colleagues and potential colleagues will expect the Company to continue its climate-related efforts, which will support the organisation's reputation and credentials in the long-term.

TOWERS WATSON LIMITED

CLIMATE RELATED FINANCIAL DISCLOSURE REPORT (continued)

For the year ended 31 December 2023

Transition Risks and Opportunities (continued)

Overall, in both Climate Risk Scenarios considered for Transition 1.5 and 2 degrees, in the short-term, the business faces a relatively low level of residual transition risk, which may elevate marginally in the medium-term. The residual risk exposure is low overall as a result of anticipated response to risks and in particular market risks; without these actions such as monitoring of trends associated with policy changes as well as market demand, the risk exposure could be moderate.

Risk and Opportunity: Physical Risk Assessment

The Company's property portfolio was evaluated with pre-defined climate scenarios outlined by the Intergovernmental Panel on Climate Change (IPCC) across multiple time horizons. The climate scenarios that are considered are: a <+2°C (SSP1 / RCP 2.6) scenario, a +2-3°C (SSP2 / RCP 4.5) scenario and a >+4°C (SSP5 / RCP 8.5) scenario. The scenarios consider time horizons starting at the present day –2025 and include 2030, 2050 and 2100. The assessment was directed at acute (e.g. increased severity of storm activity, floods and wildfires) and chronic risks (e.g. sea level rise, drought stress, heat stress, precipitation) related to the physical impacts of climate change.

The table below sets out a list of climate-related risk and opportunities identified as having a potentially material impact on the Company.

Risk and opportunity: acute and chronic of the United Kingdom		
Disruption to business operations and service delivery due to extreme weather events impacting infrastructure and colleague productivity.		
Risk / opportunity description and potential impact to the Company	Potential impact under climate scenarios and time horizons	Strategic response and resilience
Climate-related physical risks could impact the Company operations and colleagues globally. The impacts may include property damage and business disruption, resulting in reduced revenue and productivity. These impacts could be driven by acute or chronic physical risks.	In all scenarios physical risks to the Company will increase from the short to medium term. Under RCP2.6, the physical risk impact should plateau. Under RCP4.5 and RCP8.5, the physical risk to the Company will increase from the short to long term time horizons.	WTW is exploring a range of mitigation and adaptation measures to respond and address climate related physical risks including those relevant to the Company. WTW has implemented workstyles including a hybrid workstyle which helps mitigate potential productivity losses resulting from acute or chronic physical risks. This includes Company colleagues. As part of WTW's long-term climate strategy, climate risks will be considered as part of facilities management and real estate strategies including those relevant to the Company.

Overall, in all three Climate Risk Scenarios considered for Physical Risk Scenario a <+2°C (scenario, a +2-3°C scenario and a >+4°C) , in the short-term, the business faces a relatively low level of residual physical risk, which may elevate marginally in the medium- term and will further elevate in the long-term. The key risks in the short-term and medium-term time horizon are Precipitation and Heat Stress. Drought Stress starts becoming a key risk in the medium- and long-term time horizons. The residual risk exposure is low – moderate as the business continues to employ more adaptation and mitigation measures as well as introduce several programs, metrics and targets.

WTW manages resilience in alignment with the ERM programs and continues to review and work to optimise our strategy incorporating a variety of factors as determined by WTW.

TOWERS WATSON LIMITED

CLIMATE RELATED FINANCIAL DISCLOSURE REPORT (continued)

For the year ended 31 December 2023

Targets

WTW is committed to delivering net zero greenhouse gas emissions by 2050 at the latest, with at least a 50% reduction by 2030 across WTW's business operations, including the Company's business operations emissions. This includes a commitment to achieving 100% renewable energy supplies across WTW's real estate portfolio by 2050. The Company forms part of the WTW targets there are no additional targets at the Company level. The Company does not plan to set additional targets.

Separately, in the fully discretionary delegated investment portfolios WTW manages for clients, in 2021 WTW committed to targeting net zero greenhouse gas emissions by 2050 at the latest, with at least a 50% reduction by 2030, consistent with the goals of the Paris Agreement. WTW continues to take steps to achieve this commitment in alignment with clients' portfolio strategies.

Scope 3 Category 15: Investments, including the delegated investments managed for third parties and other Scope 3 Category emissions, to the extent relevant, are addressed as part of a separate effort and are not included in this report.

Many of the goals, targets, commitments, impacts, policies, and programs described in this report are aspirational, and as such, no guarantees or promises are made that these will be met or successfully executed.

See the company's Streamlined Energy Carbon Reporting (SECR) disclosure included in the Director's Report for additional metrics on emissions impact.

WTW seeks to reduce our emissions through programs including:

- Tracking the electricity purchased or generated by renewable energy sources globally.
- Encouraging key suppliers to create transition plans to reduce their emissions.
- Implementing programs and systems to support more sustainable travel and decision making.
- Calculating and reporting emissions for years ending in 2019, and 2021 through 2023 as part of our global and Company operations.

Impacts and actions

As part of WTW the Company continues to develop programs to reduce our impact on the environment and manage our climate related risks, including:

- Improving energy efficiency in our operations.
- Reducing our need for business travel by using virtual meeting technologies and more flexible workstyles.
- Promoting recycling in WTW offices.
- Minimising the waste sent to landfills.
- Purchasing environmentally responsible supplies.
- Encouraging all colleagues to adopt environmentally responsible habits at work and in their communities.

WTW seeks to implement our environmental initiatives in markets globally, where practical.

Information on WTW's emission calculation methodology is available in the appendix of WTW's Sustainability Report.

TOWERS WATSON LIMITED

For the year ended 31 December 2023

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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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; 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOWERS WATSON LIMITED

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

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 26 .

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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:

- Evaluating the reasonableness of key assumptions and judgements applied by the Directors in forming their conclusions on going concern; and
- Reviewing the appropriateness of the disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOWERS WATSON LIMITED

Other information (continued)

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, internal audit and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

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 UK Companies Act, pensions legislation, 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 Financial Conduct Authority regulations.

We discussed among the audit engagement team including relevant internal specialists such as tax, pensions, IT, and industry specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOWERS WATSON LIMITED

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

As a result of performing the above, we identified the greatest potential for fraud relating to revenue recognition, specifically accrued income. At year end, management are required to assess whether the time recorded by the project teams as work in progress is recoverable and can be billed to the client. As part of this assessment, management make adjustments at year end, to reflect the amount of revenue that can be billed to the client.

We have pinpointed the fraud risk to the valuation of the project-level year end accrued income provision and the accuracy of the accrued income that has been recognised in the year, given this is an area involving significant judgement and there is the potential to manipulate this figure. To address this risk, we have performed the following procedures:

- We selected a sample of projects and evaluated the recoverability rate applied and where available compared the valuation of accrued income to post year end invoicing and cash collection, to assess the accuracy, completeness, and valuation of the year end accrued income provision.

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 in-house 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 regulatory authorities.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOWERS WATSON LIMITED

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.



Nicholas Bowker FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London
United Kingdom

23 April 2024

TOWERS WATSON LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2023

		2023	2022 (Restated)
	Notes	£'000	£'000
TURNOVER	3	577,693	541,786
Staff costs	7	(374,158)	(345,865)
Depreciation and amortisation	6	(18,957)	(20,110)
Other operating charges		<u>(142,729)</u>	<u>(127,434)</u>
OPERATING PROFIT		41,849	48,377
Other income	6	3,499	—
Amounts written off investments	6	(3,498)	—
Interest receivable and similar income	4	17,139	5,355
Interest payable and similar charges	5	—	(284)
PROFIT BEFORE TAXATION	6	<u>58,989</u>	<u>53,448</u>
Tax on profit	9	(13,920)	(10,268)
PROFIT FOR THE FINANCIAL YEAR		<u><u>45,069</u></u>	<u><u>43,180</u></u>

All results are from continuing operations.

