

Conflicts of Interest Management Policy

Willis South Africa Pty Ltd

May 2020



Conflicts of Interest Management Policy

Purpose

The Financial Advisory and Intermediary Services Act No.37 of 2002 (“FAIS Act”) and the General Code of Conduct for Authorised Financial Services Providers and Representatives published in Board Notice 80 of 2003 (as amended by Board Notice No.43 of 2008) (“the Code”) requires financial services providers to have a “Conflict of Interest Management Policy”.

Willis South Africa Pty Ltd (“Willis SA”), part of Willis Towers Watson (“WTW”), is an authorised financial services provider registered with the Financial Sector Conduct Authority (“Regulator”) in South Africa and is therefore required to implement this Policy.

This policy is supplementary to the **WTW Conflicts of Interest Policy** (“WTW Policy”), **WTW Insurance Broking Conflicts of Interest Policy Directory of Conflicts and Controls** (“WTW Directory”) and **WTW Code of Conduct** (“WTW Code of Conduct”).

The objective of this Conflict of Interest Management Policy is to:

- Ensure that conflicts of interest are managed appropriately within the business.
- Provide guidance on how to respond to actual and potential conflicts of interest.

Context

A conflict of interest is any situation where we are involved in multiple interests, any one of which may call our objectivity into question.

A conflict of interest, or even the appearance of a conflict, can cause harm to us, our fellow colleagues, our company, and our stakeholders.

Under the WTW Policy, the WTW Code of Conduct and the FAIS Act, Willis SA must not act in any way that conflicts with the best interests of its clients. This Policy and the Directory provided on the WTW intranet are designed to ensure that when actual or potential conflicts are encountered, they are managed effectively.

Scope

This Policy applies to **all colleagues** including those that are registered as Representatives and or Key Individuals, Directors and Officers in South Africa.

Definitions

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.

Conflict of interest means any situation in which a provider or a representative has an actual or potential interest that may, in providing a financial service to a client,

- (a) influence the objective performance of his, her or its obligations to that client; or

- (b) prevent a provider or representative from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client. This includes, but not limited to -
 - (i) a financial interest;
 - (ii) an ownership interest;
 - (iii) any relationship with a third party;

Distribution channel means:

- (a) Any arrangement between a Product Supplier or any of its Associates and one or more Providers or any of its Associates – where the support or service is in rendering a financial service to a client;
- (b) Any arrangement between two or more Providers or any of their Associates, which facilitates, supports or enhances a relationship between the Provider or Providers and a Product Supplier;
- (c) Any arrangement between two or more Product Suppliers or any of their Associates, which facilitates, supports or enhances a relationship between a Provider or Providers and a Product Supplier.

Financial interest includes cash, cash equivalent, vouchers, gifts, services, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration.

This ‘financial interest’ 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 products and legal matters relating to those products; general financial and industry information;
- (c) 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 Willis South Africa and its representatives.

Market Derived Income (MDI) is all revenue that WTW receives from insurance companies in their capacity as insurance markets (“carriers”) other than regular fees or commission received for standard (re) insurance broking services (i.e., transactional placement). MDI does not include:

- Products or consulting services provided to insurance companies in their capacity as a corporate client; this includes:
 - Revenue received from insurance companies as a corporate client relating to talent and reward, retirement, pensions, actuarial, or investment service provision;
 - Revenue received from insurance companies in their capacity as a corporate client for their own insurance placements (e.g., D&O).

Other party means any other party with whom Willis South Africa has a potential or actual business relationship including service providers and prospective and existing clients. However, this excludes Third Parties as defined below.

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

Provider means an authorised financial services provider and includes representatives (see below).

Product Supplier means any person who issues a financial product by virtue of an authority, approval or right granted to such person under any law, including the Companies Act, 61 of 1973

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

Key Individual means persons registered in terms of the FAIS Act in a management and oversight role at the financial service provider.

Third party/parties mean 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 FAIS Act;)
- (c) Associates of a Product Supplier or Financial Services Providers;
- (d) A Distribution Channel.

Nature of Conflicts of Interest

A conflict of interest may arise at the start of a relationship or at any time during the relationship.

