

Board Governance Policy

Investec Limited and Investec plc
06 August 2023



1. Purpose

The Board Governance Policy (the Policy) sets out:

- The roles, structure and composition requirements of the boards of directors of Investec Limited and Investec plc (collectively the Board)
- The practices of the Board in respect of matters such as corporate governance, the nomination, appointment, induction, training and evaluation of directors.

2. Policy Statement

The governance activities of Investec Limited and Investec plc (together the Group or Investec) are aligned with the South African Companies Act, 71 of 2008, as amended (the South African Companies Act), the JSE Listings Requirements, the King IV Report on Corporate Governance for South Africa 2016 (King IV Code), the South African Banks Act 94 of 1990 (the South African Banks Act), Directive 4/2018 and Directive 7/2022 as issued by the South African Prudential Authority, the Investec Limited Memorandum of Incorporation, the UK Companies Act 2006 (the UK Companies Act), the applicable rules of the Financial Conduct Authority (FCA) (including the listing rules) and Prudential Regulation Authority Handbooks, the UK Corporate Governance Code 2018 and the Investec plc Articles of Association.

3. Board Leadership

The Board provides leadership and vision to the Group that enhances stakeholder value and provides entrepreneurial leadership to the Group within a framework of prudent and effective controls which enables risk to be assessed and managed to ensure long-term sustainable development and growth.

The Board has a unitary board structure, comprising a balance of non-executive and executive directors, with a majority of non-executive directors.

The majority of the Board, excluding the Chair, must comprise independent non-executive directors.

The roles of Chair and Chief Executive must be separate, with a clearly accepted division of responsibilities.

The Board shall appoint a Senior / Lead Independent Director.

No one board member shall exercise unfettered power and the Board shall always act as a collective.

4. Role and Responsibilities

The Board has ultimate accountability and responsibility for the performance and affairs of the Group.

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

Chair

The Chair leads the effective operation and governance of the Board. They ensure effective Board relationships, and foster a culture that supports constructive discussion, challenge and debate. The Chair leads the induction, training and professional development of all board members, and oversees the evaluation and performance of the Board. They also serve as the primary interface with stakeholders on behalf of the Board.

Chief Executive

The Chief Executive leads and manages the Group within the authorities delegated by the Board. They direct the delivery of strategy as agreed by the Board and ensure the Group's culture is perpetuated across the organisation. The Chief Executive develops and recommends business plans, policies, strategies and objectives for consideration by the Board. They also monitor and manage the day-to-day operational requirements and administration of the Group.

Senior / Lead Independent Director

The Senior / Lead Independent Director acts as a sounding board for the Chair, providing them with support in delivering their objectives and leading the Chair's evaluation. They act as a trusted intermediary for non-executive directors and address any concerns of stakeholders that are unable to be resolved through normal channels.

Non-executive directors

Non-executive directors bring unique perspectives to the boardroom to facilitate constructive dialogue. They challenge and contribute to the Group's strategy and monitor the performance of management against agreed goals.

Designated Non-executive Director for Workforce Engagement

The designated non-executive director for Workforce Engagement ensures that the views and concerns of the workforce are brought to the Board and taken into account in decision-making.

5. Board membership

Only persons who meet the South African Companies Act and UK Companies Act requirements may be appointed as directors, subject to the necessary regulatory approval(s).

Membership attributes

Members of the Board must possess the adequate knowledge, skills and experience to understand the Group's activities and main risks. They must also adhere to high ethical standards and corporate governance principles.

Size

The Board should be of a size and composition that is conducive to making appropriate decisions. It should not be so large that effective decision-making is hindered.

The DLC Nominations and Directors' Affairs Committee (the Committee) is responsible for monitoring and assessing whether the size of the Board is appropriate to ensure its effectiveness.

Other Appointments and Conflicts of Interest

A director may accept other board appointments, provided that such appointments do not conflict with the Group and / or adversely affect the director's duties, and that they have agreement from the Chair and the Chief Executive, as detailed in the Conflicts of Interest Policy.

Directors' dealings

All directors of the Group are required to adhere to the Group's policy on dealing in securities, as outlined in the letters of appointment, and respective policies.

