



## CONFLICT OF INTEREST MANAGEMENT POLICY

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## **1. PURPOSE**

Aon acknowledges that in building and maintaining relationships with clients, potential clients and suppliers, the offering and acceptance of financial interest may take place from time to time. Any offer or acceptance of financial interest or immaterial financial interest must at all times take place in accordance with the prevailing regulatory requirements and Aon Global policies.

The offering or acceptance of financial interest or immaterial must at all times avoid potential or actual conflict of interest. Any offer or acceptance which may influence an employee's ability to act objectively in the performance of his/her duties or from acting in a fair and unbiased manner or in the best interests of clients must be avoided.

The Aon Conflict of Interest Management Policy is intended to facilitate compliance with FAIS General Code of Conduct for Authorised Financial Services Providers and must be read in conjunction with Aon global compliance policies. In instances where a conflict may arise between these policies, the more onerous requirements must prevail.

Consideration must be given to the following Aon Global Compliance Policies:

- Aon Global Conflict of Interest Policy
- Aon Global Gift Acceptance Policy
- Client Event, Entertainment, Meals and Gifts Policy.

## **2. DEFINITIONS**

**Aon** means Aon RE Africa (Pty) Ltd ("Aon Benfield") and its subsidiary and associate companies.

**Associate** means in relation to a juristic person which is a company, any subsidiary or holding company of that company, any other subsidiary of that holding company.

**Distribution channel** means –

- Any arrangement between a product supplier or any of its associates and one of more providers or any of its associates in terms of which arrangement any support or service is provided to the provider or providers in rendering a financial service to a client;

- Any arrangement between two or more providers or any of their associates, which arrangement facilitates, supports or enhances a relationship between the provider or providers and a product supplier;
- Any arrangement between two or more product suppliers or any of their associates, which arrangement facilitates, supports or enhances a relationship between a provider or providers and a product supplier.

**Financial interest** includes cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration. This definition does not however include –

- a. ownership interest;
- b. training, that is not exclusively available to a selected group of financial services providers or representatives, on
  - i. products and legal matters relating to those products;
  - ii. general financial and industry information;
  - iii. specialised technological systems necessary for the rendering of a financial service but excludes travel and accommodation associated with that training.

**Immaterial Financial Interest** means any financial interest where the determinable monetary value, aggregated over a calendar year (January to December of each year) from the same third party does not exceed R1000 and is received by Aon and its representatives.

**Other party** means any other party with whom Aon has a potential or actual business relationship including service providers and prospective and existing clients but excluding Third Parties as defined below.

**Ownership Interest** means –

- a. any equity or proprietary interest for which fair value was paid by the owner at the time of acquisition; and
- b. includes any dividend, profit share or similar benefit derived from that equity or ownership interest.

**Representatives** means any persons registered in terms of the FAIS Act as representatives of Aon including representatives under supervision.

**Third party/parties** means any of the following:

- a. Product Suppliers (persons who issue a financial product e.g. Insurers);
- b. Other Financial Services Providers (persons licensed in terms of the Financial Advisory and Intermediary Services Act, 2002);
- c. Associates of a Product Supplier or Financial Services Providers;
- d. A Distribution Channel.

### **3. CONFLICT OF INTEREST**

**A Conflict of Interest** can arise in any situation in which Aon or any of its representatives are influenced in such a manner that it affects the objective performance of Aon or its representatives in the rendering of financial services.

A conflict of interest may furthermore prevent Aon or any of its representatives from rendering fair and unbiased financial services to clients or in a manner that is not in the best interest of clients.

A conflict can arise under a variety of different circumstances including as a result of a financial interest or ownership interest held by Aon, a representative of Aon or as a result of a relationship with a third party.

It is impossible to describe every circumstance where a conflict of interest may occur; the following general principles can assist in avoiding conflict situations:

- a. Never allow personal, financial or commercial interests to interfere with your obligation to act in the best interests of your client;
- b. Take reasonable steps to avoid situations that may give rise to conflicts of interests.
- c. If you are in doubt as to whether an actual or potential conflict of interest exists, discuss it with your manager or Compliance.

#### **4. AVOIDING CONFLICT OF INTEREST**

The FAIS General Code of Conduct for Authorised Financial Services Providers (“FAIS COC”) requires that Aon and its representatives avoid any conflict of interest between Aon and a client and / or a representative and a client but where this is not possible, to mitigate any conflict of interest.

In the event that an actual or potential conflict of interest is identified, you must report it to your manager and Compliance. A [Conflict of Interest Disclosure Document](#) is available on the intranet site for the purpose of making such disclosure.

Appropriate action will be agreed upon by the parties concerned and could include the following:

- a. Disposing of any outside business interests or investments;
- b. Taking steps to ensure that you will not make any decision that could affect Aon’s relationship with the particular clients, business partners and / or suppliers;
- c. Taking steps to have different representatives perform the work and maintaining information barriers to prevent the information of one client becoming available to another client;
- d. Disclosing your conflict of interest to all relevant parties.

Please ensure that you refer to the Aon Global Conflict of Interest Policy for further information.