TOWERS WATSON LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

		2023	2022
			(Restated)
	Notes	£'000	£'000
PROFIT FOR THE FINANCIAL YEAR		45,069	43,180
Remeasurement of net defined pension asset	21	(28,409)	(19,252)
UK deferred tax attributable to pension items included within the statement of comprehensive income	18	7,102	4,813
Actuarial gain on post-retirement healthcare scheme	18	279	387
Other comprehensive expense related to the financial year		(21,028)	(14,052)
Total comprehensive income related to the financial year		24,041	29,128

TOWERS WATSON LIMITED

BALANCE SHEET

Company Registration Number 05379716

As at 31 December 2023

		2023	2022 (Restated)
	Notes	£'000	£'000
FIXED ASSETS			
Intangible assets	10	21,837	35,629
Tangible assets	11	17,180	20,120
Investments	12	9,134	27,397
		<u>48,151</u>	<u>83,146</u>
CURRENT ASSETS			
Debtors			
due after more than one year		30,909	25,387
due within one year		449,311	382,764
Total debtors	13	<u>480,220</u>	<u>408,151</u>
Other investments	14	28,000	25,000
Cash at bank and in hand	15	4,239	3,934
		<u>512,459</u>	<u>437,085</u>
Creditors: amounts falling due within one year	16	(251,414)	(215,881)
NET CURRENT ASSETS		<u>261,045</u>	<u>221,204</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		309,196	304,350
Creditors: amounts falling due after more than one year	17	(13,249)	(17,304)
Provisions for liabilities	18	(24,564)	(28,447)
NET ASSETS EXCLUDING PENSION ASSET		<u>271,383</u>	<u>258,599</u>
Pension asset	21	92,579	111,599
NET ASSETS		<u>363,962</u>	<u>370,198</u>
CAPITAL AND RESERVES			
Called-up share capital	19	120	120
Profit and loss account	19	363,842	370,078
SHAREHOLDERS' FUNDS		<u>363,962</u>	<u>370,198</u>

These financial statements were approved by the Board of Directors and authorised for issue on 23 April 2024.

Signed on behalf of the Board of Directors

C M Hodges

C M Hodges
Director

TOWERS WATSON LIMITED

STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2023

Equity attributable to equity shareholders' of the Company

	Notes	Called-up Share Capital £'000	Profit & Loss Account £'000	Total £'000
At 1 January 2022		120	382,966	383,086
Profit for the year ended 31 December 2022 (Restated)		—	43,180	43,180
Remeasurement of net defined pension asset	21	—	(19,252)	(19,252)
Actuarial gain on post-retirement healthcare scheme		—	387	387
Deferred tax relating to items of other comprehensive income		—	4,813	4,813
Total comprehensive income		—	29,128	29,128
Dividends	19	—	(45,000)	(45,000)
Equity settled share-based payments	24	—	2,984	2,984
At 31 December 2022 (Restated)		120	370,078	370,198
Profit for the year ended 31 December 2023		—	45,069	45,069
Remeasurement of net defined pension asset	21	—	(28,409)	(28,409)
Actuarial gain on post-retirement healthcare scheme	18	—	279	279
Deferred tax relating to items of other comprehensive income	18	—	7,102	7,102
Total comprehensive income		—	24,041	24,041
Dividends	19	—	(31,000)	(31,000)
Equity settled share-based payments	24	—	723	723
At 31 December 2023		120	363,842	363,962

TOWERS WATSON LIMITED

Notes to the financial statements for the year ended 31 December 2023

1. ACCOUNTING POLICIES

Towers Watson Limited 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 address of the Company's registered office is Watson House, London Road, Reigate, Surrey, RH2 9PQ. The Company's principal place of business is Watson House, London Road, Reigate, Surrey, RH2 9PQ. The principal activities of the Company are set out in the Directors' Report.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The principal accounting policies adopted are described below and have been applied consistently in the current and prior year.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to financial instruments, certain share-based payments, presentation of a cash flow statement and remuneration of key management personnel.

a. 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.

The Company's business activities, together with the factors likely to affect its future development, performance and position, including the current and expected impact of changes as a result of world events, are set out in the strategic report. The strategic report further describes the financial position of the Company; the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to cash-flow risk, credit risk and liquidity risk.

The Company meets its day to day working capital requirements by being part of a cash pooling arrangement managed by the WTW treasury function which reviews the Company's forecasts and projections, taking account of reasonably possible changes in interest rate, and shows that the Company should be able to operate within the level of its current arrangement.

The Company has considerable financial resources together with long-term relationships with customers and suppliers across different geographic areas and industries. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Having assessed the responses to their enquiries, including the current and expected impact of changes as a result of world events, 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.

TOWERS WATSON LIMITED

Notes to the financial statements for the year ended 31 December 2023 (continued)

1. ACCOUNTING POLICIES (continued)

b. Consolidation

The Company is exempt under section 401 of the Companies Act 2006 from the requirements to prepare consolidated financial statements, provided certain conditions are met. The Company and its subsidiaries are included in the consolidated audited financial statements of Willis Towers Watson plc for the year ended 31 December 2023, which is resident in The Republic of Ireland. Its financial statements are drawn-up in accordance with accounting standards which are equivalent to UK GAAP consolidated financial statements as required by the Companies Act 2006. These financial statements therefore present the financial position and financial performance of the Company as a single entity.

c. Cash flow statement

The Company has taken advantage of the exemption within Financial Reporting Standard 102 1.12(b) not to produce a cash flow statement as the consolidated financial statements of its ultimate parent undertaking are publicly available.

d. Intangible fixed assets

Goodwill arising on the acquisition of a business, assets and liabilities is capitalised as an intangible fixed asset and amortised at a rate calculated to write off its value on a straight-line basis over its estimated useful life.

Provision is made for any impairment.

Other intangible fixed assets relate to the following:

- Purchased rights to conduct business are also amortised on a straight-line basis over the estimated useful life of the asset.
- Separately acquired patents and trademarks are also amortised on a straight-line basis over the estimated useful life of the asset.

Provision is made for any impairment.

The rates and remaining months of amortisation, are as follows:

	Rate of amortisation	Months of amortisation remaining
Goodwill		
Business of Watson Wyatt LLP	5% per annum	19 months
EMB	20% per annum	0 months
Other intangible assets	20- 33 1/3 % per annum	0 months

e. Tangible fixed assets

Tangible assets are shown at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of fixed assets on a straight-line basis over the estimated useful lives as follows:

Office equipment, furniture and fittings - between 6% and 33 1/3% per annum

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

TOWERS WATSON LIMITED

Notes to the financial statements for the year ended 31 December 2023 (continued)

1. ACCOUNTING POLICIES (continued)

f. Investments

Investments in subsidiary undertakings and minority shareholdings in group undertaking are stated at cost less provisions for impairment.

Other investment are investments in funds are measured at fair value annually with any change recognised in the profit and loss account.

g. Financial instruments

The Company has elected to apply the provisions of section 11 "Basic Financial Instruments" and section 12 "Other Financial Instruments Issues" of FRS 102 in full to all of its financial instruments.

