

Aon plc
Form DEF 14A
April 29, 2016

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
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- Soliciting Material under §240.14a-12

AON PLC

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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Notice of Annual General Meeting of Shareholders

Friday, June 24, 2016
at 8:00 a.m., British Summer Time.
Registration begins at 7:00 a.m.

Latham & Watkins LLP
99 Bishopsgate
London EC2M 3XF
United Kingdom

We are pleased to invite you to join our Board of Directors, senior leadership and other associates at the Aon plc Annual General Meeting of Shareholders.

Items of Business:

1. Re-election of 11 directors.
2. Advisory resolution on the compensation of our named executive officers.
3. Advisory resolution on the directors' remuneration report included in our U.K. annual report and accounts for the year ended December 31, 2015.
4. Receipt of our annual report and accounts for the year ended December 31, 2015 (the "Annual Report").
5. Ratification of appointment of Ernst & Young LLP as our independent registered public accounting firm.
6. Re-appoint Ernst & Young LLP ("Ernst & Young UK") as our U.K. statutory auditor.
7. Authorize the directors to determine the remuneration of Ernst & Young UK, in its capacity as our U.K. statutory auditor.
8. Approval of form of share repurchase contract and repurchase counterparties.
9. Authorize our directors, in accordance with section 551 of the U.K. Companies Act 2006 (the "Act"), to exercise all powers of the Company to allot shares in the Company and to grant rights to subscribe for or convert any security into, shares in the Company.
10. Authorize our directors, in accordance with section 570 of the Act, to allot equity securities (as defined in section 560 of the Act) for cash without the rights of preemption provided by section 561 of the Act.
11. Authorize the Company and its subsidiaries, in accordance with sections 366 and 367 of the Act, to make political donations and expenditures.

Who Can Vote:

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Holders of Class A Ordinary Shares as of the close of business on April 26, 2016 can vote at the annual meeting. Your vote is important. Please vote your shares by mail, over the Internet, or by telephone as soon as possible, or in person at the annual meeting.

How to Vote:

Holders of Class A Ordinary Shares may vote by mail, over the Internet, by telephone, or in person at the annual meeting. See "Questions and Answers About the 2016 Annual General Meeting and Voting How do I vote?" on page 83 of the proxy statement.

Attending the Meeting:

Shareholders who wish to attend the meeting in person should review page 86.

Date of Mailing:

This notice and proxy statement is being mailed or made available to shareholders on or about May 6, 2016.

We urge you to read the attached proxy statement for additional information concerning the matters to be considered at this meeting.

By Order of the Board of Directors,

Peter Lieb
Company Secretary
April 29, 2016

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Proxy Summary

The following summary highlights information contained elsewhere in the proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement before voting. For more complete information regarding the Company's 2015 performance, please review the Company's Annual Report on Form 10-K for the year ended December 31, 2015.

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Voting Matters

Shareholders are being asked to vote on the following matters at the Annual General Meeting of Shareholders (the "Annual Meeting").

Proposal 1. Re-election of Directors (page 10)**FOR each nominee**

The Board of Directors (the "Board") and the Governance/Nominating Committee believe that the 11 nominees possess the necessary qualifications to provide effective oversight of the business and quality advice and counsel to the Company's management.

Proposal 2. Advisory Resolution on Executive Compensation (page 28)**FOR**

The Company seeks a non-binding advisory vote from its shareholders to approve the compensation of its named executive officers as described in this proxy statement. The Board values shareholders' opinions, and the Organization and Compensation Committee will take into account the outcome of the advisory vote when considering future executive compensation.

Proposal 3. Advisory Resolution on Directors' Remuneration Report (page 66)**FOR**

The Company seeks a non-binding advisory vote from its shareholders to approve the directors' remuneration report as set forth in Appendix A to this proxy statement. The Board and the Organization and Compensation Committee value shareholders' opinions and will take into account the outcome of the advisory vote when considering future executive director and non-executive director compensation programs.

Proposal 4. Resolution to Receive the Company's Annual Report and Accounts (page 67)**FOR**

The Board is required to present at the meeting the Company's U.K. audited annual accounts and related directors' and auditor's reports for the year ended December 31, 2015 (the "Annual Report").

Proposal 5. Resolution Regarding the Ratification of Appointment of Independent Registered Public Accounting Firm (page 67)**FOR**

The Audit Committee and the Board believe that the continued retention of Ernst & Young LLP ("Ernst & Young US") to serve as the independent registered accounting firm for the fiscal year ending December 31, 2016 is in the best interests of the Company and its shareholders. As a matter of good corporate governance, shareholders are being asked to ratify the Audit Committee's selection of Ernst & Young US as the Company's independent registered accounting firm.

