

BAYPORT SECURITISATION (RF) (PTY) LTD
KING III APPLICATION REGISTER

The board of directors of the Issuer (“the Board”) is ultimately responsible for financial risk management and governance. The day-to-day management of the Issuer is the responsibility of BFS through the authority granted by the Board of the Issuer by way of the Management Agreement. The Issuer has constituted an audit committee which comprises three independent non-executive directors and meets bi-annually. Invitees to the audit committee meetings include the external auditors, the internal auditors as well as representatives of BFS and BML.

The audit committee assists the Board with:

- combined assurance;
- internal audit;
- external audit; and
- governance.

The Board has constituted a social and ethics committee to consider the Issuer’s activities with regard to matters relating to social and economic development. The committee consists of at least three members elected by the Board and the chairman is a non-executive director of the Board. The committee meets at least once annually and is accountable to both the Board and Issuer’s shareholder/s.

King code of corporate governance

The Board is committed to complying in all material respects with the principles contained in King III, to the extent that they are relevant to the Issuer.

King III Principle	Application	Comments on Application
CHAPTER 1 ROLE AND FUNCTION OF THE BOARD		
Principle 1.1: The board should provide effective leadership based on an ethical foundation	Full	<p>The Board provides effective and responsible leadership based on an ethical foundation by directing strategy and operations in support of a sustainable business, while considering the short and long term impacts thereof on society, the environment and stakeholders.</p> <p>The Board and its sub-committees assume responsibility for ensuring the ethical behaviour of the Issuer, compliance with laws, regulations and the Issuer’s policies.</p> <p>The social and ethics committee is tasked by the Board with the oversight of the Issuer’s ethical practices.</p>
Principle 1.2: The board should ensure that the company is and is seen to be a responsible corporate citizen	Partial	<p>The Issuer is an insolvency remote entity operating in accordance with the requirements of the Securitisation Regulations and the Transaction Documents, with no employees and no administrative infrastructure of its own. The Issuer's affairs are managed, in terms of the Management Agreement, by the Manager (“the Securitised Status of the Issuer”).</p> <p>However, the social and ethics committee of the Issuer receives</p>

King III Principle	Application	Comments on Application
		reports from the Manager detailing the Manager's corporate citizenship endeavours.
Principle 1.3: The board should ensure that the company's ethics are managed effectively	Partial	<p>The Securitised Status of the Issuer makes full application of this principle impractical. However, Board has ensured that the ethics of the Issuer are effectively managed in terms of its relationship with the Manager. The Manager adheres to a Code of Ethics, to which all members of the board, management and employees are required to adhere. The code promotes and enforces ethical business practices.</p> <p>The Manager has appointed an external service provider, providing group wide anonymous "whistle blowing services. Employees of the Issuer are trained in this regard. Findings emanating from "whistle blowing" feedback are dealt with by the appropriate forum.</p>
CHAPTER 2 BOARDS AND DIRECTORS		
Principle 2.1: The board should act as the focal point for and custodian of corporate governance	Full	The Board is committed to the highest standards of corporate governance.
Principle 2.2: The board should appreciate that strategy, risk, performance and sustainability are inseparable	Full	<p>The Board recognises that strategy, risk, performance and sustainability are inextricably linked.</p> <p>The Board oversees not only the Issuer's, but the Manager's alignment of the strategic objectives, vision and mission with performance and sustainability considerations. The Manager adheres to a formalised risk management process which takes into account the full range of risks including strategic and operational risk encompassing performance and sustainability.</p>
Principle 2.3: The board should provide effective leadership based on an ethical foundation	Full	See 1.1 above
Principle 2.4: The board should ensure that the company is and is seen to be a responsible corporate citizen	Partial	See 1.2 above
Principle 2.5: The board should ensure that the company's ethics are managed effectively	Partial	See 1.3 above
Principle 2.6: The board should ensure that the company has an effective and independent audit committee		See Chapter 3 below.
Principle 2.7: The board should be responsible for the governance of risk		See Chapter 4 below.
Principle 2.8: The board should be responsible for information technology (IT) governance		See Chapter 5 below.
Principle 2.9: The board should ensure that the company complies with applicable laws and considers adherence to non-binding		See Chapter 6 below.

