



# Financial Sector Code

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Report  
2016

*Out of the Ordinary®*

 **Investec**



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# 1

# About our 2016 Financial Sector Code report

This is Investec's fourth report describing its broad-based black economic empowerment initiatives according to the Financial Sector Code, as gazetted in November 2012 (FS Code). Previously Investec reported according to the Department of Trade and Industry's Codes of Good Practice, as gazetted in 2007 (DTI Codes) and prior to that was a signatory to the Financial Sector Charter (FSC). Investec's previous ratings are summarised below.

Rating period	Description of rating conducted	Rating achieved
1 April 2003 to 31 March 2004	Financial Sector Charter, self assessment	A
1 April 2004 to 31 March 2005	Financial Sector Charter, self assessment	A
1 January 2006 to 31 December 2006	Financial Sector Charter, KPMG	A
1 January 2007 to 31 December 2007	Financial Sector Charter, KPMG	A
1 January 2008 to 31 December 2008	Financial Sector Charter, KPMG	A
1 April 2009 to 31 March 2010	DTI Codes, Empowerlogic	Level 4
1 April 2010 to 31 March 2011	DTI Codes, Empowerdex	Level 3
1 April 2011 to 31 March 2012	DTI Codes, Empowerdex	Level 4
1 April 2012 to 31 March 2013	FS Code, Empowerdex	Level 3
1 April 2013 to 31 March 2014	FS Code, Empowerdex	Level 3
1 April 2014 to 31 March 2015	FS Code, Empowerdex	Level 2
1 April 2015 to 31 March 2016	FS Code, Empowerdex	Level 2

**Note:**

- This report covers Investec's South African operations only
- All references to black relate to the definitions as set out in the FS Code
- All information relates to the financial year ended 31 March 2016.

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## Investec's ongoing commitment to black economic empowerment and transformation in South Africa

Investec remains committed to black economic empowerment. Our approach involves:

- Using our entrepreneurial expertise to foster the creation of new black entrepreneurial platforms
- Serving as a leading source of empowerment financing
- Encouraging internal transformation by bringing about greater representivity in our workplace.

## Independent verification of the Financial Sector Code (FS Code) scorecard, Empowerdex (Pty) Ltd

The abridged FS Code information disclosed in this document for the year ended 31 March 2016 is extracted from the Investec Limited scorecard and relating supporting documents, prepared in accordance with the Financial Sector Code as gazetted by the Minister of Trade and Industry in November 2012; and in a manner consistent with the objectives of the B-BBEE Act and South Africa's Economic Transformation – A Strategy for Broad-based Black Economic Empowerment.

The independent verifiers, Empowerdex (Pty) Ltd, conducted their review on the Investec Limited scorecard and related supporting documents in accordance with the requirements of the SANAS R47-02 document and the gazette verification manual. These standards require that we plan and perform the verification process and procedures to obtain reasonable assurance about the B-BBEE status of Investec Limited.

# Summary scorecard

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The table below depicts Investec's consolidated position under the FS Code and places it at a level 2 rating for the period 1 April 2015 to 31 March 2016 (2016 in the table). A comparison to the prior year is also included.

Element	Target score	Investec score 2016	Investec score 2015
Ownership	14	15.21	15.21
Management control	8	4.58	4.58
Employment equity	15	10.19	9.73
Skills development	10	9.23	9.59
Preferential procurement	16	14.00	13.44
Enterprise development	5	4.42	5.00
Empowerment financing	15	15.00	15.00
Consumer education	2	2.00	2.00
Corporate social investment	3	3.00	3.00
<b>TOTAL</b>	<b>88</b>	<b>77.63</b>	<b>77.55</b>
<b>Level</b>		<b>2</b>	<b>2</b>

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## Direct empowerment

### Equity ownership

#### Employee ownership

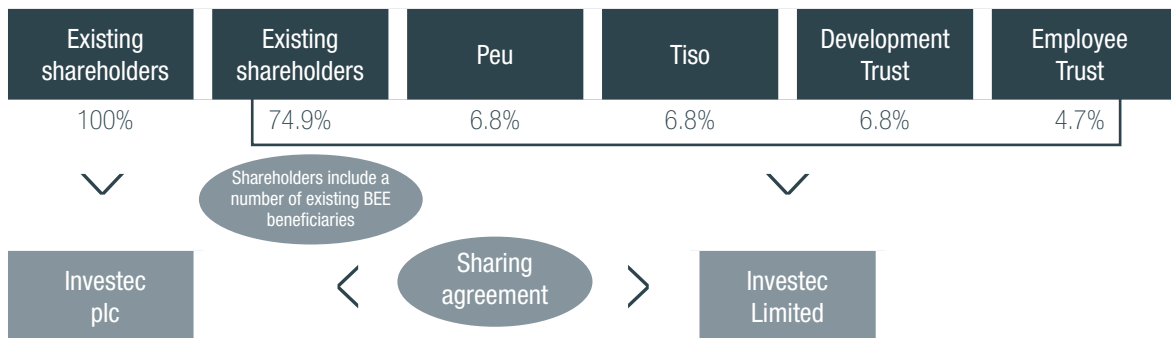
One of our core values relates to employee ownership:

- Management and staff currently own approximately 10% of the group's shares
- Staff across all gender and race groupings participate in the staff share schemes
- All new recruits are allocated equity awards after an initial period
- A share scheme to benefit black employees was established as part of our BEE ownership transaction (refer below).

