

# Governance





## DLC NOMINATIONS AND DIRECTORS' AFFAIRS COMMITTEE REPORT



## A strong and effective Board is central to the delivery of the Group's strategy.

**Philip Hourquebie**  
Chair

### Introduction

The DLC Nominations and Directors' Affairs Committee (Nomdac or the Committee) champions the Group's long-term success through its focus on people and corporate governance matters. This report details the role of the Committee and the important work it has undertaken during the year. The role of the Committee remains vital in ensuring that the Group has a strong, value-adding and effective Board, with a diverse range of skills and perspectives. The Committee also ensures there is a high-quality Executive and senior management team in place, focused on the long-term and enabling the Group to deliver on Group strategy, and its purpose of creating enduring worth for all of our stakeholders.

### Role and responsibilities

The role of the Committee is to:

- Consider succession plans for the Board, Executive and senior management
- Monitor the talent pipeline for Executive and senior management and initiatives to develop internal and external capability
- Review the background, knowledge, skills, experience and diversity of the Board
- Monitor compliance against corporate governance guidelines and the Board Diversity Policy

- Review the size, structure and composition of the Board and Board Committees
- Oversee the Board effectiveness review.



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

### Board and Board Committee changes

As mentioned in the introduction to the Governance report on pages 143 and 145 of the Investec Group's 2024 integrated and strategic report, there have been a number of changes to the Board and its Committees.

In March 2024, we announced the appointment of Diane Radley as an independent Non-Executive Director. Diane has been identified as the successor to Zarina Bassa and will assume the role of Chair of the Investec Group Audit Committees when Zarina steps down from the Board and IBL and IBP Boards at the AGM in August 2024, having reached nine years of service with the Group in November 2023.

As indicated in last year's report:

- Richard Wainwright and Ciaran Whelan did not stand for re-election at the 2023 AGM, and stepped down from the Board in August 2023
- Khumo Shuenyane, who reached nine years of service with the Group in August 2023, did not stand for

- re-election at the 2023 AGMs of the Group and IBL, and stepped down from the Board and IBL Board in August 2023. I succeeded Khumo as Chair of the IBL Board, with Nicky Newton-King succeeding Khumo as Chair of the DLC Social & Ethics Committee (SEC).

### Succession planning

During the year, we continued to focus on succession planning, with consideration given to the planned Board retirements, as detailed above and the impact of these on the membership of the Board and its committees, including oversight of the planned transition.

The Committee oversees all changes to the Board and its Committees, and our ongoing review of their size, structure and composition helps ensure that the Group maintains the appropriate mix of knowledge, skills, experience, backgrounds and diversity.



A summary of Board and Committee composition and attendance can be found on page 159 of the Investec Group's 2024 integrated and strategic report.

## DLC NOMINATIONS AND DIRECTORS' AFFAIRS COMMITTEE REPORT

### CONTINUED

### Non-Executive Director recruitment

As was the case during the previous year, Non-Executive Director recruitment has been a key area of focus, with the search for Zarina Bassa's replacement. The focus will be maintained in the coming year, with the nine-year anniversary of Brian Stevenson's appointment taking place in 2025.

Detailed candidate specifications have been agreed. These reflect the skills, experience and personal qualities required for the Board going forward, and take into account the needs of the Board, its committees and the business, as well as planned Board retirements.

During the last year, we focused on identifying candidates with the requisite skills, knowledge, and experience to replace Zarina Bassa and serve on the Investec Group Audit Committees.

An independent executive search firm, Dreyton Glendower, was appointed to support our search for Zarina's replacement, with diversity of background and opinion at the forefront of that search. The firm does 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.

The Committee held several discussions on potential candidates, assessing the credentials and suitability of each individual against the qualities and capabilities set out in the candidate specifications. Following a formal and rigorous process, Diane Radley was identified as the preferred candidate and was appointed to the DLC Board effective 6 March 2024. Diane will serve as Chair of the Investec Group Audit Committees when Zarina steps down in August 2024. To ensure due consideration is given to suitable potential candidates who would enhance the effectiveness of the Board, the Committee continues to review the recruitment priorities and give further consideration to the desired skills and experience of potential candidates.

### Board diversity

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 our stakeholders.



Read more on Board diversity in the Investec Group's 2024 sustainability report available on our website [www.investec.com](http://www.investec.com)

Diversity is taken into account when considering the succession plans and appointments of Board members, Executives and senior management, as well as more broadly across the Group.

The Committee maintains a Board Diversity and Inclusion Policy which sets out the approach to diversity of the Board and provides high level indication of the Board's approach.

### Board effectiveness review

The Committee oversees the review of Board effectiveness, and assesses the feedback from the evaluation process. The 2023/24 review was internally facilitated by Company Secretarial.



Full details are provided on page 165 of the Investec Group's 2024 integrated and strategic annual report.

### Governance

The Group applied the UK Corporate Governance Code and the South African King IV™ for the financial year ending 31 March 2024.



The statements of compliance may be found on pages 150 and 152 of the Investec Group's 2024 integrated and strategic annual report.

### Committee composition

We welcomed Nicky Newton-King as a member of the Committee, following her appointment as Chair of the DLC SEC.

Khumo Shuenyane stepped down as a member of the Committee on retiring from the Board in August 2023.

Zarina Bassa will step down as a member of the Committee on retiring from the Board in August 2024, at which time Diane Radley will join the Committee.

### 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 Chairs of the IBP Board and IBL Board.

The Group Chief Executive also attends meetings as appropriate.

The Committee is mandated by the IBL Board to be the Nominations and Directors' Affairs Committee for IBL.

It was accordingly agreed that the IBL Board is appropriately represented.

There are currently three IBL Board members serving on the Committee.

Details of individual attendance at the meetings held during the year are set out below.

Members	Meetings attended / Eligible to attend
Philip Hourquebie (Chair)	6/6
Henrietta Baldock <sup>1</sup>	5/6
Zarina Bassa	6/6
Vanessa Olver	6/6
Brian Stevenson	6/6
Nicky Newton-King <sup>2</sup>	3/3
Khumo Shuenyane <sup>3</sup>	2/2

1. Away on business: Where a Director is unable to attend a meeting, they receive papers in advance and have the opportunity to provide comments to the Chair.
2. Nicky Newton-King was appointed as a member of the Committee on her appointment as Chair of the DLC SEC on 3 August 2023.
3. Khumo Shuenyane stepped down as a member of the Committee on 3 August 2023.

### Looking Forward

#### 2024/25 Focus areas

- Oversee the succession plan for the Board, Executive and senior management including the IBL CEO transition.
- Conduct a recruitment process for potential new Board members, given planned Board retirements
- Monitor progress made with respect to the Board action plan identified following the 2023/24 Board effectiveness review
- Oversee the 2024/25 external Board effectiveness review



More information on the skills, knowledge and experience of the Committee members can be found on pages 146 to 149 of the Investec Group's 2024 integrated and strategic annual report.

#### Philip Hourquebie

Chair, DLC Nomdac  
24 June 2024

## DLC NOMINATIONS AND DIRECTORS' AFFAIRS COMMITTEE REPORT CONTINUED

### What we did in 2023/24

#### Board suitability

In order to provide assurance that the composition of the IBL and DLC Boards were appropriate and in line with internal procedures and regulatory guidance, the suitability assessment of the Boards was conducted in July 2023, with the Committee reviewing the feedback during the last financial year. A skills matrix has been developed for the annual assessment of the individual suitability of each Director and the collective suitability of the Boards. Further to the suitability review, the Committee concluded that the Board was suitably skilled.

#### Non-Executive Director succession planning

Succession planning remained a key focus for the Committee in 2023/24.

We further developed our succession plan for Non-Executive Directors, which includes step in succession plans, medium-term planning (orderly refreshing of the Board and its Committees) and long-term planning (looking ahead to the skills that may be required on the Board and its Committees in the future).

As indicated above, we started our search for Zarina Bassa's replacement and engaged Dreyton Glendower to assist with the recruitment.

#### Executive and Senior Management succession planning and talent management

The Committee also continues to consider the overall health of the executive talent pipeline, together with detailed succession planning for Executive and senior management.

During the year, the Committee discussed proposed changes to Executive and senior management, as part of the implementation of our Executive succession plan.

We regularly review the existing internal pipeline of candidates for immediate and medium- to longer-term movement into key leadership and functional roles. This process is subject to routine challenge to ensure that we understand the breadth of internal potential as well as the experience and expertise offered by external talent pools.

Additional engagement with future leaders is facilitated through presentations at Board meetings, business-led sessions and conferences.

#### Induction and training

The Chair, supported by the Committee, leads the training and development of directors. On appointment, each Director receives a formal and tailored induction, which is supported by an ongoing development programme.

New Non-Executive Directors receive a tailored induction programme that focuses on the Group's purpose, values and culture, strategy, structure, operations and governance, risk and compliance. The programme also takes account of the specific role that the director has been appointed to fulfil and their skills and experience to date. An induction pack is provided, and meetings scheduled with the Board and appropriate management.

A comprehensive development programme operates throughout the year, with both compulsory computer-based training, and in person training sessions offered across a range of topics, including:

- Technology/Digital challenges and innovation
- Generative AI
- UK regulatory updates
- ESG
- Market risk

Directors who take on new roles or change roles during the year attend induction meetings in respect of those new roles.

#### Time commitment

The expected time commitment of the Chair and Non-Executive Directors is agreed on appointment. Consideration is given to an individual's capacity to take on the role, based on an assessment of existing external commitments and demands on time. Any changes, such as additional external appointments which could impair the ability to meet the above, can only be accepted following approval by the Chair and Group Chief Executive.

### 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 requirement is supported by the Committee's annual review of the register of Directors' interests. Additionally, the Board and its Committees consider conflicts of interest at the beginning of every meeting.



Further details of our Conflicts of Interest Policy can be found on page 167 of the Investec Group's 2024 integrated and strategic annual report.

The annual review of the register of Directors' interests informs the 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.



Read more in the Board report on page 156 of the Investec Group's 2024 integrated and strategic annual report.

#### Director re-appointment

All Non-Executive Directors undertake an initial term of three years subject to annual re-election by shareholders. The term can be extended but consistent with best practice, does not exceed nine years unless defined circumstances are deemed to exist, and subject to approval from the South African Prudential Authority, in accordance with directive 4/2018 (matters relating to Sound Corporate Governance).

In recommending Directors for election and re-election at the AGM, the Committee 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, independence and any potential conflicts of interest that have been disclosed. The external roles held by all Directors were considered to be appropriate.

## DLC NOMINATIONS AND DIRECTORS' AFFAIRS COMMITTEE REPORT CONTINUED

### Corporate Governance

During the year the Committee reviewed the Group's corporate governance framework and associated processes. This included a comprehensive review of the Investec Reserved Matters for the Board, IBL Board, IBP Board and IW&I International Board, and the Committee continued to review during its ongoing implementation.

