

# Treating Customers Fairly - Strategy



## **Treating Customers Fairly - Strategy**

Henderson has assessed the six TCF outcomes and the product provider responsibilities set out by the FSA and has created six TCF Principles of its own that are relevant to the Henderson business. Henderson's Principles provide the business with a framework against which we have developed measurable indicators that demonstrate TCF is being embedded within the corporate culture and to help us demonstrate that our customers are consistently being treated fairly. Henderson has developed controls and processes, allocated resources and responsibilities and created TCF capability among its staff. Henderson is embedding TCF by:

### **1. Culture**

- Incorporating TCF within Henderson's Corporate Strategy
- Raising the level of TCF awareness amongst its staff through communications, a TCF homepage, and mandatory training programmes
- Introducing TCF objectives in the performance & incentive agreements of key staff
- Recognising that TCF is a continuous process and is committed to maintaining standards which are geared towards considering the quality of the outcomes experienced by Henderson's clients

### **2. Product Design & Testing**

- Ensuring TCF Principles form part of our key systems and controls
- Incorporating TCF considerations in the product development and marketing processes and identifying target markets.

### **3. Providing Fair information**

- Working with distribution channels to understand their information needs and see how we can assist them in the way they comply with their responsibilities to their clients
- Ensuring that any information given to distributors and clients is clear, fair and not misleading.

### **4. Distribution**

- Careful selection of our distributors and obtaining feedback from them on existing products and areas where gaps in the market may exist.

## **5. Monitoring Performance**

- Monitoring the performance and generic suitability of Henderson products on an ongoing basis through life cycle testing.

## **6. Post-sales Service and Monitoring**

- Monitoring the performance of Henderson's retail third party administrators to ensure they apply TCF Principles
- Independently sampling the way any complaints have been handled to ensure that they have been dealt with fairly
- Independent monitoring of business functions to ensure they adhere to regulatory and their own agreed standards

The embedding of TCF is being measured by:

- Gathering relevant management information from business divisions involved in the product life cycle, measuring this information against Henderson's TCF principles and taking appropriate actions to remedy deficiencies
- Reporting management information to Henderson's senior management and Board of Directors on a regular basis to gain feedback and direction.

## What does TCF mean for Henderson?

1. Henderson has always considered its customer's interests to be paramount and the Henderson Management Team remains firmly committed to the ensuring the Group continues to embrace the TCF mindset. The Henderson Management Team (HMT) has put in place a Statement of Responsibility regarding TCF (see links below) which all business areas are expected to integrate into business processes.
2. As a largely institutional and wholesale investment house, we need to be alert to the management of potential conflicts between the interests of retail investors in our products and our other clients, and be able to demonstrate that we manage such conflicts in accordance with the principle of treating customers fairly.
3. As a provider, we need to consider what impact our actions may have on the ability of distributors to treat their customers fairly, and we need to think constructively about how we behave and the impact of that on the customer. So, for example, if we are producing a complex product (e.g. a UCITS absolute return fund), what steps might it be sensible to take to ensure the intermediaries with whom we are dealing directly properly understand the product and its performance and risk characteristics?

## What does TCF mean for you?

1. Henderson expects all its employees to pay due regard to the interests of consumers and to treat them fairly.
2. The requirement to treat customers fairly is a 'principle' rather than a 'rule' and, therefore, there are no prescribed right or wrong ways to deal with issues that involve the use of discretion on your part. What you are required to do in any given scenario is ensure that consideration has been given to the interests of one customer compared to any other customers involved, or the interests of a customer(s) and Henderson's interests, and apply fair treatment.

If you are uncertain as to what constitutes a fair treatment, you should consult your line manager or a member of the Compliance department.

3. Be alert to signs that your customers may not have been treated fairly. If you become aware of serious or numerous complaints relating to products or services, these should be drawn to the attention of your line manager.
4. Consider whether departmental procedures or processes encapsulate the fair treatment of customers and, if appropriate, make recommendations to your line manager.
5. If you are in doubt on any aspect of TCF, the Compliance department will be please to provide you with guidance.

## Appendix

### FSA's 6 Consumer Outcomes

The FSA's TCF initiative is outcome focused and aims to deliver six improved outcomes for retail consumers – firms should focus on trying to achieve these outcomes. These are:

**Outcome 1:**

Consumers can be confident that they are dealing with firms where the fair treatment of customers is central to the corporate culture.

**Outcome 2:**

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

**Outcome 3:**

Consumers are provided with clear information and are kept appropriately informed before, during and after the point of sale.

**Outcome 4:**

Where consumers receive advice, the advice 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.

**Outcome 6:**

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

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