Financial assets and liabilities

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- a. The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- b. The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- c. The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- d. There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- e. Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- f. Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Financial assets

Debtors - Amounts owed by group undertakings

Amounts owed by group undertakings: short term debtors, being both amounts due within one year and due after one year, and which do not constitute a financing transaction are initially recognised at the transaction price. They are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

TOWERS WATSON LIMITED

Notes to the financial statements for the year ended 31 December 2023 (continued)

1. ACCOUNTING POLICIES (continued)

g. Financial instruments (continued)

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Creditors - Amounts owed to group undertakings

Amounts owed to group undertakings payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at the amortised cost, being the transaction price less any amounts settled.

Amounts owed to group undertakings which are payable in more than one year are initially recorded at the transaction price which is the deemed fair value because on inception the terms of the agreement state that interest is charged at a market rate. Subsequently amounts are measured at the amortised cost, being the transaction price less any amounts settled.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Derivative financial instruments

The Company uses derivative financial instruments to reduce exposure to foreign exchange risk. The Company does not hold or issue derivative financial instruments for speculative purposes. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

h. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

TOWERS WATSON LIMITED

Notes to the financial statements for the year ended 31 December 2023 (continued)

1. ACCOUNTING POLICIES (continued)

h. Impairment of assets (continued)

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

i. Share based payments

Willis Towers Watson plc issues equity-settled share-based payments to certain employees. Remuneration of staff that is based on the price of shares is valued on the basis of the fair value, which is deemed to be the market value (which is deemed to be materially equivalent to a formal valuation model), of the shares at the grant date.

The Company recognises the expenditure in the profit and loss account rateably over the period between the grant date and vesting date of those shares and an amount equal to this expenditure is recognised in Reserves.

Prior to 1 April 2022, Willis Towers Watson plc determined not to recharge the cost of the restricted stock units ('RSU's') vesting to the Company, but in some circumstances, when exercised, local taxes are borne by the Company, and not recharged back to group.

From 1 April 2022, Willis Towers Watson plc has entered into an agreement such that the cost of 'RSU's' vesting to the Company will be recharged when vested at the intrinsic value of the net shares issued and local taxes will be borne by the Company.

j. Taxation

Current tax, including UK corporation tax and foreign 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 in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less/(more) than the value at which it is recognised, a deferred tax liability/(asset) is recognised for the additional tax that will be paid/(avoided) in respect of that difference. Similarly, a deferred tax asset/(liability) is recognised for the additional tax that will be avoided/(paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

TOWERS WATSON LIMITED

Notes to the financial statements for the year ended 31 December 2023 (continued)

1. ACCOUNTING POLICIES (continued)

k. Pensions and other post-retirement benefits

The Company participates in two defined benefit pension schemes, the Towers Watson Pension Scheme and the Towers Perrin (UK) Retirement Plan, which require contributions to be made to separately administered funds and are accounted for as follows:

For defined benefit schemes the amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

l. Foreign currencies

Transactions in foreign currencies are 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 prevailing at that date.

The results of overseas branches are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity.

Other exchange differences are recognised in profit or loss in the period in which they arise.

m. Revenue recognition

Rendering of services

Turnover represents amounts chargeable to clients for professional services provided during the year including recoverable expenses on client assignments but excluding Value Added Tax.

Turnover from the supply of services represents the value of services provided under contracts and is recognised to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

No turnover is recognised on contingent engagements until the contingent event crystallises. Provision is made against unbilled amounts on those engagements where the right to receive payment is contingent on factors outside the control of the Company.

Included as accrued income within debtors are amounts in respect of income that has been recognised but not billed by the end of the year.

Reimbursed expenses

Customer reimbursable expenses, including those relating to travel, other out-of-pocket expenses and any third-party costs, are included in revenue, and an equivalent amount of reimbursable expenses is included in other external charges as incurred.

TOWERS WATSON LIMITED

Notes to the financial statements for the year ended 31 December 2023 (continued)

1. ACCOUNTING POLICIES (continued)

m. Revenue recognition (continued)

Interest receivable

Interest is recognised as interest accrues.

Other income (including dividend income)

Other income is recognised when the Company's right to receive payment is established.

n. Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on this basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to a review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

There are no assets held under finance leases and other similar contracts which confer rights and obligations similar to those attached to owned assets.

o. Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the Balance Sheet date. Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditure expected to be required to settle the obligation.

p. Long term prepayments

Systems implementation

Long term prepayments principally arise through work performed as part of our Technology and Administration Solutions ("TAS") line of business.

When a new client is on-boarded the service offering begins with a system implementation phase in which a core technology platform is customised and modified based on the customer's systems, data and requirements.

Work performed during the implementation phase is considered a set-up activity because it does not transfer a service to the customer, and therefore costs are deferred during this phase of the arrangement. These costs are expensed over the initial term and one renewal of the contract or until the client terminates the contract if earlier.

TOWERS WATSON LIMITED

Notes to the financial statements for the year ended 31 December 2023 (continued)

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions 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.

Critical judgements in applying the Company's accounting policies

The directors have not identified any critical accounting judgements which impact the financial statements.

Key sources of estimation uncertainty

Accrued income

In assessing the amount of revenue to recognise, the Company is required to make an estimate of revenues related to work which has been completed for its clients which has yet to be invoiced. The Company also maintains allowances related to this work for such items as expected realisation or client disputes, the related provision for which is recorded as a reduction to revenue. However, facts and circumstances, such as, general market conditions at the time the Company performs the work and current economic trends, may cause fluctuations in our valuation of amounts yet to be invoiced. The amounts which are ultimately recovered are inherently uncertain and therefore judgement is required in their estimation. At 31 December 2023 accrued income was £ 42,248,000 (2022 - £48,722,000).

Funded defined benefit pension scheme and related deferred tax

The major assumptions used in the actuarial valuation of the funded defined benefit pension schemes operated by the Company are the rate of increase in salaries, the rate of increase in pensions in payment, the discount rate, inflation rates, and mortality.

Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. Further details in respect of the defined benefit pension schemes are given in note 21.

If the Company's pension schemes are in surplus on an accounting basis, the Company has determined it is appropriate to recognise surplus in full as the Company has an unconditional right to a refund. The Company currently expects to recover the economic benefit of the surplus therefore the related deferred tax liabilities have been recognised based on the currently enacted UK tax rate. Further details in note 18.

TOWERS WATSON LIMITED

Notes to the financial statements for the year ended 31 December 2023 (continued)

3. TURNOVER

Turnover principally represents fees rendered, exclusive of VAT.

