Built on strong foundations

Climate-related financial disclosures 2021

Reporting in accordance with the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures report)
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“May you live in interesting times,” goes the traditional curse. The “interesting times” of the past year go far beyond the experience of most of us. At Investec, we’ve responded as only we know how: with our clients’ needs first and foremost in our mind. We hold that the ordinary ways of yesterday are not enough to progress. Now, more than ever, our determination to be out of the ordinary is critical to the future success of our business.

This attitude is seen in the way our people have pulled together to overcome unforeseen challenges, and the resources we’ve invested in our community response to the COVID-19 pandemic in South Africa and the UK.
In the process of articulating Investec’s purpose, we paid particular attention to the dimensions of the environment, social responsibility and governance. Investec’s culture of care has always placed a high value on business practices that create enduring worth for all stakeholders. However, there are many areas in which we can, and must, improve. To this end, we deepened the ESG skills on the board and established an ESG Executive Committee to align sustainability activities across the organisation. We also created a framework to link part of the remuneration of executive directors to ESG key performance indicators (KPIs).

Investec is an active participant in the United Nations Sustainable Development Goals (SDGs). We have chosen to focus on specific goals where the business can have the most impact, namely reducing inequality (SDG 10) and climate action (SDG 13) – issues that are also particularly close to my own heart. I am firmly of the view that the SDGs provide a framework and a call to action for any company that is serious about building back better, and Investec is determined to play its part.

On the environmental front, we are proud to have achieved net-zero direct emissions for the past three financial years. We are now sourcing almost 100% of our Scope 2 emissions from renewable energy sources and the remaining 10% through the purchase of carbon credits. We remain a meaningful player in financing renewable and clean energy, with our Power and Infrastructure team, investing in projects around the world, at the same time extending their expertise to other areas of our business. We financed 12 projects which more than doubled our installed capacity from the previous year to 7 966 MW of clean energy. We are also particularly excited to have launched a number of ESG-linked products and services, including arranging one of the first European mid-market ESG-linked loans – a €600 million facility for a leading investment group.

An important aspect of our approach to reaching net-zero emissions, is understanding our Scope 3 lending and investment emissions. This includes a deliberate focus on minimising our fossil fuel exposures and increasing our financial infrastructure solutions that promote sustainable and clean energy. Our total renewable and clean energy investment amounted to £615 million (2020: £610 million). Our group fossil fuel exposures decreased to 1.13% of gross credit and counterparty exposures (2020: 1.30%) and group coal exposures are 4.0% of our total energy lending portfolio (2020: 7.6%). We may face fluctuations in these positions from one year to the next as we navigate this energy transition, but it demonstrates our overall commitment to transitioning in a just and orderly way.

Looking forward, we are working on establishing a baseline of Scope 3 financed emissions so we can implement our strategy to reduce those emissions. While we aim for an ambitious path that aligns with the Paris Agreement goals, we remain mindful of country constraints that we may be facing at any given time and would incorporate this into our strategy.

Arranged and participated in one of the first European mid-market ESG-linked loans to the value of €600mn to a leading European investment group.

Maintained net-zero direct (Scope 1, 2 and operational Scope 3) carbon emissions status for the past three financial years.

Renewable and clean energy investment amounted to £615mn (2020: £610mn).

We are tabling a resolution for our AGM to be held in August 2021 that outlines our commitment for the year ending 31 March 2022, to provide shareholders with further detail on our strategy to reduce Scope 3 emissions on a timeline aligned with the Paris Agreement goals.

Fani Titi
Chief Executive
Our positioning on climate change

We recognise the complexity and urgency of climate change and consider the risks and opportunities that it presents to the global economy. We support the Paris Agreement’s goals of holding the increase in the global average temperature to well below 2°C compared to pre-industrial levels and of pursuing efforts towards limiting it to 1.5°C.
Our approach to net-zero

We support the transition to a zero-carbon economy whilst realising that this might take time due to socio-economic constraints.

We have a global business and operate in both the developed and developing world with varying economic, social and environmental contexts. Our businesses use their specialist skills in advisory, lending and investing to support clients and stakeholders to move as quickly and smoothly as possible towards a zero-carbon economy. The transition cannot be done in isolation of the realities of the communities in which we, and our clients, operate and we welcome the voice of all stakeholders as we make the move together to a cleaner, carbon neutral world that is most responsible for all participants.

We embrace our responsibility to understand and manage our own carbon footprint.

We achieved net-zero carbon emissions status in our Scope 1, 2 and operational Scope 3 emissions for the third financial year and continue our commitment to ongoing carbon neutrality. We acknowledge that the widest and most impactful influence we can have is to manage and reduce our carbon emissions in the business we conduct and more specifically in our lending and investing portfolios (Scope 3 financed activities). Part of this will involve setting short, medium and long-term targets to reach net-zero carbon emissions. We do this through a geographic approach that aligns with our presence in both the developed and developing economies. As such, we are working together with the Partnership for Carbon Accounting Financials (PCAF) to measure our financed emissions and to establish a baseline towards a net-zero path. We are building capacity within our specialist skills in advisory, lending and investing to support our clients and stakeholders to move as quickly and smoothly as possible towards a zero-carbon economy. Environmental considerations are incorporated when making lending and investment decisions. We also focus on protecting biodiversity and promoting the well-being of our planet.

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We support the Paris Agreement’s goals of holding the increase in the global average temperature to well below 2°C compared to pre-industrial levels and continue to pursue efforts towards limiting it to 1.5°C.

We recognise the complexity and urgency of climate change and therefore commit to ongoing net-zero carbon emissions within our direct global operations.

We believe that as a specialised financial services organisation, and given our positioning in both the developed and emerging worlds, we have the opportunity to make a meaningful impact in addressing climate change.

We acknowledge that the greatest impact we can have is to partner with our clients to decarbonise their activities and to offer products and services that help accelerate a cleaner, healthier world.

We address our responsibility to understand and manage our own carbon footprint.

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Our climate journey

2002
Published our first sustainability report which included our position on people, planet and profit

2009
Submitted our first Carbon Disclosure Project (CDP) response

2010
Conducted management dialogues on the various perceived risks and opportunities relating to climate change

2013
Achieved CDP Gold recognition for a score of A-

Included in CDP Leadership Index (Top 11 companies in South Africa across all sectors)

2015
One of five companies in South Africa and 113 companies globally to make the CDP 2015 Climate A List

2018
Committed to the UN SDGs and created a group SDG framework including a focus on climate change (SDG 13)

2019
Public support for the TCFDs (1st bank in South Africa and 8th bank in the UK)

2020
- Achieved net-zero in our direct operations
- Published a public fossil fuel policy
- Published first standalone TCFD report
- One of eight banks to sign up to PCAF UK and the 2nd bank to sign up to PCAF SA
- Climate resolution passed at the AGM with a vote of >95%

Looking forward, the focus is on our clients and the underlying loan book’s potential
Leadership commitments, advocacy and industry participation

We report according to global frameworks in line with best practices.

Global frameworks

- **Signatory of: PRI, UNEP Finance Initiative, Principles for Responsible Banking**
  - We have signed up to the United Nations Principles for Responsible Investment (UN PRI) and the United Nations Environment Programme Finance Initiative (UNEP FI) and report according to the United Nations Principles for Responsible Banking (UN PRB)

- **TCFD**
  - Investec was the first bank in South Africa and the 8th Bank in the UK to pledge our support towards the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
  - We have been reporting annually to the CDP since 2009

- **CDP**
  - Although not a signatory to the Equator Principles (EP), we support their requirements and include our EP disclosures in our Sustainability Report

- **GRI and SASB**
  - We have been reporting according to the Global Reporting Initiative (GRI) since 2006 and align to the Sustainability Accounting Standards Board (SASB)

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Awards

- **Best Investment Bank for Sustainable Finance in Africa in the 2020 Global Finance Awards**
- **Winner of the Most Responsible Business in Africa 2020 Award in the SERAS CSR Awards Africa 2020**
- **Ranked 55th (out of 5,500) in the Wall Street Journal Top 100 Most Sustainable Companies and 9th in the Social Category**
Industry participation and commitments

We play an important role in terms of advocacy and collaboration, by participating in workshops and taskforce groups internationally which share learnings and promote a cohesive approach for the financial sector.

We are committed to the United Nations SDGs. Fani Titi is personally committed as one of 30 CEOs from financial institutions around the world invited to join the United Nations Global Investors for Sustainable Development (UN GISD) and we actively participate in the working groups.

Participant in the Banking Association of South Africa (BASA) forums and committees including:
- Climate Risk Forum Steering Committee
- The TCFD and Sustainable Finance working groups
- Member of the Sustainable Finance committee
- Member of the Positive Impact Finance committee

We are also participating in the World Benchmarking Alliance (WBA)

We launched a number of ESG offerings:
- The first European mid-market ESG-linked loan facility to the value of €600 million
- The UK's first retail ESG-linked Deposit Plan
- Provided one of Europe's first ESG-linked Net Asset Value (NAV) facilities
- A sustainable energy finance business in the UK to fund renewable assets such as solar panels, biomass boilers and onshore wind farms
- Our first ESG-linked autocall product in South Africa linked to a World Environmental Index
- The first Real Estate Investment Trust (REIT) sustainability-linked ESG bond in Africa through Investec Property Fund
- A funding product in South Africa for private clients to install solar power at home and link the cost to their mortgages as a repayment option
- Launched the Investec Global Sustainable Equity Fund to charities, staff and family offices in mid-February 2021 and will be extending this offering to a broader client base.

We voluntarily tabled a climate resolution on the 6th of August 2020, seeking shareholder support for their continued commitment to climate change. The items tabled were as follows:
- Continue Investec group's commitment to carbon neutrality with respect to the Scope 1, 2 and operational Scope 3 emissions and
- Report annually on progress made on climate-related exposures, including disclosure of the group's exposure to fossil fuels and high-risk industries

The resolution passed with 99.95%, highlighting the importance investors place on ESG metrics.
### Stakeholder engagement

<table>
<thead>
<tr>
<th>What matters to them</th>
<th>What is interested in this matter</th>
<th>How we responded over the past year</th>
<th>How we engage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our climate change position statement and climate change framework</td>
<td>Our climate change position statement and climate change framework</td>
<td>• Reviewed and updated our climate change related policies</td>
<td>• Regular communications on ad-hoc topics</td>
</tr>
<tr>
<td>Our commitment to net-zero carbon emissions</td>
<td>ESG analysts and climate-focused industry bodies</td>
<td>• Tabled a climate resolution at our AGM</td>
<td>• Annual sustainability report</td>
</tr>
<tr>
<td>Responsible investment practices</td>
<td>Suppliers</td>
<td>• Achieved net-zero direct emissions and are now sourcing almost 100% of our Scope 2 emissions from renewable energy sources</td>
<td>• Annual TCFD report</td>
</tr>
<tr>
<td>Indirect climate change impact through our loan book and investment portfolios</td>
<td>Investors</td>
<td>• Signed up to UN PRI</td>
<td>• First UN PRB report</td>
</tr>
<tr>
<td>Addressing ESG risks within our business</td>
<td>Clients</td>
<td>• Engaged with clients to understand the carbon intensity of their business and to support them in implementing carbon reduction targets</td>
<td>• First disclosure aligned with the SASB requirements</td>
</tr>
<tr>
<td>Reporting in line with industry standards</td>
<td>Communities</td>
<td>• Automated ESG screening incorporated into the Investec plc risk management process</td>
<td>• Comprehensive sustainability website</td>
</tr>
<tr>
<td>Exposure to fossil fuels and climate vulnerable industries</td>
<td>Our staff</td>
<td>• Published our second standalone TCFD report</td>
<td>• Comprehensive ESG disclosures</td>
</tr>
<tr>
<td>Managing and mitigating climate change impact within our operations (direct impact)</td>
<td>Our board</td>
<td>• Reporting in line with the UN PRB, GRI and SASB</td>
<td>• Sustainability factsheets</td>
</tr>
<tr>
<td>Innovative sustainable and ESG-related products</td>
<td>Government and regulators</td>
<td>• Disclosed our fossil fuel exposures and our exposure to climate vulnerable industries</td>
<td>• Regular knowledge sharing on ESG industry standards.</td>
</tr>
<tr>
<td>Climate-related expertise within our business</td>
<td>ESG analysts and climate-focused industry bodies</td>
<td>• Our offices and staff joined millions of people across the world who switched off their lights for Earth Hour at 20:30 on Saturday 27 March 2021</td>
<td>• Regular and active participation in a number of ESG and climate forums relating to the TCFDs and PCAF</td>
</tr>
<tr>
<td>Supply chain monitoring and engagement</td>
<td>Suppliers</td>
<td>• Achieved platinum status once again in the City of London Corporation’s Plastic Free City Pledge</td>
<td>•</td>
</tr>
<tr>
<td></td>
<td>Investors</td>
<td>• Our UK head office won the Plastic Free City Award in the City of London Corporation’s Clean City Awards Scheme in 2020</td>
<td>•</td>
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<tr>
<td></td>
<td>Clients</td>
<td>• Provided staff with a series of online sustainable living workshops to help them learn how to make positive changes to their personal and professional lives that benefit their well-being</td>
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- **Investec**

- **A note from the Chief Executive**

- **Our positioning on climate change**

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- **Metrics and targets**

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- **Abbreviations**

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**CLIMATE-RELATED FINANCIAL DISCLOSURES 2021**

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**Stakeholder engagement**

- **Government and regulators**
- **ESG analysts and climate-focused industry bodies**
- **Suppliers**
- **Investors**
- **Clients**
- **Communities**
- **Our staff**
- **Our board**

- **What matters to them**
- **Who is interested in this matter**
- **How we responded over the past year**
- **How we engage**
Our progress against the TCFD recommendations

We recognise and support the recommendations of the Financial Stability Board’s TCFD disclosures to disclose clear, comparable and consistent information. This is the second year Investec has reported according to the TCFD recommendations.

As we continue to build a better understanding, we are improving our disclosures regarding ESG and climate-related risks and opportunities. We aim to be transparent in our reporting by providing our stakeholders with balanced and accurate information regarding our approach to climate change and net-zero emissions, as well as managing the associated risks and opportunities.
Climate change framework: transitioning to a zero-carbon economy

Strategy
We see climate change as both a business opportunity and a risk and therefore our strategy is based on the following:
• Supporting the Paris Agreements' goals and acknowledging the urgency of climate change
• Minimising our direct negative carbon impacts and committing to ongoing carbon neutrality
• Investing in products, services and businesses that help accelerate the transition
• Supporting our clients as they transition their business operations and offerings
• Engaging with stakeholders to inform our climate strategy as it evolves
• Actively participating in industry discussions to ensure an aligned and comprehensive approach.

