



MESSAGE FROM OUR EXECUTIVES



Fani Titi
Chief executive officer

“We will act to create financial value that also delivers social value in a sustainable and inclusive way.”

Our role in society

The COVID-19 pandemic has highlighted the fragility of our economic systems and revealed the underlying inequality gaps evident between countries and within societies. At the same time, it has sparked a renewed consciousness and willingness to respond to societal challenges. Sustainability matters were high on the corporate agenda before the pandemic, but now the 2030 Agenda for Sustainable Development is more relevant than ever before.

Investec has been on this sustainability journey since inception. We published our first separate sustainability report (called ‘*Our journey to sustainability*’) in 2002 and have been consistently improving our sustainability efforts as the industry evolves and matures. Two of the greatest challenges facing the world today are climate change and inequality. Corporations must work towards solutions with urgency. If we fail, life as we know it will soon become fundamentally threatened. The success of our business, therefore, requires a significantly more focused and deliberate approach to all sustainability considerations, including our solid and active participation in the United Nations Sustainable Development Goals (SDGs), to address these issues in a socially cohesive and inclusive way.

Executive and board responsibility

Over the past year, the executive and the various Investec boards have taken a deeper role in actively engaging on sustainability activities and opportunities. Marc Kahn, the global head of people and organisation, has assumed executive responsibility for driving sustainability across the organisation. Our CEO, Fani Titi, was invited to join the UN Global

Investors for Sustainable Development (GISD) Alliance, made up of 30 leading corporate and financial institutions across the world. The alliance aims to accelerate action to better integrate the SDGs into core business; to scale up sustainable investment globally, especially to countries most in need; and to align investment with sustainable development activities.

The DLC Social and Ethics Committee (DLC SEC), a sub-committee of the board, monitors our progress in terms of ESG matters and in terms of advancing the UN Global Compact’s ten principles with respect to business and human rights, labour, environment and anti-corruption. Over the past year, the committee focused strongly on staff development, particularly on equity and inclusion, and strengthened its terms of reference to include a greater focus on environment and climate-related issues.

Post year-end, we established a Group ESG Executive Committee to coordinate our efforts across geographies and businesses from both a strategy and policy perspective, to develop a relevant framework that aligns with our purpose and values, and help our businesses take up opportunities to make a difference in our world.

Belonging, inclusion and diversity

At the time of writing this report, there is a worldwide call for increased action and deep reflection on the inequalities in our societies around the world. These events reaffirm how important it is to stand as a leadership and an organisation against injustices in all our geographies. We have various processes to encourage dialogue on these issues and remain steadfast in our commitment to the values of equality, belonging, inclusion and diversity.

Gender and diversity remain a priority across all regions. Group female senior leadership, an area we have been focusing on for some time, increased to 37% (2019: 36%) of total senior leadership.

Good progress was made in terms of Investec Limited’s transformation initiatives and we were nominated as one of the top empowered companies in our sector in the Top Empowerment Awards (Impumelelo).

From a board perspective, we have a 25% representation of women on the board as at 31 March 2020, with a target of 33% in terms of the Hampton-Alexander Review by the end of 2020. In terms of ethnic diversity, as at 31 March 2020, we had five (36%) persons of colour, as defined by the Parker Review, on the board. We recognise that more work needs to be done, particularly regarding the representation of women on the board, and we remain committed to improving our diversity measures across the group.

Transition to a cleaner world

Stakeholders have significantly raised the spotlight on environment and climate change. As part of our commitment to accelerate the transition to a low-carbon world, we took the decision to purchase carbon credits to neutralise the direct carbon impact of our operations for the 2018/19 financial year and agreed to ongoing carbon neutrality. The board and DLC SEC were also pleased to approve a public group fossil fuel policy, addressing a key stakeholder concern. In terms of this policy, we will only consider funding fossil fuels under the strictest criteria, with careful consideration of various socio-economic factors to support a just transition.

MESSAGE FROM OUR EXECUTIVES *(continued)*

“We must ensure we come back post-COVID-19 not only better and greener, but with a greater social conscience.”

Marc Kahn

Global head of people and organisation

We agreed to disclose our fossil fuel exposures, which are 1.3% of group credit and counterparty exposures, and published our first separate Task Force on Climate-related Financial Disclosures (TCFDs) report. Investec Limited was the first bank in South Africa to sign up to the TCFDs and Investec plc was the eighth bank in the diversified financial sector to sign up in the UK. Besides limiting fossil fuel exposures, Investec's climate change strategy focuses on working with clients and stakeholders to transition to a cleaner world. We continue to deliberately fund and promote renewable and cleaner energy solutions with 83% of the group's total energy portfolio in clean energy and natural gas.

Supporting our communities

Our investment in communities continued to focus on the core areas of education, entrepreneurship and job creation, with community spend comprising 2.3% of operating profit (2019: 2.0%) with a target of >1.0%. Towards the end of the period, the group's leadership took swift action to respond to the COVID-19 pandemic and to care for employees and communities around the world. We committed £3.2 million (R70 million) to supporting COVID-19 relief for communities, particularly focusing on food security, healthcare, economic continuity and education.

In addition to funding screening, protective equipment, support for medical clients and building healthcare capacity, and preserving jobs, we also provided food to hundreds of thousands of people across South Africa, the UK, India and New York, supported by the generosity of our leadership and staff. As part of our focus to assist existing community partners, we were proud to be able to take our flagship

education programme in South Africa, Promaths, online to ensure continued learning throughout the pandemic and beyond.

Sustainability recognition

In terms of overall sustainability performance, we remain in the top 15% in our industry in the Dow Jones Sustainability Investment World indices and top 6% in the financial services sector for the MSCI ESG rankings. We were winner of the Sustainability Award in the 17th Annual National Business Awards for 2019 and the Best Investment Bank for Sustainable Finance in Africa in the 2020 Global Finance Awards. While it makes us proud to receive this recognition, we are mindful that this is a journey and we continually need to strive for more when it comes to our ESG performance and socio-economic impact.

Focus on action and opportunity

In the year ahead, we expect to see further action taken to shift the sustainability focus from policies and process, to action on our priority SDGs and business opportunities. As part of our business strategy to create long-term value for stakeholders, we focus on offering profitable, impactful and sustainable products and services. During the past year, our asset finance business in the UK launched a sustainable energy finance arm to fund renewable energy assets, and in South Africa we launched the first structured product issued in the country over an Environmental World Index and are piloting a solar solution for our private bank clients. This is how we will continue to be a responsible corporate, creating financial value that also delivers social value in a sustainable and inclusive way.

The COVID-19 pandemic has brought a wide range of ESG factors into sharp focus for corporates – including employee treatment and working conditions, access to healthcare, and environmental impacts. COVID-19 has also made investment in the SDGs more urgent than ever. Investment in sustainable, innovative and resilient infrastructure is critical to pave the way for an inclusive post-COVID economic recovery. Investec must play a positive and collaborative role to ensure we come back not only better and greener but with a greater social conscience, building on our deeply held belief that we live in society, not off it.

The material information relating to our sustainability efforts is included throughout volume one of the Investec group's 2020 integrated annual report. This supplementary report expands on the integrated report and provides additional information as required by our many ESG stakeholders regarding our performance and progress in terms of the UN Global Compact's ten principles, how we are integrating ESG into our activities and the opportunities we are finding in terms of the SDGs.

Fani Titi
Chief executive officer**Marc Kahn**
Global head of people and organisation

30 June 2020