Conflict Type	Description
Client vs Client	Where we may be unable to act in the best interests of one client without adversely affecting the interests of another client. <i>E.g. One business may work for one client on one side of a transaction and another business may work for another client involved in or with an interest in the same transaction.</i>
WTW vs Client	Our own corporate interests may conflict with a duty we have to a client. <i>E.g. One business may provide advisory services and recommend the services of products of another business within the firm or wider Company.</i>
Intra-WTW	A Willis Towers Watson entity, Director, employee or fund may benefit at the expense of another. <i>E.g. Two separate company entities or businesses competing for the same business,</i>

	<i>meaning one may gain from the loss of the other.</i>
Individual vs Client	<p>A colleague's personal interest could conflict with a duty we have to a client or their duty to us. This can include colleagues' close personal connections.</p> <p><i>E.g. Colleagues are in a position to award business or contracts to an organisation associated with a spouse / partner / close relation.</i></p>

Conflict Identification and Mitigation Approaches

What is a Conflict?

Circumstances which give rise to a Conflict of Interest are those where there are multiple differing interests, one of which could possibly corrupt the motivation of the individual or organisation to not act in the client's best interests. Potential conflicts of interest can take several forms.

Our standard conflict mitigation approaches and measures include the following:

- Segregating duties of colleagues undertaking different business activities, including separate supervision and communication protocols, and, where appropriate, physically separating teams.
- Asking conflicted colleagues to recuse themselves from working on a specific transaction or with a specific client, and involving other colleagues that are not conflicted.
- Restricting the access and availability of sensitive or confidential information within the Company (beyond our ordinary controls).
- Providing timely, detailed disclosure to affected parties of potential conflicts (if the confidentiality of another party will not be breached).
- Including conflict of interest disclosures during the recruitment process and annual colleague declarations.
- Ensuring that our colleagues are trained on and comply with WTW's Anti-Bribery & Corruption Policy, WTW Code of Conduct and WTW's Gifts, Entertainment & Hospitality (GEH) Procedures.
- Regular monitoring of the WTW GEH Procedures, including the annual immaterial financial interest threshold of R1000.
- Requiring all colleagues to disclose and seek approval of all external Director appointments, external employment and/or significant personal business pursuits that could lead to potential or actual conflicts of interest (e.g. an ownership interest in a vendor that is seeking work from Willis SA).
- Ensuring that all client engagements have signed Willis SA Terms of Business Agreements (TOBA) or Service Level Agreements (SLA) in place. These provide additional guidance, transparency and disclosures to clients.
- Undertaking risk reviews of product, service and business initiatives to identify new potential

conflicts of interest

- Complying with the WTW Sponsorships and Donations Policy and obtaining the necessary approvals.
- Complying with the WTW Code of Conduct Reporting and Whistleblowing Guidance which allows colleagues to report concerns, including breaches of this Policy.
- WTW will accept MDI in circumstances where receiving the MDI:
 - Does not conflict with the best interests of our clients;
 - Is transparent to our clients;
 - Is consistent with relevant regulations, including licensing limitations;
 - Has been approved by our MDI Committee, where applicable; and
 - Is with a market that WTW believes will provide competitive solutions for our clients.

It is Willis SA's standard practice to decline exclusivity clauses in client agreements that would prohibit Willis SA or its colleagues from working with other clients or prospective clients, such as restricting colleagues from working with other clients in the same industry. Exceptions should generally be avoided but can be pursued with the involvement of Compliance or Senior Management.

Willis SA will consider declining to act for a client in cases where Willis SA believes a conflict of interest cannot be managed.

Disclosure

If a conflict of interest is identified, Willis SA will, in writing and at the earliest reasonable opportunity, disclose the details relating to the conflict of interest to the affected party.

Such disclosure must provide details on:

- Whether the conflict of interest relates to any ownership interest or financial interest that Willis SA or the representative is or may become eligible for;
- The nature of any relationship or arrangement with a third party that gives rise to the conflict with sufficient detail to enable the client to understand the relationship and the conflict of interest; and
- The existence of Willis SA's Conflict of Interest Management Policy and the WTW Policy

Any written disclosure of a conflict of interest must be approved by both Compliance and Senior Management prior to it being disclosed to the affected party.

