

Anti-Bribery and Corruption policy



Purpose

The Anti-Bribery and Corruption (ABC) Policy sets out Capitec's control framework for preventing Bribery and Corruption risk and describes how the bank mitigate and manage bribery and corruption risk

Version

V02

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Committee to Approve

RCMC

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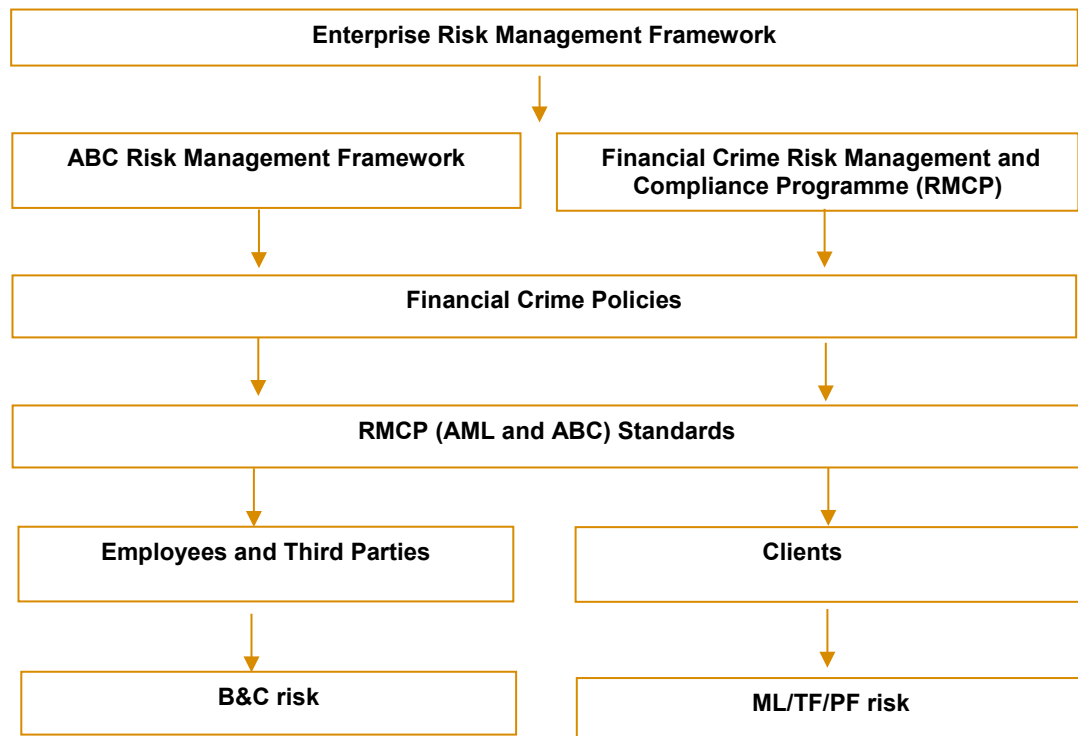
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1. Overview

- 1.1 Bribery is regarded as the offer, promise, payment, transfer, request, agreement to receive or receipt of anything of value, whether directly or indirectly, to or from any person (whether a private person, corporate entity, or public official), of an undue advantage in order to induce that person (or any other person) to perform their roles improperly (or in the case of a public official in order to influence them with the intention of obtaining or retaining business or an advantage in the conduct of business).
- 1.2 Whereas corruption is the misuse of entrusted power, or the improper performance of a relevant function or activity in order to gain an undue advantage or for private gain through offers, payments, promises, gifts or other forms provided with the intention to improperly influence the recipient. Acts of corruption are intended to influence an individual in the performance of their work to act dishonestly and/or improperly.
- 1.3 Capitec is committed to conducting its business in an honest, fair, ethical and transparent manner in accordance with all applicable laws that inform anti-bribery and corruption (ABC) efforts.
- 1.4 We acknowledge that bribery and corruption (B&C) practices pose risks to Capitec's integrity and reputation, and we therefore seek to prevent any such practices within the organisation.
- 1.5 No employee associated person or business partner may engage in any act of bribery or corruption in relation to the business of Capitec.
- 1.6 Capitec is committed to preventing all forms of bribery and corruption and therefore has a zero tolerance appetite for any wilful or intentional breach of ABC laws and regulations.

2. Background

- 2.1 The Risk Management and Compliance Programme (RMCP) aims to ensure that the management of financial crime risk, which includes bribery and corruption (B&C) risk, is appropriately integrated into the organisation's overall corporate governance structures, strategy, planning, reporting, policies, values and culture.
- 2.2 Capitec is committed to combating financial crime and ensuring that our products, services and people are not misused for the purposes of Money Laundering (ML), Terrorist Financing (TF), Proliferation Financing (PF) or any form of B&C.
- 2.3 The Anti-Bribery and Corruption (ABC) Risk Management Framework ("The Framework"), together with Capitec's RMCP, informs Capitec's approach to managing financial crime risks. Whereas the RMCP focuses on the ML/TF/PF risk in respect of our clients, the Framework focuses on B&C risk in respect of employees and third parties.
- 2.4 The diagram below illustrates the inter-relationship between the Framework and the RMCP. The standards under the RMCP supports the policies that give effect to the Framework.



3. Policy Statement

- 3.1 Capitec is committed to combating bribery and corruption and ensuring that our employees or third parties are not misused for the purpose of facilitating B&C practices. In accordance with this commitment, Capitec prohibits the offering, promising, providing or receiving anything of value to, or from any person or entity for the purpose of (i) improperly obtaining or retaining business, or securing and advantage; and/or (ii) inducing the recipient to perform their role in breach of an expectation of good faith, impartiality, or trust.
- 3.2 Capitec is committed to continuously develop and improve the Framework, and to ensure that the management of B&C risk is appropriately integrated into the organisation's overall corporate governance structures, strategy, planning, reporting processes, policies, values and culture.
- 3.3 Capitec has a zero tolerance for any wilful or intentional breach of ABC laws and regulations that apply to its business and the transactions it undertakes. In order to achieve compliance, a set of policies, standards, assessments and operating procedures, in alignment with the RMCP, has been developed to ensure that regulatory obligations are complied with.
- 3.4 This Policy:
 - 3.4.1 Is supported by the Capitec Board of Directors and endorsed through the Risk and Capital Management Committee (a sub-committee of the Board), which has ultimate responsibility for its implementation.

