

FINANCIAL YEAR ENDED 31 DECEMBER 2021

IFR/IFD Pillar 3 Disclosures

Willis Human Capital &
Benefits Ireland Limited

Background

The Investment Firms Directive (IFD) and the Investment Firms Regulation (IFR) applies to investment firms, authorised under the Investment Intermediaries Act and the European Union MIFID Regulations 2017. The Firm is designated as “Class 2” under IFR/IFD.

As with CRD they comprise three key components or ‘pillars’ as follows:

- Pillar 1: Minimum Capital requirements
- Pillar 2: Supervisory review
- Pillar 3: Disclosure requirements

The implementation of the IFR/IFD required regulated firms to make changes to the way their capital requirements are calculated (Pillar 1), the process for supervisory review of the firm’s risk management framework and capital adequacy (Pillar 2) and the disclosure to the market of key information about risk exposures and risk management processes (Pillar 3).

The Investment Firms Regulations implemented in June 2021 introduced additional obligations on Investment Firms including K-Factor requirements for consideration when calculating the Pillar 1 capital requirements.

During the year ended 31 December 2021, the firm has complied with the minimum capital requirement provisions under Pillar 1 and completed and maintained its Internal Capital Adequacy Assessment Process (ICAAP) under Pillar 2. Willis HC&B Ireland’s ICAAP is designed to capture and address any risks not fully considered under Pillar 1 and to ensure that adequate measurement and assessment of any such risks is considered in determining the capital requirements of the firm.

The aim of Pillar 3 is to improve market discipline by requiring firms to publish certain details of their risks, capital and risk management. Institutions are required to certify to the Central Bank of Ireland (Central Bank) on an annual basis that they have complied with the disclosure requirements. The disclosures are required on an annual basis aligned to the institution’s annual reporting cycle.

Regulatory status and principal activities

Willis HC&B Ireland Limited (‘the firm’) is regulated by the Central Bank of Ireland and is authorised under the European Union (Markets in Financial Instruments) Regulations, 2017 and the European Union (Insurance Distribution) Regulations 2018. The principal regulated investment activity of the firm is the provision of receipt and transmission of client related orders, investment advisory services, investment portfolio management services and insurance mediation services. The firm also provides other services such as pension consultancy services and pension scheme administration services which are regulated under the Pensions Acts.

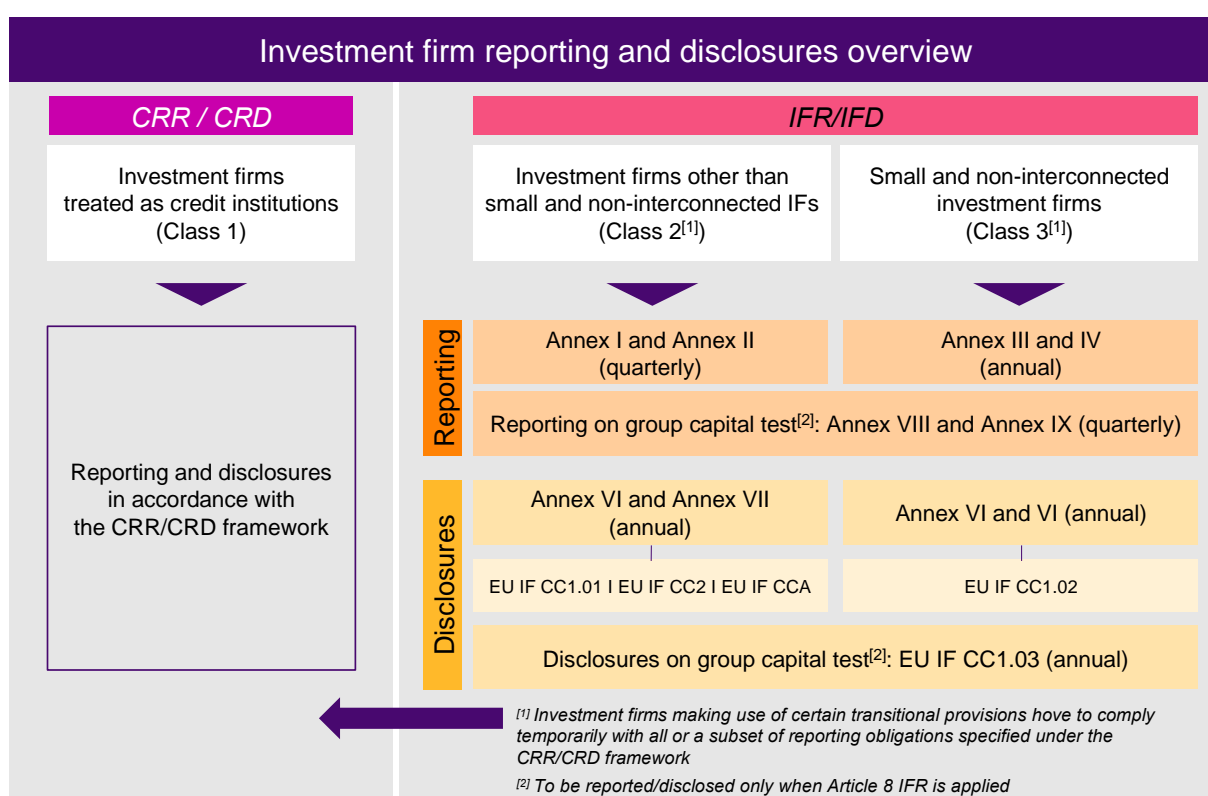
Willis HC&B Ireland is a wholly owned subsidiary of Willis Towers Watson Holdings (Ireland) Limited, whose head office is located in Willis Towers Watson House, Elm Park, Merrion Road, Dublin 4. Willis Towers Watson Plc is the ultimate 100% parent of the firm and head office is also located in Willis Towers Watson House, Elm Park, Merrion Road, Dublin 4.