King III Principle	Application	Comments on Application
rules, codes and standards		
Principle 2.10: The board should ensure that there is an effective risk-based internal audit		See Chapter 7 below.
Principle 2.11: The board should appreciate that stakeholders' perceptions affect the company's reputation		See Chapter 8 below.
Principle 2.12: The board should ensure the integrity of the company's integrated report		See Chapter 9 below.
Principle 2.13: The board should report on the effectiveness of the company's system of internal controls		See Chapters 7 and 9 below.
Principle 2.14: The board and its directors should act in the best interests of the company	Full	<p>The Board acknowledges this role and acts, at all times, in the Issuer's best interests.</p> <p>Directors have statutory and fiduciary duties towards the Issuer. The common law duty requires a director to exercise care, skill and diligence in the management of the Issuer's affairs. Directors act in the best interest of the Issuer's stakeholders.</p> <p>Directors are encouraged to procure independent advice where necessary, at the Issuer's cost, for the proper execution of their duties and responsibilities.</p> <p>Directors are required to complete and sign declaration of interests on a regular basis, and are expected to disclose any conflicts of interest as they arise.</p>
Principle 2.15: The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act	Full	<p>A going concern assessment is regularly tabled at board meetings and considered when substantial expenditure needs to be incurred.</p> <p>The Board would consider turnaround mechanisms should the Issuer experience financial distress. The Issuer is currently trading as a going concern.</p>
Principle 2.16: The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairman of the board	Full	The Chairman of the Board is a non-executive, fully independent director.
Principle 2.17: The board should appoint the chief executive officer and establish a framework for the delegation of authority	Partial	<p>In light of the Securitised Status of the Issuer –</p> <ul style="list-style-type: none"> no chief executive has been formally appointed; the Board maintains a register of nominated officers to act on its behalf, and formally delegates authority to the chief executive officer of the Manager, as and when required; the Manager has established (and often reviews) a delegation of authority.

King III Principle	Application	Comments on Application
Principle 2.18: The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	Full	The Board is comprised of a majority of independent, non-executive directors.
Principle 2.19: Directors should be appointed through a formal process	Full	The appointment of Directors follows a vigorous and formal process.
Principle 2.20: The induction of and on-going training and development of directors should be conducted through formal processes	Full	New appointees to the Board are appropriately familiarised with the Issuer. They are provided with induction material and given access to all relevant statutory and company records. Existing directors are kept abreast of regulatory developments affecting their responsibilities by the Legal and Compliance department of the Manager.
Principle 2.21: The board should be assisted by a competent, suitably qualified and experienced company secretary	Full	The appointment of the company secretary was approved by the Board, having been satisfied that she was suitably qualified and experienced. The company secretary is a resource of the company on governance, ethics and legislative changes.
Principle 2.22: The evaluation of the board, its committees and the individual directors should be performed every year	Full	The Board performs an annual self-assessment and the Chairman of the Board and Chairman of the Audit Committee carry out continuous evaluations.
Principle 2.23: The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	Full	The Board is supported by appropriately constituted and mandated sub-committees – <ul style="list-style-type: none"> • Social and Ethics Committee • Audit Committee While the Board has delegated certain functions to the above committees, the Board retains full oversight in relation to such sub-committees and ensures that its own responsibilities are fulfilled.
Principle 2.24: A governance framework should be agreed between the group and its subsidiary boards	Under Review	A governance framework between the Issuer and Zenthyme is being refined.
Principle 2.25: Companies should remunerate directors and executives fairly and responsibly	Full	Remunerations are disclosed in the Issuer's annual financial statements.
Principle 2.26: Companies should disclose the remuneration of each individual director and certain senior executives	Full	See 2.25 above.
Principle 2.27: Shareholders should approve the company's remuneration policy	Under Review	The remuneration policy is being refined.
CHAPTER 3 AUDIT COMMITTEE		
Principle 3.1: The board should ensure that the	Full	The Board has established an audit committee comprising highly

