

COMPANY POLICY ON TREATING CUSTOMERS FAIRLY

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Background

Treating Customers Fairly (TCF) is an outcome-based regulatory and supervisory approach designed to ensure that specific, clearly articulated fairness outcomes for financial services consumers are delivered by regulated financial firms. Firms are expected to demonstrate that they deliver the following 6 TCF Outcomes to their customers throughout the product life cycle, from product design and promotion, through advice and servicing, to complaints and claims handling – and throughout the product value chain:

Object of the policy

- Customers can be confident they are dealing with firms where TCF is central to the corporate culture
- Products & services marketed and sold in the retail market are designed to meet the needs of identified customer groups and are targeted accordingly
- Customers are provided with clear information and kept appropriately informed before, during and after point of sale
- Where advice is given, it is suitable and takes account of customer circumstances
- Products perform as firms have led customers to expect, and service is of an acceptable standard and as they have been led to expect
- Customers do not face unreasonable post-sale barriers imposed by firms to change product, switch providers, submit a claim or make a complaint.

Processes and internal controls

OUTCOME 1 - CUSTOMERS CAN BE CONFIDENT THEY ARE DEALING WITH FIRMS WHERE TCF IS CENTRAL TO THE CORPORATE CULTURE

- 1.1 The FSP will ensure that TCF is central to its corporate culture and will endeavor to treat a customer as each employee would themselves want to be treated as a customer.
- 1.2 Regular meetings will be held with all staff members to ensure that the FSP presents a unified approach in the fair treatment of customers
- 1.3 The FSP will ensure that it complies fully with section 2 of the General Code of Conduct which reads:

“A provider must at all times render financial services honestly, fairly, with due skill, care and diligence, and in the interest of clients and the integrity of the financial services industry”

- 1.4 The FSP will ensure that due diligence is done on all businesses before contracting with them

OUTCOME 2 - PRODUCTS & SERVICES MARKETING AND SOLD IN THE RETAIL MARKET ARE DESIGNED TO MEET THE NEEDS OF IDENTIFIED CUSTOMER GROUPS AND ARE TARGETED ACCORDINGLY

- 2.1 The FSP will ensure that it understands its' clients, their financial situation and their financial needs
- 2.2 The FSP will ensure that products match the needs of clients
- 2.1.1 The FSP will ensure that where applicable a suitability analysis will be conducted in terms of in terms of Section 8 of the General Code of Conduct which reads:

“8. Suitability

(1) A provider other than a direct marketer, must, prior to providing a client with advice-

(a) take reasonable steps to seek from the client appropriate and available information regarding the client's financial situation, financial product experience and objectives to enable the provider to provide the client with appropriate advice;

- (b) conduct an analysis, for purposes of the advice, based on the information obtained;***
- (c) identify the financial product or products that will be appropriate to the client's risk profile and financial needs, subject to the limitations imposed on the provider under the Act or any contractual arrangement; and***
- (d) where the financial product ("the replacement product") is to replace an existing financial product wholly or partially ("the terminated product") held by the client, fully disclose to the client the actual and potential financial implications, costs and consequences of such a replacement, including, where applicable, full details of-***
- (i) fees and charges in respect of the replacement product compared to those in respect of the terminated product;***
 - (ii) special terms and conditions, exclusions of liability, waiting periods, loadings, penalties, excesses, restrictions or circumstances in which benefits will not be provided, which may be applicable to the replacement product compared to those applicable to the terminated product;***
 - (iii) in the case of an insurance product, the impact of age and health changes on the premium payable;***
 - (iv) material differences between the investment risk of the replacement product and the terminated product;***
 - (v) penalties or unrecovered expenses deductible or payable due to termination of the terminated product***
 - (vi) to what extent the replacement product is readily realisable or the relevant funds accessible, compared to the terminated product;***
 - (vii) vested rights, minimum guaranteed benefits or other guarantees or benefits which will be lost as a result of the replacement; and;***

