

Willis Towers Watson

2019 Taskforce on Climate-related Financial Disclosures (TCFD) Statement

September 2019



Introduction

As one of the world's leading risk advisory companies, Willis Towers Watson (the "Company" or "WTW") is fully aware of the need to support measures aimed at helping to tackle the impact of climate change. Assessing and mitigating risk, including climate-related risks, represents the core of our business. It also speaks to our company's purpose – "Creating clarity and confidence today for a more sustainable tomorrow".

Climate change and its associated risks impact, to varying degrees, every community and business, regardless of location or sector. WTW is a global leader in helping its clients to assess and mitigate the effects of climate change and, where possible, identify new opportunities resulting from such change. Through numerous collaborative partnerships with governments, NGOs, academia and the private sector, WTW is working to help build resilience against climate change, often in the most vulnerable communities.

As part of our ongoing commitment to sustainability, WTW became a signatory to the [Task Force on Climate-Related Financial Disclosures \(TCFD\)](#) in 2017.

The TCFD developed four recommendations on climate-related financial disclosures that are applicable to organizations across sectors and jurisdictions. The recommendations are structured around four thematic areas:

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

Additional Information

For information on the Company's environmental, social and governance (ESG) commitments, see page 24 of the Company's 2018 Year-End Proxy Statement, available here: <https://www.sec.gov/Archives/edgar/data/1140536/000119312519096029/d661612ddef14a.htm>.

For the Company's non-financial report, including on environmental and social matters, among other items, see pages 59-62, of the Company's 2018 Year-End Irish Statutory Accounts, available here: <https://investors.willistowerswatson.com/static-files/17ccc892-8102-4400-9104-9b18ef918123>.

Information provided in this and other Company documents is current only as of the date of the relevant document and the Company undertakes no obligation to update those documents.

Governance

WTW's Board of Directors, through its various Board Committees, oversees the Company's senior management, who are responsible for the strategy and day-to-day operations and management of the Company, including climate-related matters. The Board has delegated to the Risk Committee, through the Committee's Charter, the primary responsibility of assisting the Board in its oversight of the framework, policies and practices used by management to identify, assess and manage key strategic and operational risks facing the Company. The Risk Committee considers enterprise risk a key area for regular quarterly review; as such, it reviews business continuity risks, including climate-related risks, if identified as having a material impact on the business strategy or operations. Management also updates the Board on environmental matters, including climate-related initiatives, as needed. For example, the Corporate Governance and Nominating Committee discusses with management its corporate social responsibility initiatives on an annual basis, which includes environmental sustainability initiatives.

WTW's Chief Risk Officer (CRO), who reports into our General Counsel, is responsible for the Company's enterprise risk management framework and provides quarterly updates to the Risk Committee. As part of this update, the CRO briefs the Risk Committee on the Company's risk profile, top risks based on agreed risk appetites and outcomes of detailed risk analysis. Prior to updating the Board (or the Risk Committee), the CRO discusses the material risks with the Controls Committee, which is comprised of members of senior management, including the General Counsel (who serves as the Committee Chair), the CFO, CAO, the Head of Compliance, the Head of Risk, the Head of Internal Audit, and the heads of the various regions and business segments, among others. Pursuant to its charter, the Controls Committee exercises executive oversight of internal controls, risk (including business continuity) and compliance management across the Company and its subsidiaries and reports to the Risk Committee and the Audit Committee of the Board.

The CRO also chairs the Company's Enterprise Risk Management (ERM) Steering Group, which reports into the Controls Committee and oversees the Company's ERM program and supports a positive risk culture.

On the opportunity side, the Company formed a Climate Steering Group within its most senior management group to help coordinate climate-related commercial opportunities across the Company. Members of this management committee include our CEO (who serves as the Committee leader), Head of Great Britain, COO of Corporate Risk and Broking, and Head of Investment, Risk and Reinsurance. As noted above, management briefs the Board or the relevant Board Committee on climate-related issues.

