

## **Investec's transformation report**

Year ended 31 March 2017

### **About our 2017 transformation report**

This is the fifth consecutive year that Investec is reporting its broad-based black economic empowerment (B-BBEE) 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 Investec was a signatory to the Financial Sector Charter (FSC). Investec's previous ratings are summarised below:

<b>Rating period</b>	<b>Description of rating conducted</b>	<b>Rating achieved</b>
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, Empowerlogix	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
1 April 2016 to 31 March 2017	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 2017.

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### **Overview of the Financial Sector Code**

The FS Code commits its participants to 'actively promoting a transformed, vibrant, and globally competitive financial sector, that reflects the demographics of South Africa, and contributes to the establishment of an equitable society by effectively providing accessible financial services to black people and by directing investment into targeted sectors of the economy'.

The FS Code has been prepared in terms of the B-BBEE Act, (Act 53 of 2003). It is based on a harmonisation of the Generic Codes and the Financial Sector Charter gazetted under Section 12 of the Act.

The revised generic codes of good practice were gazetted in October 2013. Work on the realignment of the FS Code began soon thereafter with Investec participating in this process through its submissions and contributions at the Banking Association of South Africa (BASA). The draft amended FS Code has been endorsed by the Minister of Finance and submitted to the Department of Trade and Industry (DTI) for promulgation, which is believed to be imminent.

The release of the revised generic codes, which comprise stricter weightings and targets, symbolised a new beginning in the reorientation of the transformation policy to address the issue of fronting and focus more on effective BBEE. This is also evidenced by the establishment of the BEE Commissioner in October 2015, an oversight institution mandated to investigate and deal with fronting, fraud and other BEE transgressions. The revised generic codes are a significant departure from their previous version, with key changes highlighted below, which are also incorporated in the draft revised Financial Sector Code.

- Introduction of priority elements including ownership, skills development, enterprise and supplier development (ESD) and empowerment financing
- Discounting of one level on the total scorecard for not achieving the 40% sub-minimum on each of the priority elements
- Higher thresholds for B-BBEE recognition levels
- Increased targets for empowering suppliers that are (i) greater than 51% black owned and (ii) greater than 30% black female owned suppliers
- Increased target for skills development from 3% to 6% of leviabile payroll
- Increased targets for black employees in top management and junior management
- The introduction of two new elements namely Supplier Development and Black Business Growth Funding.

### **Investec's ongoing commitment to B-BBEE and transformation in South Africa**

Investec recognises that economic growth and societal transformation is vital to creating a sustainable future for all the communities in which it operates, and that as a financial services provider, it plays a critical role in enabling this.

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

- Using its entrepreneurial expertise to foster the creation of new black entrepreneurial platforms
- Serving as a leading source of empowerment financing
- Investing significantly in learning and development opportunities for both its employees as well as other South Africans
- Encouraging internal transformation by bringing about greater representivity in its workplace.

Investec's transformation initiatives are driven through a number of structures set up to debate and monitor its various initiatives. These efforts are supported by the board and Group Management Forum in South Africa, through the following committees:

- Transformation Committee (chaired by Stephen Koseff, the group's CEO). This committee is responsible for driving the transformation agenda throughout Investec's South African operations
- Social and Ethics Committee (chaired by Fani Titi, the group's chairman). This committee provides oversight of the group's activities in the fields of transformation, human capital and sustainability.

### **Summary scorecard**

The table below depicts Investec's consolidated position under the FS Code for the period 1 April 2016 to 31 March 2017 (2017 in table). A comparison to the prior year is also included. Investec's commitment to transformation is evidenced by its improved overall score and retention of its level 2 rating.

<b>Element</b>	<b>Target score</b>	<b>Investec score 2017</b>	<b>Investec score 2016</b>
Ownership	14	15.21	15.21
Management control	8	4.58	4.58
Employment equity	15	10.83	10.19
Skills development	10	9.39	9.23
Preferential procurement	16	14.01	14.00
Enterprise development	5	5.00	4.42
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>79.02</b>	<b>77.63</b>
<b>Level</b>		<b>2</b>	<b>2</b>

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

The abridged FS Code information disclosed in this document for the year ended 31 March 2017 is extracted from the Investec Limited scorecard and related 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.

## DIRECT EMPOWERMENT

### Ownership

#### Employee ownership

One of Investec's core values relates to employee ownership:

- Management and staff currently own approximately 7% 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.

#### B-BBEE ownership transaction

In 2003 Investec was the first financial services company to conclude a significant empowerment transaction in which empowerment partners collectively acquired a 25.1% stake in the issued share capital of Investec Limited, Investec's South African business. This structure unwound in May 2011 unlocking economic value for participants. 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.

