



# Liberis

## Global Responsible Finance Policy

Owner of Document:	Global Head of Compliance
Process Owner	Global Head of Compliance
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## Summary of changes

Date	Version number	Comments and Changes
August 2021	1.0	The implementation of new Global Responsible Finance Policy

## Related policies and procedures

- Credit Risk Policy
- Collections Policy
- [Vulnerable Customer Policy](#)

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## Policy statement

Liberis provides embedded, currently through its Business Cash Advance (commonly known as “BCA”) to merchants across multiple jurisdictions with finance amounts ranging up to £300,000. In providing finance, Liberis has a duty to our customers, stakeholders, investors, and partners to ensure that customers are treated fairly and are responsibly provided with finance.

Liberis takes an ethical and customer-centric approach in providing business finance. Our commitment is to create an approach that remains responsible, fair, and transparent. Whilst Liberis may not be regulated for offering finance, we aim to ensure our underwriting decisions deliver fair outcomes, that payments remain sustainable for merchants, and we champion best practices for merchants experiencing financial hardship.

The structure and nature of our revenue dependent product lends itself to fair and proportionate financing arrangements with customers. Liberis takes an agreed and fixed split percentage (“Split”) of a customer’s card takings and has a limit to a split percentage that can be collected from a merchant as detailed in Liberis Credit Risk Policy. This direct correlation between the amount we are paid, and a customer’s card transaction sales greatly reduces the possibility of customer affordability concerns as they are not exposed to large balloon payments or amount that they cannot pay back due to business slow down.

This policy outlines our high-level approach to providing responsible business finance to SMEs.

## Purpose

The purpose of this Global Responsible Finance Policy is to ensure that Liberis is responsible in providing finance; including through its marketing, underwriting, approach, fees and treatment of customers in financial difficulties.

## Scope

This policy document applies to all employees. It also applies to all Liberis entities across all operating geographies and therefore references to “Liberis”, the “Company” or “Organisation” and shall be taken to mean all Liberis entities unless stated otherwise.

Liberis has operations in the following jurisdictions: United Kingdom, Sweden, Finland, Czech Republic, Slovakia, United States and Denmark.

## Applicable regulations, guidance, and associations

Liberis’ BCA product in the UK is not regulated by the Financial Conduct Authority (“FCA”) or in other jurisdictions for the purpose of providing business finance, however, the Company will:

- apply best practices to deliver good outcomes for our customers.
- act in the spirit of the FCA’s Treating Customers Fairly (TCF) principles and provide staff with training in TCF.
- support our partners who are often authorised and regulated in their operating jurisdiction(s).
- understand and recognise that Liberis and its products may be subject to regulation in the future

Some of the regulations Liberis will pay due regard to include:

- FCA CONC Sourcebook (Including chapters 3, 5 and 7)
- FCA Principles for Businesses
- FCA TCF Outcomes
- FCA guidance to vulnerable customers
- ASA guidance for advertising

## Associations

In the UK, Liberis is a member of The Association of Alternative Business Finance (“AABF”) and will act in accordance with the operating principles of the AABF which comprises of transparency, responsibility, fairness, and security.

In the US, Liberis is aligned to the Borrowers Bill of Rights practice standards. This includes the right to: non-abusive products, responsible underwriting, fair treatment of and from brokers, inclusive access to finance and fair collections practices.

## Global Responsible Finance Policy

### Financial promotions

Liberis will only market to suitable merchants and our approach will be aligned to guidance from Financial Conduct Authority handbooks (in particular CONC 3) and follow best industry practice including ensuring all materials are deemed to be clear, fair, and not misleading.

To ensure our marketing approach remains responsible in the manner we promote our product and services, Liberis will:

- Develop campaigns in a manner that help explain the product to merchants.
- Always market to merchants where Liberis’ obtained consent or where there are legitimate interests.
- Allow merchants the ability to opt out of marketing material at any time.
- Make appropriate disclaimers clear and transparent to the target market and where possible, give a clear indication of amounts Liberis might be able to offer a merchant.
- Use plain and intelligible language to communicate Liberis’ product proposition.
- Monitor campaigns periodically to ensure compliance internal standards.