WTW has also established an Environmental, Social and Governance (ESG) Taskforce which comprises representatives from across the business and the corporate functions. The Taskforce works with the Climate Steering Group and the Head of Risk and advises on the Company's ESG-related matters. This includes a newly established governance process with respect to the Company's external ESG commitments, with the aim of advancing various ESG initiatives, including those relating to the TCFD.

Strategy

WTW recognizes that climate change presents a broad spectrum of risk and opportunity, both for our own company and our clients.

Being a responsible and sustainable company is one of the fundamental core values and principles of WTW. Accordingly, addressing climate risk is an element of our business strategy. As an innovative broking, advisory and solutions company, we foster a positive impact through the climate change-related products and services we provide to our clients to facilitate better understanding, exposure management policies, and resilience capabilities with respect to climate risks.

We describe a number of the Company's climate-related risks below and elsewhere in this report as well as related elements of our Enterprise Risk Management (ERM). We are a professional services company and not an insurance company that underwrites risk for its own account; therefore, our use of modeling and formal scenario planning is different than for insurance companies.

In order to assess the physical climate risks which WTW is itself exposed to, a climate modelling analysis was carried out by WTW's Strategic Risk Consulting team as part of a Portfolio Quantification and Risk Financing Assessment utilizing the Willis Towers Watson Proprietary Connected Risk Intelligence Platform. The analysis quantified the impact of extreme climate-related events on WTW's offices and operations. The analysis showed that the potential impact of climate risks for WTW's properties is, as a general matter, limited and mitigated through its insurance program.

In conjunction with operational improvement and cost-saving efforts, specific programs have been identified and designed to address WTW's focus on climate related-issues and risk management. These include investments in technology, training, corporate goal-setting and infrastructure support. We are currently working on developing an enterprise level Environmental Management System (EMS). We recognize the importance of our environmental responsibilities and our impact on the environment on a location-by location basis and are in the process of designing and implementing processes to track and reduce our emissions and carbon footprint across our global operations. We are committed to (and have made progress in) minimizing our environmental impact and carbon emissions through improvements to energy efficiency in our operations, reducing our need for business travel via increasing our use of video calling, promoting recycling, reducing paper and energy consumption, minimizing the waste we send to landfills, purchasing environmentally-responsible office supplies, optimizing our real estate footprint and encouraging our colleagues to adopt environmentally-responsible habits.

In summary, definitive progress, with increased efficiencies and transparencies, has been achieved in the identification, implementation, and monitoring of investments and cost management initiatives from an ESG perspective, with continuing improvements and enhancements anticipated.

Climate-related risk is a challenge that requires a multi-disciplinary response. Willis Towers Watson is well positioned to provide bespoke analytical solutions to clients using state of the art technology and the latest in academic findings. Our climate change experts work closely across our global network to provide tailored, client driven advice. Willis Towers Watson has developed an extensive network of relationships with governments, international institutions, regulators and humanitarian organizations to advocate for an integrated approach to achieving climate resilience.

A changing climate presents both a challenge and an opportunity for investors and risk managers alike in any business environment. Willis Towers Watson works with its clients to identify the full extent of

their climate-related risks, in turn helping them to manage their financial and operational risks and improve their sustainability.

Climate risk-related opportunities cover all aspects of our capital, people and risk related businesses.

