

## POLICY

NORTHWOOD respects the Regulator's mission to maintain a sound financial investment environment in South Africa and acknowledge its mandate to promote the:

- fair treatment of consumers of financial services and products
- financial soundness of financial institutions
- systematic stability of financial industries
- integrity of financial markets and institutions

To this end we welcome the TCF initiative and commit ourselves to align our organisational culture and business processes in such a way as to ensure that the six outcomes of TCF are at all times achieved.

The six outcomes of treating clients fairly will be achieved by our organisation through ensuring that:

- **CULTURE:** Our clients are at all times confident that their fair treatment is central to our corporate culture.
- **PRODUCTS & SERVICES:** Any products and services marketed and sold by us in the retail market are designed to meet the needs of identified client groups and that any related targeting of our clients is done so in accordance with this standard.
- **CLEAR AND APPROPRIATE INFORMATION:** Our clients are at all times provided with clear information and are kept appropriately informed before, during and after the point of sale.
- **CUSTOMER ADVICE:** Where our clients receive advice, that the advice is suitable and takes into account the individual client's circumstances.
- **PRODUCT PERFORMANCE EXPECTATIONS:** Our clients are provided with products that performs as we have led them to expect and that any associated services is also of the standard that we have led them to expect
- **POST SALE BARRIERS:** Our clients do not face any unreasonable post-sale barriers should they wish to change their products, switch to another FSP, submit a claim or submit a complaint about our services.

### 1. TCF CULTURE

It is our committed objective to ensure that all our clients or potential clients can be confident that they are dealing with an institution where the fair treatment of clients is central to the corporate culture. We use our best efforts to ensure that at all times we, our staff members and representatives render financial services honestly, fairly, with due skill, care and diligence, and in the interests of clients and the integrity of the financial services industry. Delivery of the TCF outcomes is a core feature of the FSP's stated values, code of conduct and ethics policy.

To this end we implemented the following procedures to achieve our policy objectives:

- Senior management has adopted TCF deliverables and have been allocated specific responsibilities in terms thereof and they understand their respective roles in delivering TCF outcomes to those clients. We regularly review our main business processes with a view to identifying areas that may require improved TCF deliverables.

- Oversight of the TCF delivery has been assigned to the structures responsible for risk management and compliance who will report on a regular basis to the governing body.
- We have established accessible forums or structures through which staff members and management are able to debate TCF related matters and refer any TCF questions or concerns. Our TCF Policy was communicated to all our staff and we regularly assess their understanding of the principles.
- We communicate transparently with our stakeholders (including the Regulator) on our progress in achieving TCF outcomes. We also have mechanisms in place to respond to changes in the broader environment – such as economic and regulatory developments – to enable us to pro-actively identify TCF related risks.

## **2. PRODUCTS AND SERVICES**

We provide advice and intermediary services to individuals and institutions governed by mandates as agreed with our clients upfront.

Our product approval and product selection processes also include the careful consideration of the elements listed below:

- When designing a product or selecting a product to distribute or to administer, we identify the particular client groups for which the product can be considered suitable.
- We obtain information from the product supplier regarding client groups in respect of which the product is regarded as most suitable.
- We provide our staff members and representatives with information and guidance to determine the client group/s in respect of whom the products are best suited.
- In determining whether our distribution and administration methods are suitable for the product and target market, we take into account all known and foreseeable risks associated with the product.
- We have measures in place to identify and mitigate risks that a product or service may pose to particular client groups.
- When approving or selecting any product for distribution:
  - we assess the suitability of any promotional or other material that has been designed for the identified client group
  - we assess the suitability of any related and optional (bundled and "add-on") products or services for the identified client group
- Moreover, should any product be selected that includes bundled or "add-on" products or services, we confirm that there are processes in place to ensure the fair treatment of clients or members with regard to such bundled and "add-on" products or services, including ensuring that these products or services are appropriately targeted to the needs of client groups for which they are provided.
- We have measures in place to evaluate the client groups' financial understanding of products or services offered or provided to them.
- We track sales to determine whether products are in fact sold to the identified client groups.

- We have processes in place to mitigate risks where it becomes apparent that the product or the distribution or the administration method, or any combination of these elements, was not suitable for the identified client group, or that the product has been distributed to inappropriate client target groups.

### **3. CLEAR AND APPROPRIATE INFORMATION**

- We assess the clarity, appropriateness and fairness of product information provided to clients, whether such information is produced by ourselves or by others and all product related information requires sign-off by senior management.
- We have implemented appropriate risk mitigation procedures that are designed to address any inaccurate, unfair or misleading information about our products or services that may be provided to clients by third parties.
- We have implemented appropriate procedures to ensure that any information we provide regarding any other party's products or services is accurate, clear, and fair and is not misleading.
- We have implemented appropriate procedures to ensure that we are able, as far as reasonably possible, to rectify any situation where it becomes apparent that any product information already in circulation (whether produced by the FSP or not) is inaccurate, unclear, or unfair or is misleading.
- We regularly review standardised product information we use (whether produced by the FSP or not) to ensure that it remains accurate, clear and appropriate to the applicable client groups.
- We monitor and act on feedback, complaints and suggestions received from clients, staff members or any other parties that communicate the need for improvement in product information.
- We have a process in place to ensure relevant and adequate product information is provided to our clients, whether by our own staff members / representatives or by other parties, at an appropriate time to enable them to make an informed decision as to whether to enter into the relevant contract.
- We provide all existing clients with written statements quarterly that identify any financial products that have been acquired by that client and where such products are still in existence.
- A documented Record of Advice as provided for in section 9 of the General Code of Conduct (Board Notice 80 of 2003 as amended) is maintained for each and every transaction entered into with any client and a copy of the applicable record of advice is handed to each client upon completion of the transaction.
- We ensure that clients are informed of any recent or pending changes to our products, contractual events or any actions required from them, and that such information is provided in sufficient time to enable any client to reasonably respond to or act on that information.
- To the extent applicable, we control the accuracy and quality of any once-off or non-standard product information provided by staff members or representatives to clients or potential clients.
- We maintain up-to-date contact details of all our existing clients.
- We ensure that clients have current and accessible contact points if they need product or service information or need to get in contact with our functional departments for any reason.
- We have accurate, retrievable, secure records of all product information we have provided to clients and any other material interactions with clients.