Governance
Board of directors
• At the highest governance level, the board has the ultimate responsibility to monitor how well the group is operating as a responsible organisation
• This includes considerations around climate-related risks and opportunities when reviewing the group strategy
• The board is supported by the DLC SEC which is responsible for monitoring all the non-financial elements of sustainability.

Senior leadership
• We have a Group ESG Executive Committee, mandated by the group's executive directors that reports relevant ESG matters to the DLC SEC and Group ERC.

Publicly available policies and statements
• Environmental policy and climate change statement
• Fossil fuel policy
• Operational resilience statement.

Management
Compliance and screening
• We identify climate risks by integrating ESG considerations into our day-to-day operations
• We assess climate risks and follow the 'do no harm' principle through screening to ensure responsible lending and investing.

Risk management
• We see climate risk as a material risk associated with rapidly changing weather events (physical risk) or market shifts as a result of regulatory and policy changes (transitional risk), or the risk from climate change breaches of underlying legal frameworks (litigation risk).

Environmental management
• We have an environmental management system to manage and limit our direct carbon impact
• We ensure responsible sourcing of natural resources and encourage behaviour that supports our carbon-neutral focus.

Business opportunities
• We use our specialist skills in advisory, lending and investing to support clients' sustainability ambitions
• We have expertise and focus on financing infrastructure solutions that promote renewable and clean energy, and green buildings
• Through our approach to the SDGs, we can accelerate sustainable finance that supports a zero-carbon transition.

For our governance framework, refer to volume two in the Investec group's 2021 integrated annual report, page 23
Sound corporate governance is implicit in our values, culture, processes, functions and organisational structure. Our values require that directors and employees behave with integrity, displaying consistent and uncompromised moral strength in order to promote and maintain trust.
Responsibility of the board

We are guided by our climate change statement and policies on environmental and social risk. Climate-related risk considerations are integrated into a multidisciplinary, company-wide management processes throughout the group. Over the past year, the various Investec executive forums and boards have taken a deeper role in actively engaging on various sustainability activities and opportunities.

At the highest governance level, the board has the ultimate responsibility to monitor the operations of the group as a responsible corporate. The composition of the board has been designed to ensure that we have the appropriate mix of knowledge, skills, experience and diversity to provide the range of perspectives and insights needed to support good decision making in order to support the delivery of the group’s strategic objectives. The board met nine times over the past financial year of which four meetings were ad-hoc and called on short notice to consider the impact of COVID-19. ESG-related topics were explicitly discussed in three of these meetings. Agenda items included considerations around climate-related risks and opportunities when reviewing the groups’ strategy. ESG and climate-related risks have been identified as a principal risk through robust assessments by the board and its various subcommittees.

The board recognises that balanced board representation is vital for sustainable value creation.

The board’s roles and responsibilities are detailed on page 86 of volume one in the Investec group’s 2021 integrated annual report, which include responsibility for overseeing ESG and climate-related risks and opportunities.

The skills and experience of the members of the board are detailed on pages 80 to 82 in volume one of the Investec group’s 2021 integrated annual report.

We continue our efforts to upskill our board in various ESG and climate-related topics, with 84% of our board participating in climate workshops during the 2021 financial year.

Over the past year, the impact of climate change on our business and how the group’s activities affect the environment has been a key focus for the board. These topics have been discussed by the board and its subcommittees. In particular, the board recognises that climate change represents a material financial risk, and this is accordingly overseen and evaluated by the DLC BRCC.

In addition to this, we received shareholder support at the 2020 AGM to continue the group’s commitment to carbon neutrality.

For more information on the group’s commitment to supporting the transition to a clean and energy-efficient economy, refer to pages 36 and 52.

For more information on our governance structure, refer to volume one of our 2021 integrated annual report, page 85.
Responsibility of the board continued

In addition to the board, the DLC SEC, a board appointed committee, takes responsibility for monitoring the non-financial elements of sustainability. The DLC SEC specifically monitors the group’s performance in terms of social, environmental (including climate change) and governance (ESG) indicators. The DLC SEC consists of six independent directors with experience in sustainability and meets four times a year. The committee reports to the board on how it discharges its responsibilities and makes appropriate recommendations to the board.

For more information on the committee’s terms of reference, click here

The role of the committee is to:

- Oversee the group’s ESG and climate-related policies, processes and response to climate-related matters
- Ensure that the group promotes social and economic development
- Monitor the group’s behaviour as a corporate citizen
- Monitor the group’s application of the Employment Equity Act, the Broad-Based Black Economic Empowerment (B-BBEE) Act and the Financial Sector Code in South Africa

Key DLC SEC discussion points

- The committee monitored the group’s progress in applying the guidance of the fossil fuel policy, published at the end of the 2020 financial year. We have also monitored the group’s progress on key metrics with respect to climate change, and the group’s commitment to supporting the transition to a clean and energy-efficient economy. In this regard, the group maintained its commitment to net-zero direct emissions for the third financial year. We joined PCAF, which gives the group access to international best practice and allows us to be actively involved in the formulation of financial carbon reporting methodology.
- In addition, the integration of ESG into business strategy was reviewed and discussed. Management attended an offsite in September 2020 to discuss strategy in terms of sustainability and alignment with the SDGs. The committee welcomed the launch of a number of sustainability products and services during the year.

For further information concerning the group’s approach to ESG, click here

Key climate and environmental achievements in 2020/21

- Received shareholder support for the group’s commitment to carbon neutrality
- Welcomed the establishment of an ESG Executive Committee
- Received recognition for publishing our first TCFD report
- Strengthened the ESG skills of the committee with the appointments of Morris Mthomnemi (non-executive representing Investec Bank plc) and Moni Mannings (non-executive representing Investec Bank Limited).

Post year-end, we had two further two appointments, both with strong ESG skills and experience:
- Nicky Newton-King, as an independent nonexecutive director. Nicky was also appointed as a member of the DLC BRCC and DLC Social and Ethics Committee (SEC)
- Jasandra Nyker, as an independent nonexecutive director. Jasandra was also appointed as a member of the DLC BRCC and DLC SEC.

Areas of focus in 2021/22

- Further monitor the integration of sustainability into business strategy
- Review progress on climate-related and general ESG disclosures, including the TCFDs, and report on our priorities in terms of the SDGs
- Review and strengthen the group’s ESG and climate-related policies.

The Group ESG Executive Committee, mandated by the group’s executive directors, reports relevant ESG matters to DLC SEC and Group ERC. Mark Currie, our group chief risk officer, as well as Kevin McKenna, our UK chief risk officer, are members of the Group ESG Executive Committee with Kevin McKenna being appointed as the Senior Management Function (SMF) for climate risk. The main objectives of the committee are to coordinate ESG efforts across geographies and businesses and to:
- ensure that Investec conducts its business in a responsible manner
- manage non-financial risks in relation to ESG matters, incorporating considerations across philanthropy, corporate social investment (CSI), ESG screening, ESG investing, impact investing and the SDGs
- review all ESG strategies, policies, management initiatives and targets, as well as the performance of major Investec subsidiaries and the group in its entirety
- ensure that the ESG strategy is aligned with, and integrated into, business strategy
- coordinate ESG business activity and initiatives in terms of our climate and equality aspirations
- review the framework of policies and controls put in place by the Investec’s executive directors.
Executive remuneration

Non-financial and ESG-related targets are included within executive remuneration with a total weighting of 20% of short-term incentives and 25% of long-term incentives, of which 5% relate to ESG-related matters. The following table indicates the weightings and threshold targets.

Assessment of the short-term incentives for executives for the 2021 financial year

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<tr>
<th>Measures</th>
<th>Weighting</th>
<th>Target (100%)</th>
<th>Stretch (150%)</th>
<th>Actual performance</th>
<th>Achievement against target</th>
<th>Weighting achieved</th>
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<tbody>
<tr>
<td>Financial Return on risk-weighted assets</td>
<td>30%</td>
<td>0.55%</td>
<td>0.75%</td>
<td>1.00%</td>
<td>0.82%</td>
<td>114.8%</td>
</tr>
<tr>
<td>Financial Return on equity</td>
<td>30%</td>
<td>5.0%</td>
<td>6.0%</td>
<td>7.0%</td>
<td>6.6%</td>
<td>130.0%</td>
</tr>
<tr>
<td>Financial Cost to income ratio</td>
<td>20%</td>
<td>72.0%</td>
<td>70.0%</td>
<td>68.0%</td>
<td>70.9%</td>
<td>55.0%</td>
</tr>
<tr>
<td>Non-financial Culture, values and co-operation related measures</td>
<td>7%</td>
<td>0</td>
<td>4</td>
<td>6</td>
<td>5</td>
<td>125.0%</td>
</tr>
<tr>
<td>Non-financial ESG-related measures</td>
<td>5%</td>
<td>0</td>
<td>4</td>
<td>6</td>
<td>4</td>
<td>100.0%</td>
</tr>
<tr>
<td>Non-financial Prudential and risk management related measures</td>
<td>8%</td>
<td>0</td>
<td>4</td>
<td>6</td>
<td>3</td>
<td>75.0%</td>
</tr>
<tr>
<td>Total achieved</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>104.2%</td>
</tr>
</tbody>
</table>

Non-financial assessment for the 2021 financial year

The committee assesses achievement against objectives for the non-financial measures on a seven-point scale and will award scores of 0 (0%) and 6 (150%) only in exceptional circumstances. The non-financial measures for the year ending 31 March 2021 were as follows:

<table>
<thead>
<tr>
<th>Measures</th>
<th>Weighting</th>
<th>Achievement levels</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-financial measures</td>
<td>20%</td>
<td>0% 25% 50% 75% 100% 125% 150%</td>
</tr>
<tr>
<td>Culture, values and co-operation related measures</td>
<td>7%</td>
<td>0 1 2 3 4 5 6</td>
</tr>
<tr>
<td>ESG-related measures</td>
<td>5%</td>
<td>0 1 2 3 4 5 6</td>
</tr>
<tr>
<td>Prudential and risk management related measures</td>
<td>8%</td>
<td>0 1 2 3 4 5 6</td>
</tr>
</tbody>
</table>

For further information on remuneration, refer to volume one of the Investec group's 2021 integrated report, pages 153 – 197
Management role

Climate considerations are integrated into a multidisciplinary, company-wide management processes throughout the group. We see management as active participants in the mitigation and management of climate-related risks and opportunities.

Chief Executive responsibility
For climate-related risks and opportunities, the Chief Executive, Fani Titi, takes ultimate executive responsibility for all ESG issues. He is also a member of the UN GISD, an alliance with representation from 30 leading corporates and financial institutions across the world.

Group ESG Executive Committee
The Chief Executive is supported by the group ESG Executive Committee to coordinate ESG efforts across geographies and businesses from both a strategy and policy perspective.

Executive responsibility
The board assigned executive responsibility to Marc Kahn (Global Head of People & Organisation) for driving the sustainability agenda across the group. Mark Currie, our group chief risk officer as well as Kevin McKenna, our UK chief risk officer are members of the Group ESG Executive Committee with Kevin McKenna being appointed as the Senior Management Function (SMF) for climate risk.

Global Head of Sustainability
The Global Head of Sustainability, Tanya Dos Santos, is a member of the group ESG Executive Committee and collaborates with a range of senior leaders on ESG issues. The group sustainability team reports to the Global Head of Sustainability and is tasked with supporting the risk teams in identifying environmental and climate-related risks that may have an impact on the group. They are also responsible for defining sectoral policies aimed at limiting the ESG risks to which Investec may be exposed to.

Policies

We support the precautionary approach to environmental management. We strive to minimise and prevent investing in projects or dealing with counterparties where potential and unmitigated environmental degradation might result. Identifying and quantifying environmental risk is embedded within business risk assessments and management processes.

In principle, we will not engage in activities:
• that are in contravention of any international and/or local laws and conventions of the countries where Investec or the counterparty operates
• that are non-compliant with human rights, and especially non-compliant with the rights of local communities and indigenous peoples
• that are non-compliant with minimum standards for occupational health and safety and the relevant local legislation
• that use child labour, forced labour, modern slavery or human trafficking (as defined by international standards, including the International Labour Organisation and the UK Modern Slavery Act 2015)
• that involve pornography or prostitution
• that exploit high conservation value areas and UNESCO world heritage sites (for example any national parks)
• that involve projects in environmentally high-risk areas, including for example, related to tar sands exploitation, Arctic drilling, and drilling in the Amazon rain forest
• where environmental and social risks are not being managed, including, for example, water use, wastewater management, air emissions, solid waste, spill response or clean-up operations, site restoration and community/stakeholder management.

Public policies
- Environmental policy and climate change statement
- Fossil fuel policy
- IWI ESG and sustainability policy (SA)
- IWI Voting and active engagement policy (SA)
- IWI Equity ESG policy (UK)
- Operational resilience statement
- Procurement policy
- The way we do business

Internal policies
- Defence sector policy
- Environmental and social risk practices for both our lending and financing and investment activities.
Our commitment to sustainability recognises the interconnected nature of our business, the economy, the environment and society. We play an important role in funding (both lending and investing) a sustainable economy that is cognisant of the world’s limited natural resources and promotes carbon reduction. The greatest socio-economic and environmental impact we can have is to partner with our clients and stakeholders to accelerate a cleaner, more resilient and inclusive world.
Strategy

Our commitment to sustainability recognises the interconnected nature of our business, the economy, the environment and society. Our purpose is to create enduring worth, living in, not off, society.

Sustainability principles

1. Creating long-term value for all our stakeholders: contributing to the SDGs

2. Do no harm through ethical conduct and ESG screening; committed to the ten principles of the UN Global Compact

3. Committed to a clean carbon transition by achieving carbon neutral status in all our operations

4. Providing profitable, impactful and sustainable products and services and launched innovative sustainability linked offerings

5. Maximising impact through a focus on the SDGs.

Our sustainability framework is based on the UN SDGs

Our two core SDG priorities

Addressing climate and inequality issues is fundamental to the success of our business.

Our secondary SDG priorities

Our sustainability framework is based on:

• Living sustainably within our operations, through our policies, processes, risk practices and reporting

• Partnering with clients and offering sustainability products and services, particularly in water, renewables, infrastructure, job creation, clean cities and education

• Aligning our community initiatives to our SDG priorities to maximise impact in education, entrepreneurship and the environment.

Advocacy and industry participation

• Active participation in UNGC, UN GISP, UN PRI, UNEP FI, BASA, PCAF and others

• Working with industry in the UK and South Africa to ensure policy coherence

• Using the strength of our brand to educate and promote sustainable thinking.
Within the Specialist Bank

We believe that the widest and most positive influence we can have, is for our businesses to use their specialist skills in advisory, lending and investing to support our clients and stakeholders to move as quickly and smoothly as possible towards a zero-carbon economy. We also support the development of innovative solutions that will help accelerate a decarbonised economy. We are working to understand the carbon emissions from our Scope 3 financed emissions by participating in international alliances like the PCAF. For example, we are piloting a methodology to calculate our financed emissions within our mortgages and motor vehicle asset classes.