Scope

These Pillar 3 disclosures have been prepared as at 31 December 2021, which is the firm's financial year end. This document should be read in conjunction with the firm's 2021 annual report.

Basis of Disclosures

These disclosures have been prepared in accordance with the Investment Firms Regulation EU 2019/2033 ('IFR') and Investment Firms Directive EU 2019/2034 ('IFD'). The Pillar 3 disclosures in this document include both the quantitative and qualitative information as required by the IFR/IFD. As this document has been produced solely for the purposes of providing information on the capital adequacy and risk management of the Firm, any disclosure requirements that do not apply have not been included. In addition, any information considered by the firm to be immaterial, proprietary or confidential has not been included in this document.



Location and Verification

The Pillar 3 disclosures are based on the ICAAP document approved by the Board and are published in the 'Regulatory Disclosures' area of the Firm's website (<https://www.wtwco.com/en-IE/Notices/regulatory-and-legal-disclosures-ireland>). The Board believes that the publication of these disclosures on Willis HC&B Ireland's website is the most appropriate medium. These disclosures are based on the position at 31 December 2021. Future disclosures will be issued on at least an annual basis and made available on the website as soon as practicable.

Risk Management Structure

The Board of Directors of Willis HC&B Ireland ('the Board') has ultimate responsibility for determining the Firm's strategic direction and risk appetite. The Board is also responsible for establishing an

effective corporate governance framework and for monitoring the effectiveness of this framework on an on-going basis.

The Board will either assume or, where appropriate, delegate to its executive management or committees, the following responsibilities:

- Day-to-day management
- Monitoring and evaluating the adequacy and effectiveness of the firm's systems, internal control mechanisms and other arrangements
- Ensuring the firm complies with all relevant regulatory requirements and obligations and managing the relationship with the firm's regulators and external auditors
- Promoting a strong and effective risk management culture throughout the firm

The Board oversees the firm's ICAAP and receives the final document for consideration and approval.

As well as ensuring an appropriate executive management team is in place, the Board has also established a number of committees as part of its overall governance framework:

- Risk & Compliance Committee which assists the Board in fulfilling its oversight responsibilities for Corporate Governance by evaluating business and reputational risks, by reviewing the systems of internal controls over business operations and by reviewing the firm's processes for monitoring compliance with laws, regulations and codes of conduct.
- Investment Committee which oversees the firm's investment strategies and processes.
- Product Approval Committee which reviews and approves certain new products.

At a management level, there are a number of other groups within the firm's overall governance framework which meet regularly to oversee and manage important aspects of the firm's activities including:

- Monthly Operations Meeting.
- Client Asset Working Group – which oversees the safekeeping and administration of the firm's client asset account.
- Complaints and Errors Meeting – which oversees the firm's treatment of ongoing complaints and errors.

Risk management within Willis HC&B Ireland is managed using Willis HC&B's internal control and governance arrangements. The Risk Management Policy explains the approach to risk management including a review of the risk universe and the existing risk governance process. Linked with this, the risk appetite for the firm is defined. The policy also outlines key aspects of the Risk Management process and the main monitoring and reporting procedures.