Further detail on our ownership transaction can be found in Annexure 1 at the end of this report.

#### 2017 year in review

#### Equity ownership scorecard

Indicator	Target	Target score	Investec position 2017	Investec points 2017	Investec position 2016	Investec points 2016
Voting rights of black people	25.00%	3	27.97%	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						
Black participants in employee ownership schemes	2.50%	1	1.78%	0.71	1.78%	0.71
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
<i>Bonus points:</i>						

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

Investec recognises that executive decision-making, management responsibilities, the assumption of risk and other factors relating to those who make major financial decisions are critical to true transformation.

### 2017 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.

#### 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
Fani Titi	Independent non-executive director	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 2017	Investec points 2017	Investec position 2016	Investec points 2016
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

<i>Bonus point:</i>						
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. It prizes its flat structure and meritocratic approach and upholds an environment that encourages self-starters to drive their careers in line with business objectives. Investec employs passionate and talented people who are empowered and able to perform extraordinarily. This is achieved 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 Investec remains committed to achieving greater representation at all levels of the business through the effective implementation of the Employment Equity Plan. Key components of Investec's 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 the 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.

### 2017 year in review

#### Employment equity summary

Occupational level	Male				Female				Total
	A	C	I	W	A	C	I	W	
Senior management	67	39	84	705	48	34	78	461	1,516
Professionals, specialists and middle management	209	66	100	347	338	171	205	563	1,999
Skilled workers, supervisors and junior management	114	35	17	51	115	71	47	62	512
Other	180	18	10	12	162	23	15	18	438
<b>TOTAL</b>	<b>570</b>	<b>158</b>	<b>211</b>	<b>1,123</b>	<b>663</b>	<b>299</b>	<b>345</b>	<b>1,104</b>	<b>4.465</b>

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

Top management excluded from table above, reported under management control.

## Employment equity scorecard

Indicator	Target	Target score	Investec position 2017	Investec points 2017	Investec position 2016	Investec points 2016
Black disabled representation	3.00%	0.5	2.72%	0.45	2.45%	0.41
Black female disabled representation	1.50%	0.5	1.52%	0.50	1.39%	0.46
Black representation at senior management	60.00%	3	23.09%	1.15	21.16%	1.06
Black women representation at senior management	30.00%	2	10.55%	0.70	9.44%	0.63
Black representation at middle management	75.00%	3	54.48%	2.18	49.97%	2.00
Black women representation at middle management	37.50%	2	35.72%	1.90	32.17%	1.72
Black representation at junior management	80.00%	2	77.93%	1.95	76.33%	1.91
Black women representation at junior management	40.00%	2	45.51%	2.00	46.97%	2.00
<i>Bonus points:</i>						
Meeting / exceeding EAP targets, senior management	89.37%	1	23.09%	0	21.16%	0
Meeting / exceeding EAP targets, middle management	89.37%	1	54.48%	0	49.97%	0
Meeting / exceeding EAP targets, junior management	89.37%	1	77.93%	0	76.33%	0
<b>TOTAL</b>		<b>15 + 3 bonus points</b>		<b>10.83</b>		<b>10.19</b>

The divisional employment equity targets were carefully monitored throughout 2016. Quantitative targets for black headcount at the senior, middle and semi-skilled levels were exceeded while the targets for the top and junior management levels were marginally missed. The targets at every level for females, with the exception of junior management, were met or exceeded. Disabled headcount is over double what it was targeted it to be and 84% of these individuals are black. A focus on diversity awareness, leadership development and retention of black and female talent remain an important focus for Investec.

Investec continues to experience challenges in sourcing specialised financial, legal and information technology skills at the senior and middle management levels. In light of this it continues to embrace the notion that “homegrown” talent will ultimately serve the organisation best and place emphasis on the graduate development programmes, including the IT graduate programme and the chartered accountancy programme. Investec is mindful of the requirements to up skill and promote black talent and the skills scorecard is testament to this.

## Skills development

The expertise and dedication of Investec’s staff is fundamental in meeting clients’ needs and delivering distinctive results. It is vital that Investec engages, develops and retains a high-value workforce which is achieved by investing significantly in a number of opportunities for the development and upskilling of employees and in leadership programmes to enable current and future leaders of the group.

The Human Resources (HR) and Organisation Development (OD) teams play a critical role in the development of employees as well as in assisting the business to achieve their strategic objectives.

Some of the initiatives Investec has in place that demonstrate its commitment to investing in the development of its 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. During the year, 311 bursaries were awarded to black employees.

