Conflict of Interest Management Policy and Procedure - Addendum

Aon Re Africa (Pty) Ltd

1. **Purpose**

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 the Global Personal Conflicts of Interest Policy and the Personal Conflicts of Interest Requirements. In instances where a conflict may arise between these policies, the more onerous requirements as per the local policy must prevail.

2. **Definitions**

Aon means Aon Re Africa (Pty) Ltd.

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.

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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

c) Intermediary Services Act, 2002);

d) Associates of a Product Supplier or Financial Services Providers;

e) A Distribution Channel.

3. **Avoiding Conflict of Interest**

The FAIS General Code of Conduct for Authorised Financial Services Providers ("FAIS GCOC") 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 Personal Conflicts of Interest Disclosure Form 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 Global Personal Conflicts of Interest Policy for further information.

4. **Disclosure of Conflict of Interest**

In the event that a conflict of interest is identified, you are required in terms of the FAIS GCOC 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.

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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.

5. **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 GCOC for the financial interest that Aon and its representatives are permitted to receive and offer the following from or to Third Parties: Commission authorised under the Long-term Insurance Act, Short-term Insurance Act and Medical Schemes Act;

1. 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;
2. 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;
3. 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.

6. **Financial Interest payable to representatives**

As per the FAIS requirements, 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.

7. **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.

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8. **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

d) 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.

9. **Ownership Interest**

A potential or actual conflict of interest can arise as a result of an Ownership Interest (see definition). Aon holds no Ownership Interest in any 3rd parties.

The following 3rd parties hold an Ownership Interest in Aon:

Entity	Percentage Ownership Interest
Aon Holdings B.V	70%
Brimsure (Pty) Ltd	30%

10. **Training and Awareness**

Aon will in accordance with the requirements of the FAIS GCOC 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.

11. **Consequences of Non-Compliance**

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

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Version Control:

No.	Changes	Date of Change
1.	Table at Exco for 2017 approval and presentation to next Aon Re Africa Board Meeting.	29 June 2017
2.	Annual 2018 Compliance review and update	20 June 2018
3.	Aon Re Africa Pty Ltd, Board Approval	28 November 2018
4.	Annual 2019 Compliance review and update	15 May 2019
5.	Tabled at Exco for 2019 approval and presentation at the next Aon Re Africa Board meeting	22 August 2019
6.	Annual Compliance review and update	25 March 2021
7.	Tabled at Exco for 2021 approval and presentation at the next Aon Re Africa Board meeting	31st March 2021
8.	Aon Re Africa (Pty) Ltd Board Approval	22nd April 2021
9.	Annual Compliance review and creation of Local Policy Addendum	November 2024

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