



TREATING CUSTOMERS FAIRLY POLICY

What is TCF?

TCF stands for Treating Customers Fairly. All FSP's are required to incorporate the 6 TCF outcomes into their business operations.

The outcomes:

OUTCOME 1

Clients are confident that they are dealing with FSP's where the fair treatment of clients is central to the FSP's culture. This outcome deals with the FSP's culture and governance.

This requires that:

- Management have conducted a review of the main business processes to identify areas requiring improved TCF outcomes;
- TCF objectives have been communicated to all staff across the business;
- All staff members whose roles require delivery of the TCF outcomes have been identified;
- Performance evaluation criteria incorporate TCF objectives and are applied at all levels;
- Staff members undergo TCF training;
- A process is in place for assessing staff and managements understanding of TCF and the FSP's TCF commitments;
- Management in all areas of business that contribute to the provision of financial services to retail customers understand their role in delivering TCF outcomes to those customers;
- Delivery of the TCF outcomes is part of the FSP's culture;
- The planning processes explicitly makes allowance for considering TCF implications in any new or changed strategies and processes;
- The current strategic plan includes TCF deliverables;
- For approval of a business case or project expenditure motivation, that TCF implications be considered;
- There are accessible forums or structures in place through which staff and management are able to debate TCF matters, or to which TCF concerns or questions can be raised;
- Remuneration is linked to the achievement of TCF objectives at all levels;
- Reward and recognition processes have been revised in light of TCF objectives;
- Processes are in place for identifying and reporting TCF risks or failures to management;
- The management of TCF and market conduct risks are formally included in the risk management framework;
- There is ongoing evaluation of whether the FSP's governance framework as a whole, has been effective in achieving the TCF outcomes;
- There are consequences (such as training, re-assignment or disciplinary action) for staff or management who do not achieve the TCF deliverables.

The above requirements are necessary to ensure that all existing measures have been reviewed and new measures identified where necessary. There should be mechanisms in place to monitor and respond to changes in the economic environment as well as in the regulatory universe to enable the FSP to pro-actively identify TCF related risks.

Questions to be asked:

1. Has the FSP thought about TCF and how they treat their clients?
2. If you were your own client, would you be happy with the treatment you receive?
3. Does the FSP and its staff talk about the treatment of clients, and is there a unified approach?
4. How does the FSP currently comply with Section 2 of the GCOC?

OUTCOME 2

Financial services and products rendered to clients are designed to meet the needs of clients. This outcome deals with product and service design.

This requires that:

- When designing or selecting a product to distribute or administer, the FSP identifies the particular customer groups the product will be suitable for;
- The FSP obtains information from the product provider regarding which customer groups the product suits;
- The FSP provides its staff and representatives with information regarding the customer groups suited to the product;
- The FSP is satisfied that its distribution and/or administration methods are suitable for the product and its target group while taking into account the risks associated with the product;
- The FSP's product approval or product selection process includes assessing the suitability of suitably related products or services for the identified customer group;
- The FSP has processes in place to ensure the fair treatment of customers with regards to bundled and "add-on" products or services, including ensuring that these products or services are appropriately targeted to the needs of the customer groups provided for;
- The FSP has processes in place to ensure the fair treatment of customers with regards to customer incentives such as loyalty programmes, bonuses or discounts, including mitigating any conflict-of-interest risks;
- The FSP's product approval or selection process includes management confirmation that a product adequately meets the TCF outcomes, including the requirement that it will perform as customers are led to expect;
- The FSP tracks sales to determine whether products are in fact sold to identified customer groups;
- The FSP has processes in place to mitigate risks where it becomes apparent that the product or distribution and/or administration method is not suitable for the identified customer group, or that the product has been distributed to inappropriate customer target groups;

- The FSP monitors complaints and communicates them to the product provider.

Questions to be asked:

1. Does the FSP understand its clients, their financial situations and needs?
2. Does the FSP understand what the products really do, and how they match their clients' needs?
3. Does the FSP do a due diligence on all products / providers the FSP offers?
4. Does the FSP do a suitability analysis in terms of Section 8 of the GCOC?

OUTCOME 3

Clients receive clear information and are kept appropriately informed before, during and after the time the financial service is rendered. This outcome deals with disclosure.