### **Performance development**

In line with the advancement and development of employees, and Investec's culture of open and honest debate, all staff members are afforded regular performance discussions that inform their individual development and learning requirements. In addition to this, team performance reviews and people forums that cover topics such as team expectations and strategy, leader feedback as well as upward management have been introduced. 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 are held frequently with the executive, 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 Investec's commitment to diversity and transformation there are various processes to encourage debate and dialogue around appreciating diversity and different cultures. Emerging and established leaders are invited to participate in discussions with executive management around all issues related to talent management. In addition, Investec's 'Zebra Crossing' initiative, which is aligned to the employment equity plan, aims to raise levels of multicultural awareness of staff at Investec and enable them to appreciate and celebrate the richness of Investec's diverse population and to take these insights back into the business. Since inception, over 3,000 employees have been exposed to diversity initiatives.

### **Facilitation of skills-based programmes**

The OD 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 OD 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 created 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**

Investec has 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**

Investec has 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. 64 black employees attended leadership development programmes during the year.

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

In an effort to expose senior leaders within the group 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 Investec's employment equity imperative through the development of black chartered accountants within the group and ultimately within the financial sector. 39% of the current trainees are black.

Examples of some of Investec's 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 year ended 31 March 2017 Investec ran a call centre and business administration learnership. All learners on the programme are black and approximately thirty-eight percent (38%) are disabled.

#### **Diploma in Advertising Learnership**

During the year ended 31 March 2017 Investec ran a learnership in partnership with the Umuzi Academy. After 12 months of integrated work and learning the trainees received a diploma in advertising. All learners on the programme are black.

#### **Technology Innovation Agency (TIA) Learnership**

During 2016 we partnered with the Technology Innovation Agency and Rand International Management and Training on a 12 month learnership where students are studying towards a New Venture Creature (NVC) qualification. Learning occurs up front after which learners are placed at different host sites around Johannesburg to gain experience and the opportunity to integrate theory with practical. A week long overseas trip has been planned for the learners in October 2017 where they will be exposed to technology and innovation in different parts of the world. All learners on the programme are black.

### **2017 year in review**

#### **Skills development scorecard**

<b>Indicator</b>	<b>Target</b>	<b>Target score</b>	<b>Investec position 2017</b>	<b>Investec points 2017</b>	<b>Investec position 2016</b>	<b>Investec points 2016</b>
Skills development spend on black employees as a % of total leviabale amount	3.00%	3	3.84%	3.00	4.53%	3.00
Skills development spend on black female employees as a % of total leviabale amount	1.50%	1.5	2.12%	1.50	2.01%	1.50
Skills development spend on black disabled employees as a % of total leviabale amount	0.30%	0.5	0.12%	0.21	0.07%	0.12
Skills development spend on black female disabled	0.15%	0.5	0.05%	0.18	0.03%	0.11



employees as a % of total leviab amount						
Number of black employees participating in category B, C and D programmes / learnerships as a % of total employees	5.00%	3	8.10%	3.00	5.02%	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	4.15%	1.50	2.60%	1.50
<b>TOTAL</b>		<b>10</b>		<b>9.39</b>		<b>9.23</b>

Total skills development spend on black employees amounted to R148 million for the year ended 31 March 2017 (2016: R153 million), which represents 3.84% (2016: 4.53%) of total leviab payroll. Of this R82 million was spent on black female employees.

### Preferential procurement

Investec has implemented a policy of seeking out suppliers who demonstrate favourable BEE ratings. In instances of RFPs (request for proposals), where delivery or price are similar, Investec has opted to utilise the services of BEE vendors. Investec tends to offer more RFPs 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, Investec now relies more on its 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.

Investec's short-to-medium term strategy is to identify and develop additional ways to give existing and potential suppliers support to develop further and ensure sustainability. Investec seeks to support and procure goods and services from vendors in the region of operation.

### 2017 year in review

#### Preferential procurement scorecard

Indicator	Target	Target score	Investec position 2017	Investec points 2017	Investec position 2016	Investec points 2016
Total BEE procurement as a % of total measured procurement spend	70.00%	8	147.09% (R3.2bn)	8.00	102.44% (2.7bn)	8.00
Total BEE procurement from QSEs* and EMEs* as a % of total measured procurement spend	15.00%	3	44.91% (R973mn)	3.00	17.09% (R448mn)	3.00
Total unadjusted BEE procurement spend from black owned suppliers as a % of total measured procurement spend	12.00%	2.5	10.44% (R226mn)	2.18	11.87% (R310mn)	2.47
Total unadjusted BEE procurement from black female owned suppliers as a	8.00%	2.5	2.66% (R58mn)	0.83	1.71% (R45bn)	0.53

% of total measured procurement spend						
<b>TOTAL</b>		<b>16</b>		<b>14.01</b>		<b>14.00</b>

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

Total measured procurement spend amounted to R2.2 billion for the year ended 31 March 2017 (2016: R2.6 billion).

