

## CHAIR'S INTRODUCTION

# Our client franchises remained resilient despite a challenging global economic environment

As I write my introduction to the corporate governance report, the COVID-19 pandemic, which formed the backdrop to the previous financial year, continues to have a significant impact on society, and on the manner in which companies operate.

In these times, we believe that good governance and stakeholder engagement are more important than ever, and key to the successful delivery of the group's strategy.

Below, I set out my reflections on the key areas of focus for the boards of Investec Limited and Investec plc (together the board) over the past year, and thoughts on the year ahead.

## The past year in focus

### Responding to the pandemic

The board has extensively monitored the impact of the pandemic on the group's businesses and its stakeholders. We have supervised the group's response as the situation evolved, seeking to ensure that the risks posed by the pandemic were mitigated.

We placed significant focus on the provision of support to our clients, as we continued to deliver the high level of client engagement and service for which Investec is well known. Our efforts were strengthened by the implementation of certain initiatives, including a number of government support schemes.

The well-being of our employees has also been a major focus for the board, given the profound effect the pandemic has had on the way we live and work. The switch from a predominantly office led work environment to a principally work from home arrangement was implemented both smoothly and rapidly. Our employee well-being programme has adapted to the new normal, with an increase in the number of digital resources and the introduction of a greater number of virtual events, to enable the continued connectivity of our colleagues. The board is grateful for the outstanding efforts of our colleagues. Details of the group's approach to workforce engagement can be found on page 92.

### Strategy

The board has continued to oversee and monitor progress on the group's strategy to position itself for sustainable long-term growth through its commitment to One Investec. This client-focused strategy commits us to offering our clients the full breadth and scale of our products and services, irrespective of geography. Further information about the group's strategy can be found on pages 3 to 14.

### Stakeholder engagement

Our group-wide philosophy seeks to maintain an appropriate balance between the interests of all our stakeholders, and is closely aligned to our culture and values, purpose and vision. The board recognises that in order for the group to be the best we can be, we have to understand the needs of our stakeholders, and establish the most effective way to engage with them. Details of how the board engages with our stakeholders, including our consideration of shareholder and wider stakeholder interests in the board's decision-making processes are set out in the section 172(1) statement on pages 23 to 33.

### Culture

The board supports the group's aim to sustain our distinctive, entrepreneurial culture. During the year, the board assessed and monitored the group's culture, to determine whether it remains aligned with our strategic objectives. We also undertook a process of collective reflection with the aim of articulating our purpose, to ensure that we remained true to the values upon which Investec was built. As identified in the chief executive report, we arrived at the following purpose statement: We exist to create enduring worth, living in, not off, society. Further information on our culture, purpose and values can be found on page 8.

### Belonging, Inclusion and Diversity

The board recognises the benefits of diverse, representative teams, working within inclusive environments. Diversity of thought is necessary to provide the range of perspectives, insight and challenge to support good decision-making. The group is taking a progressive approach to promoting diversity throughout our organisation and is actively considering diversity when attracting and securing talent to help the group deliver its objectives. Further information about our Board Governance and Diversity Policy can be found on page 87.

### Climate change

The board is conscious of the impact of climate change on our business and how the group's activities affect the environment. These topics have been discussed by the board and a number of its committees. We were pleased to receive shareholder support at the 2020 annual general meeting (AGM) to continue the group's commitment to carbon neutrality with respect to Scope 1 and 2 emissions of our direct operations, and to report annually on the progress made on our climate related exposures. We will be proposing a further resolution at 2021 AGM, in respect of our Scope 3 emissions. Further information about the group's commitment to supporting the transition to a clean and energy-efficient economy can be found in our 2021 group sustainability and ESG supplementary report.

## CHAIR'S INTRODUCTION CONTINUED

### Succession planning

Succession planning, both in respect of non-executive directors and the executive, is a key component of good governance. As illustrated by the changes to the composition of the board outlined below, this was again a focus during the past year, with particular attention given to identifying my successor as Chair of the board. Further information on succession planning can be found on pages 94 and 95.

### Board composition and committee changes

There have been a number of changes to the board and its committees during the year.

- Ciaran Whelan joined the board in April 2020 as an executive director
- David van der Walt stepped down as an executive director in June 2020. The board offers its sincere thanks to David for his long service, dedication and contribution to the group
- Ian Kantor, a non-executive director, co-founder and former chief executive of the group, did not stand for re-election at the 2020 AGM, and therefore stood down from the board in August 2020. The board is grateful to Ian for his exemplary service, commitment and contribution to the group, and wishes him well with his future endeavours
- Stephen Koseff joined the board in September 2020, as a non-independent non-executive director. Stephen was also appointed as a member of the DLC Board Risk and Capital Committee (BRCC)
- Richard Wainwright joined the board as an executive director in September 2020
- Charles Jacobs will step down from the board with effect from 30 June 2021, and accordingly will not stand for re-election at the 2021 AGM. The board is grateful to Charles for his dedication and contribution to the group, and wishes him well for his forthcoming appointment as co-head of UK investment banking at JP Morgan
- Lord Malloch-Brown will also not stand for re-election at the 2021 AGM, and will accordingly step down from the board with effect from 5 August 2021. The board offers its sincere thanks to Lord Malloch-Brown for his exemplary service and commitment to the group. The board wishes him well in his role as President of the Open Society Foundations
- As announced in March 2021, I will not stand for re-election as Chair of the board at the AGM in August 2021, and will accordingly step down from the board with effect from 5 August 2021. Since 31 March 2021, we have also announced the following changes to the board and its committees.
- Nicky Newton-King joined the board in May 2021, as an independent non-executive director. Nicky was also appointed as a member of the DLC BRCC and DLC Social and Ethics Committee (SEC)
- Jasandra Nyker joined the board in May 2021, as an independent non-executive director. Jasandra was also appointed as a member of the DLC BRCC and DLC SEC
- Brian Stevenson joined the board in June 2021, as an independent non-executive director. Brian was also appointed a member of the DLC BRCC and DLC Nomdac
- As announced in June 2021, we confirmed that Philip Hourquebie would succeed me as Chair of the board. Philip will accordingly assume the role of Chair at the conclusion of the AGM in August 2021.

### Board effectiveness

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. This year's review was an internal evaluation overseen by the DLC Nominations and Directors' Affairs Committee (Nomdac). The evaluation concluded that the performance of the board, its committees and each of the directors continues to be effective. Details of the board effectiveness process and review can be found on page 93.

The senior independent director, Zarina Bassa, led my effectiveness review, and an assessment of my continued independence, supported by an independent third party, Board Practice. The reviews confirmed that I continued to be effective in my role as Chair and that I continued to demonstrate independence of character and judgement respectively. Further details can be found on page 88.

### Corporate governance

For the financial year ended 31 March 2021, the group complied with the principles of the UK Corporate Governance Code 2018 and King IV Code. Our statement of compliance with the UK Corporate Governance Code can be found on page 83. Our statement of compliance with the King IV Code can be found on page 84.

### The year ahead

We strive to be a distinctive bank and investment manager, driven by a commitment to create enduring worth, living in, not off, society. Our core philosophies and values have resulted in profitable, impactful and sustainable solutions to our clients. While the group is well positioned with strong foundations the successful implementation of the One Investec strategy will enable us to deliver sustainable long-term growth for shareholders.

### Key priorities for the year

- Our long-term commitment to One Investec
- The continued focus on the well-being of our people.

I offer my congratulations to Philip Hourquebie, who will succeed me as Chair at the conclusion of the AGM in August 2021. Philip has a good knowledge of our business, and significant experience of engaging with our stakeholders, through his role as Chair of the DLC Remuneration Committee. I believe Philip will excel in his new role, and wish him every success for his forthcoming appointment.

I would like to end by once again thanking our colleagues for their significant contribution in the past year. It is the dedication and innovation from all of them that enables us to deliver for our clients and shareholders. While this has been a challenging year, Investec has proved remarkably resilient. Doubtless, further challenges lie ahead, but I am confident that the business will continue to live up to the promise of our purpose, as we work hard together to fulfil our role in society.



**Perry Crosthwaite**  
Chair  
22 June 2021

DIRECTOR BIOGRAPHIES

# Who we are

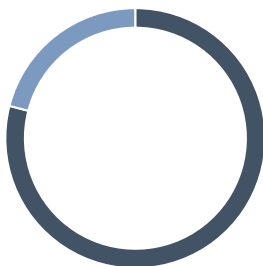
**Director biographies**

Biographies of our directors as at 31 March 2021 are outlined on the following pages, including their relevant skills and experience, key external appointments and any appointments to board committees.

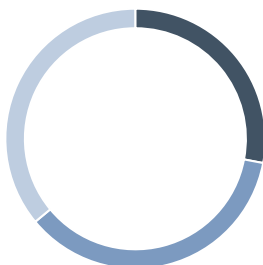
**Committee membership key**

- B DLC BRCC
- N DLC Nomdac
- R DLC Remuneration Committee
- A DLC Audit Committee
- S DLC SEC
- Denotes Committee Chair

**Gender diversity**



**Age**



## Perry Crosthwaite

**Chair**

- B
- N
- R

**Appointed:** June 2010 (board), May 2018 (chair)

**Nationality:** British

**Age:** 72

**Qualifications:** MA (Hons) (Oxon)

**Relevant skills and experience:**

During his 30-year career in investment banking, Perry gained extensive financial services and banking experience. He was a founding member of Henderson Crosthwaite Institutional Brokers Limited, and following their acquisition by Investec, he ran the investment banking division in London for six years. Subsequently, he was on the boards of Toluna plc and Melrose Industries plc, and chair of Jupiter Green Investment Trust. Perry also brings strong governance and strategic development skills, in addition to stakeholder management experience.

**External appointments:** None

## Zarina Bassa

**Senior independent director**

- B
- N
- R
- A

**Appointed:** November 2014 (board), April 2018 (SID)

**Nationality:** South African

**Age:** 57

**Qualifications:** BAcc, DipAcc, CA (SA)

**Relevant skills and experience:**

Zarina's previous appointments include partner of Ernst & Young, executive director of Absa Bank and head of Absa Private Bank, chair of the South African Public Accountants' and Auditors' Board and the South African Auditing Standards Board. She has also been a member of the Accounting Standard Board, and a non-executive director of the Financial Services Board, the South African Institute of Chartered Accountants, Kumba Iron Ore Limited, Sun International Limited, Mercedes South Africa and Vodacom South Africa Proprietary Limited. This background affords significant audit and risk experience, and financial, leadership, banking, and regulatory reporting skills.

**External appointments:** JSE Limited, Oceana Group Limited, YeboYethu Limited (until 27 July 2021) and Woolworths Holdings Limited

## Henrietta Baldock

**Independent non-executive director**

- B
- R

**Appointed:** August 2019

**Nationality:** British

**Age:** 50

**Qualifications:** BSC (Hons)

**Relevant skills and experience:**

Henrietta has extensive knowledge of the financial services sector, through her 25 years' experience in investment banking, most recently as chair of the European Financial Institutions team at Bank of America Merrill Lynch, where she advised many boards in the sector on a number of significant transactions. This industry experience demonstrates her valuable strategic and transformation advisory skills.

**External appointments:** Legal and General Assurance Society Limited and Legal and General Group plc

## David Friedland

**Independent non-executive director**

- B
- N

**Appointed:** March 2013

**Nationality:** South African

**Age:** 67

**Qualifications:** BCom, CA (SA)

**Relevant skills and experience:**

David's previous appointments include international partner of Arthur Anderson and partner of KPMG, where he was head of audit and risk, and the lead audit partner for several listed companies. Through this experience and his non-executive board activities, he brings extensive risk and audit experience, and regulatory reporting skills.

**External appointments:** The Foschini Group Limited, Pick n Pay Stores Limited and Pres Les Proprietary Limited

DIRECTOR BIOGRAPHIES  
CONTINUED

## Philip Hourquebie

Independent non-executive director



**Appointed:** August 2017

**Nationality:** British

**Age:** 67

**Qualifications:** BAcc, BCom (Hons), CA (SA)

**Relevant skills and experience:**

Philip has substantial international and advisory experience, gained through a long career at Ernst & Young, where he held various positions, including managing partner for the Africa and Central and South East Europe regions. This career experience, in conjunction with his time as chair of the South African Institute of Chartered Accountants, brings deep finance, strategic and operational experience.

**External appointments:** Aveng Limited

## Charles Jacobs

Independent non-executive director



**Appointed:** August 2014

**Nationality:** Irish

**Age:** 54

**Qualifications:** LLB

**Relevant skills and experience:**

Charles has over 28 years of experience of advising companies around the world, including in relation to their compliance, regulatory and legal requirements, through his experience as a senior partner and chair of global law firm Linklaters LLP. He brings to the board a valuable combination of knowledge of UK regulatory requirements and corporate governance standards, global capital markets, mergers and acquisitions.

**External appointments:** Fresnillo plc

## Stephen Koseff

Non-executive director



**Appointed:** September 2020

**Nationality:** South African

**Age:** 69

**Qualifications:** BComm, CA (SA), MBA, H Dip BDP, Hon DCom

**Relevant skills and experience:**

Stephen was with Investec for 39 years in various capacities and the chief executive of the group from 1996 to 2018. He is a former board member of the South African Banking Association, the Bidvest Group Limited, the JSE Limited, the Business Leadership South Africa, the South African Banking Association, the Financial Markets Advisory Board and the Independent Bankers Association. His significant experience with Investec makes him an excellent source of knowledge for the board, as does his experience of stakeholder engagement. Stephen also brings strong commercial, finance, risk and industry expertise to the board.

**External appointments:** Bid Corporation Limited, Bud Group (Pty) Limited and Bravo Transport Holdings Limited

## Lord Malloch-Brown

Independent non-executive director



**Appointed:** August 2014

**Nationality:** British

**Age:** 67

**Qualifications:** BA (Hons), MA

**Relevant skills and experience:**

Lord Malloch-Brown was a UK government minister and member of the cabinet. He was formerly the deputy secretary general of the UN, as well as a vice president at the World Bank, head of UN Development Programme and a journalist at the Economist, with wide ranging experience of boards. He also chaired the Business and Sustainable Development Commission. The board benefits from Lord Malloch-Brown's regulatory insight, and extensive knowledge of ESG matters.

**External appointments:** Open Society Foundations

## Khumo Shuenyane

Independent non-executive director



**Appointed:** August 2014

**Nationality:** South African

**Age:** 50

**Qualifications:** BEcon, CA (England and Wales)

**Relevant skills and experience:**

Khumo's previous experience includes audit manager at Arthur Anderson, almost a decade at Investec in corporate finance and principal investments and head of mergers and acquisitions at MTN Group Limited. In 2018, he was appointed chair of IBL. Khumo brings strong industry experience to the board, as well as exemplary knowledge of investment banking, telecoms, media and technology issues.

**External appointments:** Vodacom Group Limited

## Philisiwe Sibiya

Independent non-executive director



**Appointed:** August 2019

**Nationality:** South African

**Age:** 44

**Qualifications:** BAcc, Dip Acc, CA (SA)

**Relevant skills and experience:**

Philisiwe is the founder and chief executive of the Shingai Group. She was also involved in the telecommunications and media sector for 15 years, with 12 years spent at MTN group where she held various roles including as group finance executive of MTN group, chief financial officer of MTN South Africa and the chief executive of MTN Cameroon. Prior to this she was with Arthur Andersen. Philisiwe has strong commercial and finance experience, further supporting the board with her audit and risk management skills.

**External appointments:** AECI Limited, Goldfields Limited and Shingai Group (Pty) Limited

DIRECTOR BIOGRAPHIES  
CONTINUED**Fani Titi****Chief Executive**

**Appointed:** January 2004 (board), November 2011 (chair), May 2018 (chief executive)

**Nationality:** South African

**Age:** 58

**Qualifications:** BSc Hons (cum laude), MA, MBA

**Relevant skills and experience:**

Fani was the founding member of the Kagiso Trust Investments Limited, and later cofounded and led the public offering of Kagiso Media Limited. He was subsequently the founding executive chair of the Tiso Group, which later merged with Kagiso Trust Investments Limited, to form Kagiso Tiso Holdings. Fani has been a member of the IBL board from July 2002. He has also been a member of the board since January 2004, and was non-executive chair from November 2011 until May 2018. He has served on a number of boards and joined the Secretary General of the United Nations CEO Alliance on Global Investors for Sustainable Development (GISD). Fani brings strong banking and commercial expertise to the board.

**External appointments:** Ninety One plc

**Nishlan Samujh****Group Finance Director**

**Appointed:** April 2019

**Nationality:** South African

**Age:** 47

**Qualifications:** BAcc; Dip Acc, CA (SA) HDip Tax (SA)

**Relevant skills and experience**

Nishlan started his career at KPMG Inc. He joined Investec in 2000 as a technical accountant, in the financial reporting team. In 2010 he took on the full responsibility for the finance function in South Africa, which later developed into the global head of finance. This background affords significant financial expertise, and regulatory reporting skills.

**External appointments:** None

**Richard Wainwright****Executive director**

**Appointed:** September 2020

**Nationality:** South African

**Age:** 58

**Qualifications:** BCom (Hons), CTA, CA (SA)

**Relevant skills and experience:**

Richard has been with Investec since 1995 in various capacities, and the chief executive of IBL since 2016, responsible for our operations in South Africa. Richard started the structured products and project finance divisions in 2003 in the group's corporate and institutional banking division. He brings investment banking, tax, risk and industry expertise to the board.

**External appointments:** Banking Association of South Africa (BASA)

**Ciaran Whelan****Executive director**

**Appointed:** April 2020

**Nationality:** Irish

**Age:** 57

**Qualifications:** FCA (Irish), HDip Tax (SA)

**Relevant skills and experience:**

Ciaran joined Investec in 1988. He has had varied experience within Investec, including chief executive of Investec Bank Australia Limited and the global head of Investec Private Bank. Ciaran was appointed as chief executive of Investec Wealth & Investment (UK) in 2020. Ciaran brings hands-on experience in managing business risks to the board.

**External appointments:** None

## COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

The UK Corporate Governance Code 2018 (the code) applied to the group for the financial year ended 31 March 2021. The board confirms that the group has complied with the principles, the application of which are evidenced throughout this report. The table below is designed to help shareholders

evaluate how this has been achieved. The board considers that compliance has been achieved throughout the year, with the exception of provision 19 in respect of the tenure of the chair. An explanation of the board's position in this regard can be found on page 88.

#### Board leadership and company purpose

- |   |  |
|---|--|
| <p>A. An effective entrepreneurial board, which is collectively responsible for the long-term sustainable success of the group, generating value for shareholders and contributing to the wider society (read more on page 87).</p> <p>B. Purpose, values and strategy are aligned with culture, which is promoted by the board (read more on page 92).</p> <p>C. Resources allow the group to meet its objectives and measure performance. A framework of controls enables assessment and management of risk (read more on pages 22 and 23 in volume two).</p> | <p>D. Engagement with the group's stakeholders is effective and encourages their participation (read more on pages 22 to 33).</p> <p>E. Workforce policies and practices are consistent with the group's purpose and values, and overseen by the board (read more on page 92). The workforce is able to raise matters of concern, with the responsibility for whistleblowing arrangements being assigned to the subsidiary Audit Committees of the group, in accordance with their regulatory obligations.</p> |
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#### Division of responsibilities

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|---|---|
| <p>F. The Chair has overall responsibility for the leadership of the board and for ensuring its effectiveness in all aspects of its operations (read more on page 86).</p> <p>G. The board comprises an appropriate combination of non-executive and executive directors (read more on pages 86 to 89).</p> | <p>H. Non-executive directors are advised of time commitments prior to appointment. The time commitments of the directors are considered by the board on appointment, and annually thereafter. External appointments, which may affect existing time commitments, must be agreed with the Chair, and prior approval must be obtained before taking on any new external appointments.</p> <p>I. The company secretaries and the correct policies, processes, information, time and resources support the functioning of the board.</p> |
|---|---|

#### Composition, succession and evaluation

- |   |  |
|---|--|
| <p>J. There is a procedure for board appointments and succession plans for board and senior management which recognise merit and promote diversity (read more on pages 94 and 95).</p> <p>K. There is a combination of skills, experience and knowledge across the board and the board committees. Independence, tenure and membership are regularly considered (read more on pages 87 and 88).</p> | <p>L. The annual effectiveness review of the board and the individual directors considers overall composition, diversity, effectiveness and contribution (read more on page 93).</p> |
|---|--|

#### Audit, risks and internal controls

- |  |   |
|--|---|
| <p>M. Policies and procedures have been established to ensure the independence and effectiveness of the internal and external audit functions. The board satisfies itself of the integrity of the group's financial and narrative statements (read more on pages 100 to 110).</p> <p>N. The board presents a fair, balanced and understandable assessment of the group's position and prospects (read more on page 106).</p> | <p>O. Procedures are in place to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the group is willing to take in order to achieve its long-term strategic objectives (read more on pages 111 to 116).</p> |
|--|---|

#### Remuneration

- |  |  |
|--|--|
| <p>P. The group is committed to offering all employees a reward package that is competitive, performance-driven and fair. Our policies are designed to support the group's strategy and to promote its long-term sustainable success, with executive remuneration aligned to our purpose, values and strategic delivery (read more on pages 151 to 195).</p> | <p>Q. A transparent and formal procedure is used to develop policy and agree executive and senior management remuneration (read more on pages 151 to 195).</p> <p>R. The remuneration policy seeks to ensure all remuneration decisions made by directors, fully consider the wider circumstances as appropriate, including, but not limited to, individual performance (read more on pages 151 to 195).</p> |
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## COMPLIANCE WITH THE KING IV CODE

The King IV Corporate Governance Code (King IV code) applied to the group for the financial year ended 31 March 2021. The board confirms that the group has complied with the principles, the application of which are evidenced

throughout this report. The table below is designed to help shareholders evaluate how this has been achieved. The board considers compliance has been achieved throughout the year.