The firm's Board and Committees are supported by an independent Risk and Compliance unit which is functionally part of the Office of General Counsel within Willis Towers Watson (WTW). The firm's designated Compliance & Risk Officer reports to each Board and Risk and Compliance Committee meeting and also reports to the WTW Group Risk and Compliance Function. The firm's board is also supported by the WTW Group Internal Audit function.

The firm utilises a range of policies, procedures and tools to identify, monitor and mitigate risk.

Group Risk Management Structure

The primary responsibility of the Board of Willis Towers Watson plc is to oversee the affairs of the Company in accordance with applicable laws, rules and regulations, including the listing standards of the NASDAQ Stock Market ("NASDAQ"). The role of the Board is to monitor the effectiveness of management's policies and decisions, including the execution of its strategies towards maximizing the Company's long-term value for the benefit of shareholders.

The Willis Towers Watson plc Audit & Risk Committee assists the ultimate parent Board in fulfilling its oversight of: the financial reporting process, the system of internal accounting controls, performance of internal and external auditors, the company's compliance with legal and regulatory requirements and risk management at the Company and its subsidiaries.

Analysis of Key Risks

The firm faces similar risks to other firms within the sector. The most significant risk categories identified by the firm during its ICAAP review are listed below and have been considered by the firm in its Pillar 2 capital calculations and/or stress scenarios.

Operational Risk

Operational risk is defined as the risk of loss as an outcome of inadequate or failed internal processes, people and systems or from external events. In the course of preparing the Firm's ICAAP, Willis HC&B Ireland identified the following as some of the main sources of operational risk:

- Day- to-day processing errors
- Pension scheme transfers
- Rebalancing of the firm's investment strategies
- IT failures
- Inappropriate sales advice
- Data Loss or fraud
- Supplier failure
- Product development

The firm has implemented appropriate controls and procedures to mitigate and monitor operational risk.

Performance/Reputational Risk

Poor relative performance of portfolios managed by Willis HC&B Ireland will have a financial impact. Where the firm's recommended asset allocations significantly or consistently underperform against general market movements or competitors this may negatively impact on clients both in terms of customer retention and future sales growth. The firm through its investment team monitor the underlying performance of all funds under management on a continuous basis.

Credit Risk

Credit risk represents the possibility that any amount owed to the firm by a client or counterparty (including the firm's banks) may not be recoverable. The firm has implemented procedures with respect to managing credit risk and the firm's finance function monitors credit risk on an on-going basis.

Market Risk

Willis HC&B Ireland does not trade on its own account and has no material foreign exchange exposure so that there is no direct market risk applicable to the firm's balance sheet. However, the firm's revenues would be impacted by a drop in Funds Under Management due to a market correction as occurred at the beginning of 2022.

Group Risk

Group risk is the risk that in the event of risk materialising in the Willis Towers Watson Group e.g. reputational event, there will be a negative effect on Willis HC&B Ireland which will have an effect on the firm's ability to generate new and keep existing client relationships. The Willis Towers Watson group places great importance on its reputation for integrity and fair dealing and has put in place various policies and procedures to safeguard this.

Capital Resources

At 31st December 2021 and throughout that year, the firm complied with the capital requirements set down in the IFR/IFD and imposed by the Central Bank. "Template EU IF CC1.01 - Composition of regulatory own funds (Investment firms other than small and non-interconnected)" details the composition of Willis HC&B Ireland's Own Funds as at 31st December 2021.

		(a)	(b)
		Amounts	Source based on reference numbers/letters of the balance sheet in the audited financial statements
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	OWN FUNDS	8,621,467	
2	TIER 1 CAPITAL	8,621,467	
3	COMMON EQUITY TIER 1 CAPITAL	8,621,467	
4	Fully paid up capital instruments	17,521	Note 13
5	Share premium	3,680,145	
6	Retained earnings	2,473,801	
7	Accumulated other comprehensive income		
8	Other reserves	2,450,000	
9	Minority interest given recognition in CET1 capital	-	

