

## DLC Social and Ethics Committee report

I am pleased to present the report of the DLC Social and Ethics Committee (DLC SEC or the committee) for the financial year ended 31 March 2020. We consider the views of a wide range of stakeholders on a variety of environmental, social and governance (ESG) matters. It is this committee's responsibility, along with the board, to ensure the group is operating in an ethical, compassionate and sustainable manner.

Over the past year, there was a continued strong focus by the committee on staff developments and, in particular, on equity and inclusion. The group made good progress in terms of our transformation initiatives and employment equity targets and diversity remains a priority across all regions. Towards the end of the period, we were proud of how the group's leaders took swift action to respond to the COVID-19 pandemic and the care that was shown for employees and communities around the world.

Another key topic of focus in the past year was the environment and climate change. We were pleased to see the group achieve carbon neutral status and the committee was able to approve a public group fossil fuel policy, addressing a key stakeholder concern. The group continued to demonstrate commitment to the United Nations (UN) Sustainable Development Goals (SDGs), reinforced by Fani Titi's personal commitment to the UN Global Investors for Sustainable Development (GISD).

The following pages detail the material matters considered by the committee in the last year. For further information concerning the group's approach to sustainability, please refer to page 159.

### Committee performance

The performance of the committee was assessed as part of the annual effectiveness review of the board. The results show that the committee has continued to function well.

### Looking ahead

The committee will continue to monitor the key sustainability aspects of the group in accordance with best practice. We expect to see progress in a number of areas including the integration of sustainability into business strategy, climate-related and general ESG disclosures including the Task Force on Climate related Financial Disclosures (TCFD), and reporting on our priorities in terms of the UN SDGs. In addition, emphasis will be placed on business resilience and those activities that contribute to a more sustainable, low-carbon world.



**Lord Malloch-Brown**  
Chairman of the DLC SEC

16 June 2020

**It is our duty and care to ensure that the group is behaving responsibly from a commercial, social and environmental perspective so we remain a sustainable and ethical organisation**

### DLC SEC

#### Lord Malloch-Brown

Chairman of the DLC SEC

### Key achievements in FY 2020

The chairman of the committee, Lord Malloch-Brown, presented on the South African Prudential Authority's Flavour of the Year Topic, namely the Creation and Institutionalisation of a culture of Ethics and Awareness

- Fani Titi, group CEO, joined the Secretary General of the UN CEO Alliance on GISD
- Reconstituted the committee with new members bringing relevant ESG experience
- Supported members of the group executive team assuming executive responsibility for driving sustainability across the organisation
- Strengthened the committee terms of reference to include greater focus on environment and climate-related issues

### Areas of focus in FY 2021

Review and monitor progress:

- to integrate sustainability into group strategy and business
- in respect of climate and general ESG-related policies and disclosures
- on our priorities in terms of the UN SDGs, which are to enable access to clean water and affordable energy, to provide access to quality education, to support economic growth and job creation, to build and support infrastructure solutions and to fund sustainable cities and stronger communities
- with sustainability products and services offered
- with gender and diversity targets and performance
- in terms of business resilience and COVID-19 impacts on our people, clients and communities

### Role and responsibilities

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

- overseeing the group's climate policies, processes and response to climate related matters
- ensuring that the group promotes social and economic development, including the application of the UN Global Compact Principles and the recommendations of the Organisation of Economic Co-operation and Development (OECD) regarding corruption
- monitoring the group's behaviour as a corporate citizen, including the consideration of the group's promotion of equality, prevention of discrimination and reduction of corruption
- monitoring the group's application of the South African Employment Equity Act, the South African Broad-Based Black Economic Empowerment Act and the Financial Sector Code, and adherence to the requirements of the South African Companies Act, through the committee's terms of reference
- overseeing ethical business practices
- improving our ESG policies and practices.

### Composition and meetings

The committee comprises of independent non-executive directors and executive directors, with membership designed to provide the breadth of experience necessary, for the members to consider the issues that are presented to the committee. The composition of the committee is in accordance with the requirements of section 72(8) of the South African Companies Act, and its associated regulations.

During the financial year ended 31 March 2020, the DLC SEC met three times and attendance by members at committee meetings is shown below.

**DLC SEC**  
**(3 meetings in the year)**

Members	Committee member since	Eligible to attend	Attended
Lord Malloch-Brown KCMG (chairman)	08-Aug-14	3	3
CA Carolus*	17-May-12	1	1
HJ du Toit**	12-Mar-19	3	3
B Kantor*	17-May-12	1	0
S Koseff*	17-May-12	1	1
KL Shuenyane***	09-Aug-19	2	2
PRS Thomas****	17-May-12	3	3
F Titi	12-Mar-19	3	3

\* CA Carolus, B Kantor and S Koseff stepped down from the committee with effect from 8 August 2019.

\*\* HJ du Toit stepped down from the committee with effect from 16 March 2020.

\*\*\* KL Shuenyane was appointed to the committee with effect from 9 August 2019.