#### BEE ownership transaction in 2003

In November 2003, Tiso Group, Peu Investment Group, a broad-based Entrepreneurship Development Trust (EDT) and an Investec Employee Share trust collectively acquired a 25.1% direct stake in the issued share capital of Investec Limited.

The diagram below illustrates the structure of Investec's deal at the time of the announcement in November 2003.



#### Parties to the original transaction:

##### Tiso Group

Tiso is a majority black-owned and managed natural resources, financial services and industrial services group created in 2001 by Fani Titi, Nkululeko Sowazi and David Adomakoh, with seed capital from Investec.

##### Peu Investment Group

Peu is a 100% black-owned and managed investment holding company led by Peter Malungani. The company was incorporated in 1996 and pursues strategic investments in financial services, information technology, fleet management, auto sector, ICT and gaming.

##### The Entrepreneurship Development Trust

The EDT was created to contribute to social development in South Africa and to ensure that there were benefits from our BEE deal for a broader constituency.

The EDT's key objectives are to promote:

- Entrepreneurial development
- Rural economic development
- Leadership development in both the private and the public sector
- Democracy and governance.

The structure of Investec's BEE transaction was such that the cash flows from unrealised profits from EDT's shareholding were tied up until 2011. Investec as a result provided resources and support to enable the EDT to become an active and credible development vehicle for delivering innovative entrepreneurial activity to contribute to South Africa's economic growth.

### Investec Employee Share Trust

100% of the beneficiaries of the Investec Employee Share Trust were black South Africans working for Investec Limited. This was done to ensure that our employees also participated meaningfully in the transaction alongside the BEE companies.

### Unwind of BEE ownership transaction in 2011

The ownership structure described above unwound in May 2011. Some of the parties to the BEE transaction agreed to a refinancing of the arrangement which resulted in various transactions in relation to both Investec Limited and Investec plc ordinary shares.

After the conclusion of the refinancing, the Entrepreneurship Development Trust held 23 001 108 Investec Limited ordinary shares; Tiso INL Investments 1 (Pty) Limited (a 100% held company by Kagiso Tiso Holdings Limited) held 7 062 635 Investec Limited ordinary shares and Peu INL Investments 1 (Pty) Limited (a 100% held company by Peu Group Limited) held zero Investec Limited ordinary shares.

All these shares are now freely tradable.

### 2016 year in review

#### Equity ownership scorecard

Indicator	Target	Target score	Investec position 2016	Investec points 2016	Investec position 2015	Investec points 2015
Voting rights of black people	25.00%	3	27.97%	27.3.00%	27.97%	3.00
Voting rights of black women	10.00%	1	6.59%	0.66	6.59%	0.66
Economic interest of black people	25.00%	3	27.97%	3.00	27.97%	3.00
Economic interest of black women	10.00%	1	6.59%	0.66	6.59%	0.66
Economic interest of designated groups	2.50%	1	1.78%	0.71	1.78%	0.71
Black participants in employee ownership schemes						
Black beneficiaries of broad-based ownership schemes						
Black participants in co-ops						
Direct/indirect ownership in excess of 15%	10.00%	2	12.97%	2.00	12.97%	2.00
Net equity interest	25.00%	3	26.30%	3.00	26.30%	3.00
Bonus points:						
Black new entrants	10.00%	2	17.70%	2.00	17.70%	2.00
Black participants in schemes of ownership	10.00%	1	1.78%	0.18	1.78%	0.18
<b>TOTAL</b>		<b>14 + 3 bonus points</b>		<b>15.21</b>		<b>15.21</b>

### Management control

We recognise that executive decision-making, management responsibilities, the assumption of risk and other factors relating to those who make major financial decisions are critical to real transformation. As part of our employment equity process, a key objective involves transforming strategic decision-making bodies at all levels of Investec.

### 2016 year in review

#### Summary: Investec board of directors and top management

	Black people	Black women
Board members	4/8	2/8
Senior top management/executives*	-	-
Other top management	5/17	5/17

\* Investec does not differentiate between senior top management and other top management.

