

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 ¹	11 Sep 2020	2	2
Morris Mthombeni ²	23 Jul 2020	2	2
Khumo Shuenyane ³	9 Aug 2019	3	4
Peter Thomas ⁴	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.

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

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Chair, DLC SEC
22 June 2021

DLC SOCIAL AND ETHICS COMMITTEE REPORT
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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.