#### Leadership, Ethics and Corporate Citizenship

- A. Investec's values are embodied in a written statement of values, which serves as our code of ethics. The Becoming Acquainted with Investec (BAWI) policy is the overarching reference which governs or guides management in implementing Investec's overall core values, ethics and standards.
- B. Refer to the Corporate governance report and the DLC Nomdac report as contained in this report, and the 2021 group sustainability and ESG supplementary report (read more on pages 94 to 96).

#### Strategy, Performance and Reporting

- C. This report covers all our activities across the various geographies in which we operate and has been structured to provide stakeholders with relevant financial and non-financial information (read more on pages 8 to 14).

#### Governance Structures and Delegation

- D. The board sets the tone from the top in the way it conducts itself and oversees the structures and the framework for corporate governance. The Board Charter details the board's role, matters specifically reserved for the board, designation to the chief executive, membership requirements and procedural conduct at board meetings, amongst other matters.
- E. The composition of the board and its committees are in line with King IV and there is a clear balance of power to ensure that no individual has undue decision-making powers.
- F. Specific matters reserved for decision-making by the board are disclosed in the Board Charter. The terms of reference of the various board committees are in place and are covered by the formal board evaluation process. The meeting schedule for boards and committees is confirmed more than a year in advance and several board members serve on more than one committee to ensure collaboration. Sufficient independent chairs and members sit on all committees. The DLC Nomdac reviews the knowledge, skills, experience and capacity of all committee members on an ongoing basis.
- G. The board continues to be committed to regularly evaluating its own effectiveness and that of its committees. To this end, the board undertakes an annual evaluation of its performance and that of its committees and individual directors, and is independently lead by an external specialist every third year.
- H. The board appoints the chief executive and has specifically authorised him to have the necessary powers and mandate to manage the group and conduct the affairs of the group in his discretion and as he deems fit, save for matters reserved for the board.

#### Governance Functional Areas

- I. The board assumes responsibility through the Information and Technology Management Charter (Charter) and the Technology Governance framework. This includes, at an executive level, the DLC IT Risk and Governance Committee, which is a sub-committee of the board and enables the setting of direction for technology and information. A set of IT and Information Risk policies are defined for the group. The board delegates responsibility to management as defined in the Charter and monitors progress through the DLC IT Risk & Governance Committee.
- J. The board ensures that the group complies with applicable laws and regulations, as well as adopted non-binding rules, codes and standards. The group has identified the laws, codes and standards that impact its operations.
- K. The DLC Audit Committee is the delegated governing body which meets eight times a year. It includes a representative from external audit, internal audit, compliance, and operational risk. A detailed report covers the group in each of the above mentioned representatives' respective areas of speciality.
- L. The directors' remuneration report sets out our remuneration policies and implementation thereof.
- M. Refer to DLC Audit Committee report as contained in this report (refer to pages 100 to 110).

#### Stakeholder Relationships

- N. This report covers the period 1 April 2020 to 31 March 2021 and includes material issues up to the date of board approval on 22 June 2021. The report covers all our activities across the various geographies in which we operate and has been structured to provide stakeholders with relevant financial and non-financial information.

## GOVERNANCE FRAMEWORK

Investec operates under a DLC structure and considers the corporate governance principles and regulations of both the UK and South Africa before adopting the appropriate standard for the group, and complies with the requirements in both jurisdictions.

From a legal perspective, the DLC comprises:

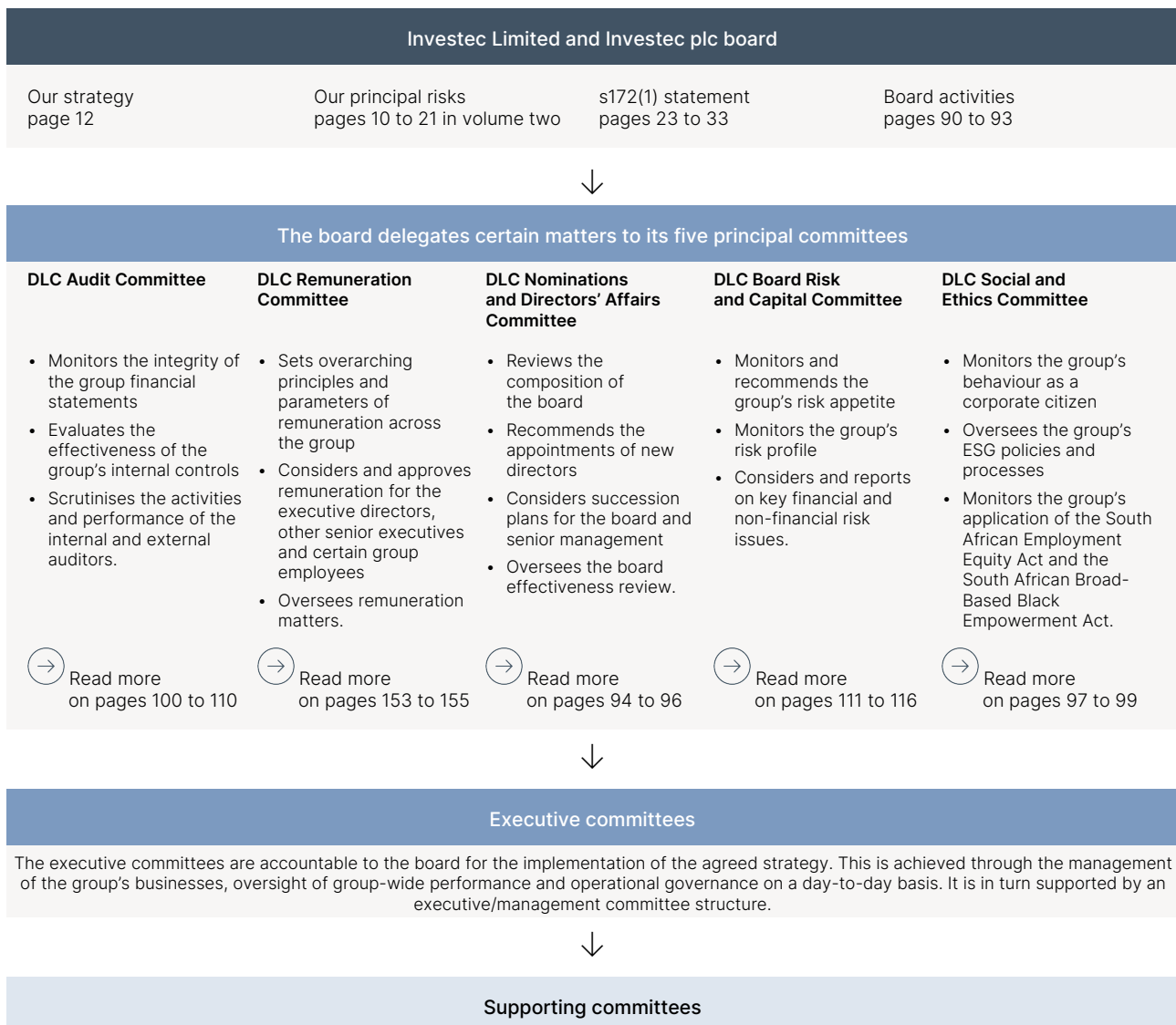
- Investec plc – a public company incorporated in the UK and listed on the London Stock Exchange (LSE), with a secondary listing on the Johannesburg Stock Exchange (JSE)
- Investec Limited – a public company incorporated in South Africa and listed on the JSE, with secondary listings on the Namibia Stock Exchange and the Botswana Stock Exchange.

The boards of Investec plc and Investec Limited are identical in terms of their composition and board meetings are held jointly. The committee structure has been derived from the requirements of the UK Corporate Governance Code and the King IV Code, as well as the activities of the group.

Our governance activities are aligned with, and we accordingly comply with, the South African Companies Act, No 71 of 2008, as amended (the South African Companies Act), the JSE Listings Requirements, the King IV Code, the South African Banks Act 94 of 1990 (South African Banks Act), the Investec Limited Memorandum of Incorporation, the UK Companies Act 2006 (UK Companies Act), the listing rules of the UK Listing Authority (UKLA), the UK Corporate Governance Code 2018 and the Investec plc Articles of Association..

The boards of IBP and IBL, the UK and South African regulated banking subsidiaries of the group respectively, and the board of IW&I, our regulated wealth subsidiary, are responsible for the statutory matters and corporate governance for the respective entities. They ensure compliance with the applicable legislation and governance requirements of the jurisdictions within which they operate. The IBP, IBL and IW&I boards and board committees report to the board and the respective board committees of the group. Interconnection between the respective board committees is supported by the membership or attendance of the chair of the group board committee at the respective subsidiary board committee.

The governance framework from a group perspective is detailed below:





## BOARD AND EXECUTIVE ROLES

The key governance roles and responsibilities of the board are outlined below:

### Chair

- Leads the effective operation and governance of the board
- Sets agendas which support efficient and balanced decision-making
- Ensures effective board relationships and a culture that supports constructive discussion, challenge and debate
- Leads the development of and monitors the effective implementation of policies and procedures for the induction, training and professional development of all board members
- Oversees the evaluation of the performance of the board collectively, non-executive board members individually and contributes to the evaluation of the performance of the executive directors
- Ensures that the board sets the tone from the top, in regard to culture
- Serves as the primary interface with regulators and other stakeholders on behalf of the board.

### Chief executive

- Leads and manages the group within the authorities delegated by the board
- Proposes and directs the delivery of strategy as agreed by the board
- Develops and recommends business plans, policies, strategies and objectives for consideration by the board, taking into consideration business, economic and political trends that may affect the operations of the group
- Develops and supports the growth of all the group's businesses
- Monitors and manages the day-to-day operational requirements and administration of the group.

### Finance director

- Leads and manages the group finance functions
- Provides the board with updates on the group's financial performance
- Provides strategic and financial guidance to ensure that the group's financial commitments are met
- Oversees the financial management of the group including financial planning, capital, cash flow and management reporting
- Develops all necessary policies and procedures to ensure the sound financial management and control of the group's business.

### Senior independent director

- Acts as a sounding board for the Chair
- Leads the board in the assessment of the effectiveness of the Chair
- Acts as a trusted intermediary for non-executive directors, if required, to assist them in challenging and contributing effectively to the board
- Addresses any concerns of shareholders and other stakeholders that are unable to be resolved through normal channels, or if contact through these channels is deemed inappropriate.

### Non-executive director

- Brings unique perspectives to the boardroom to facilitate constructive dialogue on proposals
- Constructively challenges and contributes to assist in developing the group's strategy
- Monitors the performance of management against their agreed strategic goals
- Oversees the effectiveness of internal controls and the integrity of financial reporting
- Reviews succession planning for the board and management
- Oversees the risk management framework
- Oversees the remuneration of the executive directors and the group's employees.

### Company secretary

- Maintains the flow of information to the board and its committees and ensures compliance with board procedures
- Ensures and keeps the board updated on corporate governance developments
- Facilitates a programme for the induction and ongoing development of directors
- Provides advice, services and support to all directors as and when required.

BOARD COMPOSITION

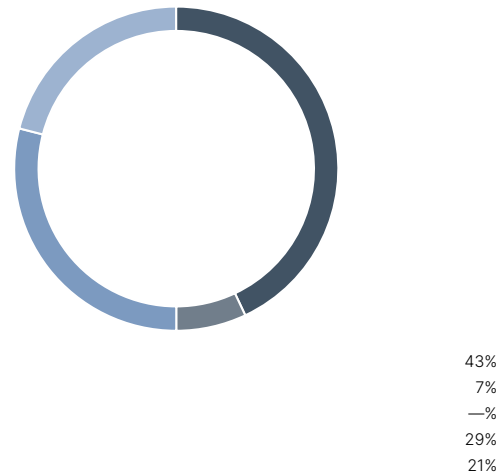
# An experienced and diverse team

We have designed the composition of the board to ensure that we have the appropriate mix of knowledge, skills, experience, independence and diversity to provide the range of perspectives, insights and challenge needed to support good decision-making in order to support the delivery of the group's strategic objectives.

We consider the collective skills and experience of the directors when assessing the overall composition and suitability of the board. The current collective skills and sector experience of the board include the following areas: banking, wealth management, risk, regulatory, strategic thinking, digital and ESG. The key skills and experience of specific directors are detailed in their respective biographies on pages 80 to 82.

Further information on board composition can be found on pages 88 and 89, whilst the details of our Board Governance and Diversity Policy are set out below.

**Board tenure**



**Board Governance and Diversity Policy**

The Board Governance and Diversity Policy sets out the approach to the gender, diversity and governance of the board. It underpins the board's approach to diversity for senior leadership roles, which is governed in greater detail through the group's policies.

The board places great emphasis on ensuring that its membership reflects diversity in its broadest sense. Consideration is given to the combination of demographics, skills, experience, race, ethnicity, religion, age, gender, educational and professional background and other relevant personal attributes. The aim is to provide the range of perspectives, insights and challenge needed to support good decision-making by the board.

New appointments are made on merit, taking into account the specific skills, experience, independence and knowledge needed to ensure a well-rounded board and the diverse benefits each candidate can bring to the overall board composition.

In March 2021, the board considered and approved updates to the Board Governance and Diversity Policy to reflect the JSE Debt Listings Requirements and the Race at Work Charter.

Mindful of the recommendation of the Hampton-Alexander Review, the board set a target of 33% female representation on the board. As at 31 March 2021, we had achieved 21% female representation.

Following the appointments of Nicky Newton-King, Jasandra Nyker and Brian Stevenson to the board, and as at the date of this report, there is currently a 29% female representation on the board.

The gender balance of those in senior management and their direct reports is set out in the 2021 group sustainability and ESG supplementary report.

Cognisant of the recommendation of the Parker Review and in accordance with the requirements of the South African Financial Sector Code, the board set two further objectives. Firstly, a minimum of 25% of the board members who are ordinarily resident in South Africa (and having been naturalised prior to 1994) should be black women. Secondly, a minimum of 50% of the board members who are ordinarily resident in South Africa (and having been naturalised prior to 1994) should be black people. As at the 31 March 2021, there were five board members who were persons of colour, as defined by the Parker Review.

Following the appointments of Nicky, Jasandra and Brian to the board, and as at the date of this report, there are currently six board members who are persons of colour, as defined by the Parker Review.

Further information on the group's broader approach to Belonging, Inclusion and Diversity can be found in the 2021 group sustainability and ESG supplementary report.

## BOARD COMPOSITION CONTINUED

### Board composition

#### Membership

At the date of this annual report, the board comprised four executive directors and 12 non-executive directors, including the Chair.

The changes to the composition of the board which occurred during the year, following the year-end, and those that are forthcoming, are as follows:

- Ciaran Whelan joined the board as an executive director in April 2020
- David van der Walt stepped down from the board in June 2020
- Ian Kantor stepped down from the board at the AGM in August 2020
- Stephen Koseff joined the board as a non-independent non-executive director in September 2020
- Richard Wainwright joined the board as an executive director in September 2020
- Charles Jacobs will step down from the board in June 2021
- Perry Crosthwaite and Lord Malloch-Brown will not stand for re-election at the AGM in August 2021
- Nicky Newton-King joined the board as an independent non-executive director in May 2021
- Jasandra Nyker joined the board as an independent non-executive director in May 2021
- Brian Stevenson joined the board as an independent non-executive director in June 2021
- Philip Hourquebie will succeed Perry Crosthwaite as Chair at the conclusion of the AGM in August 2021.

The names of the directors during the year, and the dates of their appointments are set out on page 89.

Further information regarding the DLC Nomdac's responsibilities in respect of succession planning can be found on pages 94 and 95.

#### Independence

The board considers the guidance set out in the UK Corporate Governance Code, the King IV Code, and directive 4/2018 as issued by the South African Prudential Authority, when considering the independence of members of the board.

Throughout the year ended 31 March 2021, the board was compliant with the UK Corporate Governance Code and the King IV Code, in that the majority of the board, excluding the chair, comprised independent non-executive directors.

The board considers all relevant circumstances, in ensuring that the directors demonstrate independence of character and judgement, and provide challenge to the executive board members in the boardroom.

The board believes that it functions effectively and that the non-executive directors are independent of management and promote the interests of stakeholders.

The board is of the view that the chair, Perry Crosthwaite, was independent on appointment. As indicated in last year's report, in accordance with the South African Prudential Authority's Directive 4/2018, the board had obtained permission for Perry to remain as chair of the board and DLC Nomdac until 31 March 2022, given that Perry had served on the board for a period of greater than nine years. During the year, the senior independent director, Zarina Bassa, led an assessment of the Chair's independence, supported by an independent third party, Board Practice. This assessment concluded that Perry continues to demonstrate objective judgement and promote constructive challenge amongst the members of the board. The board also notes provision 15 of the UK Corporate Governance Code, and further to its consideration of Perry's independence, also identified that Perry's continued appointment supported the succession plan for the board and the leadership team. In line with the succession plan for the board, Perry Crosthwaite will not stand for re-election at the AGM in August 2021.

The board's deliberation on the independence of the non-executive directors included the consideration of the following relationships and associations in regards to specific directors:

- Philip Hourquebie was a regional managing partner of Ernst & Young, joint auditors of the group. The board concluded that, notwithstanding his previous association with Ernst & Young, Philip retains independence of judgement given he was never the group's designated auditor or relationship partner and was not involved with the Investec account. He also served a three-year cooling off period prior to appointment

- Ian Kantor was a co-founder and former chief executive of the group. The board concluded that Ian could not be considered independent
- Stephen Koseff was a former chief executive of the group. The board concluded that Stephen could not be considered independent
- Charles Jacobs was the chair of Linklaters LLP (Linklaters) until 30 June 2021. Linklaters is one of Investec's UK legal advisors. The board concluded that, notwithstanding this link, Charles retains independence of judgement. Charles does not form part of the Linklaters team that provides advice to Investec and he has not provided advice to Investec for over a decade. In addition, the selection of legal advisors is not a board matter and is decided at a management level. If any decision were to be made at the board level regarding Linklaters, which has not happened to date, Charles would recuse himself in accordance with the provisions of the relevant Companies Act relating to directors' interests.

#### Tenure

The board also considers tenure when examining independence, and when discussing the composition of the board as a whole. The board is mindful that there needs to be a balance resulting from the benefits brought by new independent directors, versus retaining individuals with the appropriate skills, knowledge and experience, and an understanding of Investec's unique culture.

The board does not believe that the tenure of any of the identified independent non-executive directors standing for election or re-election at the AGM in August 2021 interferes with their independence of judgement or their ability to act in the group's best interest.

BOARD COMPOSITION  
CONTINUED

## Board composition as at 31 March 2021

Members	Independent	Board member since	Investec plc (9 meetings in the year) <sup>3</sup>		Investec Limited (9 meetings in the year) <sup>3</sup>	
			Attended	Eligible to attend	Attended	Eligible to attend
Perry Crosthwaite (Chair)	On appointment	18 Jun 2010	9	9	9	9
Fani Titi (Chief Executive)	Executive	30 Jan 2004	9	9	9	9
Henrietta Baldock	Yes	9 Aug 2019	9	9	9	9
Zarina Bassa	Yes	1 Nov 2014	9	9	9	9
David Friedland	Yes	1 Mar 2013	9	9	9	9
Philip Hourquebie	Yes	14 Aug 2017	9	9	9	9
Charles Jacobs	Yes	8 Aug 2014	9	9	9	9
Ian Kantor <sup>1</sup>	No	30 Jul 1980 (INL) 26 Jun 2002 (PLC)	4	4	3	3
Stephen Koseff	No	17 Sep 2020	5	5	6	6
Lord Malloch-Brown	Yes	8 Aug 2014	9	9	9	9
Nishlan Samujh	Executive	1 Apr 2019	9	9	9	9
Philisiwe Sibiyi	Yes	9 Aug 2019	9	9	9	9
Khumo Shuenyane	Yes	8 Aug 2014	9	9	9	9
David van der Walt <sup>2</sup>	Executive	1 Apr 2020	2	2	2	2
Richard Wainwright	Executive	17 Sep 2020	5	5	6	6
Ciaran Whelan	Executive	1 Apr 2020	9	9	9	9

1. Ian Kantor stepped down from the board on 6 August 2020.

2. David van der Walt stepped down from the board on 4 June 2020.

3. During the year, there were six meetings of the board, an ad hoc meeting called at short notice, a board strategy session, a separate Investec plc board meeting and a separate Investec Limited board meeting.