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# Direct empowerment (continued)

## Investec board of directors - South African members

Name of director	Title	Race	Gender
Stephen Koseff	CEO	White	Male
Glynn Burger	Risk and Finance director	White	Male
Fanit Titi	Independent non-executive chairman	Black	Male
Zarina Bassa	Independent non-executive director	Black	Female
Cheryl Carolus	Independent non-executive director	Black	Female
David Friedland	Independent non-executive director	White	Male
Khumo Shuenyane	Independent non-executive director	Black	Male
Peter Thomas	Independent non-executive director	White	Male

## Management control scorecard

Indicator	Target	Target score	Investec position 2016	Investec points 2016	Investec position 2015	Investec points 2015
Exercisable voting rights of black board members	50.00%	0.5	50.00%	0.50	50.00%	0.50
Exercisable voting rights of black women board members	25.00%	0.5	25.00%	0.50	25.00%	0.50
Black executive board representation	50.00%	1	0.00%	0	0.00%	0
Black women executive board representation	25.00%	1	0.00%	0	0.00%	0
Black representation at senior top management	n/a	n/a	n/a	n/a	n/a	n/a
Black women representation at senior top management	n/a	n/a	n/a	n/a	n/a	n/a
Black representation at other top management	40.00%	2.5	29.41%	1.84	29.41%	1.84
Black women representation at other top management	20.00%	2.5	5.88%	0.74	5.88%	0.74
<b>Bonus point:</b>						
Black independent non-executive directors	40.00%	1	50.00%	1.00	50.00%	1.00
<b>TOTAL</b>		<b>8 + 1 bonus point</b>		<b>4.58</b>		<b>4.58</b>



# People and transformation

Investec positions its culture as a strategic differentiator. We prize our flat structure and meritocratic approach and uphold an environment that encourages self-starters to drive their careers in line with business objectives. We employ passionate and talented people who are empowered and able to perform extraordinarily. We achieve this through:

- Share ownership by employees at all levels of the business
- Building a diverse and equitable workplace
- Maximising the potential of employees by fostering a culture of continuous learning.

The people section of the scorecard consists of two sub-sections: (i) employment equity and (ii) skills development.

## Employment equity

Diversity is essential for any organisation's ability to innovate and adapt in a fast-changing world and is critical to Investec's continued growth and prosperity. As such we remain committed to achieving greater representation at all levels of the business through the effective implementation of our Employment Equity plan. Key components of our strategy include:

- Recruitment and retention of individuals from designated groups. Each division has contributed to the group employment equity plan by carefully considering and building targeted numbers for designated groups. Monitoring of progress towards achieving the goals of the employment equity plan is evaluated by the employment equity forum, executive management, human resources and business unit heads
- A focus on employing individuals from designated groups at a "grass roots" level through our graduate recruitment, bursary and learnership programmes and developing these individuals into skilled, strategic thinkers and leaders. Further information on these programmes is provided under the skills development section of the scorecard.

## 2016 year in review

### Employment equity summary

Occupational level	Male				Female				Total
	A	C	I	W	A	C	I	W	
Senior management	50	28	76	633	34	26	64	404	1 315
Professionals, specialists and middle management	178	65	84	354	281	124	186	565	1 837
Skilled workers, supervisors and junior management	99	34	27	47	105	106	45	82	545
Other	192	20	6	17	152	25	14	23	449
<b>TOTAL</b>	<b>522</b>	<b>147</b>	<b>194</b>	<b>1 058</b>	<b>573</b>	<b>281</b>	<b>309</b>	<b>1 076</b>	<b>4 160</b>

Where: A = African; C = Coloured; I = Indian; W = White

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# People and transformation (continued)

## Employment equity scorecard

Indicator	Target	Target score	Investec position 2016	Investec points 2016	Investec position 2015	Investec points 2015
Black disabled representation	3.00%	0.5	2.45%	0.41	2.35%	0.39
Black female disabled representation	1.50%	0.5	1.39%	0.46	1.48%	0.49
Black representation at senior management	60.00%	3	21.16%	1.06	18.60%	0.93
Black women representation at senior management	30.00%	2	9.44%	0.63	7.92%	0.53
Black representation at middle management	75.00%	3	49.97%	2.00	46.95%	1.88
Black women representation at middle management	37.50%	2	32.17%	1.72	31.40%	1.67
Black representation at junior management	80.00%	2	76.33%	1.91	73.57%	1.84
Black women representation at junior management	40.00%	2	46.97%	2.00	47.75%	2.00
<b>Bonus points:</b>						
Meeting / exceeding EAP targets, senior management	89.37%	1	21.16%	0	18.60%	0
Meeting / exceeding EAP targets, middle management	89.37%	1	49.97%	0	46.95%	0
Meeting / exceeding EAP targets junior management	89.37%	1	76.33%	0	73.57%	0
<b>TOTAL</b>		<b>15 + 3 bonus points</b>		<b>10.19</b>		<b>9.73</b>

The divisional employment equity targets were carefully monitored throughout 2015. In respect of the quantitative targets we set for 2015 we marginally missed our targets (by an average of 3.5%) for African, Coloured and Indian headcount at top, senior, middle and junior management. However, we exceeded targets at the semi-skilled level by 24%. This is due to the implementation of several learnership programmes in line with our strategy of employing individuals at a "grass roots" level and developing them into skilled leaders over time. Strong emphasis was placed on recruiting black and disabled candidates into these programmes. We delivered on all our non-numerical goals including a continued focus on diversity awareness, leadership development and retention of black and female talent.

We continue to experience challenges in sourcing specialised financial, legal and information technology skills at the senior and middle management levels. In light of this we continue to embrace the notion that "homegrown" talent will ultimately serve the organisation best and place emphasis on our graduate development programmes and especially our chartered accountancy programme. We are mindful of the requirements to up skill and promote black talent and our skills scorecard is testament to this.

