



# Capitec FAIS Conflict of Interest Management policy

V04

## **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 Banking Clients and employees

## **CAPITEC BANK LIMITED**

Approved by: Audit Risk & Capital Management Committee Charter

Effective date: 01 December 2025

Review date: 01 December 2026

# Capitec FAIS Conflict of Interest Management policy

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## 1. Key definitions

Refer to the Conflict of Interest Centralised Glossary for detailed definitions of the concepts used throughout this Policy.

## 2. Purpose of this policy

- 2.1 The purpose of this document is for Capitec 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.
- 2.2 This policy applies at group level and covers two distinct FSPs, Capitec Bank Limited (FSP 46669) and Capitec Life Limited (FSP 54090), including their juristic representatives and FAIS-affected employees within the group. Each FSP remains responsible for maintaining its own operating procedures in support of this group policy.
- 2.3 This policy sets out the principles to facilitate the management of conflicts of interest between Capitec, it's representatives and clients and to manage conflicting risks in accordance with good governance practices by giving effect to the principles in the Framework. These principles must be embedded into the operational processes and internal controls of the respective FSPs.
- 2.4 Capitec has adopted a Conflicts of Interest Management Framework (the Framework) that outlines the principles applied to manage any conflicts of interest risks. The Framework is supported by Policies addressing different areas exposed to conflicts of interest risk that are designed to promote transparency, fairness and accountability to uphold ethical conduct. They establish clear guidelines and procedures for identifying, disclosing, and appropriately managing conflict of interests that may arise across the organisation.



Capitec has an overarching Conflict of Interest Management Framework as well as a Conflict of Interest Policy, which must be read separately to this Policy. The Conflict of Interest Policy is concerned with types of conflict of interest (separate to the FAIS Act) and insider trading relating to employees and directors, dealing in securities

## 3. What is a Conflict of Interest?

- 3.1 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 financial service provider (FSP) or a representative has an actual or potential interest that may, in rendering a financial service to a client:
  - 3.1.1 Influence the objective performance of their or its obligations to that client.
  - 3.1.2 Prevent a FSP 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:

- A financial interest
- An ownership interest
- Any relationship with a third party

3.2 A conflict of interest is therefore any situation where Capitec 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.

## 4. Policy statement

4.1 Capitec 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.

4.2 Capitec 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.

4.3 This policy describes the principles that will be applied to ensure that any potential conflict of interest is avoided or managed to protect our client's interest.

4.4 Where the avoidance of a potential conflict is not possible and the client's interests might not be sufficiently protected, Capitec will disclose all the relevant facts to the client to make an informed decision.

### 4.5 Principle 1: Avoid conflict of interest

4.5.1 Capitec and its employees must, in all activities, avoid conflicts of interest by providing financial services honestly and with due skill, care, and diligence, in the best interests of clients and to uphold the integrity of the financial services industry.. This will be done by enforcing internal policies and procedures which aim to ensure avoidance of conflict of interests by ensuring:

4.5.1.1 Adherence to a non-advice model, alternatively where our representatives are registered to provide advice that it is done in a transparent, unbiased manner and adheres to all the requirements as per the FAIS Policy.

4.5.1.2 Where advice is given, information is obtained regarding, amongst others, the client's needs and objectives, financial situation and product knowledge to identify of the financial product(s) that will be appropriate to the client's risk profile and financial needs in accordance with section 8(1) of the FAIS General Code of Conduct (GCOC).

4.5.1.3 Financial interests are regularly reviewed, and strict performance indicators are applied to ensure the fair treatment of clients.

4.5.1.4 The Oversight function must ensure that all representatives have delivered fair outcomes to clients before receiving any financial interests. Financial interests are reviewed regularly, and performance indicators are applied to ensure the fair treatment of clients.

4.5.1.5 Key Individuals must review any possible conflict; this should only be in the Key Individual and Line Management's discretion and where required the KI may

engage with the FAIS Compliance Officer for independent review and objective opinion.

- 4.5.1.6 Due diligence is conducted to proactively identify any potential conflict of interest before establishing any third-party relationships in line with the Conflict of Interest Policy.
- 4.5.1.7 Due diligence is performed to proactively identify any potential conflict of interest in relation to ownership interests.
- 4.5.1.8 Adherence to the Gift and Invitations policy.
- 4.5.2 Whenever any potential conflict of interest is identified, Capitec 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 below will be followed.