Living sustainably
- Environment and climate change statement
- Fossil fuel policy
- ESG risk screening process
- Signatory of UNEP FI and report according to the UN PRB
- Going forward: establish our finance emissions in Scope 3.

Partnering with our clients
- We partner with clients and offering sustainability products and services: particularly from a climate and environmental perspective in water, renewables, infrastructure and clean cities
- We use our specialist skills in advisory, lending and investing to support clients’ sustainability ambitions
- We work with our clients to transition towards a net-zero world.

Advocacy and industry participation
- Active participation in UNGC, UN GID, UN PRI, UNEP FI, BASA, PCAF (and others)
- Working with industry in the UK and South Africa to ensure policy coherence
- Using the strength of our brand to educate and promote sustainable thinking.

Within Wealth and Investment

We have a responsibility to preserve and grow the wealth that is entrusted to us over the long term. Sustainability is core to our fundamental investment approach.

At the heart of our decision-making, is the objective of investing in companies that are able to deliver cost of capital beating returns on a sustainable basis in the long term, while retaining a commitment to all relevant stakeholders. Our commitment to sustainability recognises the interconnected nature of our business, the economy, the environment and society.

Living sustainably
- We have a responsible investing policy
- We integrate ESG considerations into our investment decision making and broader investment process
- We screen all of our centrally researched equities from an ESG perspective on a biannual basis
- Going forward: establish our finance emissions in Scope 3 investments.

Partnering with our clients
- Engaging: Whilst bottom-up screening and scoring is part of our ESG process, we also have the opportunity as investment managers to actively engage and interact with companies’ management teams (both executive and non-executive) on ESG matters
- Voting: The cornerstone of our stewardship framework is our voting process. We use the services of Institutional Shareholder Services (ISS), a leading provider of corporate governance solutions, to provide us with research and recommendations. This research is thoroughly vetted by our research analysts with final voting recommendations reviewed by our voting committee.

Advocacy and industry participation
- Signatory of the UN PRI
- Signatory of the UK Stewardship Code
- Signatory of the Code for Responsible Investing in South Africa (CRISA)
- Various thought leadership pieces on climate published on the Investec Focus website.
Climate-related risks and opportunities

Sustainability is part of our core strategy and we believe there needs to be a balance between economic and financial imperatives, the needs of society and their combined impact on the environment. Our commitment to sustainability recognises the interconnected nature of our business, the economy, the environment and society.

We see climate risk as a material risk associated with rapidly changing weather events (physical risk) or market shifts as a result of regulatory and policy changes (transition risk). We acknowledge that climate change may have a material financial impact on our company but also recognise that our company may have material impacts on the environment and society.

Over various time horizons, climate risk can be a primary or secondary drivers to physical and transition risk across short-, medium- and long-term horizons. These risks can manifest themselves differently, for example, gradual shifts in market preferences, and rising global sea levels. Over a longer time frame these risks may have a greater impact on Investec.

In contrast, risks from acute weather events have the ability to impact Investec on a short-term basis, with less impact in the long run. Long-term climate risks may directly render some types of operations in various areas impossible (a primary driver of risk). Additionally, they reduce the profitability in certain sectors, resulting in recessionary pressure within that sector (a secondary driver of risk). Investec maintains long-term relationships with our clients, albeit the majority of Investec’s lending is short to medium term. Therefore, it is imperative to identify, assess, and manage transition and physical risks across different time horizons. Our time horizons are explained alongside, with expected risks and opportunities within each time frame.

### Risks

**Physical risks:** Exposure of acute climate-related weather events that may affect our operations and implement mitigation measures

**Transition risk:** Reputational risk from increased stakeholder concerns

### Opportunities

**Resource efficiency:** Building refurbishments and more efficient buildings

**Energy efficiency:** Sourcing renewable energy in all our operations

**Resilience:** Increasing market valuation through resilience planning within our operations

### Short-term (0 – 1 year)

- Physical risks: Chronic droughts affecting our clients profitability

### Medium-term (1 – 5 years)

- Transition risk: Shifts in consumer preferences and decreased demand for carbon-intensive products or investments

### Long-term (5 – 40 years)

- Transition risk: Policy and regulatory changes affecting our clients in carbon-intensive industries

- Physical risks: Extreme weather events affecting our operations

- Markets: Increase revenues through access to new and emerging markets with public and private partnerships

- Products and services: Continue with a deliberate focus on financing infrastructure solutions that promote renewable and clean energy

- Resilience: Ensure resilience of our financed emissions through partnering with our clients

- Markets: Increase revenues through access to new and emerging markets aligned with technology advances

- Products and services: Better competitive position to reflect shifting consumer preferences, resulting in increased revenues

- Resilience: Increase reliability of supply chain and ability to operate under various conditions
Climate-related risks

ESG and climate-related risks are managed as a principal risk. Our lending and investment activities may give rise to unintended environmental, climate, social and economic consequences. Material climate-related risk considerations are integrated into multidisciplinary, company-wide management processes throughout the group and are managed within our credit and lending portfolios. We have a board-approved risk appetite framework where significant concentrations to industries and avoided. Our approach to climate change reporting considers double materiality. This incorporates risks and opportunities from both financial and non-financial perspectives. We are following the recent developments of the shared visions published by five framework- and standard-setting institutions of international significance: Carbon Disclosure Project (CDP), the Climate Disclosure Standards Board (CDSB), the Global Reporting Initiative (GRI), the International Integrated Reporting Council (IIRC) and the Sustainability Accounting Standards Board (SASB).

Climate risk can be defined as the risk associated with a rapidly changing climate, posing risks to financial stability.

Transition risk can arise due to markets shifting towards a low-carbon economy as a result of regulatory and policy changes, disruptive technologies, and new business models which may result in adjustments to the value of our assets or investments.

Physical climate risk can arise due to specific weather events or longer-term climate shifts that may have a direct financial impact, such as property damage leading to impaired asset value and sovereign risk. Indirect financial impacts may be caused by supply chain disruption.

Liability/Litigation risk can arise as a consequence of transition or physical risks. Increased costs and/or reduced demand for products and services resulting from fines and judgements.

Dynamic materiality
Sustainability topics can move, either gradually or very quickly.

Reporting on matters that reflect the organisation’s significant impacts on the economy, environment and people

Reporting on the subset of sustainability topics that are material to enterprise value creation

Reporting that is already reflected in the financial accounts

To various users with various objectives who want to understand the enterprise’s positive and negative contributions to sustainable development

Specifically to the subset of those users whose primary objective is to improve economic decisions

Source: Statement of Intent to Work Together Towards Comprehensive Corporate Reporting
Identification of climate-related transition risks

Transitioning to a zero-carbon economy may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk. Our mitigation approaches are set out below.

<table>
<thead>
<tr>
<th>Short-term (0 – 1 year)</th>
<th>Medium-term (1- 5 years)</th>
<th>Long-term (5 – 40 years)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Policy and legal risks</strong></td>
<td>• Implement robust ESG policies and processes</td>
<td>• Evaluate regulatory policies within each of the geographies that we operate in to ensure policy alignment towards the aspiration of zero-carbon world</td>
</tr>
<tr>
<td></td>
<td>• Apply a balanced approach to meeting stakeholder expectations</td>
<td>• Continue participating in industry initiatives to test and develop climate reporting methodologies</td>
</tr>
<tr>
<td></td>
<td>• Assess the alignment of our activities with the Paris Agreement goals</td>
<td></td>
</tr>
<tr>
<td><strong>Technology risks</strong></td>
<td>• Drive innovation in line with the business objectives – integrating people, processes, systems and information</td>
<td>• Adoption of cloud services and reduction on the reliance of on-premise data centres, with an accelerated digitalisation initiative</td>
</tr>
<tr>
<td></td>
<td>• Ethical use of technology and the protection of client and employee privacy</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Ongoing assessment of infrastructural efficiencies to reduce our environmental footprint</td>
<td></td>
</tr>
<tr>
<td><strong>Market risks</strong></td>
<td>• Establish a road map to calculate financed emissions</td>
<td>• Manage and minimise exposures to high emitting industries (e.g. fossil fuels) and work with those clients to shift to cleaner technologies as they become available</td>
</tr>
<tr>
<td></td>
<td>• Report on industries exposed to high transition risk</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Active engagement with clients to support them in implementing carbon reduction strategies</td>
<td></td>
</tr>
<tr>
<td><strong>Reputational risks</strong></td>
<td>• Provide meaningful, transparent and timely financial and non-financial information</td>
<td>• Continue to engage with stakeholders to inform our climate strategy as it evolves</td>
</tr>
<tr>
<td></td>
<td>• Present a balanced assessment of our position with particular consideration to materiality</td>
<td></td>
</tr>
</tbody>
</table>
Identification of climate-related physical risks

Physical risks resulting from climate change can be event driven (acute) or longer-term shifts (chronic) in climate patterns which may have financial implications for our business, such as financial losses and economic costs. Our mitigation approaches are set out below.

**Acute physical risks**
The risks of rapidly changing weather events such as cyclones, hurricanes, fires, storms, landslides and floods may have financial implications for our operations and business, such as direct damage to assets, increasing default rates and credit losses due to these extreme weather events.

- **Short-term (0 – 1 year)**
  - Evaluate the acute physical risks our offices are exposed to
  - Manage operational resilience

- **Medium-term (1- 5 years)**
  - Evaluate the acute physical risks to our lending and investing activities
  - Evaluate the risk of our supply chain to acute physical risks
  - Ensure robust risk mitigation is in place
  - Ensure resilience in revenue towards acute physical risks through applying physical risk scenario analysis

- **Long-term (5 – 40 years)**
  - Continue to ensure robust mitigation of risks are in place through the ongoing evaluation of exposure towards acute physical risks in our business activities

**Chronic physical risks**
The risks of longer-term shifts in climate patterns that may cause sustained higher temperatures, rising sea levels, chronic heat waves, drought and water scarcity.

- **Short-term (0 – 1 year)**
  - Evaluate the chronic physical risks that our offices are exposed to
  - Ensure operational resilience

- **Medium-term (1- 5 years)**
  - Evaluate the chronic physical risks that our lending and investing activities are exposed to with a focus on:
    - power generation, agriculture, and food and beverage sector, which may be affected by water scarcity
    - residential and commercial properties that may be affected by the continued rise in sea levels.
  - Ensure resilience in our lending and investing activities towards chronic physical risks through applying physical risk scenario analysis

- **Long-term (5 – 40 years)**
  - Continue to ensure robust mitigation of risks are in place through the ongoing evaluation of exposure towards chronic physical risks in our business activities

**Liability/litigation risk**
Climate change related litigation is becoming a real risk in many countries. Businesses of all types (including banks such as Investec) should not ignore this risk. Growing numbers of stakeholders are identifying the potential for litigation as a lever to drive an agenda of increased climate change mitigation activity across a range of sectors. Such mitigant activity may also include litigation or social backlash against Investec to deter us from advancing financial support to entities viewed as having a poor climate change outlook.
Climate-related risks and opportunities continued

Climate-related opportunities

Climate-related opportunities are realised through the interconnected nature of our business, the economy, the environment and society, where we play a critical role in funding a sustainable economy that is cognisant of the world’s limited resources. The UN SDGs provide a solid framework for us to assess, align and prioritise our activities. We harness the expertise in our various businesses and identify opportunities to maximise impact by partnering with our clients, investors and various stakeholders to support delivery of the SDGs and build a more resilient and inclusive world.

Resource efficiency
We embrace our responsibility to understand and manage our own carbon footprint through reducing energy consumption, water usage, waste, single-use plastic, whilst increasing waste recycling rates, and promoting sustainable travel and promoting sustainable procurement.

Energy source
We recognise the need to move as quickly and smoothly as possible towards a zero-carbon economy while always being mindful of the socio-economic consequences of this transition.

Products and services
Investec has a vital role to play in leveraging its capital and financing the transition to a zero-carbon, more sustainable economy. We recognise the need to innovate and develop new low-emission products and services for our clients.

Markets
We continue to pro-actively seek opportunities to enable us to have a greater impact on climate change, thereby increasing revenues and increasing asset diversification.

Resilience
We continue to play a significant role in the transformation to a resilient energy sector, building resilient infrastructure and promoting sustainable development.

<table>
<thead>
<tr>
<th>Short-term (0 – 1 year)</th>
<th>Medium-term (1- 5 years)</th>
<th>Long-term (5 – 40 years)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Limit and minimise our direct carbon impact and create awareness to encourage positive sustainable behaviour.</strong></td>
<td><strong>Deliberate focus on financing infrastructure solutions that promote renewable and clean energy.</strong></td>
<td><strong>Share resources and intelligence to support global efforts to the transition to a net-zero carbon economy and play an active role in industry initiatives and forums.</strong></td>
</tr>
<tr>
<td>- Maintain net-zero in Scope 1, 2 and operational Scope 3 emissions</td>
<td>- Increase screening and engagement of our suppliers ensuring responsible supply chain and procurement practices</td>
<td>- Aspire to be climate positive within our operations</td>
</tr>
<tr>
<td>- Retain or improve our 4 Star Green Star Rating for our head office in South Africa through the Green Building Council South Africa (GBCSA)</td>
<td>- Engage suppliers across our supply chain to improve carbon performance and introduce low carbon policies</td>
<td>- Secure the availability of natural resources in all operations</td>
</tr>
<tr>
<td>- Retain ISO 14001 and ISO 50001 for our UK energy management system</td>
<td>- Preference to green rated buildings</td>
<td>- Prefer low carbon alternative energy sources within all our operations by exploring new technologies</td>
</tr>
<tr>
<td><strong>Leverage our solid sustainability positioning:</strong></td>
<td><strong>Increase investment in clean energy generation whilst taking socio-economic needs into account</strong></td>
<td><strong>Continue innovation in new product development to benefit our clients and broader society: focusing on affordable clean energy and industry innovation and infrastructure towards a net-zero world</strong></td>
</tr>
<tr>
<td>- Launched the first European mid-market ESG-linked loan and one of Europe’s first ESG-linked NAV facilities</td>
<td>- Increase sustainable finance products</td>
<td>- Continue innovation in new product development towards a net-zero world to benefit our clients and broader society, by focusing on affordable clean energy and industry innovation and infrastructure</td>
</tr>
<tr>
<td>- Launched UK’s first retail ESG-linked Deposit Plan</td>
<td>- Explore the potential for the export finance industry to be more proactive in supporting the global sustainability agenda</td>
<td>- Support our clients globally to transition to a net-zero world through innovative financing solutions</td>
</tr>
<tr>
<td>- Launched our first ESG-linked autocall product in South Africa</td>
<td>- Where possible continue to drive energy efficiency within our operations</td>
<td>- Use the strength of our brand to educate and promote sustainable thinking</td>
</tr>
<tr>
<td>- Where possible continue to drive energy efficiency within our operations</td>
<td>- Improve energy efficiency of in-house data centres and capture cost-savings from optimisation programmes</td>
<td>- Share resources and intelligence to support global efforts to transition to a net-zero world through innovative financing solutions</td>
</tr>
<tr>
<td><strong>Embed climate action as a core value throughout our business</strong></td>
<td>- Continue innovation in new product development</td>
<td>- Support our clients globally to transition to a net-zero world through innovative financing solutions</td>
</tr>
<tr>
<td><strong>Establish a baseline measurement of the resilience of our Scope 3 financed emissions</strong></td>
<td>- Where possible continue to drive energy efficiency within our operations</td>
<td>- Use the strength of our brand to educate and promote sustainable thinking</td>
</tr>
<tr>
<td><strong>Deliberate focus on financing infrastructure solutions that promote renewable and clean energy.</strong></td>
<td>- Improve energy efficiency of in-house data centres and capture cost-savings from optimisation programmes</td>
<td>- Continue innovation in new product development towards a net-zero world to benefit our clients and broader society, by focusing on affordable clean energy and industry innovation and infrastructure</td>
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</tr>
</tbody>
</table>

Climate-related risks and opportunities continued

Resource efficiency
We continue to play a significant role in the socio-economic consequences of this transition.