## Enterprise development

Investec recognises that enterprise development is vital to South Africa's transformation and, in line with its entrepreneurial culture and commitment to diversity and transformation, it continues to support and develop black entrepreneurs. Investec has 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 2017 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 personal banker, who guides and assists the entrepreneur over the course of the programme.

- **Young Treps**

Investec is committed to enabling South African small, medium and micro enterprises (SMMEs) and business professionals to become more globally competitive. In pursuit of this goal, and in partnership with En-Novate, Investec takes entrepreneurs on trips to innovation hubs around the world, exposing them to the latest technology and best business practices.

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

A total of 4 trips took place during the financial year ended 31 March 2017.

Additional enterprise development initiatives:

- **Khulasande Capital**

Khulasande Capital, a broad-base black owned and controlled private equity and investment vehicle, is a partnership between Investec Equity Partners (IEP) and the Entrepreneurship Development (ED) Trust. The ED Trust is a black charitable trust focusing on educational and entrepreneurial initiatives. Khulasande's aim is it to participate in empowerment opportunities that are of benefit to the ED Trust and that will create value for its beneficiaries. This partnership provides Khulasande with access to an experienced team with an extensive track record ensuring it can add value to its investee companies and help them grow and multiply.

- South Africa is at a critical juncture in the history of transformation with a dire need for job creation and sustained inclusive economic growth. As part of the CEO Initiative, the Investec group committed R20 million to the small and medium enterprises (SME) fund with the Investec Property Fund contributing a further R5 million to the fund which will provide high-potential entrepreneurs and enterprises with access to not only funds but also professional advice and mentorship. Investec sees this as an important investment in the future of our country.

## 2017 year in review

### Enterprise development scorecard

Indicator	Target	Target score	Investec position 2017	Investec points 2017	Investec position 2016	Investec points 2016
Enterprise development contributions	0.2% NPAT, i.e. R9.2mn*	5	R11mn (0.24%)	5.00	R8mn (0.18%)	4.42
<b>TOTAL</b>		<b>5</b>		<b>5.00</b>		<b>4.42</b>

\*Net profit after tax (NPAT) amounted to R4.6bn for the year ended 31 March 2017.

Investec spent R11 million (2016: R8 million) on enterprise development initiatives (Raizcorp and Young Treps) during the year ended 31 March 2017. This equated to 0.24% (2016: 0.18%) of NPAT.

### 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.

## 2017 year in review

### Empowerment financing scorecard

Indicator	Target	Target score	Investec position 2017	Investec points 2017	Investec position 2016	Investec points 2016
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	R7.7bn	12.00	R24bn	12.00
BEE transaction financing	R2.1bn	3	R2.8bn	3.00	R5bn	3.00
<b>TOTAL</b>	<b>R5.3bn</b>	<b>15</b>		<b>15.00</b>		<b>15.00</b>

Investec spent a total of R10.5 billion on empowerment financing initiatives during the year ended 31 March 2017. The majority of this amount (R7.7bn) was spent on transformational infrastructure and black SME financing.

## 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.

One of Investec's core philosophies is to make a contribution to society, macro-economic stability and the environment. Its approach includes a strong focus on education and entrepreneurship.

Investec has partnered with GIBS on the Investec GIBS Savings Index as well as Junior Achievement South Africa (JASA) to improve consumer's knowledge and understanding of the financial sector and its products thereby enabling them to make more informed decisions about their finances and lifestyle.

### 2017 year in review

#### Consumer education scorecard

Indicator	Target	Target score	Investec position 2017	Investec points 2017	Investec position 2016	Investec points 2016
Consumer education	0.4% of retail banking NPAT, i.e. R2.1mn*	2	R4.2mn (0.8%)	2.00	R1.8mn (0.6%)	2.00
<b>TOTAL</b>		<b>2</b>		<b>2.00</b>		<b>2.00</b>

\*Retail banking NPAT amounted to R515 million for the year ended 31 March 2017.

Investec spent R4.2 million on consumer education activities during the 2017 financial year (2016: R1.8 million).

## Corporate social investment (CSI)

Investec's Corporate Social Investment (CSI) efforts are central to its philosophy of living in society and not off it. Investec's approach to CSI focuses on education and entrepreneurship as it believes this to be the most effective way to create opportunities for employment and wealth creation and to stimulate socio-economic growth.