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

- 4.6.1 Where avoidance of a conflict of interest is not possible, mechanisms should be in place to identify such conflict, and measures will be taken to mitigate the risk and make required disclosures to clients.
- 4.6.2 The following mechanisms are in place to identify conflict of interest:
  - 4.6.2.1 All conflicts identified by Capitec, and its representatives will be referred to Capitec's Key Individual for consideration and guidance together with line management.
  - 4.6.2.2 All employees are required to complete annual interest declarations, in which they need to disclose full details of any interests that have arisen or changes since their previous disclosure.
  - 4.6.2.3 Employees are provided with access to Employee Declaration portal on SuccessFactors to declare ongoing conflicts of interest outside of the annual interest declaration process and it remains the responsibility of both Representatives and Key Individuals, on an ongoing basis, to declare their interests.
  - 4.6.2.4 Representatives are also provided with both onboarding and annual refresher training on conflict of interest management as part of their Representative Training.
- 4.6.3 Where a conflict of interest cannot be avoided, Capitec or its representatives must obtain guidance from Capitec's Key Individual on the reasons why the conflict cannot be avoided, with proposed mitigating measures to managing the conflict. If the parties are satisfied that the conflict of interest cannot be avoided and will not negatively impact the client, full written disclosure of the conflict must be made to the affected client.
- 4.6.4 The reasons why the conflict of interest cannot be avoided, and the full disclosure made to the client in question regarding the conflict of interest will be documented by Capitec and those records will be kept for five years after termination, to the knowledge of Capitec, of the product concerned or, in any other case, after the rendering of the financial service concerned.
- 4.6.5 Clients must be informed of this policy and how it may be accessed.
- 4.6.6 Capitec will at a reasonable opportunity and prior to rendering a financial service disclose the conflict of interest in the Disclosure Notice provided to the client in

question; or in any other appropriate written document that will be provided to the client:

Any conflict of interest in respect of that client and measures taken to mitigate.

4.6.6.1 The Disclosure notice will disclose any conflict of interest in respect of that client, including:

- Measures taken to avoid or mitigate the conflict
- Any ownership or financial interest other than immaterial financial interest which gives rise to the conflict to enable the client to make an informed decision
- Inform the client on how to access the Capitec Conflict of Interest policy

#### 4.7 **Principle 3: Controls must be implemented to avoid conflict of interest**

Capitec must adopt appropriate processes, procedures, and internal controls; to manage all identified conflicts of interest and to facilitate compliance with this policy and the processes and procedures remain the responsibility of the Key Individual:

4.7.1 Employees receive training during onboarding, as well as ongoing training, which includes relevant policies and controls to ensure they understand their obligations regarding the disclosure and management of any conflicts of interest.

4.7.2 Regularly review all disclosures, as required by this policy, to ensure the proper identification and disclosure of conflicts of interest.

4.7.3 In instances of non-compliance the standard Capitec disciplinary processes as set out in the internal Disciplinary Code. This may result in the debarment and/or dismissal of the employee.

4.7.4 Furthermore, any non-compliance with this policy must be reported through the standard governance reporting channels to line management and the Compliance Officer.

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

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

#### 4.9 **Principle 5: Limitations apply to financial interests offered to employees of Capitec**

4.9.1 A financial interest could include cash, cash equivalents, vouchers, gifts, services, advantages, benefits, discounts, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentives, or valuable consideration, other than ownership interest and training.

4.9.2 When offering financial interest to its employees as set out in Addendum A, Capitec will comply with the provisions of section 3A(1)(b) of the FAIS General Code of Conduct (GCOC) by ensuring that it will not:

4.9.2.1 Give preference to quantity of business to the exclusion of quality of services rendered to clients.

- 4.9.2.2 Give preference to a specific product supplier, where the representative can recommend more than one product supplier to the client.
- 4.9.2.3 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 client.

#### 4.10 **Principle 6: Training**

- 4.10.1 Employees must know and understand this policy and related business processes relevant to their roles:
- These requirements will be communicated mostly by specific training, also by induction programmes and employee awareness initiatives
  - Completion of training on Learning Management System is monitored through PowerBI
- 4.10.2 All employees must receive guidance and training in these procedures and are subject to ongoing monitoring and review processes. Furthermore, employees must receive continuous training on how conflicts of interest may arise and how such conflicts can be avoided.

### 5. **Third Parties, Associates and Ownership Interest**

The GCOC requires the disclosure of the following relationships, as set out in Addendum A:

- 5.1 The associates of Capitec.
- 5.2 Third parties in which Capitec holds an ownership interest.
- 5.3 Third parties that hold an ownership interest in Capitec.