Energy source
We recognise the need to move as quickly and smoothly as possible towards a zero-carbon economy while always being mindful of the socio-economic consequences of this transition.

Products and services
Investec has a vital role to play in leveraging its capital and financing the transition to a zero-carbon, more sustainable economy. We recognise the need to innovate and develop new low-emission products and services for our clients.

Markets
We continue to pro-actively seek opportunities to enable us to have a greater impact on climate change, thereby increasing revenues and increasing asset diversification.

Resilience
We continue to play a significant role in the transformation to a resilient energy sector, building resilient infrastructure and promoting sustainable development.
Investec acted as the exclusive financial advisor to the global investment firm, KKR, on their acquisition of a stake in GreenCollar, the leading environmental markets project developer across the carbon, water quality, biodiversity and plastics markets in Australia. The investment represents the first impact investment in Australia from KKR's newly raised $1.3 billion KKR Global Impact Fund and is part of KKR's global impact strategy. The global impact fund is focused on generating risk-adjusted returns by investing in companies that contribute toward the SDGs.

For more information click here

Sustainable financing

We believe that our most significant impact on the environment and climate change is through our lending and investing activities. We use our specialist skills in the advisory, lending and investing businesses to support clients and stakeholders to move as quickly and smoothly as possible towards a zero-carbon economy. We have created a sustainable finance framework to support our sustainable financing practices. The framework outlines the approach for classifying and managing sustainable financing activities and instruments.

For more information click here

Investec provided funding for the Trans-Caledon Tunnel Authority (TCTA), a state-owned entity that designs bankable projects, raises funding in capital markets, manages debt and implements infrastructure rollouts. Investec recognises that as a water-scarce country, South Africa requires a dedicated focus on ensuring adequate water storage and transfer capacity. Investec's funding will be used for phase two of the Lesotho Highlands Water Project enhancing assurance of water supply and reducing the impact of acid mine drainage. This continued development of the Lesotho Highlands Water Project is expected to create 545 000 direct and indirect job opportunities in South Africa and Lesotho.

For more information click here

Clean water and sanitation

Ensure availability and sustainable management of water and sanitation for all.

Part of a R15bn funding initiative for TCTA, of which we provided a R1.65bn term facility over 15 years

For more information click here

Investec acted as the exclusive financial advisor to the global investment firm, KKR, on their acquisition of a stake in GreenCollar, the leading environmental markets project developer across the carbon, water quality, biodiversity and plastics markets in Australia. The investment represents the first impact investment in Australia from KKR's newly raised $1.3 billion KKR Global Impact Fund and is part of KKR's global impact strategy. The global impact fund is focused on generating risk-adjusted returns by investing in companies that contribute toward the SDGs.

For more information click here
Affordable and clean energy

Ensure access to affordable, reliable, sustainable and modern energy for all.

**SDG 7.2**

**INCREASING THE SHARE OF RENEWABLE ENERGY**

**Participated in**

£0.95bn of renewable energy projects globally (2020: £1.0bn) with

£545mn investment (2020: £258mn)

**Financed**

12 projects (2020: 11 projects) with installed capacity of

7 966 MW (2020: 3 924 MW)

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**Environmental impact**

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
<th>Total over 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation in Power and Infrastructure renewable energy projects</td>
<td>12</td>
<td>11</td>
<td>14</td>
<td>8</td>
<td>11</td>
<td>56</td>
</tr>
<tr>
<td>Value of participation in Power and Infrastructure renewable energy projects (GBP)</td>
<td>0.9bn</td>
<td>1.0bn</td>
<td>1.6bn</td>
<td>1.2bn</td>
<td>1.8bn</td>
<td>6.5bn</td>
</tr>
<tr>
<td>Renewable energy capacity (MW)</td>
<td>7 966</td>
<td>3 924</td>
<td>1 863</td>
<td>1 450</td>
<td>1 000</td>
<td>16 176</td>
</tr>
</tbody>
</table>
Investec Power and Infrastructure UK acted as nominated advisor, broker and bookrunner for Ceres Power on its £181 million equity raise. The proceeds will be used to invest in the development of a solid oxide electrolysis capability to produce green hydrogen, invest in research and development to maintain electrochemical technology leadership, and to penetrate material new markets for solid oxide fuel cells. Ceres Power has established partnerships with some of the world’s largest engineering and technology companies, to develop systems and products addressing climate change.

For more information click here

Investec Power and Infrastructure UK supported the successful closing of a £192.3 million financing package for Energy Capital Partners, a thermal generation platform (SCCL Holdings Ltd). The SCCL Holdings platform is seen as a critical component in the UK national grid’s transition to net zero.

For more information click here

Investec Power and Infrastructure UK acted as financial advisor on two debt financing deals for Castleton Commodities International (CCI) in Western Europe. CCI’s efficient and flexible power generation assets in Europe are playing a critical role in supporting the energy transition away from coal to intermittent renewables and acting as important balancing mechanisms in the grid. Investec’s team advised CCI on a mix of new debt raises and refinancing relating to their gas assets, which included a 1.3 GW pair of modern and efficient combined cycle gas turbine plants in the Netherlands.

Investec Power and Infrastructure New York closed a $137 million senior secured credit facility for Oaktree Capital’s US liquefied natural gas (LNG) distribution business, Seaside LNG Holdings LLC. The proceeds of the credit facilities will be used to expand its LNG facilities, construct an LNG barge and provide for a distribution to Oaktree. The International Maritime Organisation 2020 regulations, combined with strong customer preferences for low-carbon energy, are driving a major shift in the maritime landscape resulting in continued increased demand for LNG-fuelled vessels.

Investec Power and Infrastructure UK funded two deals for Lightsource bp (LSbp):

Investec was the mandated lead arranger for a £250 million revolving credit facility. LSbp is Europe’s largest solar developer, with approximately 2 GW of assets developed. LSbp aims to become a global player and build more than 20 GW of capacity over the next five years.

Investec was the sole lead arranger for a two-year £33 million development capex facility to acquire a project development pipeline across Iberia. As part of its global plans LSbp is looking to increase its footprint in the region.

Investec Power and Infrastructure UK closed a €38 million financing facility for Capital Energy. Capital Energy is an experienced developer and asset owner with a pipeline of more than 10 GW and ready-to-build assets of more than 5 GW in wind and solar across Spain and Portugal, making them one of the largest independent renewable platforms on the Iberian Peninsula. The proceeds will be used to acquire a 39 MW operational onshore wind project, which entered into operation in September 2020. Capital Energy aspires to become the first vertically integrated 100% renewable energy-oriented business on the Iberian Peninsula.
Investec has a vital role to play in leveraging its capital and financing the transition to a low-carbon, more sustainable economy. Clean, affordable energy is particularly critical for South Africa. We are in the second phase of a pilot test for a solar offering. This will allow a simplified user journey for our clients to either facilitate the installation of smart meters, or finance a full solar installation facilitated through an energy adviser. This facility will equip existing clients with a mechanism to fund solar installations for the properties by linking the cost to their mortgage facilities.

Investec Corporate Broking in the UK acted as nominated adviser, sole broker, financial adviser and sole bookrunner to ITM Power plc on its c.£172 million equity raise. ITM Power is one of the world’s leading manufacturers of integrated hydrogen energy solutions for grid balancing, energy storage and the production of green hydrogen for transport, renewable heat, and chemicals. The capital raising enables ITM Power to capitalise on its market-leading capability in the design and manufacture of electrolysers integral to the production of green hydrogen. The EU have recently announced a green deal targeting 40 GW of green hydrogen by 2030, highlighting the importance of hydrogen in energy transition.

Investec is the anchor investor in Revego Africa Energy Fund - Africa’s first YieldCo focused on operating renewable energy projects in sub-Saharan Africa. Revego has secured six renewable energy investments in South Africa. The total installed capacity of this initial portfolio is 605 MW, with the fund owning an effective 114 MW. Revego understands the intrinsic link between the ESG performance of each of its investments, the needs of Revego’s stakeholders and its long-term business objectives. Revego is committed to actively identifying, mitigating and managing ESG-related risks and opportunities throughout the lifecycle of its various investments, by ensuring that ESG issues are a constant consideration in both the pre-investment and ongoing asset management processes.
Sustainable cities and communities

Make cities inclusive, safe, resilient and sustainable.

SDG 11.2
PROVIDING ACCESS TO SAFE, AFFORDABLE, ACCESSIBLE AND SUSTAINABLE TRANSPORT SYSTEMS FOR ALL

Invested in
Electric vehicles (EVs) rapid charging

Investec has invested in a London-based company specialising in electric vehicle (EV) rapid charging, recognising the need for enabling cleaner transport and cleaner cities. Osprey works in partnership with landowners to deliver fully funded and maintained rapid charging units, powered exclusively by 100% renewable energy. Being one of the UK’s largest rapid charging networks, Osprey operates open-access units that can charge any type of electric vehicle. In the past year, Osprey installed more than 150 rapid charge points at over 110 sites across London, significantly improving the pollution problem in the city.

SDG 11C
SUPPORTING SUSTAINABLE AND RESILIENT BUILDINGS

Total installed capacity of 7.95 MWp

Investec Property Fund (IPF), managed by Investec Property and 24.3% owned by Investec Limited, actively explores sustainable business development, tracking and benchmarking consumption across the portfolio to identify energy and water efficiency opportunities and monitor improvements. In the last financial year, IPF implemented another Photovoltaic (PV) project at the Checkers Hyper in Vanderbijlpark, South Africa, bringing total installed capacity to 10.52 MWp. In the past year, IPF sold two properties with installed solar PV (Musina and Boitekong). IPF is exploring the continued roll-out of solar PV plants across its retail, office and industrial property portfolios and has targeted 10 MW of installed capacity in the next 12 months.

Benefits to society
Meaningful sustainable development requires a significant transformation in the way we deal with rapid urbanisation. A more resilient and sustainable approach is required when building cities to reduce vulnerability to factors such as natural disasters, overcrowding and air pollution. This requires investment in safe and affordable housing, efficient public transport, green public spaces, and more inclusive urban planning.

Benefits to business
Through our lending and investment activities, we play a meaningful role in building sustainable cities and communities. Our property business focuses on developments that bring value to surrounding communities and invests in sustainable and resilient buildings. We also finance innovative technologies that can contribute to more sustainable transport systems and safer, more robust infrastructure solutions.
Resilience of our climate risk strategy

Transitioning to a zero-carbon world

We support the transition to a zero-carbon economy while realising that this might take time due to socio-economic constraints. We have a global business and operate in both the developed and developing world with varying economic, social and environmental contexts. The transition cannot be done in isolation of the realities of the communities in which we, and our clients, operate and we welcome the voice of all stakeholders as we make the move together to a cleaner, zero-carbon world that is most responsible for all participants.

As such, we are working together with PCAF to measure our financed emissions and to establish a baseline towards a net-zero path. We are building capacity within our specialist skills in advisory, lending and investing to support our clients and stakeholders to move as quickly and smoothly as possible towards a zero-carbon economy. We also focus on protecting biodiversity and promoting the well-being of our planet. Environmental considerations are incorporated when making lending and investment decisions.

Over the past year we screened 39 potential fossil fuel transactions against our fossil fuel policy to ensure adherence to its guidelines.

While our overall fossil fuel exposures decreased, we are conscious that we operate on the African continent which severely lacks access to clean and renewable energy, in addition to a myriad of socio-economic needs. We are therefore aware that we may face fluctuations in our fossil fuel exposures from one year to the next as we navigate through this transition.

Our approach to transitioning to a zero-carbon world looks at the following key deliverables:

Maintaining carbon neutrality within our direct operations (Scope 1, 2 and Scope 3 operational emissions)

Evaluating Scope 3 financed emissions towards carbon neutrality within our lending and investing activities by:

1. Establishing a baseline of our financed emissions
2. Minimising high-emitting industries, in particular, fossil fuels
3. Managing and driving change towards low-carbon alternatives

For more information refer to page 36 in our risk management section.
We take a cautious approach to industries known to damage the environment. Financial risk arising from climate change is extremely important and helps to inform our decisions. We acknowledge that our approach is work-in-progress and we will continue to enhance it over time.
Risk management

Investec supports international best practice regarding the responsibility of the financial sector in financing and investing transactions. Social, environmental and ethical risk considerations are implicit in our values, culture and code of conduct, and are applied as part of our ESG risk framework.

Identifying, assessing and managing climate-related risks

The group supports the precautionary approach to ESG and strives to minimise and prevent investing in projects or dealing with counterparties where potential and unmitigated environmental degradation might occur. We recognise that identifying and quantifying environmental risk should be part of the normal process of risk assessment and management within businesses. We engage with our clients on sustainability issues in order to minimise the risks and require clients to meet appropriate technical, governance, transparency, social and environmental standards.

We follow the guidelines supplied by the International Finance Corporation (IFC) to categorise our general financing and lending activities into high, medium and low risk. We consider existing regulatory requirements related to climate change and remain focused on adhering to the highest levels of compliance to professional standards and integrity in each of our jurisdictions. Our culture is a major component of our compliance framework and is supported by robust policies, processes and talented professionals who ensure that the interests of our clients and shareholders remain at the forefront of everything we do. We have independent compliance functions in each of our core operating jurisdictions, which ensure that the group implements the required processes, practices and policies to uphold applicable regulations and legislation.

