

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)





ASSURED INFORMATION

Denotes selected information has been externally assured, refer to the KPMG assurance report for details on the scope of the assurance



PAGE REFERENCES

Refers readers to information elsewhere in this report or to the Investec group's 2021 integrated annual report



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REPORTING STANDARD

Denotes our consideration of a reporting standard

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For queries regarding information in this document

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01

A note from the Chief Executive



“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.



Fani Titi
Chief Executive

“Two of the greatest challenges the world faces are climate change and inequality. Having grown up in abject poverty, I care deeply about bettering the lives of people and the health of our planet.”

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

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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.



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.

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 have an important role to play in terms of advocacy and collaboration.

We participate in a number of workshops and taskforce groups internationally which share learnings and promote a cohesive approach for the financial sector.

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.

DURING THE PAST YEAR

We launched

7

sustainable finance products and services and created a sustainable finance framework

Refer to page 8



We managed and mitigated our climate impact through reducing emissions, achieving net-zero

in our operations for the third financial year

Refer to pages 43 and 44



We conducted a qualitative assessment of climate risk

in our own operations

Refer to page 37

We participated in several climate-related industry initiatives

Joined the Partnership for Carbon Accounting Financials (PCAF)

Refer to page 8



Our climate journey



Leadership commitments, advocacy and industry participation

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

Global frameworks



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)



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



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



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

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



Leadership commitments, advocacy and industry participation continued

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.



Participant of the United Nations Global Compact's (UNGC) 10 principles on human rights, labour, environment and anticorruption and report annually our Communication of Progress



Member of the Institute of International Finance (IIF) and participate in the working group focused on providing a standardised template for TCFD disclosures for banks



Committed to the United Nations SDGs



Participant in PCAF and involved in the PCAF working groups in both South Africa and the UK



Global Investors for Sustainable Development Alliance

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



SUPPORT THE GOALS
JOIN THE MOVEMENT

Member of Support the Goals



Member of the World Benchmarking Alliance (WBA)

Sustainable finance products and services

We have 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.

Tabled a climate risk-related resolution at the 2020 AGM

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



What matters to them	Who is interested in this matter	How we responded over the past year	How we engage
Our climate change position statement and climate change framework		<ul style="list-style-type: none"> Reviewed and updated our climate change related policies 	<ul style="list-style-type: none"> Regular communications on ad-hoc topics Annual sustainability report Annual TCFD report First UN PRB report First disclosure aligned with the SASB requirements Comprehensive sustainability website Comprehensive ESG disclosures Sustainability factsheets Regular knowledge sharing on ESG industry standards. Regular and active participation in a number of ESG and climate forums relating to the TCFDs and PCAF
Our commitment to net-zero carbon emissions		<ul style="list-style-type: none"> Tabled a climate resolution at our AGM Achieved net-zero direct emissions and are now sourcing almost 100% of our Scope 2 emissions from renewable energy sources 	
Responsible investment practices		<ul style="list-style-type: none"> Signed up to UN PRI 	
Indirect climate change impact through our loan book and investment portfolios		<ul style="list-style-type: none"> Engaged with clients to understand the carbon intensity of their business and to support them in implementing carbon reduction targets 	
Addressing ESG risks within our business		<ul style="list-style-type: none"> Automated ESG screening incorporated into the Investec plc risk management process 	
Reporting in line with industry standards		<ul style="list-style-type: none"> Published our second standalone TCFD report Reporting in line with the UN PRB, GRI and SASB Disclosed our fossil fuel exposures and our exposure to climate vulnerable industries 	
Exposure to fossil fuels and climate vulnerable industries		<ul style="list-style-type: none"> Disclosed our fossil fuel exposures and our exposure to climate vulnerable industries 	
Managing and mitigating climate change impact within our operations (direct impact)		<ul style="list-style-type: none"> 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 Achieved platinum status once again in the City of London Corporation's Plastic Free City Pledge Our UK head office won the Plastic Free City Award in the City of London Corporation's Clean City Awards Scheme in 2020 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 	
Innovative sustainable and ESG-related products		<ul style="list-style-type: none"> Launched a number of ESG products and services Exploring alternatives to our current PVC plastic bank cards 	
Climate-related expertise within our business		<ul style="list-style-type: none"> Deepened the ESG skills of the group Social and Ethics Committee (DLC SEC) Our board members participated in climate-related workshops 31 members of staff are signed up in the UN Global Compact academy where they are able to accelerate their knowledge on a variety of sustainability topics 	
Supply chain monitoring and engagement		<ul style="list-style-type: none"> Strengthened our supply chain monitoring where all suppliers are screened for ESG and ethical conduct 	

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.



For our governance framework, refer to volume two in the Investec group's 2021 integrated annual report, page 23

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

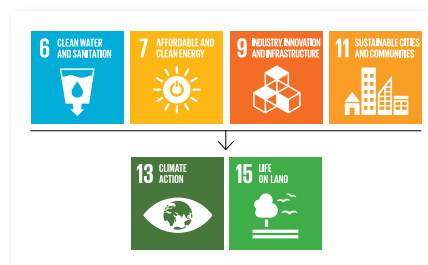
- We see climate risk as a material risk associated with rapidly changing weather events (physical risk) or market shifts as a result of regulatory and policy changes (transitional risk), or the risk from climate change breaches of underlying legal frameworks (litigation risk).

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.



Measurement

Compliance and screening

- We have committed to an ongoing net-zero direct carbon footprint
- We follow the recommendations set out by the TCFDs and the regulatory guidance in our two core jurisdictions
- We disclose our full energy lending portfolio including fossil fuel exposures across the group
- We include 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.



03


Governance

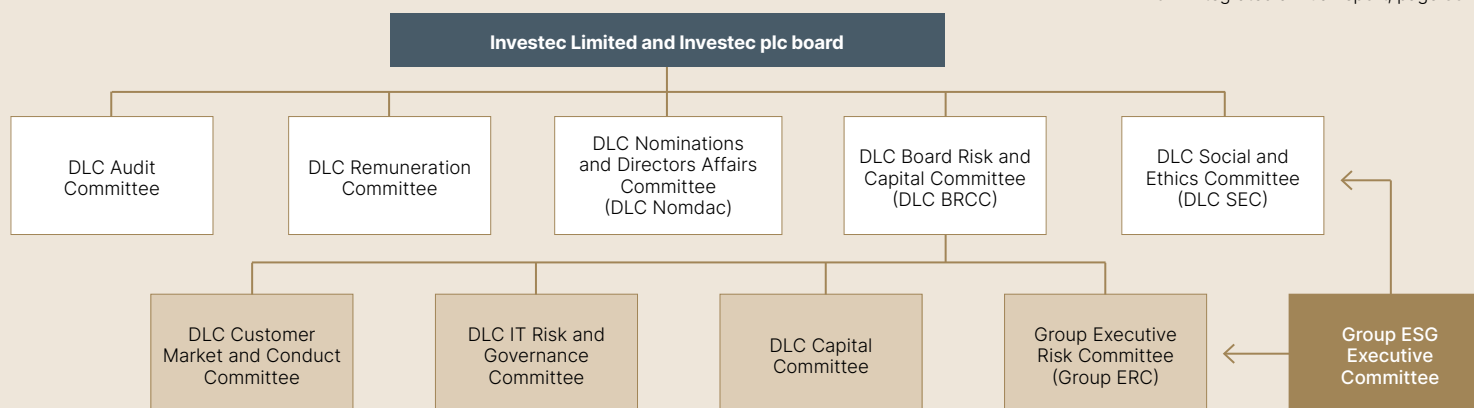
Sound corporate governance is implicit in our values, culture, processes, functions and organisational structure. Our values require that directors and employees behave with integrity, displaying consistent and uncompromised moral strength in order to promote and maintain trust.

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.

Board structure and oversight

 For more information on our governance structure, refer to volume one of our 2021 integrated annual report, page 85



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.

3 members on the board have strong ESG skills (21%)

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

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.

Responsibility of the board continued

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

A	Measures	Weight (as a percentage of target)	Targets for 2021			Actual performance	Achievement against target	Weighting achieved
			Threshold (0%)	Target (100%)	Stretch (150%)			
Financial	Return on risk-weighted assets	30%	0.55%	0.75%	1.00%	0.82%	114.8%	34.4%
	Return on equity	30%	5.0%	6.0%	7.0%	6.6%	130.0%	39.0%
	Cost to income ratio	20%	72.0%	70.0%	68.0%	70.9%	55.0%	11.0%
Non-financial	Culture, values and co-operation related measures	7%	0	4	6	5	125.0%	8.8%
	ESG-related measures	5%	0	4	6	4	100.0%	5.0%
	Prudential and risk management related measures	8%	0	4	6	3	75.0%	6.0%
Total achieved						104.2%		

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:

A	Weighting	Achievement levels							
		0%	25%	50%	75%	100%	125%	150%	
Non-financial measures	20%	0%	25%	50%	75%	100%	125%	150%	
Culture, values and co-operation related measures	7%	0	1	2	3	4	5	6	
ESG-related measures	5%	0	1	2	3	4	5	6	
Prudential and risk management related measures	8%	0	1	2	3	4	5	6	

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.

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.

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.

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.

04

Strategy



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.

