

DLC Nominations and Directors' Affairs Committee report

I am pleased to present you with the report for the DLC Nomdac (the committee) for the financial year ended 31 March 2020.

As set out in my introduction to the Corporate Governance report on page 104, there have been a number of changes to the board during the year, all of which have been overseen by the committee.

The committee undertook a thorough recruitment process to identify and assess candidates, which resulted in the appointment of two new non-executive directors: Henrietta Baldock and Philisiwe Sibiyi, who were appointed to the board on 9 August 2019. While selected on the basis of their strong financial services experience and skills, these two appointments help meet our continuing commitment to a diverse board.

The committee oversaw the planned transitions within our leadership team, with the appointment of Nishlan Samujh as group finance director, the departures of Hendrik du Toit and Kim McFarland, following the demerger of the Asset Management business, the appointments of David van der Walt and Ciaran Whelan as executive directors, the proposed appointment of Richard Wainwright (subject to regulatory approval) and the retirement of David from the group.

As can be seen from these changes, the committee continued to focus on succession planning for the board and senior management, including that of the group's key subsidiaries, building on the work undertaken in previous years.

The committee oversaw the internal board effectiveness review, which took the form of a self-assessment questionnaire, followed by one to one meetings. We also considered, and recommended to the board, actions arising from the previous externally facilitated review undertaken by Professor Robert Goffee.

Please refer to the report on the following pages for details of all the material matters considered by the committee in the last year.

Committee performance

The effectiveness of the committee was assessed as part of the annual effectiveness review of the board. The findings of this review, which were considered by the committee, found that the committee had met its key objectives and carried out its responsibilities effectively.

Looking ahead

In 2020 / 2021, the committee will continue to review the composition of the board and the board committees, with a view to ensuring the progressive refreshment of the members of the board. In considering the composition of the board, the committee is mindful of all aspects of diversity, including gender, race, skills, experience and knowledge.



Perry Crosthwaite
Chairman of the DLC Nomdac

16 June 2020

We aim to ensure that the board comprises a talented and diverse range of people, aligned with our culture and values, with the collective skills and experience necessary for the group to meet its objectives and strategic goals

DLC Nomdac

Perry Crosthwaite

Chairman of the DLC Nomdac

Key achievements in FY 2020

- Oversaw the recruitment and appointments of Henrietta Baldock and Philisiwe Sibiyi as non-executive directors
- Considered the succession plans for the board and senior management
- Considered the annual effectiveness review, and the actions arising from the previous externally facilitated review.

Areas of focus in FY 2021

- Review the composition of the board and the principal board committees
- Review the knowledge, skills and experience, and diversity of the board
- Consider the succession plans for the board and senior management

Role and responsibilities

The committee is an essential part of the group's governance framework to which the board has delegated the following key functions:

- supporting and advising the board in ensuring that it is composed of individuals who are best able to discharge the duties and responsibilities of directors
- evaluating the balance of skills, experience, independence, knowledge and diversity on the board
- ensuring that appointments and succession plans are based on merit and with regard to objective criteria and, within this context, promoting diversity in its broadest sense, including diversity of thought, gender, social and ethnic background, and personal strengths
- maintaining the board directorship continuity programme, including the consideration of the annual board performance evaluation process

Composition and meetings

The committee comprises a majority of independent non-executive directors of the board, with membership designed to provide the breadth of experience necessary for the members to consider the issues that are presented to the committee.

The board has agreed, in principle, that the chairman of the group's key governance committees (Audit, Board Risk and Capital, Remuneration and Social and Ethics) be appointed to the DLC Nomdac, to ensure that their input is considered, when the committee discusses the composition of the group's key governance committees, and the proposed appointments to these committees.

As IBL does not have an independent Nominations and Directors' Affairs Committee, it was agreed that Khumo Shuenyane, the chairman of IBL, and Peter Thomas, a non-executive director of the IBL board, be appointed members of the DLC Nomdac. Peter Thomas will not stand for re-election as a non-executive director of IBL at the 2020 AGM of IBL, and as a result, will step down as a member of the committee with effect from 6 August 2020.

During the financial year ended 31 March 2020, the DLC Nomdac met six times. Attendance by members at committee meetings is shown below.

Members	Committee member since	DLC Nomdac (6 meetings in the year)	
		Eligible to attend	Attended
PKO Crosthwaite (chairman)	16-Sep-14	6	6
ZBM Bassa	1-Apr-17	6	6
D Friedland	16-Sep-14	6	6
PA Hourquebie	15-May-18	6	6
Lord Malloch-Brown	15-May-18	6	6
KL Shuenyane	15-May-18	6	6
PRS Thomas*	9-Sep-10	6	6

* PRS Thomas is the representative of IBL.

^ 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 committee.

How the DLC Nomdac works

The significant matters addressed by the committee during the financial year ended 31 March 2020 are described on the following pages.