King III Principle	Application	Comments on Application
company has an effective and independent audit committee		<p>qualified members, all of whom are independent, non-executive directors.</p> <p>The chairman of the audit committee provides verbal and/or written feedback to the board on all material issues.</p> <p>The members of the audit committee meet with the internal and external auditors at least once a year without management being present.</p>
Principle 3.2: Audit committee members should be suitably skilled and experienced independent non-executive directors	Full	Members of the audit committee are all suitably skilled and experienced independent, non-executive directors.
Principle 3.3: The audit committee should be chaired by an independent non-executive director	Full	The audit committee is chaired by an independent, non-executive director.
Principle 3.4: The audit committee should oversee integrated reporting	Partial	<p>While the Issuer does not prepare integrated reports, the audit committee does –</p> <ul style="list-style-type: none"> • review and comment on the annual financial statements and other financial reports; • recommends the annual financial statement to the Board for approval.
Principle 3.5: The audit committee should ensure that a combined assurance model is applied to provide a co-ordinated approach to all assurance activities	Full	The audit committee oversees the assurance activities to ensure that they are carried out in a coordinated manner.
Principle 3.6: The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function.	Full	The audit committee considers the Manager's CFO and finance function's expertise, resources and experience on a regular basis and interrogates its adequacy to ensure high standards.
Principle 3.7: The audit committee should be responsible for overseeing of internal audit	Full	The audit committee reviews, interrogates, and approves the internal audit reports presented to the committee.
Principle 3.8: The audit committee should be an integral component of the risk management process	Full	<p>Amongst others, the audit committee satisfies itself that the following risks have been appropriately addressed –</p> <ul style="list-style-type: none"> • Financial reporting risks; • Internal financial controls; • Fraud risks relating to financial reporting; and • Information technology risks relating to financial reporting.
Principle 3.9: The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	Full	The audit committee recommends to the Board and to the shareholder/s, the appointment of the external auditor with extensive consideration. The audit committee oversees the external audit process with detailed diligence.
Principle 3.10: The audit committee should report to the board and shareholders	Full	The chairman of the audit committee formally reports to the Board after each meeting.

King III Principle	Application	Comments on Application
on how it has discharged its duties		
CHAPTER 4 THE GOVERNANCE OF RISK		
Principle 4.1: The board should be responsible for the governance of risk	Partial	The Securitised Status of the Issuer makes full application of this principle impractical. However, the Issuer fulfils this responsibility through its relationship with the Manager. The Manager has a risk committee which reports to the Manager's board and the Manager's audit, risk and compliance committee.
Principle 4.2: The board should determine the levels of risk tolerance	Partial	The Securitised Status of the Issuer makes full application of this principle impractical. However, Issuer by way of the Manager's board of directors determines the levels of risk tolerance.
Principle 4.3: The risk committee or audit committee should assist the board in carrying out its risk responsibilities	Partial	The Securitised Status of the Issuer makes full application of this principle impractical. However, the Manager's Enterprise Risk Committee meets at least quarterly to assist the boards with their risk management responsibilities.
Principle 4.4: The board should delegate to management the responsibility to design, implement and monitor the risk management plan	Partial	The Securitised Status of the Issuer makes full application of this principle impractical. However, the Issuer, in conjunction with the Manager's board of directors determines the levels of risk tolerance.
Principle 4.5: The board should ensure that risk assessments are performed on a continual basis	Partial	The Securitised Status of the Issuer makes full application of this principle impractical. However, the Board ensures that such risk assessments are performed via its dealings with the Manager. The Manager's board of directors actively monitors risk as part of its standard agenda. The Manager also has an established Enterprise Risk Committee that meets at least quarterly, assessing all potential risks at a detailed level.
Principle 4.6: The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	Partial	The Securitised Status of the Issuer makes full application of this principle impractical. However, the Board ensures that such implementation occurs in terms of its dealings with the Manager. The Manager's enterprise risk committee has set frameworks and methodologies in place to identify and anticipate potential unpredictable risks. The enterprise risk committee is a sub-committee of the Manager's audit, risk and compliance committee, and the Manager's board of directors has oversight of the enterprise risk committee's activities and outcomes. All risks are identified and steps to mitigate these are outlined, including reasonably unpredictable risks.
Principle 4.7: The board should ensure that management considers and implements appropriate risk responses	Partial	The Securitised Status of the Issuer makes full application of this principle impractical. However, the Board ensures that due consideration and implementation of appropriate risk responses in terms of its dealings with the Manager. Through rigorous discussions at quarterly meetings, the Manager's management presents appropriate risk responses for approval by the Manager's audit, risk and compliance committee.
Principle 4.8: The board should ensure continual risk monitoring by management	Partial	The Securitised Status of the Issuer makes full application of this principle impractical. However, the Board ensures continual risk monitoring in terms of its dealings with the Manager. The Manager