## Summary board activities

	24 Apr <sup>1</sup>	20 May	23 Jul <sup>2</sup>	17 Sep <sup>3</sup>	18 Nov	04 Dec <sup>4</sup>	12 Feb	17 Mar
Strategy	●		●	●		●	●	●
Financial management and performance	●	●		●	●	●	●	●
Operating context	●			●		●		●
Risk and assurance	●	●		●	●	●	●	●
People strategy, leadership and succession			●	●			●	●
Remuneration		●		●				●
Corporate governance and reporting		●		●	●	●	●	
Shareholders and key stakeholders	●	●		●	●	●		●
Culture, purpose and values	●			●		●	●	●
ESG	●			●	●		●	

1. Ad hoc meeting called at short notice to consider an update in respect of the initial impact of the COVID-19 impact.

2. An Investec group board and separate Investec plc board meeting were held.

3. An Investec group board and separate Investec Limited board meeting were held.

4. Board strategy session.

## BOARD ACTIVITIES

# What we did in 2020/21

## 2020

### April

- Reviewed the initial impact of COVID-19 on the group, in terms of any customer issues, operational resilience and other risk matters
- Considered an update on the well-being of employees, and the switch to staff predominantly working from home
- Discussed the guidance issued by the South African and UK regulators in respect of COVID-19.

### May

- Reviewed and approved the going concern and the viability statement
- Received a detailed update from the DLC Audit Committee in respect of the impact of COVID-19, structured products, going concern considerations and issues raised by assurance providers
- Assessed the performance of the UK structured products book
- Approved the financial results for the year ended 31 March 2020
- Discussed and recommended the re-appointment of the external auditors.

### July

- Gained comfort with respect to the ongoing risk management of the UK structured products book
- Reviewed detailed updates on the performance of IW&I (UK), IW&I (SA), Specialist Bank (SA) and Specialist Bank (UK)
- Considered and approved a repurchase of up to 20% of Investec Limited perpetual preference shares in issue
- Discussed feedback from shareholder roadshows
- Approved the Investec Limited Recovery and Resolution Plan
- Approved the appointment of PwC as joint auditor for Investec Limited from 1 April 2023, subject to regulatory approval.

### September

- Approved the appointments of Stephen Koseff and Richard Wainwright to the board
- Received an update on the group's performance and operating environment
- Discussed progress against the group's key strategic initiatives
- Reviewed and approved the pre-close briefing statement
- Debated the potential impact of Brexit
- Approved the COVID-19 liquidity stress impact and contingency funding plan
- Considered the composition of the board and the board committees
- Discussed the review of the Chair's effectiveness
- Reviewed a detailed presentation on workforce engagement, including key themes and actions
- Considered the AGM results.

BOARD ACTIVITIES  
CONTINUED

## 2020

## November

- Considered an update on the impact of the COVID-19 pandemic, and the actions taken in respect of our employees, clients and communities
- Interrogated an update received on the UK structured products book
- Approved the financial results for the half year ended 30 September 2020
- Approved an interim dividend
- Approved the Investec plc recovery and resolution plan
- Approved the Investec plc ICAAP and ILAAP
- Discussed the review of the Chair's independence
- Considered the succession plan for the board
- Approved the Conflicts of Interest Policy
- Approved the appointment of a Debt Officer.

## December

- Discussed progress against the group's strategic objectives
- Reviewed the group's key strategic initiatives
- Analysed an update on the group's financial outlook
- Considered proposals in regards to the strategies for the group's principal operating subsidiaries
- Evaluated potential strategic options for the group
- Considered cultural transformation initiatives
- Received an update in respect of the group's governance framework
- Discussed shareholder and stakeholder matters.

## 2021

## February

- Received an update on the group's performance and operating environment
- Interrogated an update received on risk and operations
- Discussed an update from management on the restructure of IBP, including the impact of the redundancy programme on employees
- Considered the succession plan for the leadership team
- Received an update from the board sub-committee on the succession process for the Chair
- Discussed the outcome of the annual board effectiveness review and agreed actions arising from it
- Discussed an update from management on the group's conduct, culture and values
- Approved the Investec plc and IBP risk appetite and policies.

## March

- Received an update on the group's performance and operating environment
- Discussed progress against the group's key strategic initiatives
- Interrogated an update received on the UK structured products book
- Approved the 2021/22 budget and operating plan
- Considered the appropriateness of the pre-close briefing statement
- Considered the succession plan for the board
- Approved the Board Governance and Diversity Policy.



BOARD ACTIVITIES  
CONTINUED

# How the board engages with our stakeholders

**Purpose-led considerations**

We believe that effective governance enables us to deliver our purpose, vision and strategy.

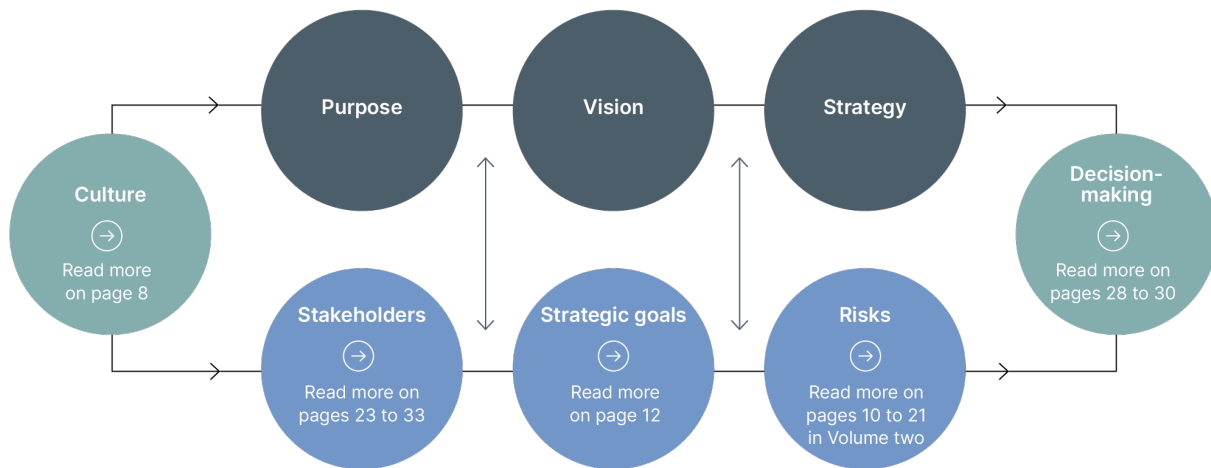
During the year, given the impact of the COVID-19 pandemic, the board has focused on protecting the health and well-being of our people, and supporting our clients, communities, and other stakeholders. At the same time, it has ensured that the group remains secure and resilient, both financially and operationally.

The challenges posed by the COVID-19 pandemic required us to consider how to balance decisions in a way that optimises our strategy, accounts for the interests of all our stakeholders, and supports the promotion of our purpose and unique culture.

Achieving this balance demands a board that prizes constructive challenge, openness and diversity and is committed to act fairly and in the interests of all our stakeholders.

The views, perspectives and insights of our key stakeholder groups are influential factors that are considered whenever we make key operational, investment and business decisions.

Further information about our key stakeholder groups, including our consideration of shareholder and wider stakeholder interests in the board's decision-making processes are set out in the section 172(1) statement on pages 23 to 33.



**Workforce engagement**

The recognition that our people are vital to the delivery of the group's strategy is reflected by the board's extensive engagement with employees during the year.

The board agreed its approach to workforce engagement in 2019, as detailed in last year's annual report, and this has remained unchanged.

Philip Hourquebie, our designated non-executive director responsible for workforce engagement for the group, continues to meet with the designated non-executive directors for IBP (Moni Mannings) and IW&I UK (Cath Thorpe) on a quarterly basis.

A workforce engagement report is prepared, comprising a summary of the board and management's employee engagement activity, the key issues raised by employees, and the actions undertaken to address those issues.

During the year, our workforce engagement reports covered all matters related to employee engagement, including strategy, culture, remuneration and our response to the COVID-19 pandemic.

Our employee engagement activity across our geographies, has intensified in the past year, despite face-to-face contact being severely limited by COVID-19. With the addition of further communication sessions with management, and increased distribution of our online employee magazine, Inside Track.

Management subsequently report the engagement activities to their respective boards, with the designated non-executive director highlighting the matters of interest from our people to support the key decision-making of their respective boards.

A number of issues identified by workforce engagement activities were invaluable in informing board discussions and decisions. These included decisions taken regarding the future of work, such as our workplace solutions and working practices going forward, belonging, inclusion and diversity, our Employment Equity Plan, and the progress of key strategic initiatives, including One Investec and our client-led strategy for IBP.

The board also agreed various measures of support for employees in response to the COVID-19 pandemic, including the prioritisation of employee well-being, with additional digital resources being made available to support our people.

Further information on the board's engagement with our workforce can be found on page 24.

BOARD EFFECTIVENESS

# Board effectiveness

The board's annual effectiveness review, which is facilitated externally at least once every three years, provides an opportunity for the board to reflect, and to consider ways of identifying greater efficiencies, maximising strengths and highlighting potential areas of further development, to enable the board to continue to enhance its own performance.

An external effectiveness review was last conducted in 2018, facilitated by Professor Robert Goffee, an external governance specialist, with internal reviews conducted in 2019 and 2020. The 2021 review is expected to be externally facilitated, with the DLC Nomdac taking responsibility for identifying an external facilitator.

Below, we outline the various stages of the 2020 internal review.

**Stage 1**

The DLC Nomdac, with the assistance of the company secretaries, prepared a self-assessment questionnaire, which was distributed digitally to all the directors for completion in November 2020. The questionnaire sought the directors' views on a range of topics including: the performance and effectiveness of the board and the board committees; the balance of skills, knowledge, experience and diversity; board composition and size; the quality and timeliness of information; strategy; planning and performance; culture; and the company secretarial support for directors and committees.

**Stage 2**

The Chair held a one on one meeting with each of the directors. These meetings were to discuss the responses to the questionnaire, and to provide the opportunity to raise any other matters pertaining to the board or the board committees.

**Stage 3**

A report was prepared by the company secretaries, based on the results of the questionnaire and the matters raised in the meetings with the Chair.

The draft report was then discussed with the Chair, whose feedback was incorporated into a final discussion paper for onward circulation.

**Stage 4**

The final report was presented to the board in February 2021, following its consideration by the DLC Nomdac.

A thorough review and discussion took place, with actions agreed for implementation and monitoring.

**Board review insights**

The review identified the particular strengths of the board to be its collaborative nature, and the level of constructive challenge provided.

From a development perspective, the review highlighted certain areas of focus that would further improve the effectiveness of the board. These were considered by the board and an appropriate action plan agreed.

**Committees**

The board committees were also reviewed and, overall, were considered to function well in terms of their effectiveness, decision-making and the rigorous manner in which they addressed any issues brought to their attention.

**Chair**

The Chair was considered to provide robust leadership for the board, and to strengthen the link between the executive and non-executive members of the board.

**Board action plan**

**The board action plan for 2021/22 includes:**

- Enhancing the role that the board plays in respect of culture
- Increasing the level of diversity on the board
- Supporting greater strategic and forward-looking discussion
- Increasing the focus given to succession planning.

**Stages of the board review**



## DLC NOMINATIONS AND DIRECTORS' AFFAIRS COMMITTEE REPORT

**Perry Crosthwaite**

Chair of DLC Nomdac

**Key achievements in 2020/21**

- Recommended the appointments of Stephen Koseff and Richard Wainwright to the board
- Monitored the progress of ongoing chair succession plans
- Considered the succession plans for the board and senior management
- Reviewed the skills, knowledge, experience, independence and diversity of the board
- Considered the board effectiveness review and training.

**Areas of focus in 2021/22**

- Consider the succession plans for the board and senior management
- Review the composition of the board and the principal board committees
- Review the skills, knowledge, experience and diversity of the board
- Coordinate the external facilitation of the board effectiveness review.

Members	Member since	Meetings attended	Eligible to attend
Perry Crosthwaite (Chair)	16 Apr 2017	6	6
Zarina Bassa	1 Apr 2017	6	6
David Friedland <sup>1</sup>	16 Sep 2014	5	6
Philip Hourquebie	15 May 2018	6	6
Lord Malloch-Brown	15 May 2018	6	6
Khumo Shuenyane	15 May 2018	6	6
Peter Thomas <sup>2</sup>	9 Sep 2010	3	3

1. Unable to attend due to another business commitment. Where a director is unable to attend a meeting, they receive papers in advance and have the opportunity to provide comments to the Chair of the committee.
2. Peter Thomas was the representative of IBL. He stepped down from the committee on retiring from the IBL board on 6 August 2020.

**Introduction**

The role of the DLC Nomdac (the committee) centres on people matters, which ultimately determine the success or otherwise of every corporation. The work we undertake ensures that we have a strong leadership in place, with diverse and relevant operational experience, to enable the group to fulfil its purpose and execute its strategy.

**Role and responsibilities**

The role of the committee is to keep the board's composition, skills, experience, knowledge, independence and succession arrangements under review and to ensure that appropriate procedures are in place for nominating, training and evaluating directors. Due regard is given to the benefits of diverse senior leadership, including diversity of thought, gender, social background and ethnicity.

The committee reports to the board on how it discharges its responsibilities and makes appropriate recommendations to the board. The committee's terms of reference can be found at [www.investec.com](http://www.investec.com).

**Membership and attendance**

To ensure a broad representation of experienced and independent directors, membership of the committee currently comprises the Chair, the senior independent director (who is also the chair of the DLC Audit Committee), the chairs of each of the DLC BRCC, DLC Remuneration Committee and DLC SEC, and the Chair of the IBL board.

As IBL does not have an independent nominations and directors' affairs committee, it was agreed that a representative of IBL be a member of the committee. Peter Thomas previously acted as the IBL representative, until he stepped down from the IBL board in August 2020. Khumo Shuenyane, the chair of IBL, continues to serve on the committee as the IBL representative.

As announced in June 2021, following his appointment to the board, Brian Stevenson was appointed a member of the committee.

Details of individual attendance at the meetings held during the year are set out above. More information on the skills and experience of all committee members can be found on pages 80 to 82.

**Succession planning**

During the year, the committee continued to focus on succession planning, with consideration given to the planned board retirements and the impact of these on the membership of the board and its committees, including oversight of the planned transition. The committee's ongoing review of the structure, size and composition of the board and its committees helps ensure that the appropriate mix of knowledge, skills, experience and diversity is maintained.

As indicated in last year's report, Ciaran Whelan joined the board in April 2020, David van der Walt stepped down from the board in June 2020, and Ian Kantor stepped down from the board at the AGM in August 2020.

As announced in July 2020, Stephen Koseff joined the board in September 2020, as a non-independent non-executive director. Stephen brings extensive financial services experience, and his risk and strategic acumen will add to the board's capabilities.

As announced in June 2020, Richard Wainwright joined the board as an executive director in September 2020.

**DLC NOMINATIONS AND DIRECTORS' AFFAIRS COMMITTEE REPORT**  
CONTINUED

As announced in March 2021, Charles Jacobs will step down from the board in June 2021, and Lord Malloch-Brown will not stand for re-election at the AGM in August 2021.

The committee remained committed to ensuring the board maintained an appropriate range of skills on the board, following their departure, with a specific focus on potential candidates with ESG experience and/or knowledge of regulatory standards. We undertook a full search of potential candidates, using this brief, in order to capture the clear benefits of diversity of background and opinion.

On the conclusion of this search, the committee is pleased to acknowledge the appointments of Nicky Newton-King, Jasandra Nyker and Brian Stevenson to the board, as independent non-executive directors. Nicky brings significant regulatory and business expertise given her background as the chief executive of the JSE Limited, and knowledge of ESG matters. Jasandra will also enhance the collective skills and knowledge of the board, with her extensive experience in the renewable energy sector. Whilst Brian provides substantial strategic, governance and financial services experience.

The committee also recommended the appointment of Khumo Shuenyane as chair of DLC SEC, in place of Lord Malloch-Brown when he steps down from the board, given his complementary skills and experience as an existing member of DLC SEC.

As announced in March 2021, I will also not stand for re-election as chair of the board at the AGM in August 2021.

This report summarises the work done to identify my successor as chair. I am not involved in the process, but I am confident that my successor will benefit from the work of an effective and impactful committee.

**Board diversity**

I believe that the committee's focus on inclusion and diversity sets the tone and direction for Investec to be an inclusive employer, with diverse teams delivering for the benefit of all of our stakeholders.

Further details on our Board Governance and Diversity Policy can be found on page 87.

**Board effectiveness and training**

The committee oversees the board effectiveness review, and assesses the feedback from the evaluation process. Full details of the board effectiveness review, including the evaluation of the committee's effectiveness, are provided on page 93.

The 2021 board effectiveness review is expected to be facilitated externally, in line with the recommended approach set out in the UK Corporate Governance Code.

The committee also oversees the training and development of the board, and of the directors of the group's principal subsidiaries.

**Conflicts of interest and independence**

Each director has a duty to disclose any actual or potential conflict of interest, as defined by law, for consideration and approval if appropriate by the board. This is supported by the committee's review of the register of directors' interests and its annual assessment of director independence.

Based on its assessment for the year, the committee is satisfied that, with the exception of Stephen Koseff who was appointed as a non-independent non-executive director, all the non-executive directors remained independent in character and judgement.

The committee, and the board, gave specific consideration to the continuing independence of myself, Philip Hourquebie, Charles Jacobs, Ian Kantor and Stephen Koseff as detailed on page 88.

In recommending directors for election and re-election at the AGM, the committee, through the board effectiveness review, has considered the performance of each of the directors and their ability to continue meeting the time commitments required. We have taken into consideration individual capabilities, skills and experience, and any potential conflicts of interest that have been disclosed. The external roles held by all directors were considered to be appropriate. Further details of our Conflicts of Interest Policy can be found on page 117.

**Governance**

As part of our broader governance responsibilities, the committee considered regular updates on developments in corporate governance, and also considered correspondence with shareholders.



**Perry Crosthwaite**  
Chair, DLC Nomdac  
22 June 2021

**Chair succession**

Following the announcement of Perry Crosthwaite's intention to step down from the board, the board initiated a search process to find his successor.

A sub-committee, comprising Charles Jacobs (chair), David Friedland, Lord Malloch-Brown and Khumo Shuenyane, was established to lead the process. All of the members of the sub-committee are independent non-executive directors, and free of any potential conflicts of interest.

Odgers Berndtson were appointed to assist the sub-committee in identifying a diverse list of potential candidates with the experience and personal qualities to become chair.

Odgers Berndtson do not have any connection to the group or any of the directors other than to assist with the searches for executive and non-executive talent.

Charles Jacobs kept the board and the committee informed on progress, with regular discussions held throughout.

A long list of candidates, including internal and external candidates, was considered and was narrowed down to a diverse short list.

The members of the sub-committee held interviews with the potential candidates, to assess their suitability for the role.

At the conclusion of these interviews, the sub-committee made a recommendation to the committee.

The committee considered the recommendation of Philip Hourquebie as the successor to the Chair, and prepared a recommendation to the board accordingly.

The board considered the proposal, and agreed that Philip be appointed as the Chair, when Perry steps down from the board. It was considered that Philip was the most suitable candidate for the role, given his knowledge, skills and experience, in particular, his knowledge of the group through his time on the board, his good working relationship with the executive, and his extensive experience of engaging with our stakeholders, through his role as Chair of the DLC Remuneration Committee.

DLC NOMINATIONS AND DIRECTORS' AFFAIRS COMMITTEE REPORT  
CONTINUED

What we did in 2020/21

2020

May

- Reviewed the methodology for prescribed officers
- Considered the independence of the non-executive directors
- Recommended the establishment of a remuneration committee for IBL
- Reviewed the corporate governance report
- Considered the board composition of the group's principal operating subsidiaries.

June

- Reviewed the succession plan for the leadership team
- Recommended the appointment of Mark Currie as chief risk officer.

July

- Approved the appointments of Morris Mthombeni and Moni Mannings as members of the DLC SEC
- Reviewed the register of directors' interests
- Discussed the review by Internal Audit of the board's procedures in respect of related parties and conflicts of interest
- Considered the board composition of the group's principal operating subsidiaries.

September

- Recommended the appointment of Stephen Koseff as a non-executive director
- Recommended the appointment of Richard Wainwright as an executive director
- Considered the succession plan for the board
- Approved the appointment of Henrietta Baldock as a member of the DLC Remuneration Committee
- Approved the directors' Conflicts of Interest Policy
- Determined the process to be adopted for the internally facilitated annual effectiveness review.

2021

February

- Considered the composition of the board and board committees
- Considered the succession plan for the leadership team
- Discussed the results of the board effectiveness review
- Considered the board composition of the group's principal operating subsidiaries.