10	Adjustments to CET1 due to prudential filters	-	
11	Other funds	-	
12	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	-	
13	(-) Own CET1 instruments	-	
14	(-) Direct holdings of CET1 instruments	-	
15	(-) Indirect holdings of CET1 instruments	-	
16	(-) Synthetic holdings of CET1 instruments	-	
17	(-) Losses for the current financial year	-	
18	(-) Goodwill	-	
19	(-) Other intangible assets	-	
20	(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	-	
21	(-) Qualifying holding outside the financial sector which exceeds 15% of own funds	-	
22	(-) Total qualifying holdings in undertaking other than financial sector entities which exceeds 60% of its own funds	-	
23	(-) CET1 instruments of financial sector entities where the institution does not have a significant investment	-	
24	(-) CET1 instruments of financial sector entities where the institution has a significant investment	-	
25	(-)Defined benefit pension fund assets	-	
26	(-) Other deductions	-	
27	CET1: Other capital elements, deductions and adjustments	-	
28	ADDITIONAL TIER 1 CAPITAL	-	
29	Fully paid up, directly issued capital instruments	-	
30	Share premium	-	
31	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	
32	(-) Own AT1 instruments	-	
33	(-) Direct holdings of AT1 instruments	-	
34	(-) Indirect holdings of AT1 instruments	-	
35	(-) Synthetic holdings of AT1 instruments	-	
36	(-) AT1 instruments of financial sector entities where the institution does not have a significant investment	-	
37	(-) AT1 instruments of financial sector entities where the institution has a significant investment	-	
38	(-) Other deductions	-	
39	Additional Tier 1: Other capital elements, deductions and adjustments	-	

40	TIER 2 CAPITAL	-	
41	Fully paid up, directly issued capital instruments	-	
42	Share premium	-	
43	(-) TOTAL DEDUCTIONS FROM TIER 2	-	
44	(-) Own T2 instruments	-	
45	(-) Direct holdings of T2 instruments	-	
46	(-) Indirect holdings of T2 instruments	-	
47	(-) Synthetic holdings of T2 instruments	-	
48	(-) T2 instruments of financial sector entities where the institution does not have a significant investment	-	
49	(-) T2 instruments of financial sector entities where the institution has a significant investment	-	
50	Tier 2: Other capital elements, deductions and adjustments	-	

“Template EU IF CCA: Own funds: main features of own instruments issued by the firm” has not been completed as there are no own instruments issued by the Firm.

Capital Adequacy

It is Willis HC&B Ireland’s policy to maintain a strong capital base commensurate with its risk appetite and to maintain at all times the minimum regulatory capital requirement as determined by its ICAAP. Responsibility for day-to-day monitoring of capital adequacy rests with the finance function. The firm reviews its ICAAP at least annually. During the year ended 31 December 2021 it was determined that the regulatory capital requirement to be held by the firm was the Pillar 2 requirement identified by the ICAAP process.

Pillar 1 Capital Requirement

Under IFR/IFD, the firm calculates its Pillar 1 requirement as being the higher of:

- Fixed Overhead Requirement
- K-Factor Requirements
- Minimum Initial Capital Requirement

During the year ended 31 December 2021 the firm’s Pillar 1 Requirement was the firm’s Fixed Overhead Requirement, which is determined by the firm’s audited expenditure.

Pillar 2 Internal Capital Adequacy Assessment Process

Willis HC&B Ireland’s ICAAP has been prepared and approved by the Board of Directors. The ICAAP has been designed to capture and address any risks not fully considered under Pillar 1 and to ensure that adequate measurement and assessment of any such risks is considered in determining the capital requirements of the Firm. The Firm’s ICAAP is forward-looking and will be updated on at least an annual basis, and more frequently if required. The firm’s ICAAP considers the range of risks facing the firm, the most significant of which are disclosed in the ‘Key Risks’

section of this disclosure and some of which are considered in further detail in a number of stress-testing scenarios.

The ICAAP determined that the firm's Pillar 2 capital requirement was greater than its Pillar 1 requirement and therefore the firm's regulatory capital requirement, based on the firm's Pillar 2 requirement, was deemed to be €2,117,000.

Remuneration

Willis HC&B Ireland is subject to the Central Bank of Ireland's Guidelines on Variable Remuneration Arrangements for Sales Staff as well as the remuneration requirements set out in IFD/IFR and the respective guidelines issued by the EBA. The WTW Group and the firm's management have established remuneration structures to determine the overall reward and remuneration policy and to ensure that this is consistent with the achievement of the WTW Group and the firm's strategic objectives.

