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2. DOCUMENT CHANGE CONTROL

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Michael Blackbeard	V1	Head Group Compliance	June 2018

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Distribution:

<i>(AFTER reviewer's approval, the document must be distributed to the Members of the applicable Sub-Committee for approval. Once approved, the document will be tabled at the Sub-Committee meeting for formal approval and then ratified by the applicable Board of Directors)</i>			
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Name	Version Approved	Position	Date
<i>Linda de Beer</i>	<i>V1</i>	<i>Non-executive</i>	<i>June 2018</i>
<i>John Moses</i>	<i>V1</i>	<i>Non-executive</i>	<i>June 2018</i>
<i>Grant Dunnington</i>	<i>V1</i>	<i>Non-executive</i>	<i>June 2018</i>
<i>Roy Andersen</i>	<i>V1</i>	<i>Director</i>	<i>June 2018</i>

3. INTRODUCTION

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Sasfin is committed to ensuring that the principle of Treating Customers Fairly (TCF) is applied across all business units and products.

TCF is a regulatory framework introduced by the Financial Sector Conduct Authority (FSCA) to address the problem of unbalanced information in the financial services industry where financial service providers possess certain information that the clients do not. This framework governs the way a Financial Services Provider (FSP) conducts daily dealings with its clients to ensure that all clients are treated fairly, during all stages of the product life-cycle and advice process.

This Treating Your Customer Fairly Policy (TCF Policy) aims to ensure that Sasfin moves towards a place where these outcomes become an inherent part of business processes and interactions with customers. In addition to this, Sasfin will be able to demonstrate to the regulators that it complies with the TCF Principles and that customers are being treated fairly.

4. OBJECTIVES

This TCF Policy aims to align Sasfin's objectives to those embodied in the TCF principles by ensuring that customers are treated fairly and that the TCF principles are integrated in all areas of the business to ensure that the desired outcomes are achieved.

5. SCOPE

This document is applicable to all Sasfin FSPs, key individuals and Representatives, and all divisions and subsidiaries regulated by the FSCA.

This document should be read in conjunction with the following policies:

- FAIS Manual;
- FAIS Conflict of Interest;
- Complaints Policy; and
- Market Conduct Policy
- Company values.

6. POLICY STATEMENT

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Sasfin is committed to ensuring that the TCF principles are applied in all areas of the day to day business activities.

In adopting the TCF principles, it was recognised that fair treatment of clients is about adding value to the service offered by aiming to:

- Protect the interests of clients at each stage of the product life cycle, from promotion right through to after sales service; and
- Meet as best we can the unique needs of each client by offering a transparent, efficient and professional service, and constantly reviewing the service to identify areas for improvement.

7. DEFINITIONS

TERM	DEFINITION
Board	The Board of Directors of Sasfin Holdings Limited and Sasfin Bank Limited
Consumer /Client	<p>In respect of any particular goods or services, means:</p> <p>a) a person to whom those particular goods or services are marketed in the ordinary course of the suppliers business;</p> <p>b) a person who has entered into a transaction with a supplier in the ordinary course of the supplier’s business, unless the transaction is exempt from the application of the Consumer Protection Act by virtue of section 5 (2) or 5 (3) of the Act;</p> <p>c) if the context so requires or permits, a user of those particular goods or a recipient or beneficiary of those particular services, irrespective of whether that user, recipient or beneficiary was a party to a transaction concerning the supply of those particular goods or services; and</p> <p>d) a franchisee in terms of a franchise agreement, to the extent applicable in terms of section 5 (6) (b) to (e) of the Act</p> <p>Consumer /Client includes customer, clients etc.</p>
Complaint	<i>In terms of FAIS: means, subject to section 26(1)(a)(iii), a specific complaint relating to a financial service rendered by a financial services provider or</i>