#### 4. CUSTOMER ADVICE

- Prior to making any decision to market a particular product, we assess whether or not we have the appropriate skills and business processes in place to render the appropriate financial service and that the particular product will be suitable for the target market and client concerned.
- Prior to contracting with any product supplier to market their products, we conduct an appropriate level of due diligence to satisfy ourselves that their products and service levels are likely to meet our clients' reasonable expectations.
- We insist that product suppliers provide our representatives with adequate training on the specific products we market to enable them to render suitable financial services on those products.
- We have controls in place to prevent our representatives from rendering any financial services to any client in respect of products for which adequate product training has not been provided.
- Prior to contracting with any product supplier to market their products, we make appropriate arrangements to ensure that the FSP and our representatives will have reasonable access to any product information required from the product supplier to enable all parties to render suitable and appropriate financial services to clients and potential clients.
- In order to ensure that the highest level of financial services are rendered to our clients and potential clients, we identify any risk of inappropriate financial service and we monitor feedback or complaints received from clients, product suppliers or other third parties regarding the quality of financial service they may have received from our representatives.
- We have implemented procedures to identify instances where our representatives have provided inappropriate advice or misleading information to clients and have implemented further procedures that seek to mitigate the risk to clients should such events occur.
- We monitor potential TCF indicators such as insurance claims experience, product retention / early termination data, investment portfolio switching, type and frequency of product changes in relation to the clients associated with our representatives, in order to identify and mitigate risks of any inappropriate financial services or poor client outcomes attributable to the representatives concerned.
- We provide product suppliers and other third parties in the client value chain with feedback in relation to any aspects of their products or services which inhibit our ability to provide suitable advice or the delivery of other TCF outcomes to clients.
- We have controls in place to identify and address any conflicts of interest between ourselves, our clients and product suppliers whose products we market.
- There are clear agreements between ourselves and any product suppliers whose products we market that set out our respective responsibilities in relation to providing clients with appropriate financial services, information and service support. These agreements are structured to ensure that clients understand who they should look to in relation to different aspects of the financial products or service provided to them.
- We have controls in place to identify and act on instances where our representatives have provided advice which they are not authorised to provide, either in terms of their specific contract or mandate with us and/or with any product supplier, or as a result of non-compliance with our FAIS licence conditions or other legal requirements.
- We monitor the published decisions of the FAIS Ombud, communications from the Regulator and any other relevant information sources in relation to advice practices, to ensure that our controls and practices in relation to this TCF outcome remain relevant and effective.

## **5. PRODUCT/SERVICE PERFORMANCE**

- Processes are in place to mitigate the risk that products and services are unable to satisfy the reasonable expectations of clients.
- We analyse the product retention / portfolio switching / early termination behaviour of our clients to identify the possible risk that products or services are not meeting expectations.
- Processes are in place to alert clients to the risks resultant from their actions (such as early termination of a product, non-payment of contributions, investment portfolio switches, and benefit reductions) in reasonable time for them to respond to or act on the information.
- Processes are in place to alert clients to the risks of non-action on their part, such as a failure to review insurance cover needs, investment goals, risk profiles and beneficiary nominations.
- We have clear service standards in place for client service processes and communicate these to our clients.
- We monitor and act on feedback, complaints and suggestions received from clients, intermediaries and staff members that identify the need for improvements in our services or service standards.
- Where it becomes apparent that products are not performing or are unlikely to perform as clients have been led to expect, we have implemented processes to mitigate the risks to our clients.
- Processes are in place to protect the confidentiality of all client information.
- We have clear agreements in place regarding the division of responsibilities between the various parties to ensure the fair treatment of clients.
- We conduct an appropriate level of due diligence on any such third party, before dealing with them, to satisfy ourselves that TCF outcomes are adhered to and that the products and / or service levels, as the case may be, are likely to be as clients (and we) have been led to expect.
- We regularly monitor the third party's client treatment standards, including how the third party meets client expectations.
- Processes are in place to mitigate the risks to our clients where it becomes apparent that a third party's products are not in fact performing as clients (and we) have been led to expect by that third party or where it becomes apparent that service from the third party is not of an acceptable or agreed upon standard.

## **6. POST SALE BARRIERS**

- We inform our clients (in good time, not only on request) of the types of permissible changes they may make to their products if their individual needs or circumstances change and of any important limitations on their ability to access funds or to make amendments to any product.
- When we become aware of any changes to a client's needs or circumstances (including affordability difficulties), we inform such client of possible product changes that are available to them in order to meet their changed requirements.
- We have clear service standards in place for processing switches or product changes to other providers and communicate these to our clients. We will inform our clients of the potential risks associated with the switch.

- We have a robust complaints management and record keeping process in place. Both our clients and our staff are aware of the process. We are committed to communicate to our clients through all stages of the complaints process and keep them properly informed. We ensure that there are no conflicts of interest in our process and that all decisions are based on objective facts and data.