

Treating Customers Fairly Policies and Procedures

Master List Ref COM007	Release Date September, 2017	Review Date August, 2023	Next Review Date January, 2024
Version: 2.0	Process Owner Legal and Compliance	Reviewed by Ceri Chatham	Approved by EVP – Operational Excellence

This document is the sole property of Firstsource Solutions UK Limited Any use or duplication of this document without express permission of Firstsource is strictly forbidden and illegal.

Contents

1. Statement	2
2. Scope	2
3. Regulatory Regime	2
4. Critical Areas Influencing the Firm’s Culture	3
5. Consumer Duty Risk Assessments	6
6. Consumer Duty Compliance Dashboard	6
7. Monitoring and Auditing	6
8. Communications	6
9. Conflicts of Interest Policy and Procedures	6
10. Gifts and Entertainment Policy and Register	6
11. Whistleblowing	6
12. Business Continuity and Disaster Recovery	6
13. Information Security and Data Protection	6
14. OFCOM	7

Statement

Firstsource Solutions UK Limited (Firstsource) is a provider of business process outsourcing services to customers in the banking, financial services, customer services, telecom and media and healthcare sectors. Customers are at the heart of our business and the firm strives to 'Treat Customers Fairly' at all times by instilling core values and adhering to best practice demanded by our regulators. TCF is a journey rather than a destination and the firm strives to ensure changes to our business always take into account the fair treatment of customers.

This policy and procedure sets out the measures we have put into place and the way in which we ensure compliance with those measures.

Scope

These principles apply to all areas of the business, including those areas that do not have direct contact with customers; and those working for Firstsource in other countries.

Regulatory Regime

As a firm regulated by the Financial Conduct Authority (FCA), Firstsource is required to comply with Consumer Duty regulations. Our clients are regulated by FCA or Ofgem dependent on the market in which they operate.

The Consumer Duty principle states that “a firm must act to deliver good outcomes for retail customers” whilst Ofgem’s standards of conduct state that “suppliers, and their representatives, must treat each customer fairly”.

Failure to comply may lead to sanctions and/or penalties being imposed on Firstsource and its Clients.

The FCA and Ofgem define vulnerability in regards to customers, as a customer who, due to their personal circumstances, are especially susceptible to harm, especially, if a firm is not acting with due care.

Vulnerability should be viewed as a spectrum of risk. All customers are at risk of becoming vulnerable and employees should be aware of the indicators of a vulnerable customer, in order to identify them.

Below are the 4 key drivers of vulnerability:

- Health – health conditions or illness that affect the ability to carry out day to day tasks.
- Life events – this includes life events, such as bereavement, job loss or relationship breakdown.
- Resilience – a low ability to withstand emotional or financial shock.
- Capability – limited knowledge of financial matter or confidence of managing money. This also includes a low capability of other relevant areas e.g digital skills or literacy.

All firms are expected to demonstrate that fair treatment of customers is at the heart of their business model and to understand that the characteristics of vulnerability can be complex. Therefore, it is paramount that employees have an in depth understanding of the characteristics to ensure a vulnerable customer is identified and supported.

Firstsource Solutions UK Limited work with a variety of clients and employees need to be aware of the indicators to vulnerability. Alongside our own policies, we follow client policies and procedures to identify vulnerable customers within their systems and to provide the appropriate support to ensure that a vulnerable customer is not at risk of unfair treatment or behavioural biases.

Fairness can be hard to define and measure, therefore, the FCA, under Consumer Duty, have devised cross cutting rules and four outcomes that firms should consider:

FCA Cross-cutting rules. Firms must:

1. Act in good faith towards retail customers.
2. Avoid foreseeable harm to retail customers.
3. Enable and support retail customers to pursue their financial objectives.

Four outcomes:

1. Products and services.
2. Price and value.
3. Consumer understanding.
4. Consumer support.

For Energy customers, Ofgem have defined 4 consumer outcomes:

1. Consumers must have a positive experience when dealing with their supplier and not be put off future engagement.
2. Consumers must receive the right information – at the right time and in a suitable format – in order to make decisions about their energy supply.
3. Consumers expectations must be met by the supplier's processes and their issues must be resolve appropriately.
4. Consumers vulnerable situations must be taken into account by a supplier so all consumers can participate effectively in the market.

Critical areas influencing firm culture

As well as the outcomes above, there are six areas of management behaviour that can influence a firm's culture of customer treatment; these are highlighted below, followed by an overview of the policies and actions FSLUK takes to satisfy each.

Leadership: All managers should make clear in their practices and communication that the fair treatment of customers is fundamental to the firm's operation. Controls and monitoring should be applied to other staff.

The Board and Senior Management Team have committed to the following Core Values and ensure this message is conveyed to all. All members of staff are encouraged to apply these values in everything they undertake; this is re-enforced by basing monitoring, objectives and targets on these standards.

Our Values:

R – Risk-Taking
E – Execution Excellence
A – Agility
C – Customer First
C – Credibility
H - Humaneness

These values are achieved through;

Custodianship – we take pride in being a custodian of clients’ brands and never compromise on quality of customer experience

Intelligent Thinking – We are a business of smart thinkers and industry specialists; we know that expertise and insights can help our clients think differently to best serve customers

Empowering People – Our people are skilled, engaged and rewarded because we know that happy and motivated people equate to happy, satisfied customers

Customer Service Excellence – Underpinning everything we do is a commitment to driving customer experience excellence for our clients

Strategy - The firm can articulate a clear vision featuring fair treatment of customers. Strategic decisions –such as change management and outsourcing –reflect the centrality of customers to the firm’s future. Risk levels should reflect customer concerns and feedback.

