



Capitec Bank Conflict of Interest Management Policy

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Purpose

The purpose of this document is for Capitec Bank Limited (Registration number 1980/003695/06) ("Capitec Bank") to adopt, maintain and implement a Conflict of Interest Management Policy ("the Policy") that complies with the requirements of the Financial Advisory and Intermediary Services Act, 37 of 2002 ("FAIS") and to ensure that objective, unbiased and fair financial services are rendered to clients.

Adherence

All Employees and Clients

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CAPITEC BANK LIMITED

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The following document(s) must be read in conjunction with this content:

No Content

1. Purpose of this Policy

The purpose of this document is for Capitec Bank Limited (Registration number 1980/003695/06) ("Capitec Bank") to adopt, maintain and implement a Conflict of Interest Management Policy ("the Policy") that complies with the requirements of the Financial Advisory and Intermediary Services Act, 37 of 2002 ("FAIS") and to ensure that objective, unbiased and fair financial services are rendered to clients.

2. What is a Conflict of Interest?

The FAIS General Code of Conduct for Authorised Financial Services Providers and Representatives, BN 80 of 8 August 2003 ("the GCOC") defines a conflict of interest as: any situation in which a provider or a representative has an actual or potential interest that may, in rendering a financial service to a client—

- (a) *influence the objective performance of his, her or its obligations to that client; or*
- (b) *prevent a provider or representative from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client, including, but not limited to—*
 - (i) *a financial interest;*
 - (ii) *an ownership interest;*
 - (iii) *any relationship with a third party;*

A conflict of interest is therefore any situation where Capitec Bank or its representatives have an actual or potential interest that may, in rendering financial services to clients, influence the objective performance of our obligations, or the rendering of an unbiased and fair financial service, or acting in the interest of our clients.

3. Policy Statement

Capitec Bank is committed to the prudent management of its business in accordance with the requirements of FAIS and the GCOC with respect to conflicts of interest. Capitec Bank undertakes to conduct its business with integrity and due diligence, complying with both the spirit and letter of the law, as well as all internal policies and procedures.

The Policy describes the procedures that will be followed to ensure that any potential conflict of interest is avoided to protect our client's interest. Where the avoidance of a potential conflict is not possible and our client's interests might not be sufficiently protected, Capitec Bank will disclose all the relevant facts to the client to make an informed decision.

3.1 Principle 1: Avoid conflict of interest

Capitec Bank will avoid conflicts of interest, subject to Principle 2.

3.2 **Principle 2: Mitigate conflict of interest where it cannot be avoided**

Where avoidance of a conflict of interest is not possible, mechanisms are in place to identify such conflict and measures will be taken to mitigate the risk and make required disclosures to clients.

The following mechanisms are in place to identify conflict of interest:

- All conflicts to be identified by Capitec Bank and its representatives will be referred to Capitec Bank's Key Individual for consideration and guidance.
- Ad hoc reviews are performed by Capitec Bank to identify and address any conflicts of interest.

Where a conflict of interest cannot be avoided Capitec Bank or its representatives must obtain guidance from Capitec Bank's Key Individual on the reasons why the conflict cannot be avoided with proposed mitigating measures. If the parties are satisfied that the conflict of interest cannot be avoided and will not negatively impact the client, full disclosure of the conflict of interest will be made to clients.

The reasons why the conflict of interest cannot be avoided and the full disclosure made to the client regarding the conflict of interest will be documented by Capitec Bank and those records will be kept for five years after termination, to the knowledge of Capitec Bank, of the product concerned or, in any other case, after the rendering of the financial service concerned.

Capitec Bank will disclose the conflict of interest in the Disclosure Notice provided to the client; or in any other appropriate written document that will be provided to the client.

3.3 **Principle 3: Controls should be implemented to avoid conflict of interest**

Capitec Bank adopted appropriate processes, procedures and internal controls, to manage all conflicts of interest and to facilitate compliance with this Policy. Employees and representatives are trained on this Policy and relevant controls. Regular monitoring and review are conducted to test compliance with the Policy. In instances of non-compliance the standard Capitec Bank disciplinary processes will be followed.

