

DLC Board Risk & Capital Committee

Terms of Reference | March 2022



1. Authority, mandate, objectives and reporting

1.1. *Introduction*

This Committee is mandated to provide effective oversight of the Group's risk and capital management processes.

This Terms of Reference documents the authority and mandate delegated to the Committee by the Board but does not preclude the Committee from carrying out such additional functions and adopt such additional measures as may be required to effectively discharge its responsibilities.

1.2. *Terminology and definitions*

- DLC: Investec plc and Investec Limited together as a dual listed company
- The Group: Investec plc and Investec Limited and its subsidiaries
- The DLC BRCC: The DLC Board Risk & Capital Committee
- The Directors of the Group / The DLC Board / The Group Board: The Boards of Investec plc and Investec Limited
- ICAAP: Internal Capital Adequacy Assessment Processes
- Key operating and regulated subsidiaries: list of key subsidiaries as listed in Appendix 5.2

1.3. *Legislation and regulation that forms part of the mandate of the Committee*

As a Committee mandated by the Boards of Investec Limited and Investec plc, the mandate of the Committee is informed by legislation, regulation and stakeholder expectations in both the UK and SA. In line with principles established by the Group, to the extent that there is a conflict, the Committee will apply the more onerous provisions.

South Africa

- The Banks Act 94 of 1990 and Regulations thereto and Directives issued by the SA Prudential Authority
- Directives
- The SA Companies Act 71 of 2008
- King IV Code on Corporate Governance (King IV)
- The JSE Listings requirements

United Kingdom

- The UK Companies Act of 2006
- UK Corporate Governance Code
- UK Listing rules
- Capital Requirements Directives
- Prudential Regulatory Authority (PRA) and Financial Conduct Authority (FCA) Handbooks

Other

- None

1.4. *Authority & mandate*

The Committee is mandated by the Investec plc and Investec Limited Board of Directors (the Board or Group) to have oversight of the risk management framework of the Group and its subsidiaries and to assist the Board in its responsibilities to ensure that the Group maintains effective systems and process for the management and control of risk and capital exposures. The Committee's responsibilities extend across all the Group's activities.

Risks which are directly related to the Group's business strategy and/or strategic decisions taken by the Board will remain the direct responsibility of the Board. Strategic risks will therefore be considered by the Board directly and are therefore not within the scope of the Committee's responsibilities

The Committee may sub-delegate any of its powers, authorities and responsibilities to a sub-committee comprising such other forums or committees or individuals and, on such terms, and conditions, and may revoke or vary such delegation, as it sees fit.

1.4.1. *Annual workplan*

The Committee will evidence how it discharged its mandate and exercised its authority by amongst others, following an annual work plan. The annual work plan will also record ad hoc tasks, work and duties undertaken by the Committee which are not expressly recorded within these Terms of Reference.

1.5. *Objectives*

- Risk framework
 - Challenge and review the Group risk framework to ensure that the framework is appropriate to the size, scale, and nature of the Group's activities for the purposes of effectively managing the material risks to which the Group is exposed and consider whether the resources allocated to the risk management framework are adequate for the purposes of managing the Group's risks exposures effectively
 - Consider whether the remit and resources of the Group's risk management function are adequate, independent, and free from restrictions which may impair its effectiveness
 - Challenge and review the reporting lines between the risk management function, senior management and the DLC Board for the purposes of ensuring the effective communication and understanding of risk policies, risk events and changes to risk exposure
 - Oversee and review the processes for determining the Group's risk strategy, risk appetite and risk tolerances and provide advice and assistance to the Board on their implementation
 - Monitor the Group's processes for the approval of policies relating to the

management of risks and the setting of risk standards, limits and tolerances within the Group's risk appetite and strategy