Analysis of turnover by destination

	2023	2022
	£'000	£'000
United Kingdom	544,344	507,892
Continental Europe	16,623	13,909
Asia	4,703	15,584
The Americas	12,023	4,401
	<u>577,693</u>	<u>541,786</u>

Analysis of turnover by business unit

	2023	2022
	£'000	£'000
Health, Wealth & Career	526,665	492,378
Risk & Broking	51,028	49,408
Total	<u>577,693</u>	<u>541,786</u>

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2023	2022
	£'000	£'000
Net interest on defined benefit asset (note 21)	5,639	2,285
Change in fair value of investments (note 12)	729	—
Interest on loans to group undertakings	10,771	3,070
	<u>17,139</u>	<u>5,355</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2023	2022
	£'000	£'000
Interest on loans from group undertakings	—	284

TOWERS WATSON LIMITED

Notes to the financial statements for the year ended 31 December 2023 (continued)

6. PROFIT BEFORE TAXATION

	2023	2022
	£'000	£'000
Profit before taxation is stated after charging / (crediting):		
Depreciation of tangible fixed assets		
- owned	5,165	6,038
Amortisation of goodwill and intangibles	13,792	14,072
Loss on disposal of fixed assets	594	269
Amounts written off investments	3,498	—
Operating lease rentals		
- plant and machinery	42	23
- other	5,494	5,667
Foreign exchange loss/ (gain)	104	(173)
Other income*	(3,499)	—

* Dividends received from subsidiary undertakings

	2023	2022
	£'000	£'000
Fee payable to the Company's auditor for the audit of the financial statements:		
Company	424	380
Other United Kingdom group undertakings	319	—
Total audit fees	743	380
Other services pursuant to legislation:		
Regulatory reporting	19	15
Total non-audit fees	19	15

TOWERS WATSON LIMITED

Notes to the financial statements for the year ended 31 December 2023 (continued)

7. STAFF COSTS

	2023 £'000	2022 £'000
Particulars of employee costs (including directors):		
Wages and salaries	305,767	289,005
Social security costs	35,696	35,073
Share-based payments (see note 23)	4,091	3,724
Other pension costs	30,883	24,214
	<u>376,437</u>	<u>352,016</u>
Deferred salary costs	(5,849)	(6,355)
Net recharge (to)/from fellow group undertakings	3,570	204
	<u>374,158</u>	<u>345,865</u>

The monthly average number of persons employed by the Company in the year was:

	2023 No.	2022 No.
Consulting	3,381	3,287
Support services	227	238
	<u>3,608</u>	<u>3,525</u>

8. DIRECTORS' REMUNERATION

	2023 £'000	2022 £'000
Fees	75	40
Emoluments	2,500	2,328
Contributions to defined contribution pension scheme	15	11
	<u>2,590</u>	<u>2,379</u>

During the year one directors (2022 - one) received shares under long-term incentive schemes.

3 directors (2022 - 2) were members of a defined contribution scheme.

Highest paid director

	2023 £'000	2022 £'000
Emoluments	1,742	1,029
	<u>1,742</u>	<u>1,029</u>

The director did receive shares in the period under a long-term incentive scheme (2022 - nil).

TOWERS WATSON LIMITED

Notes to the financial statements for the year ended 31 December 2023 (continued).

9. TAX ON PROFIT

	2023 £'000	2022 (Restated see note 26) £'000
Corporate tax charge on profit for the year at 23.5% (2022 - 19%)		
Current year	11,134	6,750
Prior year	(1,883)	1,015
Total current tax charge	9,251	7,765
Deferred tax		
- origination and reversal of timing differences	4,493	2,394
- effect of increased tax rate in future years	287	35
- adjustment in respect of previous period	(111)	74
Total tax charge for the year	13,920	10,268

The tax assessed for the period differs from that resulting from applying the standard rate of corporation tax in the UK of 23.5% (2022 - 19%). The differences are explained below.

	2023 £'000	2022 (Restated - see note 26) £'000
Profit before taxation	58,988	53,448
Tax charge for the year at 23.5% (2022 - 19%)	13,862	10,155
Expenditure not deductible for tax purposes	1,695	(34)
Income receipted not taxed	(822)	—
Effect of increased tax rate in future years	287	35
Other adjustments including the effects of exchange rates differences in aggregated deferred and current tax rates	892	(1,025)
Withholding tax	—	48
Adjustments to tax charge in respect of previous years	(1,994)	1,089
Total tax charge for the year	13,920	10,268

TOWERS WATSON LIMITED

Notes to the financial statements for the year ended 31 December 2023 (continued)

9. TAX ON PROFIT (continued)

Analysis of deferred tax relating to items charged or credited to other comprehensive income:

	2023 £'000	2022 £'000
Deferred tax		
Actuarial gains on pension scheme	6,676	4,045
Effect of increase in tax rate in future years	426	768
Total tax credit relating to other comprehensive income for the year	<u>7,102</u>	<u>4,813</u>

Analysis of deferred tax asset and deferred tax liability:

	Recognised		Not recognised	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Deferred tax				
Goodwill amortisation	12,751	12,057	—	—
Depreciation in excess of capital allowances	4,369	4,449	—	—
Other short term timing differences	3,308	6,244	—	—
Deferred tax arising in relation to retirement benefit obligations	(23,145)	(27,900)	—	—
Total deferred taxation - liability (note 18)	<u>(2,717)</u>	<u>(5,150)</u>	<u>—</u>	<u>—</u>

Deferred tax assets are recognised to the extent that the Company is profitable and recovery of the asset against future liabilities can be reasonably assured.

The Finance Act 2021 which received Royal Assent on 10 June 2021, increased the main rate of UK corporation tax (on profits over £250,000) to 25% with effect from 1 April 2023. As the change was substantively enacted prior to the year end it is reflected in these financial statements as follows:

As the Company's year end straddles 1 April 2023 a hybrid corporation tax rate of 23.5% is applied to current income tax charge.

It is reflected at 25% in the determination of deferred tax assets and liabilities in these financial statements.

During the year beginning 1 January 2024, the net reversal of deferred tax assets and liabilities is expected to increase the corporation tax for the year by £2,400,000.

TOWERS WATSON LIMITED

Notes to the financial statements for the year ended 31 December 2023 (continued)

10. INTANGIBLE FIXED ASSETS

	Cost £'000	Amortisation £'000	Net book value £'000
Goodwill			
At beginning of year	324,907	(289,278)	35,629
Charge for the year	—	(13,792)	(13,792)
At end of year	324,907	(303,070)	21,837
Other intangible fixed assets			
At beginning of year	3,606	(3,606)	—
Charge for the year	—	—	—
At end of year	3,606	(3,606)	—
Total intangible fixed assets			
At end of year	<u>328,513</u>	<u>(306,676)</u>	<u>21,837</u>
At beginning of year	<u>328,513</u>	<u>(292,884)</u>	<u>35,629</u>

11. TANGIBLE FIXED ASSETS

	Office, equipment, furniture & fittings £'000	Total £'000
Cost		
At beginning of year	53,004	53,004
Additions	2,988	2,988
Disposals	(4,498)	(4,498)
At end of year	<u>51,494</u>	<u>51,494</u>
Depreciation		
At beginning of year	32,884	32,884
Charge for the year	5,165	5,165
Disposals	(3,735)	(3,735)
At end of year	<u>34,314</u>	<u>34,314</u>
Net book value		
At end of year	<u>17,180</u>	<u>17,180</u>
At beginning of year	<u>20,120</u>	<u>20,120</u>

TOWERS WATSON LIMITED

Notes to the financial statements for the year ended 31 December 2023 (continued)

12. FIXED ASSET INVESTMENTS

	Cost £'000	Provision for impairment £'000	Net book value £'000
Subsidiary undertakings			
At beginning of year	108,154	(80,766)	27,388
Additions	—	—	—
Disposals	(108,153)	84,264	(23,889)
Charge for the year	—	(3,498)	(3,498)
At end of year	1	—	1
Trade Investment			
At beginning of year	9	—	9
At end of year	9	—	9
Other investments			
At beginning of year	—	—	—
Additions	8,395	—	8,395
Change in Fair Value	729	—	729
At end of year	9,124	—	9,124
Total fixed asset investments	£'000	£'000	£'000
At beginning of year	108,163	(80,766)	27,397
At end of year	9,134	—	9,134

Other Investments

Other investments represents an investment into two funds Towers Watson Alternative Credit Fund and Towers Watson Global Equity Focus Fund for which market valuations are available. The cost of investment was £8,395,000.