March

- Approved the Board Governance and Diversity Policy
- Discussed the succession plan for the Chair
- Considered the succession plan for the board
- Considered the composition of the board and board committees.

## DLC SOCIAL AND ETHICS COMMITTEE REPORT

### Lord Malloch-Brown Chair of the DLC SEC

#### Key achievements in 2020/21

- Received shareholder support for the group's commitment to carbon neutrality
- Welcomed the establishment of an ESG Executive Committee
- Received recognition for publishing our first Task Force on Climate-related Financial Disclosures (TCFD) report
- Strengthened the membership of the committee with the appointments of Morris Mthombeni and Moni Mannings
- Maintained our level 1 Broad-based Black Economic Empowerment (B-BBEE) rating
- Signed up to the Race at Work Charter.

#### Areas of focus in 2021/22

- Further monitor the integration of sustainability into business strategy
- Review progress on climate-related and general ESG disclosures, including the TCFDs, and reporting on our priorities in terms of the UN Sustainability Development Goals (SDGs)
- Review and strengthen the group's ESG and climate-related policies
- Continue to embed diversity, inclusion and belonging through the value system and senior leadership/decision-making forums
- Track our progress globally against race and gender targets, the B-BBEE scorecard and employee equity measures.

Members	Member since	Meetings attended	Eligible to attend
Lord Malloch-Brown (Chair)	8 Aug 2014	4	4
Moni Mannings <sup>1</sup>	11 Sep 2020	2	2
Morris Mthombeni <sup>2</sup>	23 Jul 2020	2	2
Khumo Shuenyane <sup>3</sup>	9 Aug 2019	3	4
Peter Thomas <sup>4</sup>	17 May 2012	2	2
Fani Titi	12 Mar 2019	4	4

1. Moni Mannings is the representative of IBP.
2. Morris Mthombeni is the representative of IBL.
3. Unable to attend due to another business commitment. Where a director is unable to attend a meeting, they receive papers in advance and have the opportunity to provide comments to the chair of the committee.
4. Peter Thomas was the representative of IBL. He stepped down from the committee on retiring from the IBL board on 6 August 2020.

### Introduction

The DLC SEC (the committee) monitors the group's application of the South African Employment Equity Act, the South African B-BBEE Act and the Financial Sector Code. It monitors our progress in terms of ESG matters, and how we are advancing the UN Global Compact's 10 principles pertaining to business and human rights, labour, environment and anti-corruption, as well as our priorities in terms of the UN SDGs. The work undertaken by the committee ensures that the group is operating in an ethical, compassionate and sustainable manner.

### Role and responsibilities

The role of the committee is to:

- Oversee the group's ESG and climate-related policies, processes and response to climate-related matters
- Ensure that the group promotes social and economic development
- Monitor the group's behaviour as a corporate citizen
- Oversee the group's ethical business practices

- Monitor the group's application of the South African Employment Equity Act, the South African B-BBEE Act and the Financial Sector Code.

The committee reports to the board on how it discharges its responsibilities and makes appropriate recommendations to the board. The committee's terms of reference can be found at [www.investec.com](http://www.investec.com).

### Membership and attendance

The committee comprises independent non-executive directors and executive directors. Its composition is designed to provide the breadth of experience necessary for effective consideration of the issues that are presented to us. The composition is in accordance with the requirements of the South African Companies Act.

We welcomed two additional members to the committee during the year, Moni Mannings, a non-executive director of IBP; and Morris Mthombeni, a non-executive director of IBL. They further strengthen the skills, knowledge, experience and diversity of the committee. Their appointments also

support the promotion of a consistent approach to employment equity, transformation and sustainability matters across our businesses.

As announced in March 2021, I will not stand for re-election at the AGM in August 2021. Given his complementary skills and experience as an existing member of the committee, the DLC Nomdac recommended Khumo Shuenyane to succeed me as chair of the DLC SEC, when I step down from the board in August 2021.

As announced in May 2021, following their appointment to the board, Nicky Newton-King and Jasandra Nyker were appointed as members of the committee.

Details of individual attendance at the meetings held during the year are set out above. More information on the skills and experience of the committee members can be found on pages 80 to 82.

### Employment equity and transformation

During the year, we continued to focus on staff developments, in particular on



## DLC SOCIAL AND ETHICS COMMITTEE REPORT CONTINUED

equity and inclusion. The group made further progress with our transformation initiatives and employment equity targets, and we remain committed to creating an inclusive environment where everyone can thrive.

The committee oversaw the workplace and workforce analysis as required by Section 19 of the South African Employment Equity Act, including the progress made in terms of our employment equity plan (for the period 2017-2020). We also considered the revised employment equity plan (for the period 2021-2024), which was developed in consultation with the Employment Equity Forum. The primary focus of the plan is on transforming our leadership and decision-making forums.

In January 2021, we submitted our latest employment equity report to the South African Department of Employment and Labour. We were pleased to note that over the past 10 years the group has seen an improvement in the representation of people of colour and women at all occupational levels, with representation at middle management being almost double that of 2011.

Further information can be found in the 2021 group sustainability and ESG supplementary report.

### Broad-Based Black Economic Empowerment

We monitored the group's compliance with the relevant legislation, and considered its empowerment rating.

The group maintained our level 1 B-BBEE rating, with exemplary scores received in respect of ownership, enterprise development, empowerment financing, supplier development, socio-economic development and consumer education. We also improved our procurement score, compared with the previous year, due to the work done to ensure that the suppliers selected for the renovation of our Sandton office met our B-BBEE requirements.

### Belonging, Inclusion and Diversity

The committee monitors the group's progress with respect to gender and diversity targets, with the board's commitment to Belonging, Inclusion and Diversity at Investec continuing to be a key strategic objective.

The gender pay gap in our UK bank and wealth businesses has reduced for the third consecutive year, with planned strategies and actions to drive the increase of female representation at senior levels. The gender pay gap reports are available on our website. The group has also signed up to the Women

in Finance Charter (UK) and is a member of the 30% Club in South Africa and the UK.

In 2020, the group signed up to the Race at Work Charter (UK), which calls on organisations to deliver specific actions, including the appointment of an executive sponsor. In this respect, Ciaran Whelan is accountable for the delivery of the following: capturing ethnicity data and publishing progress, committing at board level to zero tolerance of harassment and bullying, and taking action to support ethnic minority progression.

Further information can be found in the 2021 group sustainability and ESG supplementary report.

### Good corporate citizenship

Given these difficult times, we are incredibly proud of the manner in which the group has responded to the COVID-19 pandemic, demonstrating continued support of our clients, communities and to the well-being of our colleagues.

The group committed to provide 1% of pre-tax profit to the COVID-19 relief fund. Furthermore, the executive team and board members have donated a portion of their salaries to the Solidarity Fund in South Africa and to other initiatives in the UK.

Further details on the board's engagement with our key stakeholders can be found on page 92.

### Culture and ethics

We oversaw the group's activities from the perspective of the ethical business principles, with programmes offered to enhance our core values, which include unselfishly contributing to society, valuing diversity and respecting others.

Given the significant and far-reaching change within the group in the past year, the group undertook a process of collective reflection with the aim of articulating our purpose, to ensure that we remained true to the values upon which Investec was built. As identified in the chief executive report, we arrived at the following purpose statement: We exist to create enduring worth, living in, not off, society.

Further information on our culture, purpose and values can be found on page 8.

### Climate change

The impact of climate change on our business and also the impact of our activities on the environment have been a key focus in the past year.

The board recognises that climate change represents a material financial risk, which is monitored by the DLC BRCC.

At the 2020 AGM, we were pleased to receive shareholder support to continue the group's commitment to carbon neutrality.

The committee monitored progress on implementing the Fossil Fuel Policy, which was published at the end of the previous financial year. The policy covers coal-fired power generation, coal mining, and oil and gas in all our operations. It emphasises that the transition to a low carbon economy needs to be done in a just and orderly way and in consideration of a variety of financial, socio-economic and environmental factors.

We have monitored the group's progress on key metrics in respect of climate change as well as its commitment to supporting the transition to a clean and energy-efficient economy. We were pleased to see that the group maintained its commitment to net-zero Scope 1 and 2 direct emissions for the second consecutive year.

We joined the Partnership for Carbon Accounting Financials, which gives the group access to international best practice and allows us to be actively involved in the formulation of financial carbon reporting methodology.

### ESG

To support the integration of sustainability considerations into our business strategy, we have embedded an ESG screening process for prospective deals. Management also held an offsite meeting in September 2020 to discuss our progress in respect of the SDGs.

We welcomed management's decision to constitute an ESG Executive Committee. This will coordinate ESG efforts across our geographies and businesses and help the group to deliver profitable, impactful and sustainable solutions to our clients. We also welcomed the launch of a number of sustainability-led products and services during the year.

For further information, please refer to the 2021 group sustainability and ESG supplementary report.

*Lord Malloch-Brown*

### Lord Malloch-Brown

Chair, DLC SEC  
22 June 2021

DLC SOCIAL AND ETHICS COMMITTEE REPORT  
CONTINUED

What we did in 2020/21

2020

May

- Monitored progress towards the group's employment equity plans
- Reviewed the group's progress in relation to the Youth Employment Service (YES) initiative
- Welcomed the appointment of Fani Titi to the UN Global Investors for Sustainable Development Alliance
- Discussed the group's response to the COVID-19 pandemic, in particular the actions taken to support employees, communities, clients and suppliers.

September

- Reviewed the group's progress in respect of its people and transformation initiatives
- Received a detailed update on the work undertaken by the Employment Equity Forum
- Acknowledged that the group had signed up to the Partnership for Carbon Accounting Financials, the World Benchmarking Alliance, the UN Environment Programme Finance Initiative and the UN Principles for Responsible Banking
- Considered the ESG opinions delivered by the ESG Committee
- Discussed the group's response to the COVID-19 pandemic
- Received an update on the matters considered at the ESG offsite meeting.

July

- Reviewed the group's progress in respect of its people and transformation initiatives
- Considered the group's empowerment rating
- Monitored progress towards achieving the group's SDG priorities
- Discussed the TCFD reporting requirements.

2021

March

- Reviewed the group's progress in respect of its people and transformation initiatives
- Considered the 10-year view of the progress made by the group regarding employment equity
- Monitored progress towards achieving the group's SDG priorities
- Discussed the TCFD disclosures.

## DLC AUDIT COMMITTEE REPORT

**Zarina Bassa**  
Chair of the DLC  
Audit Committee

“The Committee believes that audit quality is essential to the fulfilment of the objectives of an effective and credible external audit. Consistent and sustainable high audit quality contributes to ensuring the continued relevance and value of audit and assurance services, which in turn are essential in providing trust and confidence to the users of financial information.”

Members	Member since	Meetings attended	Eligible to attend
Zarina Bassa (Chair)	1 Nov 2014	10	10
Philip Hourquebie	14 Aug 2017	10	10
Philisiwe Sibiyi	9 Aug 2019	10	10

In addition to the above, a combined DLC Audit Committee and DLC BRCC meeting was held in May 2020. Three results meetings were held in April and May 2020 and two interim results meetings were held in November 2020. Combined Investec Ltd and Investec plc Audit Committee meetings were held in September, November 2020 and March 2021. Formal meetings were held to consider, discuss and conclude on external audit quality and sign-off on regulatory reports.

### Introduction

The DLC Audit Committee (the Committee) is pleased to present its report for the financial year ended 31 March 2021. This report is intended to provide details on how the Committee satisfied its various statutory obligations, as well as on the key audit matters considered during the period. The Committee has further discharged its responsibilities and provided assurance on the integrity of the 2020/21 annual report and financial statements.

This report has been prepared based on the requirements of the South African Companies Act of 71 of 2008 (Companies Act) (as amended), the UK Companies Act, the King Report on Governance for South Africa 2016 (King IV), the UK Corporate Governance Code 2018 (the Code), the JSE Listings Requirements, the UK Listing Rules and other applicable regulatory requirements.

### COVID-19 pandemic

The COVID-19 pandemic is of an unprecedented scale and has severely impacted the global economy and business across all industries. There is a significant degree of uncertainty about the further spread of the virus, the timing and the effectiveness of the vaccine roll out and the further impact it will have on the world economy.

COVID-19 was a significant area of focus for the Committee during the year, specifically evaluating the impact of the pandemic on the:

- Integrity of internal controls
- Going concern and the viability statement of the Investec group
- Expected credit loss (ECL) assessment
- Impairment of investments not measured at fair value
- Fair value measurement of complex/illiquid assets
- Impact on the quality of earnings.

Against this backdrop, the Investec group remained profitable and capital ratios remained strong. Furthermore, liquidity within the group continued to be managed at conservative levels. Asset quality remained good, with the group active in providing COVID-19-related relief to clients where considered appropriate from an ongoing risk management and client relationship perspective.

### Audit quality and independence

Business failures throughout global economies continue to place an increased focus on auditor independence, integrity, sufficient levels of professional scepticism of external audit, audit quality reviews and other oversight mechanisms.

The Committee treated this as a key audit matter and accordingly critically evaluated audit quality, effectiveness, independence and audit rotation requirements.


The Committee believes that audit quality is essential to the fulfilment of the objectives of a credible and independent external audit. Consistent and sustainable high audit quality contributes to ensuring the continued relevance and value of audit and assurance services, which in turn are essential in providing trust and confidence to the users of financial information.

**DLC AUDIT COMMITTEE REPORT**  
CONTINUED

**Role of the Committee**

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


- Overseeing the group’s financial reporting process and risks, ensuring the integrity thereof and satisfying itself that any significant judgements made by management are sound
- Reviewing the group’s internal controls and assurance processes
- Managing and overseeing the performance, conduct, quality and effectiveness of the group’s internal audit functions
- Oversight of group compliance
- Overseeing the group’s subsidiary audit committees, including in remote locations
- Appointing, managing and overseeing the relationship with the group’s external auditors, including the quality control, effectiveness and independence of the external audit function
- Approving the fees to be paid to external auditors
- Managing the level and nature of non-audit services provided by the external auditors
- Dealing with concerns, if any, from outside Investec regarding accounting, reporting and financial control

 Further detailed responsibilities are in the terms of reference of the Committee as available on the website [www.investec.com](http://www.investec.com).

**Committee composition, skills, experience and operation**

The Committee is comprised entirely of independent non-executive directors who meet predetermined skill, competency and experience requirements.

The members’ continuing independence is assessed annually by the DLC Nomdac, which in turn makes a recommendation on the members’ independence to the board. The DLC Nomdac and board have concluded that the Committee has the appropriate balance of knowledge and skills to discharge its duties.

 Further details of the experience of the members can be found in their biographies on pages 80 to 82

The Investec Group Chief Executive, the Investec group chief financial officer, the Investec group chief operating officer (COO), the Investec group chief risk officer (CRO), heads of internal audit, the chief compliance officers and representatives from the joint external auditors are invited to attend all meetings. Other members of management are invited to attend meetings to provide the Committee with greater insights into specific issues or areas of the group.

The Chair has regular contact with the management team to discuss relevant matters directly. The internal and external auditors have direct access to the Chair, including closed sessions without management during the year, on any matter that they regard as relevant to the fulfilment of the Committee’s responsibilities. The Chair meets with internal audit and the joint external auditors prior to Audit Committee meetings and at other times as considered necessary by either party prior to Committee meetings.

**Structure of the Investec group’s Audit committees**

In terms of the DLC structure, the DLC board has mandated authority to the DLC Audit Committee to be the Audit Committee of the group. The DLC Audit Committee oversees and considers group audit-related matters and has responsibility for audit-related matters that are common to Investec plc and Investec Limited, and works in conjunction with these two Committees to address all group reporting.

The Investec plc board has mandated authority to the Investec plc Audit Committee, and the Investec Limited board has mandated authority to the Investec Limited Audit Committee to be the Audit Committees for the respective companies and their subsidiaries. The IBP board has mandated authority to the IBP Audit Committee and the IW&I (UK) board has mandated authority to the IW&I (UK) Audit Committee to be the Audit Committees for the respective companies and their subsidiaries. The IBP and IW&I (UK) Audit Committees report to the Investec plc Audit Committee. The IBL board has mandated authority to the IBL Audit Committee and the IW&I (South Africa) board has mandated the IW&I (South Africa) Audit Committee to be the Audit Committee of the companies and their subsidiaries. IBL, IW&I (South Africa) and Investec Life Audit Committees report to the Investec Limited Audit Committee.

The Committee receives regular reports from the group’s subsidiary Audit Committees as part of the oversight of subsidiary audit committees.

The DLC Audit Committee Chair is also the Chair of the following Audit Committees:

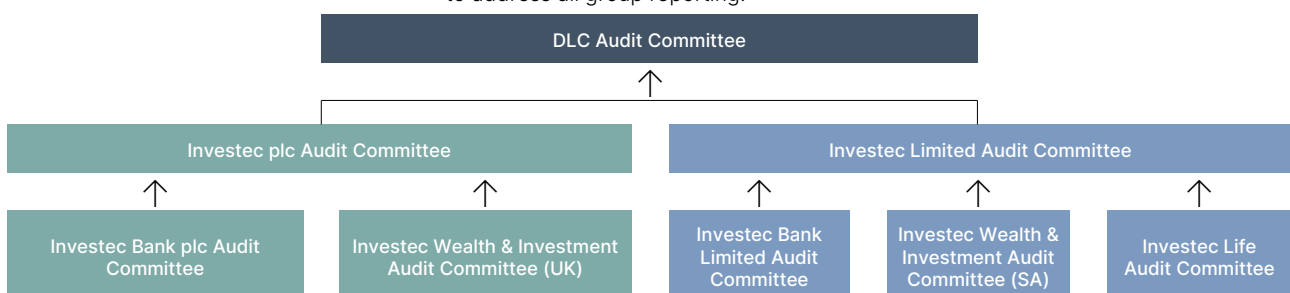
- Investec plc
- Investec Limited
- Investec Bank Limited
- Investec Bank Mauritius (IBM).

The Chair is also a member of the following Audit Committees:

- Investec Bank plc (IBP)
- Investec Life.

The DLC Audit Committee Chair attends the following Committee meetings:

- Prudential Conduct and Control Committee
- Operational Risk Committee
- IT Risk and Governance Committee.
- IW&I (UK) Audit Committee
- IW&I (South Africa) Audit Committee



## DLC AUDIT COMMITTEE REPORT CONTINUED

### Areas covered by the DLC Audit Committee

The following is a summary of the meetings held by the Committee during the financial year.

## 2020

### April

- Received a report from group finance on all key matters to be considered in the finalisation of the group's results including:
  - Macro-economic scenarios and weightings into the IFRS 9 ECL models
  - Key valuations
  - Audit status and key findings
- Discussed the financial results for the year ended 31 March 2020
- Received and considered reports from internal audit and external audit
- Received an update from group compliance

### May (Two meetings were held)

- Received updates in respect of outstanding matters to be considered in the finalisation of the groups' results
- A separate IBP Audit Committee meeting was held to discuss COVID-19 overlays and aviation loans
- Considered the schedule of remaining audit differences
- Received and considered an updated report from external audit on the conduct and conclusion of the audit
- Assessed and approved the going concern assessment and the viability statement through a joint session with the DLC Board Risk and Capital Committee (BRCC)
- Considered the effectiveness of the finance function and chief financial officer, the effectiveness of the external audit function and the re-appointment of the external auditors
- Discussed audit quality and the results of cross-reviews
- Received an update from group compliance
- Considered the results of the combined assurance model

### June

- Received an update on going concern, any post balance sheet events and all outstanding external audit matters
- Received confirmation from all DLC board sub-committees that they have signed off on their respective reports contained in the 2020 integrated annual report
- Received confirmation that the relevant International Financial Reporting Standards (IFRS), JSE Listings Requirements and UK Listing Rules disclosure checklists had been completed in respect of the 2020 integrated annual reports of the group for the year ended 31 March 2020
- Approved the annual report and the annual financial statements
- Received updated reports from external audit
- Received an update from group compliance

### July

- Deliberated the way forward in terms of auditor rotation with input from the executive team
- Put in place a process for Mandatory Audit Firm Rotation (MAFR)
- Considered the appointment of new external auditors to commence shadowing one of the current joint auditors starting during financial year 2022
- Received an update from group compliance
- Approved the combined assurance plan for the 2021 year

### September

- Deliberated the appointment of new external auditors as part of audit firm rotation
- Received an update from group compliance
- Received detailed reports from all assurance providers
- Considered matters that could potentially have an impact on the interim pre-close statement

### November (Two meetings were held)

- Received confirmation from assurance providers that no matters were identified which could have an impact on the interim results of the group
- Received an update from group finance in respect of the September 2020 group interim results
- Assessed and approved the going concern assumption for the preparation of the interim results of the group
- Considered the impact of post-balance sheet events on the interim financial statements
- Received updated submissions from group finance and external audit
- Approved the results announcements for Investec Bank Limited and Investec group
- Received an update from group compliance

## 2021

### February

- Considered and reviewed applicable macro-economic scenarios, ECLs and overlays as part of a joint DLC BRCC meeting
- Considered detailed reports from all assurance providers

### March

- Considered reports from group finance
- Considered reports from all assurance providers
- Considered matters that could potentially have an impact on the 31 March 2021 pre-close statement

## DLC AUDIT COMMITTEE REPORT CONTINUED

### Areas covered by the DLC Audit Committee

#### Key audit matters

Key audit matters, are those matters that in the view of the Committee:

- Required significant focus from the Committee
- Were considered to be significant or material in nature, requiring exercise of judgement; or
- Matters which were otherwise considered to be subjective from an accounting or auditing perspective.