Each contract has capacity plans and forecast models which are discussed on a regular basis with the clients to ensure we flex to any additional requirements. Staffing levels are monitored within each contract on a daily basis to ensure customers are not disadvantaged; this risk is captured and monitored within risk registers.

Firstsource has a robust change management programme in place to ensure all aspects of legal, compliance, Consumer Duty, Treating Customers Fairly “TCF” and client contract are considered before making changes.

The Board always considers Consumer Duty, TCF and Firstsource Core Values when planning for the future.

Decision-making: At all levels, decisions should reflect on the fair treatment of customers. Feedback from staff, customers and other external sources should be used, where appropriate. This management information should feed into properly balancing customers’ interests against shareholders.

Customer feedback is a barometer of how well, or badly firms are treating their customers, therefore it plays an essential role for identifying errors, omissions, root cause and training needs. Members of staff have access to Client complaint systems and are expected to capture all complaints and escalate appropriately; Quality Assurance Monitoring is conducted to ensure complaints are logged and

appropriate action taken. Feedback is provided to staff in a timely manner to ensure suitable rectification is taken where necessary.

Firstsource uses several sources of customer feedback and management information (MI). As a business outsourcing provider, Firstsource will often carry out limited roles for the client, however, regular meetings are held between both parties to ensure management information from both sides is shared and discussed in order to identify and mitigate risks and issues affecting the fair treatment of customers and ensure that appropriate action is taken where necessary.

Recruitment, training and competence: Staff selection should reflect the importance of customer treatment to the firm. Management should then train and maintain staff knowledge, behaviour and values to accord with fair customer treatment. Managers should also reward good staff performance in this regard and act on poor performance.

Firstsource has a robust recruitment process in place and all appropriate checks are completed before employees are allowed to use client systems. In addition, annual checks are completed for 10% of the workforce in the form of CRB and Credit checks where it is a regulatory or client requirement to do so.

All members of staff have mandatory induction training which includes Consumer Duty and TCF and is backed by annual refresher training the contents of which are updated regularly to reflect regulatory developments and any changes that may occur.

In addition to Firstsource regulatory training members of staff receive additional training depending on their role. Clients provide their own training and mentoring package which is delivered by Firstsource and monitored by Line Managers. Training, briefings and testing of knowledge is conducted on an on-going basis to support both Firstsource and Client requirements.

Human Resources maintain training and competence records and remind Line Managers when training is due; they also provide support to Line Managers in instances where training needs additional management.

Quality Assurance is carried out, to client specification, to identify and rectify weaknesses in the delivery of fair treatment of customers. Where members of staff are handling complaints, Quality Assurance monitoring includes: quality of response; fairness; consistency and adherence to timescales.

Reward: The firm's reward framework (such as incentives and bonuses) should be transparent, recognise good quality and support the fair treatment of customers. In other words, firms should not concentrate on sales, volumes and profit without considering quality and controls to mitigate this risky framework.

Controls: The firm should have controls that reflect the fair treatment of customers. These should be integral to the firm's risk framework.

The firm has an independent Compliance Function who use the following tools and methodologies to ensure the fair treatment of Clients and Customers.

Consumer Duty Risk Assessments

All financial services areas of the business are required to complete a Consumer Duty risk assessment the frequency of which depends on their assigned risk category. The output is discussed with, and monitored by Compliance, who ensures an action plan is put into place for all risks which are identified as having an unacceptable risk rating.

Consumer Duty Compliance Dashboard

A Consumer Duty compliance dashboard is held by the compliance team to provide a high level overview of adherence to regulation, legislation, policies and procedures. This is completed periodically by the compliance officer when monitoring has taken place or reports have been received from the business.

Communications

FSLUK takes all reasonable steps to ensure any communication with customers, by whichever mean, will always aim to achieve 'Clear, Fair and Not Misleading' communication.

Conflict of Interest Policies and Procedures

All members of staff are provided with training regarding conflicts of interests at induction; reminders are sent annually and all staff are required to provide a response

Whistleblowing

All members of staff receive training regarding Whistleblowing at induction and then on an annual basis.

Business Continuity and Disaster Recovery (BCP and DR)

The firm ensures each site has robust Business Continuity Plan and Disaster Recovery Plan in place together with policies and procedures; training testing and assessments. A quarterly TISF meeting is held where non-compliance is discussed at a senior level.

See separate policies for more details.

Information Security and Data Protection

The InfoSec Team have robust policies and procedures in place which are regularly tested (the InfoSec team have a suite of policies and procedures that can viewed for more detail)

Information Security and Data Protection are covered within staff contracts and all staff receive robust training at induction and then on an annual basis.

The firm enforces strict rules within call centres and those teams dealing with sensitive information, these include: security controlled entry to the floor; no personal belongings past security barriers; no phones, iPods or other electronic devices past security barriers; no pens and paper past security barriers.

OFCOM

Where appropriate the firm's Dialler Manager monitors against the Office of Communications (OFCOM) rules.