Proposal 6. Resolution Re-Appointing Ernst & Young UK as the Company's U.K. Statutory Auditor Under the Act (page 68)**FOR**

The Audit Committee and the Board believe that the continued retention of Ernst & Young UK to serve as our U.K. statutory auditor for the fiscal year ending December 31, 2016 and until the conclusion of the next annual general meeting of the Company at which accounts are laid, is in the best interests of the Company and its shareholders. If this proposal does not receive the affirmative vote of the holders of a majority of the shares entitled to vote and present in person or represented by proxy at the Annual Meeting, the Board may appoint an auditor to fill the vacancy.

Proposal 7. Resolution to Authorize the Board of Directors to Determine the Company's U.K. Statutory Auditor's Remuneration (page 68)**FOR**

The remuneration of our U.K. statutory auditor must be fixed in a general meeting or in such manner as may be determined in a general meeting. We are asking our shareholders to authorize the Board to determine Ernst & Young UK's remuneration as our U.K. statutory auditor. It is proposed that the Board would delegate the authority to determine the remuneration of the U.K. statutory auditor to the Audit Committee in accordance with the Board's procedures and applicable law.

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Voting Matters (continued)

Proposal 8. Resolution to Approve Forms of Share Repurchase Contracts and Repurchase Counterparties (page 69) **FOR**

Under the Act, we may only repurchase our Class A Ordinary Shares in accordance with specific procedures for "off market purchases" of such shares. This is because, and solely for the purposes of the Act, any repurchase of our Class A Ordinary Shares through the NYSE constitutes an "off market" transaction. As such, these repurchases may only be made pursuant to a form of share repurchase contract which has been approved by our shareholders. In addition, we must only conduct share repurchases through counterparties approved by our shareholders. The Company seeks the approval for two forms of share repurchase contract as set forth in Appendix B and Appendix C.

Proposal 9. Resolution to Authorize the Board to Allot Equity Securities (page 71) **FOR**

The ordinary resolution proposed in Proposal 9 is required periodically under the Act and is customary for public limited companies incorporated under the laws of England and Wales. The Company proposes that our shareholders authorize our directors to generally and unconditionally, subject to the provisions of our Articles of Association (the "Articles") and the Act, to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company (1) up to an aggregate nominal amount of US\$875,000; and (2) up to a further aggregate nominal amount of US\$875,000 of equity securities by way of a rights issue, provided that our directors shall be authorized to make an offer or agreement which would or might require shares to be allotted, or rights to subscribe for or convert any security into shares in the Company to be granted, after expiry of this authority and the directors may allot shares and grant rights in pursuance of that offer or agreement as if this authority had not expired.

Proposal 10. Special Resolution to Authorize the Board to Allot Equity Securities Without Preemptive Rights (page 73) **FOR**

The special resolution proposed in Proposal 10 is required periodically under the Act and is customary for public limited companies incorporated under the laws of England and Wales. The Company proposes that, subject to the passing of the resolution included in Proposal 9, our directors be generally empowered to allot equity securities pursuant to the authority conferred by Proposal 9 for cash free of the restrictions in section 561 of the Act. This resolution would give the directors the ability to raise additional capital by selling Class A Ordinary Shares for cash or conduct a rights issue without first offering them to existing shareholders in proportion to their existing shareholdings.

Proposal 11. Resolution to Authorize the Company and Its Subsidiaries to Make Political Donations and Expenditures (page 75) **FOR**

The resolution proposed in Proposal 11 is customary for public limited companies incorporated under the laws of England and Wales. The Company proposes that the Company and all its subsidiaries be generally and unconditionally authorized for the purposes of sections 366 and 367 of the Act, in accordance with section 366 of the Act, to (1) make political donations to political parties or independent election candidates not exceeding \$150,000 in aggregate; (2) make political donations to political organizations other than political parties not exceeding \$150,000 in aggregate; and (3) incur political expenditures not exceeding \$150,000 in aggregate; during the period beginning on the date of the passing of this resolution and expiring at the next annual general meeting of the Company. The Company maintains a policy prohibiting donations to political organizations or from incurring other political expenditures and our directors have no intention of changing that policy.

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Certain Proposals Mandated by English Law

Certain proposals on which you are being asked to vote are customary or required for public limited companies incorporated in England and Wales to present to shareholders at each annual general meeting. These proposals may be unfamiliar to shareholders accustomed to proxy statements for companies organized in other jurisdictions. Specifically, proposals 3 and 4, as well as proposals 6 through 11, are customary proposals, and may be mandated by English law. Similar proposals were presented to shareholders and approved at prior annual general meetings.