Investments

During the year the company impaired its investment in two non trading subsidiaries Towers Watson UK Limited and EMB Management Holdings Limited by £3,498,000 following a capital reduction and a dividend £3,498,000. Prior to the year end EMB Management Holdings Limited the company was put into liquidation and post year end Towers Watson UK Limited was put into liquidation.

During the year the company disposed of its shares in Watson Wyatt Holdings Limited to a fellow group company for cash consideration of £23,889,000, the book value.

The Company holds, directly or indirectly, the issued ordinary share capital of the companies set out below in the proportions shown. Voting rights in these companies are held in the same proportion.

TOWERS WATSON LIMITED

Notes to the financial statements for the year ended 31 December 2023 (continued)

12. FIXED ASSET INVESTMENTS (continued)

Direct holdings

Subsidiary undertakings	Holding	Registered office	Nature of business
Towers Watson UK Limited	100%	Watson House, London Road, Reigate, Surrey, RH2 9PQ, England	Non-trading
EMB Management Holdings Limited	100%	Watson House, London Road, Reigate, Surrey, RH2 9PQ, England	Non-trading
Towers Watson Pension Scheme Trustees Limited	100%	Watson House, London Road, Reigate, Surrey, RH2 9PQ, England	Trustee company
TXW Limited	100%	4 Falcon Way, Shire Park, Welwyn Garden City, Hertfordshire, England, AL7 1TW	Trustee company
Trade investment	Holding	Registered office	Nature of business
Towers Watson Saudi Arabia LLC	5 %	Office 130, First Floor, The Plaza, Akaria Complex, Olaya Road, Olaya, Riyadh, 12331 - 4028, Saudi Arabia	Actuarial & consulting Holding Company
Actuary Online (Pty) Limited	<1%	Level 4, Montclare Place, 23 Main Road, Claremont, 7708, South Africa	
Towers Watson South Africa Holdings (Pty) Limited	<1%	Level 4, Montclare Place, 23 Main Road, Claremont, 7708, South Africa	Actuarial & consulting

13. DEBTORS

	Amounts falling due after more than one year		Amounts falling due within one year	
	2023	2022	2023	(Restated)
	£'000	£'000	£'000	£'000
Trade debtors	—	—	80,270	76,283
Amounts owed by group undertakings restated (note 26)	—	—	321,458	251,975
Prepayments and accrued income	30,909	25,387	47,583	54,506
	<u>30,909</u>	<u>25,387</u>	<u>449,311</u>	<u>382,764</u>

The Company also has a number of arrangements with group companies which are facility arrangements, rather than loans arrangements, some of the arrangements allow the Company to demand repayment, whilst others do not allow the Company to demand repayment prior to the end date. At the year end £303,901,000 (2022 - £231,129,000) was due on demand under these arrangements.

At 31 December 2023 included within prepayments and accrued income due within one year is accrued income of £42,248,000 (2022 - £48,722,000).

TOWERS WATSON LIMITED

Notes to the financial statements for the year ended 31 December 2023 (continued)

14. OTHER INVESTMENTS

	2023	2022 (Restated)
	£'000	£'000
On demand	28,000	25,000
	<u>28,000</u>	<u>25,000</u>

As part of the Company's liquidity strategy it holds funds in a Money Market Fund, which repayment is due on demand. This has historically been recognised on the balance sheet as Cash in hand and at bank and has been reclassified to Other Investments. This has resulted in the restatement between Cash in hand and at bank to 'Other Investments' for 2022 for the amount of £25,000,000.

15. CASH AT BANK AND IN HAND

	2023	2022 (Restated see note 14)
	£'000	£'000
On demand	4,239	3,934
	<u>4,239</u>	<u>3,934</u>

Included within cash on demand is £2,600,000 (2022 - £2,000,000) over which LifeSight Limited has a charge.

16. CREDITORS: amounts falling due within one year

	2023	2022 (Restated)
	£'000	£'000
Trade creditors	11,581	8,721
Amounts owed to group undertakings	68,207	51,785
Intercompany derivative-creditor (note 25)	16	34
Taxation and social security	39,779	36,411
Corporation tax restated (note 26)	23,753	17,836
Accruals and deferred income	108,078	101,094
	<u>251,414</u>	<u>215,881</u>

TOWERS WATSON LIMITED

Notes to the financial statements for the year ended 31 December 2023 (continued)

17. CREDITORS: amounts falling due after more than one year

	2023 £'000	2022 £'000
Accruals and deferred income	13,249	17,304
	<u>13,249</u>	<u>17,304</u>

18. PROVISIONS FOR LIABILITIES

	Widows' annuities £'000	Claims £'000	Property costs £'000	Vacant property £'000	Long term disability £'000	Post- retirement healthcare £'000	Other £'000	Deferred taxation £'000	Total £'000
At beginning of year	8,217	3,017	5,376	2,375	735	2,166	1,410	5,151	28,447
Profit and loss account charge - net	(86)	2,178	(42)	(509)	91	127	77	4,668	6,504
Other recognised gains and losses	—	—	—	—	—	(279)	—	(7,102)	(7,381)
Utilised in year	(350)	(1,448)	(186)	—	(727)	(154)	(141)	—	(3,006)
At end of year	<u>7,781</u>	<u>3,747</u>	<u>5,148</u>	<u>1,866</u>	<u>99</u>	<u>1,860</u>	<u>1,346</u>	<u>2,717</u>	<u>24,564</u>

Provisions for widows' annuities relate to the future costs of annuities currently in payment and of annuities contingent upon the death of former partners. The principal assumptions per annum were discount rate 5.25% (2022 - 4.50%), retail price inflation 3.08% (2022 - 3.24%) and mortality SAPS S3 Light tables with multipliers of 88.5% for males and 90.9% for females, and with CMI 2022 Core projections for improvements in longevity, with a long term rate of future improvements of 1.00% pa and initial addition to the improvements (A) of 0% (2022 - SAPS S3 Light tables with multipliers of 88.5% for males and 90.9% for females, and with CMI 2021 Core projections for improvements in longevity, with a long term rate of future improvements of 1.00% pa and initial addition to the improvements (A) of 0%). Payments are made on a monthly basis and are dependent on the number of eligible participants.

Provisions for claims are made for amounts identified at the end of the year relating to consulting work done prior to the balance sheet date. There is uncertainty on timing of payments due to negotiations with the claimant.

Provisions for property costs relate to dilapidation costs that may be incurred at the end of leases. Dilapidation costs, based on the condition of the properties, are accrued in accordance with the estimated liability arising under the leases. The actual timing of payments is dependent upon the end lease date and negotiations with the landlord.

Provision for vacant property relates to future rental costs where the Company has vacated portions of two properties and there is no prospect of subleasing to the end leases in 2027.

Provision for long term disability relates to the expected future costs relating to employees on long term disability payments which are due until the normal date of retirement. Payments are made on a monthly basis and is dependent on the number of eligible participants.

TOWERS WATSON LIMITED

Notes to the financial statements for the year ended 31 December 2023 (continued)

18. PROVISIONS FOR LIABILITIES (continued)

The provision for post-retirement healthcare relates to the liability assumed from The Wyatt Company Holdings Limited on 1 August 2005 and relates only to retired employees of that company and its subsidiaries. Payments are made on a monthly basis and are dependent on the number of eligible participants.