Common membership of the DLC, Investec plc, Investec Bank plc, Investec Ltd and Investec Bank Limited Audit Committees ensures that key audit matters and matters of mutual interest are communicated and addressed, where applicable. The members of the Committee may also attend other audit committee meetings, as appropriate.

The following key audit matters were deliberated by the Committee during the year:

Key audit matters	What we did
<p><b>Impact of COVID-19</b></p> <ul style="list-style-type: none"> <li>• The COVID-19 pandemic impacted the global economy and businesses across all industries</li> </ul>	<ul style="list-style-type: none"> <li>• Considered the known accounting and operational impact of COVID-19 on the economy and business, mitigating steps in both geographies and the resulting impact on the applicability of the macro-economic scenarios and the judgements and estimates used by management to prepare the annual financial statements. The areas most impacted by COVID-19 include: <ul style="list-style-type: none"> <li>– Going concern and the Viability Statement, including liquidity</li> <li>– ECL assessment (IFRS 9 macro-economic scenarios, probabilities and staging, impact on specific sectors such as aviation, hospitality and retail)</li> <li>– Impact on quality of earnings</li> <li>– Impact of work from home on the overall control environment and operational risk</li> <li>– The financial control environment</li> </ul> </li> </ul> <p>Fair value measurement and the resulting IFRS 13 Fair Value Measurement disclosures. Steps taken by the Committee to consider these disclosures are specifically addressed below</p>
<p><b>Fair value of level 3 instruments and the resulting IFRS 13 Fair Value Measurement (IFRS 13) disclosure:</b></p> <ul style="list-style-type: none"> <li>• For level 3 instruments such as unlisted investments in private equity businesses, investment properties, fair value loans and large bespoke derivative structures, there is necessarily a large degree of subjectivity surrounding the inputs to the valuations. With the lack of observable liquid market inputs, determining appropriate valuations continues to be highly judgemental</li> </ul>	<ul style="list-style-type: none"> <li>• Received presentations on the material investments across the group, including an analysis of the key judgements and assumptions applied, and approved the valuation adjustments proposed by management for the year ended 31 March 2021</li> <li>• Challenged and debated significant subjective exposures and assumptions including: <ul style="list-style-type: none"> <li>– The valuation principles applied for the valuation of level 3 investments (unlisted and private equity investments) and fair value loans. Particular focus was given to the impact of COVID-19 on these valuation principles</li> <li>– Fair value of exposures in industries highly affected by COVID-19</li> <li>– The appropriateness of the IFRS 13 disclosures regarding fair value</li> </ul> </li> <li>• Considered the appropriateness of the valuation principles and inputs applied to determine the fair value of loans in the aviation industry</li> </ul>
<p><b>Accounting for equity-linked notes and deposit products issued by the Structured Products Desk in the UK</b></p> <ul style="list-style-type: none"> <li>• Investec previously issued equity linked notes and deposit products through the Structured Products Desk in the UK. These products require complex accounting principles to be applied and involve a degree of subjectivity surrounding the inputs to their valuations</li> </ul>	<ul style="list-style-type: none"> <li>• Received and reviewed a technical accounting memorandum prepared by group finance on the accounting treatment of the equity-linked notes and deposits. This included an analysis of the key judgements and assumptions applied</li> <li>• Evaluated the appropriateness of the disclosure provided relating to significant judgements and estimates, valuation methods and assumptions applied</li> <li>• Received confirmation from internal and external audit on the appropriateness of the control measures and accounting treatment</li> <li>• Received regular feedback from management on the active management of the underlying risk of the portfolio</li> </ul>



DLC AUDIT COMMITTEE REPORT  
CONTINUED

Key audit matters	What we did
<p><b>Investments in associates</b></p> <ul style="list-style-type: none"> <li>Evaluated the appropriateness of the carrying amount of investments in associates</li> </ul>	<ul style="list-style-type: none"> <li>Received and reviewed technical accounting memoranda prepared by group finance on the material investments in associates across the group addressing the appropriateness of the carrying value of the investments and the impairment assessment performed by management. This included an analysis of the key judgements and assumptions applied</li> <li>Evaluated the appropriateness of the accounting and disclosure relating to significant judgements and estimates, valuation methods and assumptions applied</li> </ul>
<p><b>Going concern and the Viability Statement</b></p>	<ul style="list-style-type: none"> <li>Considered reports on the group's budgets and forecasts, profitability, capital, liquidity and solvency, scenario stress testing and the impact of legal proceedings, if any</li> <li>Considered the results of various stress testing analyses based on different COVID-19 economic scenarios and the possible impact of COVID-19 on the ability of the group to continue as a going concern</li> <li>Jointly with the DLC BRCC, assessed the reasonableness of and approved the Viability Statement based on three-year capital plans produced by management</li> </ul>
<p><b>ECL assessment</b></p> <ul style="list-style-type: none"> <li>The appropriateness of the allowance for ECL is highly subjective and judgemental. The impact of COVID-19 and the resultant economic impacts in South Africa and the UK have resulted in additional key judgements and assumptions being made during the current year</li> </ul>	<ul style="list-style-type: none"> <li>Challenged the level of ECL, model methodology and assumptions applied to calculate the ECL provisions held by the group</li> <li>Reviewed and monitored the group's calculation of ECLs, trends in staging changes, model changes, scenario updates, post-model adjustments, and volatility. Specific review and consideration were given to the macro-economic scenarios used to calculate the COVID-19 ECL overlays and the staging applied for COVID-19 restructured positions</li> <li>Assessed ECL experienced against forecast and considered whether the level of ECL was appropriate. Particular focus was given to COVID-19 restructured positions (payment holidays) and sectors highly impacted by COVID-19, and exposures which were specifically affected by the negative current macro-economic environment</li> <li>Evaluated the IFRS 9 disclosures for relevance and compliance with IFRS</li> <li>Assessed the appropriateness of the ECL provision raised by the group for large exposures in entities publicly perceived to be in financial distress</li> <li>Reviewed the appropriateness of the ECL models and the forward-looking macro-economic scenarios applied in the UK and South Africa. The Committee further evaluated the appropriateness of the management ECL overlay</li> <li>Reviewed for reasonableness the benchmarking of macro-economic scenarios, ECLs, Credit Loss Ratio (CLR) and coverage ratios against relevant South African and UK peers</li> </ul>
<p><b>Cyber reporting, IT systems and controls impacting financial reporting</b></p>	<ul style="list-style-type: none"> <li>Received and reviewed reports and controls in respect of cyber reporting, IT systems and controls impacting financial reporting</li> <li>Received regular minutes and reports from the DLC IT Risk and Governance Committee</li> </ul>

DLC AUDIT COMMITTEE REPORT  
CONTINUED

## Key audit matters

External audit, audit quality  
and Mandatory Audit Firm  
Rotation (MAFR)

## What we did

- Managed the relationship with the external auditors including their re-appointment
- Deliberated the way forward in terms of auditor appointment with input from the executive team. Put in place a process for MAFR. Considered the appointment of new external auditors to commence shadowing one of the current joint auditors starting during the 2022 financial year
- Considered and approved a revised policy in respect of non-audit services rendered by external audit
- Pre-approved all non-audit services provided by external audit and confirmed the services to be within the approved non-audit services policy
- Assessed the independence and objectivity of the external auditors
- Met with key members of Ernst & Young LLP and Ernst & Young Inc. (auditors of DLC), Ernst & Young LLP (auditors of Investec plc) and Ernst & Young Inc. and KPMG Inc. (auditors of Investec Limited) prior to every Audit Committee meeting to discuss the 2020/21 audit plan, key areas of focus, findings, scope and conclusions
- Met separately with the leadership of Ernst & Young Inc., KPMG Inc., and Ernst & Young LLP to discuss auditor accreditation, independence, firm quality control, results of internal and external regulator inspections of the firm and individual partners
- Met with Ernst & Young global leadership to discuss regulatory investigations across members firms to assess the impact on audit quality, if any, for Investec
- Obtained feedback from the cross-reviews performed by KPMG Inc. on KPMG (South Africa)
- Discussed external audit feedback on the group's critical accounting estimates and judgements. Noted the increased involvement of specialists from the audit firms in the more complex matters in the current year
- Discussed external auditors' draft report on specific control areas and the control environment ahead of the 2021 financial year end
- The Committee approved the external audit plan, audit fee and the main areas of focus
- Monitored audit quality and audit partner accreditation as specified by the JSE

In line with the conditions set out in Section 94(8) of the Companies Act and based on its assessment documented above, using the criteria set out by the King IV Code and the JSE Listings Requirements, the committee confirms its satisfaction with the performance and quality of external audit, the external auditors and lead partners.

DLC AUDIT COMMITTEE REPORT  
CONTINUED

**Other matters considered by the DLC Audit Committee:**

The Committee considered the following matters during the financial year ended 31 March 2021:

Other matters	What we did
<p><b>Regulatory compliance and reporting</b></p>	<ul style="list-style-type: none"> <li>Received regular reports from the group regulatory compliance function, and reviewed the adequacy of the scope and the effectiveness of the regulatory compliance processes applied. This included the evaluation of the quality of regulatory reporting, the regulatory compliance universe, the scope and the integrity of the regulatory compliance process, the adequacy of internal regulatory compliance systems and processes, and the consideration and remediation of any findings of the internal and external auditors or regulator</li> </ul>
<p><b>Post balance sheet disclosure</b></p>	<ul style="list-style-type: none"> <li>Considered the need for post balance sheet disclosures. Specifically considered the impact of COVID-19 in the affected jurisdictions Investec group operates in as well as on specific sectors</li> </ul>
<p><b>Fair, balanced and understandable reporting</b></p> <ul style="list-style-type: none"> <li>The group is required by the UK Corporate Governance Code to ensure that its external reporting is fair, balanced and understandable, and consider whether it provides the information necessary for stakeholders to assess the group's position and performance, business model and strategy</li> <li>Reviewed the outcomes of the combined assurance coverage model as discussed below</li> </ul>	<ul style="list-style-type: none"> <li>The Committee undertakes an assessment on behalf of the board, to provide the board with assurance that it can make the statement</li> <li>Met with senior management to gain assurance that the processes underlying the compilation of the annual financial statements were appropriate</li> <li>Conducted an in-depth critical review of the annual financial statements and, where necessary, requested amendments to disclosure</li> <li>Reviewed the accounting treatment of key judgements and the quality of earnings assessment</li> <li>Assessed disclosure controls and procedures</li> <li>Confirmed that management had reported on and evidenced the basis on which representations to the external auditors were made</li> <li>Obtained input and assurance from the external auditors and considered the level of and conclusion on the summary of audit differences</li> <li>The Committee concluded that the processes underlying the preparation of the annual report and financial statements for the financial year ended 31 March 2021 were appropriate in ensuring that those statements were fair, balanced and understandable</li> <li>The Committee recommended to the board that the 2021 annual report and financial statements were fair, balanced and understandable</li> </ul>
<p><b>Combined assurance model</b></p>	<ul style="list-style-type: none"> <li>Satisfied itself with the appropriateness of the design and effectiveness of the combined assurance model applied which incorporates the various disciplines of risk management, operational risk, legal, regulatory compliance, internal audit, external audit and other external assurance providers. Satisfied itself with the levels of assurance and mitigants so that, taken as a whole, there is sufficient and appropriate assurance regarding mitigants for the key risks</li> <li>Reviewed the year end conclusions from internal audit on internal control, the risk management framework and internal financial controls based on their planned and actual audit coverage for the year</li> <li>Reviewed the results of the Combined Assurance Matrix (CAM) coverage plan at the year end to assess the results of actual coverage and conclusions relative to planned coverage for the year. Concluded that the CAM formed an appropriate basis for assurance coverage and outcomes</li> </ul>

DLC AUDIT COMMITTEE REPORT  
CONTINUED

Other matters	What we did
<p><b>Internal controls</b></p> <ul style="list-style-type: none"> <li>The effectiveness of the overall control environment, the status of any material control issues with emphasis on the progress of specific remediation plans</li> </ul>	<ul style="list-style-type: none"> <li>Attended and received regular reports from the DLC BRCC. Based on this reporting, evaluated the impact of an evolving risk environment, including operational risk, on the internal control environment</li> <li>Evaluated and tracked the status of the most material control issues identified by internal and external audit and tracked the progress of the associated remediation plans against agreed time frames</li> <li>Reviewed reports from the independent audit committees of the group's subsidiaries</li> <li>Evaluated the impact of work from home on the overall control environment and operational risk</li> <li>Evaluated reports on the internal control environment from the internal and external auditors</li> <li>Attended and received regular reports from the DLC IT Risk and Governance Committee regarding the monitoring and effectiveness of the group's IT controls. Considered updates on key internal and external audit findings in relation to the IT control environment</li> <li>Reviewed and approved the combined assurance model, ensuring completeness of risks and adequacy and effectiveness of assurance coverage</li> <li>Evaluated reports on cyber security within the group</li> <li>Reviewed and evaluated the work performed by management to support the control attestation to be made by the chief executive and CFO as required by the JSE Listings Requirements 3.84(k)</li> </ul>
<p><b>Business control environment</b></p> <ul style="list-style-type: none"> <li>The effectiveness of the control environment in each individual business, including the status of any material control issues and the progress of specific remediation plans</li> </ul>	<ul style="list-style-type: none"> <li>Received regular reports from the subsidiary audit committees</li> <li>Assessed reports on individual businesses and their control environments, scrutinised any identified control failures and closely monitored the status of remediation plans</li> <li>Received updates from senior management and scrutinised action plans following internal audit findings</li> </ul>
<p><b>Finance function</b></p>	<ul style="list-style-type: none"> <li>Discussed and concluded that the finance functions of both Investec plc and its subsidiaries and Investec Limited and its subsidiaries were adequately skilled, resourced and experienced to perform the financial reporting for the group</li> <li>Concluded that the Investec group chief financial officer, Nishlan Samujh, had the appropriate expertise and experience to meet the responsibilities of the position</li> </ul>
<p><b>IFRS</b></p>	<ul style="list-style-type: none"> <li>The 2019 annual financial statements of Investec group and Investec Mauritius Limited were subject to a JSE pro-active monitoring review in the current year. The 2019 annual financial statements of Investec DLC were subject to a review by the Financial Reporting Council (FRC) in the current year. The outcome of the reviews confirmed compliance with IFRS and regulatory disclosure requirements</li> <li>Reviewed various accounting papers prepared by group finance addressing subjective accounting treatment and significant accounting judgements</li> </ul>
<p><b>Related party disclosures</b></p>	<ul style="list-style-type: none"> <li>Considered and reviewed related party disclosures in relation to the group</li> <li>DLC Nomdac reviewed key related party transactions during the year and ensured that Investec related party policies are being complied with</li> </ul>

## DLC AUDIT COMMITTEE REPORT CONTINUED

Other matters	What we did
<h3 data-bbox="172 367 379 403">Internal audit</h3> <ul data-bbox="172 416 638 627" style="list-style-type: none"> <li data-bbox="172 416 638 568">• The performance of internal audit and delivery of the internal audit plan, including scope of work performed, the level of resources, the risk assessment methodology and coverage of the internal audit plan</li> <li data-bbox="172 577 638 627">• The Committee is responsible for assessing audit quality in relation to internal audit</li> </ul>	<ul data-bbox="679 367 1428 1646" style="list-style-type: none"> <li data-bbox="679 367 1428 497">• Scrutinised and reviewed internal audit plans, risk assessments, methodology and staffing, and approved the annual plan. Assumed responsibility for the monitoring and following up of internal audit control findings, including IT, and ensured appropriate mitigation and timeous close-out by management</li> <li data-bbox="679 506 1428 555">• Received regular reports from internal audit on all significant issues identified</li> <li data-bbox="679 564 1428 613">• Monitored delivery of the agreed audit plans, including assessing internal audit resources</li> <li data-bbox="679 622 1428 672">• Tracked high and moderate risk findings, and monitored related remediation plans</li> <li data-bbox="679 680 1428 757">• Met with the heads of internal audit prior to each Audit Committee meeting, without management being present, to discuss the remit of internal audit and any issues arising from the internal audits conducted</li> <li data-bbox="679 766 1428 792">• Monitored audit quality in relation to internal audit</li> <li data-bbox="679 801 1428 851">• Confirmed that it was satisfied with the performance of the internal audit function</li> <li data-bbox="679 860 1428 1012">• Discussed and considered the internal audit quality assurance programme. The internal audit quality assurance programme is designed in line with the Institute of Internal Auditors (IIA) International Professional Practices Framework (which includes the International Standards for the Professional Practice of Internal Auditing and the Code of Professional Conduct, including the Code of Ethics)</li> <li data-bbox="679 1021 1428 1120">• The results of the post engagement quality assurance programme inform any training interventions required within the team and the results are consolidated and presented to the Audit Committee on an annual basis</li> <li data-bbox="679 1128 1428 1308">• Discussed and considered the quality assurance programme. The quality assurance programme is multi-faceted, and includes the attraction, development and retention of adequately skilled staff that exercise proficiency and due professional care, adherence to the global internal audit governance framework and audit methodology, oversight and detailed review of every audit engagement and a quarterly post engagement quality assurance programme</li> <li data-bbox="679 1317 1428 1447">• Reviewed the Engagement Quality Assurance Review (EQAR) conducted by an external provider during 2020, with no material issues impacting the reliance on the internal audit function. Tracked the progress of remediation of improvement plans as discussed and approved in a workshop with the Audit Committee and executive</li> <li data-bbox="679 1456 1428 1532">• Received an opinion from internal audit on internal controls and the integrated risk management framework as part of the year end sign-off process</li> <li data-bbox="679 1541 1428 1590">• Considered the succession, skills matrix and the Continuous Professional Development of Internal Audit</li> <li data-bbox="679 1599 1428 1646">• Had a closed session of the Audit Committee with internal audit without management present</li> </ul>
<h3 data-bbox="172 1682 539 1758">Uncertain tax and other legal matters</h3> <ul data-bbox="172 1767 638 1892" style="list-style-type: none"> <li data-bbox="172 1767 638 1892">• Considered potential legal and uncertain tax matters with a view to ensuring appropriate accounting treatment in the financial statements, including in respect of historical German dividend tax arbitrage transactions</li> </ul>	<ul data-bbox="679 1682 1428 2027" style="list-style-type: none"> <li data-bbox="679 1682 1428 1780">• Received regular updates from group tax, group finance and legal on uncertain tax and legal matters to enable it to probe and consider the matters and evaluate the basis and appropriateness of the accounting treatment</li> <li data-bbox="679 1789 1428 1888">• Analysed the judgements and estimates made and discussed the potential range of outcomes that might arise to determine the liability, if any, for uncertain tax provisions as required by the International Financial Reporting Interpretations Committee (IFRIC) 23</li> <li data-bbox="679 1897 1428 2027">• Concluded on the appropriateness of the International Accounting Standards (IAS) 37 accounting treatment, the scenarios and sensitivities, and any overall disclosure in the financial statements. Conferred with and received confirmation from the external auditors on the overall treatment</li> </ul>

## DLC AUDIT COMMITTEE REPORT CONTINUED

### External audit

#### Non-audit services

The group implemented an updated policy on the engagement of the external auditors to provide non-audit services. This policy, designed to safeguard auditor objectivity and independence, includes guidelines on permitted and non-permitted services and on services requiring specific approval by the Committee.

Total audit fees paid for the year ended 31 March 2021 was £14.1 million (2020: £15.4 million), of which £1.0 million (2020: £4.3 million) related to the provision of non audit services.

The non-audit services were in respect of services typically provided by the auditor, for example, regulatory audits.

Non-audit fees were pre-approved by the Chair of the Committee prior to every assignment.

Based on the above mentioned policy and reviews, the Committee was satisfied that the level and type of non-audit work undertaken throughout the year did not impair the independence of Ernst & Young LLP (Investec plc) or Ernst & Young Inc. and KPMG Inc. (Investec Limited).

Partner accreditation and audit quality Reviews in respect of audit quality took place between the Committee and Ernst & Young LLP (the group and Investec plc), Ernst & Young Inc. (the group and Investec Ltd) and KPMG Inc. (Investec Limited) for the current year, both from a UK and South African perspective.