- 3.4.2 Is drafted having due consideration for best practices in managing B&C risk as guided by international and national legislation. Although guided by international legislation, there is no obligation for Capitec to comply with international legislation.
- 3.4.3 Is based on applicable national legislation, regulatory rules, and national and international best practice guidance. If national laws or regulations are more stringent than the requirements set out in this Policy, the more stringent standard must apply.
- 3.4.4 If national laws or regulations conflict with this Policy, employees should contact the Compliance Team.
- 3.4.5 Gives effect to applicable laws that seek to combat B&C.
- 3.4.6 Supports Capitec's risk appetite to B&C as outlined in the ABC Risk Appetite Statement.
- 3.4.7 Supports the Framework in line with Capitec's overall Enterprise-Wide Risk Management framework.
- 3.4.8 Makes provisions for ABC training and awareness requirements to assist employees to detect, combat and manage B&C risks.
- 3.4.9 Provides the principles which must be applied across all business areas in order to manage our exposure to B&C. The control objectives set out in this Policy cover the overarching principles in relation to financial crime risk. More detailed control requirements designed to achieve these objectives are incorporated into a set of supporting Policies and Standards.
- 3.4.10 Provides for a reporting mechanism where concerns of B&C can be reported through whistleblowing.
- 3.4.11 Provides protection for whistleblowers who report any concerns or incidents of B&C and to act in a swift manner to investigate and report thereon.
- 3.4.12 Is designed to ensure that Capitec and its employees know how to identify and manage B&C risks.

4. Scope

- 4.1 This Policy is applicable to the Capitec Group Structure (defined by the Financial Intelligence Centre Act as referring to separate legal entities or accountable institutions who have a common shareholder), and all its employees, suppliers, third parties and business activities conducted by Capitec.
- 4.2 This Policy is applicable to bribery and corrupt practices involving clients, employees and third parties of Capitec.

5. Legislative Framework

- 5.1 Capitec could be exposed to B&C Risks from two potential sources: either the actions of its own employees; or those of any person or entity who performs services for or on behalf of Capitec (For instance: Third parties). Capitec may become criminally liable as a result of an act of bribery or corruption by its employees or its third parties.
- 5.2 Various national legislation and compliance best practices (including guidance from international legislation), place an obligation on Capitec to combat B&C practices. Although not an exhaustive list, this includes:
 - 5.2.1 The Prevention and Combatting of Corrupt Activities Act (PRECCA) no 12 of 2004 which creates a general offence of corruption that is extremely broadly defined,
 - 5.2.2 The Prevention of Organised Crime Act (POCA) no 121 of 1998,
 - 5.2.3 The Protected Disclosure Act no 26 of 2000,
 - 5.2.4 The Financial Intelligence Centre (FIC) Act no 38 of 2001,
 - 5.2.5 The Companies Act 71 of 2008,
 - 5.2.6 The UK Bribery Act 2010 (as guided by best practice), and
 - 5.2.7 The US Foreign Corrupt Practices Act, 1977 (as amended) (as guided by best practice),
 - 5.2.8 The Judicial Matters Amendment Act no 15 of 2023.
- 5.3 Capitec is committed to implementing adequate processes and controls to prevent B&C in order to ensure compliance with all applicable legislation.
- 5.4 Any form of B&C practices that are detected, will be reported to the relevant regulatory authorities.

6. Definitions

Refer to Capitec's RMCP Centralised Glossary for detailed definitions of the terms used throughout this Policy.

7. B and C Risk Categories

- 7.1 B&C risks are grouped into different risk categories based on the key risks identified through the B&C maturity assessments.
- 7.2 The principles applied in this Policy are aimed at managing Capitec's exposure to B&C risks for each risk category as appear in the below table:

Risk Category	B&C risks
<p>1. Hiring Practices</p>	<p>Risks associated with offering or giving preferential treatment to connected candidates or Employees (For instance: Those who have known close connections to existing/prospective clients (or their representatives), Public Officials, Politically Exposed Persons (PEPs), suppliers or other important stakeholders), in order to improperly obtain or retain business or secure an advantage for Capitec</p> <p>Referrals and recommendations for employment or a work opportunity which circumvent Capitec's merit based procedures may constitute preferential treatment</p> <p>Risk associated with the requesting or accepting anything of value from a third party in exchange for: providing employment or a work opportunity; or giving preferential treatment to a connected candidate for employment or a work opportunity</p> <p>The below are areas of concern:</p> <ul style="list-style-type: none"> • Recruitment and Employment • Remuneration and Incentives
<p>2. Expenditure Practices</p>	<p>Expenditure Risk is the risk that Capitec or its employees may violate applicable ABC laws by giving or receiving something of value to/by a third party for the purpose of improperly obtaining or retaining business or securing an advantage for Capitec. This may present itself in a variety of ways</p> <p>The below are examples of areas of concern:</p> <ul style="list-style-type: none"> • Maintenance of accurate financial books and records • Gifts and Invitations • Donations and Sponsorships • Fraud, Corruption and Collusion • Facilitation and Goodwill/Legal settlement payments • Solicitation, extortion and payments under duress
<p>3. Strategic Transactions</p>	<p>Risks associated with:</p> <ul style="list-style-type: none"> • Insider Trading • Stakes in joint ventures, proprietary investments, debt-for-equity holdings, Acquisition of assets • Pre-acquisition liability wherein Capitec inherits liability for past misconduct from the target entity (sometimes referred to as "successor liability") • Post acquisition liability for on-going misconduct at an acquired entity/joint venture partnership because Capitec has ownership or control or because the entity/partner is considered a "third party" of

Risk Category	B&C risks
	<p>Capitec</p> <ul style="list-style-type: none"> Personal liability for a Capitec Employee who is appointed as a director or other senior officer at the acquired entity Introducer risk posed by an acquired entity's past or on-going use of Introducers
<p>4. Third party associations</p>	<p>Third Party Risk is the risk that Capitec or its Employees may violate applicable ABC laws by failing to manage the risk of a third party using corrupt practices in connection with the services it is providing for or on behalf of Capitec</p> <p>This includes relationships with:</p> <ul style="list-style-type: none"> Introducers Third Party Relationships
<p>5. General</p>	<p>Other risk associated with:</p> <ul style="list-style-type: none"> Conflict of Interest Data Privacy Products and services