#### **5. DISCLOSURE OF CONFLICT OF INTEREST**

In the event that a conflict of interest is identified, you are required in terms of the FAIS COC to disclose to the client in writing, at the earliest reasonable opportunity, the details relating to the conflict of interest.

Such disclosure must include:

- a. the action that Aon is or has taken to avoid or mitigate the conflict;
- b. Whether the conflict of interest relates to any ownership interest or financial interest that Aon or the representative is or may become eligible for;
- c. The nature of any relationship or arrangement with a third party that gives rise to the conflict with sufficient detail to enable to the client to understand the relationship and the conflict of interest.

- d. You must furthermore advise the client of the existence of Aon's Conflict of Interest Management Policy and Global Conflict of Interest Policy.
- e. Any written disclosure of a conflict of interest must be approved by both your manager and Compliance.
- f. Once you have advised your client in writing of the conflict of interest, a copy of the disclosure must be kept on the client's file for record purposes.
- g. Any agreed mitigation measures must be implemented without delay.

## **6. FINANCIAL INTEREST**

As indicated above, an actual or potential conflict of interest can arise as a result of a financial interest. Provision is therefore made in the FAIS COC for the financial interest that Aon and its representatives are permitted to receive and offer the following from or to Third Parties:

- 1. Commission authorised under the Long-term Insurance Act, Short-term Insurance Act and Medical Schemes Act;
- 2. Fees authorised in terms of the Long-term Insurance Act, Short-term Insurance Act and Medical Schemes Act, if those fees are commensurate to a service being rendered;
- 3. Fees payable by a client for financial services rendered and where the client has specifically agreed to the payment of such fees in writing and may be stopped at the discretion of the client;
- 4. Fees or remuneration for the rendering of a service to a third party, which fees or remuneration are reasonably commensurate to the service being rendered;

Immaterial Financial Interest which does not exceed R1000 in any calendar year from the same Third Party.

Aon and its representatives are prohibited from offering or accepting any Financial Interest or Immaterial Financial Interest to or from any Third Parties other than what is permitted above.

## **7. FINANCIAL INTEREST PAYABLE TO REPRESENTATIVES**

Aon may not pay any Financial Interest to its representatives for:

- a. Giving preference to the quantity of business secured to the exclusion of the quality of the service rendered to clients;
- b. Giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client;
- c. Giving preference to a specific product of a product supplier where a representative may recommend more than one product of that product supplier to a client.

Management must ensure that where incentives are payable to representatives for achieving prescribed targets, that such targets do not result in a breach of any of the above requirements

#### **8. PROCEDURE FOR OFFERING OF IMMATERIAL FINANCIAL INTEREST TO THIRD PARTIES**

Where Aon or any of its representatives intend offering any Immaterial Financial Interest to a Third Party or any of its representatives, the person extending the offer must complete the Financial Interest Declaration Form in full. The declaration form must be signed by the representative and authorised by the representative's Manager. The completed Financial Interest Declaration Form must be submitted to the Compliance Department prior to the Immaterial Financial Interest being offered to the Third Party or its representative/s.

#### **9. PROCEDURE FOR RECEIVING OF IMMATERIAL FINANCIAL INTEREST FROM THIRD PARTIES**

- a. Where Aon or any of its representatives receive an offer of any Immaterial Financial Interest from a Third Party or any of its representatives, the person receiving the offer must establish the value of the Immaterial Financial Interest prior to accepting the offer of the Immaterial Financial Interest.
- b. Each representative is responsible for keeping a record of the Immaterial Financial Interest received from any Third Party during any calendar year and for ensuring that the value of the Immaterial Financial Interest received does not exceed R1000 in any calendar year from the same Third Party.
- c. Once the representative has established that the value of the Immaterial Financial Interest does not exceed R1000 in any calendar year from the same Third Party, the representative must complete the Financial Interest Declaration Form which must be authorised by the representative's Manager. The completed Financial Interest Declaration Form must be submitted to the Compliance Department prior to the Immaterial Financial Interest being received by the Representative.

## **10. OWNERSHIP INTEREST**

A potential or actual conflict of interest can arise as a result of an ownership interest (see definition).

## **11. TRAINING AND AWARENESS**

Aon will in accordance with the requirements of the FAIS COC provide training to facilitate awareness and understanding of the conflict of interest requirements. Management is required to ensure that representatives attend training sessions as and when required.

## **12. CONSEQUENCES OF NON-COMPLIANCE**

It is important that the above procedures are strictly adhered to in order to ensure compliance with the FAIS COC. Failure to comply with the prescribed procedures could result in a material breach of the FAIS COC and representatives found to have willfully breached the regulatory requirements will face disciplinary action in accordance with the company's disciplinary policy and procedures.

### **Version Control:**

<b>No.</b>	<b>Changes</b>	<b>Date of Change</b>
1	Aon Re Africa Pty Ltd = Board Approval	11 October 2017
2	Annual 2018 Compliance review and update	20 June 2018
3	Board Approval	30 September 2018
4	Annual 2019 Compliance review and update	15 May 2019
5	Aon Re Africa (Pty) Ltd Board Approval	13 September 2019