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	<i>representative to the complainant on or after the date of commencement of this Act, and in which complaint it is alleged that the provider or representative - a) has contravened or failed to comply with a provision of this Act and that as a result thereof the complainant has suffered or is likely to suffer financial prejudice or damage; Section 14 Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002) b) has willfully or negligently rendered a financial service to the complainant which has caused prejudice or damage to the complainant or which is likely to result in such prejudice or damage; or c) has treated the complainant unfairly;</i>
FAIS	Financial and Advisory Intermediary Services (Act No. 37 of 2002)
FSCA	Financial Services Conduct Authority. On 1st of April 2018 the Financial Services Board (FSB) was replaced by the FSCA.
TCF	Treating Customers (clients) Fairly is a regulatory framework set by the FSCA. This framework governs the way a Financial Services Provider (FSP) business conducts daily dealings with its clients ensuring that all clients are treated fairly, during all stages of the product life-cycle and advice process.
TCF Principles	<p>The TCF principles are encompassed in the TCF outcomes and in many ways are also embodied in the General Code of Conduct, linked to outcomes that focus specifically on the fair treatment of the customer. The TCF principles are being incorporated by the FSCA into its regulatory and supervisory frameworks on an incremental basis. This approach will form a fundamental part of the FSCA.</p> <p>The principles are:</p> <ul style="list-style-type: none"> • TCF Outcome 1 – Principle of Culture and Governance • TCF Outcome 2 – Principle of Product Suitability • TCF Outcome 3 – Principle of Disclosure • TCF Outcome 4 – Principle of Suitable Advice • TCF Outcome 5 – Principle of Performance and Service in line with expectations • TCF Outcome 6 – Principle of Claims, Complaints and Changes
Twin Peaks	The Twin Peaks model of financial sector regulation will see the creation of a prudential regulator – the Prudential Authority – housed in the South African Reserve Bank (SARB), while the FSCA will be transformed into a dedicated market conduct regulator – the FSCA. The Prudential Authority’s objective will be to promote and enhance the safety and soundness of regulated financial

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	institutions; while the FSCA is tasked with protecting financial customers through supervising market conduct. Structures will be in place to ensure proper co-ordination between the two authorities and other regulators
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8. GOVERNANCE

This policy forms part of Sasfin’s operational policies and is implemented to further Sasfin’s compliance objective in relation to TCF.

It is the responsibility of Group Compliance to maintain this policy document and to review its contents every second year or when material changes occur.

The Group Audit and Compliance Committee (GACC) is responsible to ensure that this Policy is reviewed and approved in accordance with the governance process set out in the Group’s Policy and Procedure Management Policy.

This Policy must be noted by the Group Risk and Capital Management Committee (GRCMC), and the Social and Ethics Committee, and recommended to the Board for approval.

9. TCF FAIRNESS OUTCOMES AS PRESCRIBED BY THE FSCA

According to the FSCA and Section 2 of the FAIS’ General Code of Conduct, a FSP is required to act with honesty, skill and care, the following 6 outcomes are the core values of the principle of ‘Treating Customers Fairly’:

9.1 OUTCOME 1: FAIR LEADERSHIP AND AN ETHICAL CULTURE

Clients must be certain that they are dealing with a bank where the fair treatment of clients is central to the bank’s culture. Executive and senior management are primarily responsible for the embedment of TCF within Sasfin Group. This requires:

- **Leadership** – set an ethical tone from the top down and provide direction to the rest of Sasfin and to monitor the delivery of TCF behaviors and outcomes.
- **Strategy** – the formulation and implementation of strategic plans should explicitly consider the TCF implications.