8. Policy Principles

- 8.1 This Policy contains a set of principles which Capitec has adopted in order to prevent B&C and to ensure that Capitec is not exposed to possible contraventions of ABC legislation. Under this Policy, Capitec employees are prohibited from offering, promising, providing, requesting or receiving anything of value to or from any person or entity for the purpose of:
- Improperly obtaining or retaining business or securing an advantage
 - Inducing the recipient to perform his/her role in breach of an expectation of good faith, impartiality or trust
- 8.2 Such acts, for the purposes of this Policy, constitute B&C and are strictly prohibited.
- 8.3 Employees are prohibited from the above activity regardless of whether they engage in the conduct directly or indirectly (**example:** Via a third party).
- 8.4 The term "anything of value" in line with best practice can include (but is not limited to) the following:
- 8.4.1 Cash, including cash equivalents, **example:** Gift /store vouchers and loans.
- 8.4.2 Preferential treatment and favours.
- 8.4.3 Gifts and invitations (G and I).
- 8.4.4 Offers of employment.
- 8.4.5 Offers of work opportunity. Example: Work experience or internships which are not part of Capitec's formal programmes.

- 8.4.6 Charitable and corporate donations, business directed donations or client/third party requested sponsorships.
- 8.4.7 Political donations.
- 8.4.8 Facilitation payments.
- 8.4.9 Commercial sponsorships.
- 8.5 These principles underpin the Policies, Standards and operational processes adopted in order to manage the risk presented by B&C and a list of the various Policies and Standards which give effect to this Policy are outlined in the Document Map of Anti-Bribery and Corruption Policies and Standards (Annexure A).
- 8.6 The ABC Principles which seek to prevent B&C risk are set out below.

9. ABC Policy Principles

9.1 Hiring practices risk

- 9.1.1 This risk applies to all types of employment/work opportunity (paid and unpaid), including executive recruitment, temporary, fixed term and permanent employment, campus/graduate recruitment, internship programme and work shadowing/experience.
- 9.1.2 The recruitment of employees that hold relationships with third parties, political exposed person's (PEP's), public officials, or suppliers poses risks to Capitec. Offers of employment or promotions as an advantage to obtain or retain business or to gain an unfair business advantage or to unduly influence exposes Capitec to several B&C risks. These risks include but are not limited to the following:
- Solicitation of unfair advantage
 - Misconduct and/or other corrupt activities
 - Nepotism
 - Violation of applicable ABC laws
 - Requesting or accepting anything of value for undue influence
- 9.1.3 Capitec is committed to ensure that all employee recruitment is conducted in accordance with fair recruitment policies and practices as outlined in our Talent Acquisition policy.
- 9.1.4 All prospective and current employees undergo screening in accordance with Capitec's employment screening practices as outlined in the screening standard.
- 9.1.5 Capitec will not offer employment or otherwise remunerate sanctioned persons, as identified through employment screening practices in accordance with the screening standard.

- 9.1.6 Should it be found that a prospective employee holds relationships with PEP's, public officials or suppliers or is identified as a PEP through any screening practices or self-disclosures, a risk based approach is followed and appropriate due diligence procedures are implemented. All approvals are done in accordance with the Delegation of Authority prior to an offer of employment being made.
- 9.1.7 Remuneration is managed ethically in accordance with Capitec's Remuneration Policy and in line with best practices and all applicable labour legislation. We recognise the efforts of individuals in helping create the success of Capitec through incentives that are determined in a fair and responsible manner and appropriately aligned to performance.
- 9.1.8 Capitec will not remunerate or offer incentives as a means to facilitate any B&C practices.

9.2 Expenditure practices risk

9.2.1 Maintenance of accurate financial books and records

- 9.2.1.1 The integrity of our records is of fundamental importance to ensure that B&C is not concealed in accounting records. It is thus the responsibility of all business units to accurately record financial transactions and sound financial management practices ensure that all transactions processed, including but not limited to suspense accounts, unreconciled accounts, and journal entries are accurate and can be adequately supported and clearly explained.
- 9.2.1.2 Segregation of duties and the delegation of authority in relation to the approval and review of financial transactions, including but not limited to journal entries, suspense accounts and General Ledger transactions ensures oversight and accuracy of these transactions.
- 9.2.1.3 Employees of Capitec may under no circumstances falsify or conceal any books, records or accounts, incorrectly input data and information, or maintain "off the record" accounts in relation to the business, clients, suppliers or other business partners.
- 9.2.1.4 All financial transactions must be adequately identified and properly and fairly recorded in appropriate books and maintained in accordance with the applicable regulatory requirements.
- 9.2.1.5 All forms of payments are required to be approved and signed off in accordance with the applicable Delegation of Authority.
- 9.2.1.6 Financial records, including all forms of payments and expense claims are kept in accordance with Capitec's Information Retention policy.

9.2.2 Gifts and Invitations

- 9.2.2.1 The giving and receiving of gifts, invitations and hospitality benefits in relation to clients, stakeholders, third parties, and public officials can lead to improper influence in decision making and be viewed as bribery in some instances.
- 9.2.2.2 Capitec's position on the giving and receiving of gifts, invitations and hospitality benefits serves as a measure to prevent B&C.