We support international best practices regarding the responsibilities of the financial sector in financing and investing transactions. ESG considerations are implicit in our values, culture and code of conduct and are applied as part of our ESG risk frameworks. In particular, the following factors are considered when a transaction is evaluated and approved or declined based on sustainability considerations:

- Environmental considerations (including animal welfare and climate-related impacts)
- Social considerations
- Ethical considerations (including human rights)
- Macro-economic considerations (including poverty, growth and unemployment)

For example:

- as part of our client onboarding process, we assess potential clients for various risk profiles, including responsible business behavior and their activities
- ESG risks are identified and assessed as part of transaction due diligence processes
- our operational activities are assessed for compliance with relevant environmental, health and safety, and labour rights regulations
- we regularly review sensitive sectors and activities prone to bearing environmental and social risks.

Risk management and key mitigating actions

Investec has a holistic approach to sustainability, which goes beyond recognising our own environmental footprint. It includes our many community activities and is based on a broader responsibility to our environment and society. Accordingly, sustainability risk implications are considered by the relevant credit or investment committee when making lending or investment decisions.

Risk appetite and tolerance metric

We take a cautious approach to industries known to damage the environment. Financial risk arising from climate change is extremely important and helps to inform our decisions. We acknowledge that our approach is work-in-progress and will continue to enhance it over time. Our environmental policy and climate risk statement is approved by the board annually.

For our environmental policy and climate change statement, click here.

Our board-approved risk appetite framework provides a basis for us to monitor significant exposures to certain industries, where necessary. As at 31 March 2021 we have maintained our risk tolerance level.
Climate-related risk considerations are integrated into multidisciplinary, company-wide management processes throughout the group and are managed within our credit and lending portfolios. We have a board-approved risk appetite framework where significant exposures to industries are monitored and avoided. We have a climate change statement and policy on environmental and social risk practices for both our lending and financing and investment activities (including detailed guidance for certain high-risk industries). The board and senior management have identified environmental (including climate risk), social and economic risk as a primary risk. This is the risk that our lending and investment activities give rise to unintended environmental (including climate change), social and economic consequences.

There is also oversight by the DLC SEC on social and environmental issues, including climate-related impact considerations.

Integration into overall risk management

We define high, medium and low risk exposures according to the World Bank International Finance Corporation (IFC) guidelines.

- **High risk**: Proposed funding or investment is likely to have significant adverse social or environmental impacts that are diverse, irreversible, or unprecedented.

- **Medium risk**: Proposed funding or investment likely to have potential limited adverse social or environmental impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures.

- **Low risk**: Proposed funding or investment is likely to have minimal or no social or environmental impacts. Primarily services, consulting, training and education, trading, retail sales, etc.

We provide training on ESG risks and opportunities to staff through our credit college and have an ESG guideline handbook that is available to assist all staff in assessing ESG matters.

In terms of our business impact, there is still a large degree of uncertainty around climate scenario analysis for the financial sector. We have embarked on a process to collect and disclose the relevant metrics and targets for potential climate risks and opportunities for our business, and will enhance these disclosures within the recommended pathway, as outlined by the Financial Stabilities Board’s (FSB) TCFDs.

We participate in the Sustainable Finance Committee (a sub-committee of BASA) where climate change and climate-related scenario analysis are regularly discussed and will continue to monitor our reporting in terms of industry best practice.
We believe that our most significant impact on the environment and climate change is through our lending and investing activities. We use our specialist skills in the advisory, lending and investing businesses to support clients and stakeholders to move as quickly and smoothly as possible towards a zero-carbon economy. We have created a sustainable finance framework to support our sustainable financing practices. The framework outlines the approach for classifying and managing sustainable financing activities and instruments.

Following the sentiment of South Africa’s second Nationally Determined Contribution (NDC) under the Paris Agreement goals and the recommendation from the independent Climate Change Committee (CCC) in the UK, according to the sixth Carbon Budget, a just transition with a focus on reducing inequality (SDG 10) is core to shifting Investec’s development pathway to increased sustainability, fostering climate resilient and low GHG emissions development, while providing a better life for all.

As stipulated in the NDC, “decarbonisation of the South African economy, will in the 2020s focus primarily on the electricity sector; in the 2030s, a deeper transition will take place in the electricity sector, coupled with a transition in the transport sector towards low emission vehicles, while the 2040s and beyond will be characterised by the decarbonisation of the hard-to-mitigate sectors. The key challenge during the implementation periods of this first NDC (2021 to 2025, and 2026 to 2030) will be the transition in the electricity sector and addressing the economic and social consequences resulting from this transition in coal-producing areas”.

As per the UK’s sixth Carbon Budget recommendations the requirement is for a 78% reduction in UK territorial emissions between 1990 and 2035. The CCC recommends actions in four areas with an overall consideration towards a just and fair transition. These focus areas include reducing carbon-intensive activities, the take-up of low carbon solutions, the expansion of low-carbon energy supplies and a significant reliance on nature-based CO2 removals through afforestation and peatland restoration.

**ESG Screening**

We have implemented a more streamlined and thorough ESG screening process across all our business activities. The identification of high-risk industries has been automated within Investec plc and will be replicated in Investec Limited.

All high-risk ESG activities go through a comprehensive due diligence process to assess alignment with our ESG policies. This includes ensuring there is no contravention of our cross-sectional requirements or zero-tolerance activities. For each high-risk activity, an ESG opinion is provided for consideration by our credit committees. Additional factors may be considered, including:

- Ambitions towards net-zero pathways
- ESG ratings by globally accredited bodies (e.g., CDP, Sustainalytics)
- Public reporting on ESG and climate impacts. This includes reporting in line with the GRI and TCFD
- Alignment with the UN SDGs
- Any other publicly available information around their contribution to, and positive/negative impact on, environmental, social and governance aspects
- Any media controversies or PR issues facing the entities involved.

**Note:** We classify our high, medium and low risk industries according to the World Bank IFC guidelines.
## Drivers of transition risk relevant to Investec

<table>
<thead>
<tr>
<th>Driver</th>
<th>Impact</th>
<th>Time horizon</th>
<th>Transmission channels</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Social issues</strong>&lt;br&gt;A just transition with a focus on inequality (SDG 10) is core to shifting our development pathway to increase climate resilience while providing a better life for all.</td>
<td>• A cautious and orderly approach to the transition must be adopted. When assessing Investec’s participation in all fossil fuel activities consideration is given to a variety of financial, socio-economic, and environmental factors.&lt;br&gt;• The transition cannot be done in isolation from the realities of the communities in which Investec operates</td>
<td>Short – Medium – Long</td>
<td>Credit risk:&lt;br&gt;• Stranded assets in GHG-intensive industries&lt;br&gt;• Increased probability of defaults (PDs) due to lower earnings resulting from a decrease in demand for GHG intensive products causing higher capital expenditure due to adaptation costs and/or higher operational expenditure due to fines, taxes, etc.&lt;br&gt;• Higher Loss Given Default (LGDs) as underlying collateral values decrease for high carbon emission assets&lt;br&gt;• Increased concentration risk in GHG-intensive sectors should be carefully monitored as all banks aim to divest from these exposures</td>
</tr>
<tr>
<td><strong>Economic issues</strong>&lt;br&gt;South Africa’s energy generation capacity has been under severe strain for more than a decade. The economic impact of the shortage of energy is severe and must be addressed to ensure the country can prosper.</td>
<td>• Acceleration in renewable energy sources&lt;br&gt;• Consider the Integrated Resource Plan (IRP) and the UK’s Sixth Carbon budget&lt;br&gt;• The impact of natural gas as a transitional energy source</td>
<td>Short – Medium – Long</td>
<td>Market risk:&lt;br&gt;• Possible impact on equities, bonds and derivatives if a company is not transitioning in line with market expectations</td>
</tr>
<tr>
<td><strong>Policy and legal risks</strong>&lt;br&gt;The risks of changing legislation, regulation, policies, voluntary codes of practice and their interpretation in the markets in which we operate.</td>
<td>• Increased GHG emissions pricing&lt;br&gt;• Enhanced regulatory environment and mandated requirements (National Treasury Green Taxonomy, the EU taxonomy, and a potential UK Taxonomy)</td>
<td>Short – Medium</td>
<td>Liquidity and funding risk:&lt;br&gt;• The inability of the bank to obtain the necessary funding from retail and corporate clients, or at substantially higher costs, if the bank is not transitioning in line with market expectations</td>
</tr>
<tr>
<td><strong>Technology risks</strong>&lt;br&gt;Technological improvements or innovations that support the transition to a lower-carbon and energy efficient economic system.</td>
<td>• Substitution of technology to cleaner alternatives&lt;br&gt;• Investment in technology to improve energy efficiency ratings</td>
<td>Short – Medium</td>
<td>Insurance risk:&lt;br&gt;• Increased claims in the form of environmental liability exposures</td>
</tr>
<tr>
<td><strong>Market risk</strong>&lt;br&gt;The risks of shifts in supply and demand for certain commodities, products, and services as climate-related risks and opportunities are increasingly considered by our customers and suppliers.</td>
<td>• Increased volatility and costs, sourcing restrictions for carbon heavy raw materials&lt;br&gt;• Change in consumer behaviours including deliberate move to lower carbon intensive products and transition to greener alternatives&lt;br&gt;• Competitor changes – new entrants focussed on green credentials</td>
<td>Short – Medium</td>
<td>Regulatory risk:&lt;br&gt;• Increased regulatory requirements&lt;br&gt;• Non-adherence to new requirements resulting in fines</td>
</tr>
<tr>
<td><strong>Reputation risk</strong>&lt;br&gt;The risks of changing customer or community perceptions of an organisation’s contribution to or detraction from the transition to a lower-carbon economy.</td>
<td>• Increased scrutiny from stakeholders on carbon emissions for a business, in particular their financed emissions&lt;br&gt;• Increased stakeholder scrutiny into the actions of the bank to mitigate climate change&lt;br&gt;• Increased activism via social media platforms&lt;br&gt;• Allegations of greenwashing</td>
<td>Short – Medium</td>
<td>Legal risk:&lt;br&gt;• Growing numbers of stakeholders are identifying the potential for litigation as a lever to drive an agenda of increased climate change mitigation activity across a range of sectors. Such mitigant activity may also include litigation or social pressure to deter us from advancing financial support to entities viewed as having a poor climate change mitigation strategy&lt;br&gt;• Investec could face additional cost implications through own operations if a net-zero status is not maintained</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>Reputational risk:&lt;br&gt;• Investec could also face reputational risk due to association with clients who are deemed to be affected by either of these risk and viewed negatively by the market.&lt;br&gt;• Investec could face additional cost implications through own operations if a net-zero status is not maintained</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Financial implications:&lt;br&gt;• Increased risk in the above risk types would have a negative impact on Investec’s earnings, expenses, impairments and regulatory capital requirements</td>
</tr>
</tbody>
</table>
Our approach to transitioning to a net-zero world

1. Establish a baseline for our impact on climate

We have embarked on a group-wide process to calculate our financed emissions within our lending and investing portfolios. This will be done using the PCAF methodologies.

Energy portfolio:
We have analysed our fossil fuel exposures in each geography and have a solid understanding of our exposures in this portfolio.

For more information on our energy lending portfolio, refer to pages 46 to 48 in the metrics and targets chapter.

Other high emitting industries:
In the next year we aim to calculate the emissions within our various asset classes using the PCAF methodology. Our focus will be on commercial real estate, project finance, mortgages, motor vehicle finance, listed equity and corporate bonds and business loans and unlisted equity. An estimated timeline of evaluating these portfolios is shown below. As further data and methodologies become available, we will adjust these valuations to align with industry best practice.

Timeline: Scope 3 financed emission calculations

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<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial real estate</td>
<td>Project finance</td>
<td>Mortgages</td>
<td>Motor vehicle finance</td>
<td>Listed equity and corporate bonds</td>
<td>Business loans and unlisted equity</td>
</tr>
<tr>
<td>2021 September</td>
<td>2021 November</td>
<td>2022 February</td>
<td>2022 March</td>
<td>2022 April</td>
<td>2022 May</td>
</tr>
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</table>

Financed emissions for the first 3 asset classes by March 2022

Financed emissions for remaining 3 asset classes by May 2022

2. Minimise high emitting industries, in particular fossil fuels

The transition in this industry will most likely follow the trajectory plans in the countries in which we operate. In particular:

- The UK’s Climate Change Act requires the UK to reach net-zero greenhouse gas emissions by 2050 with more ambitious targets released in the recent UK’s Sixth Carbon Budget.

- South Africa’s aspiration to become a net zero economy by 2050 following the Integrated Resource Plan (IRP) 2019 guidance as a conservative base to establish a viable transition from coal and other fossil fuels by 2050. Recognising the urgency to act on climate change, more ambitious guidance will be taken into consideration including the NBIs Transition Pathways and the CSIR guidance.

3. Manage and drive change towards low-carbon alternatives

Our focus for the next two years will be to use the PCAF methodologies to establish a baseline and support our clients to drive change towards lower carbon alternatives.

For an assessment of our ESG breakdown in our loan portfolio and exposures within each sector, refer to pages 46 to 50.
Climate impact on Investec

Climate change impact on our operations

Being resilient enables us to anticipate, prepare for, respond and adapt to incremental change and sudden disruptions by having operational procedures in place with clear intent, coherence and appropriate resourcing. We maintain continuity through appropriate resilience strategies that cater for all disruptions, irrespective of the cause. These strategies include, but are not limited to, relocating the impacted business to alternate processing sites, the application of high availability technology solutions and ensuring physical solutions for critical infrastructure components.

We have a global footprint, with operations in South Africa and the UK with a workforce consisting of 7,889 permanent employees.

As such we need to understand the potential for business disruption caused by climate change to ensure that we can adapt and increase our resilience where appropriate.

During the COVID-19 pandemic we swiftly enabled >95% of staff across the world to work from home and increased health and safety protocols across all buildings including appropriate PPE and screening, spending £606k on direct operational infrastructure.

We used climate data available from ThinkHazard* as a guidance to give us a general view of the hazards where our physical operations are located.

**Within South Africa**

We have offices in eleven locations, which may have a high risk to wildfires. This translates to a >50% chance of encountering weather that could support a significant wildfire possibly resulting in both life and property loss in any given year.

Wildfire risk is mitigated through a combination of emergency response procedures with resilience measures in place at all our buildings.

Four locations are at a medium risk for coastal floods. This reflects a >20% chance of potentially damaging coastal flood waves occurring in the next 10 years.

Coastal floods are covered within our business continuity plans. We have resilience measures in place for severe floods which could affect our regional buildings and we consider the national government's emergency response policy and protocols for coastal flooding.