Capital

- In our investment business, we provide advice and solutions to institutional investors globally with assets over \$2.3tn¹, as well as running fiduciary management mandates with assets under management in excess of \$120bn². We view sustainable investment as central to successful long-term investment outcomes, and therefore embed sustainability, including climate risks and opportunities, within our advice and solutions.
- Particular investment opportunities related to climate change include controlled environments sustainable agriculture, solar and hydro renewable energy projects, energy from waste facilities, and reinsurance for business resilience and climate preparedness.
- Given the scale and systemic nature of climate change, we recognize it as a significant and financially material risk for investors, and therefore use a range of tools, data and strategies to measure and help manage it accordingly for our clients.
- Proprietary climate scenario modelling to assess the impact of different emissions pathways on asset returns and liability profiles, from both a top-level perspective, and across different industries, sectors, and countries.
- Detailed ESG, climate and carbon data analytics, including using multiple sources of third party data to identify overall portfolio risks as well as security-specific issues and areas of most significant risk exposure.
- Physical climate risk mapping and peril scoring that can be applied to real asset portfolios based on location data and natural catastrophe modelling.
- Thematic research into megatrends and disruptions and the influence of climate risks and the low carbon transition on major business value chains to identify particular risk exposures as well as areas for investment opportunity.

Source: Willis Towers Watson. All figures are subject to change.

¹ Assets under Advice as at 1 January 2015

² Assets under Management as at 30 September 2018

People

- Raising the importance of ESG (with climate change as a sub-category) with our clients through areas such as:
 - Committees and Boards needing to increase their focus on ESG matters, including through the consideration of ESG metrics in executive incentives.
 - Our Employee Value Proposition (EVP) work with clients, where we stress the importance of ESG and related issues to many segments of the population.
 - As part of Employee Insights (EI) work, where we focus on the importance of culture and an ESG orientation as an engagement driver; and 4) our Sustainable Human Capital model.
- Specific to Sustainable Human Capital, we have:
 - Developed and are rolling out a framework and content on Sustainable Human Capital, which includes support for process, programs, and technology that drive sustainability-related growth opportunities, including ESG activities and measures.

- Created an inventory of sustainable human capital measures, including those connected to ESG and environmental impact.
- Updated our human capital risk model to include factors relating to culture and climate impact.
- Updated our definition of culture to include “healthy company” dimensions, including ethical conduct and behaviors.

Risk

- WTW is assisting its clients in assessing transition and liability risks to do with climate change by deploying enterprise risk management type assessment coupled with actuarial analysis and input from the Willis Research Network to identify and quantify these risks in close collaboration with our clients.
- Assisting governments and cities on strategies to improve their climate resilience and disaster risk financing.
- Deep natural catastrophe modeling capabilities which help clients to understand the implications of climate change on their risk exposures and financial performance.
- Physical insurance and contingent finance, including risk transfer and the integration of climate risk factors into investment decision making and asset management strategies.
- Climate-related Legal Liability Insurance, Contingent Finance and Climate-resilient investment.

Risk Management

WTW has an enterprise-wide risk management framework which sets up the processes and methodologies for the identification and assessment of risks faced by the Company, including climate-related risks.

Risk identification is an important component of WTW's overall Risk and Control Assessment Process. It aims at understanding the risk and its potential likelihood and impact in the context of achieving the Company's strategic objectives. WTW conducts regular risk and control reviews that are designed to capture material risks, controls and key areas of focus to follow up through management actions. WTW considers climate change-related risks when conducting its analysis of key risk areas.

Willis Towers Watson's approach to managing climate-related risks is embedded within its ERM framework and processes. As such, climate-related risks are managed consistently with the other risks faced by the Company.

As described in more detail above, the Willis Towers Watson Board Risk Committee oversees management's approach to risk identification, risk assessment and risk management. This Board committee is supported by management and management-level committees including the Willis Towers Watson Controls Committee, which provides executive management oversight of WTW's internal control system, risk management and compliance with internal policies and procedures, and the ERM Steering Group that oversees the execution of the ERM program in the Company.

The ERM process assesses whether management believes there are significant changes in risk profile related to climate change risk that need to be escalated to the appropriate risk governance forum for discussion.