## Skills development

The expertise and dedication of our staff is fundamental in meeting our clients' needs and delivering distinctive results. It is vital that we engage, develop and retain a high-value workforce and we do this by investing significantly in learning and development opportunities; both formal and informal, within and outside the workplace; as well as leadership programmes to develop current and future leaders of the group.

The Organisation Development and Learning teams play a critical role in the development of our employees as well as assisting the business units in achieving their learning objectives, which are always aligned to the business strategy and market trends.

Some of the initiatives we have in place that demonstrate our commitment to investing in the development of our employees are detailed below.

## The educational bursary scheme

Investec's educational bursary scheme provides employees with focused educational opportunities to enable the acquisition of qualifications for career development within Investec. No prior service is required. The qualification must be attained through a recognised, registered and accredited educational or training institution and needs to be relevant to Investec and the individual's career development. The bursary will cover the full costs of registration, tuition, examination fees and a contribution towards prescribed books.

## Performance development reviews

In line with the advancement and development of our people, Investec has a performance development review (PDR) process, where all employees are afforded regular performance discussions that inform their individual development and learning requirements. In addition to this, we have introduced team performance reviews and people forums that cover topics such as team expectations and strategy, leader feedback as well as upward management. Ongoing career discussions as well as post-placement interviews are held as part of the performance development discussion to encourage and facilitate career debates. Forums for young talented individuals, where individuals have the opportunity to engage with the executive, are held frequently and afford employees the opportunity to discuss and debate various topics related to their careers and to Investec.

## The diversity (Zebra Crossing) initiative

In line with our commitment to diversity and transformation we have various processes to encourage debate and dialogue around appreciating diversity and different cultures. Emerging and established leaders are invited to participate in talent discussions with executive management around all issues related to talent management. In addition, our 'Zebra Crossing' initiative, which is aligned to our employment equity plan, aims to raise levels of multi-cultural awareness of staff at Investec and enable them to appreciate and celebrate the richness of our diverse population and to take these insights back into the business.

## Facilitation of skills-based programmes

The Organisation Development and Learning teams facilitate the development of programmes, offered to all employees, in the fields of information technology, banking, finance, risk, compliance and e-learning. These programmes cover 'hard' skill requirements identified by business units as core to everyday functioning.

## Customised learning programmes

Where required, the Organisation Development and Learning teams will design, develop and facilitate customised learning interventions which are team specific. An example of one of these programmes is the Banking Development Journey which was developed to enable bankers to develop internal and external networks, become equipped to structure and present a deal, learn to tailor sales techniques towards a specific audience, become aware of and leverage their personal brand and interact with credit forums and clients.

## Coaching

We have numerous development, learning and leadership programmes which employ coaching as part of the programme design. In addition, ad hoc executive coaching takes place throughout the business units and is based on individual needs and development requirements.

## External learning opportunities

Investec supports employees in pursuing external learning opportunities such as public programmes, conferences, seminars and short courses which will enable them to acquire knowledge and skills necessary for their career development.

## Leadership development programmes

We have several leadership development programmes. The foundation intervention, Developing Leaders programme, is designed to empower leaders through a series of modules and is a practical, focused approach to strategy, people and change. The leadership programme, Initiate, largely covers self-development and team work issues and participants are invited to work on the real-life situations they face in their varied work environments. The Leading in Investec programme, Inculcate, is open to more established leaders and seeks to highlight the specifics of leadership within the Investec context, with reference to input from a number of different external stakeholders as well as our executives.

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## People and transformation (continued)

### **Executive education at international business schools**

In an effort to expose senior leaders within the bank to the best of breed thinking, Investec has sponsored several executive and senior leaders to attend programmes at international business schools including Harvard University, Insead, the London Business School, Singularity and Oxford.

### **Graduate and learnership programmes**

Investec's flagship learnership programme is the CA Trainee Programme which has been in operation since 1998. The programme provides students with the practical training for the Chartered Accountant qualification and continues to enable our employment equity imperative through the development of black chartered accountants within the group and ultimately within the financial sector. Forty-three percent (43%) of the current trainees are black.

### **Examples of some of our other programmes include**

#### **IT Graduate Programme**

This programme offers graduates the opportunity to be part of a programme focused on developing skills in business analysis, systems development, business intelligence and database administration. The programme is underpinned by an internal development strategy that provides specialist structured learning and support to enable individuals to thrive within the Investec environment.

#### **Call Centre and Business Administration Learnership**

During the 2015/2016 financial year we ran a call centre and business administration learnership. One hundred (100%) percent of the learners were black and approximately thirty-eight percent (38%) were disabled.

#### **The Management of Technology and Innovation (MOTI) learnership**

During the 2015/2016 financial year Investec ran a learnership in partnership with the Umuzi photo club and the Da Vinci Institute. After 12 months of integrated work and learning the learners received a qualification in management of technology and innovation. The programme piloted in 2014 and ran successfully during 2015 with sixty learners, all of whom were black.