- 9.2.2.3 Capitec's Gifts and Invitations Policy sets out the requirements for employees in relation to the giving and receiving of gifts, invitations and hospitality benefits which also extend to third parties, public officials and other stakeholders.
- 9.2.2.4 Employees are obligated to adhere to the limits and approvals applicable to the receiving and giving of any form of gifts and invitations as outlined in the Gifts and Invitations Policy. All gifts given, and received, should always be modest and should never be intended to improperly influence the recipient.
- 9.2.2.5 All gifts and invitations must be recorded and accounted for in the gifts and invitations register and approved in line with policy requirements. The Ethics Office exercises an oversight function over all gifts, invitations and hospitality benefits and act as a second line of approval as outlined in the Gifts and Invitations policy.
- 9.2.2.6 In accordance with Capitec's policies on gifts and invitations employees are prohibited from giving or receiving any form of gifts or invitations or any other advantage from any public official or political party to mitigate the risk of any undue influence leading to favourable treatment.
- 9.2.2.7 Employees are also prohibited from giving or accepting cash or any cash equivalent.
- 9.2.3 Corporate Donations**
- 9.2.3.1 Donations can give rise to B&C risk. Bribery can take on different forms such as monetary contributions in the form of corporate donations which can be used to facilitate kickbacks to third parties and employees.
- 9.2.3.2 Political donations to and from public officials and government entities pose a high risk to Capitec as it can lead to undue influence to gain business advantage. Therefore, political donations are viewed unfavourably as they can be seen as a means to influence political decision making towards private interest. As a result, Capitec has adopted policies that prohibit political donations to political parties, public officials and government departments with the intention to further political agendas.
- 9.2.3.3 All corporate donations are done in line with our Corporate Social Investment framework which provides that:
- Donations will not be made if it will create the perception that a benefit will be received in return for a donation
 - Political, religious and sporting organisations are excluded from being primary recipients of donations
- 9.2.3.4 All forms of donations are approved in accordance with the process as set out in the Corporate Social Investment framework.
- 9.2.3.5 All intended recipients of donations undergo due diligence processes in accordance with the Third Party Due Diligence Standard (in draft) and ongoing monitoring is conducted to ensure that the intent to which the donation is made, is used for that purpose.
- 9.2.3.6 Capitec is committed to ensure that no form of donation is made as a means to facilitate or partake in B&C and will to this extent, disclose the relevant information as required to meet our social and governance obligations.

9.2.4 Corporate Sponsorships

- 9.2.4.1 As with donations, corporate sponsorships can also give rise to B&C risks.
- 9.2.4.2 Capitec's corporate sponsorships are therefore limited to initiatives that promote the Capitec brand.
- 9.2.4.3 As a result, Capitec has adopted policies that prohibit sponsorships to and from public officials, political parties or government departments where they are the primary recipient. Capitec also does not support any particular sporting organisations or religious groups in line with our Sponsorship Policy.
- 9.2.4.4 All forms of sponsorships are approved in line with the Sponsorship Policy and ongoing monitoring is conducted to ensure that the intent to which the sponsorship is made, is used for that purpose.

9.2.5 Fraud, Corruption and Collusion

- 9.2.5.1 Capitec requires all employees to act honestly and with integrity and considers fraudulent activity as any form of dishonesty that can result in damages or bring harm to Capitec's brand and ethical values.
- 9.2.5.2 Each department is responsible for creating an environment which manages their exposure to fraud risk.
- 9.2.5.3 Capitec is committed to actively investigating any suspected, reported or discovered fraud, corruption and collusion as well as provide any assistance and co-operation with external investigations by regulators or the South African Police Service.
- 9.2.5.4 All employees have a duty to immediately report any suspected or detected fraud in line with our Fraud policy.

9.2.6 Facilitation and Goodwill payments

- 9.2.6.1 Facilitation payments are payments made to public officials in order to secure or expedite the performance of a routine or necessary action (such as the issuing of a licence or permit). Facilitation payments can be seen as a form of bribery.
- 9.2.6.2 Facilitation payments do not include legitimate administrative fees and legitimate payments for fast track services paid to organisations.
- 9.2.6.3 Employees are prohibited from:
- Offering, promising or paying any form of facilitation payments which are intended to induce a person to perform a relevant act or to reward them for doing so
 - Requesting, receiving or accepting a financial advantage which is intended to improperly facilitate the performance of a function
- 9.2.6.4 All our stakeholders, suppliers, third parties, employees and clients must avoid any conduct that might lead to or suggest that a facilitation payment will be made or accepted.
- 9.2.6.5 Goodwill payments are made in accordance with Capitec's Complaint Management framework as an expression of goodwill with the intention to resolve a complaint.
- 9.2.6.6 All forms of goodwill payments are approved by mandated approvers in terms of the Complaint Management Framework and accurately accounted for.

9.2.6.7 All legal settlements are approved by senior management in terms of the delegation of authority to eliminate any opportunity for B&C.

9.2.7 Solicitation, extortion and payments under duress

9.2.7.1 Solicitation is the act of asking for or trying to have someone commit bribery or act in a manner that is corrupt. It becomes extortion when it consists of taking from another some patrimonial or non-patrimonial advantage by intentionally and unlawfully subjecting that person to pressure which induces him or her to submit to the taking.

9.2.7.2 Capitec prohibits solicitation and extortion by its employees or third parties acting on its behalf. Any attempt at soliciting or extorting payments should be reported to the Ethics Office or through the whistleblowing channels.

9.2.7.3 A payment made under duress is a payment made under the threat of violence, actual violence, or when it will reasonably be considered to endanger the life or health of an employee or third party acting on its behalf if payment is not made.

9.2.7.4 In such circumstances, the safety and health of all employees or third parties acting on Capitec's behalf is of paramount importance. Employees or third parties acting on Capitec's behalf will, as soon as the threat of life or health has been alleviated, be required to report and record any payment made under duress to the Ethics Office.

9.2.7.5 Providing anything of value due to a threat of harm to life, limb or liberty does not constitute bribery.

9.3 Strategic transactions risk

9.3.1 Insider Trading

9.3.1.1 Insider trading involves the sharing of privileged information or knowledge that a person possesses due to their position, with the aim of obtaining an unfair benefit or advantage through the use and sharing of the privileged information for trading in a company's securities.

9.3.1.2 Capitec has a zero tolerance for insider trading. Directors, executive officers and employees who have access to management reports and other potentially sensitive company information or who are in possession of price sensitive information which has not been made public, are prohibited from trading in Capitec securities without having obtained clearance to trade. Clearance will not be granted during a period when information exists which constitutes price sensitive information in relation to Capitec securities.

9.3.2 Strategic Transactions

9.3.2.1 Strategic Transaction Risk is the risk that can arise to Capitec and its employees in connection with proprietary mergers and acquisitions, joint ventures, proprietary investments, and debt-for equity holdings (Strategic Transactions) including any large strategic transaction where the bank acquires an asset (For instance: Buying a debtor's book from a third party). B&C Risks could arise in the context of amongst others:

- Pre-acquisition liability wherein Capitec inherits liability for past misconduct from the target entity (sometimes referred to as "successor liability")

- Post acquisition liability for on-going misconduct at an acquired entity/joint venture partnership because Capitec has ownership or control or because the entity/partner is considered a "third party" of Capitec
- Personal liability for a Capitec Employee who is appointed as a director or other senior officer at the acquired entity
- Introducer risk posed by an acquired entity's past or on-going use of Introducers

9.3.2.2 Reputational issues and potential legal liability relating to B&C may attach, even where a minority interest is held in an investment vehicle or debt-for-equity entity. For this reason, before entering into a strategic transaction, the business unit/s responsible for the transaction must:

- Undertake a full due diligence including a risk-based ABC due diligence of the proposed strategic transaction
- Include mandatory ABC contractual clauses as deemed appropriate for the transaction and after a strategic transaction closes, the business responsible for the transaction must consider post-closing ABC controls in consultation with the Compliance team

9.4 Third Party Association Risk

9.4.1 Introducers (Intermediaries)

9.4.1.1 Third parties who act for or on behalf of Capitec to find, introduce, obtain or maintain business or any other commercial advantage may pose a risk of B&C.

