

## What we did

### Board report

#### *Role and responsibilities*

The board seeks to exercise leadership, integrity and judgement in pursuit of the group's strategic goals and objectives to achieve long-term sustainability and growth. The board is accountable for the performance and affairs of the group. It provides leadership for the group within a framework of prudent and effective controls which allows risks to be assessed and managed.

In fulfilling this objective, the board is responsible for:

- approving the group's strategy
- acting as a focal point for, and as custodian of, corporate governance
- providing effective leadership with an ethical foundation
- ensuring the group is a responsible corporate citizen
- being responsible for the governance of risk, including risks associated with information technology
- ensuring the group complies with applicable laws and considers adherence to non-binding rules and standards
- monitoring performance
- ensuring succession planning is in place

Certain matters are specifically reserved for the board. To achieve its objectives, the board may delegate certain duties to various board committees, group forums or the chief executive officer, without abdicating its own responsibilities. The board has developed a board charter, which serves as the foundation for Investec's governance principles and practices. The charter:

- outlines the board committees' mandates and specifies which matters are reserved for the board
- defines separate roles for the group chairman and CEO
- dictates the board's expectations of the directors, chairmen of the respective board committees and the senior independent director
- sets out how the corporate governance provisions in the UK Corporate Governance Code, UK Companies Act, King IV Code, the South African Companies Act, the South African Banks Act and the JSE Listings Requirements will be put in place

#### *Composition and meetings*

The board meets at least six times annually, excluding the annual board strategy session. A separate Investec Limited board meeting was held in South Africa and a separate Investec plc board meeting was held in the UK. For the period 1 April 2019 to 31 March 2020, three board meetings were held in the UK and three in South Africa, in line with the requirements of Investec's DLC structure. Unscheduled meetings are called as the need arises. Further to the additional meetings held to address the demerger of the Asset Management business, the board had additional unscheduled meetings where it received regular updates and deliberated on the impact of COVID-19. Comprehensive information packs, on matters to be considered by the board, are provided to directors in advance of the meetings.

The board recognises that a balanced board is vital for sustainable value creation. The board composition is both qualitatively and quantitatively balanced in terms of skills, demographics, gender, nationality, experience, tenure and independence.

Attendance is an important factor in the board's ability to discharge its duties and responsibilities and care is taken in preparing the board calendar to enable meeting attendance. If a director is unable to attend a meeting, an apology is recorded, and if possible, the director makes a written or oral contribution ahead of the meeting.

## CORPORATE GOVERNANCE

(continued)

### Board composition as at 31 March 2020

Members	Independent	Board member since		Investec plc (10 meetings in the year)		Investec Limited (10 meetings in the year)	
		Investec plc	Investec Limited	Eligible to attend	Attended	Eligible to attend	Attended
PKO Crosthwaite (chairman)	On appointment	18-Jun-10	18-Jun-10	10	10	10	10
F Titi (CEO)	Executive	30-Jan-04	30-Jan-04	10	10	10	10
HC Baldock*	Yes	9-Aug-19	9-Aug-19	7	7	7	7
ZBM Bassa	Yes	1-Nov-14	1-Nov-14	10	10	10	10
D Friedland	Yes	1-Mar-13	1-Mar-13	10	10	10	10
PA Hourquebie	Yes	14-Aug-17	14-Aug-17	10	10	10	10
CR Jacobs	Yes	8-Aug-14	8-Aug-14	10	9	10	9
IR Kantor	No	26-Jun-02	30-Jul-80	10	9	10	9
Lord Malloch- Brown KCMG	Yes	8-Aug-14	8-Aug-14	10	10	10	10
NA Samujh**	Executive	1-Apr-19	1-Apr-19	10	10	10	10
PG Sibiyi*	Yes	9-Aug-19	9-Aug-19	7	7	7	7
KL Shuenyane	Yes	8-Aug-14	8-Aug-14	10	10	10	10
<b>Former directors</b>							
LC Bowden***	Yes	1-Jan-15	1-Jan-15	3	3	3	3
CA Carolus***	Yes	18-Mar-05	18-Mar-05	3	3	3	3
B Kantor***	Executive	19-Mar-02	8-Jun-87	3	2	3	2
S Koseff***	Executive	26-Jun-02	6-Oct-86	3	3	3	3
KM McFarland****	Executive	1-Oct-18	1-Oct-18	9	9	9	9
HJ du Toit*****	Executive	15-Dec-10	15-Dec-10	9	9	9	9

\* HC Baldock and PG Sibiyi were appointed to the board on 9 August 2019

\*\* NA Samujh was appointed as group finance director on 1 April 2019

\*\*\* LC Bowden, CA Carolus, B Kantor and S Koseff stepped down from the board on 8 August 2019

\*\*\*\* KM McFarland stepped down from the board on 16 March 2020

\*\*\*\*\* HJ du Toit stepped down as joint group CEO on 16 March 2020

^ Where a director is unable to attend a meeting, they receive papers in advance and have the opportunity to provide comments to the chairman of the board.