The following was covered during these discussions:

- Transparency reports and reviews by each of the two firms covering their client base, client acceptance and continuance processes, and the approach to clients, if any, that did not meet the client continuance criteria
- Any reputational, legal or impending legal issues impacting the firm, including the implications of publicly observable information from regulatory investigations
- The independence processes of the firm, including partner reward and remuneration criteria
- Interrogation of international and local firm audit quality control processes
- Detailed profiles of the partners and managers, including their relevant audit experience, were reviewed
- Details in relation to each firm's respective succession plans in order to provide assurance as to the partner

rotation, transition and continuity process

- The results of the last firm-wide reviews carried out by the regulatory body, the Independent Regulatory Board for Auditors (IRBA) in South Africa; FRC in the UK
- The results of the latest individual partner quality reviews carried out by the regulator and internal firm-wide quality control reviews carried out in respect of each partner
- The completion of an audit quality questionnaire by each member of the Audit Committee and management, the results of which were that a robust audit is in place.

#### Auditor independence and objectivity

- The Committee considers the independence of the external auditors on an ongoing basis
- The external auditors are required to rotate the lead audit partner every five years, and other key audit partners every five years
- Partners and senior staff associated with the audit may only be employed by the group after a cooling-off period
- The lead partners commenced their respective five-year rotation periods in 2019 and 2018 (Ernst & Young LLP: 1 April 2019 and Ernst & Young Inc.: 31 January 2018)
- Gail Moshoeshoe as lead Ernst & Young Inc. partner will thus rotate off on conclusion of the 2021 audit process. Ranesh Hariparsad, who has been involved in a transition capacity, will take over as the lead Ernst & Young Inc. partner for the 2022 audit
- The external auditors have confirmed their independence and were requested to review and confirm the level of staff transactions with Investec, if any, to ensure that all auditors on the group audit meet the independence criteria.

Following due consideration, we continue to believe that the following are adequate safeguards to ensure that the audit process is both objective and effective:

- The extent of audit cross-reviews, both between the joint auditors of Investec Limited and the additional reviews by KPMG International
- The additional cross-reviews by the Investec Limited and Investec plc auditors across the group supported by partner rotation
- Limitations on delivering non-audit services, including pre-approval on non-audit work

- The confirmation of the independence of the firms and auditors involved
- Formal audit quality process undertaken by the Committee.

### Mandatory Audit Firm Rotation (MAFR) Investec plc

The company has complied with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 (the Order), which relates to the frequency and governance of tenders for the appointment of the external auditors. The external auditors of Investec plc are Ernst & Young LLP. Ernst & Young LLP have been Investec plc's auditors since 2000 and are subject to a mandatory rotation by the end of March 2024 at the latest. A competitive tender process will commence during 2022 with the second incoming audit firm to perform the first audit for the financial year starting 1 April 2024.

#### Investec Limited

In terms of the Banks Act in South Africa, Investec Limited is required to appoint joint auditors.

The rule on MAFR as issued by the IRBA requires that an audit firm shall not serve as the appointed auditor of a public interest entity for more than ten consecutive financial years. Thereafter, the audit firm will only be eligible for reappointment as the auditor after the expiry of at least five financial years. The requirement is effective for financial years commencing on or after 1 April 2023. If, at the effective date, the entity has appointed joint auditors and both have had audit tenure of ten years or more, then only one audit firm is required to rotate at the effective date and the remaining audit firm will be granted an additional two years before rotation is required.

The Investec Limited Audit Committee considered the implications of the mandatory audit firm rotation rule as issued by IRBA, the requirements of the South African Companies Act and the state of the audit profession in South Africa including reputational or apparent audit failure perceptions. The views expressed by shareholders have been a key consideration balanced with the implications of having joint auditors and the risks inherent to an audit transition. Based on this assessment, following a comprehensive tender process PricewaterhouseCoopers Incorporated (PwC) was nominated as one of the new joint external auditors for the financial year starting 1 April 2023. The



## DLC AUDIT COMMITTEE REPORT CONTINUED

appointment of the firm and designated audit partner is subject to regulatory approval from the South African PA.

The appointment of PwC will be recommended to the ordinary shareholders at the AGM to be held in August 2022. A formal transition process will commence during 2022, whereby PwC will observe the full audit cycle performed by the incumbent joint external auditors.

A competitive tender process for the second rotation will commence during 2022, with the second incoming audit firm to perform the first audit for the financial year starting 1 April 2025, in accordance with the MAFR rules as published by the IRBA.

### Re-election of auditors

The Committee has considered the following in proposing the appointment of external auditors:

- The regulatory need for joint auditors
- The state of the audit profession in South Africa
- The level of specialisation, footprint, capacity and experience required by a firm in performing a joint audit of a bank or financial services group which is of systemic importance
- Level of quality control within the audit firms as evidenced by the results of internal and external regulatory reviews performed on audit firms and engagement partners
- The level of inherent risk in auditing a financial services group and the consequent audit risk
- Independence of the External Auditor.
- The fundamental demands on audit quality, the level of audit risk given the turmoil in the audit profession, balanced against shareholder views on firm rotation.

In line with the conditions set out in Section 94(8) of the South African Companies Act, and based on its assessment, using the criteria set out by the King IV Code and the JSE, and considering the guidance provided in the FRC guide on Audit Committees, the DLC Audit Committee confirms its satisfaction with the performance and quality of external audit, the external auditors and lead partners.

In making the recommendation for the re-election of Investec Limited's auditors, the board and the DLC Audit Committee have taken into consideration the South African Companies Act and the South African Prudential Authority requirements with respect to joint auditors and mandatory firm rotation together with the results of the Audit Committee's extensive, formalised process to satisfy itself as to auditor independence and audit quality.

The board and the committee is recommending the re-election of KPMG Inc. and Ernst & Young Inc. as joint auditors of Investec Limited at the AGM in August 2021.

In addition, the board and the Committee is recommending the re-election of Ernst & Young LLP as auditors of Investec plc at its AGM in August 2021.

### Looking ahead

The role of the committee will remain focused on:

- Ensuring the effective functioning of the group's financial systems, processes, monitored by an effective combined assurance model
- Audit quality and independence
- Management's response in respect of future changes to IFRS and other regulations
- The appointment of the second external audit firm as part of the MAFR
- The implications of ESG risk in measuring the sustainability and societal impact of an investment in a company or business
- The impact of COVID-19 on the economy and the consequent impact on financial systems and reporting, including viability, results of operations and financial position of the group
- Continue to exercise oversight over subsidiary audit committees.



**Zarina Bassa**  
Chair, DLC Audit Committee  
22 June 2021



## DLC BOARD RISK AND CAPITAL COMMITTEE REPORT

**David Friedland**  
Chair of DLC BRCC

“This was indeed a challenging year. By working closely with management, the risk functions and the three lines of defence, the committee was comfortable that the risks presented by COVID-19 and Brexit were properly managed.”

Members	Member since	Meetings attended	Eligible to attend
David Friedland (Chair)	13 Sep 2013	6	6
Zarina Bassa	14 Nov 2014	6	6
Perry Crosthwaite	9 Nov 2018	6	6
Nishlan Samujh	8 Aug 2019	6	6
Philip Hourquebie	17 Aug 2017	6	6
Khumo Shuenyane	16 Jan 2015	6	6
Henrietta Baldock	9 Aug 2019	6	6
Philisiwe Sibiyi	9 Aug 2019	6	6
Fani Titi	11 Mar 2011	6	6
Stephen Koseff <sup>1</sup>	17 Sep 2020	4	4

1. Stephen Koseff was appointed as a member of the Committee on 17 September 2020.

### Introduction

As the Chair of the DLC BRCC (the Committee), I am pleased to present our report for the financial year ended 31 March 2021.

At the outset, I would like to thank and pay tribute to the risk community, digital and technology as well as business units for their commitment and dedication, often during very trying times.

As a Committee, we take comfort that the risk function and oversight are in capable hands.

### Role of the Committee

The role of the Committee is to review, on behalf of the board, the range of risks facing the business. We perform this function by considering the risk reports presented and question whether existing actions taken by management are appropriate.

As the most senior risk management committee of the group, our team is an essential part of the governance framework to which the board has delegated the monitoring of the group's activities in relation to risk and capital management.

We ensure that all risks are identified and properly mitigated and managed. Good client and market conduct are paramount in all the group does and the committee ensures the existence of a robust culture supported by oversight and management of information.

We also consider whether the resources allocated to the risk management functions are adequate for effectively managing the group's risk exposures.

The Committee is the appointed board committee to meet the requirements of the South African Banks Act and the Capital Requirements Directive and Regulation (CRR/CRD IV), adopted by the European Commission and implemented in the UK. This requires the board of directors of a bank and a holding company to appoint a risk and capital committee.



The Committee's terms of reference can be found at [www.investec.com](http://www.investec.com).

### Composition

The Committee comprises executive and non-executive members, with our composition designed to provide the breadth of risk expertise and commercial acumen to fulfil our responsibilities.

I chair the Committee and am also the Chair of the IBL BRCC and a member of the IBP BRCC. This arrangement ensures the interconnection between the group and its principal subsidiaries.

### COVID-19

The pandemic has brought significant human, social, economic and business uncertainty. From the earliest days, the group took steps to understand and mitigate the risks posed by and the impacts arising from the ongoing situation.

Comprehensive reviews of the impact of COVID-19 on all business areas were conducted, with particular focus on the risks emerging within structured products, aviation, gaming, property, leisure and hotels.

The structured products book in the UK was a key focus for our Committee. The speed of downward movement in the market due to the pandemic, together with the consequent unprecedented and sudden effect of dividend cancellations impacted hedging for all involved in these markets. Regular meetings were held to review and refine the risk management processes related to this book.

## DLC BOARD RISK AND CAPITAL COMMITTEE REPORT CONTINUED

### Working from home

The group adapted well to working from home and managing day-to-day business, including employee well-being, operational resilience and client relationships. Our Committee continuously reviewed all risks associated with working from home.

### Capital, risk appetite and liquidity

The Committee was actively involved in reviewing the various models for the Foundation Internal Rating Based (FIRB) approach. Investec Bank Limited transitioned onto the FIRB approach for wholesale and Advanced Internal Rating Based (AIRB) for retail effective from 1 April 2019. In July 2020, Investec Bank Limited obtained approval from the South African PA to commence the six month parallel run for the Corporate and Small and Medium-sized Enterprises (SMEs), exposure at default (EAD), and corporate and SME loss given default (LGD) models on AIRB. The six-month parallel run ended on 31 December 2020. We received sign off from the South African PA in April 2021 to utilise the Corporate and SME LGD and EAD models in our regulatory calculations. Investec Bank Limited will continue to apply the FIRB approach in respect of the Income Producing Real Estate (IRPE) portfolio.

The Committee reviewed and approved the capital plans for Investec Bank Limited and Investec Bank plc under various stress scenarios. Capital ratios have remained sound throughout the financial year.

We also reviewed and approved Investec Bank Limited's, Investec Bank plc's, Investec Limited's and Investec plc's risk appetites. This followed a robust annual review process that included evaluating the risk appetite frameworks in the context of the group's business strategy, and the regulatory and economic environment in which the group operates. The review culminated in a downward adjustment for certain sectors which were regarded as significantly higher risk due to the impact of COVID-19.

We deliberated extensively on the proposed stress scenarios for the Internal Capital Adequacy Assessment Process (ICAAP) and agreed that a more severe stress test should be established combining the impact of a second wave of COVID-19 and Brexit. Subsequently, the Investec Limited and Investec plc ICAAPs were recommended for approval to the DLC board.

A deep dive session was convened by the IBP BRCC to discuss Investec Bank plc's Internal Liquidity Adequacy Assessment Process (ILAAP), which was escalated to the committee for review. The Committee recommended Investec Bank plc's ILAAP for approval to the DLC board along with the Investec plc ILAAP, and both were approved by the board.

### Looking ahead

The uncertainty regarding the pandemic makes it difficult to forecast its human, social and economic effects with any degree of accuracy. The Committee will therefore continue to review management's ongoing responses in order to ensure that the challenges posed by COVID-19 are addressed adequately.

We will continue to apply an intense focus on people, operational and liquidity risks, while at the same time considering resilience and strategy.

We will closely monitor the well-being of our people, including the implications of flexible working arrangements and consequent impact on talent management and morale.

Managing the risk around the UK Structured Products book will be a key focus area.

We will ensure continued focus on strengthening the risk and control environment. We will pay particular attention to change in activity, cyber-security and ensuring IT service continues to meet client demands and support the emerging and ongoing requirements of operational resilience.

In addition, the Committee will remain focused on matters related to the impact of economic conditions on Investec and on assessing the effects of external factors on the group's risk profile. These matters include effective risk data aggregation, business resilience, financial crime, the implementation of regulatory requirements, Financial Intelligence Centre Act (FICA), the King IV Code, UK Corporate Governance Code, information security, cyber crime and the risks associated with the fast pace of regulatory change.

ESG considerations were expanded in the risk appetite policies and will therefore be a key focus during the year as the reporting on ESG risk is enhanced.

The dialogue between the committee and its equivalent board subsidiary level committees remains robust.



**David Friedland**  
Chair, DLC BRCC  
22 June 2021

## DLC BOARD RISK AND CAPITAL COMMITTEE REPORT CONTINUED

### What we did in 2020/21

The standard and regular agenda items of the committee include comprehensive reports regarding liquidity risk, capital adequacy, credit risk, investment risk, market risk, operational risk, reputational and legal risk, conduct risk, financial crime, fraud, climate change and IT and cyber risk.

The following section outlines the significant matters addressed and the progress made during the year, in respect of these risks.

## 2020

### May

- Reviewed strategies to manage and contain losses resulting from Structured Products
- Received and reviewed a detailed presentation on the business areas and risk impacted by COVID-19, in particular, the group's approach to liquidity management
- Analysed the COVID-19 crisis management plan
- Considered the appropriateness of debt and equity exposure
- Interrogated an update provided on market risk appetite and market risk stress scenarios
- Reviewed the appropriateness of the committee report within the 2020 DLC Integrated Annual Report
- Reviewed and approved the group's viability statement in a joint session with the DLC Audit Committee

### July

- Received an update on the outcomes of the strategies for Structured Products
- Challenged the proposed stress scenarios to be used in the 2020 Investec plc and Investec Ltd ICAAP
- Reviewed the impact on the UK bank should the Bank of England (BOE) decide to utilise a negative interest rate and the operational readiness of the bank's systems
- Considered the appropriateness of the group's operational risk mitigation strategies as a result of COVID-19
- Reviewed and approved the Investec Bank Limited and Investec Limited Regulation 39 & 40
- Reviewed and interrogated Investec Bank Limited's property loan exposures

### September

- Received an update on Structured Products
- Reviewed and recommended the Contingency Funding Plan (CFP) for approval by the boards of Investec plc and Investec Bank plc
- Reviewed the additional stress ICAAP stress scenario as requested by the committee in July
- Reviewed and recommended the approval of the traded market risk appetite by the DLC board
- Reviewed and approved the Risk Data Aggregation and Risk Reporting (RDARR) Annual Attestation and policy
- Interrogated an Investec Bank plc credit risk update

### November

- Considered an update on Structured Products
- Reviewed and recommended the approval of the Investec plc ILAAP and Investec plc and Investec Ltd ICAAP to the DLC board
- Reviewed the appropriateness of the Investec plc Risk Recovery Plan (RRP) and deferred same for consideration at a separate meeting to be held later in the month
- Received an update in respect of the impact of negative rates on Investec plc

## 2021

### February

- Received a report on the current exposures for Structured Products and confirmed the strategies to manage the risk
- Reviewed the Investec Bank Limited, Investec Bank plc, Investec Ltd and Investec plc Risk Appetite Frameworks and recommended them for approval to the DLC board

### March

- Reviewed the Investec Bank plc and Investec plc Liquidity Risk Appetite Frameworks, Investec Bank plc Liquidity Stress Testing and the Investec Bank plc and Investec plc Non-Traded Market Risk Appetite Frameworks and recommended them to the DLC board for approval
- Reviewed and approved the Investec plc market risk policies
- Reviewed and approved the Investec plc Trading Book and Model Control Policy
- Reviewed and approved the Group Market Communication and Disclosure Policy
- Reviewed and approved the Investec Bank plc Money Laundering Reporting Officer (MLRO) report

### April

- Held a combined DLC BRCC and DLC Audit Committee meeting to challenge the macro-economic scenarios (including weightings) to be applied to the calculation of IFRS impairment provisions

## DLC BOARD RISK AND CAPITAL COMMITTEE REPORT

### CONTINUED

Area of focus	Conclusions and actions
<p><b>COVID-19</b></p> <p>Oversaw the risk in order to support the group's stakeholders throughout the COVID-19 pandemic</p>	<ul style="list-style-type: none"> <li>Reviewed and challenged management actions to address the risks ensuring that surplus liquidity and capital buffers were in place to manage the possible negative impact</li> <li>In conjunction with the DLC Audit Committee, reviewed for reasonableness the benchmarking of macro-economic scenarios, ECLs, Credit Loss Ratio (CLR) and coverage ratios against relevant South African and UK peers</li> <li>Examined any potential or actual fraud losses fraud risk remained heightened throughout the industry as a result of COVID-19</li> <li>Received assurance following management's in-depth review of the credit portfolio that the quality of the book had not materially deteriorated. The committee focused on vulnerable sectors impacted by COVID-19 including aviation, hospitality, gaming &amp; leisure, entertainment, tourism and retail properties</li> <li>Focus on operational resilience as the group's operations were largely executed with employees working from home, increasing the reliance on IT and related processes. Assurance was provided that the required controls and oversight were in place and effective</li> <li>Enhanced oversight of conduct and compliance risk to ensure there were no current or emerging risks that could negatively impact customers</li> </ul>
<p><b>Structured Products</b></p> <p>Closely monitored the Structured Products book in the UK following the significant impact of the unprecedented market dislocation and the associated risks</p>	<ul style="list-style-type: none"> <li>Reviewed and interrogated the implied volatility, dividend and correlation risks pertaining to the book</li> <li>Reviewed regular reports highlighting group activity, liquidity balances and key measures against thresholds and limits and challenged the effective oversight of these matters</li> <li>Reviewed the mitigants put in place to manage the risk</li> </ul>
<p><b>Recovery and Resolution Plan (RRP) – Investec Bank plc</b></p> <p>Reviewed the Recovery and Resolution Plan for Investec Bank plc following the implementation of restrictions on the UK bank's operations within the European Union (EU)</p>	<ul style="list-style-type: none"> <li>Reviewed the impact to the group including restrictions on the UK bank's operations and the servicing of clients within the EU and mitigating actions</li> <li>Reviewed and approved the RRP</li> </ul>

## DLC BOARD RISK AND CAPITAL COMMITTEE REPORT

### CONTINUED

Area of focus	Conclusions and actions
<p><b>Environmental, Social and Corporate Governance (ESG)</b></p> <p>Increased focus on ESG and climate change in an effort to advance the United Nations Global Compact's (UN GC) 10 principles with respect to business and human rights, labour, environment and anti-corruption</p>	<ul style="list-style-type: none"> <li>• Noted the publication of a number of policies and statements with respect to ESG and climate change including:               <ul style="list-style-type: none"> <li>– The group Environmental Policy</li> <li>– Investec Sustainability Report</li> <li>– Investec Climate-Related Financial Disclosures</li> </ul> </li> <li>• Monitored and reviewed the implementation of the ESG standards as a signatory to the UN GC, instituted General Data Protection Regulation (GDPR), health and safety, diversity, environmental, anti-corruption and corporate governance policies through the IBP and IBL BRCC Committees</li> <li>• Discussed the group's exposure to fossil fuels following the publication of the group fossil fuel policy during March 2020</li> <li>• Received confirmation from management that credit decisions considered financial risks from climate change and that these decisions were being documented</li> </ul>
<p><b>IT Controls &amp; Cyber Risks</b></p> <p>Renewed focus on IT Controls and cyber risk due to an increase in cyber crime as a result of the impact of COVID-19</p>	<ul style="list-style-type: none"> <li>• Received confirmation from management that cyber risks were being effectively managed through our cyber security capability with the penetration testing scheduling process being reviewed to ensure that existing critical applications would be prioritised</li> <li>• Reviewed the protection and management of client and proprietary data across all jurisdictions in order to mitigate against the increased activity and sophistication of cyber criminals</li> <li>• Monitored the implementation of disciplines and remediation of the issues that emanated from the Targeted Attack Simulation (TAS-4) tests conducted in 2019</li> <li>• Monitored the implementation of remediation processes to mitigate against the reputational and privacy risk of a data breach. This risk will remain high until measures are in place across likely channels of data compromise including email, cloud services, instant messaging, and collaboration tools</li> </ul>
<p><b>Brexit</b></p> <p>Considered the potential impact and risks arising as a result of the UK leaving the EU</p>	<ul style="list-style-type: none"> <li>• Reviewed the impact on the group including restrictions on the UK bank's operations and the servicing of clients within the EU and the mitigating actions</li> <li>• Gained assurance regarding the operational risk and compliance risk considerations from the establishment and roll out of a framework to manage these risks</li> <li>• Challenged the assumed impact of Brexit, and in particular a no-foreign trade agreement (FTA) Brexit which had been input into the economic scenarios</li> <li>• Post Brexit, the committee kept abreast of the regulatory changes resulting from Brexit including the embedding of the Capital Requirements Directive IV and Capital Requirements Regulation in the UK</li> </ul>

DLC BOARD RISK AND CAPITAL COMMITTEE REPORT  
CONTINUED

Area of focus	Conclusions and Actions
<p><b>Foundation Internal Rating Based (FIRB)/Advanced Internal Rating Based (AIRB)</b> Considered of the impact of the conversion from FIRB to AIRB on the wholesale and retail book in South Africa</p>	<ul style="list-style-type: none"> <li>Reviewed the impact of the conversion from FIRB to AIRB of certain models approved by the South African PA during 2020:               <ul style="list-style-type: none"> <li>Obtained approval to commence six-month parallel run for the Corporate and SME and Corporate and SME LGD model on AIRB (July 2020 till December 2020)</li> <li>Received sign-off to utilise these models in our AIRB regulatory calculations in April 2021</li> <li>Investec Bank Limited will continue to apply the FIRB approach in respect of the IPRE portfolio until AIRB approval is obtained</li> <li>Obtained approval for the Non-Banking Financial Institution (NBFi) model for FIRB, which was included in capital calculations from August 2020</li> </ul> </li> </ul>
<p><b>New Top Material Risks</b> Identified and discussed material risks.</p>	<ul style="list-style-type: none"> <li>Identified new material risks including:               <ul style="list-style-type: none"> <li>Operational resilience: key operational resilience regulatory requirements that would need to be structured and met in 2021 which the Investec Bank plc board will be accountable for</li> <li>Change risk: due to the people and organisational changes in the UK, there was an increased risk given the significance of the change and the impact on people and, the working environment as well as on Investec's ability to service clients in line with set standards</li> <li>Consistent reporting and management of the risk will be required to mitigate its impact on people, the future operating model, loss of institutional knowledge and operational risk losses</li> <li>COVID-19 relief measures: consistent monitoring of exposure where relief measures were granted</li> </ul> </li> </ul>



## DIRECTORS' REPORT

The directors' report for the year ended 31 March 2021 comprises pages 78 to 130 of this report, together with the sections of the annual report incorporated by reference.