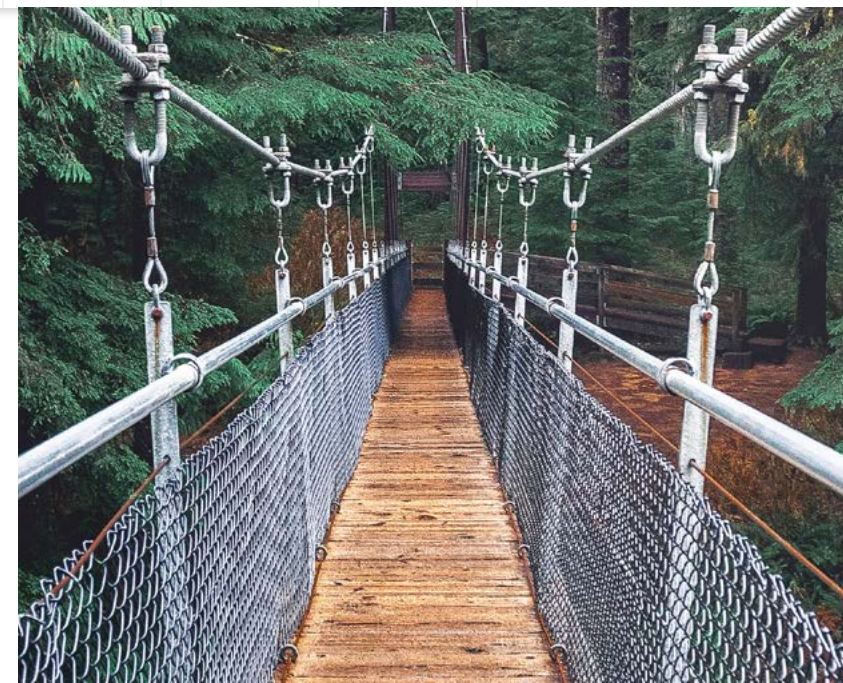
Our sustainability framework is based on the UN SDGs

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 GISD, 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.

Applying the sustainability framework to our business

Living sustainably

- Environment and climate change statement
- Fossil fuel policy
- ESG risk screening process
- Signatory of UNEPFI 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 GISD, 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.

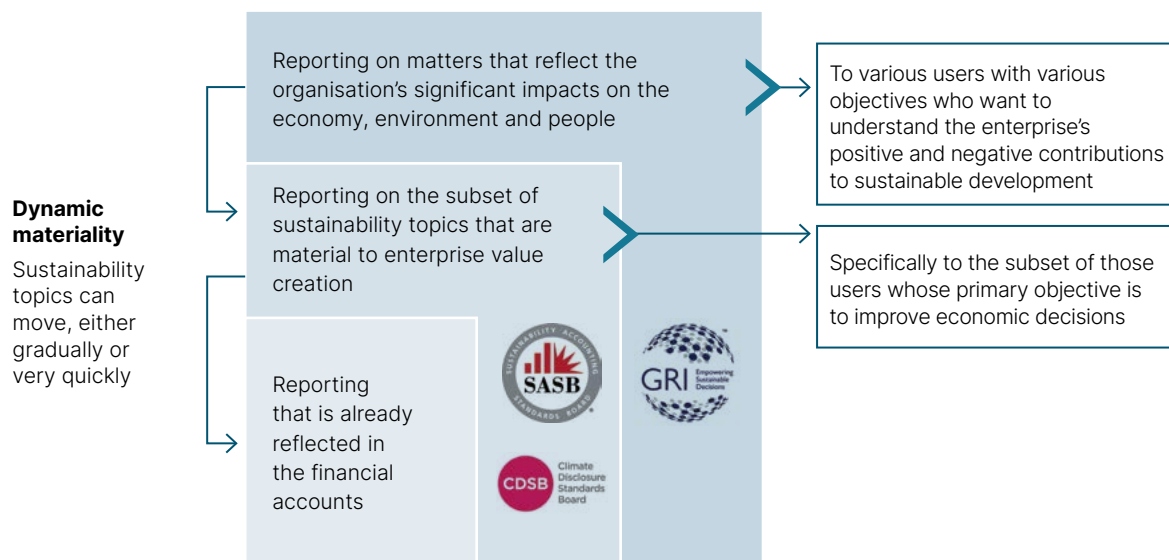
Over various time horizons, climate risk can be a primary or secondary drivers to physical and transition risk across short-, medium- and long-term horizons. These risks can manifest themselves differently, for example, gradual shifts in market preferences, and rising global sea levels. Over a longer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

	Short-term (0 – 1 year)	Medium-term (1- 5 years)	Long-term (5 – 40 years)
Risks	<p>Physical risks: Exposure of acute climate-related weather events that may affect our operations and implement mitigation measures</p> <p>Transition risk: Reputational risk from increased stakeholder concerns</p>	<p>Physical risks: Chronic droughts affecting our clients profitability</p> <p>Transition risk: Shifts in consumer preferences and decreased demand for carbon-intensive products or investments</p>	<p>Physical risks: Extreme weather events affecting our operations</p> <p>Transition risk: Policy and regulatory changes affecting our clients in carbon-intensive industries</p>
Opportunities	<p>Resource efficiency: Building refurbishments and more efficient buildings</p> <p>Energy efficiency: Sourcing renewable energy in all our operations</p> <p>Resilience: Increasing market valuation through resilience planning within our operations</p>	<p>Markets: Increase revenues through access to new and emerging markets with public and private partnerships</p> <p>Products and services: Continue with a deliberate focus on financing infrastructure solutions that promote renewable and clean energy</p> <p>Resilience: Ensure resilience of our financed emissions through partnering with our clients</p>	<p>Markets: Increase revenues through access to new and emerging markets aligned with technology advances</p> <p>Products and services: Better competitive position to reflect shifting consumer preferences, resulting in increased revenues</p> <p>Resilience: Increase reliability of supply chain and ability to operate under various conditions</p>

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).



Source: Statement of Intent to Work Together Towards Comprehensive Corporate Reporting



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.

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.

	Short-term (0 – 1 year)	Medium-term (1- 5 years)	Long-term (5 – 40 years)
Policy and legal risks	<ul style="list-style-type: none"> • Implement robust ESG policies and processes • Apply a balanced approach to meeting stakeholder expectations • Assess the alignment of our activities with the Paris Agreement goals 	<ul style="list-style-type: none"> • Evaluate regulatory policies within each of the geographies that we operate in to ensure policy alignment towards the aspiration of zero-carbon world • Continue participating in industry initiatives to test and develop climate reporting methodologies 	<ul style="list-style-type: none"> • Ensure continued policy alignment to the Paris Agreement goals within our core geographies • Continue to work with peers and industry bodies to align methodologies
Technology risks	<ul style="list-style-type: none"> • Drive innovation in line with the business objectives – integrating people, processes, systems and information • Ethical use of technology and the protection of client and employee privacy • Ongoing assessment of infrastructural efficiencies to reduce our environmental footprint 	<ul style="list-style-type: none"> • Adoption of cloud services and reduction on the reliance of on-premise data centres, with an accelerated digitalisation initiative 	<ul style="list-style-type: none"> • Appropriately respond to developments in the technology landscape, including the capturing of potential opportunities and the management of disruptive effects on the organisation
Market risks	<ul style="list-style-type: none"> • Establish a road map to calculate financed emissions • Report on industries exposed to high transition risk • Active engagement with clients to support them in implementing carbon reduction strategies 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Monitor, manage and limit our exposures to high transition risk industries • Work with clients to reach their net-zero targets
Reputational risks	<ul style="list-style-type: none"> • Provide meaningful, transparent and timely financial and non-financial information • Present a balanced assessment of our position with particular consideration to materiality 	<ul style="list-style-type: none"> • Continue to engage with stakeholders to inform our climate strategy as it evolves 	<ul style="list-style-type: none"> • Consistent and transparent reporting on climate risks, opportunities and exposures

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)

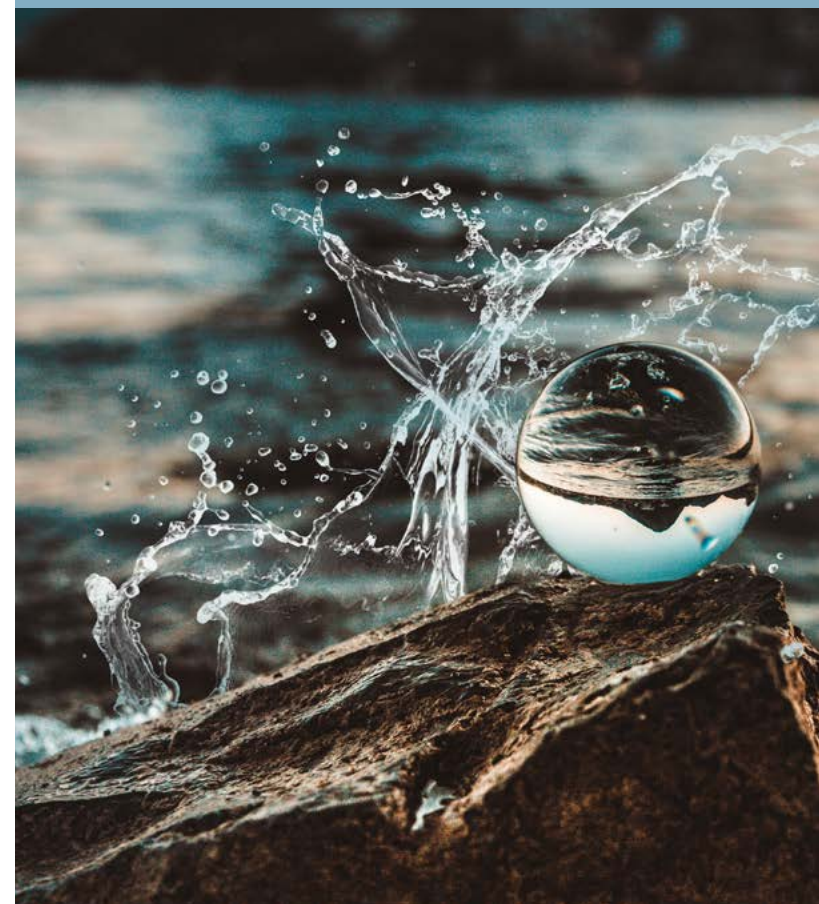
- Evaluate the chronic physical risks that our lending and investing activities are exposed to with a focus on:
 - power generation, agriculture, and food and beverage sector, which may be affected by water scarcity
 - residential and commercial properties that may be affected by the continued rise in 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 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.