We have also made certain improvements to further support the connectivity between the Board and the Boards of the Group's principal subsidiaries. Building upon our model of the Chairs of our Board Committees, also being members of the respective subsidiary Board committee, and the chairs of the subsidiary Boards being members of the Group Board, we have introduced regular reports from the Group Chief Executive to the Boards of the Group's principal subsidiaries, and established a regular Directors' Conference. The Directors' Conference is designed to foster social cohesion and strategic alignment across the boards, with invitations extended to the Directors, Executive leadership and senior management of the Group and its principal subsidiaries.

As part of our broader governance responsibilities, the Committee also considered regular updates on developments in corporate governance, in particular the revisions to the UK Corporate Governance Code. The Committee continues to monitor potential future developments in the UK and South Africa and elsewhere to ensure that the impact of any proposed governance and regulatory changes on the Group and its operations is considered.

## DLC SOCIAL AND ETHICS COMMITTEE REPORT



Prioritising purpose, inclusivity, and a strong culture is essential for any organisation that seeks to maximise productivity and create enduring worth.

**Nicky Newton-King**

Chair of the DLC SEC

## Introduction

I am pleased to present the Investec DLC Social and Ethics Committee report for the financial year ended 31 March 2024. This report reflects the Group's commitment to ethical conduct, social responsibility, and environmental sustainability across its business activities.

The Social and Ethics Committee consists of three independent Non-Executive Directors and the Group Chief Executive. Committee discussions are additionally strengthened by the contribution of the Group Chair and a number of senior executives from across the Group. The range of experience within the Committee's composition ensures robust consideration of topics as diverse as sustainability practices, human rights, labour practices, consumer protection, anti-corruption, and community involvement. The Committee's composition complies with the requirements of the South African Companies Act. The attendance and participation at Committee meetings of senior executives from across the Group also ensures that sustainability-related matters are integrated more deeply into the Group's operations. Moreover, the Committee is well versed in the work of the Transformation Committee, the Employment Equity Forum, and the Workforce Engagement Forum to ensure that belonging, inclusion and diversity are addressed across the Group as a whole.

We invite you to read the full report and provide us with your feedback. We value your input and support in the journey towards creating a positive impact for the Group's stakeholders and for society at large.

## Role and responsibilities

The role of the Committee is to:

- Ensure that the Group promotes environmental, social and economic sustainability
- Oversee the Group's climate and nature-related policies, processes and response to climate and nature-related matters
- Oversee the Group's behaviour as a corporate citizen, including its contribution to the development of the communities in which it operates
- Monitor the Group's standing in terms of the goals and purpose of the South African Employment Equity Act, and the South African Broad Based Black Economic Empowerment (B-BBEE) Act
- Oversee the Group's initiatives to ensure ethical behaviour and business practices
- Oversee the Group's reputation management
- Fulfil the statutory requirements of a Social and Ethics Committee as stipulated by the South African Companies Act.



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

## Membership and attendance

On 03 August 2023, following nine years of service, Khumo Shuenyane stepped down from Investec's Boards and Committees. I would like to express my sincere gratitude to Khumo as well as my respect for his leadership and dedication. He has been a great colleague and friend, and we will miss his insights and wisdom at Group level, but also specifically at this Committee. I wish Khumo all the best for his future endeavours.

We have not filled the vacancy on the Committee following Khumo's departure. We are confident that we have a strong and diverse team of Directors who will continue to oversee the interests of the Group's stakeholders and the sustainability of the Group's business. In due course, we may look to add another member to the Committee, specifically to reflect on developments in the Group's business outside South Africa.

## DLC SOCIAL AND ETHICS COMMITTEE REPORT CONTINUED

Attendance for the year was as follows:

Members	Meetings attended / Eligible to attend
Khumo Shuenyane <sup>1</sup>	1/1
Morris Mthombeni <sup>3</sup>	3/4
Nicky Newton-King <sup>2</sup>	4/4
Jasandra Nyker	4/4
Fani Titi <sup>3</sup>	3/4

1. Khumo Shuenyane stepped down as the Chair on 03 August 2023.
2. Nicky Newton-King took the role of Chair on 03 August 2023
3. Away on business: Members of the Committee receive reports even when they are not able to attend meetings and provide their feedback through the Chair as necessary



Further details regarding the experience of members can be found in their biographies on pages 146 to 149 of the Investec Group's 2024 Integrated report.

### Sustainability (including climate, nature and ESG)

The Group has strong sustainability credentials within the industry. This stems from its long-standing recognition of the significance of sustainability in creating long-term worth for its business and stakeholders.

With sustainability gaining greater prominence, clients are actively seeking out sustainable practices. This shift has driven the momentum behind sustainable finance, making it a growing aspect of client requirements. Consequently, significant attention across the Group has been focused on the development of the Sustainable and Transition Finance Classification Framework (published as part of this reporting suite) which will guide future business activities as the Group drives towards its ambition to achieve Net Zero by 2050. This involved a detailed process of testing and improving the sustainability related data and strategic commitments across the banking subsidiaries in the Group, while also bearing in mind the distinct regulatory and just transition requirements in the two key jurisdictions in which the Group operates.

The Group expects to publish sustainable finance targets before the end of 2024. Both the Framework and the targets will form important aspects of the new remuneration policy that will be presented to shareholders at the AGM later this year.

In line with this increased focus on sustainable finance, the Group has obtained a €500k grant from Proparco to enhance technical sustainable finance capacity in its South African operations. This is being used to enhance the knowledge within the business regarding climate finance and for advisory services within the operations in South Africa.

The Committee is keeping a watchful eye on regulatory developments around sustainability disclosures, including the recently published recommendations by the South African Prudential Authority during 2023 and those in IFRS S1 and S2. The Group expects to be able to comply with these recommendations when they become mandatory. This year, the Group carried out a double materiality assessment as guided by the European Commission's Corporate Sustainability Reporting Directive (CSRD). Insights from that assessment will be addressed in the coming financial year.



Further information can be found in the Investec Group's 2024 sustainability report.

### Social

The Group has spent considerable time and energy further underlining its goal as a purposeful organisation, recognising that a clear sense of purpose provides direction and motivation for staff to drive lasting value.

The Committee has focused on reviewing workforce developments to ensure consistency across the Group, an important quality given the multiple jurisdictions within which the Group operates. The Group's strong belief is that prioritising its purpose of creating enduring worth for all its stakeholders, inclusivity and a strong culture, are key differentiators in enabling the Group to attract and retain top talent and deliver lasting outcomes to clients and shareholders.

The Group's B-BBEE rating improved from level 2 to level 1 during the year, a position to which the Group is committed.

The Group expects to achieve its targets in the current Employment Equity Plan, which is due to conclude on 31 December 2024. The proposed amendments to the Employment Equity Act regulations published in February 2024, will impact sectoral numerical targets. As a result, the process of creating the Group's new Employment Equity Plan, has started. The new Plan and associated targets will in due course be reviewed by the Committee.

During the year, the Group underwent a Director General Review by the Department of Employment and Labour in SA. The subsequent recommendations have been addressed to the satisfaction of the Department. In the UK, the FCA is consulting on target setting for diversity representation and the Committee is monitoring developments in this regard. That said, the UK business shows impressive gender diversity at senior leadership levels. The Committee had a good discussion on global developments which in some jurisdictions outside of Investec's key operating jurisdictions, seemed to be rolling back focus and commitment to diversity, belonging and inclusion and confirmed the Group's deep commitment to diversity and building an organisation in which all staff feel they belong.

The Committee has reviewed and approved numerous policies and practices to support the Group's commitments to the United Nations Global Compact and the UK Modern Slavery Act 2015. The Modern Slavery Act Statement for Investec plc entity and a Group Modern Slavery statement, are both available on the Investec website.



Refer to [www.investec.com](http://www.investec.com) for Investec plc Modern Slavery Act Statement and the Group Modern Slavery Act statement.

## DLC SOCIAL AND ETHICS COMMITTEE REPORT CONTINUED

### Governance

Sustainability is becoming an increasingly important aspect of discussions with the Group's shareholders. In this regard, the Committee has been working with the DLC Remuneration Committee on the selection of appropriate sustainability-related Key Performance Indicators (KPIs) for the 2024 remuneration policy, which will be presented to shareholders at the AGM in August 2024.

The Group is rolling out an introductory sustainability learning module to ensure that all employees gain a thorough understanding of how sustainability issues impact Investec. The Group's commitment to sustainability leadership is exemplified by the participation of members from our Group Executive Team, including the Group Chief Executive, in a five-day training programme on sustainability leadership for executives delivered by INSEAD. The impact of Group-wide learning is evidenced by the extensive support for the development of the Sustainable and Transition Finance Framework, as well as by the level of engagement from across the Group in this Committee's activities.

The Committee engaged in an extensive discussion on the ethical implications of using Generative Artificial Intelligence (Generative AI) in the business and will be watching developments both within Investec as well as more broadly.

The issue of account closure by banks has featured in both SA and UK media (although not in relation to Group practices). The Committee invested considerable time in understanding the extensive processes undertaken across the Group before client accounts are closed. The Committee will review developments in this regard from time to time.

The Committee discussed the executive management's response to key reputational risk issues throughout the year, noting the detailed attention given to them.

Finally, given the background of national elections in SA and the UK, the Committee discussed the appropriate positioning of political party funding by the Group. While there is no political party funding in the UK, in SA the Group provided support to non-aligned institutions which advance the democratic process.

### Stakeholder engagement

The Group's engagements with its numerous stakeholders are managed in different ways and at different levels in the organisation.

Overall, the Committee believes that the Group has established suitable relationships with its main stakeholders. In the coming financial year, the Committee will assess how the Group's purpose affects each stakeholder group and discuss how to enhance the outcomes.

The recently concluded double materiality assessment to identify and assess the Group's most significant impacts, risks and opportunities has generated a good understanding of the sustainability topics that are material to key stakeholders. This has provided an excellent basis for future discussions at the Committee, with stakeholders and across the business.

I close by thanking my Committee members as well as the Group executives and staff for their engagement with the Committee's mandate. Our discussions are becoming richer and more meaningful which I very much expect will benefit the Group's sustainability journey.



**Nicky Newton-King**  
Chair, DLC SEC  
24 June 2024

## DLC SOCIAL AND ETHICS COMMITTEE REPORT CONTINUED

### What we did in 2023/24

#### Sustainability (including climate, nature and ESG)

The Committee recognises the importance of sustainability matters in creating long-term value for all of our stakeholders and contributing meaningfully to our people, communities and the planet. We monitor climate change as an emerging risk through the DLC BRCC.