Corporate Governance Highlights

Aon's commitment to good corporate governance is integral to our business. Highlights of our strong corporate governance practices include:

| | | | |
|--|--|---|---|
| Annual election of directors | Separation of Board Chairman and CEO functions | Strong Board oversight of risk management programs | Robust share ownership guidelines for directors and senior executives |
| 10 of 11 directors are independent | Directors elected by a majority of votes cast in an uncontested election | Incentive-based compensation programs linked to performance | Prohibition on hedging and pledging transactions by directors and senior executives |
| Regular executive sessions of the Board and its committees | Shareholder ability to call a special meeting | Adoption of an incentive repayment policy | |

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Director Nominees

| | | | | | | | | | |
|----------------------|----|------|----------|----------|----------|----------|----------|----------|---|
| Lester B. Knight * | 57 | 1999 | | | C | C | | | 0 |
| Gregory C. Case | 53 | 2005 | | | | X | | | 1 |
| Fulvio Conti * | 68 | 2008 | | | X | X | C | | 0 |
| Cheryl A. Francis * | 62 | 2010 | | X | | | X | | 2 |
| James W. Leng * | 70 | 2014 | X | | | | | X | 1 |
| J. Michael Losh * | 69 | 2003 | C | | X | X | X | | 3 |
| Robert S. Morrison | 74 | 2000 | X | X | | | | | 1 |
| * | | | | | | | | | |
| Richard B. Myers * | 74 | 2006 | X | X | | | | X | 2 |
| Richard C. Notebaert | 68 | 1998 | | C | X | X | X | | 1 |
| * | | | | | | | | | |
| Gloria Santona * | 65 | 2004 | X | | X | | | C | 0 |
| Carolyn Y. Woo * | 62 | 1998 | X | X | | | | X | 1 |

*Independent Director **C** = Chair **X** = Member

1. **A** = Audit Committee; **OC** = Organization and Compensation Committee; **GN** = Governance/Nominating Committee; **E** = Executive Committee; **F** = Finance Committee; **C** = Compliance Sub-Committee

2. Number of other public company boards on which the director sits.

2015 Company Performance Highlights

In 2015, we again delivered strong performance despite both macro-economic and industry specific headwinds. Results reflect solid earnings per share growth and record free cash flow generation, while delivering solid organic revenue growth and continuing to increase adjusted operating margins in both segments to record levels. We continue to execute on our goals of strategically investing in client-serving capabilities and long-term growth opportunities across our portfolio, managing expenses and effectively allocating capital to the highest return.

Further, we returned \$1.9 billion of capital to shareholders in 2015 through share repurchase and dividends, highlighting our strong cash flow generation and effective allocation of capital.

We believe we are strongly positioned for continued long-term value creation through further improvements in operating performance and strong free cash flow generation coupled with significant financial flexibility.

In assessing our performance, we focus on four key non-GAAP metrics that we communicate to shareholders: organic growth, expansion of adjusted operating margins, increase in adjusted diluted earnings per share, and increased free cash flow. A reconciliation of these metrics are set forth on pages 28 through 31 and 41 to 42 of our Annual Report on Form 10-K for the year ended December 31, 2015. The following is our measure of performance against these four metrics for 2015:

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2015 Executive Compensation Highlights

Leadership Performance Program. In early 2016, we settled performance share units granted to our NEOs in 2013 under our eighth LPP cycle. The settlement of those units in Class A Ordinary Shares was contingent upon achieving adjusted earnings per share of at least \$13.01 (threshold performance) over the performance period from January 1, 2013 to December 31, 2015, and reflects achievement of adjusted earnings per share of \$16.51, which exceeded the target earnings per share of \$13.80 as well as the stretch target earnings per share of \$14.51. Also in 2015, we granted performance share units under LPP 10 to each of our NEOs, which will be settled in 2018 contingent upon the Company's adjusted earnings per share performance over the January 1, 2015 to December 31, 2017 performance period.

Annual Incentive Compensation. Annual incentive bonuses for 2015 were paid to our NEOs in early 2016 following the Company's achievement of adjusted operating income of \$2,338 million. Actual incentive bonuses paid to our NEOs reflected our application of the incentive pool funding guidelines adopted by the Compensation Committee (which are based on a comparison of current year adjusted operating income results against the prior year), as well as the Committee's evaluation of each NEO's contributions to our business and financial results, delivery of key strategic initiatives, and personal leadership qualities. Once determined, annual incentives to our NEOs were paid 35% in the form of cash and 65% in the form of time-vested restricted stock units, in order to provide value to our executives that is tied to the long-term performance of the Company.