#### **Client Support Centre (CSC) Masters Programme**

In March 2015 Investec launched a learnership programme in our client support centre. The Investec CSC is a space where skilled consultants function as private bankers to deliver a distinctive service to local and international clients. As an Investec banker each learner on the programme will gain experience and insight into the business, private banking and the working world. This is an excellent platform to launch a career in an environment that challenges and grows individuals on a daily basis. This two year learnership will result in a Masters qualification in Science (MSc) technology and innovation (NQF 9). Approximately thirty-seven percent (37%) of the learners on the programme are black.

## 2016 year in review

### Skills development scorecard

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Indicator	Target	Target score	Investec position 2016	Investec points 2016	Investec position 2015	Investec points 2015
Skills development spend on black employees as a % of total leviabale amount	3.00%	3	4.53%	3.00	3.59%	3.00
Skills development spend on black female employees as a % of total leviabale amount	1.50%	1.5	2.01%	1.50	2.03%	1.50
Skills development spend on black disabled employees as a % of total leviabale amount	0.30%	0.5	0.07%	0.12	0.12%	0.20
Skills development spend on black female disabled employees as a % of total leviabale amount	0.15%	0.5	0.03%	0.11	0.12%	0.39
Number of black employees participating in category B, C and D programmes / learnerships as a % of total employees	5.00%	3	5.02%	3.00	5.35%	3.00
Number of black female employees participating in category B, C and D programmes / learnerships as a % of total employees	2.50%	1.5	2.60%	1.50	3.16%	1.50
<b>TOTAL</b>		<b>10</b>		<b>9.23</b>		<b>9.59</b>

Total skills development spend on black employees amounted to R153 million for the year ended 31 March 2016 (2015: R135 million), which represents 4.53% (2015: 3.59%) of the total leviabale amount. Of this, R66 million was spent on black female employees.

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## Indirect empowerment

### Preferential procurement

We have implemented a policy of seeking out suppliers who demonstrate favourable BEE ratings. In instances of RFP's (request for proposals), where delivery or price are similar, we have opted to utilise the services of BEE vendors. We tend to offer more RFP's with minimal open tender requests.

Investec utilises the B1SA B-BBEE information management system. All vendors are requested to register and submit information to the B1SA repository where after Investec can begin to monitor vendor information. The DTI portal is no longer active or in use, we now rely more on our external vendor database to manage and track vendors. Investec also made use of the services provided by B1SA for preferential procurement assessment purposes. Verification of suppliers is encouraged and Investec makes every effort to align verification standards to those outlined in the B-BBEE Verification Methodology set by the Department of Trade and Industry.

Our short-to medium-term strategy is to identify and develop more ways in giving our existing and potential suppliers support to further develop and ensure sustainability. We seek to support, procure our goods and service from vendors in the region of operation.

We encourage vendors to become empowered through our enterprise development initiatives. Various forms of incentivisation are directed towards vendors, and these vendors can benefit in the following potential ways:

- Early invoice settlement
- Grants or loans
- Longer term contracts.

### 2016 year in review

#### Preferential procurement scorecard

Indicator	Target	Target score	Investec position 2016	Investec points 2016	Investec position 2015	Investec points 2015
Total BEE procurement as a % of total measured procurement spend	70.00%	8	102.44% (R2.7bn)	8.00	70.63%	8.00
Total BEE procurement from QSEs* and EMEs* as a % of total measured procurement spend	15.00%	3	17.09% (R448mn)	3.00	15.46%	3.00
Total unadjusted BEE procurement spend from black owned suppliers as a % of total measured procurement spend	12.00%	2.5	11.87% (R310mn)	2.47	11.21%	2.34
Total unadjusted BEE procurement from black female owned suppliers as a % of total measured procurement spend	8.00%	2.5	1.71% (R45bmn)	0.53	0.33%	0.10
<b>TOTAL</b>		<b>16</b>		<b>14.00</b>		<b>13.44</b>

\* QSEs are qualifying small enterprises and EMEs are exempt micro enterprises.

Total measured procurement spend amounted to R2.6 billion for the year ended 31 March 2016.

### Enterprise development

#### Enterprise development

Investec recognises that enterprise development is vital to South Africa's transformation and, in line with our entrepreneurial culture and our commitment to diversity and transformation, we continue to support and develop black entrepreneurs. We have supported the following enterprise development initiatives over the past year:

- **Raizcorp incubation programme**  
Investec and Raizcorp first partnered in 2013 to provide business support and development to young entrepreneurs. This partnership has continued into 2016 and is aligned to Investec's strategy to support and develop small business owners with high growth potential. The programme facilitates the growth and increased profitability of black-owned businesses and is designed to enhance business acumen through a curriculum of entrepreneurial learning and mentorship support. The entrepreneurs selected for the programme are assigned a dedicated team of trained Raizcorp guides, who focus on key areas including strategy, finance, marketing, sales and personal development. In addition, each entrepreneur is assigned a mentor from Investec, usually a private banker, who guides and assists the entrepreneur over the course of the programme.