Over the course of the year, the Committee reviewed many matters, including:

- Progress following the commitment made to achieving net-zero carbon emissions by 2050, as part of the net-zero banking alliance, and processes to enhance our scope 3 emissions reporting with refined assumptions and systems automation
- The enhanced sustainable and transition finance framework
- Review of the Group Modern Slavery Statement and the Group fossil fuel statement while continuing to be mindful of the need for alignment, considering the differences in the energy landscape in SA and the UK
- Our sustainability strategy framework and policy
- An update on the business initiatives designed to support our clients in their participation in the transition
- Our reporting readiness considering the increased sustainability reporting developments internationally
- The outcomes of the double materiality assessment which is disclosed in the Investec Group's integrated and strategic annual report 2024
- Transactions that were of high concern from an ESG risk perspective and confirming management alignment to the outcomes
- The latest ESG ratings and changes in ratings methodologies.

In addition we:

- Discussed our enhanced sustainable and transition finance classification framework and the linkage of a sustainable finance target to executive remuneration

- Received an update on Investec Wealth & Investment International's integration of ESG in their investment processes and philosophies reflecting their approach to ensuring continuity and consistency in their ESG integration and stewardship function.

#### People

Our purpose-led culture is our strategic differentiator. As a culture-driven organisation, our values and philosophies must underpin and inform people's conduct. With this in mind, the Committee reviewed:

- Progress towards employment equity plans
- The SA political party funding policy which led to the funding political parties being replaced by a focus on supporting NGOs that were encouraging people to vote and on providing electoral education to society
- Our progress made on purpose and values within the organisation
- Our wellbeing offering to employees, noting an emphasis on extending this offering to include a specific focus on mental health that coincided with the world mental health awareness day on 10 October 2023
- Ongoing culture conversations and the continuous work regarding culture, including what that looks like post the Rathbones' transaction, post COVID and the return to office. There was a focus on the speed of execution in the context of an entrepreneurial environment
- Our progress with respect to gender and diversity targets.



Refer to [www.investec.com](http://www.investec.com) for our UK pay gap reports.

Belonging, inclusion and diversity (BID) remained a key area of discussion including issues such as the incorporation of neurodivergence into the BID spectrum. Trends and debates in BID were reviewed setting out the BID strategy, ecosystem, learning programmes, the current diversity reporting landscape, emerging global trends and debates and our response to those trends and debates.

The priorities of the strategy included consultative forums in both the UK and South Africa, chaired by individuals with a seat on the relevant management forum. This ensures senior level commitment, increasing the representation of underrepresented groups in senior roles and decision-making forums and entrenching the culture of belonging. Based on our cultural positioning that encourages employees to bring their whole, authentic self to work, our key focus areas for 2023/24 were:

- Purpose and values
- Considering global alignment wherever possible for all policies, procedures, and practices
- Leadership development to promote belonging, inclusion, and diversity
- Enhancing existing BID networks, including the gender balance, multicultural, pride and, young minds networks, and the EE forum
- Raising awareness of disabilities
- Continuing to work on making decision making forums and senior management more representative as part of our EE plan initiatives.

#### Community initiatives

Our community initiatives reflect our commitment to making a positive social impact and promoting education, skills development, and community engagement. The Committee is aware of several Corporate Social Responsibility initiatives across the Group including:

- YES programme: We have actively participated in the YES (Youth Employment Service) programme, which aims to provide work opportunities for young individuals and empower them with valuable skills and experience. The feedback highlighted that the key areas of impact are IT, tourism and conservation, artisanal skills, education and energy infrastructure. We have effectively merged our learnership model with our YES commitment to make a greater impact. Our focus is on providing promising YES interns with formal learnership opportunities following completion of their YES internship. This allows them to gain an accredited qualification. As part of our broader YES strategy, we sponsor learnerships with the Artisan Development Academy and ORT SA Cape. We reaffirmed our future commitment to the programme.

## DLC SOCIAL AND ETHICS COMMITTEE REPORT CONTINUED

- Promaths: We continue to support the Promaths initiative, which focuses on improving high school learner performance in mathematics and science, increasing their chances of obtaining university admission and university bursaries or scholarships
- University academic support programmes: We partner with universities to enable student access and support student academic performance through various university preparation initiatives, extended study programmes and academic support offerings
- Staff volunteerism: We encourage our employees to actively participate in volunteering activities, contributing their time, skills and in some instances money to various community projects and initiatives
- Teacher internship partnership: We continue to partner with the Department of Basic Education and the Independent Schools Association of Southern Africa (ISASA) to provide teacher internships. This collaboration aims to enhance the quality of education by providing aspiring teachers with practical training and mentorship opportunities.

### Governance

The Committee is responsible for monitoring the Group's activities having regard to any relevant legislation, other legal requirements, or prevailing codes of best practice. As such the Committee reviewed matters including:

- Reputational risk reports with a focus on new developments and policies regarding the termination of client relationships in response to reputational risk concerns associated with those clients
- Matters arising from the ethics and whistle blowing reports
- Material conduct breaches, noting that disciplinary processes were followed to address the issues identified.

The Committee noted that the existences of well established policies and governance processes across both jurisdictions around client onboarding and terminations, and that enhancements to ensure better alignment across the Group were being reviewed by the business.

### Stakeholder engagement

The Committee appreciates the importance of meeting the diverse needs and expectations of all the Group's stakeholders and building lasting relationships with them. Effective communication and stakeholder engagement are integral in building stakeholder value. The Committee therefore reviewed:

- Stakeholder relationships reports, noting that there is a greater focus on the just transition, the expansion of natural capital and biodiversity expectations, and the expectation of impact driven engagements going forward
- Key themes in stakeholder engagement, as well as an increase in the levels of stakeholder engagement. It was noted that the business was well positioned despite the tough economic environment raising an expectation that clients might experience difficulties. In the UK, although, impairments had increased, no real stakeholder concern was identified
- The outcomes of the double materiality assessment which highlighted our most significant impacts, risks and opportunities. This assessment was prompted by the emergence of new regulations, specifically the CSRD.

### Looking ahead

#### 2024/25 Focus areas

- Support and monitor the advancement of the Group's purpose driven initiatives
- Contribute to the setting of a sustainable finance target for the Group and performance against this target
- Monitor the response to the double materiality assessment completed in 2024
- Monitor progress in managing the Group's Scope 3 emissions from its lending and investing activities
- Monitor the setting of the new Employment Equity targets and Belonging, Inclusion and Diversity initiatives across the Group
- Monitor the establishment of the Group's approach to communities, to enable the Group to leverage its involvement for maximum impact.

## DLC AUDIT COMMITTEE REPORT



## High quality audit and assurance services are essential for trusted financial information.

### Zarina Bassa

Chair of the DLC Audit Committee

### Introduction

I am pleased to present the DLC Audit Committee (the Committee) report for the financial year ended 31 March 2024 which provides details on how we accomplished our statutory obligations, as well as the Key Audit and Other Matters we considered.

The Committee has further discharged its responsibilities and provided assurance on the integrity of the 2024 annual report and financial statements.

### Role of the Committee

We provide independent challenge and oversight across the Group's financial reporting and internal control practices.

The Board has delegated the following key functions to the Committee:

- Overseeing and ensuring the integrity of the Group's financial reporting process. This includes additional scrutiny of the accounting for significant transactions and assessing the impact and cause of restatements of prior year financial statements
- Satisfying itself that significant judgements made by management during the Group's financial reporting process are sound and reasonable
- Dealing with concerns, if any, from outside the Group regarding the application of accounting principles and external reporting
- Review the effectiveness of the Group's internal control environment and assurance processes

- Managing and overseeing the performance, conduct, quality and effectiveness of the Group's internal audit functions
- Reviewing the annual work plan, capacity, scope and staffing and independence of internal audit
- Overseeing Group compliance functions
- 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 audit scope, fees, quality control, effectiveness and independence of the external audit function
- Managing the policy, fees and the nature of non-audit services provided by the external auditors
- Managing the appropriateness of the design and effectiveness of the combined assurance model which incorporates the various disciplines of Risk Management, Operational Risk, Legal, Regulatory, Compliance, internal audit, external audit and other assurance providers
- Oversight of the processes in the Group that culminate in the Group Chief Executive (Group CE) and Group Financial Director (Group FD) control attestation to the JSE.



The Committee's terms of reference can be found at [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 skills, competency and experience requirements as determined by the DLC Nomdac.

The members continuing independence, as well as their required skill, competencies and experience is assessed annually.

Philisiwe Sibiyi has not made herself available for re-election to the Board at the August 2024 AGM, in order to focus on her own businesses.

In March 2024, Diane Radley was appointed to the Committee following her appointment as a Non-Executive Director to the DLC Board. Following my retirement at the August 2024 AGM, Diane will assume the role of Chair of the Committee.



Further details of the experience of the members can be found in their biographies on pages 146 to 149 of the Investec Group's 2024 integrated and strategic report.

The Group CE, Group FD, Group Chief Operating Officer (Group COO), Group Chief Risk Officer (Group CRO), Heads of Internal Audit, Chief Compliance Officers and representatives from the joint external auditors are invited to attend all meetings. Other members of management, including Tax and business unit heads, are invited to attend meetings to provide the Committee with greater insights into specific issues or areas of the Group.

**DLC AUDIT COMMITTEE REPORT**  
CONTINUED

The Chair has regular contact with the Group Executive Team to discuss and gain broader insight on relevant matters directly.

The internal and external auditors have direct access to the Chair, including closed sessions with the Committee without management present, on any matter that they regard as relevant to the fulfilment of the Committee's responsibilities.

Members	Meetings attended / Eligible to attend
Zarina Bassa (Chair)	11/11
Vanessa Olver	11/11
Diane Radley <sup>1</sup>	1/1
Philisiwe Sibiyi	11/11

1. Diane Radley was appointed as a member of the Committee effective 06 March 2024

**Structure of the Investec Group 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. It 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, Investec Limited Board, Investec Wealth & Investment International Board, Investec Bank plc Board and Investec Bank Limited Board have mandated authority to their respective audit committees to be the audit committees for the respective companies and their subsidiaries.

The Committee receives regular reports from the Group's subsidiary audit committees as part of the oversight of subsidiary audit committees.

The Chair is also the Chair of the following audit committees:

- Investec plc
- Investec Limited
- Investec Bank Limited
- Investec Bank Mauritius (IBM)
- Investec Wealth and Investment International.

The Chair is also a member of the following audit committees:

- Investec Bank plc
- Investec Life
- Investec Wealth and Investment UK (up to the date of the Rathbones transaction).

The Chair attends the following committee meetings:

- Operational Risk Committee, as a white card holder
- DLC IT Risk and Governance Committee.