- (viii) *any incentive, remuneration, consideration, commission, fee or brokerages received, directly or indirectly, by the provider on the terminated product and any incentive, remuneration, consideration, commission, fee or brokerages payable, directly or indirectly, to the provider on the replacement product where the provider rendered financial services on both the terminated and replacement product.*
 - (ix) *take reasonable steps to establish whether the financial product identified is wholly or partially a replacement for an existing financial product of the client and if it is such a replacement, the provider must comply with subparagraph (d).*
- (2) *The provider must take reasonable steps to ensure that the client understands the advice and that the client is in a position to make an informed decision.*
- (3) *A provider providing advice to a client to replace an existing long-term insurance contract or policy with any other financial product must at the earliest practicable opportunity after providing such advice, but in any event no later than the date on which any transaction requirement is submitted to a product supplier in respect of any replacement product, notify the issuer of the existing and the replacement long-term insurance contract or policy of such advice.*
- (4) *Where a client-*
 - (a) *has not provided all information requested by a provider furnishing advice, as part of the analysis referred to in subsection (1)(b), or where the provider has been unable to conduct such an analysis because in the light of the circumstances surrounding the case, there was not reasonably sufficient time to do so, the provider must fully inform the client thereof and ensure that the client clearly understands that-*
 - (i) *a full analysis in respect of the client referred to in subsection (1)(b) could not be undertaken;*

- (ii) *there may be limitations on the appropriateness of the advice provided;*
and
 - (iii) *the client should take particular care to consider on its own whether the advice is appropriate considering the client's objectives, financial situation and particular needs; or*
- (b) *elects to conclude a transaction that differs from that recommended by the provider, or otherwise elects not to follow the advice furnished, or elects to receive more limited information or advice than the provider is able to provide, the provider must alert the client as soon as reasonably possible of the clear existence of any risk to the client, and must advise the client to take particular care to consider whether any product selected is appropriate to the client's needs, objectives and circumstances*

OUTCOME 3 - CUSTOMERS ARE PROVIDED WITH CLEAR INFORMATION AND KEPT APPROPRIATELY INFORMED BEFORE, DURING AND AFTER POINT OF SALE

3.1 The FSP will provide all clients with explanations of the products

3.2 The clients will be kept informed of the processes and information required by the product suppliers

3.3 The FSP will at the earliest reasonable opportunity disclose in writing all of the information required in terms of Section 7 of the General Code of Conduct which reads:

“ (1) Subject to the provisions of this Code, a provider other than a direct marketer, must-

- (a) *provide a reasonable and appropriate general explanation of the nature and material terms of the relevant contract or transaction to a client, and generally make full and frank disclosure of any information that would reasonably be expected to enable the client to make an informed decision;*

- (b) whenever reasonable and appropriate, provide to the client any material contractual information and any material illustrations, projections or forecasts in the possession of the provider;**
- (c) in particular, at the earliest reasonable opportunity, provide, where applicable, full and appropriate information of the following:**

 - (i) Name, class or type of financial product concerned;**
 - (ii) nature and extent of benefits to be provided, including details of the manner in which such benefits are derived or calculated and the manner in which they will accrue or be paid;**
 - (iii) where the financial product is marketed or positioned as an investment or as having an investment component-**
- (aa) concise details of the manner in which the value of the investment is determined, including concise details of any underlying assets or other financial instruments;**
- (bb) separate disclosure (and not mere disclosure of an all-inclusive fee or charge) of any charges and fees to be levied against the product, including-**

(A) the amount and frequency thereof;

(B) the identity of the recipient;

(C) the services or other purpose for which each fee or charge is levied;

(D) where any charges or fees are to be levied in respect of investment performance, details of the frequency, performance measurement period (including any part of the period prior to the client's particular investment) and performance benchmarks or other criteria applicable to such charges or fees; and

(E) where the specific structure of the product entails other underlying financial products, disclosure must be made in such a manner as to enable the client to determine the net investment amount ultimately invested for the benefit of the client; and