The directors' report deals with the requirements of the combined consolidated Investec group, comprising the legal entities Investec plc and Investec Limited.

As permitted by Section 414C(11) of the UK Companies Act, some of the matters required to be included in the directors' report have instead been included in the strategic report on pages 3 to 195, as the board considers them to be of strategic importance. Specifically, these are:

- Future business developments (throughout the strategic report)
- Risk management in volume two
- Information on how the directors have had regard to the group's stakeholders, and the effect of that regard, on pages 23 to 33.

The strategic report and the directors' report together form the management report for the purposes of Disclosure Guidance and Transparency Rules (DTR) 4.1.8R.

Information relating to financial instruments can be found on pages 74 to 90 in volume three and is incorporated by reference.

For information on our approach to social, environmental and ethical matters, please refer to the 2021 group sustainability and ESG supplementary report.

Additional information for shareholders of Investec plc is detailed in schedule A to the directors' report on pages 124 and 125.

Other information to be disclosed in the directors' report is given in this section.

The directors' report fulfils the requirements of the corporate governance statement for the purposes of DTR 7.2.3R.

### Directors



The membership of the board and biographical details of the directors are provided on pages 80 to 82

Changes to the composition of the board during the year and up to the date of this report are shown in the table below:

	Role	Effective date of departure/appointment
<b>Departures</b>		
David van der Walt	Executive director	4 June 2020
Ian Kantor	Non-executive director	6 August 2020
<b>Appointments</b>		
Ciaran Whelan	Executive director	1 April 2020
Stephen Koseff	Non-executive director	17 September 2020
Richard Wainwright	Executive director	17 September 2020
Nicky Newton-King	Non-executive director	21 May 2021
Jasandra Nyker	Non-executive director	21 May 2021
Brian Stevenson	Non-executive director	22 June 2021

In accordance with the UK Corporate Governance Code, all of the directors will retire and those willing to serve again will submit themselves for re-election at the AGM.

### Company secretaries

The company secretary of Investec plc is David Miller and the company secretary of Investec Limited is Niki van Wyk.

The company secretaries are professionally qualified and have gained experience over many years. Their performance is evaluated by board members during the annual board evaluation process. They are responsible for the flow of information to the board and its committees and for ensuring compliance with board procedures. All directors have access to the advice and services of the company secretaries, whose appointment and removal are a board matter.

In compliance with the UK Corporate Governance Code, the UK Companies Act, the King IV Code, the South African Companies Act and the JSE Listings Requirements, the board has considered and is satisfied that each of the company secretaries is competent, and has the relevant qualifications and experience.

### Induction, training and development

On appointment to the board, all directors benefit from a comprehensive induction which is tailored to the new director's individual requirements. The induction schedule is designed to provide the new director with an understanding of how the group works and the key issues that it faces. The company secretaries consult the Chair when designing an induction schedule, giving consideration to the particular needs of the new director. When a director joins a board committee, the schedule includes an induction to the operations of that committee.

The Chair leads the training and development of directors and the board generally.

A comprehensive development programme operates throughout the year, and comprises both formal and informal training and information sessions.

### Directors and their interests



Details of the directors' shareholdings and options to acquire shares are set out on pages 151 to 195

### Directors' conflicts of interest

The group has procedures in place for managing conflicts of interest. Should a director become aware that they, or any of their connected parties, have an interest or a potential interest in an existing or proposed transaction with the group, they are required to notify the board in writing or at the next board meeting. Internal controls are in place to ensure that any related party transactions involving directors, or their connected parties, are conducted on an arm's length basis. Directors have a continuing duty to update any changes to these conflicts.

### Directors' and officers' liability insurance

The group maintains directors' and officers' liability insurance which provides appropriate cover for legal action brought against its directors.

### Change of control

The Articles of Association of Investec plc and the Memorandum of Incorporation of Investec Limited ensure that a person cannot make an offer for one company without having made an equivalent offer to the shareholders of both companies on equivalent terms.

## DIRECTORS' REPORT CONTINUED

Pursuant to the terms of the agreements establishing the DLC structure, if either Investec plc or Investec Limited serves written notice on the other at any time after either party becomes a subsidiary of the other party or after both Investec plc and Investec Limited become subsidiaries of a third party, the agreements establishing the DLC structure will terminate.

All of the group's share plans contain provisions relating to a change of control. Outstanding awards and options would normally vest and become exercisable on a change of control and, where applicable, subject to the satisfaction of any performance conditions at that time.

### Powers of directors

The board manages the business of the group under the powers set out in the Articles of Association of Investec plc and the Memorandum of Incorporation of Investec Limited, which include the directors' ability to issue or buyback shares. The directors were granted authorities to issue and allot shares and to buyback shares at the 2020 AGM. Shareholders will be asked to renew these authorities at the 2021 AGM.

### Contracts



Details of contracts with directors can be found on pages 167 and 168

### Authorised and issued share capital Investec plc and Investec Limited

Details of the share capital are set out on pages 115 to 117 of volume three in note 45 to the annual financial statements.

#### Investec plc

Investec plc did not issue any ordinary shares during the financial year ended 31 March 2021.

Investec plc did not repurchase any of its ordinary shares during the financial year ended 31 March 2021.

At 31 March 2021, Investec plc held 41 576 257 shares in treasury (2020: 31 744 014). The maximum number of shares held in treasury by Investec plc during the period under review was 42 882 092 shares.

#### Investec Limited

Investec Limited did not repurchase any of its ordinary shares during the financial year ended 31 March 2021.

Investec Limited repurchased 1 458 038 non-redeemable non-cumulative non-participating preference shares, representing 4.53% of the issued share capital. Repurchases of the preference shares were pursuant to, and in accordance with, the general authority granted to Investec Limited by its shareholders at the AGM held on 6 August 2020 and approved by the Prudential Authority. The preference shares remaining in issue following these repurchases amounts to 30 756 461 shares.

At 31 March 2021 Investec Limited held 48 832 795 shares in treasury (2020: 51 026 675). The maximum number of shares held in treasury by Investec Limited during the period under review was 53 901 853 shares.

### Ordinary dividends

The group endorses the objectives of guidance note G4/2020 from the South African Prudential Authority and the recommendations of the UK Prudential Regulation Authority in relation to the preservation of capital. The group did not declare a final dividend in relation to the March 2020 financial year.

#### Investec plc

An interim dividend of 5.5p per ordinary share (2020: 11.0p) was paid on 4 January 2021, as follows:

- 5.5p per ordinary share to non-South African resident shareholders registered on 11 December 2020
- To South African resident shareholders registered on 11 December 2020, through a dividend paid by Investec Limited on the SA DAS share, of 5.5p per ordinary share.

The directors have proposed a final dividend to shareholders registered on 23 July 2021, of 7.5p (2020: nil) per ordinary share, subject to the approval of the members of Investec plc at the AGM which is scheduled to take place on 5 August 2021. If approved this will be paid on 10 August 2021, as follows:

- 7.5p per ordinary share to non-South African resident shareholders registered on 23 July 2021
- To South African resident shareholders registered on 23 July 2021, through a dividend paid by Investec Limited on the SA DAS share, of 7.5p per ordinary share.

#### Investec Limited

An interim dividend of 112 cents per ordinary share (2020: 211 cents) was declared to shareholders registered on 11 December 2020 and was paid on 4 January 2021.

The directors have proposed a final dividend to shareholders registered on 23 July 2021, of 150 cents (2020: nil) per ordinary share, subject to the approval of the members of Investec Limited at the AGM which is scheduled to take place on 5 August 2021. If approved this will be paid on 10 August 2021.

### Preference dividends

#### Investec plc

**Non-redeemable, non-cumulative, non-participating preference shares**  
Preference dividend number 29 for the period 1 April 2020 to 30 September 2020, amounting to 5.51508p per share, was declared to members holding preference shares registered on 11 December 2020 and was paid on 23 December 2020.

Preference dividend number 30 for the period 1 October 2020 to 31 March 2021, amounting to 5.48495p per share, was declared to members holding preference shares registered on 4 June 2021 and was paid on 21 June 2021.

#### Rand-denominated non-redeemable, non-cumulative, non-participating preference shares

Preference dividend number 19 for the period 1 April 2020 to 30 September 2020, amounting to 350.65412 cents per share, was declared to members holding rand-denominated non-redeemable, non-cumulative, non-participating preference shares registered on 11 December 2020 and was paid on 23 December 2020.

Preference dividend number 20 for the period 1 October 2020 to 31 March 2021, amounting to 331.58906 cents per share, was declared to members holding preference shares registered on 11 June 2021 and was paid on 14 June 2021.

#### Investec Limited

**Non-redeemable, non-cumulative, non-participating preference shares**  
Preference dividend number 32 for the period 1 April 2020 to 30 September 2020, amounting to 287.42940 cents per share, was declared to shareholders holding preference shares registered on 11 December 2020 and was paid on 14 December 2020. Preference dividend number 33 for the period 1 October 2020 to 31 March 2021, amounting to 271.44926 cents per share, was declared to shareholders holding preference shares registered on 11 June 2021 and was paid on 14 June 2021.

#### Redeemable cumulative preference shares

Dividends amounting to R17 448 522 (2020: R22 568 166) were paid on the redeemable cumulative preference shares.

DIRECTORS' REPORT  
CONTINUED**Group carbon footprint**

Our carbon footprint has been calculated according to the international Greenhouse Gas (GHG) Protocol's Corporate Accounting and Reporting Standard (revised edition). Our environmental data collection system allows us to track and manage our direct operational impact. This tool imports data from various sources, consolidates the information and calculates our carbon footprint. The implementation of this tool allows us to produce reliable emissions data, accurately build a history of our carbon footprint and assists in setting targets for future emissions. Every year, we endeavour to improve the thoroughness of our data collection processes. Within each geography, the environmental manager is responsible for monitoring the GHG emissions.

**Assessment parameters****Consolidation approach**

- Operational control

**Emission factor data source**

- DEFRA (2020), IEA, eGRID (for New York electricity) and Eskom (for South Africa electricity)

**Intensity ratio**

- Emissions per average headcount
- Emissions per office space m<sup>2</sup>

**Independent assurance**

- Limited assurance provided by KPMG for the years ended: 31 March 2020 and 31 March 2021

**Coverage**

- Coverage of environmental information covers >95% of our business operations. Materiality set at 5%

			31 March 2021		31 March 2020	
			Consumption in unit of measure	Tonnes of CO <sub>2</sub> equivalent	Consumption in unit of measure	Tonnes of CO <sub>2</sub> equivalent
<b>Scope 1</b>			<b>349</b>		<b>175</b>	
Energy	Natural gas	kWh	291 400	54	949 625	175
	LPG stationary	L	1166	2	25 746	39
	CO <sub>2</sub> purchased	kg	37	–	281	–
	Diesel	L	47 986	122	137 934	358
Refrigerant	Refrigerant	kg	74	111	186	287
Employee travel	Vehicle fleet	km	346 341	60	745 502	135
<b>Scope 2</b>			<b>23365</b>		<b>29 151</b>	
Energy	Electrical energy consumption	kWh	25 991 259	23365	33 207 457	29 151
<b>Scope 3</b>			<b>1935</b>		<b>10 420</b>	
Paper	Paper consumption	t	39	38	283	272
Waste	General waste	t	81	36	330	178
Employee travel	Rail travel	km	84 164	3	2 992 773	122
	Road business travel	km	613 189	105	2 653 807	470
	Taxi	km	17 042	3	121 168	18
	Commercial airlines	km	918 662	241	30 209 739	9 359
Work-from-home emissions	Electrical energy consumption	kWh	1 438 012	941	–	–
	Natural gas	kWh	1 626 111	299	–	–
	LPG stationary	L	173 373	270	–	–
<b>Total emissions</b>			<b>25 649</b>		<b>40 564</b>	
<b>No scope</b>						
Water		kl	51 148		91 346	
Recycled waste		t	122		600	
<b>Intensity</b>						
Emissions per average headcount					3.02*	4.59*
Emissions per m <sup>2</sup> office space					0.17	0.27
Water consumption per average headcount					6.02*	10.33*
<b>Intensity excl Scope 2</b>						
Emissions per average headcount					0.3*	4.59
Emissions per m <sup>2</sup> office space					0.02	0.27
<b>Climate change commitments</b>						
Scope 2 zaRECs		MWh	21 838	22 192	–	–
Scope 2 REGOs in the UK		MWh	3 650	885	–	–
Carbon credits				2 572		40 564
<b>Total emissions after mitigation</b>			<b>–</b>		<b>–</b>	

- Due to the COVID-19 pandemic and working from home, there has been a significant decrease in emissions
- In our efforts to present a complete picture, we have included work-from-home emissions, based on assumptions of energy used during working hours by all full time employees (FTE). A methodology was developed using the EcoAct whitepaper as guidance
- Renewable energy certificates (zaRECs for Limited and REGOs for our UK offices) were used as we source renewable energy options to meet our operational electricity needs
- Carbon credits were used to offset our remaining carbon footprint
- While operational efficiencies have been made over the course of the year, we acknowledge that our 37% decrease is largely due to the impact of COVID-19
  - Includes permanent and temporary employees.

## DIRECTORS' REPORT CONTINUED

### Viability statement

In accordance with the UK Corporate Governance Code, in addition to providing a going concern statement, the board is required to make a statement with respect to the group's viability (i.e. its ability to continue in operation and meet its liabilities), taking into account the current position of the group, the board's assessment of the group's prospects and the principal risks it faces. Following confirmation by the DLC BRCC (comprising a majority of non-executive directors, which includes certain members of the Audit Committees), the Audit Committees recommended the viability statement for board approval.

The board has identified the principal and emerging risks facing the group and these are highlighted on pages 10 to 21 in volume two.

Through its various sub-committees, notably the Audit Committees, the DLC BRCC and the capital committees, the board regularly carries out a robust assessment of these risks and their potential impact on the performance, liquidity, solvency and operational resilience of the group. The activities of these board sub-committees and the issues considered by them are described in the governance section of this report.

Taking these risks into account, together with the group's strategic objectives and the prevailing market environment, the board approved the overall mandated risk appetite frameworks for Investec plc and Investec Limited. The risk appetite frameworks set broad parameters relating to the board's expectations around performance, business stability and risk management.

The board considers that prudential risk management is paramount in all it does. Protection of depositors, customers' interests, capital adequacy and shareholder returns are key drivers. To manage the group's risk appetite, there are a number of detailed policy statements and governance structures in place. The board ensures that there are appropriate resources in place to manage the risks arising from running the business by having independent Risk Management, Compliance, and Financial Control functions. These are supplemented by an Internal Audit function that reports independently to a non-executive Audit Committee Chair.

The board believes that the risk management systems and processes, supported by the conclusions of the Internal Audit function, are adequate to support the group's strategy and allow

the group to operate within its risk appetite framework. A review of the group's performance/measurement against its risk appetite framework is provided at each DLC BRCC meeting and at the main board meetings.

In terms of the South African Prudential Authority (South African PA), the FCA and PRA requirements, the group is also required to meet regulatory standards with respect to capital and liquidity. In terms of these requirements, the group is required to stress its capital and liquidity positions under a number of severe stress conditions. Investec's stress testing framework is well embedded in its operations and is designed to identify and regularly test the group's key 'vulnerabilities under stress'.

Liquidity stress testing is performed for a range of scenarios, each representing a different set of assumptions. These include market-wide, firm specific, and combined scenarios (combination of the market-wide and firm specific stresses). The group manages its liquidity risk appetite in relation to combined stress parameters which represent extreme but plausible circumstances. The objective is to have sufficient liquidity under a combined stress scenario to continue to operate for a minimum period as detailed in the board-approved risk appetite. In addition to these stress scenarios, the group's risk appetite also requires it to maintain specified minimum levels for both the liquidity coverage ratio and net stable funding ratio, greater than those required by the regulators; a minimum cash and near cash to customer deposit ratio of 25%; and to maintain low reliance on wholesale funding to fund core asset growth. Each banking entity within the group is required to be fully self-funded. The group currently has £13.2 billion in cash and near cash assets, representing 38.4% of customer deposits.

The group develops annual capital plans (refreshed after six months, if required) that look forward over a three-year period. These plans are designed to assess the capital adequacy of the group's respective banking entities under a range of economic and internal conditions, with the impact on earnings, asset growth, risk appetite and liquidity considered. The output of capital planning allows senior management and the board to make decisions to ensure that the group continues to hold sufficient capital to meet internal and regulatory capital targets over the medium term (i.e. three years). The group targets a minimum capital adequacy ratio of 14% to 17%, a tier 1

ratio greater than 11%, a common equity tier 1 ratio in excess of 10% and a leverage ratio in excess of 6% for each of its banking entities.

The parameters used in the capital and liquidity stresses are reviewed regularly, taking into account changes in the business environments and inputs from business units. Scenarios are designed considering macro-economic downside risks, portfolio-specific risk factors and business model vulnerabilities.

As the group's banking entities are regulated separately and ring-fenced from one another, different stress scenarios apply across the respective banking entities and jurisdictions.

### Investec Limited:

- **Base case:** The base case is characterised by the view that South Africa's economic recovery continues out to 2024 (in real terms) in order to reach pre-pandemic levels of production, as COVID-19 is overcome at a modest pace. Underpinning this view is that the global economic recovery continues over the period, supported by sufficient monetary and other policy supports in key advanced economies and market risk sentiment is neutral to somewhat risk on. However, the sharp deterioration last year in South Africa's government finances has resulted in further credit rating downgrades, although a degree of fiscal consolidation is expected over the medium term. As a consequence, the base case sees South Africa retain a country rating from Moody's that is one of the three grades in the BB (Ba) category - currently Moody's rates South Africa Ba2 (BB-). Expropriation of private sector property without compensation is expected to be limited and not have a negative impact on the economy or on market sentiment.
- **Lite down case:** A scenario where the international environment (including risk sentiment) is that of the base case, but the domestic environment differs. Under this scenario, South Africa fails to stabilise its debt and falls into the single B credit ratings bracket from all three agencies while the effects from COVID-19 are slow to overcome. Expropriation of some private sector property without compensation occurs, with a moderate, negative impact on the economy. Business confidence is depressed with weak investment growth, while significant load shedding occurs, and the country falls into recession. A substantial degree of fiscal consolidation ultimately occurs, preventing South Africa's credit



## DIRECTORS' REPORT CONTINUED

ratings from falling through the C credit rating grades.

- Severe down case: A scenario characterised by a lengthy global recession and/or global financial crisis (which could be caused or exacerbated by the failure to overcome the COVID-19 pandemic but is not limited to this), with insufficient monetary and other policy supports. A depression occurs in the South African economy, with extreme Rand weakness. South Africa's credit ratings from all three key agencies drop below the single B categories, then fall through the C grade categories eventually to D grade (default) as government borrows from increasingly wider sources and sinks deeper into a debt trap, and then defaults. Eventually widespread load shedding and civil unrest occur. Nationalisation of private sector property under expropriation without compensation occurs with severe negative impacts for the economy.