9.4.1.2 Introducers can create substantial legal liability and reputational risk to Capitec and as a result, they should be appropriately managed throughout the lifecycle of the relationship.

9.4.1.3 Due Diligence is performed on all introducers in accordance with the Third Party Due Diligence Standard (in draft) and all payments made to introducers are subject to due diligence processes in accordance with this Standard.

9.4.2 Third party relationships

9.4.2.1 Relationships with government and public officials

- The legislative requirements applicable prohibits the offer, promise or provision of a financial or other advantage to public officials, with the intention that the offer will influence the official in the performance of his or her official functions, and thereby provide an advantage to the person or entity concerned
- Although Capitec fosters a healthy relationship with the government and public officials by supporting government initiatives relevant to our business, Capitec will not engage in any third party business relationships with the government or public officials
- Where government departments or public officials are engaged as clients of Capitec, this engagement will fall outside the scope of this policy and enhanced due diligence processes are to be conducted prior to the establishment of these client relationships in accordance with the Client Due Diligence standard

- In line with Capitec's policy position on gifts and invitations, all Capitec employees are prohibited from offering, giving, or promising any gratification or advantage, to any public official in order to influence their decisions or to ensure favourable treatment
- Capitec's Gifts and Invitations Policy provides guidance to employees on Capitec's position on the giving and receiving of gifts and invitations from public officials and government entities

9.4.2.2 **Relationships with Third Parties**

- Relationships with Third Parties, including but not limited to vendors, suppliers and introducers can pose B&C risks to Capitec
- Capitec intends to conduct business only with reputable third parties who use their own products, services, and related accounts for apparent legitimate purposes, and whose identities can be determined and verified
- In keeping with that principle, Capitec will not enter into or maintain a business relationship with, or on behalf of third parties who appears on any Capitec approved sanctions or prohibited lists as per the Screening Standard or who are known to have engaged in B&C activities and have been found guilty by a court of law

9.4.2.3 **Procurement Practices**

- Procurement is an area with inherently high B&C risks. Capitec must therefore ensure that procurement transactions are reviewed and approved at the correct approval levels and ensure adherence to the Procurement Purchasing Policy and Third Party Due Diligence Standard (in draft)
- All suppliers are required to abide by our Supplier Code of Conduct when entering into agreements with Capitec which prohibits suppliers from engaging in any conduct that would put Capitec at risk of violating anti-bribery laws
- ABC contractual clauses in all agreements with suppliers provide clearly defined duties, rights and obligations in preventing B&C practices
- Any purchase/procurement performed (either budgeted or not) must be done in line with the mandate set out in the Delegation of Authority and the Procurement Purchasing policy

9.4.2.4 **Third Party due diligence**

- Third-party risk is the risk that Capitec or one of its employees may violate applicable laws and best practice by failing to manage the risk of a third-party in connection with the goods and services it is providing for or on behalf of Capitec. If this occurs, Capitec could be held criminally liable under the applicable legislation
- Capitec could be held liable, and its employees could be held personally liable for a third-party's misconduct if an employee is aware of facts or other red flags suggesting that the third-party might engage in B&C or any other illegal activity on behalf of Capitec or while conducting business with Capitec and the employee does not act thereon

- The Third Party Due Diligence Standard (in draft) sets out the steps necessary to identify, assess, monitor and minimise the possible risks posed by third parties, as well as potential B&C risks posed by third parties more generally
- When considering business with third parties, Capitec must manage any possible B&C risks, or any other risks deemed appropriate by conducting adequate due diligence and including any necessary ABC contractual clauses
- The due diligence process provides Capitec with the information required to know who we are doing business with, to know who benefits from the business we do, to understand the nature of the business with our third parties and to determine when business with third parties should be considered suspicious or unusual.
- All third parties must be risk rated according to the Third Party Due Diligence Standard (in draft)
- Screening of third parties is adopted to meet the position that Capitec will not knowingly and deliberately hold relationships with, or process payments for individuals or entities that are included on certain sanctions lists subject to sanctions by certain international bodies or certain individual countries, which relate to activities which are the subject of certain sectorial sanctions
- At a minimum, sanctions screening for third parties must take place as prescribed in the Screening standard. The Screening standard states that screening must take place at on-boarding prior to the establishment of a relationship or conducting of a transaction; on a daily basis after the establishment of the relationship with the third-party and ad-hoc name screening which is triggered to cater to a specific business need, for instance: periodic or trigger review/remediation effort by business or for complying with a request by the Regulators/Law Enforcement, to name a few
- Capitec should also conduct regular reviews to ensure that third parties with current relationships to Capitec do not pose unacceptable B&C risks. Business should embark on a process of reviewing its third-party relationships including thorough screening, background checks or monitoring of performance, conducting general portfolio reviews of all existing third parties; identifying high-risk relationships and developing mitigating plans in the context of existing contractual agreements, such as the inclusion of appropriate ABC contractual clauses or warranties

9.5 General

9.5.1 Conflict of Interest

- 9.5.1.1 Corruption frequently occurs as a result of conflict of interest and every effort should therefore be made to avoid conflicts of interest. If a conflict of interest appears unavoidable in a specific situation, this must be reported in accordance with the Conflict of Interest Policy without delay.
- 9.5.1.2 Employees are required to declare and avoid any actual or perceived conflict of interest which may pose a B&C risk in accordance with the Conflict of Interest policy.
- 9.5.1.3 Directors must disclose at Board meetings, or inform the Company Secretary, and employees must immediately disclose to their respective line managers and in accordance with the Conflict of Interest Policy, any direct or indirect interests in:

- Another company, partnership, association, syndicate, trust or legal entity which is doing or intends doing business with Capitec

9.5.1.4 A contract or proposed contract which is entered into or to be entered into with Capitec and involvement in a business other than in the service/employment of Capitec which may in any way be deemed to be in competition with any business operation of Capitec or negatively impact on the individual's contractual obligation to render service to Capitec will not be allowed.