	Short-term (0 – 1 year)	Medium-term (1- 5 years)	Long-term (5 – 40 years)	
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.	Limit and minimise our direct carbon impact and create awareness to encourage positive sustainable behaviour. <ul style="list-style-type: none"> Maintain net-zero in Scope 1, 2 and operational Scope 3 emissions Retain or improve our 4 Star Green Star Rating for our head office in South Africa through the Green Building Council South Africa (GBCSA) Retain ISO 14001 and ISO 50001 for our UK energy management system 	Deliberate focus on financing infrastructure solutions that promote renewable and clean energy. <ul style="list-style-type: none"> Increase screening and engagement of our suppliers ensuring responsible supply chain and procurement practices Engage suppliers across our supply chain to improve carbon performance and introduce low carbon policies Preference to green rated buildings 	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. <ul style="list-style-type: none"> Aspire to be climate positive within our operations Secure the availability of natural resources in all operations 	
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.	<ul style="list-style-type: none"> Continue to source most of our operational electrical energy from renewable energy 	<ul style="list-style-type: none"> Where possible continue to drive energy efficiency within our operations Improve energy efficiency of in-house data centres and capture cost-savings from optimisation programmes 	<ul style="list-style-type: none"> Prefer low carbon alternative energy sources within all our operations by exploring new technologies 	
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.	Leverage our solid sustainability positioning: <ul style="list-style-type: none"> Launched the first European mid-market ESG-linked loan and one of Europe's first ESG-linked NAV facilities Launched UK's first retail ESG-linked Deposit Plan Launched our first ESG-linked autocall product in South Africa and the first REIT sustainability-linked ESG bond in Africa 	<ul style="list-style-type: none"> Increase investment in clean energy generation whilst taking socio-economic needs into account Increase sustainable finance products Explore the potential for the export finance industry to be more proactive in supporting the global sustainability agenda 	<ul style="list-style-type: none"> Continue innovation in new product development to benefit our clients and broader society: focusing on affordable and clean energy and industry innovation and infrastructure towards a net-zero world 	
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.	<ul style="list-style-type: none"> Launched a sustainable energy finance business to fund renewable assets such as solar panels, biomass boilers and onshore wind farms Launched the Investec Global Sustainable Equity Fund Funding Trans-Caledon Tunnel Authority (TCTA), a state-owned entity increasing water use efficiency 	<ul style="list-style-type: none"> Harness the expertise in our various businesses to accelerate sustainable finance that supports a zero-carbon transition Maximise impact by partnering with our clients, investors and various stakeholders to support a more resilient and inclusive world 	<ul style="list-style-type: none"> 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 	
Resilience We continue to play a significant role in the transformation to a resilient energy sector, building resilient infrastructure and promoting sustainable development.	<ul style="list-style-type: none"> Embed climate action as a core value throughout our business Establish a baseline measurement of the resilience of our Scope 3 financed emissions 	<ul style="list-style-type: none"> Drive change towards low carbon alternatives within our lending and investing portfolios Act on opportunities to finance innovative technological or digital solutions to solve socio-economic challenges 	<ul style="list-style-type: none"> Support our clients globally to transition to a net-zero world through innovative financing solutions Use the strength of our brand to educate and promote sustainable thinking 	

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.



[Click here for our sustainable finance framework](#)



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

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](#)

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

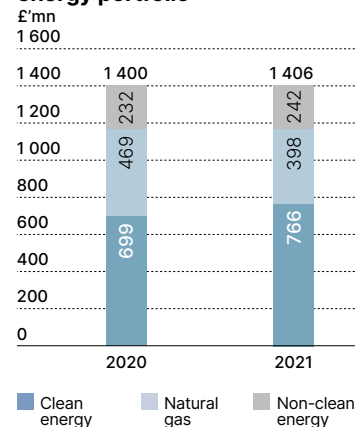
(2020: 11 projects) with installed capacity of

7 966 MW

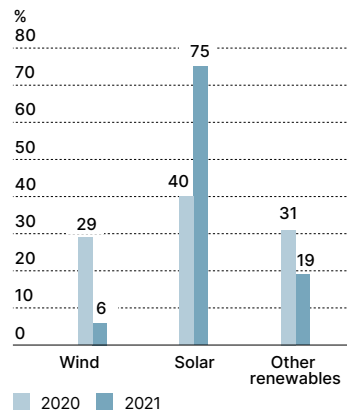
(2020: 3 924 MW)



Power and infrastructure energy portfolio



Renewable energy financed



Environmental impact	2021	2020	2019	2018	2017	Total over 5 years
Participation in Power and Infrastructure renewable energy projects	12	11	14	8	11	56
Value of participation in Power and Infrastructure renewable energy projects (GBP)	0.9bn	1.0bn	1.6bn	1.2bn	1.8bn	6.5bn
Renewable energy capacity (MW)	7 966	3 924	1 863	1 450	1 000	16 176



Benefits to society

We rely daily on energy to power our economies, drive industry and transport, and provide light and warmth (or cooling) in our homes. Access in rural communities to affordable energy positively impacts education, health and learning. The increase of renewable energy reduces greenhouse gas emissions and is vital in the transition to a low-carbon economy.



Benefits to business

We recognise the risk of climate change and are committed to supporting the transition to a clean and energy-efficient global economy. We have international expertise in financing and developing energy generation and transmission. We deliberately focus on financing infrastructure solutions that promote renewable energy. We also help clients to reduce their emissions and encourage investment in renewables and divestment from fossil fuels.

Climate-related risks and opportunities continued

SDG 7.2 continued

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 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 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 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.

SDG 7.2 continued

Investec UK launched an energy asset finance business with a bespoke policy allowing us to attract new business due to our flexibility and understanding of the renewable energy sector. This enables us to assist UK companies in funding renewable energy assets such as solar panels, biomass boilers and onshore wind turbines. We have identified strong growth opportunities in this market as more of our customers seek to reduce their carbon footprint and increase the use of renewable energy to generate income and to create savings for their businesses.

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 electrolyzers 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.

Piloting a solar solution for private clients

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.





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.

We embrace our responsibility to understand and manage our own carbon footprint. We achieved net-zero carbon status in our Scope 1, 2 and operational Scope 3 emissions for the past three financial years 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 our Scope 3 financed emissions. Part of this will involve setting short-, medium- and long-term targets to reach net-zero carbon emissions through a geographic approach that aligns with our presence in both the developed and developing economies.

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



Scope 3: financed
Loans, investments, equity



Scope 3: operational
Paper, waste and business travel (air, rail and road)



Scope 2
The electricity we use



Scope 1
Direct energy emissions from our own sources (diesel generators, gas)



For more information refer to page 36 in our risk management section



05

Risk management

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.

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.

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 are guided by our climate change statement and environmental and social risk policies. The board has the ultimate responsibility to ensure that the group is operating as a responsible corporate. The board, through its various subcommittees, has performed a robust assessment to identify principal and emerging risks. Regular reporting of these risks is made to senior management, the executives and the board at the DLC Board Risk and Capital Committee. Extreme events are assessed and mitigation actions are considered within Investec's risk appetite frameworks.

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).

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.

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.

Integration into overall risk management

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.

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.





Risk mitigation

Climate change is seen as both a business opportunity and a risk. Therefore, our strategy is informed by the following climate change considerations:

Support the Paris Agreement goals and acknowledge the urgency of climate change.

Minimise our direct negative carbon impacts and commit to ongoing carbon neutrality.

Invest in products, services and businesses that accelerate the transition.

Support our clients as they transition their business operations and offerings.

Engage with stakeholders to inform our climate strategy as it evolves.

Actively participate in industry discussions to ensure an aligned and comprehensive approach.