### 6. **Acceptance of this policy**

The Board of Directors of Capitec accept this policy.

### 7. **Publication of this policy**

The policy will be published on the Capitec website at [www.capitecbank.co.za](http://www.capitecbank.co.za).

### 8. **Employees and representatives**

- 8.1 All Capitec employees and representatives must adhere to this policy and will confirm compliance with this policy when required.
- 8.2 Failure to adhere to this policy will lead to disciplinary action, which may lead to dismissal and/or debarment.

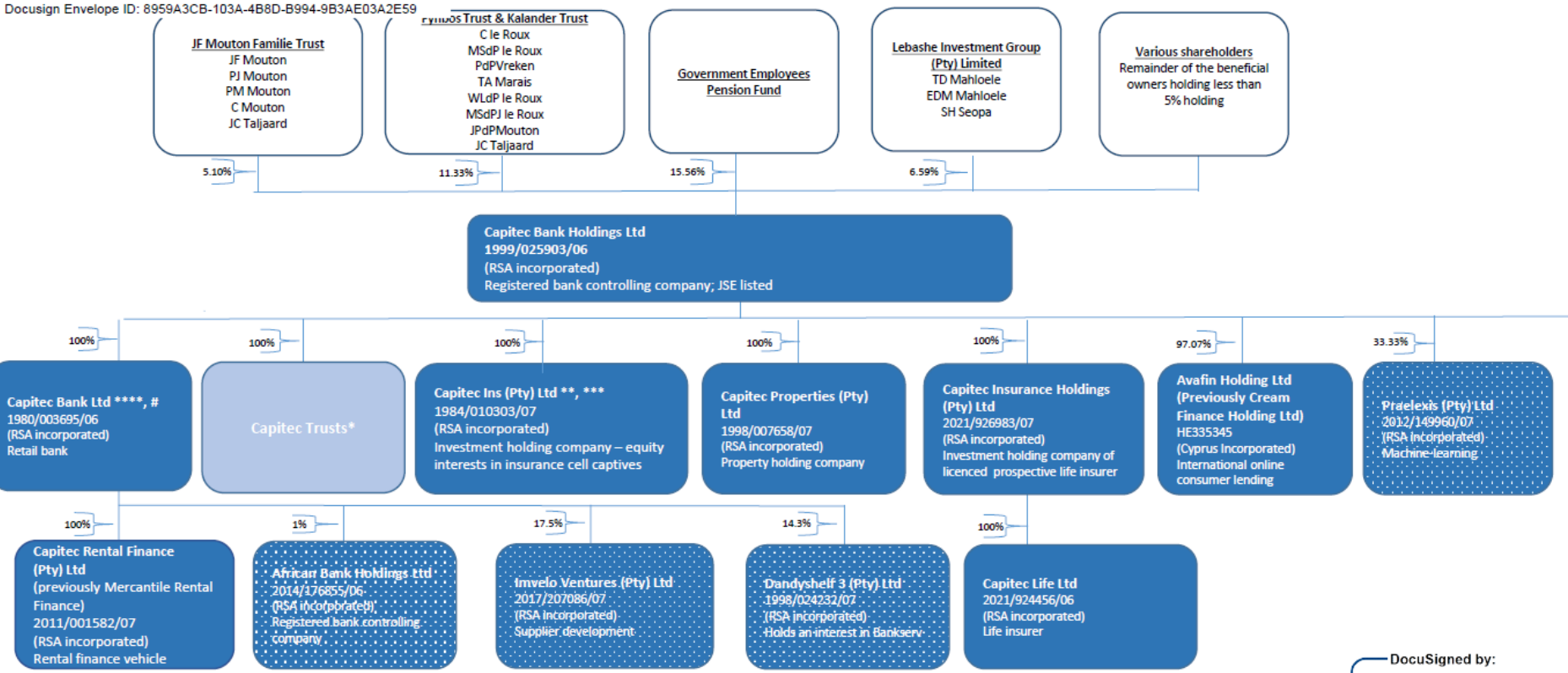
## **9. Maintenance of this policy**

- 9.1 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 Policy Committee.
- 9.2 Continuous monitoring of compliance to this policy will be conducted by Capitec. Reports on the non-compliance of this policy will be provided to the FAIS Compliance Officer and relevant governance committees.