Time commitments

Non-executive directors are advised of time commitments prior to appointment. The time commitments of directors are considered by the Committee, on behalf of the Board, prior to appointment and annually thereafter, to ensure that they have sufficient time to perform their duties.

The Committee from time to time determines the maximum number and / or type of boards a non-executive director may serve on, based on and duly taking into consideration each relevant director's circumstances, and the nature, scale and complexity of the respective directorships, in order to ensure the person is able to devote sufficient time to duly discharge their responsibilities as a director. The Committee currently regards four as the maximum number of substantive boards a non-executive director may serve on.

Retirement

Non-executive directors are appointed for an initial period of three years, with an expected term of nine years (three times three-year terms) from the date of their first appointment to the Board, subject to an annual performance review. The Committee confirms on each three-year anniversary the continued term of the appointment.

Any new director appointed by the Board during the year may hold office only until the next Annual General Meeting (AGM), when that director must retire, and stand for election by shareholders.

All other directors will retire annually and those willing to serve again will submit themselves for re-election at the AGM.

The Board, upon consideration of the performance of each director, will provide a recommendation as to the re-election of directors by shareholders.

In terms of the UK Equality Act 2010, age is one of the protected characteristics, making it unlawful for a person to be discriminated against either directly or indirectly because of their age. There is, therefore, no retirement age prescribed for the members of the Board.

6. Board Composition

The composition of the Board is designed to ensure that it has the appropriate mix of knowledge, skills, experience, independence and diversity, to provide the range of perspectives, insights and challenge needed to support good decision making, in order to enable the Board to deliver on the Group's strategic objectives.

The Committee is responsible for monitoring and assessing Board composition on behalf of the Board.

Skills, knowledge and experience

The Committee considers the individual and collective, skills, knowledge and experience, of the Board, to ensure that the directors have an appropriate understanding of those areas for which they are responsible, and collectively accountable. Knowledge, skills and experience should be maintained at all times, taking into account changes in the nature, scale and complexity of the Group's activities.

The Committee conducts an annual assessment of the individual and collective suitability of the Board, as detailed in the Policy for the Assessment of Suitability for Board members and Key Function Holders, which includes a review of the Board skills matrix.

Diversity

The Board recognises the benefits of a diverse, representative Board, senior leadership and executive management. Diversity of thought is necessary to provide the range of perspectives, insight and challenge to support good decision making therefore consideration is given whereby the collective hold an appropriate balance of skills, knowledge, experience and independence, as well as race, ethnicity, gender identity, culture, age, disability, sexual orientation, geographical provenance, educational, professional and socio-economic backgrounds, and other relevant personal attributes.

The Group is committed to promoting diversity and inclusion in the boardroom and aims to meet industry targets and recommendations wherever possible. The Board's current targets for gender and racial diversity are detailed in the Board Diversity Policy.

Independence

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

When assessing the independence of Board members, the Board differentiates between the notion of independence of mind, which is required of all executive and non-executive members of the Board and the principle of being independent, which is only relevant to non-executive directors.

The majority of the Board, excluding the Chair, must comprise independent non-executive directors.

The Chair must be independent on appointment.

The Chairs of the Board committees must be independent non-executive directors.

In accordance with Directive 4/2018 as issued by the South African Prudential Authority, the Board acknowledges that the regulator will assume that a non-executive director who has served on the Board for a term greater than nine years is no longer independent. Under certain circumstances, permission may be sought from the regulator by the Board for the director to remain as an independent non-executive director for a limited period of time.

Tenure

The Board considers the tenure of the individual non-executive directors and the average tenure of the Board when examining, and when discussing the composition of the Board.

7. Nomination and Appointment of Directors

Strong succession planning helps ensure the continuation of an appropriate mix of skills, experience, knowledge, independence, backgrounds and diversity.

The Committee assists the Board in identifying and nominating for the approval of the Board, candidates to fill vacancies on the Board as and when they arise.

The Committee also maintains and reviews the succession plan for the Board, which is not only based on the planned retirement of directors, but also on any changes to the skills, knowledge, experience and diversity needed on the Board from time to time.

Nominations / Appointment Process

The Board nominations / appointment process is based on the principles of fairness, respect and inclusion, and must be conducted in a formal, transparent manner.

