Treating Customers Fairly Policy

Introduction and Purpose

The FSP has implemented the TFC policy on the back of the UK regulator's implementation of its own TCF policy and utilises verbatim the wording of the 6 desired fairness outcomes prescribed by the FSCA. It is of course necessary to consider circumstances unique to South Africa when implementing the policy. Examples of this might be the low levels of basic and financial literacy that exist in SA which may place these customers at a higher risk of consumer exploitation.

Definition

The six TCF outcomes apply to every firm authorised by the FCSA and are designed to act as overarching principles to firms' conduct in dealing with customers. The outcomes require every firm to pay due regard to the interests of their customers and treat them fairly.

The six outcomes are:

Outcome 1 - consumers can be confident that they are dealing with firms where TCF is central to the corporate culture;

Outcome 2 - products and services are designed to meet the needs of identified consumer groups and targeted accordingly;

Outcome 3 - consumers are provided with clear information and kept appropriately informed before, during and after the point of sale;

Outcome 4 -where consumers receive advice, it is suitable and takes account of their circumstances;

Outcome 5 - consumers are provided with products that perform as firms have led them to expect, and the associated service is both of an acceptable standard and as they have been led to expect; and

Outcome 6 - there are no unreasonable post-sale barriers imposed by firms when consumers want to change product, switch provider, submit a claim or make a complaint.

In a nutshell, the TCF policy aims to promote consumer protection and fairness by:

- Ensuring that customers fully understand the features, benefits, risks and costs of the financial products they buy; and
- Minimising the possibility of the sale of unsuitable products by encouraging best practice before, during and after a sale.

Application

All employees.

Policy

The senior management at IDAD Africa are committed to ensuring that they meet the requirements of Principle 6. In adopting the TCF principle IDAD Africa is aiming to:-

- Act honestly, fairly and with due skill care and diligence in conducting their activities;
- Act in the best interests of its clients and investor;
- Treat all investors fairly and protect the interests of investors at each stage of the product cycle, from promotion right through to after-sales service;
- Have a product approval process in place to evidence products have a prospect of delivering economic value to investors;
- Ensure that products are designed to meet the needs of a clear target market and distributors are selected to access this market;
- Ensure its marketing documentation is clear, fair and not misleading and presents a balance promotion of the benefits and associated risks of subscribing to IDAD Africa's products;
- Carefully select distributors and ensure they are provided with adequate information in order to make suitable recommendations to their clients on investing in IDAD Africa's products;
- Keep its customers informed on the performance of their investments and alert them if performance is significantly different than expected;
- Ensure IDAD Africa maintains appropriate records to enable the firm to demonstrate it has met its TCF obligations;
- Monitoring activity in distribution channels to assess that each product is being delivered to the target market;
- Listen to feedback from its clients, distributors, staff and investors to identify areas where its service could be improved.
- Analyse the root cause of disputes and complaints in order to identify areas where IDAD Africa's delivery of customer fairness outcomes can be improved.

Procedure

- IDAD Africa has considered six areas of TCF focus which they believe to have the highest impact and to be relevant to the nature, scale and complexity of the business. The following outlines the key risk areas and the procedures IDAD Africa will have in place to monitor, manage and mitigate these risks.

Senior Management Responsibilities (Outcome 1)

- The responsibility of delivering TCF lies with the senior management of IDAD Africa. The senior management of IDAD Africa possess adequate collective knowledge, skills and experience to be able to understand its activities, in particular the main risks involved in those activities and assets in which its products are invested. The members of the governing body commit sufficient time to properly perform their functions. Each member of the governing body is aware of their obligation to act with honesty, integrity and independence of mind.

  The following measures will be in place to demonstrate that we will have the culture in place to ensure customers are treated fairly.

- **Governance** – The terms of reference for the governing body of IDAD Africa makes it clear it is ultimately responsible for compliance with its regulatory obligations, reviewing relevant management information relating to its responsibilities and periodically reviewing policies, procedures and arrangements to comply with its obligations. Prior to co-manufacturing or distributing a product the governing body will need to approve the product by documenting a product governance checklist which demonstrates products have been stress tested, the target market positive and negative has been decided along with an appropriate distribution strategy.