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- **Decision making** – decisions taken must take the interests of clients into consideration. TCF implications should be considered in all projects and business cases. Decision makers must have the necessary authority and expertise to make decisions that have a TCF impact.
- **Governance and Controls** – controls must aim to both ensure and demonstrate the fair treatment of clients. This includes management information systems to improve the delivery of TCF outcomes, regular reporting on TCF achievements and failures, mechanisms should be in place to monitor and respond to changes in the environment in order to proactively identify TCF related opportunities and risks.
- **Performance management** – when recruiting staff, a positive and proactive view towards TCF should be a key measurable. Ongoing staff (both non-customer and customer facing) training and entrenchment of core TCF values and behaviors must take place. Where applicable it must be included in the employee's performance scorecard/KPAs.
- **Rewards** – remuneration and rewards programmes must support the fair treatment of clients and there must be consequences attached to behavior that negatively impacts meeting TCF requirements in line with the company's disciplinary policies.

9.2 OUTCOME 2: FAIR PRODUCT AND SERVICE DESIGN

Products and services marketed and sold to clients are to be designed to meet the needs of identified client groups and targeted accordingly. This is not only the responsibility of the provider but also requires an intermediary to ensure that a product suits the needs of a client. This requires:

- Clear and relevant information affecting fair client outcomes must be provided during the product design and marketing stages.
- Access the exposure of the target market to:
 - determine the best sales channels for delivery of the product.
 - ensure that the marketing material is clear, unambiguous and will benefit the intended target market.
 - considerations around the fees, charges and prices in relation to fairness and value towards the target market.
 - whether the reward structures will lead to mis-selling and other conflict of interest situations.

9.3 OUTCOME 3: FAIR AND ACCURATE DISCLOSURES

Clients must be given clear information and kept appropriately informed before, during and after the time of contracting. Processes must be in place to:

- ensure that clients are provided with adequate information to allow them to make an informed decision as to whether to enter into a transaction for a particular product.
- ensure clients are made aware of the nature of and the associated costs of any bundled products which the client may intend to take up.
- provide information throughout the duration of the product in plain language that is accurate, delivered timeously and suited to the target client.
- regularly review and update product material (or obtain updated material from third party providers) to ensure that it is clear, accurate and not misleading and react to any feedback for the improvement of product information or material.
- inform clients timeously of any contractual events or actions that are required from them in relation to product and any related risks.
- maintain accurate and retrievable records of product and other material client contract information.
- maintain up to date client contact details of all existing clients where possible.

9.4 OUTCOME 4: FAIR AND SUITABLE ADVICE

Where clients receive advice, the advice must be suitable and take account of the client's needs and circumstances. In order to meet the TCF expectations:

- representatives must be correctly mandated and licensed to sell Sasfin products as required by legislation.
- product information must be updated and easily accessible.
- due diligence should be conducted on third party product providers to ensure that their products comply with TCF standards.
- any third party that markets and sells our products must be licensed and able to deliver advice and services in accordance with TCF requirements.
- conflict of interests must be managed between Sasfin, clients and any third party.
- remuneration and reward targets of all representatives must include TCF measures.
- management information must identify mis-selling (excessive switching and cancellations) and other conduct risks.

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- procedures must be implemented to mitigate risks to clients where inappropriate advice or misleading information was provided.

In addition, representatives must:

- receive appropriate product and market conduct training prior to been authorised to provide advice on a product.
- obtain relevant information from the client to conduct a suitability assessment ensuring that a suitable product is sold to the client.
- provide the client with key information on the products which will assist the client to make an informed decision.
- sell only accredited products to clients even if this means that both Sasfin and the representative earn less fees for themselves.

9.5 OUTCOME 5: FAIR SERVICE AND EXPECTED PRODUCT PERFORMANCE

Clients must be provided with products and associated services that perform as accountable institutions have led them to expect. This requires:

- reliable and effective product performance by :
 - monitoring product performance against environmental, economic and regulatory developments.
 - managing information in a way that which allows for a review of client behavior (switches, cancellations, complaints) vis-a-vis the performance of the product.
 - developing a plan and process to provide for appropriate action to mitigate risks to clients if the product does not perform as expected.
 - ensuring that service standards are in place and where necessary, communicated to clients in plain language.
 - ensuring that clients are made aware of the risks linked to any switching, early terminations etc. of a particular product.
 - ensuring that clients are alerted of the consequences of any inaction on their part such as failure to update beneficiary details.

