

## Purpose

To formalise Capitec Bank Holdings Limited statement on human rights and to provide guidelines for the prevention, identification, assessment, mitigation, and remediation of potential or realised adverse human rights impacts

## Read along with this content

Code of Conduct

Financing Exclusion List

Responsible Investment Policy

Supplier Code of Conduct

The Heart of Capitec – Ethics Statement

And any other related policies and standards as referred to in Annexure A

Version **V01**

Effective date **31/05/2023**

Adherence **All employees**

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# 1 Introduction

- 1.1 Capitec Bank Holdings Limited (Capitec) believes that human rights are an integral part of our business. We recognise that, as a financial institution, we have the potential to impact human rights, both through our own activities and those of the parties we do business with.
- 1.2 Human rights are rights inherent to all human beings, regardless of race, religion, ethnicity, nationality, language, disability, sexual orientation, gender, gender identity, gender expression, marital status, or other arbitrary means.
- 1.3 We support the international agenda to abolish human trafficking, modern slavery, forced and child labour. Our philosophy as an organisation is to respect the dignity and worth of the individual. We always aim to uphold the constitutional rights of our employees, do not practice forced or compulsory labour, and do not employ children.
- 1.4 Capitec acknowledges the following groups that are more vulnerable in terms of human rights issues:
  - 1.4.1 children
  - 1.4.2 local communities
  - 1.4.3 migrant workers
  - 1.4.4 people with disabilities
  - 1.4.5 women
- 1.5 Capitec is committed to the human rights principles as set out in the Constitution of the Republic of South Africa, and to those of the United Nations Global Compact, which is reflected in our culture and core values. We support and respect the protection of internationally recognised human rights and are not complicit in any human rights abuses.
- 1.6 Where applicable laws are more stringent, these will apply in addition to this policy. Where such laws conflict with it, the law will take precedence, and we will seek to create the relevant awareness within our sphere of influence, and to ensure that human rights are protected and respected to the greatest extent possible.
- 1.7 In developing this policy, we are guided by the principles of the following human rights standards:
  - 1.7.1 Constitution of the Republic of South Africa
  - 1.7.2 Universal Declaration of Human Rights
  - 1.7.3 South African legislation applicable to human rights
- 1.8 This policy describes the state Capitec is working towards. All measures aimed at identifying, preventing, and mitigating adverse human rights impacts through our own operations, and through our supply and value chains, have therefore not been fully implemented. As such, some measures will either be 'in progress', or 'complete'.

- 1.9 This policy builds on our Code of Conduct and Supplier Code of Conduct, is endorsed by the Capitec Group Board of Directors (the Board) and must be enforced at group executive committee level and by divisional line management.

## 2 Objectives

- 2.1 Capitec aspires to conduct its business with the highest standard of ethics and integrity and with sustainability at the heart of what we do. As such, we seek to promote responsible financing and responsible and transparent sourcing throughout our supply chain. Capitec will continue to prioritise measures aimed at identifying, preventing, and mitigating adverse human rights impacts through our own activities, as well as through the activities of those we do business with. We are cognisant of the trust that our stakeholders have in us and endeavour to commit to conduct our business responsibly and hence not impede upon that trust.
- 2.2 Where we have caused or contributed to adverse human rights impacts, we will use our best endeavours to participate in legitimate processes aimed at achieving fair and adequate redress.
- 2.3 We will promote procurement from suppliers who are aligned to our values and continue to raise awareness and encourage the adoption of responsible sourcing and undertaking of effective due diligence steps to eliminate any harmful practices.

## 3 Scope

### 3.1 Inclusions

- 3.1.1 This policy applies to all employees (permanent, temporary, and contracted), contractors, suppliers, service providers, and other business partners of Capitec. These include:
- Capitec Foundation Trust
  - Capitec Ins (Pty) Ltd
  - Capitec Insurance Holdings (Pty) Ltd and its subsidiary Capitec Life Limited
  - Capitec Properties (Pty) Ltd
  - Capitec Bank Limited and its various business units, namely Business Bank and Retail Bank
  - Capitec Rental Finance (Pty) Ltd
- 3.1.2 This policy also aligns to our Financing Exclusion List where we list activities we in principle exclude from providing any form of financing. These include among other:
- 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, polychlorinated biphenyls, wildlife, or products regulated by Convention on International Trade in Endangered Species of Wild Fauna and Flora