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

Driver	Impact	Time horizon	Transmission channels
Social issues 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.	<ul style="list-style-type: none"> 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. The transition cannot be done in isolation from the realities of the communities in which Investec operates 	Short – Medium – Long	Credit risk: <ul style="list-style-type: none"> Stranded assets in GHG-intensive industries 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. Higher Loss Given Default (LGDs) as underlying collateral values decrease for high carbon emission assets Increased concentration risk in GHG-intensive sectors should be carefully monitored as all banks aim to divest from these exposures Market risk: <ul style="list-style-type: none"> Possible impact on equities, bonds and derivatives if a company is not transitioning in line with market expectations Liquidity and funding risk: <ul style="list-style-type: none"> 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 Insurance risk: <ul style="list-style-type: none"> Increased claims in the form of environmental liability exposures Regulatory risk: <ul style="list-style-type: none"> Increased regulatory requirements Non-adherence to new requirements resulting in fines Legal risk: <ul style="list-style-type: none"> 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 Investec could face additional cost implications through own operations if a net-zero status is not maintained Reputational risk: <ul style="list-style-type: none"> 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. Investec could face additional cost implications through own operations if a net-zero status is not maintained. Financial implications: <ul style="list-style-type: none"> Increased risk in the above risk types would have a negative impact on Investec's earnings, expenses, impairments and regulatory capital requirements
Economic issues 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.	<ul style="list-style-type: none"> Acceleration in renewable energy sources Consider the Integrated Resource Plan (IRP) and the UK's Sixth Carbon budget The impact of natural gas as a transitional energy source 	Short – Medium – Long	
Policy and legal risks The risks of changing legislation, regulation, policies, voluntary codes of practice and their interpretation in the markets in which we operate.	<ul style="list-style-type: none"> Increased GHG emissions pricing Enhanced regulatory environment and mandated requirements (National Treasury Green Taxonomy, the EU taxonomy, and a potential UK Taxonomy) 	Short – Medium	
Technology risks Technological improvements or innovations that support the transition to a lower-carbon and energy efficient economic system.	<ul style="list-style-type: none"> Substitution of technology to cleaner alternatives Investment in technology to improve energy efficiency ratings 	Short – Medium	
Market risk 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.	<ul style="list-style-type: none"> Increased volatility and costs, sourcing restrictions for carbon heavy raw materials Change in consumer behaviours including deliberate move to lower carbon intensive products and transition to greener alternatives Competitor changes – new entrants focussed on green credentials 	Short – Medium	
Reputation risk The risks of changing customer or community perceptions of an organisation's contribution to or detracting from the transition to a lower-carbon economy.	<ul style="list-style-type: none"> Increased scrutiny from stakeholders on carbon emissions for a business, in particular their financed emissions Increased stakeholder scrutiny into the actions of the bank to mitigate climate change Increased activism via social media platforms Allegations of greenwashing 	Short – Medium	

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.

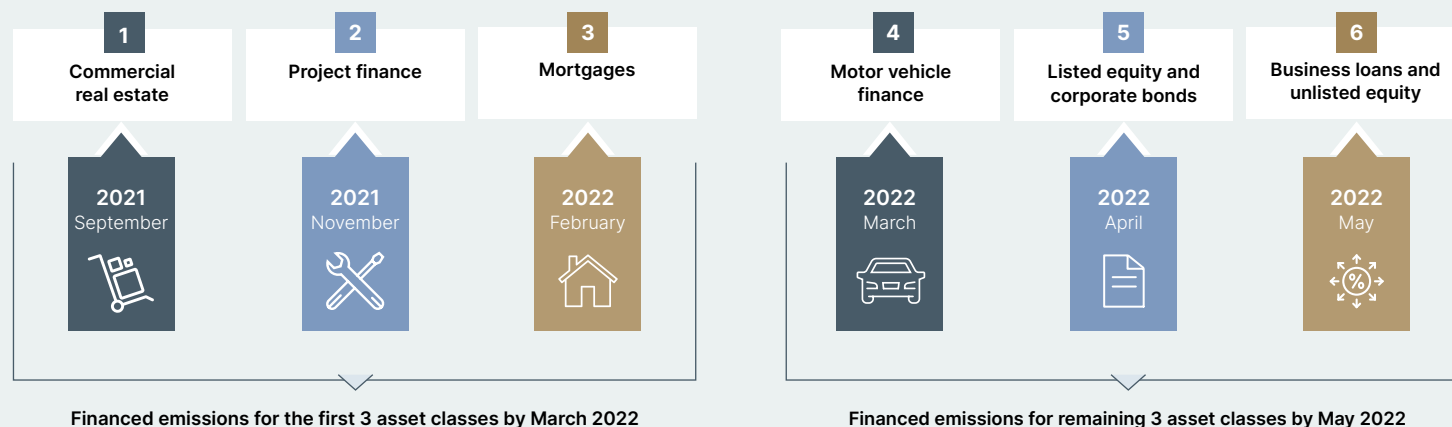


For more information on our energy lending portfolio, refer to pages 46 to 48 in the metrics and targets chapter

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



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 NBI's 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.

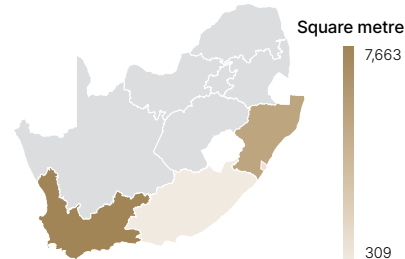
Eight locations are at medium risk for extreme heat meaning that there is a >25% chance that at least one period of prolonged exposure to extreme heat, resulting in heat stress, will occur in the next five years.

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

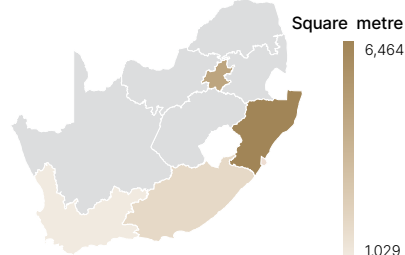
SQUARE METRE AT HIGH RISK TO WILDFIRES



SQUARE METRE AT MEDIUM RISK TO COASTAL FLOODS



SQUARE METRE AT MEDIUM RISK TO EXTREME HEAT



Within the UK

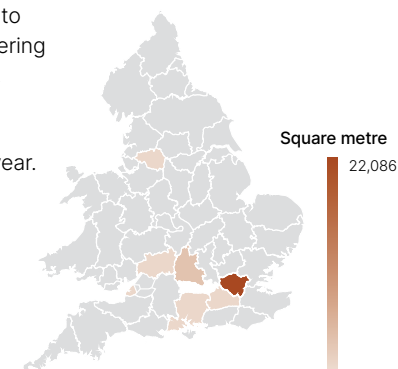
We have offices in 20 locations, seven of which are at high risk to wildfires. This translates to a >50% chance of encountering weather that could support a significant wildfire likely resulting in both life and property loss in any given year.

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

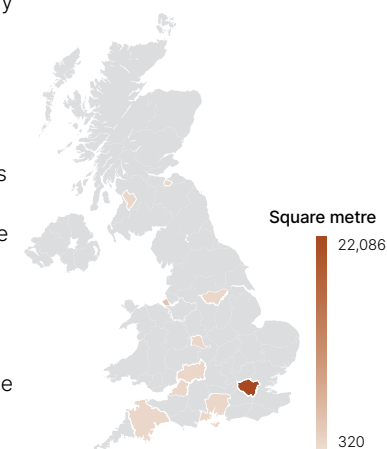
Fourteen locations are at high risk for coastal flooding that could lead to potentially damaging waves flooding the coast at least once in the next 10 years.

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.

SQUARE METRE AT HIGH RISK TO WILDFIRES



SQUARE METRE AT HIGH RISK TO COASTAL FLOODING



* A tool endorsed by the Global Facility for Disaster Reduction and Recovery (GFDRR) and the World Bank group

Investec's impact on climate


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.

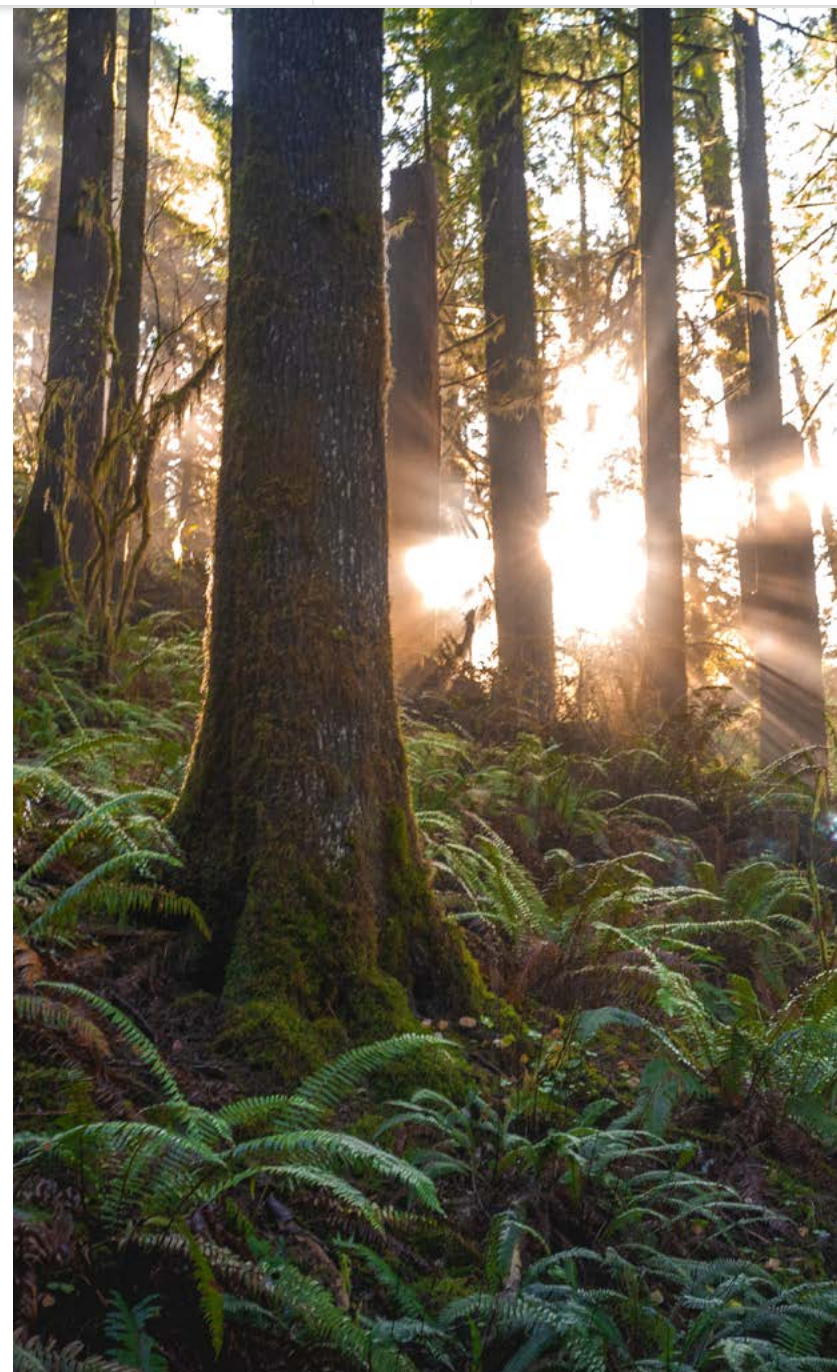
All our suppliers are screened for ESG, climate and ethical policies.