Eight locations are at medium risk for extreme heat meaning that there is a >25% chance that at least one period of prolonged exposure to extreme heat, resulting in heat stress, will occur in the next five years.

We have appropriate heat management measures in place to manage the temperature within our buildings.

**Within the UK**

We have offices in 20 locations, seven of which are at high risk to wildfires. This translates to a >50% chance of encountering weather that could support a significant wildfire likely resulting in both life and property loss in any given year.

Wildfire risk is mitigated through a combination of emergency response procedures with resilience measures in place at our buildings.

Fourteen locations are at high risk for coastal flooding that could lead to potentially damaging waves flooding the coast at least once in the next 10 years.

Coastal floods will be covered within our business continuity plans. We have resilience measures in place for severe floods which may affect our regional buildings and we consider the emergency response policy and protocols in place for coastal flooding.

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* A tool endorsed by the Global Facility for Disaster Reduction and Recovery (GFDRR) and the World Bank group.
Our operational impact on climate

We have committed to ongoing net-zero emissions within our direct operations:

**Scope 1:** We continue to assess our Scope 1 emissions and implement initiatives to reduce this further where possible. Only if efforts to reduce these emissions are saturated, we will offset the remaining emissions using high-quality carbon offsets.

**Scope 2:** We have implemented energy reduction initiatives throughout all our buildings and are sourcing the majority of our energy requirements through renewables using renewable energy certificates.

**Scope 3 operational:** We have reduced these emissions to a level where further reduction is minimal. We have achieved this through reduced paper consumption and managing emissions from car, rail and air travel through online meetings. We offset the remaining emissions by purchasing high-quality carbon credits.

For more information refer to pages 43 and 44

Our suppliers’ impact on climate

Our procurement statement incorporates standards on human rights, labour rights, environmental and anti-corruption principles as set out in the UN Global Compact. We encourage our employees to promote responsible and inclusive procurement practices and to manage the related environmental, social and ethical impacts. All suppliers go through an onboarding process. This screening process calculates the risk level for each supplier which will determine the level of due diligence required. This includes cyber security, business continuity, operational resilience, and other required assessments, whether internal or external.

All our suppliers are screened for ESG, climate and ethical policies.

Our clients’ impact on climate

Measuring financed emissions from lending and investing activities:

**Scope 3 financed emissions:** We are measuring the carbon intensity within our Scope 3 lending and investment portfolios using the PCAF methodologies, with an initial focus on our lending collateralised by property and mortgages portfolios. This will guide us in setting informed and viable net-zero targets.

We have measured our emissions in the Investec Property Fund business, which is 24.3% owned by Investec Limited. The total emissions in this portfolio that we have to account for is 31 491tCO₂ (24.3% of 129 600tCO₂).
Sectors sensitive to transition risk

Sectors sensitive to transition risk include fossil fuel-based industries, energy intensive manufacturers and transportation. This is because policy actions, technology, or market changes aimed at emissions reductions, energy efficiency, subsidies or taxes, or other constraints or incentives may have a direct effect on transition risk.

For South Africa, the IRP 2019 was used as a guidance for the transition of the energy sector.

The UK’s Path to Net-Zero and the Sixth Carbon Budget were used as a guidance to analyse the forward-looking decarbonisation paths for our portfolio’s exposure to transition risk.

To date transition risk has not been considered within the bank’s stress testing exercises. The approach for transition risk stress testing will be identified as part of the overarching group initiative to embed climate risk management within the various business lines.

The calculation of financed emissions as part of the initiative with PCAF would be a natural starting point for such an exercise. This would provide the necessary baseline from which the impact of, for example, an increase in carbon tax can be assessed. Financed emissions also provide the baseline from which Paris-aligned metrics and targets can be created.

We consider the use of the methodologies developed by the UNEP FI banking pilot, for instance, Transition Check, which measures the impact of a 2-degree scenario on the revenues, direct costs, indirect costs and capital expenditure of companies in high emitting industries, such as energy generation and mining.

Investec also participates in the Banking Association of South Africa (BASA) Climate risk working group (chaired by National Treasury) which will develop a benchmark climate risk scenario for use in stress tests by the sector.

We are actively seeking to implement component parts of the stress testing requirements from international organisations such as the Bank of England stress test, the European Central Bank stress test and the recently published scenarios by the Network for Greening the Financial System. Developments in these areas will help us to inform our approach for internal transition risk stress testing.

A high-level calculation on industries where we may experience transition risk is shown below, however this is based on our current portfolio with no mitigation and no stress testing applied.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Investec Limited (R’mn)</th>
<th>Investec Limited (£’mn)</th>
<th>Investec plc (£’mn)</th>
<th>Investec group (£’mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lending collateralised by property</td>
<td>59 445</td>
<td>2 919</td>
<td>2 131</td>
<td>5 050</td>
</tr>
<tr>
<td>Utilities</td>
<td>6 729</td>
<td>330</td>
<td>649</td>
<td>979</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>8 109</td>
<td>398</td>
<td>769</td>
<td>1 167</td>
</tr>
<tr>
<td>Mining</td>
<td>1 820</td>
<td>89</td>
<td>159</td>
<td>248</td>
</tr>
<tr>
<td>Transport</td>
<td>5 418</td>
<td>266</td>
<td>1 309</td>
<td>1 575</td>
</tr>
<tr>
<td><strong>Total of core loans exposed to transition risk</strong></td>
<td><strong>81 521</strong></td>
<td><strong>4 002</strong></td>
<td><strong>5 017</strong></td>
<td><strong>9 109</strong></td>
</tr>
<tr>
<td><strong>Total book exposed to transition risk % total core loans</strong></td>
<td><strong>28%</strong></td>
<td><strong>28%</strong></td>
<td><strong>40%</strong></td>
<td><strong>34%</strong></td>
</tr>
<tr>
<td>% core loans in short-term risk as a % of total book exposed to transition risk</td>
<td>0%</td>
<td>0%</td>
<td>5%</td>
<td>2%</td>
</tr>
<tr>
<td>% core loans in medium-term risk as a % of total book exposed to transition risk</td>
<td>3%</td>
<td>3%</td>
<td>18%</td>
<td>10%</td>
</tr>
<tr>
<td>% core loans in long-term risk as a % of total book exposed to transition risk</td>
<td>25%</td>
<td>25%</td>
<td>17%</td>
<td>21%</td>
</tr>
</tbody>
</table>

**Short-term risk**

Sectors already experiencing credit implications as a result of transition risks.

**Medium-term risk**

Sectors with exposure to transition risk that is broadly manageable, or that could be impacted by credit quality in the medium term.

**Long-term risk**

Modest sector-wide exposure to transition risk or where the consequences are not likely to be material to credit quality.
Equator Principles

We support the key provisions of the Equator Principles (EP), however we are currently not a signatory to EP for the following reasons:

- In the case of a number of large infrastructure and energy projects, there is potential conflict between larger, nationwide development imperatives (e.g. additional power generation or road transportation) to enhance the socio-economic welfare of the region, and locally affected parties whose quality of life stands to be adversely affected by relocation or job loss.

- These trade-offs are a matter for local parties and their representatives. While we should remain aware of them, it is not our responsibility to pass judgement on such trade-offs. Key to this, however, is that we target transactions in countries with established laws that comply with World Bank standards and that have due processes that are applied reasonably and effectively. If not, sponsors and suppliers are obliged to give undertakings that they comply with such standards.

- Furthermore, our current internal framework is robust and, on a project-by-project basis, in accordance with World Bank standards as well as the standards of the legal and environmental frameworks of the countries in which the projects are undertaken. Furthermore, we have enhanced procedures to evaluate and actively avoid, manage and mitigate the potential social and environmental impacts of the projects we support.

---

Equator Principles disclosures: power and infrastructure portfolio for Investec group (including Investec Limited and Investec plc)

<table>
<thead>
<tr>
<th>Sector</th>
<th>31 March 2021</th>
<th>31 March 2020</th>
<th>31 March 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Category A</td>
<td>Category B</td>
<td>Category C</td>
</tr>
<tr>
<td>Mining</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>–</td>
<td>4</td>
<td>–</td>
</tr>
<tr>
<td>Oil and gas</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Power</td>
<td>4</td>
<td>6</td>
<td>–</td>
</tr>
<tr>
<td>Others</td>
<td>3</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>–</td>
<td>7</td>
<td>11</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Region</th>
<th>31 March 2021</th>
<th>31 March 2020</th>
<th>31 March 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>–</td>
<td>4</td>
<td>–</td>
</tr>
<tr>
<td>EMEA</td>
<td>–</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>–</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>–</td>
<td>6</td>
<td>11</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Country designation</th>
<th>31 March 2021</th>
<th>31 March 2020</th>
<th>31 March 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Designated</td>
<td>–</td>
<td>6</td>
<td>–</td>
</tr>
<tr>
<td>Non-designated</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>–</td>
<td>6</td>
<td>11</td>
</tr>
</tbody>
</table>

---

Zero transactions in the past two years in non-designated countries

Category A: Projects with potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented.

Category B: Projects with potential limited adverse environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures.

Category C: Projects with minimal or no adverse environmental and social risks and/or impacts.
Our metrics and targets guide us in our journey with an aspiration to become net-zero, or more ambitiously, climate positive. These metrics and targets relate to our carbon emissions, renewable energy sourced for our operations, exposure of our balance sheet to climate transition and physical risks, and help us navigate the progress we make against our sustainability strategy and our commitment to the Paris Agreement goals.
Metrics and targets

We embrace our responsibility to understand and manage our own carbon footprint. We recognise that effective environmental management is an essential part of managing our carbon impact and are committed to operating an effective Environmental Management System (EMS) compliant with King IV in South Africa and ISO 14001 in our UK head office. Further to this, our EMS reporting tool allows us to track and manage our direct operational impact.

### Metrics and targets within our operations

<table>
<thead>
<tr>
<th>TCFD Pillar</th>
<th>Description</th>
<th>Target</th>
<th>Target date</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance</td>
<td>Number of board/committee meetings per year in which climate-related issues have been a substantive agenda item (indication of incorporation of climate risk into governance). For the financial year ended 31 March 2021, climate risk has been addressed in 3 meetings</td>
<td>Address climate-related issues at more than half of all our board meetings</td>
<td>March 2022</td>
<td>Achieved</td>
</tr>
<tr>
<td>Governance</td>
<td>Number of events held per year to train board members and management on climate-related issues (indication of level of understanding of climate change issues and at what level of seniority within the firm) For the financial year ended 31 March 2021, one training event was held resulting in 84% of board members trained on climate related issues</td>
<td>100% of board members attend climate-related training</td>
<td>March 2022</td>
<td>Achieved</td>
</tr>
<tr>
<td>Governance</td>
<td>Incorporate climate-related issues into executive remuneration (identifies use and alignment of financial incentives to improve company level resilience to climate change)</td>
<td>Incorporate climate-related metrics in executive remuneration</td>
<td>March 2021 – ongoing</td>
<td>Achieved</td>
</tr>
<tr>
<td>Strategy</td>
<td>Participation in UN memberships/external bodies/organisations/initiatives pursuing climate-related policy and/or advocacy initiatives (indicating engagement with policymakers on broader market risk)</td>
<td>Advocate and engage on climate-related issues</td>
<td>March 2021 – ongoing</td>
<td>Achieved</td>
</tr>
<tr>
<td>Strategy</td>
<td>Analyse financed emissions within three out of six asset classes according to the PCAF methodologies</td>
<td>Calculate financed emissions</td>
<td>March 2022</td>
<td>Achieved</td>
</tr>
<tr>
<td>Strategy</td>
<td>Results of scenario analysis/stress testing expressed in terms of earnings or value-at-risk (indication that financial implications of climate-related risk/opportunity are understood)</td>
<td>Calculate value at risk</td>
<td>March 2024</td>
<td>Achieved</td>
</tr>
<tr>
<td>Environment</td>
<td>Reducing our own impact on the environment</td>
<td>Source the majority of electrical energy from renewable sources</td>
<td>April 2020 – March 2021</td>
<td>Achieved</td>
</tr>
<tr>
<td>Environment</td>
<td>Maintain net-zero carbon status in our direct operations (Scope 1, 2, and operational Scope 3)</td>
<td>Achieve zero-carbon status in Scope 1, 2 and operational Scope 3</td>
<td>April 2019 – ongoing</td>
<td>Achieved</td>
</tr>
<tr>
<td>Environment</td>
<td>Actively reduce our emissions from international travel and, where not possible, offset carbon emissions within each business unit</td>
<td>Look for opportunities to offset Scope 3 travel emissions</td>
<td>March 2022</td>
<td>Achieved</td>
</tr>
</tbody>
</table>
Managing and mitigating climate change within our operations (direct impact)

We embrace our responsibility to understand and manage our own carbon footprint.

Key achievements in FY 2021

- Maintained net-zero direct emissions for the third consecutive financial year as part of our commitment to ongoing carbon neutrality in our Scope 1, Scope 2 and operational Scope 3 emissions.

Areas of focus for FY 2022 and beyond

- Measuring and reporting on Scope 3 financed emissions using the PCAF methodologies
- Assess viability of net-zero commitments within our Scope 3 financed emissions.

The key focus areas to reduce our operational carbon footprint include:

- Reducing energy consumption
- Reducing water usage
- Reducing overall waste
- Promoting sustainable procurement
- Increasing waste recycling rates
- Promoting sustainable travel
- Reducing single-use plastic.

Acknowledging that we cannot continue consuming natural resources at the current rate, we focus on ways to ensure the security of natural resources in all operations, draw energy from renewable sources where possible, and source only from responsible suppliers.

Breakdown of group emissions

Over the past seven years, our intensity indicators have steadily declined. We continue to find ways to reduce our environmental impact, and offset what remains with credible and high quality carbon credits.

The COVID-19 pandemic and staff working from home, has led to a significant decrease in emissions

Work-from-home emissions have been included in our Scope 3 emissions

Renewable energy certificates (zaRECs for Investec Limited and REGOs for Investec plc) were used to source renewable energy options to meet our operational electricity needs. Carbon credits were used to offset our remaining carbon footprint to ensure we maintain our net-zero commitment.

High-quality carbon credits were used to offset the remaining 10% carbon emissions

While operational efficiencies have been made over the course of the year, we acknowledge that our 37% decrease is largely due to the impact of COVID-19.
Group carbon footprint

Our respective carbon footprints have been calculated according to the international Greenhouse Gas (GHG) Protocol’s Corporate Accounting and Reporting Standard (revised edition). Our environmental data collection system allows us to track and manage our direct operational impact. This tool imports data from various sources, consolidates the information and calculates our carbon footprint. The implementation of this tool allows us to produce reliable emissions data, accurately build a history of our carbon footprint and assists in setting targets for future emissions. Every year, we endeavour to improve the thoroughness of our data collection processes. Within each geography, the environmental manager is responsible for monitoring the GHG emissions.