Other provisions at the end of the year relate to the entitlement of certain former members of Ringley House LLP to have their pensions linked to normal basic salary at the date of their retirement. Payments are made on a monthly basis and are dependent on the number of eligible participants.

Deferred taxation - Deferred tax assets and liabilities are offset as the assets and liabilities relate to income taxes levied by the same taxation authority. There is no expiry date on timing differences.

19. SHARE CAPITAL AND RESERVES

	2023 £'000	2022 £'000
Called-up, allotted and fully paid		
120,111 (2022 - 120,111) Ordinary shares of £1 each	120	120

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

An interim dividend of £31,000,000 was declared and paid in the year (2022 - £45,000,000).

The Company's other reserves comprise:

- The profit and loss reserve which represents cumulative profits or losses, net of dividends paid, share based payments and other comprehensive income adjustments.

20. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

Capital commitments

As at the balance sheet date the Company was committed to capital expenditure of £nil (2022 - £nil).

Operating lease commitments

	2023 £'000	2022 £'000
The total minimum lease payments due under non-cancellable operating leases are as follows:		
Land & buildings		
- within one year	6,094	6,237
- between 1 and 5 years	21,132	23,809
- after 5 years	4,138	7,218
	31,364	37,264

21. PENSIONS

The Company participates in two defined benefit pension schemes (the Towers Watson Pension Scheme and the Towers Perrin (UK) Retirement Plan) and a multi-employer defined contribution scheme (LifeSight Master Trust).

Details of the three schemes are detailed below:

TOWERS WATSON LIMITED

Notes to the financial statements for the year ended 31 December 2023 (continued)

21. PENSIONS (continued)

Towers Watson Pension Scheme

The Towers Watson Pension Scheme ('the Scheme'), consists of a defined benefit section and a defined contribution section. From 1 January 2019, the defined contribution section of the Scheme closed to future accrual and all contributing members were transferred to the LifeSight Master Trust. All accrued funds within the defined contribution section transferred to the LifeSight Master Trust during 2019.

The Scheme is governed by a Trustee company, Towers Watson Pension Scheme Trustees Limited ('the Trustee'). The Trustee is required to act in accordance with the Scheme's Trust Deed and Rules and within the framework of pension and trust law.

The assets of the defined benefit section are held in a trustee administered fund. Strategic investment policy is set by the Trustee and Investment Committee, a body with members drawn from the Trustee and the Company, and is expressed as benchmarks for the Scheme's investment managers. Day to day management of the Scheme's assets is delegated to the investment managers, who have discretion, within agreed limits, to deviate from their benchmarks in pursuit of enhanced returns. The suitability of the investment policy is reviewed regularly by the Trustee and Investment Committee having regard to advice from the Scheme Actuary and investment consultant.

The defined benefit section closed to future accrual from 28 February 2015. Members retain salary linkage on the final salary element of their pension whilst still in employment with the Company, subject to an underpin of the revaluation they would have received in deferment if they had left service at the date of closure.

The Scheme is subject to the statutory funding objective and must therefore aim to have sufficient and appropriate assets to cover its liabilities on the technical provisions basis which is agreed between the Company and the Trustee. The most recently completed comprehensive actuarial valuation was carried out by the Trustee as at 31 March 2020. As at that date, the statutory funding objective was not met and therefore, the shortfall between the Scheme's assets and its liabilities must be repaired through the payment of deficiency contributions. The Trustee agreed with the Company that deficiency contributions shall be paid at a rate of £12 million a year from 1 April 2020 to 30 June 2021, increasing to £15 million a year from 1 July 2021 to 31 March 2023.

If the funding update at 31 March 2023 reveals a deficit of £15,000,000 or more, deficit contributions of £15,000,000 a year will be paid from 1 April 2023 to 31 July 2025 until a new schedule of contributions is agreed as part of the 31 March 2023 actuarial valuation.

If the 31 March 2023 funding update reveals a deficit of less than £15,000,000, deficit contributions of £15,000,000 a year will be paid from 1 April 2023 until the total additional deficiency contributions meets the disclosed deficit. A new schedule of contributions will be agreed as part of the 31 March 2023 actuarial valuation.

The 31 March 2023 funding update revealed a deficit of less than £15,000,000, accordingly, during the period deficit recovery payments of £3,750,000 (2022 - £15,000,000) were made to the defined benefit section of the Scheme.

Following the High Court judgement in the Lloyds case in late 2018, an allowance was made in the 2018 and subsequent year-end disclosures for the expected additional liability relating to the equalisation of member benefits for the gender effects of Guaranteed Minimum Pensions (GMPs). The additional liability was calculated as approximately 0.5% of PBO.

In November 2020 there was another High Court ruling that pension schemes will also need to revisit individual transfer payments made since 17 May 1990 to check if any additional value is due as a result of GMP equalisation. However, no further allowance was made in the 31 December 2020 disclosures as a result of this ruling. This is because its impact was estimated to be less than £0.1 million as at 31 December 2020. In addition, during 2020 the Scheme Actuary had carried out some further analysis on the deferred pensioner population which resulted in a reduced estimate of 0.25% of liabilities as the approximate cost of GMP equalisation for the deferred pensioner population.

The actual cost of GMP equalisation is yet to be calculated and may not be available for some time due to this being an extensive project for both the Trustee and the Company and with the uncertainty that remains on the treatment of certain aspects of equalisation.

TOWERS WATSON LIMITED

Notes to the financial statements for the year ended 31 December 2023 (continued)

21. PENSIONS (continued)

Towers Watson Pension Scheme (continued)

Accordingly, a 0.5% addition to the PBO will continue to be used at 31 December 2023 as the estimated cost of GMP equalisation.

The Scheme Actuary's estimate for funding purposes of the financial effect of equalising benefits due to GMPs was £3,500,000 as at 31 March 2020. The allowance has been calculated consistently with the allowance made in the Company's defined benefit obligation as at 31 December 2023 (and 31 December 2022).

The pension cost of the Scheme has been assessed using the projected unit method. The total pension credit in the period was £5,054,000 (2022 - credit of £1,918,000).

Principal assumptions

	2023	2022
	% per annum	% per annum
Retail prices index inflation	3.09 %	3.24 %
Rate of increase in salaries	3.25 %	3.44 %
Pension increases in deferment	3.11 %	3.21 %
Rate of increase of pensions in payment - pre 97 (in excess of GMP)	2.36 %	2.40 %
Rate of increase of pensions in payment - post 97	2.91 %	3.01 %
Discount rate	4.75 %	4.98 %

Mortality

2023 - SAPS S3 All Pensioners Light tables, with multipliers of 88.5% for males and 90.9% for females, using year of birth, with CMI 2023 projections from 2013 onwards, with a long-term annual rate of improvements of 1.0% per annum (2022 - SAPS S3 All Pensioners Light tables, with multipliers of 88.5% for males and 90.9% for females, using year of birth, with CMI 2022 projections from 2013 onwards, with a long-term annual rate of improvements of 1.0% per annum).

