

Message from our Chief Strategy and Sustainability Officer



“At Investec, sustainability is not a choice but an imperative where our efforts focus not only on reducing adverse effects but also on creating positive impact. We are working harder than ever towards a sustainable and equitable world.”

Marc Kahn, Chief Strategy and Sustainability Officer

Our purpose

In the financial year ended 31 March 2024, Investec continued to fortify its commitment to creating enduring worth.

Central to this organisational purpose is that sustainability is integral to our business. The time has passed for organisations that make returns without considering the impact this may have on broader society and our planet. Our commercial strategies work with a multiple stakeholder perspective from inception, and we are conscious about the impact they make in the world.

Guided by the United Nations Sustainable Development Goals (SDGs), we have focused on two key areas where we are best placed to make a lasting impact: climate action (SDG 13) and reducing inequalities (SDG 10). This report offers a transparent and unvarnished account of the strides we have made, celebrating noteworthy achievements while highlighting areas where further progress is needed.

Our leadership team continues to devise strategies that generate sustainable value for our clients, our people, our communities and the environment, and holds itself accountable to these outcomes. Investec executives attended various learning programmes and events during the year that ensure we are at the forefront of the sustainability challenges we need to appreciate to keep the company relevant, competitive and conscious in a fast changing landscape.

We have also developed a foundational sustainability learning module designed to give all employees an understanding of how sustainability impacts our operations, and we plan to evolve this over the coming years. This module was rolled out in the UK in May 2024 and in South Africa in June 2024. By continuing to weave sustainability into our culture we are working to ensure an enduring future for our business. I am encouraged and inspired by the enthusiasm with which this has been embraced by colleagues. Their dedication on this score has been instrumental in Investec being recognised as an industry leader in the sustainability space (see page 26).

Climate action

As a member of the Net-Zero Banking Alliance, we have embraced specific and measurable targets that challenge us to direct financial flows towards positive outcomes for our planet and society. I'm proud to note that Investec remained carbon neutral within our Scope 1, Scope 2 and operational Scope 3 emissions for the sixth year.

Our ambition to achieve net zero by 2050 is underpinned by a three-pronged strategy:

1. Meeting our fossil fuel exposure commitments
2. Driving sustainable and transition finance activities
3. Influencing our clients and suppliers to effectively pursue decarbonisation.

We have committed to achieving zero coal exposure in our Investec plc loan book by 31 March 2027, and zero thermal coal exposure across the Group by 31 March 2030. As of 31 March 2023, we ceased all limited recourse project financing to new thermal coal mines, regardless of jurisdiction. Additionally, we will no longer finance any new oil and gas extraction, exploration or production from 1 January 2035. Our fossil fuel exposure as a percentage of our loan book was 1.98% (2023: 1.84%).



In the year under review, we introduced an enhanced Sustainable and Transition Finance Classification Framework to guide our decision-making processes as we actively pursue our 2050 net-zero ambition. We have established Sustainable Business Forums in both the UK and South Africa that develop and integrate sustainability strategies into our business processes, commercial plays, and incentive frameworks, addressing our own aspirations as well as the expectations of our stakeholders.

Efforts to influence our client ecosystem have focused on improving the quality and accuracy of our Scope 3 financed emissions rather than expanding the scope of asset classes included in these calculations. While we acknowledge that this is just the beginning, we recognise the importance of active client engagement and advocating for better quality data and sustainability practices. We remain committed to driving positive change, enhancing our environmental impact, and promoting sustainable practices within our industry and various high-emitting sectors where we may extend financing.

We are developing and rigorously testing targets across these three channels of impact, to be released in FY2025 and integrated with Executive KPIs, ensuring that leaders are held accountable for achieving our sustainability ambitions.

Achieving a just and equitable transition to net-zero emissions requires the cooperation of diverse stakeholders. Our collaborative efforts extend to industry initiatives such as Climate Action 100+ and the African Natural Capital Alliance (ANCA). We are also piloting reporting against the Taskforce on Nature-related Financial Disclosures (TNFD) recommendations, coordinated by Financial Sector Deepening (FSD) Africa.

Reduced inequalities

Investec is dedicated to fostering a purposeful, inclusive culture. As part of our One Investec strategy, we have engaged in culture conversations to unify our employee value proposition.

We have made strides in Board diversity and voluntarily disclosed our ethnicity pay gap in the UK, where, at 31 March 2024 our mean hourly pay gap was 17% (2023: 15.1%). We are making progress in narrowing this gap and will continue to manage it in South Africa. We made notable strides in improving diversity at Board level. At year-end, women made up 58% of the Investec Group Board (2023: 43%), while the representation of persons of colour held steady at 42% (2023: 43%), as defined by the UK Listing Rules.