This requires:

- The FSP assess the clarity, appropriateness and fairness of product information provided to customers, whether produced by the FSP or others;
- The FSP has an approval process for all product related information that entails management sign-off;
- The FSP tests the product information for its clarity with the target audience before issuing it;
- The FSP has a risk mitigation process in place regarding inaccurate, unfair or misleading information about its products or services provided by third parties;
- The FSP has a process in place to ensure any information they provide regarding another provider's products or services are accurate, fair and not misleading;
- The FSP has a process in place to rectify the situation where it becomes apparent that any product information already in circulation is inaccurate, unclear, unfair or misleading;
- The FSP regularly reviews standardized product information used, to ensure that it remains accurate, fair and not misleading;
- The FSP monitors and acts on feedback, complaints and suggestions received from customers or staff that identify the need for improvement in product information;
- The FSP has processes in place to ensure relevant and adequate product information is provided to customers, to enable them to make an informed decision as to whether to enter into the relevant contract;
- The FSP provides existing customers with key information on their products on a regular, ongoing basis after contracting, through appropriate channels;
- The FSP ensures that customers are informed of any recent or pending changes to their products, contractual events or any actions required from them, in sufficient time to enable them to reasonably respond to or act on the information;
- The FSP controls the accuracy and quality of any once-off of non-standard product information provided by staff or representatives;
- The FSP maintains up-to-date contact details of their existing customers;

- The FSP ensures that customers have current and accessible contact points if they need product or service information or need to reach the FSP for any reason;
- The FSP has accurate, retrievable, secure records of all product information provided to the customers and any other material interactions with the customers.

Questions to be asked:

1. Does the FSP use clear explanations of the products when talking to customers?
2. Does the FSP keep customers informed of the processes and information required by product providers?
3. Does the FSP guide clients about the information required by product providers?
4. How does the FSP disclose information in terms of Section 7 of the GCOC?

OUTCOME 4

Where clients receive advice, the advice is suitable and takes into account their circumstances. This outcome deals with the suitability of advice.

This requires that:

- Before deciding to market a product, the FSP assesses whether they have the appropriate skills and business processes in place to provide advice and services that will be suitable for the target market and product concerned;
- Before contracting with any product provider to market their products, the FSP conducts a due diligence to satisfy themselves that the products and service levels are likely to meet the FSP's customers reasonable expectations;
- The FSP insist that the product provider provide the FSP's representatives with adequate product training to enable them to suitably advise on the products;
- The FSP has controls in place to prevent its representatives providing advice on products they have not received training on;
- The FSP monitors feedback or complaints received from customers, product providers or third parties regarding the quality of advice received from its representatives, to identify any training needs and/or risks of inappropriate advice;
- The FSP has processes in place to identify instances and mitigate the risk to customers where representatives have provided inappropriate advice or misleading information to customers;
- The FSP further monitors potential TCF indicators such as insurance claims experience, product retention / early termination data, investment portfolio switching, type and frequency of product changes etc. in relation to the customers associated with the FSP's representatives, to identify and mitigate risks of inappropriate advice or poor customer outcomes attributable to the representative concerned;
- The FSP provides feedback to providers and third parties in relation to any aspects of their products or services which inhibit the FSP's ability to provide suitable advice or deliver the TCF outcomes to customers;
- The FSP has controls in place to identify and address any conflicts of interest between the FSP, its customers and product providers whose products are marketed by the FSP;

- Clear TCF measures are included in the criteria the FSP's representatives are required to satisfy, to meet remuneration or incentive targets, regardless of whether those targets are set by the FSP or the product provider;
- There are clear agreements between the FSP and the product providers, setting out their respective responsibilities in relation to providing customers with advice, information and service support. These agreements are structured to ensure that customers understand who they should look to in relation to different aspects of the financial products or services provided to them;
- The FSP has controls in place to identify and act on instances where its representatives have provided unauthorized advice, either in terms of their contract or mandate with the FSP or product provider, or as a result of non-compliance with the FSP's FAIS license conditions or other legal requirements;
- The FSP has a policy in place for fair compensation of customers who have been financially prejudiced as a result of inappropriate advice provided by the representatives;
- The FSP monitors published decisions of the Ombud, guidance from the FSB and other relevant information sources in relation to advice practices, to ensure that its controls and practices in relation to this TCF outcome remain relevant and effective.

Questions to ask:

1. Does the FSP conduct a suitability analysis in terms of Section 8 of the GCOC?
2. Does the FSP check its customers' needs against the recommendations?
3. Does the FSP's ROA comply with the GCOC and contain all required disclosures?
4. Does the FSP consider all requirements relating to the replacement of products?

OUTCOME 5

Clients have products that perform as FSPs told them it would, and the service is at an acceptable standard and what they expect. This outcome deals with performance and service against expectations.