### Affordability

Making responsible affordability decisions is a key component in making sure customers receive the best possible outcome and helps merchants manage their business finances to ensure that payments are sustainable. Liberis’ customer assessment includes considering the customer’s financial wellbeing – that is, the potential for the commitments under the BCA agreement to have an adverse impact on the customer’s financial situation.

The following factors are relevant to Liberis’ approach to and assessment of the risks associated with affordability :

- The structure of the product means we only get paid back via an agreed fixed percentage of a merchant’s actual card sales so pay back is proportionate to revenue generation.
- Decisions are connected to the merchant’s revenue and finance is only approved to merchants who have demonstrated consistent business income over a set number of trading months.
- The maximum advanced to merchants is not greater than 2.5 times the monthly card takings.
- Tailoring advance amounts to each merchant by evaluating the merchants’ average turnover; ensuring we meet the merchant’s needs rather than providing the largest amount.
- Utilising additional credit information, where we have access to this information, to support making an informed underwriting decision so those in significantly adverse financial positions are not approved finance.
- Where unsure of the customer’s circumstances, and it is practical to do so, Liberis will manually review and verify the information provided by the merchant.

Details of Liberis’ approach to affordability can be found here: [Credit Risk Policy](#)

### Product including pricing, payments, and fees

Liberis’ product is built in a way to ensure pricing for Business Cash Advance will be clear and transparent so merchants can make an informed finance decision. Liberis will make merchants aware of pricing during the

customer journey and in finance agreements. Fees are not buried in contractual documentation but rather set out upfront in a clear summary table. Liberis will:

- Disclose details of pricing to merchants clearly in BCA customer agreements including the business advance amount, cost of finance (i.e., fixed fee), purchased amount, the split percentage, and the minimum monthly amount (and where applicable Further Advance amount)
- Use plain English to explain our pricing so it is easy to understand for customers.
- Make sure our factor rate never exceeds 1.41 in all operating regions regardless of the term.
- Liberis never charge additional fees to merchants for late payments.
- Take a reasonable approach to cancellation requests.
- Involve Compliance in any proposed changes to product pricing.
- Operate a product governance process with appropriate checks and balances.

## Financial difficulties

### Arrears management

The collections strategy is underpinned by three key principles: fairness, transparency, and exercising forbearance. The commitment is to ensure customers are treated fairly throughout the recoveries process and encourages internal teams and our collections partners to engage positively with customers in arrears. Liberis approach will consist of:

- **Fairness:** treat customers fairly when they experience financial difficulties in paying their advance by engaging with customers, exercising empathy, and exploring flexible solutions.
- **Transparency:** open, clear, and accurate communication with customers explaining the benefits of keeping up payments, charges, and the consequences of breaching their agreement.
- **Forbearance:** exercise forbearance by providing flexible and sustainable solutions to customers experiencing difficulties paying, including payment plans, freezing the account, and signposting to free debt advice services.

### Vulnerable customers

Liberis recognises that vulnerability can have a material impact on customers and can be particularly challenging in the context of financial services. Liberis's overarching approach is to ensure that the customer's individual circumstances are taken into consideration so tailored solutions can be provided. Liberis aims to align its policy to FCA guidance including recognising that vulnerability can be both a permanent and transient situation. Liberis will provide Vulnerable Customer Training to customer facing Teams at an appropriate frequency.

Details of Liberis' approach to vulnerable customers can be found here: [Vulnerable Customer Policy](#).

## Policy content

### Policy owner

The policy is owned by the Global Head of Compliance. Any questions in relation to this policy must be directed to the Policy Owner.

### Policy review

This policy will be reviewed on an annual basis unless required otherwise for purposes noted below by the Policy Owner. The Policy Owner will be responsible for consulting with appropriate Liberis stakeholders to ensure that the policy is updated to reflect all operative and regulatory changes.

The Policy Owner is responsible for keeping this policy up to date.

Please note, this policy will be reviewed immediately if changes are required because of:

- changes to the regulatory environment which impacts Liberis best practice,
- changes to internal business processes or strategy,
- material change in product offering,
- changes or implementation of co-dependent policies,
- following oversight activities which identifies material policy weaknesses/ risks.

Updates to this policy need to be signed off and approved by the Policy Owners and required stakeholders.