Wherever possible, Investec seeks to collaborate with partners to leverage resources and expertise and long-term sustainability for its projects. In all cases, Investec looks to ensure that projects are enduring, sustainable and replicable (where appropriate) and are guided by strategic intent, rather than philanthropic well-meaning.

Investec's CSI strategy is to focus on a more clearly defined pipeline of educational and entrepreneurial projects with the aim of supporting and empowering talented individuals within a defined continuum of interventions through school and university to the workplace.

The objectives are twofold:

- To facilitate an increase in the number of entrepreneurially-minded matriculants as well as those with a competent pass in English, Mathematics and Science and, who have an aspiration to proceed beyond matric
- To facilitate access to quality tertiary education and to support and celebrate excellent performance thereafter.

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



A description of the main projects and developments during the 2016 academic year are detailed below:

## Education

### Promaths

Investec's flagship educational programme, Promaths, is aimed at supporting the education system by generating students who are competent in Mathematics and Science. The programme provides extra tuition in Mathematics and Science to learners in grades 10 to 12 at selected schools across the country. Investec currently funds eight centres. It is important to note that the programme does not seek to replace the roles of Mathematics and Science educators in schools, but rather to supplement their efforts in order to improve the mathematics performance of high-potential learners in their schools.

In 2016, Promaths 11<sup>th</sup> year of operation, the eight Investec funded Promaths Centres across the country produced 263 distinctions in Mathematics and 288 in Science. In early 2017 the Promaths bursary fund was launched where Investec allocated an initial capital amount of R5 million to establish the fund. The main purpose of the fund is to provide bursaries to academically and financially deserving Promaths alumni.

### Bursary programmes

#### **High school bursaries:**

Every year Investec awards 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 2017 academic year 37 new bursary recipients will join the programme, bringing the total number of bursary students to 115. Investec is pleased to report that last year 16 of our bursary recipients graduated and entered the world of work. This cohort of graduates brings the total number of our ex-bursary holders to 123 who are now professionals and part of our alumni.

Following the 10 year anniversary of our bursary programme in 2015 as well as the "fees must fall" campaign in 2016, we reviewed our programme and mobilised additional resources to enable us to upgrade all our bursaries from partial to full cost bursaries from the 2016 academic year.

#### **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. Investec has allocated 17 new merit awards for the current academic year.

### Career guidance

As part of its education focus, Investec 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 2016 academic year, a total of 410 learners participated in the programme across four Investec offices.

***Career Xplora:***

Investec in partnership with Brainwave Careers, run an innovative mobile career guidance platform called Career Xplora. This is an application available for all android enabled cellphones which allows real time chats between facilitators and learners about subject selection, career guidance and opportunities post matric.

**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 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 Investec’s dynamic environment and acquire a unique combination of skills aimed at preparing them for the world of work. 58 students attended the programme in 2016.

**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.

**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 Mathematics, Science and English. The ISASA and M&E programme provides prospective Senior and Further Education and Training (FET) teachers specialising in the fields of Mathematics, English and Science with bursaries to complete a four year B.Ed degree or a one year postgraduate (PGCE) degree at UNISA. 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.

34 students completed the programme in 2016.

## **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.

Investec sponsors 350 learners from 10 schools across 9 provinces in South Africa.

The 23 week entrepreneurship programme run in partnership with JASA, gives students practical hands on skills to launch and manage their own small businesses.

In 2016 this programme was recorded under the consumer education element of the FS Code scorecard.

## **Other**

### **Soccer league**

The Investec Soccer League benefits 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**

Investec believes that far more can be achieved by using its knowledge, expertise and influence than by limiting contributions to cash grants. Furthermore, Investec encourages its staff members to take a 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
- 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, but it does not ignore the importance of also contributing to charitable requests and causes in its areas of operation. The CSI division makes available a budget for donations in response to the many different calls for help that it receives. This budget allows Investec to allocate small but meaningful grants to initiatives which might not fall within its main focus areas.

## 2017 year in review

### Corporate social investment scorecard

Indicator	Target	Target score	Investec position 2017	Investec points 2017	Investec position 2016	Investec points 2016
Corporate social investment contributions	0.70% NPAT, i.e. R32.1mn*	3	R54mn (1.17%)	3.00	R37mn (0.81%)	3.00
<b>TOTAL</b>		<b>3</b>		<b>3.00</b>		<b>3.00</b>

\*NPAT amounted to R4.6 billion for the year ended 31 March 2017.



## ANNEXURE 1

### 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.