- (cc) *on request, information concerning the past investment performance of the product over periods and at intervals which are reasonable with regard to the type of product involved including a warning that past performances are not necessarily indicative of future performances;*
- (dd) *any rebate arrangements and thereafter on a regular basis (but not less frequently than annually): Provided that where the rebate arrangement is initially disclosed in percentage terms, an example using actual monetary amounts must be given and disclosure in specific monetary terms must be made at the earliest reasonable opportunity thereafter: Provided further that for the purposes of this subparagraph, “rebate means a discount on the administration, management or any other fee that is passed through to the client, whether by reduced fees, the purchase of additional investments or direct payment, and that the term “rebate” must be used in the disclosure concerned, to describe any arrangement complying with this definition, and the disclosure must include an explanation of the arrangement in line with this definition;*
- (ee) *any platform fee arrangements, which may be disclosed by informing the client that a platform fee of up to a stated percentage may be paid by the product supplier to the administrative financial services provider concerned, rather than disclosing the actual monetary amount: Provided that for the purposes of this subparagraph, “platform fee” means a payment by a product supplier to an administrative financial services provider for the administration and/or distribution and/or marketing cost savings represented by the distribution opportunity presented by the administrative platform, and may be structured as a stipulated monetary amount or a volume based percentage of assets held on the platform, and that the term “platform fee” must be used in the disclosure concerned, to describe any arrangement complying with this definition, and the disclosure must include an explanation of the arrangement in line with this definition.*
- (iv) *the nature and extent of monetary obligations assumed by the client, directly or indirectly, in favor of the product supplier, including the manner of payment or discharge thereof, the frequency thereof, the consequences of non-compliance*

and, subject to subparagraph (xiv), any anticipated or contractual escalations, increases or additions;

- (v) the nature and extent of monetary obligations assumed by the client, directly or indirectly, in favor of the provider, including the manner of payment or discharge thereof, the frequency thereof, and the consequences of non-compliance*
- (vi) the nature, extent and frequency of any incentive, remuneration, consideration, commission, fee or brokerages ("valuable consideration"), which will or may become payable to the provider, directly or indirectly, by any product supplier or any person other than the client, or for which the provider may become eligible, as a result of rendering of the financial service, as well as the identity of the product supplier or other person providing or offering the valuable consideration: Provided that where the maximum amount or rate of such valuable consideration is prescribed by any law, the provider may (subject to clause 3(1)(a)(vii)) elect to disclose either the actual amount applicable or such prescribed maximum amount or rate.;*
- (vii) concise details of any special terms or conditions, exclusions of liability, waiting periods, loadings, penalties, excesses, restrictions or circumstances in which benefits will not be provided;*
- (viii) any guaranteed minimum benefits or other guarantees;*
- (ix) to what extent the product is readily realizable or the funds concerned are accessible;*
- (x) any restrictions on or penalties for early termination of or withdrawal from the product, or other effects, if any, of such termination or withdrawal;*
- (xi) material tax considerations;*
- (xii) whether cooling off rights are offered and, if so, procedures for the exercise of such rights;*

- (xiii) *any material investment or other risks associated with the product, including any risk of loss of any capital amount(s) invested due to market fluctuations; and*
- (xiv) *in the case of an insurance product in respect of which provision is made for increase of premiums, the amount of the increased premium for the first five years and thereafter on a five year basis but not exceeding twenty years;*
- (d) *fully inform a client in regard to the completion or submission of any transaction requirement-*
- (i) *that all material facts must be accurately and properly disclosed, and that the accuracy and completeness of all answers, statements or other information provided by or on behalf of the client, are the client's own responsibility;*
- (ii) *that if the provider completes or submits any transaction requirement on behalf of the client, the client should be satisfied as to the accuracy and completeness of the details;*
- (iv) *of the possible consequences of the misrepresentation or non-disclosure of a material fact or the inclusion of incorrect information; and*
- (v) *that the client must on request be supplied with a copy or written or printed record of any transaction requirement within a reasonable time.*
- (2) *No provider may in the course of the rendering of a financial service request any client to sign any written or printed form or document unless all details required to be inserted thereon by the client or on behalf of the client have already been inserted.*
- (3) *A provider must, where applicable, at the request of a client, provide the client with a statement of account in connection with any financial service rendered to the client.*
- (4) *A provider who has provided advice to a client or is rendering ongoing financial services to the client in respect of one or more financial products, must on a regular basis (but not less frequently than annually) provide the client with a written statement identifying such*

products where they are still in existence, and providing brief current details (where applicable), of -

- (a) any ongoing monetary obligations of the client in respect of such products;*
- (b) the main benefits provided by the products;*
- (c) where any product was marketed or positioned as an investment or as having an investment component, the value of the investment and the amount of such value which is accessible to the client; and*
- (d) any ongoing incentives, consideration, commission, fee or brokerage payable to the provider in respect of such products:*

Provided that such a statement need not be provided where the client is aware, or ought reasonably to be aware, that the provider concerned does not render or has ceased rendering ongoing financial services in respect of the client or the products concerned.