Whenever any potential conflict of interest is identified, Capitec Bank will consider whether any practical means exist to avoid the conflict of interest. Where this is not practical, the process set out under Principle 2 above will be followed.

3.4 **Principle 4: Limitations apply to financial interests offered and received to or from a third party by Capitec Bank**

Capitec Bank will comply with section 3A of the GCOG, including the limits on the provision and acceptance of financial interest as set out in section 3A(1)(a).

3.5 **Principle 5: Limitations apply to financial interests offered to representatives of Capitec Bank**

When offering financial interest to its representatives, Capitec Bank will comply with the provisions of section 3A(1)(b) of the FAIS General Code of Conduct by ensuring that it will not:

- Give preference to quantity of business to the exclusion of quality of services rendered to clients.
- Give preference to a specific product supplier, where the representative can recommend more than one product supplier to the client. Representatives are offered the same financial interest on all products, regardless of the product supplier.
- Give preference to a specific product of a product supplier, where the representative can recommend more than one product of the product supplier to the member. Representatives are offered the same financial interest on all comparable products

The Capitec Bank representatives receive a fixed salary and standard employee benefits not influenced by the abovementioned.

3.6 **Principle 6 Training**

Employees and representatives must know and understand this Policy and related business processes relevant to their roles. These requirements will be communicated mostly by specific training, but also by induction programmes and employee awareness initiatives. Training attendance registers will be kept by Capitec Bank.

All representatives and employees receive guidance and training in these procedures and are subject to monitoring and review processes.

4. **Third Parties, Associates and Ownership Interest**

The GCOC requires the disclosure of the following relationships, as set out in Annexure 1:

- The associates of Capitec Bank;
- Third parties that Capitec Bank holds an ownership interest in; and
- Third parties that hold an ownership interest in Capitec Bank.

5. **Acceptance of this Policy**

The Board of Directors of Capitec Bank adopted this policy.

6. **Publication of this Policy**

The policy will be published on the Capitec Bank website at www.capitecbank.co.za.

7. Employees and Representatives

Employees and representatives of Capitec Bank must adhere to this policy and will confirm compliance with this policy when required.

8. Maintenance of this Policy

This Policy will be reviewed annually to ensure that the requirements of FAIS, the GCOC and business requirements or relationships are adequately addressed and provided for in this policy. If required, the Policy will be updated upon approval by the Board of Directors of Capitec Bank.

Continuous monitoring of compliance to this policy will be conducted by Capitec Bank. Reports on the non-compliance of this policy will be provided to the Capitec Bank Risk Committee.

9. Addendum A

9.1 The associates of Capitec Bank

- Capitec Properties Proprietary Limited (Registration number 1998/007658/07)
- Keymatrix Proprietary Limited (Registration number 1999/010617/07)
- Keynes Rational Corporate Services Proprietary Limited (Registration number 1999/014817/07)

9.2 Third parties that Capitec Bank holds an ownership interest in

- Guardrisk Life Limited (Registration number 1999/13922/06): Capitec Bank owns one ordinary share in a Guardrisk Cell Captive structure that entitles Capitec Bank to dividends as determined by Guardrisk Life Limited from time to time
- African Bank Holdings Limited (Registration number 2014/176855/06): Capitec Bank owns one ordinary share in African Bank Holdings Limited
- Centriq Life Insurance Company Limited (Registration number 1943/016409/06): Capitec Bank owns five Non- Convertible redeemable preference shares in a Centriq Life Cell Captive structure that entitles Capitec Bank to dividends as determined by Centric Life Life Insurance Company Limited from time to time

9.3 Third parties that hold an ownership interest in Capitec Bank

- Capitec Bank Holdings Limited (1999/025903/06) owns 100% of the shares in Capitec Bank