

PURPOSE

The purpose of this policy is to ensure that the remuneration structure within Impact Financial Services Limited promotes fair customer outcomes, responsible advice and regulatory compliance.

The firm recognises that remuneration structures must not create incentives that encourage advisers to act against the best interests of clients.

This policy sets out the framework governing:

- adviser remuneration
- commission structures
- management oversight
- monitoring of remuneration-related risks

The firm operates in accordance with regulatory expectations and ensures that remuneration practices support the delivery of good customer outcomes.

SCOPE

This policy applies to:

- Mortgage Advisers
- Protection Advisers
- Managers and Supervisors
- Directors
- Any individuals receiving remuneration linked to regulated activities

PRINCIPLES OF REMUNERATION

Impact Financial Services Limited structures remuneration in a way that supports:

- acting in the best interests of clients
- delivering suitable advice
- maintaining high professional standards
- avoiding conflicts of interest

Remuneration arrangements must not encourage advisers to prioritise sales volume over advice quality.

TYPES OF REMUNERATION

Advisers may receive remuneration in the form of:

- commission from product providers
- client-paid fees where applicable
- performance-based remuneration linked to business activity

The structure of remuneration may vary depending on the adviser's contractual arrangements with the firm.

COMMISSION FROM PRODUCT PROVIDERS

Where commission is paid by product providers, this must not influence the adviser's recommendation. Advisers must recommend products based solely on:

- suitability for the client
- the client's needs and circumstances
- long-term value for the client

The firm does not allow commission structures that compromise impartial advice.

CLIENT FEES

Where client fees are charged, these must be:

- clearly disclosed to the client
- explained before the service is provided
- agreed with the client in advance

Fee structures must be transparent and fair.

AVOIDING INCENTIVES THAT CREATE HARM

The firm does not operate remuneration schemes that encourage:

- excessive product sales
- replacement of policies without justification
- prioritising higher commission products

Advisers are expected to act in the best interests of the client at all times.

MONITORING AND OVERSIGHT

The firm monitors adviser remuneration and business activity to identify potential risks. Monitoring may include:

- file reviews
- replacement activity monitoring
- complaint analysis
- retention monitoring

Oversight of adviser remuneration is conducted by management and the T&C Manager.

CLAWBACK AND RETENTION MONITORING

Where commission is subject to clawback from product providers, the firm monitors policy retention rates. High levels of early policy cancellation may indicate potential issues such as:

- affordability concerns
- unsuitable recommendations
- poor client understanding

Where such risks are identified, additional supervision may be implemented.

GOOD & POOR PRACTICE

✔ Good Practice

- Recommending products based solely on client needs
- Transparent disclosure of fees
- Documenting the rationale for recommendations
- Maintaining long-term client relationships

✘ Poor Practice

- Recommending products purely to maximise commission
- Replacing policies unnecessarily
- Failing to disclose fees to clients
- Prioritising sales over client outcomes

Poor practice may result in disciplinary action.

GOVERNANCE

Senior management is responsible for ensuring that remuneration structures remain consistent with regulatory expectations and support good customer outcomes. The firm regularly reviews remuneration arrangements to ensure compliance with regulatory standards.

POLICY REVIEW

This policy will be reviewed:

- annually
- following regulatory changes
- following identification of remuneration-related risks

Impact Financial Services Limited remains committed to ensuring that remuneration practices support responsible advice and the delivery of fair customer outcomes. Remuneration must never compromise the quality or suitability of advice provided to clients.