

## PRODUCT OVERSIGHT AND GOVERNANCE

### Adviser Use Only

#### Oversight and Governance

In accordance with the FCA's rules on product governance (in particular those set out in PROD 4 and PRIN 2A), we are required to inform you of the governance processes we have in place to oversee the design, approach, and review of our products. This document sets out the product governance process which is applied at British Friendly (the 'Society').

The Society's product governance process is subject to oversight from the Society's Product Development and Governance Forum and, for new products or significant adaptations to existing products, the Society's Board.

#### Approach

As a product manufacturer, we'll design and monitor the performance and distribution of our products to make sure they meet the needs of and do not adversely affect customers in the identified target markets, the products distribution strategy is appropriate, that the product is distributed as intended and reaches only those in the target markets and provide or continue to provide fair value to those within the target markets, taking into account all aspects of the FCA's Consumer Duty.

#### Governance Process



## Concept (ideation)

At the concept (ideation) stage a high level assessment will be considered by the Proposition Director who will consider whether development should be taken further. In making this decision, the Proposition Director will have regard to the Society's appetite to develop new or existing products, whose needs would be met by doing so, the options available to deliver the proposal and the possible distribution strategy and channels.

## Discovery and Shaping

At the discovery and shaping stage the proposal, the target market, the distribution strategy and the associated risks and opportunities will be researched and documented in more detail, which will be used to produce a product specification. A plan for delivering the proposal, which factors in regulatory considerations including the impact of the proposal on the Society's regulatory position, will also be produced. A customer risk identification assessment is completed, to identify risks and consider the needs of vulnerable customers, alongside assessing key product governance components.

## Requirements and Design

At this stage, all requirements required to deliver the product / product change will be collated, reviewed and approved.

## Execution

At this stage, the product / product change will be built and tested, a fair value assessment will be completed and our approach to pricing the product will be finalised and approved before delivery.

## Delivery and Post-Implementation Review Stage

At the delivery and post-implementation review stage, subject to a few final checks, the product / product change will be communicated and launched to market. Within 12 months of launch a post-implementation review will be completed using data collected, in order to establish whether:

- The product is meeting the needs of the chosen target market
- Any risks of customer misunderstanding are arising
- The product is being distributed as intended
- The product's value is being maintained
- The underwriting criteria and journey align and are appropriate for the product being applied for

The outcome of this review will help provide insight into if the product is performing as expected and if not, help shape proposed actions to rectify this.

## Monitoring and Product Reviews

Products brought to market will be reviewed regularly. As part of the review process, we will reassess fair value to ensure the product continues to deliver fair value to customers. These reviews will take into account, for example and where applicable, management information on the products target market, features, benefits, limitations and usage, the price paid, claims, cancellations, complaints, distribution, customer understanding and service performance and feedback received, including from advisers and customers. As well as this, the Society will also consider internal and external information, events and developments.