**Investec Limited Operational Risk Committee**

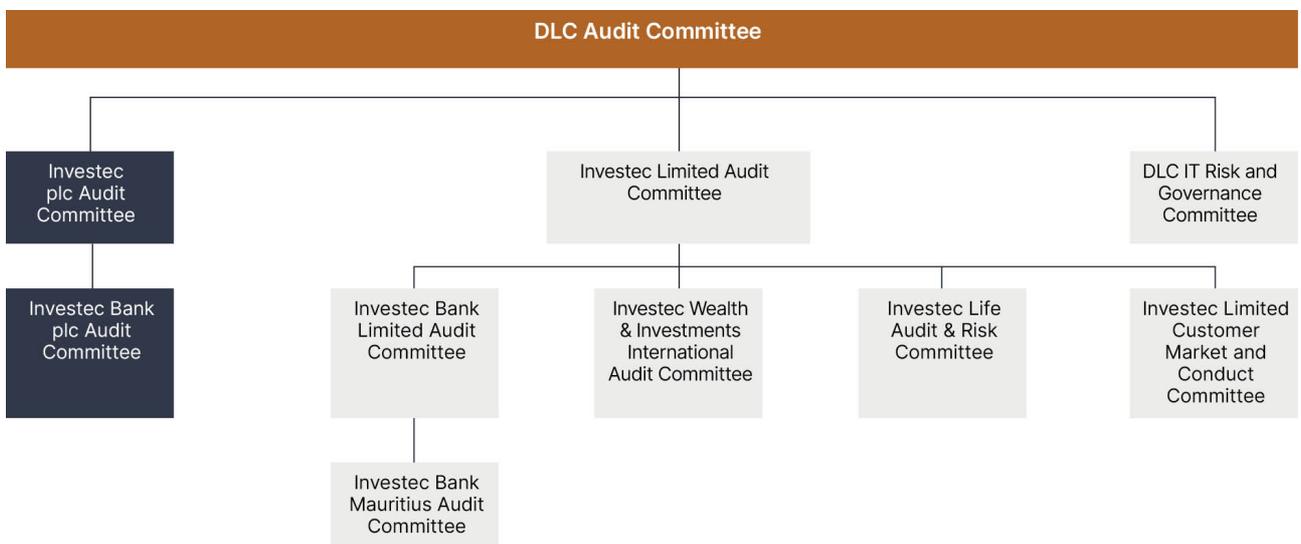
The Investec Limited Operational Risk Committee is mandated by the DLC Board Risk and Capital Committee (BRCC) to review, challenge and report matters related to operational risk. The Committee also approves and recommends operational risk policies including issues relating to non-compliance. The detailed Operational Risk reports are tabled at the DLC BRCC but the head of Operational Risk is a standard attendee at the Investec Limited and DLC Audit Committee meetings to highlight areas of concern, if any, pertaining to the internal control environment.

**The DLC IT Risk and Governance Committee**

The DLC IT Risk and Governance Committee is responsible for ensuring that technology risk management processes, investments, operations and governance, including control enhancement matters, support the purpose, values and strategic goals of the Group. The DLC IT Risk and Governance Committee reports to both the DLC BRCC and the DLC Audit Committee and is attended by the DLC Audit Committee and DLC BRCC Chairs.

**Investec Limited Customer Market and Conduct Committee (CMCC)**

The Investec Limited CMCC ensures that the best standards of market conduct, in its broadest form, are applied and monitors reports thereon. The CMCC is chaired by the Head of Compliance of Investec Limited and Investec Bank Limited and reports to the Investec Limited Audit Committee.



## DLC AUDIT COMMITTEE REPORT CONTINUED

### Areas covered by the DLC Audit Committee

#### Key audit matters (KAM)

KAM 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 or complex from an accounting or auditing perspective.

Common membership of the DLC, Investec plc and Investec Limited Audit Committees ensures that KAM 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>Expected credit losses (ECL) assessment</b></p> <ul style="list-style-type: none"> <li>• The appropriateness of the allowance for ECL is highly subjective and judgemental.</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 the appropriateness of the ECL models and approved the forward-looking macro-economic scenarios applied in the UK and South Africa</li> <li>• Reviewed and monitored the Group's calculation of ECLs, trends in staging changes, model changes, scenario updates, post-model adjustments, Significant Increase in Credit Risk (SICR), and volatility</li> <li>• Reviewed and satisfied ourselves on in-model adjustments and the release of overlays</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> <li>• Reviewed and satisfied ourselves on staging of key exposures</li> <li>• Assessed the appropriateness of the ECL model overlays maintained for emerging risks for which there was insufficient data available to model the existing credit risk. Specific consideration was given to the methodology and assumptions applied to calculate the overlay. We further evaluated the appropriateness of the releases of the ECL model overlays</li> <li>• Assessed ECL experienced against forecasts and considered whether the level of ECL was appropriate</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, in conjunction with BRCC</li> <li>• Evaluated the International Financial Reporting Standard (IFRS® Accounting Standards), as issued by the International Accounting Standards Board (IASB) 9 disclosures for relevance and compliance with IFRS® Accounting Standards</li> <li>• Evaluated the impact of ECL on the interim and annual results.</li> </ul>
<p><b>Fair value of level 3 instruments and the resulting IFRS® Accounting Standards 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 a large degree of subjectivity surrounding the inputs to the valuations and valuations methodology. 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, assumptions and valuation methodology applied and approved the valuation adjustments proposed by management for the year ended 31 March 2024</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</li> <li>• The appropriateness of the IFRS 13 disclosures regarding fair value.</li> </ul> </li> </ul>

## DLC AUDIT COMMITTEE REPORT CONTINUED

Key audit matters	What we did
<p><b>Uncertain tax provisions and other legal matters</b></p>	<ul style="list-style-type: none"> <li>• Considered potential legal and uncertain tax matters with a view to ensuring appropriate accounting treatment in the financial statements</li> <li>• Evaluated the appropriateness of the accounting and disclosures regarding the investigation by the Office of the Public Prosecutor in Cologne. This was done by having closed Committee meetings with executive management and external audit. Considered guidance from external and internal legal counsel regarding the recognition, measurement and disclosure of a provision for this matter. Refer to note 54 of the Investec Group's 2024 annual financial statements for further information</li> <li>• Received regular updates from the Group Executive, Group Tax, Group Finance and Group Legal Counsel on uncertain tax and legal matters to enable the Committee to probe and consider the matters and evaluate the basis and appropriateness of the accounting treatment</li> <li>• 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 positions as required by the International Financial Reporting Interpretations Committee (IFRIC) 23</li> <li>• Reviewed a technical memorandum prepared by management regarding the recognition, measurement and disclosure of the motor vehicle finance industry-wide investigation in the UK. Considered guidance provided by external and internal legal counsel regarding the recognition, measurement and disclosure of the provision. Refer to note 54 of the Investec Group's 2024 annual financial statements for further information</li> <li>• 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. Refer to note 54 in the Investec Group's 2024 annual financial statements.</li> </ul>
<p><b>Restatements of prior year comparative information</b></p>	<p><b>Restatement of the application of hedge accounting and the correction of the valuation of certain fair value instruments</b></p> <ul style="list-style-type: none"> <li>• It was identified that a restatement was required in respect of the application of hedge accounting (cash flow and fair value hedging) applied in prior years for certain portfolios in IBL which did not meet the requirements to apply hedge accounting under IAS 39 and that certain financial instruments were incorrectly fair valued. The Committee spent time understanding the extent of the matter, how it came about, and what needed to be done to address the matter in the financial statements and to identify and prevent any occurrences in the future</li> <li>• Held two Committee meetings with executive management and external audit to evaluate the cause and impact of the restatement</li> <li>• The Committee and management, requested the undertaking of an independent in-depth investigation to assess whether there had been any fraud, malfeasance or deliberate intent in relation to the restatement of the application of hedge accounting. The results of this investigation did not indicate this to be the case</li> <li>• Met with internal audit to consider and deliberate on the results of a specific review undertaken on the control environment of the relevant area</li> <li>• Together with the IBL and DLC BRCCs, reviewed management's analysis of the factors that gave rise to the restatement</li> <li>• Evaluated the causes of the restatements and considered their impact on the effectiveness of the Group's control environment in the current and the prior year. The Committee will ensure relevant control enhancements are implemented and the requisite resourcing is in place if required</li> </ul>

## DLC AUDIT COMMITTEE REPORT CONTINUED

Key audit matters	What we did
<p><b>Restatements of prior year comparative information (continued)</b></p>	<ul style="list-style-type: none"> <li>• Considered the impact, if any, on the control attestation made by the Group CE and Group FD as required by the JSE Listings Requirements 3.84(k). Concluded that there was no material impact on the ability of the Group CE and Group FD to make this attestation</li> <li>• Reviewed the appropriateness of the disclosure provided for the restatements. Refer to note 62 in the Investec Group's 2024 annual financial statements for further information.</li> </ul> <p><b>Other restatements</b></p> <ul style="list-style-type: none"> <li>• The Committee concluded that the other restatements predominantly related to reclassifications and gross-up/gross down of balance sheet and income statement line items or where management elected to restate to achieve better disclosure. The Committee will continue to assess the remediation plan from management to improve the classification process.</li> </ul>
<p><b>Significant transactions</b></p>	<ul style="list-style-type: none"> <li>• Reviewed the technical memorandum prepared by Group Finance regarding the accounting treatment and required disclosure for the Rathbones transaction that resulted in the deconsolidation of Investec Wealth and Investment UK (100% held subsidiary) and the recognition of a 41.25% investment in Rathbones plc. Considered and concluded on the appropriateness of the accounting treatment as a discontinued item in terms of IFRS Accounting Standards. Evaluated the appropriateness of the accounting treatment as an associate and valuation of the investment in Rathbones plc at a DLC level and Investec plc level. Considered the impact and addressed the implications of non-coterminous year-ends</li> <li>• Reviewed the technical memorandum prepared by Group Finance regarding the accounting treatment and required disclosure for the sale of the Burstone Group Limited (previously Investec Property Fund Limited) (Burstone) management function that resulted in the deconsolidation of Burstone. Evaluated the appropriateness of the Burstone investment at fair value</li> <li>• Reviewed the disclosure provided for discontinued operations for Burstone and Investec Wealth and Investment UK which were both deconsolidated. Reviewed the technical memorandum prepared by Group Finance on the application of IFRS 5 regarding discontinued operations</li> <li>• Evaluated the appropriateness of the accounting and disclosure relating to significant judgements and estimates, impairment, valuation methods and assumptions applied.</li> </ul>
<p><b>Audit firm rotation</b></p>	<ul style="list-style-type: none"> <li>• Monitored and managed the rotation of the external audit from KPMG Inc. to PricewaterhouseCoopers Inc. for Investec Limited and Investec Bank Limited</li> <li>• Following conclusion of a competitive tender process conducted in 2023, recommended to the Board the appointment of Deloitte LLP as the External Auditors of Investec plc and Investec Bank plc, and the appointment of Deloitte &amp; Touche as the second new auditor, along with the re-appointment of PricewaterhouseCoopers Inc. as the joint external auditors of Investec Limited and Investec Bank Limited for the financial year ending 31 March 2025</li> <li>• Managed the process and oversaw the commencement of the shadow audit process by Deloitte &amp; Touche and Deloitte LLP of the Investec Limited and Investec plc 2024 financial year audit</li> <li>• Monitored the non-audit services performed by Deloitte LLP and Deloitte &amp; Touche during the shadow audit process</li> <li>• Oversaw the allocation of non-audit work to the respective audit firms to ensure that there were no breaches of independence.</li> </ul>

