

CONFLICT OF INTEREST

Best Debt Finance (Pty) Ltd “Best Debt” understands the need to ensure effective corporate governance, not only for the integrity of our business but also to protect our clients. Our compliance procedures are integrated as part of our risk management framework as a Financial Services Provider. This is also a requirement of the Regulations to the Financial Advisory and Intermediary Services Act 37 of 2002 (FAIS Act). Through our FAIS compliance officer and appointed Key Individual, which act as our risk management committee, we have adopted the following policy.

This conflict of interest policy provides guidance with respect to the identification and management of potential conflicts of interest as it applies to interactions between Best Debt and its employees with clients, suppliers and customers in the provision of financial services products and any services related thereto. Furthermore, the document takes into account the requirements of the General Code of Conduct found in the Financial Advisory and Intermediary Services Act 37 of 2002 as amended by Board Notice 58 that was published in the Government Gazette No. 33133 on 19 April 2010.

Best Debt’s business is primarily that of a micro lender to individuals based in South Africa. We provide a branch network for our employees to provide excellent service when providing loans to their customers. Best Debt has developed its own Conflict of Interest Policy suited to its business. The requirements outlined in this Policy apply to all employees of Best Debt in relation to the discharge of their duties in terms of their employment with Best Debt and specifically includes representatives in relation to the discharge of their duties in terms of the provision of financial services as defined in the FAIS Act.

Taking into account the purpose and scope set out above, the primary objectives of this Policy is to:

- promote transparency and provide a framework for the identification and management of conflicts of interest relating to Best Debt and or its employees, including, specifically representatives and key individuals;
- document the processes for the disclosure, approval and review of actual, potential and/or perceived conflicts of interest;
- set out the details required relating to a conflicts of interest management policy in accordance with Board Notice 58 as it applies to the Best Debt FSP.

The Management team is ultimately responsible for this Policy including specifically its approval, but it delegates certain responsibilities to the Executive Committee, key individuals and to the compliance officer as set out below.

The Directors are responsible for drafting and implementation of this Policy and for its consideration and approval; ensuring that all employees, representatives and where appropriate, associates, are made aware of the contents of this Policy including training and or education in this regard they must also ensure that this Policy is always available on the company website and that it is easily accessible for public inspection at all reasonable times.

KEY INDIVIDUALS (“KIs”)

Specifically in relation to the FAIS Act, the KIs are responsible for managing or overseeing the activities of the Best Debt FSP with respect to the rendering of financial services. In terms of Best Debt, the KI is also a member of the Management team. The responsibilities of the KI in terms of this Policy are the same as those of the Management team as set out above, albeit with specific focus on the aspects that fall under the ambit of the FAIS Act.

COMPLIANCE OFFICER

The Compliance Officer is responsible for the following:

- reporting in the annual compliance reports submitted to the Registrar of Financial Services Providers under the FAIS Act that must deal with the monitoring of, compliance with and accessibility of this Policy.
- Maintaining a conflicts of interest management register into which all declaration forms completed by employees and representatives are recorded;
- assist the Management team in discharging its responsibilities including arranging appropriate training of employees and representatives.

Given the nature and complexity of the business activities in the provision of financial services products a number of mechanisms have been identified that can be utilised to identify potential conflicts of interest, taking into account definition of conflicts of interest:

- All employees, representatives and KIs are to be trained on the content of this Policy and will be made aware of the obligation to identify specific circumstances that may give rise to conflicts of interest;
- In the event that they become aware of a conflict of interest, all employees, representatives and KIs are to follow the processes set out in this document in terms of disclosures and or declarations;
- The statutory disclosure notices have been enhanced and set out important information which, when read by clients, can assist in identification of potential conflicts of interest especially relating to associates;
- The roles and responsibilities expected from the various parties are clearly set out in this Policy including those of employees, representatives, KIs, Compliance Officer, Management team and the Board of Directors.

In accordance with the provisions of this Policy, conflicts of interest generally are to be avoided. However, where this is not possible, they must be mitigated and managed and guidance in this respect is set out in the points below:

MEASURES TO AVOID CONFLICTS OF INTEREST

- Avoid any situations in terms of which, when conducting business with a client, objectivity may be impaired;
- In the event there is a pre-existing financial interest which may result in a conflict of interest with a client or prospective client, it be disclosed and or declared immediately;
- In the event that there is a pre-existing ownership interest which may result in a conflict of interest with a client or prospective client, it must disclosed and/or declared immediately;
- Ensure that all training is attended that may be provided from time to time relating to conflicts of interest and actively familiarise yourself with the content of this Policy.

MEASURES TO MITIGATE CONFLICTS OF INTEREST

- Follow the process set out in this Policy regarding disclosures, declarations and any guidance that may be issued following the assessment of any disclosure/declaration;
- Follow the process in relation to always providing clients with the requisite statutory disclosure notices;
- In the event that a conflict of interest is identified, it must be disclosed to the client in writing at the earliest reasonable opportunity (refer to point 8 below for further details);
- Clients are to be informed of the existence of this Policy and the manner in which it may be accessed;
- All staff, representatives and KIs will be provided with a copy of this Policy and will be required to sign an acknowledgement of receipt and declaration that they will familiarise themselves with its content;
- The Compliance Officer will add the monitoring of employees, representatives and KIs to this Policy to Best Debt's annual compliance monitoring plan.

In the event that a conflict of interest is identified, it must be disclosed to the client in writing at the earliest reasonable opportunity including specifically:

- the measures taken in accordance with this Policy to avoid or mitigate the conflict;
- any ownership or financial interest that the representatives or provider may be or become eligible for (other than immaterial financial interest);
- the nature of the relationship or arrangement with a third party that gives rise to the conflict in sufficient detail to enable the client to understand it.

