Investec

Wealth & Investment

OUT OF THE ORDINARY

The Inaugural Investec Wealth & Investment Sustainability Report

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Foreword by the Investec Wealth & Investment (W&I) Chief Executive

It's easy to get lost in the jargon and marketing talk about sustainability, with almost everyone in the investment industry talking about their sustainability and environmental, social and governance (ESG) practices.

First, it's important to be clear about what we mean by sustainability. At Investec Wealth & Investment (W&I), we strongly believe that it's our responsibility to preserve and grow the wealth that is entrusted to us over the long term. We acknowledge that as custodians of our clients' wealth, we have the responsibility to invest in a way that promotes and aligns with long-term sustainability. That means understanding how our business, the economy, the environment, and society are all connected.

More than this, we place our clients at the centre of the discussion about sustainability. We prioritise clients' best interests when we integrate ESG factors within the investment process. It's not an additional marketing tool.

This past year, we've focused on including sustainability at the core of our fundamental investment process. By enhancing our investment process through assessing the ESG risk and opportunities for each company we cover, we are able to find companies that are well positioned to provide sustainable returns into the future and that consider their impact on all stakeholders. We launched the Investec Global Sustainable Equity Fund in 2021, a Fund focused on sustainability and impact through the lens of the United Nations Sustainable Development Goals (SDGs) as an impact framework.

In addition, we've grown and improved our sustainability practices in house. We have invested in our people and their growth, focused on the communities in which we live, ensuring that we live in society and not off society. Our philanthropic focus in South Africa, through our private client charitable trusts has enabled us to respond quickly to events that impacted our nation in the last two years. This was in addition to our annual process of distribution, included funding response efforts to the UCT fires in the Western Cape, the riots in KZN and surrounds, as well as the Covid-19 pandemic across our provinces.

In this process, we've learned that sustainability doesn't stop at the end of each working day. It has encouraged us to look at the decisions we make in our personal lives and how these have an impact on our planet and the people around us. It has taught us that even the small actions, when carried out by a growing number of people, can make a huge difference.

So it is both through the lens of an investor and as a member of society that we trust you'll enjoy our inaugural W&I SA sustainability report. Apart from a view of our responsible investing practices, ESG integration at both an overall and tactical asset allocation level, we hope it also gives an insight into why our people and the community we live in are so important for creating enduring worth.

Henry Blumenthal

Henry Blumenthal
April 2022

Section 1

Our approach to responsible investing

Our approach to responsible investing

W&I subscribes to the Code for Responsible Investing in South Africa (CRISA) and is a signatory of the United Nations Principles for Responsible Investment (UN PRI). Our policy and related frameworks incorporate both the CRISA and UN PRI principles in defining our governance and stewardship responsibilities.

Sustainability is core to our fundamental investment approach. Our key focus for equity selection is identifying companies that sustainably generate returns above their cost of capital and are trading at fair to cheap prices. Companies that do not incorporate sustainability or appropriately consider all relevant stakeholders are unlikely to sustainably generate returns above their cost of capital. Our commitment to sustainability recognises the interconnected nature of our business, the economy, the environment and society.

Since sustainability is core to our fundamental investment approach, we have integrated ESG considerations into our investment decision making and broader investment process. Our aim is to make investments that can be held for the long term and, as part of our fiduciary responsibility, we acknowledge that environmental, climate, social, and corporate governance considerations can affect the performance and longevity of our underlying investment portfolios.

Our research team incorporates ESG factors into its investment analysis as standard across all asset classes and this is strengthened by the use of Sustainalytics, a global leader in ESG research and risk metrics. Sustainalytics provides information on non-financial measures such as a company's environmental credentials, business ethics and exposure to human rights issues. Our multi-manager research and investment process establishes a thorough understanding of how managers incorporate ESG into their funds. This information is sourced through due diligence questionnaires and face-to-face meetings with the managers.

Twice a year, we will screen all of our centrally researched equities from an ESG perspective. All proposed additions are reviewed before they are included, as well as any existing company that suffers a material notifiable event.

While bottom-up screening and scoring is part of our ESG process, we also have the opportunity as investment managers to actively engage and interact with companies' management teams (both the executive and non-executive) on ESG matters.

We have integrated management engagement into our overall investment process. We regularly engage

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Responsible investment - Responsible investment is a strategy and practice to incorporate ESG factors into investment decisions and active ownership. It considers both how ESG might influence the risk-adjusted return of an asset and the stability of an economy, as well as how investment in and engagement with assets and investees can impact society and the environment.

Sustainability - Sustainability means meeting our own needs without compromising the ability of future generations to meet their own needs.

ESG integration - The inclusion of ESG considerations within financial analysis and investment decisions. This may be done in various ways, tailored to the investment style and approach of the investment house.