## DLC AUDIT COMMITTEE REPORT CONTINUED

### Other matters considered by the DLC Audit Committee

The Committee considered the following matters during the year:

Other matters	What we did
<p><b>Going concern and the viability statement</b></p>	<ul style="list-style-type: none"> <li>• Considered reports on the Group's budgets, forecasts, profitability, capital, liquidity and solvency and the impact of legal proceedings, if any, on both going concern and the three-year Viability Statement</li> <li>• Considered the results of various stress testing analyses based on different economic scenarios and the possible impact on the ability of the Group to continue as a going concern</li> <li>• Considered the impact of strategic corporate actions on the capital plans and the three year Viability Statement</li> <li>• Noted the Investec Bank plc Viability Statement as recommended for approval by the Investec Bank plc Audit Committee to the Investec Bank plc Board.</li> <li>• Recommended the approval of the going concern assumption and the Group Viability Statement underlying the annual financial statements to the DLC Board.</li> </ul>
<p><b>Information technology systems, cyber security and controls impacting financial reporting</b></p>	<ul style="list-style-type: none"> <li>• Received and reviewed reports in respect of IT systems, cyber security and controls impacting financial reporting</li> <li>• Received regular reports from internal audit on the effectiveness of IT controls tested as part of the internal audit process</li> <li>• Considered broader IT and Governance matters, including security, control improvements, IT strategy and operations through attendance by the Audit Committee and BRCC Chairs at the DLC IT Risk and Governance Committee</li> <li>• Since 2015, Investec has been using Targeted Attack Simulations (TAS) to understand our cyber risk exposure and evaluate the adequacy of our security controls</li> <li>• Met with IT external auditors to discuss the results of the audit of IT systems and controls.</li> </ul>
<p><b>External audit and audit quality</b></p>	<ul style="list-style-type: none"> <li>• Monitored and managed the rotation of the external audit from KPMG Inc. to PricewaterhouseCoopers Inc. for Investec Limited and Investec Bank Limited</li> <li>• Managed the relationship with the external auditors, Ernst &amp; Young LLP, Ernst &amp; Young Inc. and PricewaterhouseCoopers Inc.</li> <li>• Considered the external audit report on the review performed on the interim results and the audit performed on the annual results</li> <li>• Met with key partners of Ernst &amp; Young LLP and Ernst &amp; Young Inc. (auditors of DLC), Ernst &amp; Young LLP (auditors of Investec plc) and Ernst &amp; Young Inc. and PricewaterhouseCoopers Inc. (auditors of Investec Limited) prior to every Audit Committee meeting to discuss the 2023/24 audit plan, key areas of focus, findings, scope and conclusions</li> <li>• Obtained feedback from the cross-reviews performed between the joint firms at an Investec Limited level, and by the DLC team across a DLC level</li> <li>• Pre-approved all non-audit services provided by external audit and confirmed the services to be within the approved non-audit services policy</li> <li>• Discussed external audit feedback on the Group's critical accounting estimates and judgements, restatements and the control environment</li> <li>• Approved the external audit plan, audit fee and the main areas of focus</li> <li>• Assessed the independence and objectivity of the external auditors</li> </ul>

## DLC AUDIT COMMITTEE REPORT CONTINUED

Other matters	What we did
<p><b>External audit and audit quality (continued)</b></p>	<ul style="list-style-type: none"> <li>• Received updates from the external auditors on the audit of the Annual Financial Statements (AFS) of the Group including the Summary of Audit Differences for the year ended 31 March 2024. The Committee ensured that it was comfortable that the level of unadjusted audit differences were within tolerable error for both actual and judgemental differences and that there was no bias towards over or understatement</li> <li>• Noted and reviewed the unqualified independent audit report in relation to the Group</li> <li>• Met separately with the leadership of Ernst &amp; Young Inc., Ernst &amp; Young LLP and PricewaterhouseCoopers Inc. to discuss Independent Regulatory Board for Auditors (IRBA) review ratings and accreditations, independence, firm quality control and the results of internal inspections of the firm and individual partners</li> <li>• Monitored audit quality and audit partner accreditation. In line with the conditions set out in Section 94(8) of the Companies Act and based on its assessment using the criteria set out by the King IV<sup>TM</sup>, and the JSE Listings Requirements, the DLC Audit Committee confirms its satisfaction with the performance and quality of external audit, the external auditors and lead partners.</li> </ul>
<p><b>Regulatory compliance and reporting</b></p>	<ul style="list-style-type: none"> <li>• Received regular reports from the Regulatory Compliance functions 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 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 regulators</li> <li>• Requested specific updates or presentations from management on areas considered high risk or where exceptions had been identified</li> <li>• Received regular updates from the compliance function in respect of Regulatory Interactions, Risk Ratings and High-Risk exposures, Conduct, Financial Crime, Compliance Monitoring, Training, Anti-Money Laundering (AML) and Combating of Financing of Terrorism (CFT) reviews conducted in respect of Group subsidiaries</li> <li>• Monitored regulatory developments and the potential impact on South Africa and the UK, following the addition of South Africa to the Financial Action Task Force (FATF) greylist in February 2023</li> <li>• Reviewed the reporting obligations in respect of significant transactions completed during the financial year</li> <li>• Reviewed the reporting obligations in line with the JSE listing requirements in respect of the Investec Limited share buy-back of its own shares and acquisition of Investec plc shares.</li> </ul>
<p><b>Post balance sheet disclosure</b></p>	<ul style="list-style-type: none"> <li>• Considered any post balance sheet events that may require the AFS to be adjusted or require additional disclosure. Refer to note 63 in the Investec Group's 2024 annual financial statements</li> <li>• Reviewed and approved the content and the publication of a change statement.</li> </ul>
<p><b>Climate, nature and biodiversity and environmental, social and governance (ESG)</b></p>	<ul style="list-style-type: none"> <li>• Reviewed ESG reporting and disclosures</li> <li>• Considered the changing regulatory landscape for all jurisdictions that the Group operates in, including undertaking specific training for the Committee.</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 regular meetings of the DLC BRCC. Based on reports presented at those meetings, 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, including entities that the Group's management is operationally responsible for</li> <li>Evaluated the impact of working 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 with specific emphasis on culture and conduct elements in the internal audit reports</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 with respect to the IT control environment</li> <li>Convened a special IBL Audit Committee meeting to consider the internal audit reports in respect of FRTB and the CVA model application</li> <li>Reviewed and approved the combined assurance model, ensuring completeness of risks and adequacy and effectiveness of assurance coverage</li> <li>Reviewed the reports of the Investec Limited Customer Market and Conduct Committee</li> <li>Evaluated reports on cyber security within the Group and received a presentation on the outcome of the 2023/24 TAS</li> <li>Reviewed the work performed by Group Finance to support the control attestation made by the Group CE and Group FD as required by the JSE Listings Requirements 3.84(k) that supports the effectiveness of the internal control environment and the combined assurance matrix</li> <li>Noted internal audit reports and conclusions on internal controls, internal financial controls and the risk management framework for the year under review</li> <li>Reviewed the year-end conclusions from internal audit on internal controls, the risk management framework and internal financial controls based on their planned and actual audit coverage for the year.</li> </ul>
<p><b>Combined assurance matrix</b></p>	<ul style="list-style-type: none"> <li>Confirmed our satisfaction 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 assurance providers</li> <li>Confirmed our satisfaction 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 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>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 assess and confirm 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> </ul>	<ul style="list-style-type: none"> <li>Undertook 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>Considered the appropriateness and the cause of the restatement of the annual financial statements. Reviewed the appropriateness of the remedial plans implemented by management to ensure the cause has been appropriately addressed</li> <li>Reviewed the appropriateness of the disclosure provided regarding restatements and significant transactions completed during the financial year</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>Took note of the areas highlighted to the Audit Committee by the JSE through its Pro-active Monitoring Process of the AFS of listed companies. Ensured these were appropriately considered in the AFS</li> <li>Reviewed feedback from Group Finance in respect of a project launched to refine the annual financial statements in order to improve disclosures, improve financial control and reporting processes</li> <li>Concluded that the processes underlying the preparation of the annual report and financial statements for the financial year ended 31 March 2024 were appropriate in ensuring that those statements were fair, balanced and understandable</li> <li>Reviewed feedback received from analysts in respect of the annual report as provided by Investor Relations and incorporated the feedback into the annual report</li> <li>Reviewed the outcomes of the combined assurance coverage model as discussed above</li> <li>Reviewed the process put in place to provide assurance on the Group CE and Group FD attestation as stipulated by the JSE</li> <li>Reviewed the annual reports of the DLC, Investec Limited, Investec plc and all significant subsidiaries.</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, including entities that the Group's management is operationally responsible for</li> <li>Attended the audit committee meetings of all significant subsidiaries</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> <li>Reviewed the process for reporting to the Committee by key subsidiaries and associates and considered regular reports from such entities, for example, Investec Life.</li> </ul>

## DLC AUDIT COMMITTEE REPORT CONTINUED

Other matters	What we did
<p><b>Finance function</b></p>	<ul style="list-style-type: none"> <li>• Considered the financial reporting as prepared by Group Finance regarding the interim results for the period ended 30 September 2023 and final results for the 31 March 2024 year end</li> <li>• In a closed session, 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 and that appropriate succession was in place for key roles</li> <li>• Concluded that the Group FD, Nishlan Samujh, had the appropriate expertise and experience to meet the responsibilities of the position.</li> </ul>
<p><b>Compliance with applicable accounting standards</b></p>	<ul style="list-style-type: none"> <li>• Reviewed various accounting papers prepared by Group Finance addressing subjective accounting treatments and significant accounting judgements</li> <li>• The Committee chair discussed the key judgements and complex accounting treatments with both external audit and management in the weekly meetings leading up to the year-end sign off</li> <li>• Reviewed and obtained confirmation from Group Finance that the recommendations in the JSE proactive monitoring report had been implemented in the preparation of the annual financial statements</li> <li>• Concluded on the reasonableness of the 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 for the Group</li> <li>• Considered and reviewed the process followed by Group Finance to ensure the completeness of related party disclosure</li> <li>• DLC Nomdac reviewed key related party transactions during the year and ensured compliance with Investec related party policies.</li> </ul>
<p><b>Internal audit</b></p> <ul style="list-style-type: none"> <li>• 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>• The Committee is responsible for assessing audit quality and the effectiveness of the internal audit function.</li> </ul>	<ul style="list-style-type: none"> <li>• Scrutinised and reviewed internal audit plans, risk assessments, methodology and staffing, and approved the annual plan</li> <li>• Reviewed and approved the Group internal audit charter</li> <li>• Oversaw and provided input into the appointment of a new Head of Internal Audit for Investec Limited, Vilola Gounden</li> <li>• Provided input into and considered the annual performance and objectives of the Heads of Internal Audit</li> <li>• Monitored delivery of the agreed audit plans, including assessing Internal Audit resources, Continued Professional Development (CPD), succession, core skills development and automation of audit processes</li> <li>• Monitored and followed up internal audit control findings, including IT, and ensured appropriate mitigation and timeous close-out by management</li> <li>• Tracked high and moderate risk findings, and monitored related remediation plans</li> <li>• Met with the Heads of Internal Audit prior to each Committee meeting, without management being present, to discuss the remit of and reports of internal audit and any issues arising from the internal audits conducted</li> <li>• Monitored audit quality in relation to internal audit. The methodology, process and skills were presented to a separately convened Audit Committee to consider audit quality</li> </ul>