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 exposed 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.



Within our core loans the following sectors may be exposed to transition risks

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

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)

	31 March 2021				31 March 2020				31 March 2019			
	Category A	Category B	Category C	Total	Category A	Category B	Category C	Total	Category A	Category B	Category C	Total
Sector												
Mining	–	–	–	–	–	–	–	–	–	–	–	–
Infrastructure	–	–	4	4	–	–	–	–	–	3	2	5
Oil and gas	–	–	–	–	–	–	–	–	–	–	–	–
Power	–	4	6	10	–	5	3	8	–	14	3	17
Others	–	3	1	4	–	1	8	9	–	3	1	4
Total	–	7	11	18	–	6	11	17	–	20	6	26
Region												
Americas	–	3	6	9	–	4	3	7	–	10	1	11
EMEA	–	3	4	7	–	2	7	9	–	6	3	9
Asia Pacific	–	1	1	2	–	–	1	1	–	4	2	6
Total	–	7	11	18	–	6	11	17	–	20	6	26
Country designation												
Designated	–	7	11	18	–	6	11	17	–	19	6	25
Non-designated	–	–	–	–	–	–	–	–	–	1	–	1
Total	–	7	11	18	–	6	11	17	–	20	6	26

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.

06

Metrics and targets

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

TCFD Pillar	Description	Target	Target date	Status
Governance metrics	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 Refer to page 89 in volume one of the Investec group's 2021 integrated annual report	Address climate-related issues at more than half of all our board meetings	March 2022	New target
	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	100% of board members attend climate-related training	March 2022	New target
	Incorporate climate-related issues into executive remuneration (identifies use and alignment of financial incentives to improve company level resilience to climate change) Refer to page 178 in volume one of the Investec group's 2021 integrated annual report: Executive remuneration	Incorporate climate-related metrics in executive remuneration	March 2021 – ongoing	Achieved
Strategy metrics	Participation in UN memberships/external bodies/organisations/initiatives pursuing climate-related policy and/or advocacy initiatives (indicating engagement with policymakers on broader market risk)	Advocate and engage on climate-related issues	March 2021 – ongoing	Achieved
	Analyse financed emissions within three out of six asset classes according to the PCAF methodologies	Calculate financed emissions	March 2022	New target
	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)	Calculate value at risk	March 2024	New target
Environment (Scope 1, 2 and operational Scope 3)	Reducing our own impact on the environment	Source the majority of electrical energy from renewable sources	April 2020 – March 2021	Achieved
	Maintain net-zero carbon status in our direct operations (Scope 1, 2, and operational Scope 3)	Achieve zero-carbon status in Scope 1, 2 and operational Scope 3	April 2019 – ongoing	Achieved
	Actively reduce our emissions from international travel and, where not possible, offset carbon emissions within each business unit	Look for opportunities to offset Scope 3 travel emissions	March 2022	New target

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:

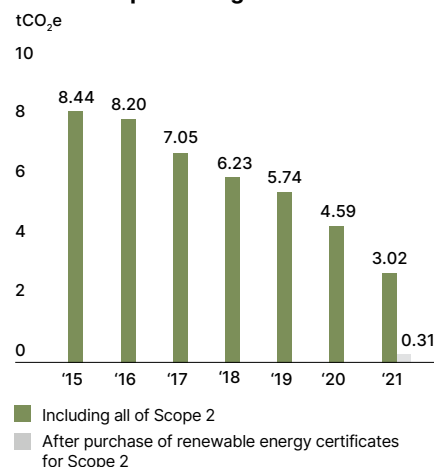
- Reducing energy consumption
- Reducing water usage
- Reducing overall waste
- Promoting sustainable procurement
- Increasing waste recycling rates
- Promoting sustainable travel
- Reducing single-use plastic.

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.

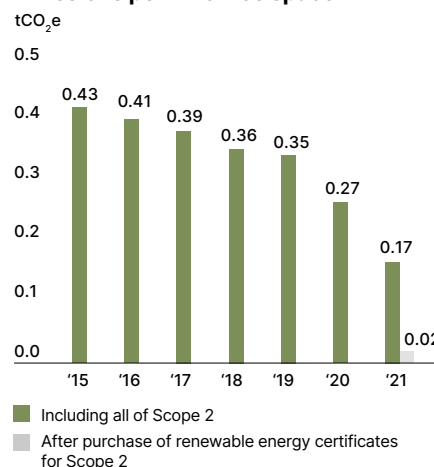
Breakdown of group emissions

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.

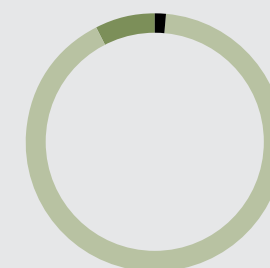
Emissions per average headcount



Emissions per m² office space



Group carbon footprint for the year ended 31 March 2021



Total after carbon offsets and the purchase of renewable energy certificates

0 tCO₂e emissions

Total before carbon offsets and the purchase of renewable energy certificates:

25 649 tCO₂e emissions

Scope 1: 349 tCO₂e emissions

Scope 2: 23 365 tCO₂e emissions

Scope 3: 1 935 tCO₂e emissions

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:

- Due to the COVID-19 pandemic and working from home, there has been a significant decrease in emissions.
- 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.
- 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.
- Carbon credits were used to offset our remaining carbon footprint.
- 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.

* Includes permanent and temporary employees.

^ Not externally assured.



			31 March 2021		31 March 2020	
			Consumption in unit of measure	Tonnes of CO ₂ equivalent	Consumption in unit of measure	Tonnes of CO ₂ equivalent
			Units			
Scope 1				349		993
Energy	Natural gas	kWh	291 400	54	949 625	175
	LPG stationary	L	1 166	2	25 746	39
	CO ₂ purchased	kg	37	–	281	–
	Diesel	L	47 986	122	137 934	358
Refrigerant	Refrigerant	kg	74	111	186	287
Employee travel	Vehicle fleet	km	346 341	60	745 502	135
Scope 2				23 365		29 151
Energy	Electrical energy consumption	kWh	25 991 259	23 365	33 207 457	29 151
Scope 3				1 935		10 420
Paper	Paper consumption	t	39	38	283	272
Waste	General waste	t	81	36	330	178
Employee travel	Rail travel	km	84 164	3	2 992 773	122
	Road business travel	km	613 189	105	2 653 807	470
	Taxi	km	17 042	3	121 168	18
	Commercial airlines	km	918 662	241	30 209 739	9 359
Work-from-home emissions ²	Electrical energy consumption	kWh	1 438 012	941	–	–
	Natural gas	kWh	1 626 111	299	–	–
	LPG stationary	L	173 373	270	–	–
Total emissions¹				25 649		40 564
No scope						
Water	Water consumption	kl	51 148		91 346	
Recycled waste [^]	Recycled waste	t	122		600	
Intensity						
Emissions per average headcount				3.02*		4.59*
Emissions per m ² office space				0.17		0.27
Water consumption per average headcount			kl	6.02*		10.33*
Intensity excl Scope 2						
Emissions per average headcount				0.31*		4.59
Emissions per m ² office space				0.02		0.27
Climate change commitments						
Scope 2 zaRECs ³		MWh	21 838	22 192	–	–
Scope 2 REGOs in the UK ³		MWh	3 650	851	–	–
Carbon credits ⁴				2 633		40 564
Total emissions after mitigation				(27)		–

Metrics and targets within our business

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.

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.

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.