### Investec plc:

- Base case: The base case narrative assumes that the UK's third national lockdown depresses first quarter 2021 growth, but as restrictions ease and a greater proportion of the population becomes inoculated, economic activity starts to accelerate from the second quarter and beyond. Globally, the scenario assumes a robust recovery by the end of the year, compensating for the impact of the third wave of COVID-19 infections experienced in many nations limiting economic activity in the first quarter. In light of this, monetary policy is expected to remain accommodative across the major central banks.
- L-shaped recovery: The L-shaped scenario sees the UK experience a much more restrained economic recovery than in the base case scenario, following the contraction in economic activity in the first quarter due to the third lockdown. Beyond this weak initial rebound, the narrative envisions that there will be some permanent economic scarring from the COVID-19 pandemic, with weak productivity growth restricting economic activity and employment opportunities across the forecast horizon. Global prospects paint a similar picture, with subdued growth expected throughout the time period. Under such a situation, central banks ease policy further; domestically that sees the Bank of England (BoE) lower the Bank rate to -0.40%, whilst the Federal Reserve and European Central Bank (ECB) rely on asset purchases.

- Fiscal stress: The fiscal scenario builds on the L-shaped scenario with the narrative centred on the weaker than expected economic recovery prompting a deterioration in the public finances, causing concerns regarding debt sustainability. In this scenario, to reassure markets, the UK Government tightens fiscal policy via spending cuts and tax rises, which ultimately leads to a crisis in business and consumer confidence. This limits investment and hiring opportunities, and triggers a recession midway through the scenario horizon. Globally, a number of Eurozone countries face similar situations, whereas the United States is less affected. Meanwhile, central banks such as the BoE and the ECB react to this scenario by cutting rates even further than in the L-shaped scenario: BoE Bank rate reaches a low of -0.90% and the ECB deposit rate -1.00%.

The group also typically incorporates the South African PA biennial and the BoE regulatory scenario into its capital processes. The South African PA scenarios are required to be run by the end of June 2021 and will be run as a separate cycle of stress testing for 2021. The BoE published its regulatory scenario in January 2021 and this scenario will be implemented alongside the Investec-specific scenarios for Investec plc:

- BoE regulatory scenario (solvency stress): Under the BoE's solvency stress scenario, the UK experiences a 'W-shaped' recovery in which economic activity plummets by close to 10% in Q2 2021, only to recover very strongly in subsequent quarters. In response to this, the scenario assumes that the UK bank rate dips into negative territory, reaching -0.10% in Q3 2022. Internationally, a parallel story plays out, in which a strong economic rebound in the latter quarters of the year compensates for a sharp contraction in Q1.

The board has assessed the group's viability in its 'base case' and stress scenarios. In assessing the group's viability, a number of assumptions are built into its capital and liquidity plans. In the stress scenarios these include, for example, foregoing or reducing dividend payments and asset growth being curtailed.

We also carry out 'reverse stress tests', i.e. those scenarios that would cause the group to breach its capital and liquidity requirements. These scenarios are considered unlikely, given the group's

strong liquidity position and sound capital and leverage parameters.

Furthermore, the group is required to have a recovery plan for both Investec Limited and Investec plc as well as a resolution pack for Investec plc. The purpose of the recovery plans are to document how the board and senior management will ensure that the group recovers from extreme financial stress to avoid liquidity and capital difficulties in its separately regulated companies.

The group also maintains an operational resilience framework for building organisational resilience to respond effectively to operationally disruptive events. This not only ensures continuity of business but also safeguards the interests of key stakeholders, as well as our reputation, brand and value-creating activities.

The capital and liquidity plans, stress scenarios, recovery plans, resolution pack and the risk appetite statement are reviewed at least annually. In times of severe economic distress and if applicable, stress scenarios are reviewed more regularly; for example, as is the case with the COVID-19 pandemic. In addition, senior management hosts an annual risk appetite process at which the group's risk appetite frameworks are reviewed and modified to take into account risk experience and changes in the environment. Furthermore, strategic budget processes take place within each business division at least annually. These focus on, amongst other things: the business and competitive landscape; opportunities and challenges; and financial projections. A summary of these divisional budgets, together with a consolidated group budget, is presented to the board during its strategic review process early in the year.

In assessing the group's viability, the board has taken all of the above-mentioned factors, documents and processes into consideration. The directors can confirm that they have a reasonable expectation that Investec will continue to operate and meet its liabilities as they fall due over the next three years. The board has used a three-year assessment period as this is aligned to the group's medium term capital plans which incorporate profitability, liquidity, leverage and capital adequacy projections and include impact assessments from a number of stress scenarios. Detailed management information therefore exists to provide senior management and the board sufficient and realistic visibility of the group's viability over the three years to 31 March 2024.

## DIRECTORS' REPORT CONTINUED

The viability statement should be read in conjunction with the following sections in the annual report, all of which have informed the board's assessment of the group's viability:

- Pages 4 to 75, which show a strategic and financial overview of the business
- Pages 10 to 21 in volume two, which provide detail on the principal and emerging risks the group faces
- Pages 10 to 17 in volume two, which provide information on the overall group's risk appetite
- Pages 22 to 27 in volume two, which provide an overview of the group's approach to risk management, and the processes in place to assist the group in mitigating its principal risks
- Pages 7, 25, 58, and 64 in volume two which highlight information on the group's various stress testing processes
- Pages 67 to 71 in volume two, which specifically focus on the group's philosophy and approach to liquidity management
- Page 87 in volume two, which provides detail on the recovery plans for Investec plc and Investec Limited
- Pages 88 to 91 in volume two which explain the group's capital management framework.

This forward-looking viability statement made by the board is based on information and knowledge of the group at 22 June 2021. There could be a number of risks and uncertainties arising from (but not limited to) domestic and global economic and business conditions beyond the group's control that could cause the group's actual results, performance or achievements in the markets in which it operates to differ from those anticipated.

### Going concern

In adopting the going concern basis for preparing the consolidated financial statements, the directors have considered the group's business activities, objectives and strategy, principal risks and uncertainties in achieving its objectives, and performance that are set out on pages 4 to 13, and pages 10 to 21 in volume two. The directors have performed a robust assessment of the group's financial forecasts across a range of scenarios over a 12 months period from the date the financial statements are authorised for issue. The assessment specifically incorporated analysis of the COVID-19 pandemic impact implications on the group's projected performance, capital, liquidity and funding positions, including the impact of scheduled repayment of

borrowings and other liabilities. Based on these, the directors confirm that they have a reasonable expectation that the company and the group, as a whole, have adequate resources to continue in operational existence for the 12 months from the date the financial statements are authorised for issue. Therefore, the directors consider it appropriate to adopt the going concern basis of accounting in preparing the accompanying consolidated financial statements.

### Audit Committees

The Audit Committees comprising independent non-executive directors meet regularly with senior management, the external auditors, operational risk, internal audit, compliance and the finance division to consider the nature and scope of the internal and external audit reviews and the effectiveness of our risk and control systems, taking note of the key deliberations of the subsidiary Audit Committees as part of the process.



Further details on the role and responsibility of the Audit Committees are set out on pages 100 to 110

### Independent auditor and audit information

Each director at the date of approval of this report confirms that, so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware and that each director has taken all steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information. This confirmation is given pursuant to Section 418 of the UK Companies Act and should be interpreted in accordance with and subject to those provisions.

Ernst & Young LLP have indicated their willingness to continue in office as auditors of Investec plc and Ernst & Young Inc. and KPMG Inc. have indicated their willingness to continue in office as joint auditors of Investec Limited.

A resolution to re-appoint them as auditors will be proposed at the AGM scheduled to take place on 5 August 2021.

### Major shareholders



The largest shareholders of Investec plc and Investec Limited are shown on page 127

### Special resolutions

#### Investec plc

At the AGM held on 6 August 2020, special resolutions were passed in terms of which:

- A renewable authority was granted to Investec plc to acquire its own ordinary shares in accordance with the terms of Section 701 of the UK Companies Act
- A renewable authority was granted to Investec plc to acquire its own preference shares in accordance with the terms of Section 701 of the UK Companies Act.

#### Investec Limited

At the AGM held on 6 August 2020, the following special resolutions were passed in terms of which:

- A renewable authority was granted to Investec Limited and any of its subsidiaries to acquire its own ordinary shares in terms of the provisions of the South African Companies Act No. 71 of 2008, as amended (the South African Companies Act)
- A renewable authority was granted to Investec Limited and any of its subsidiaries to acquire its own preference shares in terms of the provisions of the South African Companies Act
- A renewable authority was granted to Investec Limited to provide financial assistance in order to comply with the provisions of Sections 44 and 45 of the South African Companies Act
- A renewable authority was granted to Investec Limited to approve the directors' remuneration in order to comply with the provisions of Sections 65(11)(h), 66(8) and 66(9) of the South African Companies Act.

### AGM update statement

At the AGM on 6 August 2020, resolution 13 (approval of the DLC directors' remuneration report for the year ended 31 March 2020), resolution 14 (approval of the DLC Directors' Remuneration Policy), and resolution 21 (re-appointment of KPMG Inc. as joint auditors of Investec Limited), passed with a less than 80% majority.

The board recognises that effective communication is integral to building stakeholder value and is committed to providing meaningful, transparent, timely and accurate financial and non-financial information to our stakeholders. In addition to formal, written communication, executive management and non-executive board members



## DIRECTORS' REPORT CONTINUED

continue to engage with our shareholders on a regular basis.

### Commenting on the less than 80% vote received for the re-appointment of KPMG Inc. as joint auditors of Investec Limited

Following a comprehensive tender process, PricewaterhouseCoopers Incorporated (PwC) was nominated as one of the new joint external auditors effective 1 April 2023. The appointment of the firm and the designated audit partner is subject to regulatory approval from the Prudential Authority of South Africa. The appointment of PwC will be recommended to shareholders at the AGM to be held in August 2022.

A formal transition process will commence during 1 April 2022 whereby the appointed firm will observe the full audit cycle performed by the incumbent joint external auditors. The appointment will be for the reporting period commencing 1 April 2023. The second rotation of the joint external auditors will take place within two years from 1 April 2023, in accordance with the MAFR rules as published by the Independent Regulatory Board of Auditors.

Refer to pages 109 and 110 for further details in regards to the DLC Audit Committee's review of the external auditors, and the MAFR process.

### Commenting on the less than 80% vote received for the group's Remuneration Report and Remuneration Policy

The group engaged extensively with shareholders on the implementation of its Remuneration Report and the proposed Remuneration Policy in the months preceding the AGM, and the board and DLC Remuneration Committee welcomed the broad shareholder support for the Remuneration Report and Remuneration Policy.

Following the AGM, the group has continued to consult with shareholders on remuneration matters, including the remuneration targets for the 2020 Long-Term Incentive award and 2021 Short-Term Incentive award, and the proposed Remuneration Policy, which will be put to a shareholder vote at the AGM on 5 August 2021.

Refer to pages 160 to 171 for a summary of the revised Remuneration Policy.

### Employees

The group's approach is to recruit and promote on the basis of aptitude and attitude, with the deliberate intent to build a diverse workforce and promote an inclusive workplace fully representative of each jurisdiction's population. The group's policy is to adopt an open management style, thereby encouraging informal consultation at all levels about aspects of the group's operations, and to incentivise staff to take an interest in the group's performance by means of employee share schemes.

→ Further information is provided in the 2021 group sustainability and ESG supplementary report

### Empowerment and transformation

The group endeavours to prevent and/or eliminate any form of discrimination based on gender, race, ethnicity, religion, age, disability, nationality or sexual preferences. People with disabilities are an essential part of a diverse talent pool and are always considered, with every effort made to accommodate and facilitate an accessible environment. In the event of employees becoming disabled while in our employ, we are committed to ensuring their continued employment to the extent that this is possible. We have various processes to encourage debate and dialogue around valuing diversity and differences. Emerging and established leaders are invited to participate in discussions with the executive leadership around all issues related to talent management and diversity.

### Research and development

In the ordinary course of business, the group develops new products and services in each of its business divisions.

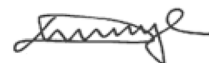
### Political donations and expenditure

The group did not make any political donations in the financial year ended 31 March 2021 (2020: Nil).

### Subsidiary and associated companies

→ Details of principal subsidiary and associated companies are reflected on pages 132 to 137 in volume three

Signed on behalf of the boards of Investec plc and Investec Limited



**Niki van Wyk**  
Company secretary, Investec Limited  
22 June 2021



**David Miller**  
Company secretary, Investec plc  
22 June 2021

## SCHEDULE A TO THE DIRECTORS' REPORT

**Additional information for shareholders**

Set out below is a summary of certain provisions of Investec plc's current Articles of Association (the Articles) and applicable English law concerning companies (the UK Companies Act). This is a summary only and the relevant provisions of the Articles or the UK Companies Act should be consulted if further information is required.

**Share capital**

The issued share capital of Investec plc at 31 March 2021 consists of 696 082 618 ordinary shares of £0.0002 each, 2 754 587 non-redeemable, non-cumulative, non-participating preference shares of £0.01 each, 131 447 ZAR non-redeemable, non-cumulative, non-participating preference shares of R0.001 each, 318 904 709 special converting shares of £0.0002 each, the special voting share of £0.001, the UK DAN share of £0.001 and the UK DAS share of £0.001 (each class as defined in the Articles).

**Purchase of own shares**

Subject to the provisions of the Articles, the UK Companies Act, the UK Uncertificated Securities Regulations 2001 and every other statute for the time being in force concerning companies and affecting Investec plc, the approval of shareholders as provided in the Investec plc Articles, and without prejudice to any relevant special rights attached to any class of shares, Investec plc may purchase, or may enter into a contract under which it will or may purchase any of its own shares of any class, including without limitation any redeemable shares, in any way and at any price (whether at par or above or below par).

**Dividends and distributions**

Subject to the provisions of the UK Companies Act, Investec plc may by ordinary resolution from time-to-time declare dividends not exceeding the amount recommended by the board. The board may pay interim dividends whenever the financial position of Investec plc, in the opinion of the board, justifies such payment.

The board may withhold payment of all or any part of any dividends or other monies payable in respect of Investec plc's shares from a person with a 0.25% or more interest in the nominal value of the issued shares if such a person has been served with a notice after failure to provide Investec plc with information concerning interests in those shares required to be provided under the UK Companies Act.

**Voting rights**

Subject to any special rights or restrictions attaching to any class of shares, at a general meeting, every member present in person has, upon a show of hands, one vote and, on a poll, every member who is present in person or by proxy has one vote for each share. In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the share. Under the UK Companies Act, members are entitled to appoint a proxy, who need not be a member of Investec plc, to exercise all or any of their rights to attend and vote on their behalf at a general meeting or class meeting. A member may appoint more than one proxy in relation to a general meeting or class meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A member that is a corporation may appoint an individual to act on its behalf at a general meeting or class meeting as a corporate representative. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of Investec plc.

**Restrictions on voting**

No member shall be entitled to vote either in person or by proxy at any general meeting or class meeting in respect of any shares held by them if any call or other sum then payable by them in respect of that share remains unpaid. In addition, no member shall be entitled to vote if they have been served with a notice after failure to provide Investec plc with information concerning interests in those shares required to be provided under the UK Companies Act.

**Deadlines for exercising voting rights**

Votes are exercisable at a general meeting of Investec plc in respect of which the business being voted upon is being heard. Votes may be exercised in person, by proxy, or in relation to corporate members, by corporate representatives. The Articles provide a deadline for submission of proxy forms of not less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting.

**Variation of rights**

Subject to the UK Companies Act, the Articles specify that rights attached to any class of shares may be varied with the written consent of the holders of not less than three-fourths in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of those shares. The rights conferred upon the holders of any shares shall not, unless otherwise expressly provided in the rights attaching to those shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* with them. Where, under the company's share incentive plan, participants are the beneficial owners of the shares, but not the registered owners, the participants are not entitled to exercise any voting rights until the shares are released to the participants. Under the company's employee trust, the trustee does not vote in respect of unallocated shares.

**Transfer of shares**

All transfers of shares may be effected by transfer in writing in any usual or common form or in any other form acceptable to the directors. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. Transfers of shares which are in uncertificated form are effected by means of the CREST system. The directors may, in the case of shares in certificated form, in their absolute discretion and without assigning any reason, refuse to register any transfer of shares (not being fully paid shares), provided that such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis. The directors may also refuse to register an allotment or transfer of shares (whether fully paid or not) in favour of more than four persons jointly. The directors may decline to recognise any instrument of transfer unless the instrument of transfer is in respect of only one class of share and, when submitted for registration, is accompanied by the relevant share certificates and such other evidence as the directors may reasonably require. Subject to the UK Companies Act and regulations and applicable CREST rules, the directors may determine that any class of shares may be held in uncertificated form and that title to such shares may be transferred by means of the CREST system or that shares of any class should cease to be so held and transferred.

## SCHEDULE A TO THE DIRECTORS' REPORT CONTINUED

A number of the company's employee share plans include restrictions on transfer of shares while the shares are subject to the plans, in particular, the share incentive plan.

### Plc preference shares

The following are the rights and privileges which attach to the plc preference shares:

- On a return of capital, whether or not on a winding up (but not on a redemption or purchase of any shares by Investec plc) or otherwise, the plc preference shares will rank, *pari passu* *inter se* and with the most senior ranking preference shares of Investec plc in issue (if any) from time-to-time and with any other shares of Investec plc that are expressed to rank *pari passu* herewith as regards to participation in the capital, and otherwise in priority to any other class of shares of Investec plc
- Investec plc may, at its option, redeem all or any of the plc preference shares for the time being issued and outstanding on the first call date or any dividend payment date thereafter
- Holders of plc preference shares will not be entitled to attend and vote at general meetings of Investec plc. Holders will be entitled to attend and vote at a class meeting of holders of plc preference shares.

### Non-redeemable, non-cumulative, non-participating preference shares

The following are the rights and privileges which attach to the perpetual preference shares:

- Each perpetual preference share will rank as regards to dividends and a repayment of capital on the winding up of Investec plc prior to the ordinary shares, the plc special converting shares, the UK DAN share, the UK DAS share, but *pari passu* with the plc preference shares. The perpetual preference shares shall confer on the holders, on a *per* perpetual preference share and equal basis, the right to a return of capital on the winding up of Investec plc of an amount equal to the aggregate of the nominal value and premiums in respect of perpetual preference shares issued, divided by the number of perpetual preference shares in issue

- Each perpetual preference share may confer upon the holder thereof the right to receive out of the profits of Investec plc which it shall determine to distribute, in priority to the ordinary shares, the plc special converting shares, the UK DAN share and the UK DAS share, but *pari passu* with the plc preference shares, the preference dividend calculated in accordance with the Articles
- The holders of the perpetual preference shares shall be entitled to receive notice of and be present but not to vote, either in person or by proxy, at any meeting of Investec plc, by virtue of or in respect of the perpetual preference shares, unless either or both of the following circumstances prevail at the date of the meeting:
  - The preference dividend or any part thereof remains in arrears and unpaid as determined in accordance with the Articles after six months from the due date thereof; and/or
  - A resolution of Investec plc is proposed which directly affects the rights attached to the perpetual preference shares or the interests of the holders thereof, or a resolution of Investec plc is proposed to wind up or in relation to the winding up of Investec plc or for the reduction of its capital;

in which event the preference shareholders shall be entitled to vote only on such resolution.

### Rand-denominated non-redeemable, non-cumulative, non-participating perpetual preference shares (the ZAR perpetual preference shares)

The ZAR perpetual preference shares are subject to substantially similar terms and conditions as the existing Pound Sterling non-redeemable, non-cumulative, non-participating preference shares, as outlined above, save that they are denominated in South African Rands.

### Shares required for the DLC structure

Investec SSC (UK) Limited, a UK trust company, specially formed for the purpose of the DLC structure, holds the plc special voting share, the plc special converting shares, the UK DAN share and the UK DAS share. These shares can only be transferred to another UK trust company, in limited circumstances.

The plc special voting shares are specially created shares so that shareholders of both Investec plc and Investec Limited effectively vote together as a single decision-making body on matters affecting shareholders of both companies in similar ways, as set out in the Articles.

Prior to a change of control, approval of termination of the sharing agreement (which regulates the DLC), liquidation or insolvency of Investec plc, the plc special converting shares have no voting rights, except in relation to a resolution proposing the:

- Variation of the rights attaching to the shares or
- Winding up, and they have no rights to dividends. The special converting shares are held on trust for the Investec Limited ordinary shareholders. Investec plc and Investec Limited have established dividend access trust arrangements as part of the DLC.

Investec plc has issued two dividend access shares, the UK DAS share and UK DAN share which enables Investec plc to pay dividends to the shareholders of Investec Limited. This facility may be used by the board to address imbalances in the distributable reserves of Investec plc and Investec Limited and/or to address the effects of South African exchange controls and/or if they otherwise consider it necessary or desirable.