- Review the effectiveness of the Group's processes for monitoring compliance with approved risk tolerance levels and risk policies and for determining resultant action in respect of policy breaches.
- Risk management
 - Review and challenge reports at each of its meetings from the Group's Chief Risk Officer (Group CRO) and risk reporting teams, the reporting will include notification of any material breaches of risk limits and the remedial action taken by management in response
 - Challenge and review the forward-looking view of the risks that the Group is exposed to
 - Review and challenge the material risks, wherever they occur throughout the Group, and ensure that they are timeously identified and managed and also strive to ensure that Regulatory standards are met
 - Review the results of the Group's stress testing and consider the adequacy of management's response to the result
 - Set the overall risk appetite and determine the categories of risk, the specific types of risks and the extent of such risks which Investec should undertake, as well as the mitigation of risks and overall capital management and allocation process
 - Review the capital adequacy goals as part of the risk appetite framework, taking account of the Group's strategic focus and business
 - Approve and ratify Group Risk Management, and any other policies and terms of reference as recommended by Group Executive Risk Committee (Group ERC) or other authorised committee / forum, as it deems necessary
- Risk Data and Risk reporting:
 - Review and approve the Group's risk data aggregation and risk reporting framework, and ensures that adequate resources have been deployed
 - Is aware of any coverage, legal, technical limitations in risk data aggregation and risk reporting
 - Determine its own risk reporting requirements and is receiving relevant information that allows it to fulfil its governance mandate to the Group and the risks to which it is exposed
 - Provide feedback to senior management when the risk reports do not meet its requirements and do not provide the right level and type of information to set and monitor adherence to the Group's risk tolerance/appetite; indicates whether it is receiving the right balance of detail and quantitative versus qualitative information
- The Committee shall monitor any other risks to which the business is exposed by virtue of its business activities which are not specifically referred to within these terms of reference other than those which are specifically

excluded from its remit

- The Committee shall monitor operational risks relating to the operational functions of the Group. The Committee will consider, at least annually, inviting the Group's Head of IT to attend a meeting of the Committee for the purposes of discussing IT matters relevant to the Committee's remit
- Take account of relevant statutory and regulatory obligations of the Group in fulfilling its duties
- The Committee shall review and recommend for approval to the Boards:
 - Risk appetite statements and associated policies
 - ICAAP report or equivalent document when produced in lieu of a formal regulatory requirement to produce an ICAAP report
 - Recovery and Resolution Plan

1.6. *Reporting*

The Committee's reporting line is Committee →DLC Board.

The Chair of the DLC BRCC is the Chair of the IBL BRCC and a member of the Investec Bank plc (IBP) BRCC and will provide verbal feedback at each Committee meeting.

The Committee shall produce a report to be included in the Group's annual report about its activities including the membership of the Committee, number of meetings and attendance as well as summarise the Committee's work and activities over the course of the year.

1.7. *Interaction with other committees*

- As an agreed principle, where practicable the Chair of the DLC BRCC shall be a member of the BRCC's established by subsidiaries.
- Investec Bank Limited (IBL) and IBP BRCCs have defined and documented responsibilities with regard to their respective entities. In order to effectively aggregate the work done by those committees, members may attend the meetings of those committees and a report will be provided by the Chair.
- DLC Audit Committee: The DLC Audit Committee will rely on the output of the DLC BRCC to give assurance as to the risks impacting finance and reporting controls as well as internal controls and risk management systems of the Group.
- IT Risk and Governance Committee: IT risk will be covered by the IT Risk and Governance Committee and reported into this to the Committee
- DLC Remuneration Committee: The Committee will advise Group's Remuneration Committee on any matters within its remit which it considers are relevant to the Group's remuneration policy.

1.8. *Matters reserved for the Group Committee*

In certain instances where subsidiaries of the Group have established subsidiary committees, certain matters will remain reserved for the Group Committee.

- The approval of Terms of Reference of BRCC's of key operating subsidiaries

2. Composition and quorum

2.1. *Composition*

Members of the Committee, including the designated Chair, are appointed and/or removed by the Board on the recommendation of the DLC Nominations and Directors' Affairs Committee (DLC Nomdac) in consultation with the Committee Chair.

The Committee shall comprise of at least seven members. The majority of members of the Committee must be independent non-executive directors. Members of the Committee shall have the appropriate knowledge, skills, and expertise to fully understand and monitor the risk strategy and the risk appetite of the Group.

The membership shall include the Chair of the DLC Audit Committee.

Only members and white card holders (members of the IBL and IBP BRCC) of the Committee have the right to attend Committee meetings. The Chair of the Committee may at his / her discretion invite non-members to meetings as deemed necessary, but they shall not have a vote.

Members of the Committee are as set out in Appendix 5.1.