Coal as a % of GCCE*
0.10%
(2020: 0.20%**)

Fossil fuels as a % of GCCE*
1.13%
(2020: 1.30%**)

Coal as a % of core loans and advances
0.17%
(2020: 0.36%**)

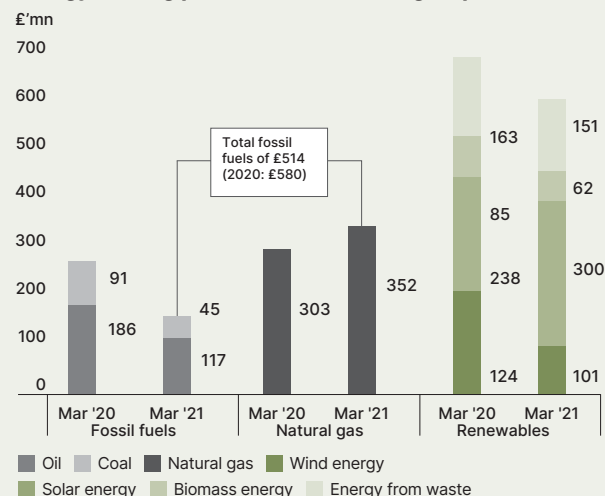
Fossil fuels as a % of core loans and advances
1.92%
(2020: 2.30%**)

Coal exposure as a % of total energy lending portfolio
4.0%
(2020: 7.6%**)

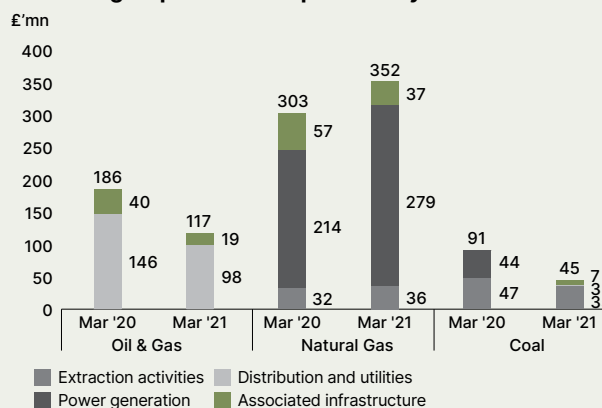
* Gross credit and counterparty exposure.

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

Energy lending portfolio for Investec group



Investec group fossil fuels per activity

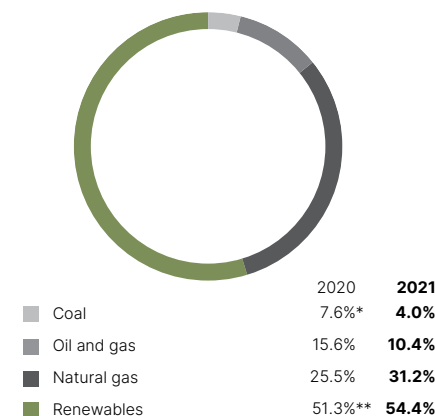


We apply prudent due diligence to all fossil fuel activities (including extraction, power generation, infrastructure and industrial processes)

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.

2021 Breakdown of Investec group energy portfolio (%)



* 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.

The impact of our clients on climate change continued

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.



Coal as a % of GCCE*
0.08%
(2020: 0.11%**)

Coal as a % of core loans and advances
0.13%
(2020: 0.19%**)

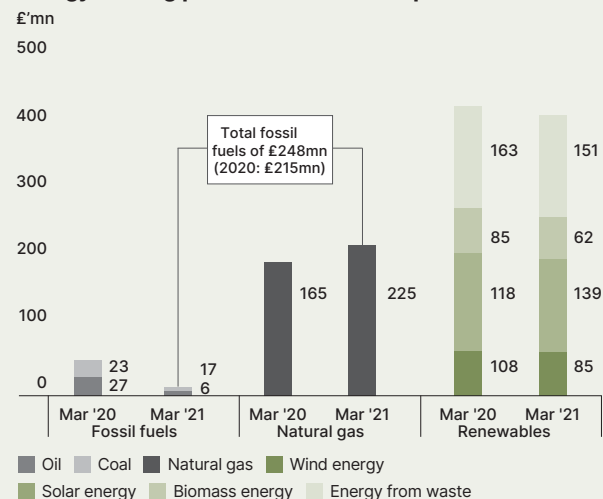
Coal exposure as a % of total energy lending portfolio
2.4%
(2020: 3.4%**)

Fossil fuels as a % of GCCE*
1.12%
(2020: 1.15%)

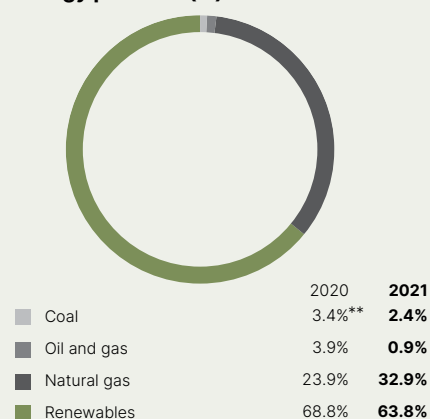
Fossil fuels as a % of core loans and advances
1.98%
(2020: 1.79%**)

* Gross credit and counterparty exposure
** March 2020 restated to include a coal exposure that was not accounted for at the time of reporting

Energy lending portfolio for Investec plc

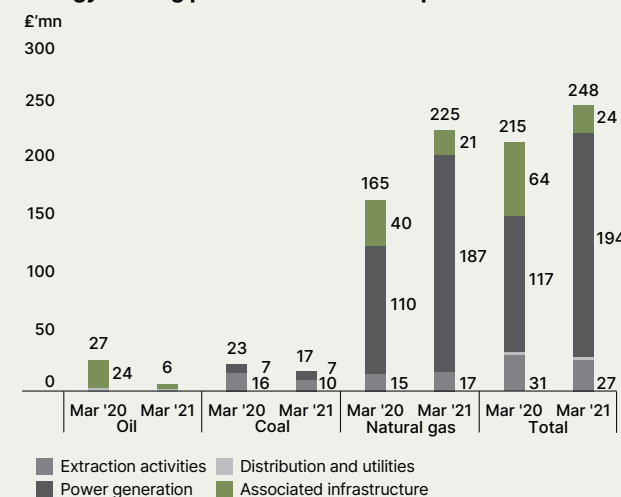


2021 Breakdown of Investec plc energy portfolio (%)



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

Energy lending portfolio for Investec plc



The impact of our clients on climate change continued

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.



Coal as a % of GCCE*

0.12%
(2020: 0.30%)

Coal as a % of core loans and advances

0.20%
(2020: 0.51%)

Coal exposure as a % of total energy lending portfolio

6.30%
(2020: 13.48%)

Fossil fuels as a % of GCCE*

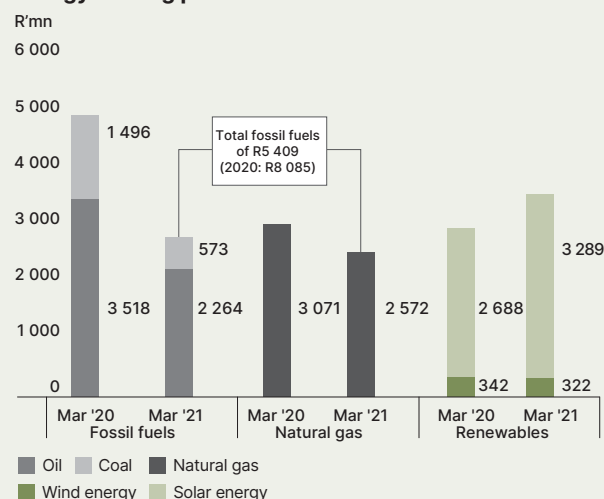
1.14%
(2020: 1.60%)

Fossil fuels as a % of core loans and advances

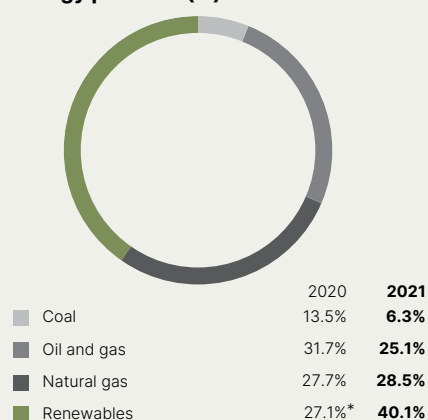
1.86%
(2020: 2.77%)

* Gross credit and counterparty exposure.