## DLC AUDIT COMMITTEE REPORT CONTINUED

### Other matters

#### Internal audit (continued)

### What we did

- 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). 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
- Assessed and confirmed our satisfaction with the independence of the Head of Internal Audit for Investec plc, E Broughton
- Reviewed the results of the post-engagement quality assurance programme which informs any training interventions required within the team. The results are consolidated and presented to the Audit Committee on an annual basis
- IT Audit and Data Analysis - Internal audit developed automated test scripts, allowing for more comprehensive testing of controls covering the full population. This full population testing provides greater coverage than the traditional audit methodology which calls for a sample testing approach. Reviewed and considered the implications of the approach on the audit for the Group
- Reviewed the Investec Limited and Investec plc written assessment of the overall effectiveness of the organisation's governance, risk, and control framework, including an assessment of internal financial controls, the risk management framework, adherence to the risk appetite and the effectiveness of the overall assurance achieved relative to that planned for the year through the CAM
- Confirmed our satisfaction with the independence and performance of the internal audit function
- Held a closed session regarding internal audit where the capacity, appropriate skills, independence and quality of the internal audit function was assessed
- Considered succession and the skills matrix for internal audit
- Assessed the effectiveness of the internal audit function through completion of a questionnaire which is based on the Internal Audit Financial Code of Practice. The results of the exercise were shared with the Committee, together with action plans to address any concerns raised, which will be tracked to completion
- Convened a meeting with internal audit to consider the internal audit report in respect of the effectiveness of the internal controls of the credit investment desk, hedge accounting and reconciliations.

## DLC AUDIT COMMITTEE REPORT CONTINUED

### External audit

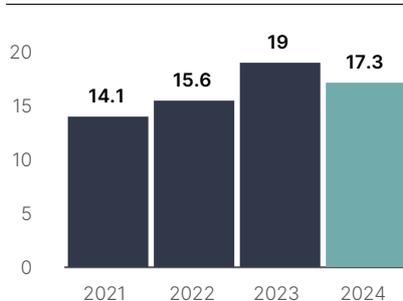
#### Non-audit services

Our policy regarding the engagement of the external auditors to provide non-audit services was developed by the Committee to safeguard auditor objectivity and independence. The policy includes guidelines on permitted and non-permitted services and the approval process required by the Committee.

Total fees paid for the year ended 31 March 2024 amounted to £17.3 million (2023: £19.0 million), of which £3.8 million (2023: £5.8 million) related to the provision of non-audit services. The non-audit services related to services required to be provided by the external auditor, such as, regulatory audits and work to be performed as reporting accountant. Non-audit fees were pre-approved by the Chair of the Committee prior to every assignment.

The Committee also required the policy to be applied to any external services provided by Deloitte & Touche and Deloitte LLP to ensure the independence of the firm prior to its appointment as external auditor for the financial year ending 31 March 2025.

#### Total Fees (£m)



Based on the above-mentioned policy, approval process and reviews performed, 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 and Deloitte LLP (Investec plc) and Ernst & Young Inc., PricewaterhouseCoopers Inc. and Deloitte & Touche (Investec Limited).

#### Auditor independence and objectivity and audit quality

Critically evaluated audit quality at an engagement and firm level, audit effectiveness, independence and audit rotation requirements applicable to all jurisdictions in which the Group operates. Audit Regulator reviews were considered at a firm and individual partner level.

Continuity, quality control on assignment as well as the independence of staff on the assignment were considered.

The Committee was satisfied that in reviewing audit quality and independence, it had followed a comprehensive process during which detailed feedback was received and evaluated.

As part of the process:

- The Committee considers the independence of the external auditors on an ongoing basis
- The external auditors 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
- The key audit partners are required to rotate every five years. The tenure of each of the partners was reviewed and concluded to be aligned with this policy.

Francois Prinsloo was appointed as the PricewaterhouseCoopers Inc. lead signing partner for Investec Bank Limited and Investec Limited.

Following due consideration, the Committee believes the safeguards as implemented by the Committee are adequate to ensure the objectivity and effectiveness of the audit process, based on the following:

- The extent of audit cross-reviews between the joint auditors of Investec Limited
- The additional cross-reviews by the Investec Limited and Investec plc auditors across the Group
- Restrictive policy for non-audit services, including pre-approval of non-audit work
- The confirmation of the independence of the firms and auditors involved
- Formal audit quality process undertaken by the Committee.

#### Audit firm rotation

##### 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 have been Ernst & Young LLP since 2000

and will rotate off following completion of the audit of the 2024 financial year. Deloitte LLP have been nominated as the new external auditors for the financial year ending 31 March 2025, subject to approval by ordinary shareholders at the AGM to be held in August 2024.

##### Investec Limited

In terms of the South African Banks Act, Investec Limited has to appoint joint auditors. In 2019, the Committee decided to commence the process to rotate the Group's external auditors, being mindful of regulatory requirements, the views expressed by shareholders, the need to have joint auditors and the risks inherent to an auditor transition.

Following a competitive tender process, and upon approval from shareholders at the 2023 AGM, PricewaterhouseCoopers Inc. was appointed as the first new joint external auditor, replacing KPMG Inc., for the financial year ended 31 March 2024.

The joint external auditors of Investec Limited for the financial year ended 31 March 2024 were therefore Ernst & Young Inc. and PricewaterhouseCoopers Inc.

Following a competitive tender process, Deloitte & Touche have been nominated as the second new joint external auditors for the financial year ending 31 March 2025, subject to approval by ordinary shareholders at the AGM to be held in August 2024.

##### Transition process

A formal transition process commenced during 2023, whereby Deloitte & Touche and Deloitte LLP shadowed the full 2024 audit cycle performed by the incumbent external auditors. The purpose of the shadow period was for Deloitte & Touche and Deloitte LLP to obtain sufficient information about the Group, the financial control environment and the audit process to ensure a smooth transition as lead external auditor in the following financial year.

Year	Auditors	Shadow Auditors
2023/24	EY (SA)	Deloitte (SA)
	PwC (SA)	
	EY (UK)	Deloitte (UK)
2024/25	Deloitte (SA)	
	PwC (SA)	
	Deloitte (UK)	

## DLC AUDIT COMMITTEE REPORT CONTINUED

### Re-election and appointment of auditors

The Committee has considered the following in selecting external auditors:

- The regulatory need for joint auditors
- 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
- Transformation
- Technology
- Credentials and Partners
- Legal cases and reputational matters
- The 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 risks
- The 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
- Regulatory requirements
- Understanding of the Investec business, culture and financial statement risks.

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™ 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 the external audit function, the external audit firms and the engagement partners.

In making the recommendation for the re-election and appointment of Investec Limited's auditors, the Board and the Committee have taken into consideration the South African Companies Act and the South African PA requirements with respect to joint auditors, regulatory requirements, 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 appointment of Deloitte & Touche, and the

re-election of PricewaterhouseCoopers Inc., as joint auditors of Investec Limited at the AGM in August 2024 for the financial year ending 31 March 2025. In addition, the Board and the Committee is recommending the appointment of Deloitte LLP as auditors of Investec plc at its AGM in August 2024 for the financial year ending 31 March 2025.

### Looking ahead

The role of the Committee will remain focused on:

- Ensuring the improvement and the effective functioning of the Group's financial systems and processes, financial control environment, monitored by an effective combined assurance model
- Audit quality and independence
- Management's response in respect of future changes to IFRS® Accounting Standards, legislation and other regulations impacting disclosure requirements
- Ensuring a smooth transition of the external audit to the new audit firms
- The implications of ESG risk in measuring the sustainability and societal impact of loans or an investment in a company of business together with ESG accounting disclosures and assurance processes
- Continuing to exercise oversight over subsidiary audit committees, including in remote locations
- Monitoring the implementation of the JSE Listings Requirements, including the effectiveness of internal financial controls.

### Vote of thanks

The Committee and I would like to thank Ernst & Young LLP and Ernst & Young Inc. for their robust challenge, support and quality audits performed during their years of service. Ernst & Young LLP fulfilled the role as lead auditor for Investec DLC and played a pivotal role in the transition of the external audit function over the past two years. I have personally appreciated the manner in which this has been conducted.

I would like to extend my gratitude and thanks to Philisiwe Sibiyi, who will step down at the August 2024 AGM, for her exemplary and valued contribution to the Committee over the last five years.

I would further like to welcome Diane in her new role as Chair designate of the Committee. It is a role I'm sure she will

enjoy and I believe that the Group will benefit from her insights and experience.

I will be retiring from the Investec Boards at the August 2024 AGM having served close to ten years on the Boards. I would like to acknowledge and thank the various assurance providers I have worked closely with over the last eight years, ie Finance, Compliance, Internal and External audit, amongst others. I would further like to thank management and the leadership for the ongoing commitment to a constantly evolving and improving control environment. Lastly, as Chair, I would like to thank my fellow Audit Committee members for their diligence and support over the years.



**Zarina Bassa**

Chair, DLC Audit Committee

24 June 2024

## DLC BOARD RISK AND CAPITAL COMMITTEE REPORT



Change is inevitable, more so now than ever. But with the right risk management approach, we can manage this change smartly.

### Vanessa Olver

Chair of DLC BRCC

#### Introduction

As Chair of the DLC BRCC (the Committee), I am pleased to report on how the Committee has discharged its responsibilities during the year in line with the applicable South African and UK legislation and/or regulations.

#### Role of the Committee

Our role is to provide independent challenge and oversight of the Group's risk and capital frameworks, management and governance structures. We also consider whether the resources allocated to the risk management functions are adequate and have the requisite skills to effectively manage the Group's risk and capital functions.

Moreover, through Committee meetings and interactions with the Group Chief Risk Officer, the IBP Chief Risk Officer, the IBL Chief Risk Officer and Heads of Risk of the various subsidiaries, we ensure that effective risk and capital frameworks, plans, policies, processes and systems are in place to ensure current and emerging risks are adequately assessed and appropriately addressed within a reasonable timeframe.



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

The Committee met five times during the year and considered the risk reports presented by management as well as various presentations requested by the Committee.

#### Coverage

The Committee is mandated by the DLC Board of Directors to maintain oversight of the Group and its subsidiaries risk and capital management.