\*\*\*\* PRS Thomas is a 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.

### Other invited attendees

- Head of group sustainability
- Head of organisational development
- Head of human resources
- Head of investor relations
- Head of Asset Management†
- Head of Specialist Bank SA
- Head of Specialist Bank UK
- Head of Wealth & Investment SA
- Head of Wealth & Investment UK

Attended until the January 2020 meeting.

## How the DLC SEC works

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

### COMMITTEE ACTIVITIES

<i>Areas of focus</i>	<i>What we did</i>
<b>Social and economic development, including human rights</b>	<ul style="list-style-type: none"> <li>monitored the group's standing in terms of the goals and purposes of the UN Global Compact Principles, with respect to human rights, labour, the environment and anti-corruption</li> <li>gained comfort that the group and its subsidiaries adhere to the relevant laws in the jurisdictions in which they operate and strive to advance the UN Global Compact Principles within its sphere of influence</li> <li>reviewed the communication of progress to the UN on the group's adherence to the UN Global Compact Principles</li> <li>monitored the group's adherence to the recommendations of the Organisation of Economic Co-operation and Development (OECD) regarding corruption</li> <li>reviewed the group's progress in relation to the Youth Employment Services (YES) initiative, noting that as part of our commitment to job creation and transformation in South Africa, over 1400 youths were placed with 11 partners as part of our commitment to the YES programme</li> </ul>
<b>Climate risks and opportunities</b>	<ul style="list-style-type: none"> <li>considered the impact of climate change and the importance for various stakeholders</li> <li>monitored the groups adherence to the relevant climate-related disclosures (including the TCFDs)</li> <li>supported the climate neutral status that the group achieved in 2020</li> <li>approved a public group fossil fuel policy</li> </ul>
<b>Sustainable Development Goals (SDGs)</b>	<ul style="list-style-type: none"> <li>challenged the core priorities with regards to the UN SDGs, assessed their relevance and monitored the performance in terms of the goals for the group</li> <li>supported Fani Titi's invitation to join the Secretary General of the UN CEO Alliance on the Global Investors for Sustainable Development (GISD)</li> </ul>
<b>Good corporate citizenship</b>	<ul style="list-style-type: none"> <li>discussed the key elements of good corporate citizenship</li> <li>reviewed the group's record of sponsorship, community donations, political donations and charitable giving</li> <li>satisfied itself that the group's standing and commitment to the various elements of good corporate citizenship remained in place and was actively enforced</li> <li>participated in a number of sustainability indices and were recognised as one of the industry members on the Dow Jones Sustainability Investment (DJSI) World Indices and the DJSI Europe Indices</li> <li>noted that Investec Limited had been recognised as one of four industry members in the DJSI Emerging Markets Indices.</li> </ul>
<b>The South African Employment Equity Act</b>	<ul style="list-style-type: none"> <li>monitored compliance with the relevant legislation</li> <li>monitored progress made towards the group's employment equity plans</li> <li>engaged with the management of human resources to address challenges around matters such as diversity and employment equity targets</li> <li>engaged with members of the employment equity forum</li> <li>monitored and reviewed diversity across the group and considered any regulatory developments in this regard</li> <li>satisfied itself that the group did take the appropriate measures in order to comply with the relevant legislation</li> </ul>

<i>Areas of focus</i>	<i>What we did</i>
<b>The South African Broad-Based Black Economic Empowerment Act and the Financial Sector Code</b>	<ul style="list-style-type: none"> <li>• monitored compliance with the relevant legislation</li> <li>• considered the group's empowerment rating</li> <li>• gained comfort that the group had taken the appropriate measures in order to comply with the legislation</li> </ul>
<b>Contribution to the development of communities</b>	<ul style="list-style-type: none"> <li>• monitored the group's activities in contributing to the development of communities</li> <li>• received regular reports on the group's community investment initiatives</li> <li>• satisfied itself that the group contributed to the development of communities</li> </ul>
<b>Talent retention and attraction of employees</b>	<ul style="list-style-type: none"> <li>• received regular reports and updates from the careers team on our talent management strategy including internal mobility</li> <li>• monitored the performance of a number of our graduate, internship and exposure programmes and continued to support the investment in developing and upskilling our employees</li> </ul>
<b>Culture and ethics</b>	<ul style="list-style-type: none"> <li>• received regular reports on the group's activities in respect of programmes offered to enhance its core values which include unselfishly contributing to society, valuing diversity and respecting others</li> <li>• satisfied itself that the group's core values had a positive impact on the success and wellbeing of local communities, the environment and on overall macro-economic stability, as well as the long term success of the company</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>• supported the appointment of members of the group executive team, with responsibility for integrating sustainability into business strategy</li> <li>• monitored the work done to assess our ESG exposures</li> <li>• reviewed the products and services offered with a sustainability impact (for example, clean energy private equity fund and the Investec Environmental World Index Autocall)</li> <li>• supported the swift business resilience response to COVID-19 and its impacts on our people, clients and communities</li> </ul>