

DLC SOCIAL AND ETHICS COMMITTEE REPORT

Khumo Shuenyane
Chair of the DLC SEC

“Our purpose - to create enduring worth, living in, not off, society - guides all that we do”

Members	Member since	Meetings attended	Eligible to attend
Khumo Shuenyane ¹ (Chair)	9 Aug 2019	4	4
Lord Malloch-Brown ²	8 Aug 2014	1	1
Moni Mannings ³	11 Sep 2020	4	4
Morris Mthombeni ⁴	23 Jul 2020	4	4
Nicky Newton-King	21 May 2021	3	3
Jasandra Nyker	21 May 2021	3	3
Fani Titi	12 May 2019	4	4

1. Khumo Shuenyane was appointed Chair of the Committee on 5 August 2021.
2. Lord Malloch-Brown stepped down as Chair of the Committee on retiring from the Board on 5 August 2021.
3. Moni Mannings is the representative of IBP.
4. Morris Mthombeni is the representative of IBL.

Introduction

Following my appointment as Chair of the DLC SEC (the Committee) in August 2021, I am pleased to report on how the Committee has discharged its responsibilities during the year. Firstly, on behalf of the Committee, I would like to offer my thanks to Lord Malloch-Brown, for his excellent work in chairing the Committee and for further enhancing its presence within the Group.

Committee composition

In May 2021, we welcomed two new members, whose appointments have further enhanced our capabilities. Nicky Newton-King brings significant knowledge of sustainability (including climate and ESG) matters, having previously been part of the team that developed the JSE's Socially Responsible Investment Index, while Jasandra Nyker provides substantial experience of the renewable energy sector.

These appointments followed those of Moni Mannings, a Non-Executive Director of Investec Bank plc; and Morris Mthombeni, a Non-Executive Director of Investec Bank Limited, in the prior year. Their appointments supported the promotion of a consistent approach to employment equity, transformation and sustainability matters across our businesses.

It is pleasing to note that every member brings their own unique skills to the Committee.

Environment

At the 2021 AGM, we were pleased to receive 99.9% shareholder support for the Group's commitment to take action in addressing financed emissions in its lending and investment portfolios. This resolution included disclosing a baseline of emissions, formulating a strategy to reduce our Scope 3 financed emissions and disclosing our short, medium and long-term targets to reach net-zero emissions aligned with the Paris goals. Full details can be found in the 2022 TCFD report.

This follows our commitment at the 2020 AGM to maintain carbon neutrality in Scope 1 and 2 direct emissions and to report annually on the progress made on climate-related exposures.

In line with Investec's purpose, we are also pleased to note that the Group remains a constituent of the FTSE4Good Index Series and the Dow Jones Sustainability Indices.

2022 Focus areas

- Monitor the Group's climate-related targets and progress in respect of these targets
- Support and monitor the advancement of the Group's belonging, inclusion and diversity initiatives
- Consider the impact of the transition to a hybrid working model, with particular focus on employee wellbeing.

Ethics and culture

We oversaw the Group's activities from the perspective of ethical business principles, with programmes offered to enhance our purpose and values.

In 2021, the Group, with the support of the Committee, adopted a new purpose statement: "We exist to create enduring worth, living in, not off, society".

We have also initiated a review of our organisational values, with a view to introducing a specific climate-related value and to update our diversity value to better reflect how the Group seeks to achieve equity within the organisation.

Social

The wellbeing of all Investec employees has been a key focus given the continued effects of the pandemic. The Committee received regular updates on the physical, mental, social and financial health of employees. We also deliberated on the Group's Covid vaccination policy and the future of work, specifically the transition to a hybrid working model. We welcomed the wellbeing initiatives introduced to support our employees, and are proud of the Group's swift response to the social unrest experienced in South Africa in July 2021 and of the support provided to the affected staff and communities.



Khumo Shuenyane
Chair, DLC SEC
22 June 2022

What we did in 2021/22

Climate change

The impact of climate change on our business, and the impact of our activities on the environment have continued to be a key focus.