- **Management Information (MI)** - will be used by the senior management to analyse what is going on in the firm and where practices could be improved. Each item of MI will be linked, where relevant to the customer outcomes. It will be qualitative as well as quantitative and include analysis and comment and details of trends. MI will be produced quarterly and discussed by the senior management. A draft MI framework is attached Appendix A.
- **Conflicts of Interest Policy** – IDAD Africa implements a conflicts of interest policy with the purpose of identifying, managing, monitoring and reviewing all actual and potential conflicts of interests in the business.

- **Training and Competence of Staff** – IDAD Africa will only employ personnel with the skills, knowledge and expertise to carry out its business. IDAD Africa's existing senior management all have significant experience and are all deemed competent to perform controlled functions for the firm. The small size of IDAD Africa will allow senior management to be very aware of the competencies of all staff. Management will devote adequate resources to the induction and training for all relevant staff. An annual training needs analysis will be completed for each member of staff. This will set out training and development for the year ahead. Once agreed, management will regularly review progress against training plans.

- **Independent challenge** - As part of a schedule of quarterly compliance monitoring visits senior management will discuss its TCF strategy and action plan with its compliance consultants. Any items raised as a result of the compliance consultants quarterly compliance report will be added to the TCF action plan and reviewed monthly/quarterly by senior management and then by its compliance consultant during the next quarterly visit to ensure progress is made against recommendations.

- **Feedback** – The senior management will monitor feedback from its business partners, staff and customers in order to verify its own conclusions on TCF.

Marketing (Outcomes 2 and 3)

IDAD Africa's target market is outlined in a product governance checklist that is reviewed for approval on issuance of a product and then periodically reviewed. IDAD Africa will not be providing personal recommendations as to the suitability of an investor subscribing to the fund itself. In its role as co-manufacturer and distributor IDAD Africa will produce product documentation and market this to prospective customers.

Relationships with Distributors (Outcomes 4 and 5)

IDAD Africa will carefully select any business partners it would like to distribute and provide advice to or deal on behalf of customers investing in its products. IDAD Africa will ensure that its distributors are provided with adequate information so that they can understand IDAD Africa's products in order to provide suitable advice or decisions to deal for the end customer. IDAD Africa will review what is occurring at its distribution channels against its expectations. IDAD Africa will cease involvement with distributors who do not meet IDAD Africa's standards.

IDAD Africa will encourage potential investors to seek independent financial advice prior to investing in its products. IDAD Africa will therefore have a responsibility to build relationships with IFAs and wealth managers (distributors) in order to:

- Understand their business models and knowledge and understanding of advising on IDAD's type of schemes.
- Provide education and training in its schemes and the risks involved in making an investment.

- Keep distributors informed on developments relating to its schemes.
- Track volumes/trends to identify unusual trends in terms of sales volumes and
- investigate instances of particularly high volume through individual channels.
- Consider themes arising in particular channels such as requests for redemption, complaints and root cause.

We will have an obligation to consider the above information and determine whether a relationship with a particular distributor is creating a risk to achieving positive consumer outcomes.

Post Sale Obligations (Outcome 5 and 6)

IDAD Africa has an obligation to ensure that customers are provided with products that perform as per expectations and that there are measures in place to allow customers to mitigate consumer detriment. In order to test that improved consumer outcomes are being delivered we intend to do the following.

- Periodic reporting – IDAD Africa is obliged to report on the performance of investments to its clients. IDAD Africa will monitor whether performance of the investments vary materially from the expectations expressed at the point of sale. IDAD Africa will be open with its customers and inform them of material changes and outline their options.
- Complaints – IDAD Africa will handle any complaints made to it promptly and professionally. The following complaints date will be important to IDAD Africa in measuring all TCF outcomes: ○ Number of complaints received and their outcome in accordance with internal complaints handling procedure. In order to demonstrate fairness IDAD Africa will be looking for low levels of complaints in proportion to total sales and where they do exist that they are dealt with in a timely manner and in accordance with procedures. IDAD Africa will also assess the level of referral to the FSCA and the outcome from such investigations.
- Reasons for complaints along with commentary on themes, root causes and identified actions. In order to demonstrate fairness IDAD Africa will be looking for no themed issues on complaints from our root cause analysis.
- As part of our quarterly compliance review we will use our compliance consultants to perform a quality check on complaint cases to assess the consistency and logic of decisions made.
- Where themes are identified from the above analysis, we will ensure that follow up action.