- Production or activities involving harmful or exploitative forms of forced labour, harmful child labour and human trafficking
- 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
- Unsustainable fishing methods such as drift net fishing in the marine environment using nets in excess of 2.5 kilometers in length, and blast fishing
- Business that are involved in illegal deforestation logging activities
- Relocation of people from traditional or customary lands

### 3.2 Exclusions

3.2.1 This policy does not apply to the following entities, because we do not have any operational control over their business activities:

- Avafin Holdings Limited
- Imvelo Ventures (Pty) Ltd
- Praelexis (Pty) Ltd

## 4 Implementation Procedures

- 4.1 Operational accountability for day-to-day implementation and monitoring of Capitec's Human Rights obligations cuts across all departments. We are therefore committed to making the policy available to employees throughout our operations in accessible formats, and we will make sure to provide employees with relevant training on this issue.
- 4.2 Capitec aims to undertake impact assessments to identify potential implications of their activities and relationships, at least once every 3 years, and to take proactive, ongoing steps to understand how existing and proposed activities may cause or contribute to human rights impacts. The process shall include meaningful consultation with potentially affected stakeholders, with a particular focus on vulnerable groups. Mitigation actions shall be prioritised based on the results of the impact assessments.
- 4.3 Capitec is striving to conduct human rights due diligence throughout its own operations and supply chain. Human rights due diligence is an ongoing process to identify, prevent and mitigate and account for negative human rights impacts which the company may cause or contribute to through its own activities, or which may be directly linked to its products, operations, or services through a business relationship. Through its internal monitoring and grievance mechanisms, appropriate corrective actions are identified and implemented depending on whether Capitec caused or contributed to the impact, or whether it is directly linked to that impact through a business relationship.
- 4.4 Capitec shall implement measures for tracking the effectiveness of any mitigating actions taken to address potential or actual human rights impacts.
- 4.5 In the fulfilment of their daily tasks and activities, employees are expected to observe, protect, and respect human rights.

- 4.6 Where necessary, Capitec shall ensure that employees, contractors, suppliers, service providers, and other business partners of Capitec are familiarised with human rights issues that are relevant to their activities through our Code of Conduct and Supplier Code of Conduct.
- 4.7 Where relevant, Capitec will conduct awareness and communication campaigns for its employees.
- 4.8 Capitec encourages its employees, contractors, suppliers, service providers, and other business partners to report any suspected human rights violations through its various grievance mechanisms, which includes:
- 4.8.1 The Group Ethics Office
- 4.8.2 Tip-Offs Anonymous  
Call 0800 00 48 36 or e-mail [capitecbank@tip-offs.com](mailto:capitecbank@tip-offs.com)
- 4.8.3 Grievance process  
Complete the Grievance Submission form and submit to Employee Relations
- 4.8.4 Line management  
Where employees feel comfortable and safe to do so, they may also report any suspected human rights violations to their line manager.
- 4.9 Where we identify that we have caused or directly contributed to adverse human rights impacts, we would engage in appropriate remediation processes by ourselves or in cooperation with other stakeholders.
- 4.10 We will regularly review and update the progress on our efforts, and annually communicate progress made through our integrated annual report.

## 5 Key Human Rights Principles

### 5.1 Principle One: No Harassment and Discrimination

- 5.1.1 Capitec has zero tolerance for any form of unethical behaviour that leads to Harassment (both sexual and non-sexual) and Discrimination. With regards to employment status and treatment, no Capitec worker will be unfairly discriminated against due to factors such as race, religion, ethnicity, nationality, language, disability, sexual orientation, gender, gender identity, gender expression, marital status, or other arbitrary means. Capitec promotes the creation of an enabling environment that embraces diversity and equality and is inclusive for all people to live their purpose every day.

### 5.2 Principle Two: No Forced Labour and Modern Slavery

- 5.2.1 Capitec does not permit any form of forced labour within our operations and supply chain. Work or service must always be voluntarily performed, and not extracted from an individual under threat of force or penalty.