Assessment parameters
Consolidation approach
- Operational control

Emission factor data source
- DEFRA (2020), IEA, eGRID (for New York electricity) and Eskom (for South Africa electricity)

Intensity ratio
- Emissions per average headcount
- Emissions per office space m²

Independent assurance
- Limited assurance provided by KPMG for the years ended: 31 March 2020 and 31 March 2021

Coverage
- Coverage of environmental information covers >95% of our business operations. Materiality set at 5%

Notes:
1. Due to the COVID-19 pandemic and working from home, there has been a significant decrease in emissions.
2. In our efforts to present a complete picture, we have included work-from-home emissions, based on assumptions of energy used during working hours by all full-time employees (FTE). A methodology was developed using the EcoAct whitepaper as guidance.
3. Renewable energy certificates (zaRECs for Limited and REGOs for our UK offices) were used as we source renewable energy options to meet our operational electricity needs.
4. Carbon credits were used to offset our remaining carbon footprint.
5. While operational efficiencies have been made over the course of the year, we acknowledge that our 37% decrease is largely due to the impact of COVID-19.
6. Includes permanent and temporary employees.
7. Not externally assured.
For example:

• As part of our client on-boarding process, we assess, where appropriate, potential clients for various types of risks including whether they are behaving responsibly in their business activities.

• ESG risks are identified and assessed as part of the transaction due diligence processes.

• Operational activities are assessed for compliance with relevant environmental, health and safety, and labour rights regulations.

• We regularly review sensitive sectors and activities prone to bearing environmental and social risks. We follow the guidelines supplied by the IFC to categorise our general finance and lending activities into high, medium and low risk.

Investec supports international best practice regarding the responsibilities of the financial sector in financing and investing transactions. Social, environmental and ethical risk considerations are implicit in our values, culture and code of conduct and are applied as part of our ESG risk framework. The group supports the precautionary approach to ESG and strives to minimise and prevent investing in projects or dealing with counterparties where potential and unmitigated environmental degradation might occur. The group recognises that identifying and quantifying environmental risk should be part of the normal process of risk assessment and management within businesses. We engage with our clients on sustainability issues in order to minimise the risks and require clients to meet appropriate technical, governance, transparency, social and environmental standards.
The impact of our clients on climate change

Energy lending portfolio for Investec group

Fossil fuel exposures

The transition to a zero-carbon world cannot be achieved in isolation from the realities of the communities in which we, and our clients, operate. When assessing our participation in fossil fuel activities, we consider a variety of financial, socio-economic and environmental factors relevant to a local context (for example poverty, growth, unemployment and carbon impact), which go through rigorous process and require senior decision-making approval. Our appetite for this sector is reviewed annually at the executive risk appetite forum and the DLC SEC.

An important aspect of our approach is a deliberate focus on financing infrastructure solutions that promote renewable and clean energy, stimulate economic growth and provide access to essential services. A transition away from fossil fuels needs to be done in a just and orderly way whilst at the same time protecting the socio-economic considerations, especially in the developing economies where we have a presence. We focus on climate resilience as a priority for our businesses including within the communities where we operate. Over the past year, we screened 39 potential fossil fuel transactions and rigorously implemented our fossil fuel policy to ensure deliberate and stringent adherence to our guidelines.

While our overall fossil fuel exposures decreased, we are conscious that we operate on the African continent which severely lacks access to clean and renewable energy, in addition to a myriad of socio-economic needs. We are therefore aware that we may face fluctuations in our fossil fuel exposures from one year to the next and are working to navigate through this transition. These exposures are managed through a full due diligence process and adhere to our fossil fuel policy. We acknowledge the many opportunities within sustainable climate action and have strong expertise in this sector, especially in renewable infrastructure where we will act on these opportunities where possible.

Fossil fuels as a % of GCCE

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>Mar ‘21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil &amp; Gas</td>
<td>15.6%</td>
<td>11.7%</td>
</tr>
<tr>
<td>Natural gas</td>
<td>25.5%</td>
<td>30.3%</td>
</tr>
<tr>
<td>Renewables</td>
<td>51.3%</td>
<td>35.2%</td>
</tr>
</tbody>
</table>

Fossil fuels as a % of core loans and advances

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>Mar ‘21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil &amp; Gas</td>
<td>1.30%</td>
<td>1.92%</td>
</tr>
<tr>
<td>Natural gas</td>
<td>2.30%</td>
<td>2.52%</td>
</tr>
<tr>
<td>Renewables</td>
<td>4.00%</td>
<td>4.42%</td>
</tr>
</tbody>
</table>

Coal as a % of core loans and advances

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>Mar ‘21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coal</td>
<td>0.36%</td>
<td>0.17%</td>
</tr>
<tr>
<td>Fossil fuels</td>
<td>2.30%</td>
<td>1.92%</td>
</tr>
</tbody>
</table>

Coal as a % of total energy lending portfolio

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>Mar ‘21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coal</td>
<td>7.6%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Fossil fuels</td>
<td>25.3%</td>
<td>19.4%</td>
</tr>
</tbody>
</table>

We apply prudent due diligence to all fossil fuel activities (including extraction, power generation, infrastructure and industrial processes)

* Gross credit and counterparty exposure.
** March 2020 restated to include a coal exposure that was not accounted for at the time of reporting.
* March 2020 restated to include a coal exposure that was not accounted for at the time of reporting.
** March 2020 restated to include a renewable exposure that was not accounted for at the time of reporting.
Energy lending portfolio for Investec plc

Investec plc banking book

The mix of the energy portfolio in our Investec plc banking book reflects the trajectory of the energy transition in developed countries. We have a global power and infrastructure business operating across the UK, Europe, the United States and Australia, with a deliberate focus on financing solutions that promote renewable and clean energy.

Over the past year we have seen a decrease in our fossil fuel exposures, with a deliberate focus on minimising these exposures where possible. As natural gas is seen as a transition fuel, we may see an increase in these exposures as we transition to a zero-carbon world. Where opportunities exist, we focus on financing infrastructure solutions that promote renewable and clean energy, as we leverage our international expertise in this sector.

2021 Breakdown of Investec plc energy portfolio (%)

<table>
<thead>
<tr>
<th></th>
<th>Coal</th>
<th>Oil and gas</th>
<th>Natural gas</th>
<th>Renewables</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>3.4%</td>
<td>3.9%</td>
<td>23.9%</td>
<td>68.8%</td>
</tr>
<tr>
<td>2021</td>
<td>2.4%</td>
<td>0.9%</td>
<td>32.9%</td>
<td>63.8%</td>
</tr>
</tbody>
</table>

Coal as a % of GCCE*

2021

(2020: 0.11%**)

(2020: 0.19%**)

Coal exposure as a % of total energy lending portfolio

2.4%

(2020: 3.4%**)

Fossil fuels as a % of core loans and advances

1.98%

(2020: 1.79%**)

Fossil fuels as a % of GCCE*

1.12%

(2020: 1.15%)

Fossil fuels as a % of core loans and advances

1.98%

(2020: 1.79%**)

* Gross credit and counterparty exposure

** March 2020 restated to include a coal exposure that was not accounted for at the time of reporting.

** March 2020 restated to include a coal exposure that was not accounted for at the time of reporting.
Energy lending portfolio for Investec Limited

**Investec Limited banking book**

South Africa is significantly dependent on coal for its energy requirements, which makes it challenging to find a balance between the need for increasing energy access and economic growth in the country and the urgency to reduce carbon emissions. The mix of our energy portfolio in South Africa reflects the trajectory of the country’s energy transition. We see natural gas as part of this transition in the short-to-medium term as the country shifts away from coal and builds up renewable sources.

We have seen a decrease in our coal exposure over the past year but are taking a cautious approach due to the needs and dependency of a developing economy on fossil fuels. Where possible we will manage this exposure against our stringent fossil fuel policy while taking the socio-economic factors and the country’s ambitions towards a net-zero future into consideration. Where opportunities exist, we will focus on financing infrastructure solutions that promote renewable and clean energy as we leverage our international expertise in this sector.

---

**Energy lending portfolio for Investec Limited**

<table>
<thead>
<tr>
<th>R'mn</th>
<th>Mar '20 Fossil fuels</th>
<th>Mar '21 Fossil fuels</th>
<th>Mar '20 Natural gas</th>
<th>Mar '21 Natural gas</th>
<th>Mar '20 Renewables</th>
<th>Mar '21 Renewables</th>
<th>Total fossil fuels of R5 409 (2020: R8 085)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3 518</td>
<td>2 264</td>
<td>3 071</td>
<td>2 572</td>
<td>2 688</td>
<td>3 289</td>
<td>1496</td>
</tr>
</tbody>
</table>

---

**2021 Breakdown of Investec Limited energy portfolio (%)**

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coal</td>
<td>13.5%</td>
<td>6.3%</td>
</tr>
<tr>
<td>Oil</td>
<td>31.7%</td>
<td>25.1%</td>
</tr>
<tr>
<td>Natural gas</td>
<td>27.7%</td>
<td>28.5%</td>
</tr>
<tr>
<td>Renewables</td>
<td>27.1%</td>
<td>40.1%</td>
</tr>
</tbody>
</table>

---

**Energy lending portfolio for Investec Limited**

<table>
<thead>
<tr>
<th>R'mn</th>
<th>Mar '20 Oil &amp; Gas</th>
<th>Mar '21 Oil &amp; Gas</th>
<th>Mar '20 Natural Gas</th>
<th>Mar '21 Natural Gas</th>
<th>Mar '20 Coal</th>
<th>Mar '21 Coal</th>
<th>Mar '20 Total</th>
<th>Mar '21 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3 177</td>
<td>3 088</td>
<td>382</td>
<td>311</td>
<td>3 177</td>
<td>3 100</td>
<td>6 019</td>
<td>6 019</td>
</tr>
</tbody>
</table>

---

**Coal as % of core loans and advances**

- **2021:** 0.12% (2020: 0.30%)
- **Coal exposure as % of total energy lending portfolio:** 6.30% (2020: 13.48%)
- **Fossil fuels as % of core loans and advances:** 1.86% (2020: 2.77%)

---

*March 2020 restated to include a renewable exposure that was not accounted for at the time of reporting.*
ESG breakdown of our loan book

We have assessed our core loans and advances portfolio and 62.7% of the exposures are in low-risk industries. Within the higher risk industries, we have analysed our exposures on a transactional level, which shows that a maximum of 7.2% would fall into high-risk classification according to the IFC guidelines.

For more information refer to pag 33

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**ESG risk level for Investec group**

<table>
<thead>
<tr>
<th>£'mn</th>
<th>High</th>
<th>Medium</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>28 000</td>
<td>62.7%</td>
<td>30.1%</td>
<td>7.2%</td>
</tr>
<tr>
<td>24 000</td>
<td>55.3%</td>
<td>19.4%</td>
<td>9.7%</td>
</tr>
<tr>
<td>20 000</td>
<td>39.5%</td>
<td>7.2%</td>
<td>5.2%</td>
</tr>
<tr>
<td>16 000</td>
<td>30.9%</td>
<td>12.5%</td>
<td>7.2%</td>
</tr>
<tr>
<td>12 000</td>
<td>24.5%</td>
<td>9.7%</td>
<td>5.2%</td>
</tr>
<tr>
<td>8 000</td>
<td>19.4%</td>
<td>6.3%</td>
<td>5.2%</td>
</tr>
<tr>
<td>4 000</td>
<td>13.7%</td>
<td>4.7%</td>
<td>5.2%</td>
</tr>
</tbody>
</table>

**High risk industry breakdown for Investec group**

<table>
<thead>
<tr>
<th>%</th>
<th>Utilities</th>
<th>Manufacturing</th>
<th>Wholesale and Retail</th>
<th>Mining</th>
<th>Agriculture</th>
<th>Construction</th>
<th>Business services</th>
<th>Transport</th>
<th>Entertainment</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.5%*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.4%*</td>
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<tr>
<td>0.3%*</td>
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<tr>
<td>0.2%*</td>
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<tr>
<td>0.1%*</td>
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</table>

* Within the high-risk industries (7.2%) half relates to exposure to utilities (energy generation and distribution).

**ESG industry portfolio (high rating) for Investec group**

<table>
<thead>
<tr>
<th>£'mn</th>
<th>Invested Limited</th>
<th>Investec plc</th>
</tr>
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<tbody>
<tr>
<td>16</td>
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</tr>
<tr>
<td>59</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Breakdown of utilities within our high-risk classification (%)**

- Coal: 1%
- Oil and gas: 29%
- Renewables: 63%
- Other: 7%
ESG risk breakdown of Investec plc loan book

High-risk* industry breakdown Investec plc

%  
Utilities  5.0%  
Manufacturing  1.9%  
Mining  1.3%  
Construction  0.4%  
Wholesale and Retail  0.4%  
Agriculture  0.1%  
Transport  0.1%  
Other  0.5%  

Breakdown of utilities within the high-risk* classification for Investec plc (%)

- Coal 1%  
- Oil and gas 23%  
- Renewables 65%  
- Other 11%  

* High-risk is defined according to the IFC guidance.

ESG risk breakdown of Investec Limited loan book

High-risk* industry breakdown Investec Limited

%  
Utilities  2.2%  
Manufacturing  0.9%  
Mining  0.6%  
Agriculture  0.4%  
Business services  0.3%  
Wholesale and Retail  0.2%  
Finance  0.2%  
Other  0.2%  
Transport  0.1%  
Construction  0.1%  

Breakdown of utilities within the high-risk* classification for Investec Limited (%)

- Coal 0%  
- Oil and gas 41%  
- Renewables 58%  
- Other 1%  

* High-risk is defined according to the IFC guidance.
“For too many years the world has procrastinated in taking the urgent action required to halt the accelerated impact of climate change. Future generations deserve a healthy and sustainable planet. It is now all our responsibility to make that happen.” – Tanya dos Santos – Global Head of Sustainability.
Our progress and future plans

**GOVERNANCE**

**Pre-financial year end March 2021**
- Strengthened the group environmental policy and climate change statement
- Established an ESG Executive Committee
- Released a group fossil fuel policy
- Assigned board responsibility and oversight for climate-related risks and opportunities
- Assigned senior management responsibility for climate-related risks and opportunities.

**Financial year end March 2021**
- Deepened the ESG skills of the group DLC SEC
- Extensive engagement with executive and senior leadership on the responsibility, risk and business opportunities related to sustainability
- Strengthened our framework to link executive directors’ remuneration to ESG KPIs
- 84% of our board members participated in climate-related workshops.