9.5.1.5 The disclosure must specify the nature and extent of that interest and the material circumstances relating to the Director/ Executive Manager's/related person's acquisition of that interest.

9.5.1.6 The Conflict of Interest Policy further sets out procedures to be followed in the event that a conflict of interest arises.

9.5.2 **Data privacy**

9.5.2.1 Capitec has a zero tolerance for the sharing of personal information as a means to facilitate any B&C practices in alignment with Capitec's Protection of Personal Information and combatting against Financial Crime initiatives, guided by the Protection of Personal Information Act ("POPIA") 4 of 2013, and the Financial Intelligence Centre Act ("FICA") 38 of 2001 amongst others.

9.5.2.2 All processing of personal information must conform to the Enterprise Data Privacy Policy to ensure adherence to privacy regulations in support of this policy. We take accountability by governing processes and safeguarding personal information responsibly, ethically and lawfully.

9.5.3 **Products and Services**

9.5.3.1 Employees are expected to ensure compliance with Capitec's policies, processes and rules at all times.

9.5.3.2 As a result, employees are prohibited from offering, providing or partaking in any B&C activities where preferential treatment is provided to clients in relation to products and services in an attempt to gain an undue advantage (for example, reduced interest rates on credit products or preferential fees).

9.5.3.3 Capitec therefore utilises sophisticated and/or automated business processes to ensure that our products and services are issued objectively, scientifically, consistently and fairly in accordance with Capitec's policies and procedures.

10. Whistleblowing

- 10.1 The reporting of misconduct is one of the most effective ways to prevent and detect B&C. Whistleblowing is a fundamental reporting tool for the prevention and detection of B&C practices. It provides employees and third parties with the opportunity to report potential B&C risks in a confidential manner.
- 10.2 A non-exhaustive list of red flags or incidents that may require reporting can be found in Annexure B to this policy.
- 10.3 All employees and anyone acting on Capitec's behalf, has an obligation to promptly report any concerns about or indications of, possible or actual violations of applicable ABC laws or of this Policy. In this regard, specific reference must be made to Capitec's Whistleblowing policy.
- 10.4 Employees and external third parties may report any concerns or incidents of B&C through mechanisms such as whistleblowing by contacting Tip-Off's Anonymous on 0800 00 48 36 / capitecbank@tip-offs.com or to the Ethics Office at Ethics@capitecbank.co.za.
- 10.5 Whistleblowing is a safe and easy mechanism for employees and third parties to report any form of B&C concerns.
- 10.6 Any form of whistleblowing will be acted upon in a swift manner and dealt with in accordance with Capitec's Whistleblowing policy.
- 10.7 Capitec is committed to ensure all whistleblowers are protected against any form of victimisation or prejudice and the confidentiality of whistleblowers will be protected and safe-guarded.

11. Communication, Training and Publication

- 11.1 Onboarding and annual training will be provided to all Capitec employees to ensure that employees at all levels of the organisation are aware of B&C risks and understand their obligations towards combatting B&C.
- 11.2 The ABC Training standard will set out Capitec's approach towards training employees on their roles and responsibilities in detecting, combatting and managing B&C risks.
- 11.3 Records must be kept of all training and communication to employees in accordance with the Training standard.
- 11.4 This Policy will be published on Capitec's Intranet (CNET) and will be readily accessible available and accessible to all Capitec employees.

12. Reporting

- 12.1 The Prevention and Combatting of Corrupt Activities Act 12 of 2004 (the Act) criminalises corruption. According to the Act, corrupt activities are grouped in 6 parts namely:
 - 12.1.1 General offence of corruption.
 - 12.1.2 Offences relating to specific persons (For instance: Public officers, foreign public officials, agents, members of the legislative authority, judicial officers, members of the prosecuting authority).
 - 12.1.3 Offences relating to the receiving and offering of unauthorised gratification (For instance: The receiving or offering of unauthorised gratification by or to a party to an employment relationship).
 - 12.1.4 Offences relating to specific matters (For instance: Witnesses and evidential material during certain proceedings, contracts, procurement and withdrawal of tenders, auctions, sporting events, gambling games or games of chance).
 - 12.1.5 Offences relating to possible conflict of interest and other unacceptable conduct (For instance: The acquisition of private interest in a contract, agreement or investment of a private body, unacceptable conduct relating to witnesses).
 - 12.1.6 Other offences relating to corrupt activities (For instance: Accessory to or after an offence; attempt, conspiracy and inducing another to commit an offence).
- 12.2 The Act creates an obligation to report these offences. Section 34(1) states that any person who holds a position of authority and knows or ought reasonably to have known or suspected that any person has committed the offence of theft, fraud, extortion, forgery or uttering a forged document involving the amount of R100,000.00 or more must report such knowledge or suspicion or cause such knowledge or suspicion to be reported to the Directorate for Priority Crime Investigations ("DPCI"). Failure to comply with this provision can result in criminal prosecution.
- 12.3 The Judicial Matters Amendment Act no 15 of 2023, has created an additional offence to those listed under S34(1). The amendment, namely S34A, criminalises failure by members of the private sector and state-owned entities to prevent bribery and corruption.
- 12.4 Capitec's Financial Crime Division holds the responsibility for reporting fraudulent and dishonest acts to the relevant law enforcements agencies.

13. Assurance and Control Testing

- 13.1 The management of ABC risks fall within the responsibility of the first line of defence (1LOD). Standards and processes are in place and must be monitored by 1LOD for effective implementation. On a periodic basis, the 1LOD must provide the 2LOD with a view on the effectiveness of the control environment supporting its operations.

- 13.2 Combined Assurance provides independent group-wide assurance on the effectiveness of financial crime risk management (including ABC) and the associated internal controls operating across the first and second lines of defence.

14. Key Indicators/Reporting

- 14.1 Capitec's regulators expect that senior management will receive regular and appropriate management information which will help them to understand the current B&C risks and make properly informed, risk-based business decisions.
- 14.2 The relevant Business/Function Head is responsible for producing ABC management information as and when determined and requested by the Head of Compliance in line with the Financial Crime Management Information and Reporting standard.