	2023	2022
	£'000	£'000
Components of the Profit and Loss account		
Analysis of amounts credited to profit before tax:		
Net interest on net defined benefit asset	5,054	1,918
Gain recognised in the profit and loss account	5,054	1,918
	2023	2022
	£'000	£'000
Components of Other Comprehensive income (OCI)		
Actuarial (loss)/gain on defined benefit obligation	(684)	258,709
Loss due to the investment return difference from the return implied by the discount rate	(23,355)	(268,435)
(Loss) recognised through OCI	(24,039)	(9,726)

TOWERS WATSON LIMITED

Notes to the financial statements for the year ended 31 December 2023 (continued)

21. PENSIONS (continued)

Towers Watson Pension Scheme (continued)

	2023	2022
	£'000	£'000
Total Defined Benefit Cost		
Gain recognised in Profit and Loss account	5,054	1,918
Remeasurement effects recognised in OCI	(24,039)	(9,726)
Defined Benefit (Cost)	(18,985)	(7,808)
	2023	2022
	£'000	£'000
Net Balance Sheet position		
Defined benefit obligation	(367,937)	(359,494)
Fair value of assets	452,299	459,091
Net defined benefit asset at end of year	84,362	99,597
	2023	2022
	£'000	£'000
Reconciliation to the balance Sheet		
At beginning of year	99,597	92,405
Net interest on defined benefit asset	5,054	1,918
Remeasurement effects recognised in OCI	(24,039)	(9,726)
Employer contributions	3,750	15,000
At end of year	84,362	99,597
	2023	2022
	£'000	£'000
Change in Defined Benefit Obligation (DBO)		
DBO at beginning of year	359,494	617,700
Interest on pension scheme liabilities	17,656	11,752
Loss/(gain) on remeasurement of defined benefit obligation	684	(258,709)
Benefits paid	(9,897)	(11,249)
DBO at end of year	367,937	359,494

TOWERS WATSON LIMITED

Notes to the financial statements for the year ended 31 December 2023 (continued)

21. PENSIONS (continued)

Towers Watson Pension Scheme (continued)

Reconciliation of fair value of scheme assets

	2023 £'000	2022 £'000
Scheme assets at beginning of year	459,091	710,105
Interest income on plan assets	22,710	13,670
Return on plan assets greater than/(less than) discount rate	(23,355)	(268,435)
Contributions by employer	3,750	15,000
Benefits paid	(9,897)	(11,249)
Scheme assets at end of year	452,299	459,091

Return on plan assets

	2023 £'000	2022 £'000
Total return on plan assets	(645)	(254,765)

	2023 £'000	2023 %	2022 £'000	2022 %
Plan asset information				
Equities	6,332	1.40 %	11,477	2.50 %
Property	1,809	0.40 %	2,295	0.50 %
Bonds - corporate bonds	70,106	15.50 %	106,050	23.10 %
Liability matching assets	209,867	46.40 %	155,632	33.90 %
Cash	26,233	5.80 %	12,855	2.80 %
Other	137,952	30.50 %	170,782	37.20 %
Total fair value of assets	452,299	100.00 %	459,091	100.00 %

Towers Perrin (UK) Retirement Plan - description and funding policy

The Company participates in a group pension scheme, the Towers Perrin (UK) Retirement Plan, ('the Plan'), which provided benefits based on final pensionable pay for the employees of the former UK branch of Towers Perrin Pennsylvania Inc. ('the UK branch'). The UK branch also participated in the Towers Perrin (UK) Retirement Savings Plan, a defined contribution plan. The assets of both plans are administered by trustees in funds independent from those of the Company. All active members of the Plan at 31 March 2008 left the Plan on that date and became deferred members. Subsequent contributions for these employees and new employees then became payable to a Towers Watson stakeholder arrangement.

On 24 February 2014, the principal and sponsoring employer became Towers Watson Limited. On 14 March 2014, in return for the principal employer being transferred from Towers Watson Pennsylvania Inc. to Towers Watson Limited, the Trustee of the Towers Perrin (UK) Retirement Plan received a guarantee. This guarantee is now from Willis Towers Watson plc to meet all present and future obligations and to make payments to the Plan up to a maximum amount, being equal to the amount were a debt under Section 75(2) of the Pensions Act 1995 to have become due on that date.

TOWERS WATSON LIMITED

Notes to the financial statements for the year ended 31 December 2023 (continued)

21. PENSIONS (continued)

Towers Perrin (UK) Retirement Plan (continued)

The Plan is subject to the statutory funding objective and must therefore aim to have sufficient and appropriate assets to cover the Plan's liabilities on the technical provisions basis which is agreed between the Company and the Trustee of the Plan. As at the date of the most recently completed actuarial valuation (1 January 2021), the statutory funding objective was met and therefore, no shortfall contributions are payable and no contributions were made to the Plan in either the current or prior year.

Following the High Court judgement in the Lloyds case in late 2018, an allowance was made in the 2018 and subsequent year-end disclosures for the expected additional liability relating to the equalisation of member benefits for the gender effects of Guaranteed Minimum Pensions (GMPs). The additional liability was calculated as approximately 0.2% of PBO.

In November 2020, there was another High Court ruling that pension schemes will also need to revisit individual transfer payments made since May 17, 1990 to check if any additional value is due as a result of GMP equalisation. However, no further allowance was made in the December 31, 2021 disclosures as a result of this ruling. This is because its impact was estimated to be immaterial for the Plan.

The actual cost of GMP equalisation is yet to be calculated and may not be available for some time due to this being an extensive project for both the Trustee and the Company and with the uncertainty that still remains on the treatment of certain aspects of equalisation.

The financial effect of equalising benefits due to GMPs was estimated to be 0.2% (2022 - 0.2%) of total liabilities as at 31 December 2022. This is consistent with the allowance made for funding purposes and included in the Scheme Actuary's calculations for the 1 January 2021 formal funding valuation.

The pension cost of the Plan has been assessed using the projected unit method. The total pension credit in the period was £585,000 (2022 - credit of £367,000).

Principal assumptions

	2023	2022
	% per annum	% per annum
Retail prices index inflation	3.10 %	3.30 %
Rate of increase in salaries	n/a	n/a
Discount rate - cash balance members	4.40 %	4.84 %
Discount rate - pension members	4.71 %	4.95 %
Pension increases for deferred benefits	2.63 %	2.75 %
Rate of increase of pensions in payment - post 97	2.65 %	2.80 %

Mortality

2023 : SAPS S3 All Pensioners Light tables, with multipliers of 91.1% for males and 88.1% for females, using year of birth with CMI 2022 projections from 2013 onwards with a long-term annual rate of improvements of 1.0% per annum (2022 :SAPS S3 All Pensioners Light tables, with multipliers of 91.1% for males and 88.1% for females, using year of birth with CMI 2021 projections from 2013 onwards with a long-term annual rate of improvements of 1.0% per annum).