- **Young Treps**

Young Treps is a partnership between Investec and the South Africa-Israel Forum (SAIF) which focuses on developing leading young entrepreneurs by sending them to Israel for a week long programme aimed at stimulating their personal and entrepreneurial growth. Investec and the SAIF are committed to finding ways for more South Africans to become active participants in the economy. We believe that by taking young entrepreneurs out of their home environment and exposing them to what is possible in the rest of the world, we will make a meaningful contribution to both their personal and professional development. By witnessing Israeli innovation first-hand, we aim to expose the participants to new ways of converting social challenges, such as unemployment and poverty, into commercial and social opportunities.

The Young Treps trips to Israel aim to take entrepreneurs who:

- Are South African citizens;
- Are under the age of 40;
- Have managed their own business for a minimum of three years;
- Have already created, or have the potential to create, a significant number of jobs through their businesses.

Given that the trips are developmental in nature, we encourage the participation of young entrepreneurs who belong to groups that were previously excluded from the economy.

A total of four trips took place during 2015. The programme will be expanded during the 2016/2017 financial year with the first cohort of entrepreneurs heading to Silicon Valley in May 2016. Additional destinations will be added to the programme later in the year.

## 2016 year in review

### Enterprise development scorecard

Indicator	Target	Target score	Investec position 2016	Investec points 2016	Investec position 2015	Investec points 2015
Enterprise development contributions	0.2% NPAT, i.e. R9.1mn*	5	R8mn (0.18%)	4.42	R11mn (0.29%)	5.00
<b>TOTAL</b>		<b>5</b>		<b>4.42</b>		<b>5.00</b>

\* Net profit after tax (NPAT) amounted to R4.5bn for the year ended 31 March 2016.

Investec spent R8 million (2015: R11 million) on enterprise development initiatives during the year ended 31 March 2016. This equated to 0.18% (2015: 0.29%) of net profit after tax.

## Empowerment financing

The empowerment financing element comprises targeted investments and BEE transaction financing. Investec's targeted investment and BEE transaction financing initiatives are mainly conducted via its Corporate and Institutional Banking as well as its Private Banking businesses.

### Targeted investments

Comprise debt financing of, or other forms of credit extension to, or equity investments in South African projects, in areas where gaps or blockages in economic development and job creation have not been adequately addressed. It includes:

- Transformational infrastructure
- Agricultural development
- Affordable housing
- Black SMEs.

### BEE transaction financing

The provision of finance for, or investments in, BEE transactions including:

- All transactions for the acquisition, by black people, of direct ownership in an existing or new entity (other than an SME) in the financial or any other sector of the economy, and
- Joint ventures with, debt financing of, or other forms of credit extension to, and equity investments in BEE companies (other than SMEs), which are at least 25% black owned.

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# People and transformation (continued)

## 2016 year in review

### Empowerment financing scorecard

Indicator	Target	Target score	Investec position 2016	Investec points 2016	Investec position 2015	Investec points 2015
Targeted investments: <ul style="list-style-type: none"> <li>• Transformational infrastructure</li> <li>• Agricultural development</li> <li>• Affordable housing</li> <li>• Black SME financing</li> </ul>	R3.2bn	12	R24bn	12.00	R13.8bn	12.00
BEE transaction financing	R2.1bn	3	R5bn	3.00	R5.5bn	3.00
<b>TOTAL</b>	<b>R5.3bn</b>	<b>15</b>	<b>R29bn</b>	<b>15.00</b>	<b>R19.3bn</b>	<b>15.00</b>

Investec spent a total of R29 billion on empowerment financing initiatives during the year ended 31 March 2016. The majority of this amount (R23 billion) was spent on transformational infrastructure.



# Residual

## Consumer education

Consumer education is the process of transferring knowledge and skills to consumers, future consumers and potential consumers for individual well-being and the public good. The intended outcome of the process is the development of consumer's knowledge and understanding of the financial sector and its products and services. Consumer education includes programmes that are aimed at empowering consumers with knowledge to enable them to make more informed decisions about their finances and lifestyle.

South Africa's poor savings rate over the last two decades is a well-documented fact. Despite this the importance of savings to fuel investment for sustained economic growth is less understood. The topic of savings has mostly received attention at the micro level, focused on incentives to encourage household and goal-based savings, and the research has mostly consisted of opinion polls and surveys that have tried to identify savings trends. Investec firmly believes that it is imperative we understand the real facts behind the consistent structural decline of our national savings rate over the last two decades and that this will lead us to understand how we can influence environmental factors to make a positive change to South Africa's current economic status.

At Investec, one of our core philosophies is to make a contribution to society, macro-economic stability and the environment. Our approach includes a strong focus on education and entrepreneurship. We believe it is important that we not only raise awareness of the poor savings rate in South Africa but also drive a discussion from a corporate, economic, academic and social perspective on how we can challenge the convention and approach this task.

Investec have partnered with the Gordon Institute of Business (GIBS) to provide the research to form the foundation for further debate. Through the Investec GIBS Savings Index we hope to increase awareness in all sectors of the importance of taking action to improve SA's savings.