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- treating client records with confidentiality and ensuring that the necessary arrangements are in place to ensure that access to client information is available from third parties holding this information.
- conducting appropriate due diligence on third party product providers to ensure that the TCF outcomes are considered in the product development process.
- ensuring that service level agreements are in place and reflect the rights, responsibilities and obligations of the contracting parties with regards the TCF outcomes.

9.6 OUTCOME 6: LOW OR NO BARRIERS TO CLAIM, COMPLAINTS AND PRODUCT CHANGES

Clients should not face unreasonable post-barrier sales to change products, switch providers and submit a claim or a complaint. To achieve this outcome:

- Clear service standards, procedures and systems must be in place to:
 - process switches;
 - process claims and distribution;
 - resolve complaints;
 - ensure effective record keeping, and analyse claim repudiation and complaint trends in order to identify any risks of mis-selling or other market conduct risks;
- Clients must have easy access to service, complaints and claim channels;
- Sasfin must ensure that:
 - employees are trained on how to deal with complaints and claims;
 - clients are informed timeously as to what documents are required to process payments and product changes and provide clients with ongoing feedback;
 - clients are informed timeously of what circumstances under which a claim, payments, product changes or disbursements will not be made;
 - clients are provided with clear reasons as to why a claim or payment is rejected and inform the client of further steps that may be taken; and
 - clients are provided with advice on the type of changes that can be made on a product and the risks associated with these changes.

10. PRACTICAL APPLICATION OF TCF

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- ensuring that promotional material is clear, compliant, jargon free and appropriately targeted;
- ensuring that sales staff (both on and off-site) have thorough training on all products they advise on or sell, understand what these are and aren't suitable for, and are encouraged to challenge product providers where they spot inconsistencies, ambiguities or potential unfairness in the product literature or product features;
- operating sales remuneration systems which assure fairness to the client as well as client satisfaction, rather than only rewarding sales volumes;
- finding ways to encourage non-sales staff to implement TCF in their day-to-day business activities;
- keeping detailed records of customer instructions and profile/attitude to risk, and of the advice and options given before, during and after a sale – to help ensure the fair treatment of clients and deal with any complaints that may arise swiftly and fairly;
- encouraging after sales contact with clients where appropriate to correct or improve on the service already offered;
- ensuring that client complaints are recorded and assessed fairly, promptly and impartially;
- encouraging staff to recommend improvements to service following customer complaints and monitoring the outcome;
- ensuring that staff are kept up to date with relevant training in relation to competence, data protection and other matters directly affecting the quality of service offered to clients;
- offering regular training on the principles of TCF at all levels of the business;
- regularly monitoring and reporting on all of the above TCF activities as part of the monthly statistics in order to assess TCF performance across the business and recommend changes where appropriate; and
- ensuring that TCF values, which are set and communicated by senior management, are supported by all staff and understood in the same way.

11. MONITORING TCF

Sasfin has adopted the FSCA's TCF self-assessment tool as a guide to monitor and assess the delivery of TCF to all our clients. Measuring and assessing compliance with TCF is important as it has an impact on existing and new products and product design, in terms of catering for clients' needs as they require transparent and fair product information.

12. COMPLAINTS RESOLUTION

Client retention is critical to success and Sasfin is committed to providing clients with effective and fair resolution of complaints lodged in respect of all service aspects of the business.

A complaints policy has been developed in order to assist with the effective fair resolution of complaints received from clients.

Sasfin's responsibilities in terms of the provisions of FAIS, the Codes of Conduct, and the Rules of the Ombud for Financial Services Providers, include the following:

- maintaining records of complaints for a period of 5 years
- handling complaints from clients in a timely and fair manner, and
- taking steps to investigate and respond promptly to such complaints.

13. TRAINING

Sasfin will ensure that all staff receives updated and relevant training in terms of TCF regularly.