*Key matters deliberated by our board*

In addition to the standard and regular agenda items, such as report-backs from each board committee and comprehensive reports from the CEO, the following specific matters of importance were tabled and deliberated at board meetings and directors' development sessions during the year ended 31 March 2020:

**BOARD AND COMMITTEE ACTIVITIES**

<i>Areas of focus</i>	<i>What we did</i>
<b>Group strategy</b>	<ul style="list-style-type: none"> <li>considered and approved the strategy to demerge the Asset Management business, now Ninety One plc, from the group</li> <li>formulated and monitored the implementation of strategy, including progress made with regard to agreed strategic initiatives</li> <li>considered climate related issues when reviewing and guiding strategy</li> <li>provided constructive challenge to management</li> <li>considered global trends shaping the financial industry</li> <li>considered the impact of economic and political developments in the UK and South Africa</li> <li>oversaw the changes in management as announced in the preceding and current financial year</li> <li>deliberated on the impact of the COVID-19 pandemic</li> </ul>
<b>Risk and capital, audit, corporate governance and compliance</b>	<ul style="list-style-type: none"> <li>received and reviewed compliance reports in order to confirm that the group meets all internal and regulatory requirements</li> <li>discussed and approved the risk appetite framework</li> <li>regularly assessed the group's overall risk profile and emerging risk themes, receiving reports directly from management and the chairman of the DLC BRCC</li> <li>received and reviewed reports on the group's operational and technological capability, including specific updates on cyber risk capability and the strategy for technology and infrastructure services</li> <li>received reports in respect of specific risks monitored within the group including updates in respect of General Data Protection Regulation (GDPR), the Advanced Internal Ratings Based (AIRB) approach, the Foundation Internal Ratings Based (FIRB) approach and International Financial Reporting Standards (IFRS) 9, 15 and 16</li> <li>deliberated on the risks associated with the COVID-19 pandemic</li> <li>considered the impact of the King IV Code, the JSE Listings Requirements and the UK Corporate Governance Code, and changes thereto</li> <li>adopted the group Anti-Money Laundering (AML) and Counter Terrorism Financing (CTF) Policy</li> <li>received an update from the company sponsor on changes to the JSE Listings Requirements</li> <li>approved the Recovery and Resolution Plans for the UK and South Africa</li> <li>considered and approved the conflicts of interest policy</li> <li>reviewed the IBP and IBL revised corporate governance structures</li> <li>considered auditor independence, monitoring of audit quality and related parties' activities, appointment of auditors and mandatory rotation of auditors</li> <li>considered matters pertaining to service providers implicated in state capture in South Africa</li> <li>reviewed the group's exposure to state-owned entities and related risk appetite</li> <li>considered the implications of Brexit on the group and specifically on Investec plc</li> <li>received reports on conduct</li> <li>oversaw the integrity of the annual financial statements</li> <li>reviewed and discussed assumptions underlying the recoverability of key exposures and investments including the impacts of IFRS 9 scenarios, probabilities and weightings</li> </ul>
<b>Leadership</b>	<ul style="list-style-type: none"> <li>considered regular updates by the various committees including the DLC Remuneration Committee, DLC Nomdac, DLC Audit Committee, DLC SEC and DLC BRCC</li> <li>received and considered comprehensive reports from the executive directors (including strategy execution and performance of the group within the operating environment and competitor landscape)</li> <li>ensured that policies and behaviours/tones set at board level were effectively communicated and implemented across the group</li> </ul>

