

TREATING CUSTOMERS FAIRLY POLICY



PROTEA CAPITAL MANAGEMENT

FSP NUMBER 49769

INTRODUCTION

- 1.1 Treating Customers Fairly (“TCF”) was introduced by the Financial Sector Conduct Authority (“FSCA”) to ensure that the fair treatment of customers is embedded within the corporate culture of all registered financial services providers. The goal of TCF is to improve customer confidence, ensure appropriate products and services, and enhanced transparency.
- 1.2 Protea Capital Management strives to create long-term wealth for our clients. Our clients form the core of our business and we consider them to be equal partners. Treating our customers fairly is an integral part of our business objective to be a leading investment manager.
- 1.3 TCF principles are incorporated in the way we conduct our business from day to day and in the way that we deal and care for our clients. Every employee of Protea Capital Management is responsible for delivering fair outcomes to our clients and our clients are treated in a way that we would expect to be treated if we were a client. All employees are required to apply the principles of TCF irrespective of their role or seniority.
- 1.4 The FSCA requires registered financial services providers to measure their activities against six TCF fairness outcomes that aim to reduce market conduct risk and protect consumers of financial products. The six TCF fairness principles are as follows:
 - 1.4.1 **Outcome 1:** Clients can be confident that they are dealing with financial services providers where the fair treatment of clients is central to the corporate culture;
 - 1.4.2 **Outcome 2:** Financial products and services marketed and sold in the retail market are designed to meet the needs of identified clients and are targeted accordingly;
 - 1.4.3 **Outcome 3:** Clients are provided with clear information and are kept appropriately informed before, during and after the provision of our products and services;
 - 1.4.4 **Outcome 4:** Where clients receive advice, the advice is suitable and takes account of their investment objectives and risk tolerance;
 - 1.4.5 **Outcome 5:** Clients are provided with financial products that perform in accordance with their risk profiles and investment objectives and the associated service is of an acceptable standard;

- 1.4.6 **Outcome 6:** Clients do not face unreasonable barriers to switch products, switch providers, redeem investments or make a complaint.

2. **PROTEA CAPITAL MANAGEMENT'S COMMITMENT**

- 2.1 In order to achieve the outcomes listed above, Protea Capital Management has adopted the following principles to demonstrate its commitment to TCF:

- 2.1.1 Observe high standards of integrity and fair dealing. All our employees are expected to deal fairly and with the utmost integrity with each other, our clients and service suppliers;
- 2.1.2 Act with due skill, care and diligence. We strive to improve and update our knowledge and understanding of our industry on an on-going basis;
- 2.1.3 Deliver prompt, friendly, efficient and relevant customer service at all times;
- 2.1.4 Endeavour to excel in the delivery of our customer service by continuously improving our customer experience through improved training of employees and recruiting appropriately qualified employees;
- 2.1.5 Where we appoint third party providers to provide a service on our behalf, we will review their TCF policy (where applicable), client processes and track record;
- 2.1.6 Maintain adequate financial resources to meet our business commitments and to withstand the risks to which our business is subject;
- 2.1.7 Avoid conflicts of interest as far as possible. Protea Capital Management has adopted a conflict of interest management policy to ensure that any conflict of interest which may arise shall not result in the unfair treatment of our clients. Our clients' interests are always placed before those of Protea Capital Management or its employees;
- 2.1.8 Provide clients with opportunities to provide us with feedback regarding the product they have invested in or the services they received and to make the necessary changes to these products and services where appropriate to ensure customer satisfaction;

- 2.1.9 Avoid using employee incentives that reward behaviour which is inconsistent with our desired client outcomes;
- 2.1.10 Comply with all statutory and regulatory requirements applicable to the conduct of our business activities and deal with our regulators in an open and co-operative manner;
- 2.1.11 Deal with complaints in accordance with regulatory rules and best practice; and
- 2.1.12 Maintain internal controls to assure the achievement of these outcomes.

3. AREAS OF FOCUS

In order to fulfil our commitment as set out above, we focus on the following areas:

3.1 Product Design

- 3.1.1 We identify what customers want and need and provide products to meet the requirements of the specific target markets. Products are not structured in a way that may give rise to unfairness to clients through, for example, hidden penalties, unexpected risks to their capital and unreasonably high up-front and ongoing charges.
- 3.1.2 Products are structured in a way that the fees and charges payable by customers are considered fair and reasonable. We always design our products so that the product risks are capable of being understood by our clients.

3.2 Promotion and Marketing

- 3.2.1 Our messages are clear, using plain English, and avoiding the use of jargon and small print wherever possible.
- 3.2.2 The quality and clarity of all promotional material are scrutinised by senior management prior to publication.
- 3.2.3 The risks and rewards associated with our products are presented in a balanced manner to enable clients to understand the key features of our products and make an informed decision.

3.2.4 Where Total Expense Ratios (“TERs”) or Total Investment Charges (“TICs”) are published, we will ensure that they are an accurate reflection of the costs of the products being promoted.

3.3 Advice

3.3.1 At this stage, Protea Capital Management is not in the business of providing financial planning to clients. Where clients require financial planning, we are able refer them to suitable financial advisers to address the client’s needs.

3.4 Point of Sale

3.4.1 We provide clear, plain English explanations of products and the use of jargon is avoided wherever possible. Where jargon cannot be avoided, a suitably clear explanation is given. We will identify the needs of client groups and sell products which are designed to meet their needs and we do not make opportunistic sales to them of 'the flavour of the month' product.

3.5 Ongoing Service Standards

3.5.1 We provide appropriate after sales information and acceptable levels of service for post-sale transactions or enquiries. As an investment manager, we responsibly manage products that we have sold to clients to ensure the products are behaving as expected. We ensure that clients receive ongoing regular updates and information regarding the products that we have sold to them.

3.6 Complaints Handling

3.6.1 Protea Capital Management has adopted a complaints resolution policy that provides a procedure for the internal resolution of complaints and ensures that there are no unreasonable barriers for clients to submit complaints.

3.6.2 Complaints are handled fairly and speedily. We keep proper records of complaints received and identify common underlying causes of complaints and take action to eliminate these root causes. Where we have identified an individual error, we will consider whether such an error might have affected a wider class of clients and we will investigate proactively what should be done to remedy this.

3.6.3 Senior management reviews the outcomes of complaints and, due to our flat reporting structure, are likely to engage with the complainant directly to understand the underlying reason for the complaint. We measure the length of time taken to deal with a complaint, the outcome and the way in which the outcome is communicated to the client. We will also closely monitor whether any complaints have been submitted to the Ombudsman and will review and adjust our processes should the Ombudsman come to a different finding.

4. OTHER EXAMPLES OF IMPLEMENTING TCF IN PROTEA CAPITAL MANAGEMENT

- 4.1 The board of directors and senior management provide direction and monitor the delivery of TCF behaviours and outcomes;
- 4.2 TCF principles are not merely a stated vision and values, but built into our strategic and business plans;
- 4.3 We encourage and welcome feedback from employees and clients on our products and services and active client engagement is encouraged throughout the whole business;
- 4.4 Our remuneration, incentive and reward policies take cognizance of fair customer outcomes and ensure that conflicts of interest are avoided;
- 4.5 The training provided to employees include TCF as core knowledge for all staff engaged in activity with a potential customer impact;
- 4.6 Our complaints process is clear and easy to understand;
- 4.7 We have a flat reporting structure and an open-door policy, providing for ongoing dialogue with staff members on any aspect of the business.

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