

Consumer Duty

This document provides you with information about our approach to the Consumer Duty which will be implemented on 31st July 2023, and our approach to meeting relevant requirements in relation to the manufacture of retail structured products for distribution in the UK.

We have summarised our relevant internal policies as at the time of writing, but these are subject to change from time to time, and we might not inform you of any such changes, unless these changes will result in a material change to the information set out below.

TARGET MARKET

Our products are designed to meet the needs and objectives of specific target markets. When identifying, communicating, and reviewing the target market information for our Plans, we will take into account the needs, characteristics, and objectives of retail investors in the potential target market, including those with characteristics of vulnerability.

While target markets are defined by the Issuer / Deposit Taker, we also conduct our own analysis to ensure we have a clearly defined target market and to validate that we agree with the Issuer / Deposit Taker's identified target market.

We assess the intended target market by analysing the results of bi-annual research conducted independently by the UK Structured Products Association ('UKSPA') into the needs and objectives of retail investors in the UK. Every two years, UKSPA surveys over 2,000 UK investors, exploring their views on various markets, their ability to bear losses, their risk tolerance, objectives, investment time horizons and their knowledge and experience. The research also includes an assessment into the ability to understand different products, underlying markets and features, which helps to inform us whether a product should be available to a target market on an advised-only basis.

For each of our products, we will inform you of:

- The intended target market,
- Whether the product should be available on an advised-only basis, and
- A detailed checklist contained within the brochure ("Who is this Plan appropriate for?") to help investors understand whether they form part of the intended target market and to confirm whether the product meets their individual investment needs and objectives.

We also conduct post-sales monitoring for all our products, to identify any risks that our products are being distributed outside of the intended target market. This includes monitoring the level of any cancellations by investors, reviewing the age of investors, identifying any complaints and sales outside of the Target Market (e.g. negative target market).

CUSTOMER UNDERSTANDING

We have taken steps to make sure our consumer-facing literature is clear, fair and not misleading for investors:

- Plain English review: We have worked with the Campaign for Plain English to assess our brochures (including our full Terms & Conditions) to make sure the way we have drafted information and the language used is appropriate for retail investors.
- Literature testing: We have tested our brochure (including our full Terms & Conditions) independently with a retail audience, gathering detailed insights into how the information is presented / the language used, as well as confirming that investors across all intended target markets are able to understand the key features of our products.

We have also taken steps to make sure information is accessible for all investors:

- All our consumer-facing literature is available in a variety of formats, including audio and braille upon request.
- Our website includes an accessibility overlay, allowing users to customise how information is displayed to meet their own individual needs (for example, by changing fonts, colours and images, or adding an automated screen reader).

VULNERABLE CUSTOMERS

We have considered the needs of vulnerable customers. We review the different characteristics of vulnerability and assess whether these characteristics could lead to a foreseeable customer poor outcome, without unduly restricting suitable and appropriate products for vulnerable customers. Where such cases are identified these will be communicated within the Target Market of the Plan.

All Dura customer facing staff undergo specific training regarding Vulnerable clients.

VALUE ASSESSMENT

Our products are subject to a value assessment as part of our product approval process.

The Issuer / Deposit Taker will conduct their own value assessment, which include all Dura fees. The results of this assessment form part of our product governance procedures, and we also have our own internal process to validate this assessment. This assessment consists of both Quantitative and Qualitative review of the services we provide.

Our quantitative assessment is best on UKSPA industry best practice and is based on data provided by Structured Edge, an independent structured product research service from Future Value Consultants. Our assessment consists of two product specific tests:

- Does the annualised return exceed the relevant benchmark rate using historical data in more than 50% of scenarios?
- Does the annualised return exceed the relevant benchmark rate in more than 50% of cases in any forward-looking scenarios (neutral, bull and bear scenarios)?

This assessment allows us to inform you which market outlooks our products might be appropriate for (for example, if the annualised return exceeds the benchmark rate in more than 50% of cases for the neutral and bull scenarios, our brochure will state that the plan may be appropriate for investors with a neutral or positive outlook of the underlying market over the investment term).

We also include a summary of this assessment in our brochures (“What could you expect to receive in different scenarios?”) as an illustration to help investors understand how the plan could perform in a range of market environments, the risks of poor outcomes and the circumstances in which these outcomes may occur.

If we identify that a Plan no longer provides fair value to retail investors, we will:

- (a) evaluate the appropriate action in light of the circumstances of the specific target market;
- (b) endeavour to mitigate and remediate any harm caused to existing retail investors (where appropriate) and prevent harm to new retail investors; and
- (c) determine at our sole discretion whether any action is required. Appropriate action may include notifying you and other distributors in the chain of any changes to the Plan and/or the distribution strategy.

A REMINDER OF YOUR OBLIGATIONS

As a distributor of our Plans, you are subject to specific obligations under the Duty. We also require assistance from you in order to comply with our obligations. In this regard, and notwithstanding any Terms of Business that we may have entered with you, we request that you provide us with the following assistance and/or information:

- Ensure that the distribution for all Plans is carried out in accordance with the target market information (and any subsequent changes to such information) provided to you by Dura Capital;
- Ensure that the distribution arrangements for Dura Plans are consistent with the Plan providing fair value to retail investors;
- Follow any instructions from Dura Capital if we have identified a remedial action regarding a Plan or its distribution (including the cessation of all marketing and distribution activities for the relevant Plan);
- Promptly provide Dura Capital with information regarding:
 - if issues have been identified in the review of the distribution arrangements for our Plans, and any remedial action that has been undertaken;
 - if a Plan has been identified to no longer provide fair value, any concerns and any remedial action that has been undertaken;
 - any communications produced in the distribution chain that you have identified as failing to deliver good outcomes for retail investors;
 - if you have identified any groups of investors within the target market who are receiving a poor outcome as a result of the Plan.
- Promptly provide Dura Capital with information regarding the retail investors, the potential target market, the Plan and its distribution, sales information, and other related matters to enable Dura Capital to meet its obligations under the Duty; and
- Where applicable, ensure that there are effective arrangements in place between you and any sub-distributors that would enable you and your sub-distributors to meet (a) to (e) (inclusive) above.