King III Principle	Application	Comments on Application
		maintains a risk register which is presented to the Manager's board to assist that board to monitor the management of risk. The Board is kept abreast of all such measures.
Principle 4.9: The board should receive assurance regarding the effectiveness of the risk management process	Full	The Board receives assurance regarding the efficacy of integration of the daily risk activities into business processes via the audit committee and the Manager's internal audit function.
Principle 4.10: The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	Full	Undue, unexpected or unusual risks are disclosed to stakeholder when appropriate and using various means. Risk disclosures are also made annually in the Issuer's Annual Financial Statements.
CHAPTER 5 THE GOVERNANCE OF INFORMATION TECHNOLOGY		
Principle 5.1: The board should be responsible for information technology (IT) governance	Partial	The Board is cognisant of the importance, relevance and inherent risks in IT governance. However, the Securitized Status of the Issuer makes full application of this principle impractical. The Manager has an IT Steering Committee in place, which is a sub-committee of the Manager's Audit, Risk and Compliance Committee. The Manager's Enterprise Risk Committee also oversees IT Governance and manages IT-related risk in a methodical manner, reporting directly to the Manager's Audit, Risk and Compliance Committee.
Principle 5.2: IT should be aligned with the performance and sustainability objectives of the company	Partial	The Securitized Status of the Issuer makes full application of this principle impractical. However, the Manager's chief information officer and executive committee have been assigned responsibility to align the IT infrastructure with the performance and sustainability objectives of Manager.
Principle 5.3: The board should delegate to management the responsibility for the implementation of an IT governance framework	Partial	The Securitized Status of the Issuer makes full application of this principle impractical. However, the Manager's board has delegated to its management the task of development and implementation of appropriate IT governance structures, policies and frameworks. The Manager's enterprise risk committee and IT steering committee oversee the policy development and implementation on an on-going basis. The Manager's chief information officer is filled by an appropriately experienced and knowledgeable executive.
Principle 5.4: The board should monitor and evaluate significant IT investments and expenditure	Partial	The Securitized Status of the Issuer makes full application of this principle impractical. However, the board of the Manager has a delegation of authority in place, which stipulates that board approval is required for investments and expenditure in excess of stipulated amounts. The delegation of authority is regularly reviewed by the Manager's board.
Principle 5.5: IT should form an integral part of the company's risk management	Partial	The Securitized Status of the Issuer makes full application of this principle impractical. However, the manager's enterprise risk committee manages risk, including IT-related risk integrated through all business areas, in a methodical manner.

King III Principle	Application	Comments on Application
		Furthermore, the Manager has disaster recovery and business continuity plans in place.
Principle 5.6: The board should ensure that information assets are managed effectively	Partial	The Securitised Status of the Issuer makes full application of this principle impractical. However, the Manager's systems are continuously upgraded and monitored to safeguard information assets as required. Through the Manager's IT steering committee and enterprise risk committee, information asset management is addressed at the manager's audit, risk and compliance committee level.
Principle 5.7: A risk committee and audit committee should assist the board in carrying out its IT responsibilities	Partial	The Securitised Status of the Issuer makes full application of this principle impractical. However, through the Manager's enterprise risk committee, IT related management is addressed at the Manager's audit, risk and compliance committee level, which reports into the Manager's board. The Manager's board is also represented on the IT steering committee, which oversees IT governance. Assurance over IT is also given to the Issuer's board directly via extensively-interrogated internal and external audit reports.
CHAPTER 6 COMPLIANCE WITH LAWS, CODES, RULES AND STANDARDS		
Principle 6.1: The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	Full	The Board has the overall accountability for managing risks relating to compliance. A compliance report is tabled every Board meeting. The Board and the Issuer's audit committee consider extensive reports relating to the Issuer's regulatory and legal responsibilities. These reports are informed by the Manager's Executive: Legal and Compliance, Internal Audit, External Audit, and external legal counsel.
Principle 6.2: The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business	Full	The directors and the Board have thorough knowledge of the appropriate applicable laws, rules, codes of standards required by the company and its business.
Principle 6.3: Compliance risk should form an integral part of the company's risk management process	Partial	The Securitised Status of the Issuer makes full application of this principle impractical. However, the risks of non-compliance have been identified and addressed as part of the risk management process, managed by the Manager.
Principle 6.4: The board should delegate to management the implementation of an effective compliance framework and processes	Partial	The Securitised Status of the Issuer makes full application of this principle impractical. However, the Board has delegated the responsibility of compliance framework implementation to the Manager. The Manager oversees this function in various forums, including its enterprise risk committee and audit risk and compliance committee.
CHAPTER 7 INTERNAL RISK		
Principle 7.1: The board	Partial	The Securitised Status of the Issuer makes full application of this