The Board should use its existing networks in identifying suitably qualified candidates and, where appropriate, brief search consultants so they can help the Board in this regard. The search consultants must be independent of the Group.

A detailed candidate specification should be agreed, setting out the key responsibilities, experiences and personal attributes required. In identifying suitable candidates for appointment to the Board, the Committee will consider candidates' individual competence, skills and experience measured against identified objective criteria, with due regard for the benefits of diversity on the Board

The Committee considers candidates and makes recommendations for the appointment of new directors to the Board. The Board will then resolve whether the appointment is approved, subject to regulatory approval, where appropriate.
Fit and proper considerations

The Board will ensure that they select, nominate and appoint fit and proper individuals to the Board or for senior management positions.

The Board will conduct the necessary due diligence and assessment of the members of the Board and senior management not only prior to their appointment but also on a regular basis.

Such due diligence and assessment will include processes to ensure that the board members and senior management have no criminal records or adverse regulatory judgments.

Cooling off period

Where required, the Committee shall have regard to the guidance in King IV Code and Directive 4/2018 in respect of determining appropriate cooling off periods.

8. Induction, training and development

The Chair, supported by the Committee, leads the training and development of directors. On appointment, each director receives a formal and tailored induction. In addition, there is a programme of ongoing development for directors.

New non-executive directors undergo a formal tailored induction programme that focuses on the Group's culture and values, strategy, structure, operations and governance, risk and compliance, whilst also taking account of the specific role that a director has been appointed to fulfil and their skills and experience to date. An induction pack is provided, and meetings are scheduled with the Board and senior management.

A comprehensive development programme operates throughout the year, with both compulsory computer-based training, and in person training sessions.

9. Board Evaluation

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

Board and Board committees

The Committee oversees the review of the effectiveness of the Board and Board committees and assesses the feedback from the evaluation process.

The review must critically evaluate the composition, performance, processes and procedures of the Board, to ensure the Board is effectively fulfilling its role.

Chair

The Senior / Lead Independent Director leads the effectiveness review of the Chair.

Individual directors

The Chair evaluates the effectiveness / performance of each individual director.

10. Board Committee Structure

The Board committee structure has been derived from the requirements of the King IV Code and the UK Corporate Governance Code.

The Committee reviews the size and structure of the Board and Board committees.

The Board may delegate certain responsibilities to the Board committees, such delegation being documented in formal Board committee Terms of Reference.

11. Board operations

Frequency, notice and agenda

The Board will meet at least six times per year and as often as is necessary to discharge its duties and objectives, on such dates and times as agreed with the Chair.

At least 3 days' notice of a meeting must be given to directors but need not be in writing. In exceptional and urgent circumstances notice may be shorter than three days.

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

Quorum

The quorum for Board meetings is four.

Written Resolutions

It is the policy of the Board to limit the use of written resolutions to instances where the resolution is not contentious or where the matter requiring decision by written resolution is of such an urgent nature that it cannot be deferred until the next Board meeting. The Chair, with the assistance of the Company Secretary, should consider in respect of each written resolution whether an urgent extraordinary Board meeting would be a more appropriate decision-making procedure than a written resolution. Each member of the Board who is able to receive notice must receive notice of the matter to be decided by written resolution.

Decisions taken by written resolution other than at a meeting are valid decisions of the Board if approved by a majority of directors in office.

Record keeping

The Company Secretary will keep a record of the meeting papers and minutes of proceedings. Copies of the minutes of meetings will be circulated to members in advance of the next meeting for comment and thereafter considered for approval at the meeting. Following approval, the minutes are accordingly authorised for signature by the Chair.

12. Company Secretary

The Board must approve the appointment, removal or replacement of the Company Secretary and provide them with the necessary authority and status to enable them properly to fulfill their duties proposed.

The Company Secretary maintains the flow of information to the Board and the Board committees and ensures compliance with Board procedures. They ensure that the Board is updated on corporate governance, listings and other legislative and regulatory developments, and provide advice, services and support to all directors as and when required.

13. Directors' and Officers' Liability Insurance

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

14. Review of the Policy

The Committee will review the Policy on an annual basis.