We are a professional services company and 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 direct risks to our operations that could be exacerbated by changing climate conditions. This includes the risk that our facilities or the operations of suppliers are disrupted by a climate-related event. We also face a number of more indirect risks, such as exposure to economic and political conditions, which could be exacerbated by changing climate conditions. We describe our risks in more detail in the "Risk Factors" section of our Form 10-K. <https://investors.willistowerswatson.com/sec-filings/sec-filing/10-k/0001564590-19-004912>. Based on the ERM process as well as the property-risk modeling described above, the Company believes that the exposure of Willis Towers Watson's properties to climate-related risks is generally limited and mitigated through its insurance program.

WTW relies on a number of key processes to manage climate-related risks. These include:

- Legislative and Regulatory Review. Monitoring legislative and regulatory developments allows the Company to keep abreast of any change in climate-related legislation that may impact our operations globally (e.g., UK Climate Change Act 2008).
- ERM Reporting Dashboards. ERM Dashboards quarterly reporting program supports the assessment of company risks. ERM Dashboards are reviewed by senior management regularly, including through relevant Company committees, and management actions are developed to address identified control weaknesses, as appropriate.

- **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, the Company has a comprehensive 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 customers / 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 customers and clients. WTW actively works with 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 the Company. 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.
- **Climate Steering Group.** The Company's Climate Steering Group, chaired by the Company's CEO, was established to coordinate climate-related activities across WTW. In addition, our partnership with the World Economic Forum (WEF) will allow us to work with the WEF on the United Nation's Climate Action Summit.

Metrics and Targets

WTW is committed to developing a set of climate-related metrics that will help to monitor our future performance. One area in which we have already established metrics is with respect to our real estate.

Maintaining effective and efficient real estate operations allows WTW to function while contributing to colleague wellbeing and business resiliency.

WTW is committed to reducing emissions per colleague through efficiencies in real estate occupancy and operations.

Key real estate metrics that will be tracked as part of annual disclosures include:

- Total energy consumption from real estate occupancy (MWh)
- Total energy consumption per colleague from real estate occupancy (MWh per FTE)
- CO₂e emissions from energy consumption (metric tons)

Another area where significant progress has been achieved is in the overall reduction of air travel through investment in technology, specifically virtual meeting capabilities such as Skype and video conferencing.

Disclaimer Regarding Forward-Looking Statements

We have included in this document 'forward-looking statements' within the meaning of Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934, which are intended to be covered by the safe harbors created by those laws. These forward-looking statements include information about possible or assumed future results of our operations. All statements, other than statements of historical facts, that address activities, events or developments that we expect or anticipate may occur in the future, including such things as our outlook, future capital expenditures, future share repurchases, growth in revenue, the impact of changes to tax laws on our financial results, business strategies and planned acquisitions, (including the acquisition of TRANZACT), competitive strengths, goals, the benefits of new initiatives, growth of our business and operations, plans and references to future successes, including our future financial and operating results, plans, objectives, expectations and intentions are forward-looking statements. Also, when we use words such as "may," "will," "would," "anticipate," "believe," "estimate," "expect," "intend," "plan," "probably," or similar expressions, we are making forward-looking statements. Such statements are based upon the current beliefs and expectations of the Company's management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. All forward-looking disclosure is speculative by its nature.

A number of risks and uncertainties that could cause actual results to differ materially from the results reflected in these forward-looking statements are identified under Risk Factors in Item 1A of our Annual Report on Form 10-K and in our subsequent filings. These statements are based on assumptions that may not come true and are subject to significant risks and uncertainties.

Although we believe that the assumptions underlying our forward-looking statements are reasonable, any of these assumptions, and therefore also the forward-looking statements based on these assumptions, could themselves prove to be inaccurate. In light of the significant uncertainties inherent in the forward-looking statements included in our Annual Report on Form 10-K and subsequent filings, our inclusion of this information is not a representation or guarantee by us that our objectives and plans will be achieved.

Our forward-looking statements speak only as of the date made and we will not update these forward-looking statements unless the securities laws require us to do so. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this document may not occur, and we caution you against unduly relying on these forward-looking statements.