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

Presentations made to the Committee during the year, including:

- An update regarding the progress made on our net zero ambitions
- A summary of discussions held at COP 26 and the global energy transition
- An update on the business initiatives designed to support our clients in their participation in the transition
- An external presentation in respect of just transition, climate-related risks and how they are impacting general investment portfolios. In addition, an update on the potential impact of the Russian invasion of Ukraine on global climate change initiatives, energy security and food security.

We also monitored the implementation of the Fossil Fuel Policy and Defence Policy, which are regularly reviewed to ensure that the Group remains in line with best practice.

Sustainable finance

The Group developed a Sustainable Finance Framework that aligns with the UN Sustainable Development Goals (SDGs). The framework is used as a guiding document to support sustainable financing practices within our business.

In the the past year, we have launched a number of initiatives including:

- A sustainability linked syndicated term loan by Investec Bank plc
- A green bond by Investec Bank Limited
- A sustainable equity financed loan by Investec Wealth & Investment (UK).

The Committee is so pleased to note that our UK Wealth business has become a signatory to the UK Stewardship Code and released their first report in line with the UN PRI principles.

Further information can be found in the Investec Group's 2022 sustainability report.

Inclusion and diversity

The Committee monitored the Group's compliance with the South African Broad-Based Black Economic Empowerment (B-BBEE) Act, and considered its empowerment rating.

We maintained a level 1 B-BBEE rating, with improved scores achieved in respect of ownership, management and control, skills development, enterprise development and consumer education.

The Committee continued to focus on equity and inclusion, and oversaw the developments made in regards to the targets outlined in our revised employment equity plan.

The Group made further progress with our transformation initiatives and employment equity targets, and remains committed to creating an inclusive environment where all our employees can thrive. The primary focus of the revised plan is on transforming our leadership and decision-making forums. The Group has also launched a disabled leadership programme in partnership with the National Institute for the Deaf.

The Committee monitors the Group's progress with respect to gender and diversity targets. The gender pay gap in our UK Bank and Wealth & Investment businesses has reduced for the fourth consecutive year, with planned strategies and actions to drive the increase of female representation at senior levels. The Group is a signatory to the Women in Finance Charter and a member of the 30% Club in South Africa and the UK. We are pleased that the representation of women in leadership positions continues to increase annually.

In the past year, we signed up to the Race at Work Charter (UK), and published our first ethnicity pay gap results for our UK Bank and Wealth & Investment businesses.

The UK pay gap reports and South African labour report are available on our website.

Governance

The Committee welcomed the introduction of ESG performance measures for our Executive Directors' remuneration. These measures are based on the Group's scores on certain independent ESG ratings, which were considered to collectively reflect progress made in all areas of ESG. Read more on page 30 of the Investec Group's 2022 remuneration report.

Stakeholder engagement

The Group has continued to enhance our engagement with stakeholders on sustainability matters. This included discussions with the UK Prudential Regulation Authority in respect of the risk and opportunities associated with climate-related matters, engagement with the SARB on the completion of a climate stress scenario and meetings with our institutional shareholders.

Read more on pages 28 to 35 of the Investec Group's 2022 integrated and strategic annual report.

Role and responsibilities

The role of the Committee is to:

- Ensure that the Group promotes social and economic development
- Oversee the Group's sustainability and climate-related policies, processes and response to climate-related matters
- Monitor the Group's standing in terms of the goals and purposes of the UN Global Compact's 10 principles, as well as our priorities in terms of the UN SDGs
- Observe the Group's behaviour as a corporate citizen, including its contribution to the development of our communities
- Monitor the Group's standing in terms of the goals and purposes of the South African Employment Equity Act, and the South African B-BBEE Act
- Oversee the Group's ethical business practices.

The Committee's terms of reference can be found on our website.

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. The Committee is also attended by key business leaders in the Group. This, and the Committee's interaction with the DLC ESG Executive Committee, support the continued integration of sustainability matters across the Group.

Details of individual attendance at the meetings held during the year are set out on page 97. More information on the skills, knowledge and experience of the Committee members can be found on pages 109 to 111 of the Investec Group's 2022 integrated and strategic annual report.