OUTCOME 4 - WHERE ADVICE IS GIVEN, IT IS SUITABLE AND TAKES ACCOUNT OF CUSTOMER CIRCUMSTANCES

- 4.1 The FSP will conduct a suitability analysis in terms of section 8 of the General Code of Conduct
- 4.2 The FSP will where applicable check the client's needs against the recommendations made
- 4.3 The FSP will ensure that a comprehensive written record of advice is given to the client
- 4.4 The FSP will conduct a comprehensive comparison when replacing a product and will ensure that this comparison is provided to the client in writing

OUTCOME 5 –PRODUCTS PERFORM AS FIRMS HAVE LED CUSTOMERS TO EXPECT, AND SERVICE IS OF AN ACCEPTABLE STANDARD AND AS THEY HAVE BEEN LED TO EXPECT

- 5.1 Where applicable product performance will be checked before recommendations are made to clients?
- 5.2 The FSP will ensure that service provided by product suppliers to clients after contracting stage is suitable, and in those instances where the client is dissatisfied, the FSP will address the issue relating to same with the product provider .

OUTCOME 6 - CUSTOMERS DO NOT FACE UNREASONABLE POST-SALE BARRIERS IMPOSED BY FIRMS TO CHANGE PRODUCT, SWITCH PROVIDERS, SUBMIT A CLAIM OR MAKE A COMPLAINT.

- 6.1 The FSP will ensure that proper disclosure is made to the client in respect of claims and complaints procedures and the relevant contact details will be provided to clients .
- 6.2 The FSP has developed and implemented an appropriate process to manage customer complaints.
- 6.3 The FSP will regularly monitor and internally report on the effectiveness of the complaints process
- 6.4 The FSP's internal complaints procedure is adopted as part of its TCF policy and reference to same will be made in ensuring compliance with outcome 6

With regards to entities that are not involved in the rendering of advice, despite not having direct interaction with clients, the actions of the FSP nevertheless impact on complaints which may arise. In order to ensure that clients are treated in accordance with outcome 6, it is imperative that the FSP employ processes to ensure that possible issues of dissatisfaction are identified and addressed. This can be done effectively through proper complaints resolution processes. As part of the complaints resolution process the following specific areas should be included:

- *Complaints relating to the design of a product or service*
- *Complaints relating to information provided*
- *Complaints relating to advice*
- *Complaints relating to product performance*
- *Complaints relating to customer service*
- *Complaints relating to product accessibility, changes or Switches*
- *Complaints relating to complaints handling*
- *Complaints relating to insurance risk claims*

Mission statement on Treating Customers Fairly

The FSP is committed to ensuring that all business conducted in accordance with good business practice. To this end the FSP conducts business in an ethical and equitable manner and in accordance with the applicable TCF outcomes. Like any financial services provider, the FSP is potentially exposed to complaints and customer dissatisfaction in relation to various activities.

However, Treating Customers fairly is our primary concern and so our policy sets out the procedures to be followed

Training and staff

All employees and representatives are required to read this policy and sign a statement to the effect that they have done so and fully understand the provisions of both documents and the application thereof.

Comprehensive training on Treating Customers Fairly will be provided to all employees as part of general FAIS training.

Training will be incorporated as part of all new appointees' induction and refresher training provided on an annual basis.

The FSP will appoint a TCF champion who will conduct ad hoc checks on business transactions to ensure the policy has been complied with.

Non-compliance will be subject to disciplinary procedures in terms of the FAIS Act and employment conditions and such can ultimately result in debarment or dismissal as applicable.

This policy shall be reviewed annually and updated if applicable.