15. Failure to implement and adhere to the Policy

- 15.1 Failure to comply with this Policy could result in:
- 15.1.1 Capitec inadvertently facilitating B&C.
- 15.1.2 Capitec being exposed to civil and criminal liability, regulatory fines, loss of reputation, public reprimand and limitation on business.
- 15.1.3 Personal liability for employees such as disciplinary action including dismissal, fines and imprisonment.

16. Escalating Potential Breaches of this Policy or other ABC-related Misconduct

- 16.1 Employees must report all concerns, including suspected/actual controls deviations or significant gaps in controls to their line manager. Should exceptional circumstance occur where an employee is unable to report to their line manager, the employee must report full details of the incident to the Compliance department without undue delay.
- 16.2 Employees who do not feel comfortable reporting via these channels can raise their concerns in confidence through the whistleblowing channels in accordance with the Whistleblowing policy.
- 16.3 Where Senior Management within 1LOD identifies any deficiencies within their control environment that may result in a breach of this policy or any other ABC related misconduct, they must report this to the Head: Compliance.

17. Ownership and Review

- 17.1 The Compliance department is the custodian of the ABC Risk Management Framework and is accordingly responsible for drafting and reviewing this Policy.

- 17.2 The review of this Policy will be carried out annually by the Compliance department. However, should there be any material amendments to applicable legislation, which materially changes the B&C risk regulatory landscape or changes to Capitec's risk profile, this will trigger the review of the policy.
- 17.3 Version control and archiving processes must be in place to maintain a formal document structure and management process for this Policy.

18. Governance and Oversight

- 18.1 Approval of this Policy is subject to the roles and responsibilities of the governance committees as set out in the RMCP and ABC Framework Delegation of Authority for Document Approval.
- 18.2 This Policy is required to be approved by the Risk and Capital Management Committee (RCMC).
- 18.3 The Policy will be subject to approval when substantive changes are made to the content and where there are no substantive changes to this Policy, only approval by the Head: Compliance is required.



Please refer to the RMCP Delegation of Authority for Document Approval for further detail in relation to the applicable governance forums

19. Conclusion

The successful implementation of this Policy and The Framework will enable Capitec to prevent and mitigate B&C risk which Capitec is exposed to.

20. Annexure A: Document Map of ABC Policies and Standards

20.1 Overview

- 20.1.1 Capitec is committed to conducting its business in an honest, fair, ethical and transparent manner in accordance with all applicable laws that inform anti-bribery and corruption (ABC) efforts.
- 20.1.2 We acknowledge that B&C practices pose risks to Capitec's integrity and reputation, and we therefore seek to prevent any such practices within the organisation.
- 20.1.3 No employee, associated person or business partner may engage in any act of bribery or corruption in relation to the business of Capitec.
- 20.1.4 Capitec is committed to preventing all forms of B&C and therefore has a zero tolerance appetite for any wilful or intentional breach of ABC laws and regulations.

20.2 Background

- 20.2.1 Capitec's Anti-Bribery and Corruption (ABC) Policy sets out the control framework for preventing B&C risk and describes how Capitec mitigate and manage B&C risk to which it may be exposed to.
- 20.2.2 Various policies and standards give effect to this policy. These policies are owned by the policy owners who are required to review the policies on at least an annual basis.
- 20.2.3 The standards provide the business with an indication of the standard or goal to be achieved to mitigate B&C risk within each business unit and Capitec as a whole and give effect to the policies.
- 20.2.4 The policies and standards are supported by business operating procedures.

20.3 Document Map

The below table provides an overview of all the policies and standards that support the principles contained in the policy.

Policy/standard/framework	Description	Responsible person (Designation)	Final Approval Forum
1. Frameworks			
ABC Risk Management framework	The ABC framework sets out Capitec's framework in preventing bribery and corruption and describes the control framework implemented by Capitec	Head: Compliance	Risk and Capital Management Committee (RCMC)

Policy/standard/framework	Description	Responsible person (Designation)	Final Approval Forum
	to identify, assess, monitor, mitigate and manage bribery and corruption risk to which Capitec may be exposed		
Risk Management and Compliance Programme (RMCP)	The RMCP (Apex) describe the end to end control framework implemented by Capitec to identify, assess, monitor, mitigate and manage financial crime risk to which Capitec may be exposed given its products, services and operations	Head: Compliance	RCMC
Ethics Risk Management framework	The framework articulates and give effect to the Board's direction on organisational ethics and will describe the framework to identify, assess, monitor, mitigate and manage ethical risks	Head: Compliance	Social, Ethics and Sustainability Committee (SESCO)
Enterprise Risk Management framework	The framework provides an overview of Capitec's enterprise approach to risk management by outlining the principles, guidelines, processes and models adopted by the business to ensure that risk is managed according to an integrated approach	Head: Operational Risk	Policy Committee (POLCO)
Complaints Management frameworks	Enabling Capitec to effectively deal with client queries across the various channels	Manager: Complaints Management	POLCO
Corporate and Social Investment framework	All forms of donations are approved in accordance with the process/es set out in this Framework	Head: Corporate and Social Investment	POLCO
Policies			

Policy/standard/framework	Description	Responsible person (Designation)	Final Approval Forum
Anti-Bribery and Corruption policy	This Policy sets out Capitec's control framework for preventing Bribery and Corruption risk and describes how Capitec mitigates and manages bribery and corruption risks to which Capitec may be exposed	Head: Compliance	RCMC
Anti-Money Laundering and Combatting of Terrorist and Proliferation Financing Control policy	To formalise Capitec's policy on the control of money laundering, terrorist financing and proliferation financing to comply with legislation	Head: Compliance	RCMC
Gifts and Invitation policy	It provides frameworks for implementation of with the Capitec Foundation, Capitec Volunteer Programme and Donations/Strategic Donations	Head: Compliance	SESCO
Whistleblowing policy	The purpose of this policy is to set out Capitec's position on whistleblowing and to provide for reporting through whistleblowing and the protection of whistleblowers	Head: Compliance	SESCO
Conflict of Interest policy	To provide guidance to directors and employees to prevent conflict of interest and insider trading	Company Secretary	SESCO
Fraud policy	To provide an outline as to what may constitute fraud, and to detail the procedures to be followed where fraud is suspected or discovered	Head: Forensics	POLCO
Disciplinary Code	To ensure that the employer and employees share a mutual understanding of misconduct and discipline, promote acceptance conduct,	Head: Employee Relations	POLCO