2.2. *Quorum*

The quorum necessary for the transaction of business shall be four members of the Committee, of which at least three must be independent non-executive members of the Committee.

If a member is in any way, either directly or indirectly, interested in a matter before the Committee they must declare the nature and extent of that interest to the other members either at the beginning of the applicable meeting or in advance by email to members. A member who is interested in a matter before the Committee may not be counted as participating in the decision-making process for quorum or voting purposes unless the conflict of interest has been disclosed to and authorised by the members.

3. Committee operations

3.1. *Frequency, notice and agenda*

The Committee will meet at least four to six times per year, after the meetings of the BRCC's of Investec's key operating subsidiaries and ad hoc meetings as often as is necessary to discharge its duties and objectives, on such dates and times as agreed with the Chair.

At least 3 days' notice of a meeting must be given to members but need not be in writing.

The notice of meeting should include the date and time of the meeting, details of the venue (whether in person or virtual), and, if relevant, an outline of the business to be discussed. Proposed agenda items should be discussed and agreed with the Chair prior to calling the meeting.

3.2. *Chair, decision making and virtual meetings*

The Chair of the Committee shall be appointed by the Board on the recommendation of the DLC Nomdac. The Chair shall be an independent non-executive of the Board. In the Chair's temporary absence, one of the independent non-executive Committee members nominated by the Chair or elected by the other members of the Committee will act as Chair.

Meetings may be convened, and decisions taken either in person or by electronic means (including for the avoidance of doubt, conference call, email, or any other electronic means of audio-visual communication that facilitates the members of the Committee making an informed, collective decision).

If meetings are held in person, at the Chair's discretion any subsequent amendments, approvals, recommendations, or satisfaction of any conditions precedent and antecedent may be addressed by the Committee electronically.

Decisions taken electronically have no effect unless the approving members would have formed a quorum at a meeting held in person, but otherwise all decisions taken electronically have the same force as if they had been made at a meeting held in person.

3.3. *Record keeping*

A member of the Company Secretarial function will act as Secretary of the Committee and will keep a record of the meeting papers and minutes of proceedings. Copies of the minutes of meetings will be circulated to members for comment no later than 14 days after the relevant meeting and thereafter provided to the Chair for comment and/or approval.

4. Review and approval of Terms of Reference

The Committee will review its own performance and composition at least once a year by way of the annual board effectiveness review.

The Committee will review the terms of reference at least once a year.

Any changes to the appendices to the Terms of Reference, with the exception of the Committee membership, may be amended by agreement between the Chair and Company Secretary.

Appendices reflecting membership changes may be updated by the Company Secretary after approval from the Board.

Any changes to the main body of the Terms of Reference must be tabled at the next

meeting of the Committee for approval.

5. Appendices

5.1. *Membership*

The members of the Committee are:

| Name | Designation |
|-------------------|---|
| David Friedland | Chair of DLC BRCC, Independent non-executive director of Investec Bank Limited, Investec Limited & Investec plc |
| Fani Titi | Group CEO, executive director of IBP, IBL and Investec Limited & Investec plc |
| Zarina Bassa | Chair of DLC Audit & independent non-executive director of IBP, IBL and Investec Limited & Investec plc |
| Khumo Shuenyane | Chair of IBL, independent non-executive director of IBL, Investec Limited & Investec plc |
| Henrietta Baldock | Independent non-executive director of IBP, Investec Limited & Investec plc |
| Philisiwe Sibiyi | Independent non-executive director of Investec Limited & Investec plc |
| Philip Hourquebie | Chair of Investec plc and Investec Limited |
| Stephen Koseff | Non-executive director of Investec Limited & Investec plc |
| Nishlan Samujh | Group CFO, executive director of Investec Limited & Investec plc |
| Nicky Newton-King | Non-executive director of Investec Limited & Investec plc |
| Jasandra Nyker | Non-executive director of Investec Limited & Investec plc |
| Brian Stevenson | Non-executive director of Investec Limited & Investec plc, Chair of IBP |

5.2. *Appendices | Lists of key operating and regulated subsidiaries
that the committee is responsible for*

Investec Bank Limited

Investec Bank plc

Investec Wealth and Investment UK

Investec Wealth and Investment International Pty Ltd

5.3. *Appendices | Workplan*