

# Principles for Responsible Banking (PRB) reporting index

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**31 March 2021**



The below table sets out the reporting and self-assessment requirements for Signatories of the Principles for Responsible Banking. It is where we provide our response and self-assessment in relation to the principles and provide references and links to where in our existing reporting and in public domains the required information can be found

Requirements	Bank's response and self-assessment	Reporting reference
<b>Principle 1 – Alignment</b>		
We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.		
1.1	<p>Business model description</p> <p>Our business model is based on creating sustainable long-term value.</p> <p>We operate in 2 principal geographies, namely Southern Africa and the UK. With 2 core areas of activity namely Specialist Banking and Wealth and Investment.</p> <ul style="list-style-type: none"> <li>• We have market-leading, distinctive client franchises</li> <li>• We provide a high level of client service enabled by comprehensive digital platforms</li> <li>• We are a people business backed by our Out of the Ordinary culture and entrepreneurial spirit</li> </ul>	<p><a href="#">2021 Integrated Annual report Volume one</a> pages 13</p>
1.2	<p>Business strategy alignment</p> <p>Our commitment to sustainability recognises the interconnected nature of our business, the economy, the environment and society. We live in, not off, society. Our vision is to create and preserve sustained long-term wealth and help our clients grow their businesses. This cannot be done in isolation of our responsibility to the world around us.</p> <p>We support the Paris Agreement's aim of holding the increase in the global average temperature to well below 2°C above pre-industrial levels and of pursuing efforts towards limiting it to 1.5°C. We also recognise the urgency and need to accelerate action which has been incorporated into our approach.</p> <p>Our priority in terms of the SDGs are as follows: We aim to</p> <ul style="list-style-type: none"> <li>• Build long-term value for all our stakeholders</li> <li>• Do no harm through ethical conduct and ESG screening</li> <li>• Contribute to a clean carbon transition and an inclusive society</li> <li>• Provide profitable, impactful and sustainable products and services</li> <li>• Maximise impact by aligning to the Sustainable Development Goals (SDGs).</li> </ul> <p>We focus on two overarching SDGs which are SDG10 (reduced Inequalities, and SDG13 (climate action). We achieve these two overarching goals through our six priority SDGs which are: SDG4, SDG6, SDG7, SDG8, SDG9, SDG11.</p> <p>We evaluate each SDG with respect to how we are performing within our own operations; how we are supporting and promoting in terms of our business activities; and how we are contributing to our communities.</p>	<ul style="list-style-type: none"> <li>• <a href="#">2021 Integrated Annual report Volume one</a>, pages 131 – 150</li> <li>• Alignment to the Paris Agreement: <a href="#">2021 Integrated Annual report Volume one</a>, pages 141 – 142</li> <li>• SDG Impact: <a href="#">2021 Sustainability report</a>, pages 76 - 90</li> </ul>