- This requires that:
- Processes are in place to mitigate risks to customers identified by the FSP's ongoing monitoring of environmental, economic and regulatory developments that could impact on the extent to which products will meet customers reasonable benefit expectations;
- The FSP analyses the product retention / portfolio switching / early termination behaviour of its customers to identify risks that products or services are not meeting expectations created;
- Processes are in place to alert customers to the risks of certain actions, such as early termination, non-payment of contributions portfolio switches, benefit reductions, in reasonable time for them to respond to or act on the information;
- Processes are in place to alert customers of the risks of non-action on their part, such as failure to review insurance cover needs, investment goals and risk profiles etc.;
- The FSP has clear service standards in place for customers and communicates it to them;
- The FSP monitors and acts on feedback, complaints and suggestions received by customers or staff that identify the need for improvement in service standards;

- Processes are in place to mitigate risks to customers when it becomes apparent that products are not performing or are unlikely to perform as they have been led to expect;
- Processes are in place to protect the confidentiality of all customer information.

Questions to be asked:

1. Does the FSP check the performance of the product before it recommends it to the customer?
2. Is the service provided by the product provider to the customer after contracting, satisfactory?
3. Does the FSP give feedback to product providers about their services and products?

OUTCOME 6

Clients do not face unreasonable post sale barriers to change products, switch providers, submit a claim or make a complaint. This outcome deals with claims, complaints and changes.

This requires that:

- The FSP informs clients of the types of changes they may make to their products if their needs or circumstances change and of any important limitations on their ability to access funds or make changes;
- When the FSP becomes aware of a change in the customers' needs or circumstances, the FSP informs them of changes they may consider making to their products to meet their changed requirements;
- The FSP has clear service standards in place for processing product changes and communicates these to the customers;
- Where a request for a product change has been declined, the FSP provides the customer with clear reasons as to why;
- When the FSP receives a request to change a product, they inform the customer of any potential risks associated with the change, in reasonable time for the customer to respond or act on the information;
- The FSP has clear service standards in place for processing switches to other providers and communicates these to customers;
- When the FSP receives a request for a switch, they inform the customer of any potential risks associated with that switch;
- The FSP tests its claims and/or disbursement handling process to ensure that it is suitable for the product and target customer group concerned;
- The FSP informs the customers at all times of how to submit a claim or disbursement request, of its service standards for claims and disbursement processing and what information is needed to process the claim or request;
- The FSP informs customers prior to contracting, when claims or disbursements will not be processed and explains the customers obligations in this regard;
- Once the FSP receives a claim, they keep the customer informed of the progress thereof;
- Where a claim is wholly or partially repudiated, or a disbursement request is declined, the FSP gives the customer clear reasons as to why, with supporting evidence where relevant and what steps need to be taken in order to have the decision reviewed;

- The FSP has specific training in place for claims and disbursement processing staff;
- The FSP analyses types of claims and repudiation experience of the representatives to identify any mis-selling risks;
- The FSP tests its complaints handling process to ensure it is accessible and appropriate for customers;
- The FSP informs customers of how to complain and of options for further recourse if they are dissatisfied with the outcome of a complaint;
- Once a complaint has been received, the FSP keeps the customer informed of progress;
- When responding to a complaint, the FSP provides clear reasons for their response, with supporting evidence where relevant;
- Where a request for redress is wholly or partially declined, the FSP informs the customer of what steps they can take to have the decision reviewed;
- The FSP has clear service standards in place for processing complaints and it communicates this to customers;
- The FSP has training in place for complaints handling staff;
- Complaints processes are structured to ensure that decisions will be objective, consistent for similar complaints and that decision makers do not have a conflict of interest;
- Follow up processes are in place to determine customer satisfaction levels after complaints are finalized.

Questions to ask:

1. When the FSP provides after sale services, is it easy for clients to contact them for assistance?
2. Does the FSP make it a priority to assist clients who have complaints?
3. Does the FSP help clients when they contact service providers for any service after contracting?

CONCLUSION

The fair treatment of customers is central to 40four Finance (Pty) Ltd culture and customers are confident in that they are dealing with us when obtaining any form of financial advice. TCF is about an ethical way of doing business in a sustainable manner.

We encourage our staff to live out our Core Purpose and Values.

TCF is an ongoing process where we as 40four Finance (Pty) Ltd strives to change the way in which financial planning is done and how clients perceive and experience to financial planning, products and advice.

ANNUAL REVIEW

We commit to reviewing and updating the policy regularly.

Retha Joubert

Name and Surname

Key Individual

Capacity

10/10/24

Date of approval

Signature of approver