The Committee therefore has oversight of Investec plc, Investec Limited, Investec Wealth & Investments International Group (IW&I), Investec Life and Investec Markets Limited.

Risks which are directly related to the Group's business strategy and/or strategic decisions remain the direct responsibility of the Board.

#### Risk sub-committees

The Boards of IBP, IBL and IW&I have mandated authority to their respective risk committees for the management of risk and capital.

As a result of the Rathbones transaction, Investec Wealth & Investment (UK) no longer reports to the DLC BRCC.

Based on our interactions with the risk and finance community, our attendance at sub-committee meetings supporting the risk and capital functions of the Group, as well as the output of BRCC meetings, the Committee believes that the Group has adequate measures in place to ensure the effectiveness of the risk and capital functions.

#### Composition and attendance

With its membership including both Executives and Non-Executives, the composition of our Committee is designed to provide the necessary breadth of risk expertise and commercial acumen to discharge our responsibilities in line with the King IV™ and the UK Corporate Governance Code.

Regular attendees include:

- Group Chief Risk Officer
- Heads of Risk - Investec Bank Limited and Investec Bank plc

## DLC BOARD RISK AND CAPITAL COMMITTEE REPORT CONTINUED

Members	Meetings attended / Eligible to attend
Vanessa Olver (Chair)	6/6
Zarina Bassa	6/6
Nishlan Samujh	6/6
Philip Hourquebie	6/6
Khumo Shuenyane <sup>1</sup>	2/2
Henrietta Baldock	6/6
Philisiwe Sibiyi	6/6
Fani Titi	6/6
Stephen Koseff	6/6
Nicky Newton-King	6/6
Jasandra Nyker	6/6
Brian Stevenson	6/6
Diane Radley <sup>2</sup>	1/1
Richard Wainwright <sup>3</sup>	2/2
Ciaran Whelan <sup>4</sup>	2/2

1. Khumo Shuenyane stepped down from the Committee effective from 3 August 2023.
2. Diane Radley was appointed as a member of the Committee effective 6 March 2024.
3. Richard Wainwright stepped down from the Committee effective from 3 August 2023.
4. Ciaran Whelan stepped down from the Committee effective from 3 August 2023. 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.

### Audit Committee

The primary role of the DLC Audit Committee is to provide assurance to the Board that appropriate material controls are in place to mitigate risk. The DLC Audit Committee relies on the output of the DLC BRCC to provide assurance through the Combined Assurance Model, as regards principal risk management.

### Connectivity

In addition to my role as Chair of both the DLC BRCC and IBL BRCC, I serve as a member of the IBP BRCC. This participation allows for a seamless approach across both core banking risk committees and the Group.

I am also a member of the DLC Audit Committee. Given the synergies and nature of the matters considered by the DLC Audit Committee and DLC BRCC, my membership of both committees ensures alignment between the two committees. All DLC Non-Executives are members of the DLC BRCC.

DLC BRCC Committee members attend the IBL BRCC and IBP BRCC meetings by invitation to facilitate their understanding

of the risks facing these two banking subsidiaries. This arrangement ensures cohesion between the Group and its principal subsidiaries.

### Global versus local context

During the year the key global environment was characterised by escalating geopolitical tensions in the Middle East and by the conflict in the Ukraine. The strained relationship between China and Taiwan is adding an additional layer of complexity to the global stage.

Supply chain disruptions are continuing to drive geopolitical fragmentation, necessitating strategic diversification.

Interest rate uncertainty remains a key theme, with central banks closely monitoring inflation trajectories.

Global economic growth is anticipated to remain low for major economies, reflecting the ongoing global challenges.

The discussions at Davos 2024 revolved around four main themes:

- Achieving security and cooperation in a fractured world
- Exploring strategies for fostering economic growth and job creation in a rapidly evolving global landscape
- AI as a driving force for the economy and society
- A long-term strategy for climate, nature, and energy.

Finally, it is worth noting that 50 countries will be undergoing elections in 2024 including the USA.

Global inflation is forecast to decline steadily, with advanced economies returning to their inflation targets sooner than emerging markets and developing economies. However, 2024 is not without challenge and so we continue to remain vigilant and apply our strong risk management philosophy and disciplines into the year ahead.

### South African and UK outlook

South Africa has its own set of challenges namely load shedding, freight constraints as well as South Africa being placed on the Financial Action Task Force (FATF) grey list. Inflation and interest rate increases have put pressure on our clients and corporate institutions. The Prime interest rate in South Africa is at its highest level in 14 years at 11.75%.

In the UK the monetary policy tightening cycle, which began in late 2021 off the

back of high inflation, has seen the demand for credit decrease. In addition, the political backdrop in the UK and technical recession at the end of 2023 introduced uncertainty and a lack of confidence in the UK market.

The uncertainties generated by bank failures in the United States (US) and Europe (SBV, First Republican Bank, Signature Bank and Credit Suisse) had little to no impact on the Group's liquidity position. These crises were decisively resolved by regulators in their respective markets.

During the year the DLC BRCC monitored changes to the global and local outlook.

### Risk Management Committees

#### DLC Capital Committee

The DLC Capital Committee meets at least four times a year and is mandated to provide effective oversight of the Group's capital management process including the following:

- Capital allocation and structuring
- Capital planning and models
- Performance measurements.

The Committee reports to the DLC BRCC and challenges key management assumptions especially as it pertains to capital planning and models.

#### DLC Information Technology Risk and Governance (ITRG) Committee

The ITRG Committee reports to the DLC BRCC and the DLC Audit Committee and meets quarterly, where technology, information security, cyber security and data reports are discussed and interrogated. Material incidents as well as root causes are understood and high risk exposures and mitigants along with emerging risks and potential mitigants challenged.

Myself as Chair of the BRCC Committee, Chair of the DLC Audit Committee, Zarina Bassa, David Germain and Paul Seward, IBP representative members, attended DLC ITRG Committee meetings to provide enhanced oversight of IT risk.



Refer to the DLC Audit Committee report for more information in respect of the functions of DLC ITRG.

## DLC BOARD RISK AND CAPITAL COMMITTEE REPORT CONTINUED

### Oversight of other subsidiaries

The Committee has oversight of the following other subsidiaries:

#### IW&I

The Committee considered the following:

- Investec Wealth & Investment Undertakings for Collective Investment in Transferable Securities (UCITS): The Committee considered the binding ruling from the South African Revenue Services (SARS) regarding the legislation pertaining to the re-domiciliation in both Guernsey and Luxembourg
- Potential expansion opportunity of Investec Investment Management (IIM) into Latin America
- The approval of the CAT III licence for Investec Platform (Pty) Ltd
- The migration of clients from the IW&I UK Spring platform onto the SecuritEase platform.

The Committee reviewed the reporting line of IW&I and concluded that only executive reports from the Chair of the IW&I Audit and Risk Committee would be presented to the DLC BRCC and the DLC Audit Committee going forward.

### Investec Wealth & Investment (UK)

The effective date of the combination of the UK Investec Wealth & Investment Limited and Rathbones Group plc was 21 September 2023, at which point the Group deconsolidated its 100% holding in Investec Wealth & Investment Limited.

Prior to the deconsolidation of Investec Wealth & Investment (UK) the Committee considered the following:

- Operational Resilience including: The Important Business Services (IBS) and Impact Tolerances
- Approval of the Operational Risk Appetite Policy
- People risk: The Committee considered people risk and business leaders were focussed on restoring morale amongst staff to mitigate the risk of further departure of investment managers
- Consumer duty progress and implementation
- The implementation of the Rathbones transaction and any potential transitional risk issues.

### Investec Life

The Committee receives regular reports from Investec Life.

## DLC BOARD RISK AND CAPITAL COMMITTEE REPORT CONTINUED

### What we did in 2023/24

The standard and regular agenda items of the Committee include comprehensive reports on the following:

Capital adequacy	Investment risk	Regulatory developments and risk
Balance sheet management	Market risk	Climate change, nature and environmental, social and governance (ESG) risk
Credit and counterparty risk	Reputational and legal risk	Resources
Operational risk	Concentration risk	Other matters
Technology, information security and cyber risk	Model risk	

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

As in previous years, the Committee discharged its responsibilities as covered in the DLC BRCC terms of reference.

#### Capital adequacy

The Committee reviewed Investec Bank Limited's submission in response to the Common Scenario Stress Test (CSST) facilitated by the South African Prudential Authority (South African PA). The CSST required participating banks to forecast credit risk, liquidity risk and capital adequacy over a three-year horizon under three distinct economic scenarios formulated by the South African PA.

Investec plc is in the early stages of a process to migrate from the standardised approach to the Internal Ratings Based (IRB) approach. The Committee reviewed and discussed the model governance process and the Foundation Internal Rating Based (FIRB) Global Fund Finance model, the Income Producing Real Estate (IPRE) slotting models and the Energy and Infrastructure and Finance Model.

The Board approved a proposed share purchase and a share buyback programme of up to R7 billion (c.350 million), pursuant to which Investec Limited would purchase Investec plc ordinary shares and would buy back its own shares. At 31 March 2024, Investec Limited had executed R6.8bn (Investec Limited: R1.4 billion and Investec plc: R5.3 billion) of the planned R7bn DLC share buy-back programme. The share buyback increased Investec Limited's ROE by 2.3%.

During the year the Committee reviewed, challenged and approved:

- The Investec Limited three year capital plans, including, under various stress scenarios
- The Investec Limited and Investec plc updated macro-economic scenarios

- The Investec plc Capital Adequacy Assessment Process (ICAAP)
- The Investec Limited ICAAP
- The DLC Viability Statement.

Capital ratios have remained sound throughout the year and well above regulatory minimums.

#### Balance sheet management

Furthermore, the Committee monitors liquidity and interest rate risk in the respective banking books with the key regulatory metrics being the Liquidity Cover Ratio (LCR) and Net Stable Fund Ratio (NSFR) ratios. Both of these were comfortably above regulatory minimums.

The Committee also received presentations from management on sources of funding, cost of funding strategies and the UK equity hedge effectiveness.

During the year the Committee reviewed, discussed and approved:

- The Investec Limited Contingency Funding Plan and Recovery plan
- The Investec plc Contingency Funding and Recovery Plan (CFRP) and Resolution Pack
- The Investec plc Internal Liquidity Adequacy Assessment Process (ILAAP).

#### Credit and counterparty risk

The Committee closely monitored the credit books given the macro-economic environment and potential for an increase in defaults, specifically in Stage 2 and Stage 3 exposures. Detailed presentations were received on the top non-performing exposures.

Despite the current macro-economic pressures, we have healthy balance sheets in both South Africa and the UK with some idiosyncratic Stage 3 exposures in the UK. We have debated and will continue to closely monitor interest rate-sensitive portfolios.

The Committee challenged management on the credit overlays, certain Stage 3

Expected Credit Losses (ECLs) and any IFRS 9 model overrides in both geographies.