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<b>Principle 2: Impact and target setting</b>		
We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.		
2.1	<p><b>Impact analysis</b></p> <p><b>Scope:</b> We have evaluated our operations and lending activities across the exposures in our core geographies</p> <p><b>Scale of exposure:</b></p> <ul style="list-style-type: none"> <li>In line with IFC classification guidelines of ESG risk levels, 62.7% of our loan exposure is classified as low risk, 30.1% is medium risk and 7.2% is high risk. The high risk exposures can be classified as follows: Utilities (3.5%), Manufacturing (1.4%), Mining (0.9%), Wholesale and retail (0.3%), Agriculture (0.3%), Construction (0.2%), Business Services (0.2%), Transport, Entertainment and Other (each 0.1%)</li> <li>The energy lending portfolio for Investec group has limited exposures to fossil fuels resulting in 1.13% (2020: 1.30%) of Gross Credit and Counterparty Exposures (GCCE)</li> </ul> <p><b>Context and relevance:</b> Key drivers of climate transition risk are outlined in our TCFD report</p> <p><b>Scale and intensity:</b> Investec has assessed the potential climate-related impacts on its own operations, based on the risks of wildfires and flooding on their operating locations. We have committed to begin disclosing our carbon emission impacts from our lending and investment activities (Scope 3 downstream) in the FY22 financial year.</p> <p>We see quality education, clean water and sanitation, affordable and clean energy, decent work and economic growth, industry and innovation, and sustainable cities and communities being our main priorities across our principal geographies, through alignment of our strategy with the UN SDG's, and reviews of several international and national frameworks, including the UN Global Compact, TCFD's, GSD and BASA working groups and committees, the King Code and ISO40001</p>	<p><a href="#">2021 TCFD Report</a>, pages 45 - 50</p> <p><a href="#">2021 TCFD Report</a>, pages 45 - 50</p> <p><a href="#">2021 TCFD Report</a>, pages 35</p> <p><a href="#">2021 TCFD Report</a>, pages 37</p> <p><a href="#">2021 Sustainability report</a>, pages 76 - 90</p>
	<p>In terms of impact, we have outlined the impact of our energy sector exposure in both geographies, in terms of the nature of energy (fossil fuels vs renewables). Energy has been outlined given it is the largest proportion of high-risk exposure, and given energy's vital role in economic development.</p> <p>We have outlined the business opportunities in line our key SDGs</p>	<p><a href="#">2021 TCFD Report</a>, pages 45 - 50</p> <p><a href="#">2021 Sustainability report</a>, pages 76 - 90</p>
2.2	<p><b>Target setting</b></p> <p>We have set two short term SMART targets in relation to the following:</p> <ol style="list-style-type: none"> <li>Analyse and calculate financed emissions within three out of six asset classes according to the PCAF methodologies by March 2022</li> <li>Calculate the value at risk and disclosure 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 - March 2024)</li> </ol> <p>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.</p>	<p><a href="#">2021 TCFD Report</a>, page 42</p>
2.3	<p><b>Plan or target implementation and monitoring</b></p> <p>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</p>	<p><a href="#">2021 TCFD Report</a>, page 36</p>
2.4	<p><b>Progress on implementing targets</b></p> <p>The aforementioned targets were disclosed in our latest TCFD report, and therefore will publish our progress against these targets in future reports</p>	<p><a href="#">2021 TCFD Report</a>, page 36</p>

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<b>Principle 3 – Clients and customers</b>		
We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.		
3.1	<p>Policies and practices</p> <p>We have several sustainability policies in place that is accessible on our website including</p> <ul style="list-style-type: none"> <li>The way we do business</li> <li>Our operational resilience statement</li> <li>Our group policy and climate change statement</li> <li>Our group fossil fuel policy</li> <li>Our group health and safety policy</li> <li>Our sustainable finance framework</li> <li>Wealth &amp; Investment ESG and Sustainable policy (South Africa)</li> <li>Wealth &amp; Investment voting and active engagement policy (South Africa)</li> <li>Our equity and collectives ESG policy (UK)</li> </ul> <p>Internal policies include</p> <ul style="list-style-type: none"> <li>Defence policy</li> <li>ESG in our Investment activities</li> <li>ESG in our Lending activities</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">The way we do business</a></li> <li><a href="#">Our operational resilience statement</a></li> <li><a href="#">Our group policy and climate change statement</a></li> <li><a href="#">Our group fossil fuel policy</a></li> <li><a href="#">Our group health and safety policy</a></li> <li><a href="#">Our sustainable finance framework</a></li> <li><a href="#">Wealth &amp; Investment ESG and Sustainable policy (South Africa)</a></li> <li><a href="#">Wealth &amp; Investment voting and active engagement policy (South Africa)</a></li> <li><a href="#">Our equity and collectives ESG policy (UK)</a></li> </ul>
3.2	<p>Sustainable practices with clients and customers</p> <p>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.</p>	<p><a href="#">2021 Sustainability report:</a> page 103</p> <p><a href="#">2021 TCFD Report,</a> page 34</p>