Our diversity and inclusion spectrum now encompasses neurodivergence, and we have reviewed global trends to shape our strategy and response.

We have established consultative forums in both the UK and South Africa, chaired by members of relevant management teams, and remain focused on increasing the representation of under-represented groups in strategic decision-making. Integral to our culture is the notion that employees should bring their whole, authentic selves to work. We believe that only an authentically inclusive environment can unlock the full potential of our diverse workforce and drive innovation and success.

Investec's culture also values curiosity, encourages individual expression, and empowers employees to drive their own learning. This is evident in our increasing investment in employee development. Our learning and development spend as a percentage of staff costs was 2.1% (2023: 1.8%), surpassing our >1.5% target.

Investec's community spend as a % of Group operating profit in the past financial year was 1.1% (2023: 1.3%) against a target of >1%. These funds were invested in various initiatives driving social impact through education and skills development.

In South Africa, the Youth Employment Services (YES) programme, of which we are a founding member, aims to create employment opportunities for young people, equipping them with essential skills and experience. By merging our learning model with our YES commitment, we have been able to provide YES interns with formal learnership opportunities once they complete their YES internship, enabling them to gain accredited qualifications that further enhance their skills and employability. In the past six years, we have placed 3 671 youth in YES internships.

Our Investec-sponsored Promaths initiative is focused on improving high school learners' performance in maths and science, increasing their chances of obtaining university admission and securing bursaries or scholarships. In 2023, Promaths contributed 6% of the country's national distinctions in maths and 7% in science respectively (2022: 5% for both maths and science).

In the UK we were active across a range of community activities which included the launch a new partnership with The Conservation Volunteers, and celebrated 15 years working with Arrival Education – over 500 of our colleagues supporting over 2 500 young people throughout the partnership. Additionally, through our social incubation programme, Investec Beyond Business, we helped launch six social start-ups in partnership with the Bromley by Bow Centre, bringing the total up to 62 over 12 years.

Through our continued support and engagement in these important community programmes, we strive to create a brighter future for young people and the societies in which we operate.



Governance

Governance at Investec transcends regulatory mandates. We remain committed to upholding the Ten Principles of the United Nations Global Compact, which encompass human rights, labour, environment and anti-corruption. We actively support the international agenda to eradicate human trafficking, slavery, forced labour and child labour. In compliance with Section 54 of the UK Modern Slavery Act 2015, we have published our annual modern slavery statements, which are available on our website.

We have considered the recommendations from the South African Prudential Authority, published in 2023, which include two guidance notes on climate risk disclosures and climate-related risk practices for banks.

We also considered the recommendations from IFRS S1 and S2 sustainability-disclosure standards and have incorporated the double materiality requirements as guided by the Corporate Sustainability Reporting Directive (CSRD). Our annual Principles for Responsible Investment (PRI) report submissions, document our proactive approach to responsible investment and corporate integrity. The report for the year ended 31 March 2023 was our final submission as a co-signatory with the UK Wealth & Investment franchise, following the W&I UK and Rathbones Combination in September 2023.

Stakeholder engagement

This year we conducted a double materiality assessment to identify and evaluate our most significant sustainability-related impacts, opportunities and risks. In the interests of a balanced and transparent evaluation, we engaged a third party to conduct the assessment and gather feedback from our stakeholders. The outcome of this exercise was a comprehensive understanding and deeper insights into the sustainability topics that are material to Investec and our impact on society and the environment. This assessment informs our sustainability strategy, ensuring we focus on material topics and drive impactful action. This work also meant that we stayed abreast of new regulations, particularly the European Union (EU) CSRD.

Concluding thoughts

In summary, our commitment to sustainability, purpose, inclusivity and community engagement has positioned us as a company that drives positive change and sees sustainability as part of its core commercial strategy. We will continue to pursue this agenda with energy and passion as we seek out more opportunities to create enduring worth in the world.

The material information relating to our sustainability efforts is included throughout the 2024 Investec Group's integrated and strategic annual report. This report expands on the Investec Group's 2024 integrated and strategic annual report. It provides additional information as required by our many sustainability stakeholders regarding our performance and progress in terms of the UN Global Compact's Ten Principles, how we are integrating sustainability into our activities and the opportunities in relation to the SDGs.

Marc Kahn
Chief Strategy and Sustainability Officer