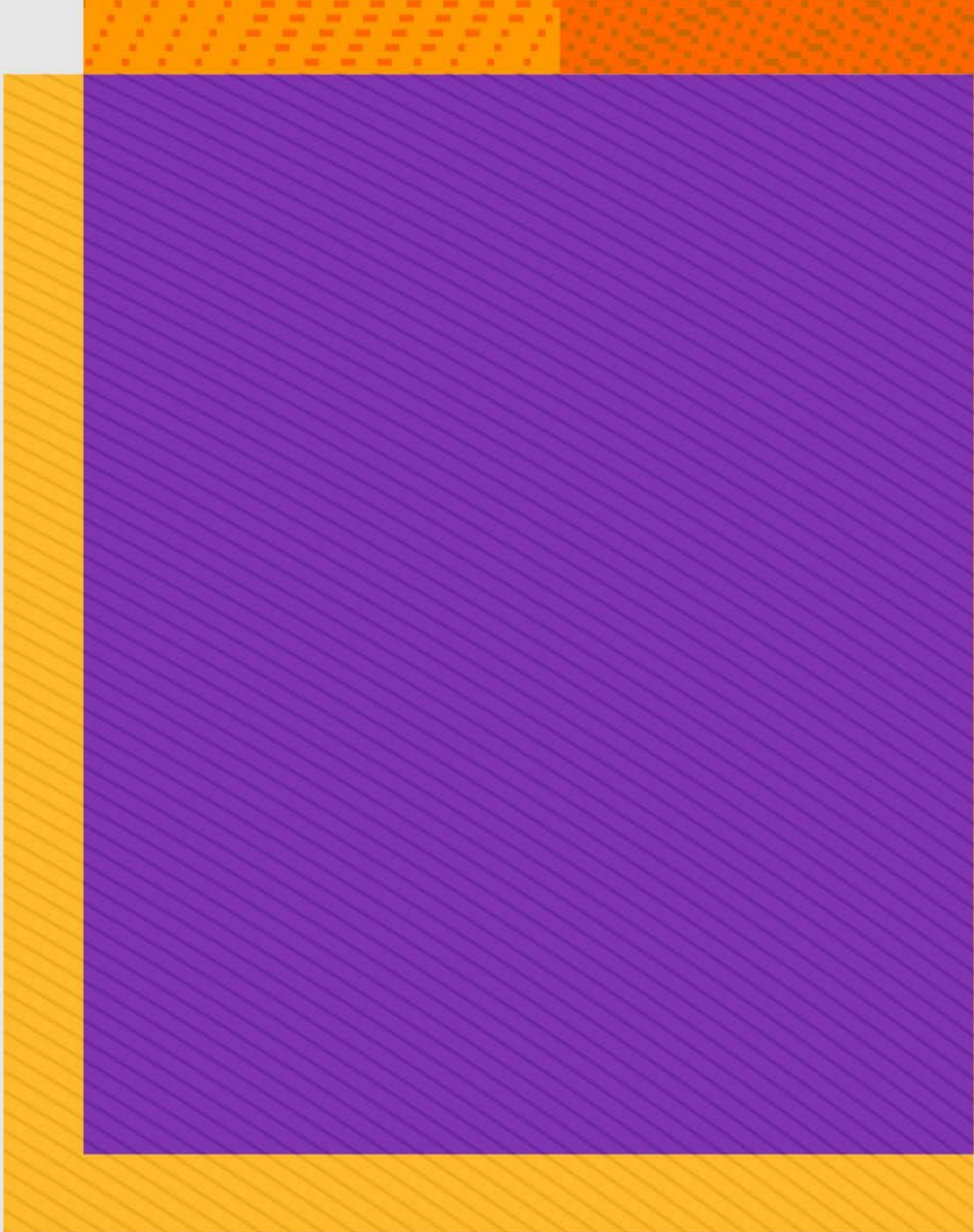
In general, remuneration practices:

- cover gender neutrality and the gender pay gap,
- will aim to reflect the risk appetite of the firm,
- will ensure there is an appropriate balance between fixed and variable components and
- will seek to avoid conflicts of interest and excessive risk taking

No individuals are involved in assessing and approving their own remuneration. Sales Staff variable remuneration is awarded based on a mix of quantitative and qualitative factors. The Independent Chairman is paid directors' fees only and does not receive variable remuneration. Remuneration for Executive Directors may include one or more of the following: salary, bonus, pension, share based compensation and other benefits. Directors and other staff may provide services to a number of WTW group entities through group secondment arrangements and all staff and Directors are remunerated by another group entity.

Further Information

Should you require further information in relation to this document, please contact the Compliance Officer, Willis HC&B Ireland, Willis Towers Watson, Elm Park, Merrion Road, Dublin 4, D04 P231. Telephone: +353 1 6616211



About WTW

At WTW (NASDAQ: WTW), we provide data-driven, insight-led solutions in the areas of people, risk and capital. Leveraging the global view and local expertise of our colleagues serving 140 countries and markets, we help you sharpen your strategy, enhance organisational resilience, motivate your workforce and maximise performance. Working shoulder to shoulder with you, we uncover opportunities for sustainable success — and provide perspective that moves you. Learn more at [wtwco.com](https://www.wtwco.com).



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