Appendix A – TCF Management Information Matrix

Consumer Outcome	Management Information	Success Measurement
Outcome 1 - consumers can be confident that they are dealing with firms where TCF is central to the corporate culture.	Governing Body Control, TCF Self-assessment/gap analysis and action plan. Conflict of Interests Management Training and competence: - Staff competence recorded and progress against training and competence plans and completed CPD. - Details of retraining required, or action taken against staff who do not comply. - Details of due diligence on distribution channels, product training, meetings, assessment of competence. Independent Compliance consultants' reports.	Governing Body Meets: Periodically to consider TCF issues. Minutes are produced with Action points allocated and followed up on. Governing body periodically reviews the effectiveness of policies, procedures and arrangements that demonstrate TCF. New issues identified for TCF action plan, allocated with a risk rating, owner and milestone for delivery. Conflicts of interest are being appropriately identified, logged and managed with relevant disclosures made as required. High overall pass rates on staff competence to include: Training completed successfully and on time, Regulatory rounds and updates to compliance manual read and understood, industry reading completed. Low levels of staff re-training or lack of engagement on TCF. Distributors understand and engage on TCF, demonstrate understanding of products and competence to advise. Findings from review and progress on implementation of compliance consultant recommendations.

Outcome 2 - products and services are designed to meet the needs of identified consumer groups and targeted accordingly.	Results of sample of client classification. Volume trend analysis against forecasts (data on sales against forecasts, client requests for redemption, subscriptions not taken up against targets). Complaints - note complaints data relating to product design from 6 below. Feedback - % of feedback which did not show high level of understanding of marketing materials relating to products, services and risks.	All clients classified correctly as either professional or eligible counterparty. High client retention/product take up could be an indicator that products are understood by client base and targeted appropriately. No themed issues from root- cause analysis. Where themed issues are identified action taken is identified and reported. Distributors and Customers demonstrate a good level of understanding of marketing materials, in particular relating to products, services and risks.
Outcome 3 - consumers are provided with clear information and kept appropriately informed before, during and after the point of sale;	Compliance and Third-Party review of financial promotions and scheme documentation. Compliance supervision of marketing and promotional activities to clients. Feedback – assimilate and feedback from customers, distributors, third party advisers. Rule Breaches/Complaints - note complaints data from 6 below on financial promotions.	High level of clarity and accuracy of written communications. High level of clarity and accuracy of oral communications with customers. Balanced presentation of fact given and no personal recommendations. Customer and stakeholder feedback demonstrates good understanding of information provided. No themed issues from root- cause analysis. Where themed issues are identified action taken is identified and reported.

Outcome 4 - where consumers receive advice, it is suitable and takes account of their circumstances	N/A. IDAD Africa will be selecting distributors to access the target market.	N/A. IDAD Africa will be selecting distributors to access the target market.
Outcome 5 - consumers are provided with products that perform as firms have led them to expect, and the associated service is both of an acceptable standard and as they have been led to expect; and	Products are delivering economic value to customers in the target market. Complaints - Note complaints data from outcome 6 on expectations and service. Review of distribution channels.	Minimum Annual review verifies that products are delivering economic value. No themed issues from root-cause analysis. Where themed issues are identified action taken is identified and reported. Distributors acting in compliance with regulatory obligations.
Outcome 6 - there are no unreasonable post-sale barriers imposed by firms when consumers want to change product, switch provider, submit a claim or make a complaint.	Review Complaints Data, such as: - Number of all complaints received in proportion to total sales. - category of complaint broken down by scheme and advisor. - number upheld and rejected. - Trends in complaints since last report - Root cause analysis what is the root cause analysis of complaints telling us? Timeliness - % complaints not dealt with timescales/procedures Independent review - results of compliance consultant review of complaints handling. Requests for redemption and action taken.	No themed issues from root-cause analysis. Where themed issues are identified action taken is identified and reported. Complaints handled within service standards. Firm communicating effectively with clients on complaints. Low levels of requests for redemption.