#### Operational risk

The Committee continued to focus on operational risk, which includes data management, external and internal fraud risk, financial crime risk, information security risk, legal risk, model risk, operational resilience risk, people risk, physical security and safety risk, processing and execution risk, technology risk and third-party risk.

The Committee requested a review of operational risk losses over a five-year period for Investec Limited of all gross and net losses per business unit as well as near misses to ensure losses as well as recovery strategies and risk limits were appropriate.

Operational resilience continued to be top of mind, given the current power and water challenges in South Africa and with Investec Bank Mauritius and the UK reliant on South Africa for certain important business services.

Investec Bank Mauritius' systems are hosted and run from South Africa and so a feasibility assessment was conducted to determine how the UK could replicate their systems in the event of a complete grid failure in South Africa.

From a UK perspective, in terms of the operational resilience regulations, the Committee received regular updates on the progress made to address vulnerabilities identified in the self-assessment, reaffirmed the important business services and impact tolerances and reviewed the updated self-assessment. The Committee challenged Investec Bank plc's impact tolerances for important business services as well as provide input on Investec Bank plc's self-assessment. The Committee reviewed the work underway to test the resilience of the services and platforms provided by Investec Bank Limited and other third-party providers.

## DLC BOARD RISK AND CAPITAL COMMITTEE REPORT CONTINUED

Fraud has been a focus with fraudulent documentation and interception of client e-mails being key themes in the digital environment in which we operate and more recently the deepfake CEO impersonator in both geographies.

During the year the Committee reviewed and approved:

- The Investec Limited Operational Risk Policy
- The Investec Limited Operational Risk Management Policy.

### Technology, information security and cyber risk

The Committee received updates on the effectiveness and adequacy of controls in managing IT technology risk. Technology risk exposures were discussed and closely monitored and tracked.

Disruptions were well managed and operational processes were continually enhanced.

The Committee received updates from the Chief Technology Officer on current and emerging risks which included insider and cyber threats, third-party management, generative AI, technology talent and resourcing, and resilience.

With the increasing dependence on external service providers, the Committee reviewed work underway to enhance third party monitoring and oversight, with particular focus on cloud providers and concentration risk.

Updates were received regarding the progress of strategic technology initiatives.

There was heightened focus on information security and cyber risk, in light of the inherent exposure to insider risk and sophisticated cyber threats.

The Committee considered security risk exposures and the ongoing control improvements, with particular focus on privileged IT access control, vulnerabilities, penetration tests, data loss detection and insider monitoring.

Since 2015, Investec has been using targeted attack simulations to understand our cyber risk posture and evaluate the adequacy of security controls. These are undertaken by specialist independent security firms.

The most recent assessment concluded that controls were effective in detecting and protecting against external attack. A small number of findings were identified which were swiftly addressed. Planning for the next targeted attack simulation is in progress.

External security specialists were also engaged to perform a ransomware readiness assessment for assurance on the effectiveness of Investec's controls. Recommendations were prioritised and implemented.

Cyber posture is benchmarked by industry-recognised security scoring firms, which place Investec above the industry average and in the leader's category. Controls are adaptive in line with the changing technology landscape and emerging threats.

### Investment risk

There were no risk appetite breaches during the year.

Key investments were regularly discussed by the Committee, including listed and unlisted investments such as the larger shareholdings in IEP and Ninety One plc.

### Market risk

There were no unapproved risk appetite breaches during the year.

The DLC BRCC reviewed and challenged management on desk specific losses in South Africa that impacted the current and prior year and requested a report on new additional controls and measures that management had implemented, which were discussed and challenged.

### Reputational and legal risk

The Committee reviewed regular reports from the Group Chief Risk Officer on reputational matters to enable it to discuss and consider these matters and evaluate management's response to such risks and any impact on the Group.

The Gold Mafia series named several individuals and entities involved in a global monetary laundering network. Investec conducted an internal investigation in this regard, which was presented to the Committee. Our investigations revealed that Investec did not have any exposure and we continue to work with the Regulator in this regard.

### Concentration risk

The Committee considered the limited overlap of credit and investment exposure across South Africa and the UK and accordingly, along with management, created a single view of the Group's concentration risk which included:

- Combined debt exposures
- Top banks' exposure
- Combined equity exposures
- Loans per jurisdiction

- New syndicated loans.
- Technology concentration risk was discussed along with strong mitigants.

### Model risk

The Committee reviewed and approved model recalibrations and tracked the progress of the UK IRB project.

The South African PA required a dual governance approach to be followed for all future models.

The Committee together with the DLC and IBL Audit Committees reviewed and approved both the Credit Valuation Adjustment (CVA) and Fundamental Review of the Trading Book (FRTB) applications to the South African PA.

The UK has begun its migration from the standardised approach to IRB approach. The benefits of the transition will include that rating agents would be able to compare the Group to peers, it will enhance the credit risk framework and reduce capital requirements.

### Regulatory developments and risk

#### South Africa

In February 2023, South Africa was added to the FATF Grey List. Enhanced due diligence was applied by the UK, Switzerland, the Channel Islands and Mauritius to all new and existing clients in any transaction or business relationship with a person established in a high-risk third country, which included South African clients. Regulatory developments in this regard and the potential impact on South Africa were monitored by the Committee together with the DLC and IBL Audit Committees during the year.

The implementation of the final phase of the Basel III post-crisis reforms, which sharpens the Credit Risk, CVA, Market Risk (i.e., the FRTB), Operational Risk and Output Floor frameworks, remains a key focus and the Committee continues to be kept abreast on the effects of the proposed reforms on Investec Bank Limited's capital position.

The proposed effective date of the capitalisation requirements for these reforms is 1 January 2025. Investec Bank Limited remains well positioned to absorb these changes.

The Committee considered the implications of the new Resolution Framework which became effective in June 2023 as well as the proposed First Loss After Capital (FLAC) instruments, a new subordinated class of loss absorbing debt instruments. The instruments, applicable to designated

## DLC BOARD RISK AND CAPITAL COMMITTEE REPORT CONTINUED

institutions, enable statutory bail-in as part of the Resolution Framework. The Draft Prudential Standard on FLAC was issued for industry comment in December 2023, with a proposed effective date of 1 January 2025.

In a Proposed Directive issued in November 2023 the South African PA proposed the implementation of a positive cycle-neutral countercyclical capital buffer (PCN CCyB) of 1%, effective from 1 January 2026. The PCN CCyB would increase IBL's regulatory minimum capital requirement.

### UK

In the UK, some of the Basel III standards relating to quantity and quality of capital maintained by firms, leverage and liquidity requirements have already been implemented into domestic law through the European Union (Withdrawal) Act 2018, which took effect when the UK exited the EU at the end of 2020.

At the end of November 2022, the Prudential Regulation Authority (PRA) published the Basel 3.1 Consultation Paper which will implement the remaining parts of the Basel III standards in the UK. The proposals address the final element of the reforms to the measurement of Risk Weighted Assets (RWAs). The proposals would, among other things, revise the calculation of RWAs by improving both the measurement of risk in internal models and standardised approaches, and the comparability of risk measurement across firms. The revision of the calculation of RWAs stretched across all risk categories including, Market Risk, Credit Risk, Counterparty Credit Risk (CCR) CVA Risk, Operational Risk and covers the Output floor.

On 27 September 2023, the PRA released a statement confirming the implementation will be delayed by six months to 1 July 2025, with full compliance required by 1 January 2030.

The statement also confirmed that the final rules will be published in two separate parts. The initial set of near-final rules, which encompass market risk, CCR, CVA risk and operational risk, were published in December 2023. The publication of the second set of rules will be delayed due to the UK pre-election closed period. The PRA has also indicated that the Pillar 2A framework will need to be recalibrated due to the changes to the standardised approaches for the different risk types and confirmed that an off-cycle review of firm-specific Pillar 2 capital requirements will be conducted ahead of day 1 implementation. The Committee will continue to be informed about the impact of the pending rule changes.

The Committee reviewed and approved the Investec plc Pillar 3 and Investec Bank plc Pillar 3 policies and disclosures.



Investec plc Pillar 3 and Investec Bank plc Pillar 3 policies and disclosures can be found at [www.investec.com](http://www.investec.com).

The Bank of England formally notified Investec plc on 28 June 2023 that the preferred resolution strategy will change from bank insolvency procedure to bail-in. Investec plc, and Investec Bank plc as a material subsidiary, will therefore be subject to a revised Minimum Requirement for own funds and Eligible Liabilities (MREL) requirement. The MREL transition will commence from 1 January 2026 in a phased manner with End-state MREL applying from 1 January 2032. Any additional requirements will be met as part of increasing wholesale market issuance from the existing established base.

### Climate change, nature and ESG risk

The Committee was kept updated on the improvement actions being taken from an ESG and climate risk perspective. These included assessing core loans and advances as well as reviewing the risk classifications per the International Finance Corporation (IFC) guidelines.

The DLC SEC and the Committee approved the Sustainable and Transition Finance Classification Framework. Management is now focusing on setting targets by the end of this year in order to achieve net zero by 2050.

The DLC Sec and the Committee reviewed all the ESG related policies. The Group also conducted a double materiality assessment the findings of which are included in the Investec Group's 2024 integrated and strategic annual report.



Investec related sustainability policies and disclosures can be found at [www.investec.com](http://www.investec.com).

### Resources

The Committee also considers whether the resources allocated to the risk management functions are adequate for the effective management of the Group's risk exposures and concluded that the size, skills and tenor of the respective teams was appropriate.

### Other matters

The Committee considered and recommended approval of:

- Investec plc and Investec Bank plc Risk appetite and policies

- Group Executive Risk Committee (GERC) terms of reference
- Market communication and disclosure policy
- All terms of reference for Investec Bank Limited and Investec Bank plc BRCC and Large Exposure Committees
- South African Banks Act Regulation 39 and 40 reviews
- Risk Data Aggregation and Risk Reporting (RDAAR) and annual attestation
- Group cyber insurance policy.

### 2024/25 focus areas

- Monitor and assess global headwinds including the ongoing war in Ukraine, geopolitical tensions in the Middle East, the relationship between China and Taiwan on the Group
- Focus on expansionary credit conditions
- Monitor and assess the impact of inflation and interest rate environment locally and globally on the Group
- Continue to focus on Technology and Innovation including cyber security
- Focus on climate, nature and energy impacts in the loan books
- Continue to focus on Group resilience, including organisational and operational resilience, cloud and third party dependencies
- Where applicable, receive business unit presentations and updates on control improvement focus areas identified in the current year
- Continue to monitor the implications of FATF and any new regulations
- Monitor, debate and review emerging risks such as disruptive technologies, Generative AI and blockchain and mitigating controls
- Monitor the impact of new regulatory reforms in the UK and South Africa specifically the Basel III post-crises reforms
- Oversee the progress of IBP and its IRB project
- Monitor the progress of Investec plc and IBP in developing the RAF.

**Vanessa Olver**  
Chair, DLC BRCC  
24 June 2024