King III Principle	Application	Comments on Application
should ensure that there is an effective risk based internal audit		principle impractical. However, the Board interrogates and approves the Manager's internal audit plan annually.
Principle 7.2: Internal audit should follow a risk based approach to its plan	Partial	The Securitised Status of the Issuer makes full application of this principle impractical. However, the Board and the Manager ensure that a risk-based approach is followed.
Principle 7.3: Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management	Partial	The Securitised Status of the Issuer makes full application of this principle impractical. However, the Manager's detailed written, quarterly internal audit reports are presented to the Board's audit committee, which reports include assessment of the Manager's internal control and risk management effectiveness.
Principle 7.4: The audit committee should be responsible for overseeing internal audit	Partial	The Securitised Status of the Issuer makes full application of this principle impractical. However, the Issuer's audit committee oversees the Manager's internal audit.
Principle 7.5: Internal audit should be strategically positioned to achieve its objectives	Partial	The Securitised Status of the Issuer makes full application of this principle impractical. However, the Manager's internal audit team reports independently and directly to the Issuer's audit committee.
CHAPTER 8 GOVERNING STAKEHOLDER RELATIONS		
Principle 8.1: The board should appreciate that stakeholders' perceptions affect a company's reputation	Full	The Issuer engages its stakeholders on multiple levels allowing the Board (and the Manager) to – <ul style="list-style-type: none"> • manage issues dynamically, effectively and timeously; and • mitigate the likelihood of reputational risks.
Principle 8.2: The board should delegate to management to proactively deal with stakeholder relationships	Full	Stakeholder relationships form a fundamental part of the Issuer's business strategy. Interactions between the different stakeholders (including shareholder/s, regulators and funders) are managed by the Board and/or the Manager as the context requires. A formal report on stakeholder relations is submitted to the social and ethics committee.
Principle 8.3: The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company	Full	The Board, through constructive engagement, strives to achieve an appropriate balance between the interests of all stakeholders, ultimately ensuring the advancement of the best interests of the Issuer. Furthermore, the Manager, has various forums which allow stakeholder engagement through dedicated structures.
Principle 8.4: Companies should ensure the equitable treatment of shareholders	Full	All shareholders are treated equally, except where necessary to protect the interests of the shareholders of those classes of shares that have a priority ranking.
Principle 8.5: Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	Full	The Issuer follows a stakeholder inclusive approach with the aim of stimulating appropriate dialogue with its stakeholders. The Issuer provides complete, timely, relevant, accurate, honest and accessible information to stakeholders. The Manager has structures in place (for example the

King III Principle	Application	Comments on Application
		Transformation Committee) to ensure that timely, relevant, accurate and honest communication is had with all stakeholders
<p>Principle 8.6: The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible</p>	Full	<p>Dispute resolution processes are dealt with by the Board, sub-committees and the Manager as required.</p> <p>The Manager has formal dispute resolution processes in place and the Issuer insists on dispute resolution provisions in contracts.</p>
<p>CHAPTER 9 INTEGRATED REPORTING AND DISCLOSURE</p>		
<p>Principle 9.1: The board should ensure the integrity of the company's integrated report</p>	Partial	While the Issuer does not prepare integrated reports, the Board and audit committee ensures the integrity of all its formal financial reporting.
<p>Principle 9.2: Sustainability reporting and disclosure should be integrated with the company's financial reporting</p>	Full	Sustainability reporting and disclosures are included in the Issuer's financial reporting, including its annual financial statements.
<p>Principle 9.3: Sustainability reporting and disclosure should be independently assured</p>	Partial	The annual financial statements are assured by independent external auditors.