### 5.3 Principle Three: No Child Labour

5.3.1 Capitec operates as a business that prohibits all forms of child labour and exploitation. Capitec only employs those who are 18 years old and above, unless emancipated by law, and in all cases take reasonable steps to verify the age of employees upon employment.

### 5.4 Principle Four: Workplace Health and Safety

5.4.1 Capitec is committed to the highest standards of health and safety throughout our operations. This means that we prioritise the health and wellbeing of our employees and of any client, visitor, contractor, or member of the public who come onto any of our business premises. To meet these high standards, Capitec commits the necessary financial and human resources, as well as listen to the needs and expertise of our workforce around workplace health and safety.

### 5.5 Principle Five: Decent Wages and Standard of Living

5.5.1 Our workforce is at the heart of what we do, and we recognise the skills and expertise of our people with competitive remuneration and benefits packages. Capitec takes its responsibility as an employer seriously, complying with all related national labour legislation. We believe that a healthy workforce has entitlement to breaks during work hours, paid leave, and working hours within the legal limit and local overtime regulations.

### 5.6 Principle Six: Freedom of Association and Collective Bargaining

5.6.1 Capitec supports its employees' constitutional rights to Freedom of Association and recognises that employees can freely join trade unions or worker forums, and collectively bargain for their mutual interests without fear of intimidation. Capitec seeks to develop social dialogue and productive working relationships with representative trade unions and worker representatives through collective bargaining agreements and worker committee structures to foster information, consultation, and negotiation. Capitec has zero tolerance throughout its supply chain regarding harassment or discrimination of employees based on their membership, or not, of trade unions and other worker forums, and does not tolerate intimidation of worker representatives.

### 5.7 Principle Seven: Access to Products and Services

5.7.1 Capitec recognises the role we play to ensure financial inclusion and the link between lack of access to certain products and services, and poverty. Our founding principles of simplicity, affordability, accessibility, and personalised service guide us in challenging the status quo and designing innovative banking and insurance solutions for everyone, irrespective of factors like age or income. The solutions we deliver not only create value for our stakeholders but make a meaningful contribution to the growth and prosperity of South Africa. Our mission is to provide an ecosystem of consumer education programmes that enable Capitec employees, clients, and South African consumers to become empowered and knowledgeable to make informed decisions when choosing or using financial products and services, and to improve their personal financial management.

## 5.8 Principle Eight: Environment

- 5.8.1 Capitec recognises the importance of environmental sustainability and is committed to mitigate the impact of our business activities on the environment. We comply with all applicable local laws regarding the environment, use of resources and waste disposal. We believe that protection of the environment is a collective responsibility, involving all elements of our business, as well as engagement with local communities to ensure that our operations do not negatively impact on their livelihoods and human rights.

## 5.9 Principle Nine: Land Rights

- 5.9.1 Wherever we operate, Capitec complies with all local legislation regarding land rights and natural resources, as well as sensitivity in respect to local communities. We conduct due diligence in relation to land rights and impact when developing new business opportunities, securing partners, and land acquisition for our own operations and activities.

## 5.10 Principle Ten: Community Engagement

- 5.10.1 Capitec is committed to community initiatives and the wellbeing of society. We strive to work with local communities, suppliers, civil society, and media on issues that have an impact upon them, or in which they have expertise, to inform our approach to human rights. The nature of our business means that our employees and their families are often living near Capitec operations, and we work together to ensure that communities are listened to and supported by our business.

# 6 Governance and Oversight

- 6.1 Ultimate responsibility for ensuring adherence to our Human Rights policy, lies with the Board. The Board delegates authority to relevant sub-committees and management committees such as the Social, Ethics and Sustainability Committee (SESCO) and the Sustainability Committee.
- 6.2 Senior management has the responsibility of overseeing policy implementation and ensuring that any alleged breaches are investigated and remediated.
- 6.3 Human Rights issues shall be a standard agenda point at all meetings of the Sustainability Committee, and the SESCO, either as a stand-alone agenda point or included under Ethics.
- 6.4 The Chairperson of the SESCO shall present an annual report to the Board on at least the following:
- 6.4.1 Results from recent human rights impact assessments
  - 6.4.2 Key human rights risks identified, with appropriate mitigation strategies
  - 6.4.3 Training and awareness campaigns
  - 6.4.4 Reports of suspected human rights violations, and remediation processes where Capitec has caused or directly contributed to such adverse human rights impacts
- 6.5 Non-compliance with this policy and the procedures associated with it by any employee or contractor will be subject to our disciplinary code and may result in disciplinary action and even dismissal.