Policy/standard/framework	Description	Responsible person (Designation)	Final Approval Forum
	mutual respect, and support constructive labour relations at Capitec		
Enterprise Data Privacy policy	To provide a set of guidelines to be followed in order to ensure that Capitec's processing of personal information is done in a responsible, ethical manner in compliance with legislation, regulations, standards and best practices	Manager: Privacy Management	POLCO
Talent Acquisition policy	To clarify the roles and expectations of all parties involved in the talent acquisition process	Head: Talent Acquisition and assessments	POLCO
Remuneration policy	Defining remuneration and its place in the relationship between Capitec and its employees	Head: Remuneration and Benefits	Human Resources and Remuneration Committee (REMCO)
Sponsorship policy	To provide an overview of the various policies and procedures that support the Anti-Bribery and Corruption policy	Head: Marketing	POLCO
Enterprise Data Privacy Programme framework	To ensure that information is effectively managed through the full life cycle	Manager: Privacy management	RCMC
Delegation of Authority	To set out the delegated powers of the board of Capitec	Company Secretary	Board
Procurement Purchasing policy	To inform employees of the policy to be followed when procuring goods and services	Manager: Procurement	POLCO
Information Retention policy	To outline the minimum requirements for	Manager: Information and	POLCO

Policy/standard/framework	Description	Responsible person (Designation)	Final Approval Forum
	effective retention of data, information and records within Capitec	Technology Risk Management	
Supplier Code of Conduct	Sets out Capitec's principles and expectations as to how companies that supply goods and services to Capitec ("Suppliers"), including their representatives and employees (together "Supplier's employees") are to conduct business and deal with us	Manager: Procurement	POLCO
Standards			
Screening standard (RMCP)	To formalise Capitec's approach for sanction, PEP and internal list screening at on-boarding and ongoing	Head: Compliance	Financial Crime Risk Management Forum
ABC Training standard (in draft)	To provide an overview of the various policies and procedures that support the Anti-Bribery and Corruption policy	Head: Compliance	Financial Crime Risk Management Forum
Third Party Due Diligence standard (In draft)	To be finalised	Head: Compliance	Financial Crime Risk Management Forum
Financial Crime Management Information and Reporting standard	The standard sets out how Capitec identifies, monitors and responds to financial crime risk	Head: Compliance	Financial Crime Risk Management Forum

21. Annexure B: B&C Red Flags

21.1 Overview

- 21.1.1 Capitec is committed to conducting its business in an honest, fair, ethical and transparent manner in accordance with all applicable laws that inform anti-bribery and corruption (ABC) efforts.
- 21.1.2 We acknowledge that bribery and corruption practices pose risks to Capitec's integrity and reputation, and we therefore seek to prevent any such practices within the organisation.
- 21.1.3 No employee, associated person or business partner may engage in any act of bribery or corruption in relation to the business of Capitec.
- 21.1.4 Capitec is committed to preventing all forms of B&C and therefore has a zero tolerance appetite for any wilful or intentional breach of ABC laws and regulations.

21.2 Background

- 21.2.1 The reporting of misconduct is one of the most effective ways to prevent and detect B&C.
- 21.2.2 Employees are encouraged to report any forms of B&C in accordance with this policy.

21.3 Examples of Red Flags

There may be many red flags which can serve as possible risk indicators which may give rise to bribery and corruption practices. The following is a list of possible risk indicators ("red flags") which can serve as guidance to employees on conduct which may warrant enhanced due diligence. The risk indicators are not intended to be exhaustive and is for illustrative purposes only.

21.3.1 How do I know if it is a bribe?

- 21.3.1.1 When someone intentionally offers, promise or give you an undue advantage to persuade you to act or refrain from acting in relation to the performance of an official duty in order to obtain or retain business or other forms of improper advantage in the conduct of business.
- 21.3.1.2 Examples can include:
- A public official would benefit from a bribe payment and the company would benefit from being awarded a license, concession or conclude a transaction in exchange for a payment.
 - Bribe payments can take on the form of positions on boards, employment opportunities, sharing of confidential information, receiving tangible items such as cash, clothes or jewellery for the recipient or a recipient's spouse, paid holidays, to name a few.
 - Receiving a request by a public official or third party for a donation/sponsorship where the funds are managed by the public official or third party themselves.

- Donating in exchange for a benefit.
- In a bidding round for tenders, the terms of reference (including technical specifications) are biased to favour one supplier or to exclude potential competitors.
- Bribes are offered for confidential information during pre-bidding or bidding stage.
- A regulator or public official demands a fee for approval of a licence or the avoidance of an administrative sanction.
- An introducer demands incentives over and above the regulated commissions and fees for referral of clients to Capitec.
- A supplier offers a bribe to a contract manager to enter into or renew a contract with Capitec in relation to products or services they render.

21.3.2 How do I know if I am possibly partaking in bribery or corrupt practices?

21.3.2.1 The following is a non-exhaustive list of red flags which may be an indication of B&C risk:

- Being asked to perform no service other than 'to facilitate'
- Abnormally high fees or commission being paid or received for services or goods rendered or allegedly rendered
- An unjustified insistence on urgency or confidentiality
- Insistence on meeting without company representatives being present
- Being requested to make advance or cash payments with no legitimate reason being provided
- Requesting payment via third parties for no valid or justifiable reason
- Operating in industries with perceived high corruption and bribery
- Third parties who:
 - Have a reputation for accepting or demanding bribes
 - Have previously been implicated in instances of bribery or subjected to enforcement action(s) for corruption or bribery
 - Are frequently involved in any litigation, whether civil, criminal or regulatory scrutiny
 - Request compensation or commission that does not commensurate with industry standards
 - Have close relationships with public officials and government institutions
 - Suddenly terminated their relationship with other companies and clients
 - Have little or no experience regarding the services to be provided
 - Holds close business, personal or family relationship with a public official who has discretionary authority over the business of the supplier
 - Make use of shell company or a non-transparent corporate structure
 - Demands an immediate payment of a commission before or upon awarding of a contract
 - Request unusual contractual terms
 - Vague or unsupported bookkeeping
 - Heavy reliance on cash