TOWERS WATSON LIMITED

Notes to the financial statements for the year ended 31 December 2023 (continued)

21. PENSIONS (continued)

Towers Perrin (UK) Retirement Plan (continued)

	2023 £'000	2022 £'000
Components of the Profit and Loss account		
Analysis of amounts credited to profit before tax:		
Net interest on net defined benefit asset	585	367
Gain recognised in Profit and Loss account	585	367
	2023 £'000	2022 £'000
Components of Other Comprehensive income (OCI)		
Actuarial (loss)/gain on defined benefit obligation	(3,122)	47,864
Loss due to investment return difference from the return implied by the discount rate	(1,248)	(57,390)
Loss recognised through OCI	(4,370)	(9,526)
	2023 £'000	2022 £'000
Total Defined Benefit Cost		
Gain recognised in Profit and Loss account	585	367
Remeasurement effects recognised in OCI	(4,370)	(9,526)
Defined benefit cost	(3,785)	(9,159)
	2023 £'000	2022 £'000
Net Balance Sheet position		
Defined benefit obligation	(158,331)	(157,868)
Fair value of assets	166,549	169,870
Net defined benefit asset at end of year	8,218	12,002

TOWERS WATSON LIMITED

Notes to the financial statements for the year ended 31 December 2023 (continued)

21. PENSIONS (continued)

Towers Perrin (UK) Retirement Plan (continued)

	2023 £'000	2022 £'000
Reconciliation to the Balance Sheet		
At beginning of year	12,002	21,161
Net interest on defined benefit asset	585	367
Remeasurement effects recognised in OCI	(4,370)	(9,526)
At end of year	<u>8,217</u>	<u>12,002</u>
Change in Defined Benefit Obligation (DBO)		
	2023 £'000	2022 £'000
DBO at beginning of year	157,868	210,300
Interest on pension scheme liabilities	7,453	3,578
Actuarial (loss)/gain on defined benefit obligation	3,122	(47,864)
Benefits paid	(10,112)	(8,146)
DBO at end of year	<u>158,331</u>	<u>157,868</u>
Reconciliation of fair value of scheme assets		
	2023 £'000	2022 £'000
Scheme assets at beginning of year	169,870	231,461
Interest income on plan assets	8,038	3,945
Return on plan assets greater than/(less than) discount rate	(1,248)	(57,390)
Benefits paid	(10,112)	(8,146)
Scheme assets at end of year	<u>166,548</u>	<u>169,870</u>

TOWERS WATSON LIMITED

Notes to the financial statements for the year ended 31 December 2023 (continued)

21. PENSIONS (continued)

Towers Perrin (UK) Retirement Plan (continued)

Return on plan assets

	2023	2022
	£'000	£'000
Total return on plan assets	6,791	(53,445)

	2023	2023	2022	2022
	£'000	%	£'000	%
Fair value of scheme assets				
Equities and non-standard investment classes	12,724	7.64 %	13,199	7.77 %
Property	2,815	1.69 %	2,531	1.49 %
Bonds (Gilts)	1,665	1.00 %	696	0.41 %
Bonds (Corporate)	1,549	0.93 %	1,699	1.00 %
Liability matching assets *	146,047	87.69 %	146,989	86.53 %
Cash	1,748	1.05 %	4,756	2.80 %
Total fair value of assets	166,548	100.00 %	169,870	100.00 %

* Including the Legal and General buy-in policy

LifeSight Master Trust

The company is the sponsoring employer of a multi-employer defined contribution scheme. Defined Contributions paid by the employer in the year to 31 December 2023 were £34,048,000 (2022 - £29,648,000).

22. ULTIMATE PARENT COMPANY AND CONTROLLING ENTITY

The Company is a wholly owned subsidiary of TA I Limited, whose registered office is 51 Lime Street, London, EC3M 7DQ.

The ultimate parent company and controlling entity is Willis Towers Watson plc whose registered office is Willis Towers Watson plc, Willis Towers Watson House, Elm Park, Merrion Road, Dublin DO4 P231, The Republic of Ireland and listed on NASDAQ Global Select Market.

The largest and smallest group into which the Company's financial statements are consolidated is Willis Towers Watson plc.

Consolidated financial statements of Willis Towers Watson plc. for the year ended 31 December 2023 are available on the Willis Towers Watson website at: www.wtwco.com.

23. RELATED PARTY TRANSACTIONS

The Company has taken advantage, as a 100% owned subsidiary, of the exemption under Financial Reporting Standard FRS102.33.1A, from disclosure of transactions and balances with group companies. Accordingly, transactions with Willis Towers Watson plc. and its subsidiary undertakings are not disclosed separately.

TOWERS WATSON LIMITED

Notes to the financial statements for the year ended 31 December 2023 (continued)

24. SHARE-BASED PAYMENTS

The ultimate parent company, Willis Towers Watson plc operates several share-based payment schemes, for which UK employees participate in three.

The total charge to the profit and loss account was £4,091,000 (2022 - £ 3,724,000), the total credit to equity was £723,000 (2022 - credit £2,984,000).

Schemes overview

The Company participates in a number of different WTW schemes where awards have been made to employees of the Company. A summary of terms are as follows:

- Certain employees have been awarded shares vesting over a three year period, and exercisable only at the end of the period if certain conditions are met.
- Certain employees were awarded shares that vested on the grant date.
- When exercised the Company recognises any payroll taxes incurred and Willis Towers Watson plc recharges the Company for the fair value of the net shares issued.

	2023	2022
	Awards	Awards
	\$	\$
Grant date fair value	231.39	252.26
	No.	No.
At 1 January	62,438	49,714
Awarded during the year	31,289	16,003
Vested and exercised during the year	(15,643)	(300)
Forfeited during the year	(7,269)	(2,979)
At 31 December	70,815	62,438
	\$	\$
Exercise price of date of vesting	232.06	237.46
	2023	2022
	£'000	£'000
Amount charged to the profit and loss account	4,091	3,724
Amount paid on behalf of the ultimate parent company	(3,368)	(740)

TOWERS WATSON LIMITED

Notes to the financial statements for the year ended 31 December 2023 (continued)

25. FORWARD EXCHANGE CONTRACTS

Forward foreign currency contracts

The following table details the forward foreign currency contracts outstanding as at the year end:

	Average contractual exchange rate		Notional value		Fair value	
	2023	2022	2023	2022	2023	2022
	Rate	Rate	£'000	£'000	£'000	£'000
Sell USD						
< 3 months	n/a	1.31	—	500	—	(34)
Sell EUR						
<3 months	1.15	1.09	(100)	—	1	—
Buy USD						
<3 months	1.25	n/a	(1,800)	—	(17)	—
Total			(1,900)	500	(16)	(34)

In the current year and prior year the Company entered into forward contracts for USD and EUR as a result of certain receivables and payables being in USD and EUR respectively to hedge the exchange rate risk arising from these anticipated future transactions.

26. PRIOR PERIOD ADJUSTMENTS

A prior period adjustment has been recorded to reflect the following:

- as a result of certain expenses previously recorded by the Company being attributable to fellow group undertakings, in line with the group's transfer pricing agreements.

The comparative figures in the primary statements and related notes have been restated to reflect this.

Reconciliation of equity

	Note	At 31 December 2022 £'000
Equity as reported at 31 December 2022		364,224
<i>Adjustments to equity</i>		
Increase in amounts owed by group undertakings	a	7,375
Increase in corporation tax	b	(1,401)
Equity as restated at 31 December 2022		370,198

TOWERS WATSON LIMITED

Notes to the financial statements for the year ended 31 December 2023 (continued)

26. PRIOR PERIOD ADJUSTMENTS (continued)

Reconciliation of profit or loss

	Note	At 31 December 2022 £'000
Profit for the financial year 31 December 2022 as reported		37,206
Decrease in other operating charges	a	7,375
Increase in Corporation tax	c	(1,401)
Profit for the year 31 December 2022 as restated		<u>43,180</u>

Notes to the reconciliation of equity at 31 December 2022 and profit for the financial year ended 31 December 2022

- a. Amounts owed by group undertakings - an increase in amounts owed by group undertakings has been recorded.
- b. Corporation tax - an increase in corporation tax has been recorded as a result of the decrease in expenses.
- c. Operating charge - a decrease in operating charges has been recorded.