Energy lending portfolio for Investec Limited

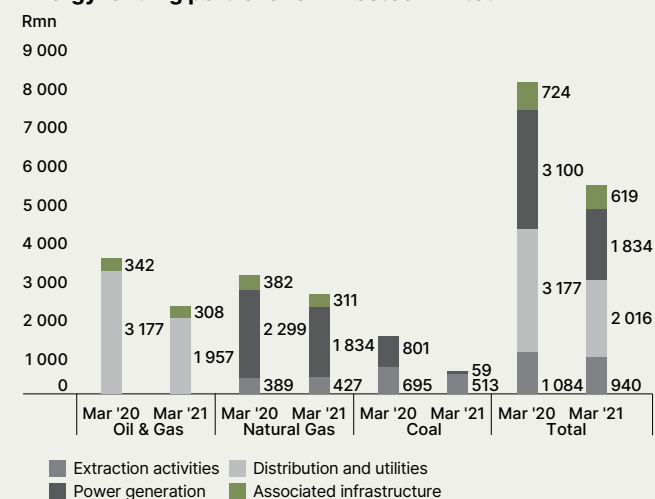


2021 Breakdown of Investec Limited energy portfolio (%)



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

Energy lending portfolio for Investec Limited



ESG breakdown of our loan book

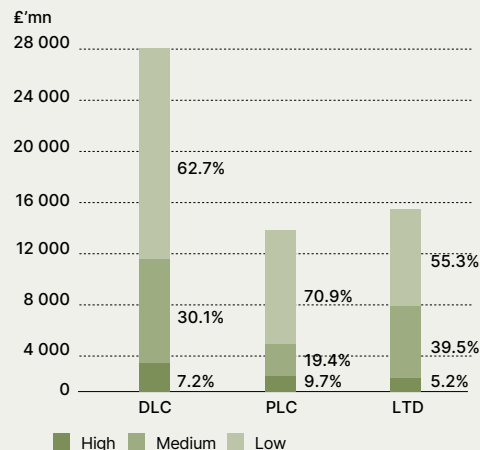
We have assessed our core loans and advances portfolio and 62.7% of the exposures are in low-risk industries. Within the higher risk industries, we have analysed our exposures on a transactional level, which shows that a maximum of 7.2% would fall into high-risk classification according to the IFC guidelines.



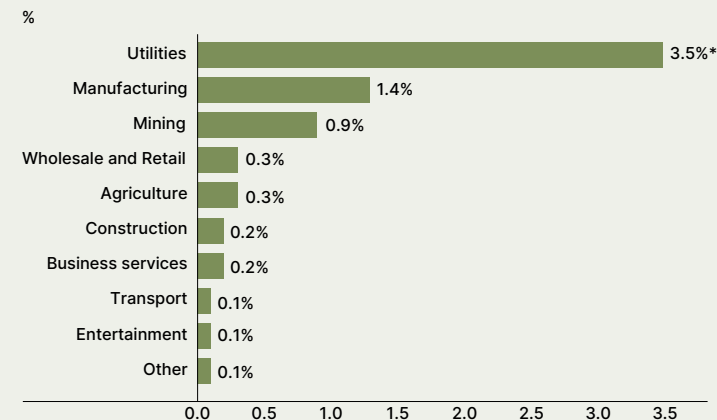
For more information refer to pag 33



ESG risk level for Investec group

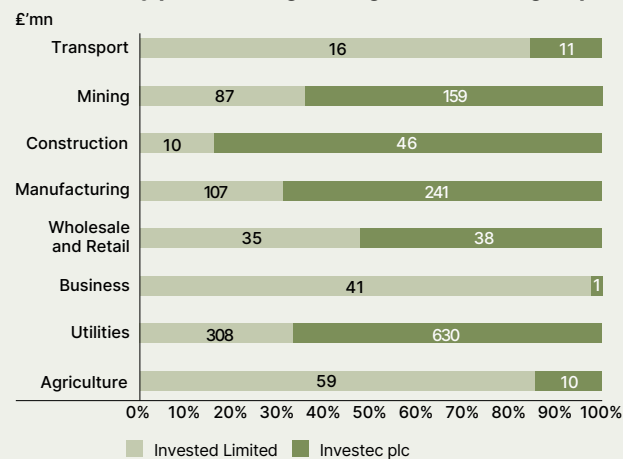


High risk industry breakdown for Investec group

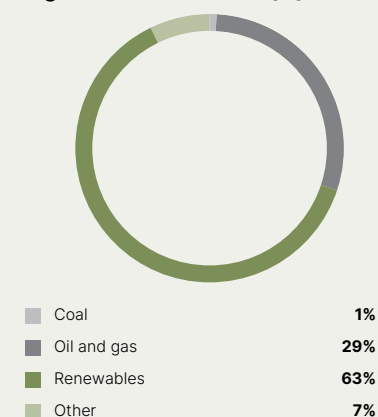


* Within the high-risk industries (7.2%) half relates to exposure to utilities (energy generation and distribution).

ESG industry portfolio (high rating) for Investec group



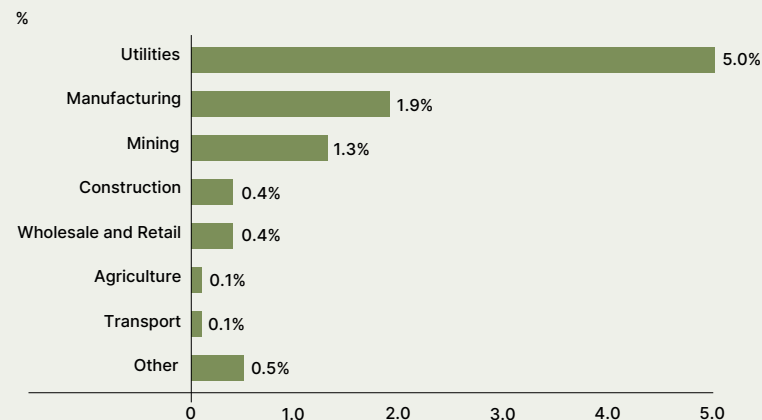
Breakdown of utilities within our high-risk classification (%)



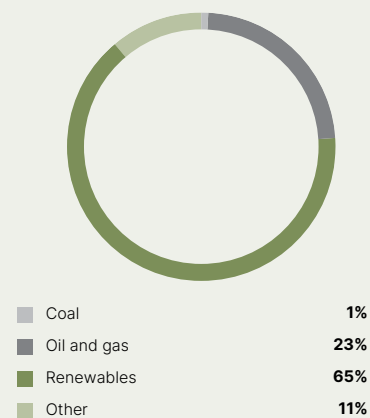
ESG breakdown of our loan book continued

ESG risk breakdown of Investec plc loan book

High-risk* industry breakdown Investec plc



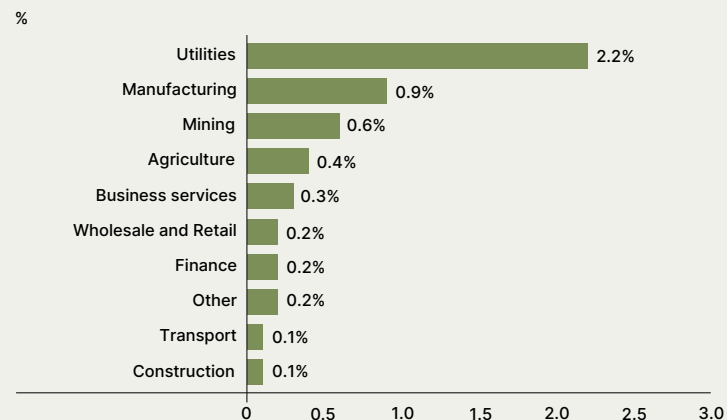
Breakdown of utilities within the high-risk* classification for Investec plc (%)



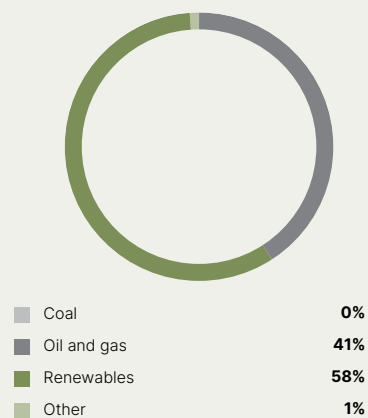
* High-risk is defined according to the IFC guidance

ESG risk breakdown of Investec Limited loan book

High-risk* industry breakdown Investec Limited



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



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



07

Future plans



“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.

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.

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.

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.

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.

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.

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

- 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.

08

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.



Included in the STOXX Emerging Markets 1500 ESG-X and the STOXX Emerging Markets Total Market Mid ESG-X



Top 30 in the FTSE/JSE Responsible Investment Index



Top 2% scoring AAA in the financial services sector in the MSCI Global Sustainability Index



FTSE4Good

Included in the FTSE4Good Index



Top 20% of the ISS ESG global Universe and Top 14% of diversified finance services



Maintained a B rating against an industry average of B



Top 20% of assessed companies in Sustainalytics' global ESG research universe as of May 2021

Sustainability Yearbook Member 2021



Top 15% in the global financial services sector of the Corporate Sustainability Assessment (CSA) Dow Jones

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

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).

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.

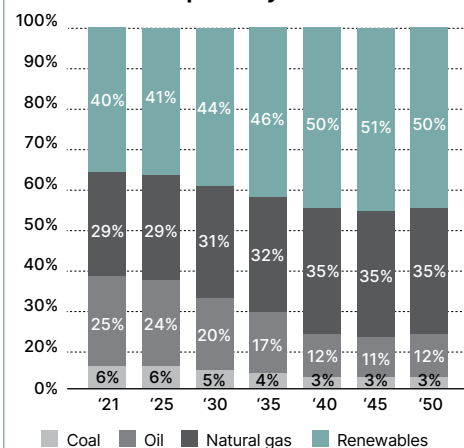
The pathways we are using include the IRP 2019, the National Business Initiative future pathways, and in particular guidance from the CSIR on alternative pathways up to 2050 based on their publication, "Systems analysis to support increasingly ambitious CO₂ emissions scenarios in the South African electricity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

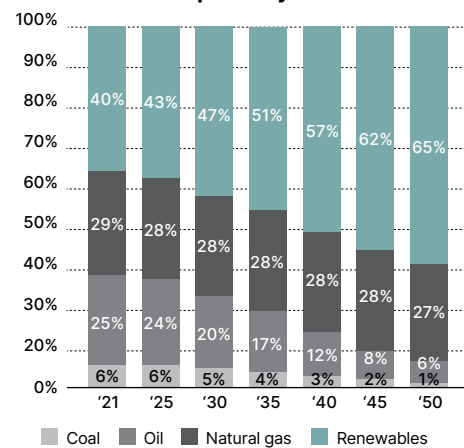
Investec's energy portfolio based on the IRP 2019 pathway



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.