COMMITTEE ACTIVITIES

<i>Areas of focus</i>	<i>What we did</i>
Board and board committee composition	<ul style="list-style-type: none"> • discussed the key skills and experience needed on the board in the context of future strategic direction and structural reform, including any areas requiring strengthening • concluded that the skills, knowledge and experience of the directors were appropriate for their responsibilities and activities • engaged our independent external search firms Russell Reynolds and Woodburn Mann, neither of which has any connection to the group or any of the directors other than to assist with searches for executive and non-executive talent, to assist in the search for independent non-executive directors with the relevant skills and experience • agreed on the following matters: <ul style="list-style-type: none"> – Laurel Bowden stepping down from the board at the 2019 AGM – Cheryl Carolus stepping down from the board at the 2019 AGM – Stephen Koseff stepping down from the board at the 2019 AGM – Bernard Kantor stepping down from the board at the 2019 AGM – the appointment of Nishlan Samujh as group finance director – the appointment of Henrietta Baldock as a non-executive director – the appointment of Philisiwe Sibiyi as a non-executive director – Kim McFarland stepping down from the board, following the demerger of the Asset Management business – Hendrik du Toit stepping down from the board, following the demerger of the Asset Management business – the appointment of David van der Walt as an executive director – the appointment of Ciaran Whelan as an executive director – the proposed appointment of Richard Wainwright as an executive director (subject to regulatory approval) – David van der Walt stepping down from the board, and retiring from the group – Ian Kantor stepping down from the board at the 2020 AGM • considered the board suitability policy • considered the appointment of potential new directors to the board
Succession planning	<ul style="list-style-type: none"> • considered the succession plans for the board and senior management • conducted formal succession appraisals for all key positions • reviewed the succession pipeline for executive management, with a view to ensuring that the group was continuing and will continue to increase the internal pool of talented and skilled individuals by providing opportunities for individuals to develop and grow within the organisation
Subsidiary board and board committee composition	<ul style="list-style-type: none"> • received reports on the board composition of the group's key subsidiaries including: <ul style="list-style-type: none"> – Investec Bank plc – Investec Bank Limited – Investec Wealth & Investment Limited – Investec Securities Proprietary Limited – Investec Life Limited • reviewed the composition of the boards and board committees of each of the group's key subsidiaries, including consideration of any vacancies, new appointments or changes that would enhance the effectiveness of the respective boards, with regard to group oversight, governance, local regulatory or legal requirements, and best practice, with a view to ensuring that there was an appropriate level of independent scrutiny at subsidiary level. The following matters were accordingly agreed: <ul style="list-style-type: none"> – appointment of Ruth Leas as CEO of IBP – appointment of Kevin McKenna as chief risk officer (CRO) of IBP – appointment of Alistair Stuart as chief operating officer (COO) of IBP – appointment of Chris Meyer as an executive director of IBP – appointment of Ryan Tholet as an executive director of IBP – appointment of Morris Mthombeni as a non-executive director of IBL – appointment of Geoffrey Qhena as a non-executive director of IBL

<i>Areas of focus</i>	<i>What we did</i>
Independence	<ul style="list-style-type: none"> considered the independence of the non-executive directors, with regard to: <ul style="list-style-type: none"> directors who had served on the boards for a period longer than nine years other factors that might impact their independence the director's contribution at board meetings and whether they in fact demonstrated independent challenge specifically considered and confirmed that Ian Kantor can not be considered independent as co-founder, former CEO of the group, and brother of former executive director Bernard Kantor. Ian will not stand for re-election at the 2020 AGM specifically considered the independence of Charles Jacobs, who is the chairman of Linklaters LLP, a legal advisor to Investec UK, and concluded that it was satisfied that he retained independence of judgement and should be regarded as an independent non-executive director
Diversity and inclusion	<ul style="list-style-type: none"> considered the diversity of the board and senior management, including the individuals noted as potential successors discussed the potential impact on the diversity of the board when considering potential candidates for appointment to the board reviewed the board diversity policy
Related parties	<ul style="list-style-type: none"> investigated potential conflicts in respect of specific directors transactions considered and approved the director's disclosure conflicts of interest policy reviewed the register of directors' interests
Directors' development	<ul style="list-style-type: none"> considered dates and topics for future directors' development training and identified the key topics affecting the business

Board effectiveness review

The board regularly reviews its own effectiveness and therefore undertakes a formal evaluation of its performance and that of its committees and individual directors annually. In accordance with recognised codes of corporate governance, the evaluation of the board is externally facilitated at least every three years. As the 2018 board effectiveness review was externally facilitated by Professor Robert Goffee, the DLC Nomdac and the board agreed that the board effectiveness review for 2019 would be internally facilitated, and take the form of a self-assessment questionnaire, followed by one on one meetings with the Chairman.

The directors each completed the questionnaire, prior to meeting individually with the Chairman. The questionnaire covered a range of topics, including board effectiveness, the balance of skills and experience, board and board committee composition, governance, information availability and culture. The interviews that followed, were broad-ranging, and designed to provide additional context to the questionnaire responses.

The findings were collated and presented to the committee at the January 2020 meeting, prior to presentation to the board at the February 2020 meeting. Overall the board members were found to be satisfied with various aspects of board governance and

functioning. The board effectiveness review identified that there had been an improvement to the overall effectiveness of the board, in particular, within the context of the significant changes to the executive leadership team and the governance framework.

The review identified the particular strengths of the board to be the composition of the board, including the balance of non-executive to executive directors and the differentiation of the chairman and chief executive roles, and the role of the non-executive directors.

Notwithstanding the strengths, the committee discussed the areas for potential improvement. These included an increased focus on culture, strategy and succession planning at the board, and further consideration of the knowledge, skills, experience and diversity of the board.

The committee will continue to monitor the actions resulting from the board effectiveness review as the year progresses.