Once the client has been advised in writing of the conflict of interest, the disclosure must be recorded in the conflicts of interest register and a copy of the disclosure must be kept on the client' file for record purposes.

Any agreed mitigation measures must be implemented without delay.

Ownership Interest

Willis South Africa (Pty) Ltd.'s ownership interests are noted in Annexure "A"

Monitoring Reporting Guidance and Consequences of Non-Compliance

Every Willis SA colleague is responsible for compliance with this Policy. You are required to read and understand all aspects of this Policy and abide by it. Colleagues also may be required to attend periodic training on this Policy.

Compliance with this Policy is monitored by the business, Compliance and Internal Audit.

Non-compliance with this policy will be reported to senior management and may result in disciplinary action including dismissal and/or debarment with the FSCA.

Colleagues are also required to regularly confirm their understanding of, and compliance with, the **WTW Code of Conduct**, WTW Conflicts of Interest and WTW Insurance Broking Conflicts of Interest Policy Directory of Conflicts and Controls and their understanding will be assessed.

Procedures and Guidance

Guidance related to this Policy is posted on the WTW intranet.

In our insurance placement efforts, Willis SA acts as the intermediary between our clients and insurers, leading to a variety of potential conflicts that are actively considered and managed by those undertaking this work daily.

The WTW Excellence Model provides a framework for how we pursue, plan, deliver, assess and close work. We have developed several versions of this model for specific service offerings. The models summarise how we apply Excellence in all our work, provide the highest quality work products and service delivery experience for our clients, create value for our shareholders, and provide a great place for colleagues to work.

If you have any questions or concerns about conflicts and/or this Policy or related Policies, Procedures and Guidance please refer to Compliance and the resources below.

Resources

[Policy Intranet Site](#)

- The WTW Conflict of Interest Policy and Guidance
- The WTW Code of Conduct
- The Client Excellence Model (Placement Control Framework)
- The WTW Remuneration Disclosure Principles
- The WTW Gifts, Entertainment and Hospitality Procedures
- The WTW Sponsorships and Donations Policy
- The Willis Towers Watson Code of Conduct Reporting and Whistleblowing Guidance
- The WTW Market Derived Income Policy

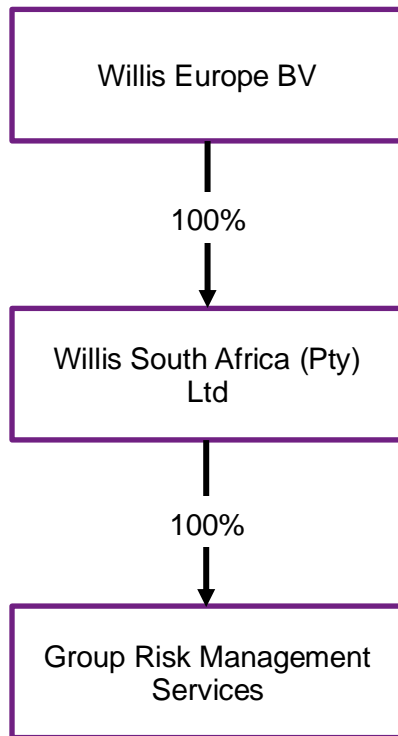
Business Function Owner: Group Compliance

Policy Owner: Rae Lutchman

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Annexure A: Ownership Interest



About Willis Towers Watson

Willis Towers Watson (NASDAQ: WLTW) is a leading global advisory, broking and solutions company that helps clients around the world turn risk into a path for growth. With roots dating to 1828, Willis Towers Watson has 45,000 employees serving more than 140 countries and markets. We design and deliver solutions that manage risk, optimize benefits, cultivate talent, and expand the power of capital to protect and strengthen institutions and individuals. Our unique perspective allows us to see the critical intersections between talent, assets and ideas – the dynamic formula that drives business performance. Together, we unlock potential. Learn more at willistowerswatson.com.

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