The results of the Index point to the SA economy being caught in a low savings trap and in order to achieve elevated and sustained growth that translates into social inclusion and development, it is necessary that the country closes the savings gap. The Investec GIBS Savings Index hopes to encourage further debate to improve SA's poor savings rate and suggests practical ways in which this can be achieved. These include the:

- Promotion of financial literacy;
- Substitution of access to credit with vehicles that promote savings;
- Creation of greater incentives to save; and
- Growth in productivity and incomes and reduction in unemployment.

## 2016 year in review

### Consumer education scorecard

Indicator	Target	Target score	Investec position 2016	Investec points 2016	Investec position 2015	Investec points 2015
Consumer education	0.4% of banking retail NPAT, i.e. R1.2mn*	2	R1.8mn (0.6%)	2.00	R11mn (0.4%)	2.00
<b>TOTAL</b>		<b>2</b>		<b>2.00</b>		<b>2.00</b>

\* Banking retail net profit after tax (NPAT) amounted to R310 million for the year ended 31 March 2016.

Investec spent R1.8 million on consumer education activities during the 2016 financial year. In 2015, our contribution was made to the Financial Services Consumer Education Foundation for use on a number of projects.

# Residual (continued)

## Corporate social investment (CSI)

Our Corporate Social Investment (CSI) efforts are central to Investec's philosophy of making an unselfish contribution to society, and underpins perceptions of Investec as a good corporate citizen. Our approach to CSI focuses on education and entrepreneurship. We believe this to be the most effective way to create opportunities for employment, wealth creation and stimulating socio-economic growth.

Wherever possible, we seek to collaborate with partners, so as to leverage resources and expertise and help ensure a lasting impact as well as long-term sustainability for our projects. In all cases, we look to ensure that projects are enduring, sustainable and replicable (where appropriate) and are guided by strategic intent, rather than philanthropic well-meaning.

Our CSI strategy is to focus on a more clearly defined pipeline of educational and entrepreneurial projects. The strategy is aimed at facilitating the empowerment of talented individuals within a defined continuum of interventions through school and university to the workplace.

### Our objectives are twofold:

- To facilitate an increase in the number of entrepreneurially-minded matriculants as well as those with a decent pass in English, Maths and Science and, who have an aspiration to proceed beyond Matric
- To facilitate access to quality tertiary education.

The illustration below shows how various components of our strategy form a pipeline of interventions starting at high school and progressing to the workplace.



A description of our main projects and developments during the 2015 academic year included below.

## Education

### Promaths

Our flagship educational programme, Promaths, is aimed at supporting the education system in generating students who are competent in Maths and Science. The programme provides extra tuition in Maths and Science to learners in Grades 10 to 12 at selected schools across the country. Investec currently funds six centres across South Africa. This year is particularly special as it marks 10 years since the establishment of Promaths in 2005. It is important to note that the programme does not seek to replace the role of Maths and Science educators in schools, but rather to supplement their efforts in order to improve the Maths performance of high-potential learners in their schools. Below are significant Promaths highlights and developments:

Results for the well-established centre in Soweto showed that of the 252 Maths learners, 221 obtained between 50% and 100% and of the 215 Science learners, 195 achieved between 50% and 100% in 2015.

## Bursary programmes

### High school bursaries

Every year we award high school bursaries at partner schools including Pretoria Boys High, Westford High School, Clarendon High School for Girls, St Albans, King Edward, St Stithians, St Mary's Waverley, Selbourne College and South Peninsula High School.

### University bursaries

Investec, in partnership with Study Trust, awards young South Africans with academic potential and in financial need the opportunity to study towards financial sector-related degrees at various local universities. The programme's students vary from first-year to honours level. In the 2016 academic year, 28 new bursary recipients will join the programme, bringing the total number of bursary students to 94. We are pleased to report that last year saw 23 of our bursary recipients, graduate and enter the world of work. This cohort of graduates brings the total number of our ex-bursary holders to 109 who are now professionals and part of our alumni.

Our university bursary programme also celebrated 10 years of making a difference during 2015.

## Investec merit awards at Nelson Mandela Metropolitan University (NMMU)

In partnership with NMMU, Investec offers merit awards to individuals who do well academically and are financially in need. These merit awards are small once off bursaries to enable students to register and gain access to university. We have allocated 17 new merit awards for the current academic year.

### Work Readiness programme

University students have limited or no exposure to the world of work and may lack the 'soft skills' needed to get a job, stay employed, and advance whilst employed. In response to this challenge, Investec Social Investments hosts an annual Work Readiness programme. Students travel to Investec's Sandton office for a week-long programme aimed at assisting talented students in their transition from tertiary education to the world of work. Selected students attend this programme to experience our dynamic environment and acquire a unique combination of skills aimed at preparing them for the world of work.

### Career guidance

As part of its education focus, Investec social investments would like to increase the number of learners, who not only pass Matric well, but also have an aspiration to proceed with their studies beyond Matric. In response to a broader need around career guidance and an attempt to contribute towards this aspiration, Investec has made career guidance central to its education offerings.