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<b>Principle 4 – Stakeholders</b>		
We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.		
4.1	<p>Stakeholder consultation, engagement and partnering</p> <p>Engagement is important to us because it means we can understand stakeholder views and are able to respond in a meaningful and impactful way. We gather feedback through continuous dialogue with our stakeholders throughout the year to gain an intimate understanding of their needs. It's only through this varied dialogue that we can improve as a business, consider our strategy and deliver on our purpose. Based on stakeholder engagement over the past year, the following actions were taken:</p> <ul style="list-style-type: none"> <li>Reviewed and updated our climate change related policies</li> <li>Tabled a climate resolution at our AGM</li> <li>Signed up to UN PRI</li> <li>Engaged with clients to understand the carbon intensity of their business and to support them in implementing carbon reduction targets</li> <li>Automated ESG screening incorporated into the Investec plc risk management process</li> <li>Disclosed our fossil fuel exposures and our exposure to climate vulnerable industries</li> <li>Launched a number of ESG products and services</li> <li>Deepened the ESG skills of the group Social and Ethics Committee (DLC SEC)</li> <li>Strengthened our supply chain monitoring where all suppliers are screened for ESG and ethical conduct</li> </ul>	<p><a href="#">2021 Sustainability report:</a> pages 10 - 13</p> <p><a href="#">2021 TCFD Report,</a> page 9</p>

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<b>Principle 5 – Governance and target setting</b>		
We will implement our commitment to these Principles through effective governance and a culture of responsible banking		
5.1	<p>Governance structure</p> <p>Climate-related risk considerations are integrated into multidisciplinary, company-wide management processes throughout the group. Over the past year, the various Investec boards have taken a deeper role in actively engaging on various sustainability activities and opportunities. Marc Kahn, the global head of people and organisation, has assumed executive responsibility for driving sustainability across the organisation.</p> <p>The Board reconstituted the Social and Ethics committee (SEC), bringing in more members with relevant ESG experience. The SEC is responsible for monitoring the non-financial elements of sustainability, including the group's performance in ESG indicators, and relevance of sustainability issues across the group. This committee consists solely of independent directors.</p>	<p><a href="#">2021 TCFD Report</a>, pages 12 - 16</p>
5.2	<p>Initiatives and measures</p> <p>Key climate and environmental achievements in 2020/21</p> <ul style="list-style-type: none"> <li>Received shareholder support for the group's commitment to carbon neutrality</li> <li>Welcomed the establishment of an ESG Executive Committee</li> <li>Received recognition for publishing our first TCFD report</li> <li>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)</li> </ul> <p>Post year-end, we had two further two appointments, both with strong ESG skills and experience:</p> <ul style="list-style-type: none"> <li>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)</li> <li>Jasandra Nyker, as an independent nonexecutive director. Jasandra was also appointed as a member of the DLC BRCC and DLC SEC.</li> </ul>	<p><a href="#">2021 TCFD Report</a>, page 14</p> <p><b>Metrics and targets:</b> <a href="#">2021 TCFD Report</a>, page 42</p>
5.3	<p>Governance structure for implementation of principles</p> <p>The DLC Social and Ethics Committee (DLC SEC), a board appointed committee, monitors the group's application of the South African Employment Equity Act, the Broad-Based Black Economic Empowerment (BBBEE) Act and the Financial Sector Code. It also monitors our progress terms of ESG matters, and advancing the UN Global Compact's ten principles with respect to business and human rights, labour, environment and anti-corruption, and our priorities in terms of the UN SDGs. The work undertaken by the committee ensures that the group is operating in an ethical, compassionate and sustainable manner.</p>	<p><a href="#">2021 Sustainability report</a>: pages 94 to 97</p> <p><a href="#">2021 TCFD Report</a>: pages 12 - 16</p>

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<b>Principle 6 – Transparency and accountability</b>		
We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.		
6.1	<p>Progress on implementing the Principles for Responsible Banking</p> <p>We have engaged with various stakeholders, including government, regulators and ESG analysts and climate focused industry bodies to help align with the values associated with the Principles.</p>	<p><a href="#">2021 Sustainability report</a>: pages 10 - 13</p> <p><a href="#">2021 TCFD Report</a>, page 9</p>