

Lucrative Exchange (Pty) Ltd

Treating Customers Fairly (TCF) Policy

LUCRATIVE
EXCHANGE

Business Overview

Management and Key Individual Responsibilities

The Key Individual is responsible for maintaining an ethical environment and will:

1. Explain to employees why compliance with these standards is important.
2. Encourage discussion of Standard Operating Procedures and any related circumstances.
3. Respond promptly and properly to employee concerns.
4. Act immediately and appropriately if employees break the law or the standards in our Compliance policies and procedures.

Our Commitment to Treating Customers Fairly

Lucrative Exchange respects the Regulator's mission to maintain a sound financial environment in South Africa and acknowledges its mandate to promote the following:

- 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, Lucrative Exchange welcomes the TCF initiative and commits itself to align its 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 TCF OUTCOMES

Outcome 1: Clients are confident that they are dealing with firms where the fair treatment of clients is central to the firm culture.

Policy Statement

It is our committed objective to ensure that all our clients or potential clients can be confident that they are dealing with our FSP where the fair treatment of clients is central to our culture. We use our best efforts to always ensure that 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 our values, code of conduct, and ethics policy, and is embedded throughout our DNA.

Procedures implemented to achieve the policy objectives:

- Adherence to the TCF deliverables is monitored as part of our Compliance Monitoring Programme.
- We ensure on a bi-annual basis that accurate, meaningful, and timely Management Information has been produced during the period and that senior management acts accordingly.
- Existing tests within our Compliance monitoring Programme aid us in demonstrating our level of compliance and adherence to the TCF outcomes.
- Where there are TCF action points, these will be documented and carried over to a further (minuted) meeting.
- Lucrative Exchange has established accessible structures through which staff members and management are able to debate TCF-related matters and refer any TCF questions or concerns to the senior management or appointed risk committee.
- The management of TCF and market conduct risks are formally included in the risk management framework of the organisation and are regularly monitored and supervised by the senior management and independently monitored by a Compliance Officer.
- We have mechanisms in place to monitor and respond to changes in the broader environment such as economic and regulatory developments to enable us to proactively identify TCF-related risks.
- All staff members (including senior management) whose roles require the delivery of TCF outcomes have been established.
- Staff members undergo training on TCF by way of induction and annual training, to familiarise and to act as a refresher on the TCF principles as set out in this policy.
- All staff members are aware of the requirement to treat clients fairly. This Policy has been circulated to all staff members and staff members are encouraged to make suggestions to our TCF Champion on how the treatment of our clients might be further enhanced.

Outcome 2: Products and services marketed and sold in the retail market are designed to meet the needs of identified client groups and are targeted accordingly.

- We develop and provide advice and certain intermediary services on products that fall within the categories and sub-categories of the financial products listed in Annexure A.
- When designing a product or selecting a product to distribute or to administer, we identify the client and or groups for which the product can be considered suitable whilst taking into consideration needs and various risk factors.
- We obtain information from the product supplier regarding clients in respect of which the product is regarded as most suitable.
- In determining whether our distribution and administration methods are suitable for the product and target market, we consider all known and foreseeable risks associated with the product.
- When development and management of products and services are done, we have measures in place to ensure that the requirements and expectations of the identified client.
- We have measures in place to evaluate the client groups' financial understanding of products or services offered or provided to them.
- We have measures in place to ensure that the client group has enough information available to them to make an informed decision in selecting products or services.

Outcome 3: Clients are provided with clear information and are kept appropriately informed before, during, and after the point of sale.

- We assess the clarity, appropriateness, and fairness of product information provided to clients, whether such information is produced by us or by others, and all product-related information requires signing off by senior management.
- 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 regularly review standardised product information we use to ensure that it remains accurate, clear, and appropriate to the applicable clients.
- 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 the relevant contract.

- We provide all existing clients with written statements at least once a year that identify any financial products that have been acquired by that client and where such products are still in existence. Such statements provide brief current details (where applicable) of:
 - Any ongoing monetary obligations of the client in respect of such products.
 - The main benefits provided by the products.
 - 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.
- 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 transaction entered with any client and documented within individual client files. 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.
- 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.

Outcome 4: Where clients receive advice, the advice is suitable and takes account of their circumstances.

- Prior to making any decision to market a particular product, we assess whether we have the appropriate skills and business processes in place to render the appropriate financial service and that the 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 a procedure in place to establish whether there are comparable products on the market to that offered by a supplier.
- We have implemented procedures that ensure that all representatives, prior to providing advice to a client:
 - 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.
 - Conduct an analysis, for purposes of the advice, based on the information obtained.
 - Identify the financial product or products that will be appropriate to the client's risk profile and financial needs, for an existing financial product of the client and if it is such a replacement, follows all the required disclosure procedures.
 - Take reasonable steps to ensure that the client understands the advice and that the client can make an informed decision.
- 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 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 us and any product suppliers whose products we market, that set out our respective responsibilities in relation to providing clients with appropriate financial services.
- We monitor the published decisions of the FAIS Ombud, communications and guidance 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.

Outcome 5: Clients are provided with products that perform as the firm has led them to expect, and the associated service is of an acceptable standard and as they have been led to expect.

- 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 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.
- 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 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.
- We have full and unrestricted access to information held by a third party in relation to our clients' Management Information.

Outcome 6: Clients do not face unreasonable post-sale barriers imposed by firms to change product, switch provider, submit a claim, or make a complaint.

We are committed to ensuring that clients do not face unreasonable post-sale barriers when changing products, switching providers, or when making complaints, and consider all client criticism, whether positive or negative, as a critical feedback mechanism.

Changing Products

- 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 a client of possible product changes that are available to them to meet their changed requirements.
- We have clear service standards in place for processing product changes (including instances where the request needs to be referred to another party for processing) and communicate these standards to our clients.
- Where a request for a product change is declined by any party in the value chain, we provide the client with clear reasons for the decision.
- When we receive a request to change a product (whether directly or through another party) we inform the client of any potential risks associated with the change, in reasonable time for them to respond to or act on the information.

Complaints Handling

- We have clear procedures in place for dealing with complaints, which are in line with regulatory requirements and best practices.
- We ensure that clients are aware of how to make a complaint and to whom they should address it.
- We handle complaints fairly, consistently, and promptly, ensuring that clients are kept informed of the progress of their complaints.
- We have a system in place to record and analyse complaints to identify any recurring issues or trends, which helps us improve our service and products.
- We ensure that clients are informed of their right to escalate a complaint to the Ombud for Financial Services Providers if they are not satisfied with the outcome of our internal complaints process.

Review and Monitoring

- This policy will be reviewed annually or as required to ensure it remains relevant and effective.
- Compliance with this policy will be monitored regularly as part of our Compliance Monitoring Program.
- Any changes to this policy will be communicated to all staff members and relevant stakeholders.