<i>Areas of focus</i>	<i>What we did</i>
<b>Effectiveness</b>	<ul style="list-style-type: none"> <li>considered the process for the 2019/2020 board effectiveness review</li> <li>discussed the recommendations of the board effectiveness review</li> <li>implemented the recommendations of the board effectiveness review</li> <li>finalised topics for directors' development sessions</li> </ul>
<b>Remuneration</b>	<ul style="list-style-type: none"> <li>received a report from the DLC Remuneration Committee chairman at each meeting including regulatory developments pertaining to remuneration</li> <li>further to the transition of leadership, considered remuneration arrangements for both the incoming and outgoing executive directors</li> <li>received updates from the DLC Remuneration Committee, in respect of the evolving response to executive and non-executive remuneration, in light of COVID-19</li> <li>oversaw the implementation of the remuneration policy</li> <li>considered the UK Gender Pay Gap report</li> </ul>
<b>Relations with stakeholders</b>	<ul style="list-style-type: none"> <li>in order to ensure satisfactory dialogue with stakeholders, and to foster strong and open relationships with regulators, the board noted and discussed the key areas of feedback from these stakeholders, including feedback relating to: <ul style="list-style-type: none"> <li>board refreshment and succession</li> <li>succession planning for the executive directors and senior management</li> <li>remuneration of executive directors and non-executive directors</li> <li>regular meetings and open dialogue with regulators</li> <li>engagement with the Registrar of Banks, UK Prudential Regulatory Authority and the South African Prudential Authority</li> <li>the group's contribution to the political economy</li> <li>reports on allegations of widespread public and private sector corruption in South Africa, and its impact on the group's clients and service providers</li> <li>improving returns across the business</li> <li>the extensive processes to monitor the external auditors and audit quality, and plans in respect of Mandatory Auditor Firm Rotation</li> </ul> </li> </ul>
<b>Corporate citizenship</b>	<ul style="list-style-type: none"> <li>discussed and monitored the various elements of good corporate citizenship including: <ul style="list-style-type: none"> <li>climate related risk and opportunities</li> <li>environmental, social and governance (ESG) issues within our operations and within our business</li> <li>the promotion of equality, the prevention of unfair discrimination and the reduction of corruption</li> <li>sponsorships, charitable donations and charitable giving</li> <li>environmental, health and public safety, including the impact of the group's activities and of its products and services</li> <li>consumer relationships including the group's advertising, public relations and compliance with consumer protection laws</li> <li>labour and employment including the group's standing in terms of the international labour organisation protocol on decent work and working conditions, employment relationships and its contribution towards the educational development of its employees</li> <li>the group's standing and commitment to the various elements of good corporate citizenship remained in place and was actively enforced</li> <li>the promotion of the role Investec plays in society, including contributions by directors and staff to the Solidarity Fund in South Africa, in response to the COVID-19 pandemic</li> <li>the board's oversight of the group's culture</li> <li>material concerns, if any, raised by employees or former employees</li> </ul> </li> </ul>

<i>Areas of focus</i>	<i>What we did</i>
<b>Board committee composition and succession planning</b>	<ul style="list-style-type: none"> <li>considered and confirmed the independence of the non-executive directors having regard to factors that might impact their independence</li> <li>discussed succession planning including an update on senior management succession</li> <li>received reports on the composition of the boards of the group's key subsidiaries</li> <li>deliberated on reports on suggested changes to the group's governance arrangements</li> <li>considered reports on suggested changes to IBP's governance arrangements</li> <li>considered reports on suggested changes to IBL's governance arrangements</li> <li>received reports from the DLC Nomdac at each meeting covering the matters within its delegated authority for review and consideration</li> </ul>
<b>Financial results, liquidity, solvency and viability statement</b>	<ul style="list-style-type: none"> <li>considered, reviewed and approved the financial results for the year ended 31 March 2020 for Investec plc and Investec Limited</li> <li>considered, reviewed and approved the financial results for the half year ended 30 September 2019 for Investec plc and Investec Limited</li> <li>assessed, confirmed and satisfied itself of the group's viability (i.e. its ability to continue in operation and meet its liabilities considering the current position of the group, the board's assessment of the group's prospects and the principal risks it faces)</li> <li>approved the group's viability statement</li> <li>assessed, confirmed and satisfied itself, on the recommendation of the DLC Audit Committee, that it was appropriate for the financial statements to be prepared on a going concern basis</li> <li>considered, reviewed and approved, on the recommendation of the DLC Audit Committee, that the annual report and the financial statements for the financial year ended 31 March 2020 were fair, balanced and understandable</li> <li>confirmed that the group was liquid and that the solvency and liquidity test has been satisfied (i.e. a company satisfies the solvency and liquidity test at a particular time if, considering all reasonably foreseeable financial circumstances at that time: the assets of the company, as fairly valued, equal or exceed the liabilities of the company, as fairly valued; and it appears that the company will be able to pay its debts as they become due in the ordinary course of business for a period of: <ul style="list-style-type: none"> <li>– 12 months after date on which the test is considered; or</li> <li>– in the case of a dividend, 12 months following the distribution)</li> </ul> </li> <li>confirmed that adequate resources existed to support the group on a going concern basis and accordingly adopted the going concern basis</li> <li>considered the impact of COVID-19</li> <li>considered and approved the capital plans</li> </ul>
<b>Management succession</b>	<ul style="list-style-type: none"> <li>considered matters relating to board succession and approved appointments to the board and board committees</li> <li>maintained oversight of the continued orderly transition from the founding members to the new management in accordance with the approved succession plan</li> </ul>
<b>Terms of reference and policies</b>	<ul style="list-style-type: none"> <li>reviewed and received regular updates in respect of the various committees' terms and references and policies within the group</li> </ul>