- 6.6 Any transgressions by suppliers, service providers, or other business partners of Capitec will result in the implementation of appropriate corrective and remedial action.



## Annexure A: Related Policies and Standards

Policies and standards are compiled and owned by policy owners and are reviewed on at least an annual basis and approved in terms of the Delegation of Authority approval document.

The policies and standards listed below, are supported by business operating procedures which give effect to the policies and standards.

The following policies and standards form part of the Human Rights Policy:

<b>Policy or Standard</b>	<b>Description</b>
Anti-Bribery and Corruption Policy	To ensure bribery and corruption risks are identified, assessed, monitored, mitigated, and managed.
Anti-Money Laundering, Combatting of Terrorist Financing and Countering of Proliferation Financing Policy Statement	To formalise Capitec's policy on the control of money laundering, financing of terrorist and related activities and proliferation financing to enable Capitec and its employees to comply with the requirements of anti-money laundering, terrorist financing and proliferation financing laws and regulations. It includes supervisory requirements and measures to prevent that the business is used for money laundering, terrorist financing and proliferation financing.
Board Appointment Policy	To ensure that there is a balance of power and authority at board level.
Bursary Scheme Policy	To outline the requirements of the bursary scheme for a potential application.
Business Continuity Policy	To formalise Business Continuity Management in Capitec and provides guidelines for the development, maintenance and exercising of Business Continuity Plans.
Disciplinary Code	To ensure that the employer and employees share a mutual understanding of misconduct and discipline, promote acceptable conduct, mutual respect, and support constructive labour relations at Capitec.
Dress Code Policy	To describe the dress code for Capitec employees as an extension of the brand presented to the market, to stress the importance of adherence to the policy and address general administrative requirements.
Email Usage Policy	To provide standards and guidelines for the use of email at Capitec.

Policy or Standard	Description
Employment Equity Policy	To provide a framework for the creation and maintenance of an equitable work environment in Capitec.
Enterprise Risk Management Policy	To provide an overview of Capitec's approach to risk management by outlining the principles, guidelines, processes, and models adopted by the business to ensure that the risk is managed to an integrated approach.
Environmental Policy	To inform employees regarding the approach of Capitec with regards to responsible and environmentally friendly usage of resources. The policy provides guidelines that must be considered when decisions are made regarding designs and procurement.
Fraud Policy Statement	To confirm Capitec's zero tolerance on fraudulent activities and highlight reporting platforms for any expected fraudulent activities.
Gifts and Invitations Policy	To formalise the principles applicable to all employees in relation to giving and receiving gifts and invitations.
Harassment Policy	To contribute to the creation and maintenance of an environment of mutual respect and professional conduct in the workplace.
Leave Policy	To regulate the leave process and benefits, to manage leave effectively while adhering to all relevant legislation.
Market Conduct Statement	To communicate to all employees, the business' approach, and commitment to implementing, maintaining, and developing policies, procedures, and measures to ensure fair treatment of our clients throughout the product and service lifecycle.
Occupational Health and Safety Policy	To outline the appropriate occupational health and safety instructions and resources to ensure effective implementation and the on-going compliance of the Occupational Health and Safety Act.

<b>Policy or Standard</b>	<b>Description</b>
Personnel Safety and Security Policy	To outline the responses that are available to all employees who may find themselves in a situation that threatens their personal safety.
Remuneration Policy	To define remuneration the relationship between the business and its employees.
Smoking Policy	To enforce stipulations of the Tobacco Products Act 83 of 1993 and its amendments.
Talent Acquisition Policy	To clarify the roles and expectations of all parties involved in the talent acquisition process.
Volunteer Framework	To provide information on employee volunteering and to set the framework for the process to follow when volunteering for community upliftment work through the business.
Whistleblowing Policy	To set out Capitec's position on whistleblowing and to provide for reporting through whistleblowing and the protection of whistleblowers.