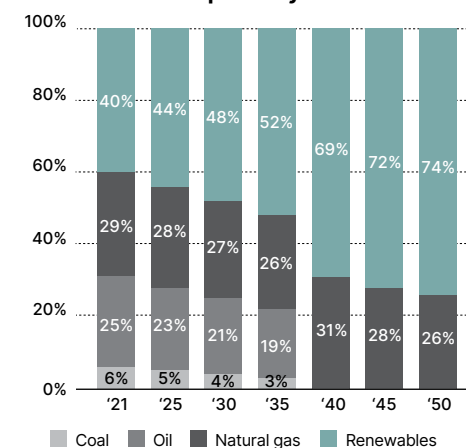
Investec's energy portfolio based on the least cost pathway



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.

Investec's energy portfolio based on the ambitious pathway



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.

10

Cautionary
note regarding
forward-
looking
statements



Proviso

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

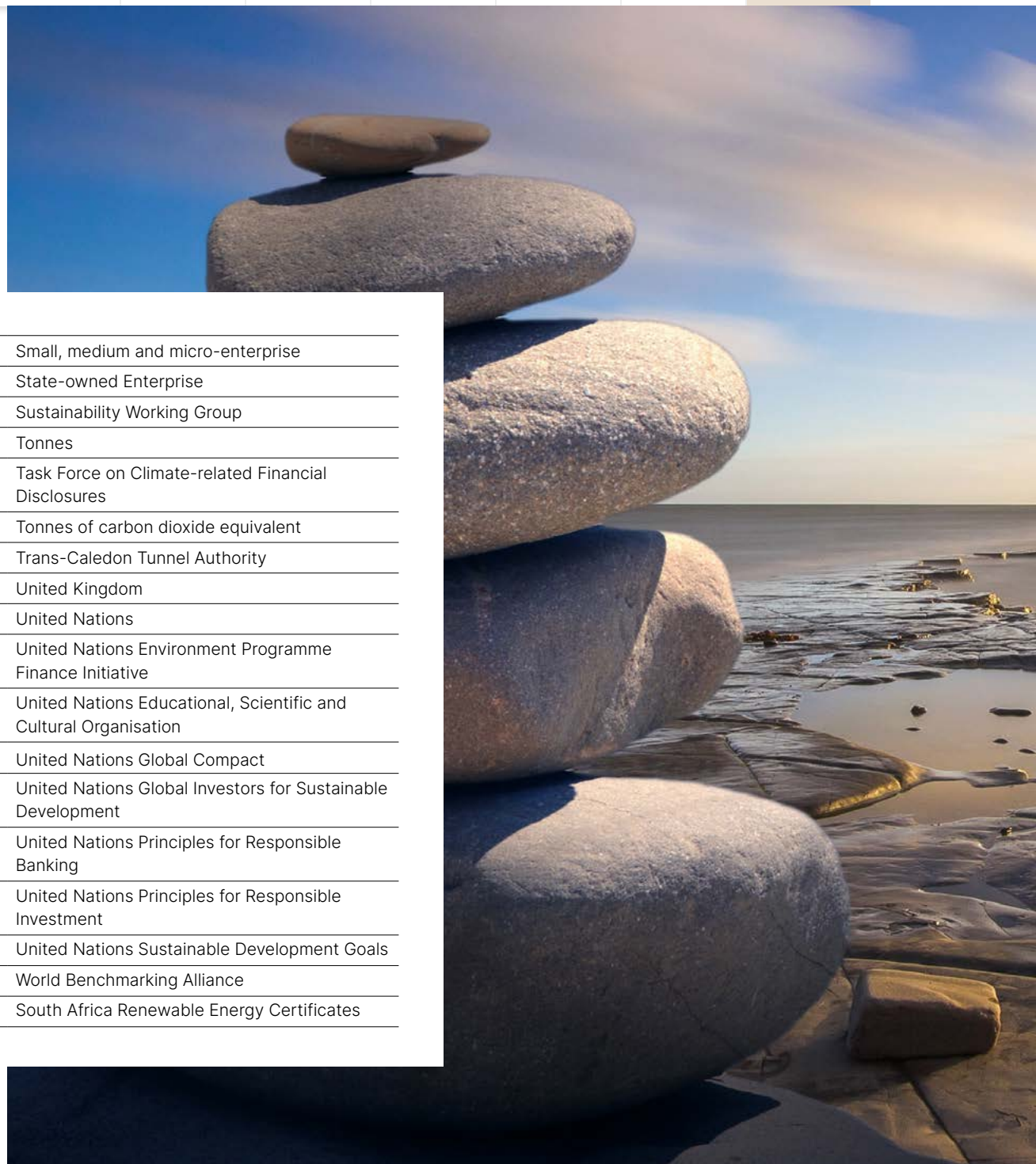
The following abbreviations have been used throughout this report:

AGM	Annual General Meeting
BASA	Banking Association of South Africa
BoE	Bank of England
CCC	Climate Change Committee
CCI	Castleton Commodities International
CDP	Carbon Disclosure Project
CEO	Chief executive
COO	Chief operating officer
CO₂	Carbon dioxide
COVID-19	Corona Virus Disease 2019
CSI	Corporate Social Investment
CSIR	Council for Scientific and Industrial Research
DEFRA	Department for Environment, Food and Rural Affairs
DLC	Dual listed company
DLC BRCC	DLC Board Risk and Capital Committee
DLC Nomdac	DLC Nominations and Directors Affairs Committee
DLC SEC	DLC Social and Ethics Committee
eGRID	Emissions & Generation Resource Integrated Database
EMEA	Europe, the Middle East and Africa
EMS	Environment Management System
EnMS	Energy Management System

EP	Equator Principles
ESG	Environmental, social and governance
EU	European Union
EV	Electric vehicle
FSB	Financial Stability Board
FSCA	Financial Sector Conduct Authority
FTE	Full time employees
GCCE	Gross credit and counterparty exposures
GFDRR	Global Facility for Disaster Reduction and Recovery
GHG	Greenhouse gas
GIC	Ghana Infrastructure Company (Limited)
GISD	Global Investors for Sustainable Development
GRI	Global Reporting Initiative
Group ERC	Group Executive Risk Committee
GW	Gigawatt
HNW	High net worth
IBL	Investec Bank Limited
IBP	Investec Bank plc
ICC	International Chamber of Commerce
IEA	International Energy Agency
IFC	International Finance Corporation
IIF	Institute of International Finance

IPF	Investec Property Fund
IRP	Integrated Resource Plan
ISO	International Organisation for Standardisation
ISO 14001	International standard that specifies requirements for an effective environmental management system
ISO 50001	Voluntary standard for designing, implementing and maintaining an energy management system
ISS	Institutional Shareholders Services
IT	Information technology
IW&I	Investec Wealth & Investment
IWT	Illegal wildlife trade
JSE	Johannesburg Stock Exchange
kg	Kilogram
King IV	King Code of Governance Principles for South Africa
kl	Kilolitre
km	Kilometer
KPIs	Key performance indicators
kWh	Kilowatt-hour
L	Litre
LGD	Loss given default
LSbp	Lightsource bp

Glossary continued



LNG	Liquefied natural gas
m²	Square metre
MW	Megawatt
NAV	Net asset value
NBI	National Business Initiative
NDC	National Determined Contributions
PCAF	Partnership for Carbon Accounting Financials
PD	Probability of default
PPE	Personal protective equipment
PPP	Public private partnership
PV	Photovoltaic
PVC	Polyvinyl chloride
R&D	Research and development
REC	Renewable energy certificate
REGOs	Renewable Energy Guarantee of Origin
REIT	Real Estate Investment Trust
SA	South Africa
SAMLIT	South African Anti-Money Laundering Integrated Task Force
SARB	South African Reserve Bank
SASB	Sustainability Accounting Standards Board
SDG	Sustainable Development Goal
SME	Small and medium enterprises
SMF	Senior management function

SMME	Small, medium and micro-enterprise
SOE	State-owned Enterprise
SWG	Sustainability Working Group
t	Tonnes
TCFD	Task Force on Climate-related Financial Disclosures
tCO₂e	Tonnes of carbon dioxide equivalent
TCTA	Trans-Caledon Tunnel Authority
UK	United Kingdom
UN	United Nations
UNEP FI	United Nations Environment Programme Finance Initiative
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNGC	United Nations Global Compact
UN GISD	United Nations Global Investors for Sustainable Development
UN PRB	United Nations Principles for Responsible Banking
UN PRI	United Nations Principles for Responsible Investment
UN SDGs	United Nations Sustainable Development Goals
WBA	World Benchmarking Alliance
zaRECs	South Africa Renewable Energy Certificates