### A Day at Investec

This initiative gives grade 11 learners an opportunity to spend a day at Investec. The purpose of this initiative is to:

- Introduce learners to the corporate world;
- Encourage learners to aspire towards an excellent Matric pass;
- Raise awareness of careers within the financial sector, specifically at Investec;
- Raise awareness of funding available to them for their studies; and
- Inspire and excite them towards tertiary studies

The day showcases different careers within the finance sector in a more practical manner and allows for the opportunity of "job shadowing" where staff members volunteer to take learners to their work spaces. During the 2015 academic year, a total of 410 learners participated in the programme across four Investec offices.

### Mentorship appreciation day

As part of the bursary programme, Investec bursary recipients are paired with Investec staff members who volunteer to be their mentor throughout their academic career.

In this role, staff members become personal mentors, offering students a sounding board for educational and other decisions or difficulties. In many instances, mentors also draw on the skills and expertise of other colleagues to assist bursary students with particularly challenging university courses.

Investec hosts an annual 'Mentorship Appreciation Day' where all mentors and mentees are invited to our office in Sandton to:

- Formally welcome new bursary recipients and introduce them to all programmes available to them as part of Investec's bursary programme;
- Afford mentor-mentee pairs an opportunity to spend time together; and
- Motivate students to work hard and to take advantage of the mentorship relationship.

### Work readiness programme

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### Teacher Internship programme

Investec has entered into a partnership with the Independent Schools Association of Southern Africa (ISASA) and the Department of Education in an initiative to develop quality teachers of Maths, Science and English. This teacher internship model sees students being recruited by ISASA and then being enrolled into UNISA to complete a four year B.ed degree. During the four years, each student is assigned to shadow and learn from teachers at one of the independent schools in South Africa. The main focus is on Maths and how to teach it. Each student is also allocated a mentor and is exposed to a number of academic camps to offer ongoing motivation and support over the 4 year period.

## Entrepreneurship

### Junior Achievement South Africa

Junior Achievement South Africa (JASA) is an organisation that aims to address youth unemployment in South Africa by encouraging entrepreneurship. The programme creates an opportunity for young people to acquire practical hands on skills to launch and manage their own small businesses.

The Mini Enterprise Programme is an entrepreneurship programme run in partnership with JASA, which runs over 11 weeks. The first three weeks consist of a general introduction to small business and covers basic business skills ranging from financial planning to the selling of company shares. During week's four to eleven, the groups form a mini-company, where they produce a product or provide a service, form proper management structures and run the company to make a profit. In 2015, 45 finalists spent four days refining their initial concepts and participating in the Junior Innovators competition at Investec. The finalists were also given the opportunity of attending workshops on marketing, presentation skills, product costing and innovation.

## Other

### Soccer league

The Investec Soccer League benefits 360 learners in 20 participating school soccer teams. The prize money can only be utilised towards the winning school's sports and/or education development initiatives.

### Field Band Foundation

Investec, through the Field Band Foundation, is a co-sponsor of two field bands, one in Alexandra township and the other in Dobsonville, Soweto. The field bands provide a valuable opportunity for the youth to learn essential life skills while at the same time, learning to play a musical instrument.

### Staff volunteerism

Our experience is that far more can be achieved by using our knowledge, expertise and influence than by limiting our contribution to cash grants. We believe that more can be achieved through successful partnerships with staff hence the effort to encourage our staff members to take keen interest in and participate in some of our initiatives. During the last 12 months staff have continued to take advantage of the opportunity for them to give time, money or goods in pursuit of making a contribution to society. Initiatives include:

- Mandela Day is a campaign driven across the country by the Nelson Mandela Foundation in which Investec participates. Investec continues to explore different ways in which staff members can participate in this initiative. On Friday 17 July 2015, charitable activities were held at all our offices across South Africa.
- The Cradle Project is a staff initiated programme which allows staff the opportunity to present their own charitable donation requests to a forum and possibly receive funding for those projects. Investec provides annual capital for this initiative. Staff members who participate in the Cradle Project also volunteer their time in many other charitable causes.
- Touch by Giving is a programme which offers Investec staff a simple and tax effective way to make a monthly donation, directly from their salaries, to a pre-selected list of charities. Staff continue to contribute funds to worthy causes through this initiative.

### Donations

The Investec approach to social development is primarily proactive, yet we don't ignore the importance of also contributing to charitable requests and causes in our areas of operation. The CSI division makes available a budget for donations in response to the many different calls for help that we receive. This budget allows us to allocate small but meaningful grants in areas which might not fall within our main focus areas.

## 2016 year in review

### Corporate social investment scorecard

Indicator	Target	Target score	Investec position 2016	Investec points 2016	Investec position 2015	Investec points 2015
Corporate social investment contributions	0.70% NPAT, i.e. R31.8mn*	3	R37mn 0.81%	3.00	R33mn (0.88%)	3.00
<b>TOTAL</b>		<b>3</b>		<b>3.00</b>		<b>3.00</b>

\* Net profit after tax (NPAT) amounted to R4.5 billion for the year ended 31 March 2016.