**STRATEGY**

**Pre-financial year end March 2021**
- Acknowledged the Paris Agreement’s goals of holding the increase in the global average temperature to well below 2°C compared to pre-industrial levels and of pursuing efforts towards limiting it to 1.5°C
- Committed to carbon neutral emissions across all operations (Scope 1, 2 and operational Scope 3)
- Launched a structured product linked to a global environmental index.

**Financial year end March 2021**
- Created a Sustainable Finance Framework
- Launched a number of ESG products and services with a positive climate impact
- Received shareholder support for climate commitments and published our first TCFD report
- Strengthened our supply chain monitoring
- Started engaging with clients on their climate aspirations
- Conducted a qualitative assessment of climate risk in our own operations.

**RISK MANAGEMENT**

**Pre-financial year end March 2021**
- Evaluated lending and investment portfolios for ESG risks
- Evaluated lending and investment portfolios for climate-related risks and opportunities.

**Financial year end March 2021**
- Evaluated lending and investment portfolios for general ESG risks
- Evaluated lending and investment portfolios for climate-related risks and opportunities
- Automated ESG screening incorporated into the Investec plc risk management process.

**METRICS AND TARGETS**

**Pre-financial year end March 2021**
- Included non-financial and ESG-related targets within executive remuneration with a total weighting of 20% of short-term incentives and 25% of long-term incentives
- Achieved carbon neutral status across our global operations for direct emissions and committed to ongoing carbon neutral emissions within our direct operations across all operations
- Disclosed our fossil fuel exposure and ESG risk exposure.

**Financial year end March 2021**
- Achieved net-zero direct emissions for the third consecutive financial year as part of our commitment to ongoing carbon neutrality in our Scope 1, 2 and operational Scope 3
- Almost 100% of operational energy requirements (Scope 2) sourced from renewable energy through renewable energy certificates
- Joined PCAF to collaborate with peers measuring Scope 3 financed emissions
- Conducted a qualitative assessment of climate risk in our own operations.

**Looking forward**
- Identify skills gaps within the board and management with regards to climate risks
- Build capacity where gaps exist for the board, management and staff.

**Looking forward**
- Assess financed emissions in our lending and investing portfolios to understand their net-zero alignment in accordance with the trajectories of the net-zero commitments within the countries in which we operate
- Assess impact of climate-related risks and opportunities in our business
- Collaborate on climate-related disclosures with stakeholders, for example, through PCAF.

**Looking forward**
- Implement automated ESG screening, measurement and reporting within our South African operations
- Participate in the South African Reserve Bank (SARB) climate-related stress tests for capital, and follow the Bank of England (BoE) stress test guidelines.

**Looking forward**
- Measurement of carbon intensity within our Scope 3 lending and investment portfolios using the PCAF methodologies, with an initial focus on our lending collateralised by property and mortgage portfolios
- Continue to assess scenarios in line with industry recommendations
- Assess viability of net-zero commitments within our investment and lending portfolios.
Ratings and rankings in the sustainability indices

Although we are not driven by awards and recognition, Investec participates and has maintained its inclusion in select world-leading indices. These indices have been designed objectively to measure the performance of companies that meet globally recognised corporate responsibility standards.
We are proud to continue to be included in a number of world-leading indices.

### Investec Limited
- Maintained our net-zero direct (i.e., for Scope 1, 2 and operational Scope 3) carbon emissions status for the third consecutive year
- Sourced 100% of our operational energy requirements from renewable energy through the purchase of renewable energy certificates
- Joined the Partnership for Carbon Accounting Financials and participate in the South African working group with our banking peers to align climate scenario analysis
- Committed to protecting biodiversity and endangered species through our work with rhino, wild dog and pangolin
- Participation in United for Wildlife's Financial Taskforce on illegal wildlife trafficking (IWT) and lead an expert working group to understand the financial flows related to IWT, for the South African Anti-Money Laundering Integrated Taskforce (SAMLIT), working closely with other banks, the Financial Intelligence Centre and the Directorate for Priority Crime Investigation (DPCI).

### Investec plc
- Maintained our net-zero direct (i.e., for Scope 1, 2 and operational Scope 3) carbon emissions status for the third consecutive year
- Sourced 99% of our operational energy requirements from renewable energy through the purchase of renewable energy certificates
- Joined the Partnership for Carbon Accounting Financials and participate in the UK working group with our banking peers to align climate scenario analysis
- Awarded the Best Waste Reduction Project winner (Paper Round Best Recycler Awards)
- Awarded the Plastic Free City category award for our efforts towards eliminating single use plastics (Clean City Awards Scheme).

### Awards

**Best Investment Bank for Sustainable Finance in Africa** in the 2020 Global Finance Awards

**Winner of the Most Responsible Business in Africa 2020 Award** in the SERAS CSR Awards Africa 2020

**Ranked 55th** (out of 5 500) in the Wall Street Journal Top 100 Most Sustainable Companies and **9th in the Social Category**
09

Appendix
Transition risk in our Investec Limited energy portfolio

South Africa is a signatory to the Paris Agreement on Climate Change and has ratified the agreement. In line with National Determined Contributions (NDC) (submitted to the UNFCCC in November 2016), South Africa’s emissions are expected to peak, plateau and from year 2025 decline. The Integrated Resource Plan (IRP) is an electricity infrastructure development plan based on least-cost electricity supply and demand balance, taking into account security of supply and the environment (minimising negative emissions and water usage).

As an exploratory exercise, we have used a variety of proposed pathways to extrapolate our current Investec Limited energy portfolio and get an indication of the potential outcomes, assuming no mitigation measures are taken.

The pathways we are using include the IRP 2019, the National Business Initiative future pathways, and in particular guidance from the CSIR on alternative pathways up to 2050 based on their publication, “Systems analysis to support increasingly ambitious CO2 emissions scenarios in the South African electricity system.”

Based on this publication, we explored the following scenarios, applied to our current energy lending portfolio within Investec Limited:

**IRP 2019 pathway**

In this scenario the CSIR simulated the IRP 2019 by developing a representative electricity capacity expansion model of the South African power system using the IRP 2019 input assumptions. As part of this, the scenario deploys all capacity in the IRP 2019 up until 2030 (as per current policy) where after least-cost capacity expansion is allowed up to 2050 (aligned with IRP 2019 input assumptions).

**Least cost pathway**

Within the least cost pathway, the South African electrical energy mix is currently 81% coal, but is expected to diversify as a least-cost future comprises 55% coal by 2030, and 11% coal by 2050. With lower utilization of remaining coal capacity expected, increased flexibility from this coal fleet is required in a future South African power system. The least-cost new build mix consists of solar PV, wind, storage and natural gas-fired capacity supported by an existing fleet of generation capacity including coal, nuclear and imports.

**Ambitious pathway (no coal by 2040)**

Wind and solar PV annual new build is smoothed over the planning horizon as per the same minimum build constraints. In addition, this scenario enforces that all coal-fired capacity is decommissioned by 2040, in order to further reduce carbon emissions.

By applying these projections to our current energy portfolios, the charts above demonstrate a view of our current energy portfolio without mitigation measures. We will continue to assess our position as more information becomes available.
Cautionary note regarding forward-looking statements
Please note that matters discussed in this document may contain forward-looking statements which are subject to various risks and uncertainties and other factors, including, but not limited to:

- changes in the political and/or economic environment that would materially affect the Investec group
- changes in the economic environment caused by Covid-19 lockdowns and government programmes aimed to stimulate the economy
- changes in legislation or regulation impacting the Investec group’s operations or its accounting policies
- changes in business conditions that will have a significant impact on the Investec group’s operations
- changes in exchange rates and/or tax rates from the prevailing rates outlined in this announcement
- changes in the structure of the markets, client demand or the competitive environment.

A number of these factors are beyond the group’s control. These factors may cause the group’s actual future results, performance, or achievements in the markets in which it operates to differ from those expressed or implied.

Any forward-looking statements made are based on the knowledge of the group at 30 June 2021.

Forward-looking statements have not been reviewed and reported on by the group’s auditors.
11

Abbreviations
### Glossary

The following abbreviations have been used throughout this report:

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>AGM</td>
<td>Annual General Meeting</td>
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<tr>
<td>BASA</td>
<td>Banking Association of South Africa</td>
</tr>
<tr>
<td>BoE</td>
<td>Bank of England</td>
</tr>
<tr>
<td>CCC</td>
<td>Climate Change Committee</td>
</tr>
<tr>
<td>CCI</td>
<td>Castleton Commodities International</td>
</tr>
<tr>
<td>CDP</td>
<td>Carbon Disclosure Project</td>
</tr>
<tr>
<td>CEO</td>
<td>Chief executive</td>
</tr>
<tr>
<td>COO</td>
<td>Chief operating officer</td>
</tr>
<tr>
<td>CO₂</td>
<td>Carbon dioxide</td>
</tr>
<tr>
<td>COVID-19</td>
<td>Corona Virus Disease 2019</td>
</tr>
<tr>
<td>CSI</td>
<td>Corporate Social Investment</td>
</tr>
<tr>
<td>CSIR</td>
<td>Council for Scientific and Industrial Research</td>
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<tr>
<td>DEFRA</td>
<td>Department for Environment, Food and Rural Affairs</td>
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<tr>
<td>DLC</td>
<td>Dual listed company</td>
</tr>
<tr>
<td>DLC BRCC</td>
<td>DLC Board Risk and Capital Committee</td>
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<td>DLC Nomdac</td>
<td>DLC Nominations and Directors Affairs Committee</td>
</tr>
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<td>DLC SEC</td>
<td>DLC Social and Ethics Committee</td>
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<tr>
<td>eGRID</td>
<td>Emissions &amp; Generation Resource Integrated Database</td>
</tr>
<tr>
<td>EMEAb</td>
<td>Europe, the Middle East and Africa</td>
</tr>
<tr>
<td>EMS</td>
<td>Environment Management System</td>
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<td>EnMS</td>
<td>Energy Management System</td>
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<td>EP</td>
<td>Equator Principles</td>
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<td>ESG</td>
<td>Environmental, social and governance</td>
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<td>EU</td>
<td>European Union</td>
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<td>EV</td>
<td>Electric vehicle</td>
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<td>Financial Stability Board</td>
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<td>Financial Sector Conduct Authority</td>
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<td>FTE</td>
<td>Full time employees</td>
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<td>GCCE</td>
<td>Gross credit and counterparty exposures</td>
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<td>GFDRR</td>
<td>Global Facility for Disaster Reduction and Recovery</td>
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<td>GHG</td>
<td>Greenhouse gas</td>
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<td>GIC</td>
<td>Ghana Infrastructure Company (Limited)</td>
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<td>GISP</td>
<td>Global Investors for Sustainable Development</td>
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<td>Global Reporting Initiative</td>
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<td>Group Executive Risk Committee</td>
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<td>Gigawatt</td>
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<td>HNW</td>
<td>High net worth</td>
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<td>Investec Bank plc</td>
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<td>ICC</td>
<td>International Chamber of Commerce</td>
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<td>IEA</td>
<td>International Energy Agency</td>
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<td>IFC</td>
<td>International Finance Corporation</td>
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<td>IIF</td>
<td>Institute of International Finance</td>
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<td>IPF</td>
<td>Investec Property Fund</td>
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<td>IRP</td>
<td>Integrated Resource Plan</td>
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<tr>
<td>ISO</td>
<td>International Organisation for Standardisation</td>
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<tr>
<td>ISO 14001</td>
<td>International standard that specifies requirements for an effective environmental management system</td>
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<tr>
<td>ISO 50001</td>
<td>Voluntary standard for designing, implementing and maintaining an energy management system</td>
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<td>ISS</td>
<td>Institutional Shareholders Services</td>
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<td>IT</td>
<td>Information technology</td>
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<td>IW&amp;I</td>
<td>Investec Wealth &amp; Investment</td>
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<td>IWT</td>
<td>Illegal wildlife trade</td>
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<td>JSE</td>
<td>Johannesburg Stock Exchange</td>
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<tr>
<td>kg</td>
<td>Kilogram</td>
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<td>King IV</td>
<td>King Code of Governance Principles for South Africa</td>
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<td>kl</td>
<td>Kilolitre</td>
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<tr>
<td>km</td>
<td>Kilometer</td>
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<tr>
<td>KPIs</td>
<td>Key performance indicators</td>
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<tr>
<td>kWh</td>
<td>Kilowatt-hour</td>
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<tr>
<td>L</td>
<td>Litre</td>
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<tr>
<td>LGD</td>
<td>Loss given default</td>
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<td>LSbp</td>
<td>Lightsource bp</td>
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Glossary continued

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Definition</th>
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<tr>
<td>LNG</td>
<td>Liquefied natural gas</td>
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<tr>
<td>m²</td>
<td>Square metre</td>
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<tr>
<td>MW</td>
<td>Megawatt</td>
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<tr>
<td>NAV</td>
<td>Net asset value</td>
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<td>NBI</td>
<td>National Business Initiative</td>
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<td>NDC</td>
<td>National Determined Contributions</td>
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<td>PCAF</td>
<td>Partnership for Carbon Accounting Financials</td>
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<tr>
<td>PD</td>
<td>Probability of default</td>
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<td>PPE</td>
<td>Personal protective equipment</td>
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<td>PPP</td>
<td>Public private partnership</td>
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<td>PV</td>
<td>Photovoltaic</td>
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<tr>
<td>PVC</td>
<td>Polyvinyl chloride</td>
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<tr>
<td>R&amp;D</td>
<td>Research and development</td>
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<tr>
<td>REC</td>
<td>Renewable energy certificate</td>
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<tr>
<td>REGOs</td>
<td>Renewable Energy Guarantee of Origin</td>
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<tr>
<td>REIT</td>
<td>Real Estate Investment Trust</td>
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<td>SA</td>
<td>South Africa</td>
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<td>SAMLIT</td>
<td>South African Anti-Money Laundering Integrated Task Force</td>
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<td>SARB</td>
<td>South African Reserve Bank</td>
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<td>SASB</td>
<td>Sustainability Accounting Standards Board</td>
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<td>SDG</td>
<td>Sustainable Development Goal</td>
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<td>SME</td>
<td>Small and medium enterprises</td>
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<td>SMF</td>
<td>Senior management function</td>
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<td>SMME</td>
<td>Small, medium and micro-enterprise</td>
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<td>SOE</td>
<td>State-owned Enterprise</td>
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<td>Sustainability Working Group</td>
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<tr>
<td>t</td>
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<tr>
<td>TCFD</td>
<td>Task Force on Climate-related Financial Disclosures</td>
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<tr>
<td>tCO2e</td>
<td>Tonnes of carbon dioxide equivalent</td>
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<td>TCTA</td>
<td>Trans-Caledon Tunnel Authority</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>UNEP FI</td>
<td>United Nations Environment Programme Finance Initiative</td>
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<td>UNESCO</td>
<td>United Nations Educational, Scientific and Cultural Organisation</td>
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