## **10. Implementation of this policy**

- 10.1 Each FSP will be accountable for implementation of this policy.
- 10.2 The ownership of the internal operating process and implementation for Capitec Bank Limited will be Market Conduct Oversight Department, and they will need to document an operating procedure in support hereof.
- 10.3 Capitec Life will take ownership of the internal operating process and implementation, and they will need to document an operating procedure in support hereof.

# 11. Addendum: Third Parties, Associates and Ownership Interest



**Notes:**

- \* The trusts (Capitec Bank Holdings Share Trust, Capitec Bank Group Employee Empowerment Trust and Capitec Foundation Trust) are reflected as part of the group structure because accounting standards dictate that they be consolidated into the group financial statements.
- \*\* Capitec Ins Proprietary Limited concluded an agreement effective 31 March 2021 to acquire 2 ordinary L class shares in a Guardrisk Cell Captive structure that entitles the company to dividends as determined by Guardrisk Life Limited from time to time. (Capitec Ins has 0% holding in Guardrisk Life Limited ordinary shares)
- \*\*\* Capitec Ins Proprietary Limited concluded an agreement effective 31 March 2021 to acquire 5 preference shares in a Centriq Cell Captive structure that entitles the company to dividends as determined by Centriq Life Insurance Company Limited from time to time (Capitec Ins has 0% holding in Centriq Life Insurance Company Limited ordinary shares)
- \*\*\*\* Capitec Bank Limited holds 32 shares in SWIFT (non-strategic)
- # Capitec Bank Limited holds 100% of the redeemable B ordinary shares issued by Imvelo Ventures (Pty) Ltd. These shares are non-voting except to the extent that the B shareholder's rights and privileges are affected.

DocuSigned by:  
  
 01969C2BB009456

**Certified as true as at 13 May 2025**  
 by the Group Company Secretary  
**Yolande Mariana Mouton**

## 10.1 Representatives' incentives and criteria used

The FAIS General Code of Conduct requires financial service providers (FSPs) to provide information on type of financial interests offered to representatives, how the representatives will be entitled to such financial interest and how the financial interest complies with the Act.

### 10.1.1 Types of financial interests offered to representatives and criteria

Periodic cash incentives are offered to representatives which are based on a range of criteria. The incentives are not designed to give preference to the quantity of business secured with the exclusion of quality or give preference to a specific product supplier over another.



Other representatives or employees receive fixed salaries and do not receive incentives which are in relation to rendering of financial services or which may influence the rendering of financial services to clients

### 10.1.2 Criteria for representatives

Representatives are expected to comply with the following criteria and Key Individuals must ensure oversight:

10.1.2.1 Representatives must be able to demonstrate adherence to Capitec's minimum service level standards which aim to deliver fair outcomes to clients.

10.1.2.2 Representatives must comply with the FAIS Act.

10.1.2.3 Representatives must demonstrate adherence to Capitec's service model; all clients must be given information to make an informed decision.

10.1.2.4 Complaints received from clients are considered to ensure the representatives delivered fair outcomes before receiving incentives.

10.1.2.5 Representatives must comply with Capitec's gift and invitations policy.

### 10.1.3 How Capitec ensures that the financial interest adheres to the FAIS Act

10.1.3.1 Personal Bank follows a non-advice model, whereby all representatives and service consultants in Personal Bank are not permitted to give advice about any financial product but to only provide information to ensure the client is in control and able to make an informed decision. Representatives in personal banking are registered for intermediary services scripted and follow a script approved by Capitec's Key individual to mitigate against any conflict of interests which may arise.

10.1.3.2 Representatives in the business bank division are permitted to give advice and controls are embedded and must be monitored by the Key Individuals to ensure compliance with this policy.

10.1.3.3 Representatives in the insurance division are permitted to give advice non-automated as well as intermediary services and controls are embedded and must be monitored by the Key Individuals to ensure compliance with this policy.

10.1.3.4 Capitec has a gift and invitation policy which complies with the Act to mitigate against any conflict of interests which may arise, all employees are required to declare all corporate gifts and invitations received on the Gifts and Invitations register.



Employees are prohibited from accepting any gifts from clients, of any value, at any time, under any circumstances. Non-adherence may lead to dismissal and/or debarment

10.1.3.5 Representatives who receive incentives for financial services rendered must demonstrate quality rather than quantity of service, deliver fair outcomes to clients and compliance with the Act.

10.1.3.6 Direct oversight is performed on all Capitec divisions where financial services are offered, to ensure compliance with the Act.

10.1.3.7 Capitec does not have multiple product suppliers for a specific financial product and there are no 3rd party incentives.