

The Consumer Duty

Chapter 2A

The Consumer Duty

2A.8 Governance and culture

Governance, strategy and policies

2A.8.1

R

A *firm* must:

- (1) ensure that *Principle 12* and the obligations in this chapter are reflected in their strategies, governance, leadership and people policies, including incentives at all levels; and
- (2) ensure that *retail customer* outcomes are a central focus of:
 - (a) the *firm's* risk control arrangements under SYSC; and
 - (b) the *firm's* internal audit function.

Staff incentives

2A.8.2

G

A *firm* should not use staff incentives, performance management or remuneration structures in a way that conflicts with their obligations under *Principle 12* and ■ PRIN 2A. *Firms* should be aware that these structures are capable of causing harm to *retail customers* and should design their structures in a way that is consistent with ensuring good outcomes for *retail customers*.

Governing body report

2A.8.3

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A *firm* must prepare a report for its governing body setting out the results of its monitoring under ■ PRIN 2A.9 and any actions required as a result of the monitoring.

2A.8.4

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At least annually, the governing body of a *firm* must:

- (1) review and approve the *firm's* report on the outcomes being received by *retail customers*;
- (2) confirm whether it is satisfied that the *firm* is complying with its obligations under *Principle 12* and ■ PRIN 2A; and
- (3) assess whether the *firm's* future business strategy is consistent with its obligations under *Principle 12* and ■ PRIN 2A.

2A.8.5

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When approving the *firm's* report under ■ PRIN 2A.8.4R(1), the governing body of the *firm* must also agree:

- (1) any action required to address any identified risk that *retail customers* may not receive good outcomes;
- (2) any action required to address any identified instance where *retail customers* have not received good outcomes; and
- (3) any amendments to the *firm's* business strategy to ensure that it remains consistent with meeting the *firm's* obligations under *Principle 12* and ■ PRIN 2A.