

Exclusion List



Purpose

The Exclusion List sets out the activities which Capitec Bank Limited will not finance in order to safeguard the financial interests, integrity and reputation of the Bank and contribute towards responsible and sustainable development in South Africa.

Read along with this content

Capitec Business Credit Risk Framework
Capitec Business Credit Risk Appetite Framework
Capitec Branch Credit Granting Policy

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Document Adherence

All Employees of Capitec Bank (Business and Retail)

Committee to Approve

Capitec Policy Committee

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1. Introduction

Capitec Bank Limited (Capitec Bank/the Bank) recognises the importance of the role it plays as an agent for positive and sustainable change within South Africa. Whilst a significant component of the Bank does not have a primary or first-degree ESG (Environmental, Social, and Governance) impact, Capitec has committed itself to entrenching ESG principles within the way it operates, and as such will endeavour not to engage in or finance any activity where there is clear evidence of adverse impact to the environment, people, or communities.

Our Credit Risk Framework, Risk Appetite Framework, and Credit Granting Policies work together to ensure appropriate governance over the risk-based decisions undertaken. The Frameworks and Policy rules are reviewed regularly, in accordance with our existing Credit Governance structures of the Bank.

We believe that the abovementioned Frameworks and Policies provide for a comprehensive approach in the way the Bank supports to avoid harm on society and the environment. Importantly, it is an endorsement to our clients, stakeholders, and staff of our Values.

2. Current Exclusions

The exclusions noted below, as agreed by Capitec Business Credit Committee and Capitec Policy Committee, lays out the activities which the Bank in principle will not finance. The Exclusions are reviewed from time-to-time to ensure that it remains relevant and aligned to developments at an industry, societal and institutional level.

Where consumers approach the Bank with retail funding requirements for private consumption or personal use, the Bank undertakes reasonable Credit Assessment processes, which extends to the validation of employer or income source of the client for the purposes of assessing Credit Risk of the individual to which the Credit Application relates.

There may be legacy issues which arise from continuing engagements entered into before the implementation of the Exclusion List. In the event a client is in breach of any South African administrative law, such as lacking permits or expired licenses or not in compliance with the standards and conditions as set by Capitec Bank, the various relationship and transaction teams within Capitec Bank will encourage work with the client to achieve compliance.

Below is a selection of activities the Bank in principle excludes when providing funding to businesses:

- Production or trade in any product or activity deemed illegal under the laws of the Republic of South Africa or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's (polychlorinated biphenyls), wildlife, or products regulated by CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora).
- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where the radioactive source to be negligible and/or adequately shielded.

- Illegal gambling, illegal casinos, and equivalent enterprises. This pertains to illegal gambling businesses and activities that are **not** licensed in terms of the South African National Gambling Act, 2004 (Act No. 7 of 2004).
- Illegal production, trade and maintenance in weapons and munitions. This pertains to any businesses and activities that do **not** have a valid dealer licence, manufacturer licence, gunsmith licence and import and export licence in terms of the Firearms Control Act 2000 (Act No. 60 of 2000).
- Production or trade in unbonded asbestos fibres. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- Production or activities involving harmful or exploitative forms of forced labour, harmful child labour and human trafficking.

Forced labour means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.

Harmful child labour means the employment of children that is economically exploitive.

Human Trafficking is modern-day slavery and involves the use of force, fraud, or coercion to obtain some type of labour or commercial sex act.

- Activities prohibited by national legislation or international conventions related to protection of biodiversity resources or activities contributing to significant conversion or degradation of critical habitat and protected areas.

Critical habitat: Geographic area containing physical or biological features essential to the conservation of a listed species (which is essential to the survival of the species) or an area that may require special management considerations or protection.

Protected areas: are those areas of land and sea that are protected by law and managed primarily for biodiversity conservation.

- Activities that have a negative impact on the United Nations Educational, Scientific and Cultural Organisation (UNESCO) World Heritage Sites.
- Any business related to pornography and/or prostitution.
- Unsustainable fishing methods such as drift net fishing in the marine environment using nets in excess of 2.5 kilometres in length and blast fishing.
- Businesses that are involved in illegal deforestation logging activities.
- Trade in goods without the required export or import licenses or other evidence of authorization of transit from respective countries of export, import and, if applicable, transit.
- Illegal cultivation of cannabis and the production and manufacturing of cannabis products. This refers to the illegal production and manufacturing of cannabis businesses that are not licensed with the South African Health Products Regulatory Authority (SAHPRA). The SAHPRA approved applicants license is strictly for cannabis cultivation and production domestically, for medicinal and research purposes.
- Relocation of Indigenous Peoples from traditional or customary lands.