The process described above is to be followed in all instances where a conflict of interest has been identified, irrespective of the fact that a client may have been provided with the statutory disclosures (in other words, the written disclosure above is to be supplied to a client in addition to any standard statutory disclosure notice).

EMPLOYEES' OBLIGATION TO DECLARE ANY PERSONAL INTERESTS TO BEST DEBT

Every employee must communicate and disclose any personal interests they may have including affiliation and nepotism as defined which may cause an actual or perceived conflict of interest or could impair or be perceived to impair their ability to act with integrity or objectivity in the context of their employment. Disclosures must be made through the prescribed format.

EMPLOYEES' OBLIGATION TO MAKE AN "ANNUAL DECLARATION" TO BEST DEBT

All employees must complete an annual declaration disclosing personal interests including those that may be pre-existing that may cause an actual or perceived conflict of interest. Notwithstanding the fact that an employee may already have made one or more disclosures in the months preceding the receipt of their annual declaration form, they will still be required to complete an annual declaration form. If employees have nothing to declare, they will need to complete a nil declaration.

REPRESENTATIVES' OBLIGATION TO REPORT CONFLICTS OF INTEREST TO BEST DEBT

Once a representative has identified a conflict of interest (refer to above), the representative must report the conflict to the Key individual of Best Debt. The report is to be made in the prescribed format and is to be used by the Key Individual to update Best Debt's conflicts of interest register.

CONSIDERATION AND APPROVAL OF EMPLOYEE DECLARATIONS

Disclosures made by employees (refer above) are to be considered by the Key Individual and where necessary the KI will refer any declarations to the Compliance Officer. The declarations are to be assessed in accordance with the requirements set out in this Policy and the transaction or activity related thereto must be approved and or declined, which decision will be communicated to the employee in writing.

CONSIDERATION OF REPRESENTATIVE REPORTS ON CONFLICTS OF INTEREST

All conflicts of interest that are reported by Reps are to be considered by the KI and are to be used to update the conflicts of interest management register. In certain instances, the Compliance Officer may refer certain reports to the Management team. The reports are to be assessed in accordance with this Policy and any feedback communicated to the representative in writing.

11.1 RECORD KEEPING

The KI is tasked with keeping all the signed declaration forms completed by employees and or by representatives on behalf of Best Debt and in addition, copies of the conflicts of interest forms.

11.2 MAINTENANCE OF THE CONFLICTS OF INTEREST REGISTER

The KI is to maintain the conflicts of interest register on behalf of Best Debt. Details of all the declaration forms and conflict of interest forms will be recorded and updated and reported monthly to the Management team.

12.1 PAYMENT / RECEIPT OF FINANCIAL INTEREST

Providers or representatives are only permitted to receive or offer certain financial interest from or to a third

party:

- Commissions authorised in terms of the Long-term Insurance Act or Short-term Insurance Act;
- Fees authorised in terms of the Long-term Insurance Act or Short-term Insurance Act;

Fees for the rendering of a financial service in respect of which commission or fees referred to in the two points above have not been paid, provided that the fees payable:

- are specifically agreed to by a client in writing; and
- may be stopped at the discretion of that client within the notice period as specified in each instance;
- fees or remuneration for the rendering of a service to a third party, which fees or remuneration are reasonably commensurate to the service being rendered. any financial interest that is not specifically referred to in the points above for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid by that provider or representative at the time of receipt thereof.

In addition to the financial interests listed above, providers or representatives may also receive or offer immaterial financial interest subject to any other applicable laws.

PAYMENT / RECEIPT OF IMMATERIAL FINANCIAL INTEREST

Providers or representatives are permitted to receive an immaterial financial interest from or to a third party. Taking into account the definition of the term “immaterial financial interest”, the Management team has considered the application of this to Best Debt and its employees and representatives and provided the following guidelines:

A maximum annual amount spent of R1,000 per Financial Services Provider.

If there is any doubt representatives must consult with the Compliance Officer before receiving or offering the item that may fall into the definition of financial interest.

Best Debt’s representatives are remunerated in the form of salaries and some of them may be eligible for the payment of a guaranteed 13th cheque or in some instances annual performance bonuses that recognise their contribution to the overall performance of Best Debt. Salaries are paid in accordance with employment contracts and in instances where a representative is paid a performance bonus, in all instances it will be calculated based on a formula which includes the net profit performance of Best Debt and the overall performance appraisal of the individual concerned. In the event that the remuneration structure is amended to include the payment of commissions to representatives in addition to their basic salaries, any such commissions will not be calculated on the quantity of business to the exclusion of quality, the giving of preference to a specific product supplier where the representative may recommend more than one product supplier or the giving of preference to a specific product where the representative may recommend more than one product of a particular product supplier.

Non-compliance by employees and or representatives with this Policy will result in disciplinary action being taken against the individual/s which may include sanctions in terms of the employment terms and conditions, these may include dismissal and in addition to this, sanctions may be imposed against representatives which emanate from the fit and proper requirements related to the FAIS Act including possibly even debarment. Best Debt is a juristic person and therefore the definition of associates as it applies to juristic representatives is applicable. This includes any subsidiary or holding company of that company, any other subsidiary of that holding company, and any other company of which that holding company is a subsidiary.

The definition of third party according to Board Notice 58 means a product supplier, another provider, an associate of a product supplier or a provider, a distribution channel, or any other person that in terms of an agreement or arrangement with a person who provides a financial interest to a provider or its representatives. In terms of this definition, Best Debt’s FSP does not have any ownership interests.