ESG - ESG stands for environmental, social and corporate governance and at an overlal basis is an evaluation of a firm's collective conscientiousness for social and environmental factors.

Engagement - The active process of dialogue with a company where the investor is seeking specific change.

directly with company management and executives on matters ranging from remuneration to company strategy in addition to traditional investment matters. We further utilise these engagements to actively promote our stewardship and ESG integration by discussing ESG and sustainability matters with company management.

The cornerstone of our stewardship framework is our voting process. We will exercise our fiduciary voting responsibilities on all material issues, which can encompass anything from remuneration to board composition. Our analysts may also make recommendations based on environmental, climate and social considerations. We use the services of Institutional Shareholder Services (ISS), a leading provider of corporate governance solutions, to provide us with research and recommendations. This research is thoroughly vetted by our research analysts with final voting recommendations reviewed by our voting committee.

W&I participates in collaborative engagements to increase pressure on management, where appropriate, and where it is in the interests of our clients. Long-term investing requires an active and evolving approach, now more than ever. ESG integration and deepening our approach to sustainability will remain a key investment priority for W&I.

Our formal annual commitment is to:

- publicly make our ESG framework available
- report on the results and progress of our ESG processes and policy
- continue to support long-term sustainability by integrating, engaging, and reporting material ESG issues
- continue to exercise our and our clients' ownership rights responsibly

https://www.investec.com/en_za/investment/responsible-investing.html?2805

Collaborative engagement/ collaborative initiative - An engagement that an investor conducts jointly with other investors. This might include groups of investors working together without the involvement of a formal investor network or other membership organisation; or groups of investors working together with the support of a formal investor network or other membership organisation, including the PRI.

A spectrum of capital

Financial	Responsible Investment	Sustainable Investment	Impact Investment	Impact Only
	Strategy and practice to incorporate ESG factors into **investment decisions** and **active ownership**	***Selection of assets*** that contribute to a **sustainable economy** - consideration of ESG issues	***Investments*** made with the specific intent > positive, measurable **social, environmental impact** alongside a **financial return**	
	ESG influence on the **risk-adjusted return of** an asset	Includes ESG integration = how ESG Issues impact a **security's risk and return profile**	**Direct investments,** such as in private debt, private equity and real estate	

Measurable high-impact solutions

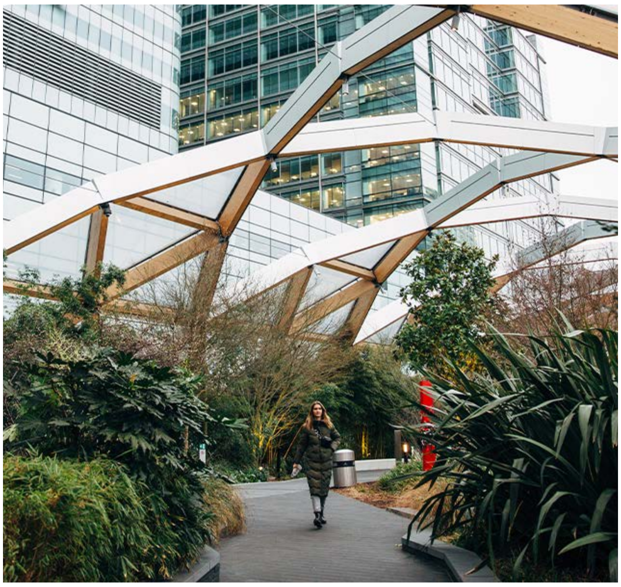
Pursuing environmental, social and governance opportunities

Mitigating environmental, social and governance risks

Financial return

Investec Group sustainability progress

Investec focuses on delivering profitable, impactful and sustainable solutions to our clients. To make the One Investec philosophy real, we will focus on collaboration between the banking and W&I businesses and continue to invest in and support these franchises. This will position Investec for sustainable long-term growth.



Our commitment to incorporating sustainability and climate change considerations is evident from the many organisations that we support and engage with. These include the following:

- Participant in the UN Global Compact's 10 principles on human rights, labour, environment and anti-corruption
- Publicly support the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) and commit to enhancing our TCFD disclosures
- Commitment to the UN's Sustainable Development Goals (SDGs)
- Our CEO, Fani Titi was one of 30 CEOs from financial institutions around the world invited to join the UN Global Investors for Sustainable Development (GISD) Alliance
- Hosted members of 30 international banks and financial institutions driving the UN GISD Alliance agenda
- Active participant in the GISD Alliance working groups
- Participant in various climate committees including the Climate Risk Forum Steering Committee of the Banking Association of South Africa (BASA)
- Participant in the TCFD and Sustainable Finance Working Groups supporting the implementations released on Financing a Sustainable Economy by National Treasury
- Member of the Sustainable Finance Committee of BASA
- Member of the Positive Impact Finance Committee of BASA
- Participant in the Partnership for Carbon Accounting Financials (PCAF) and involved in a PCAF working group on climate disclosure specific to financial institutions in South Africa (learning from European best practice)
- Chosen to feature as a case study in South Africa's 2019 Voluntary National Review on SDGs
- Chris Mitman (founder and head of Export and Agency Finance, UK) is a founding member of the ICC Export Finance Committee which was established to represent the global export finance banking industry in its engagement with the Berne Union, regulators, and the OECD. He is also co-chair of the ICC Sustainability Working Group focused on growing the sustainable funding activities of the export credit market
- Signatory to United for Wildlife's Financial Taskforce to combat illegal wildlife trade (part of the Royal Foundation)

RATINGS AND RAKINGS IN THE SUSTAINABILITY INDICES

We have maintained our inclusion in a number of world-leading indices

MEMBER OF
Dow Jones
Sustainability Indices
In collaboration with SAM
a RobecoSAM brand

Top 15% in the global diversified financial services sector

JSE

Top 30 in the FTSE/JSE Responsible Investment Index

FTSE Russell

Included in the **FTSE UK 100 ESG** Select Index (out of 641 companies)

STOXX

1 of 43 banks and financial services in the Global ESG Leaders (total of 439 components)

MSCI

Top 6% scor-ing AAA in the financial services sector in the MSCI ESG Research

CDP
DISCLOSURE INSIGHT ACTION

Score B against an industry average of C

SUSTAINALYTICS

Top 20% of globally assessed companies in the Global Sustainability Leaders Index

ISS ESG

Top 20% of the ISS ESG global Universe
Top 14% of diversified financial services

Investec Sustainability highlights

2021 SNAPSHOT

People	1.3% Learning and development (L&D) spend as a percentage of staff costs **2020: 1.7% Target:>1.5%**	49% | 51% female male **2020: 48% female, 52% male**	Increase to 38% female senior managers **2020: 37%**	Joined the **Race at Work Charter** in the UK
Communities	Achieved 2.6% (£9.8m) group community spend as a percentage of group operating profit against our target of >1% **2020: 2.3%; £9.8m**	£2.1m spent on Covid-19 relief for communities	5% | 6% maths science Promaths contribution to South Africa's national distinctions **2020: 5% in maths and 6% in science**	243 entrepeneurs provided professional advice through Investec Beyond Business **2020: 154 entrepreneurs**
Environment & Climate Change	**Net-zero** carbon status in our Scope 1, Scope 2 and operational Scope 3 emissions for the third financial year	Sourced atmost 100% of our Scope 2 energy from renewable energy certificates	Fossil fuels as a percentage of GCCE 1.13% **2020: 1.30%**	**B rating** maintained in the CDP **Industry average: B**
Sustainable Finance	Arranged and participated in one of the first European mid-market ESG-linked loans to the value of €600m	Wealth & Investment launched the Investec **Global Sustainable Equity Fund**	Participated in £900m of renewable and clean energy projects of which 75% Is In solar energy **2020: £1 billion**	Investec Property Fund Launched the first **REIT sustainability linked ESG** bond in Africa
Governance	Established an **ESG Executive Committee** to align sustainability activities across the organisation	Received recognition for publishing our **first TCFD report** and published our second TCFD report in June 2021	Created a framework to link execuuve directors remunerauon to **ESG KPIs**	**Winner** of the Most Responsible Business in Africa 2020 Award (overall winner category in the SERAS CSR Awards)

Awards

Tanya dos Santos, Group Head of Sustainability

"Reflecting on the past year, we recognise that it was a pivotal year for tackling climate issues, particularly with the spotlight on COP26, but also for the broader sustainability agenda that includes diversity."

Best Investment Bank for Sustainable Finance in Africa in the 2020 Global Finance Awards

Winner of the Sustainability Award in the 17th Annual National Business Awards 2019

Winner of the Trialogue Strategic CSI Award 2019 for the Promaths programme

Investec's commitment to the SDGs

The Investec Group is committed to support the delivery of the SDGs and finding opportunities within our businesses to build a more resilient and inclusive world. Investec is a participant in the UN Global Compact and we remain committed to the 10 principles with respect to human rights, labour, environment and anticorruption.

The UN SDGs provide a solid framework for us to assess, align and prioritise business activities. The private sector, and in particular, the financial sector, have a pivotal role to play in their achievement. Our strategy is to harness the expertise in our various businesses and identify opportunities to maximise impact. We partner with our clients, investors and various stakeholders to support delivery of the SDGs and build a more resilient, inclusive and sustainable world.

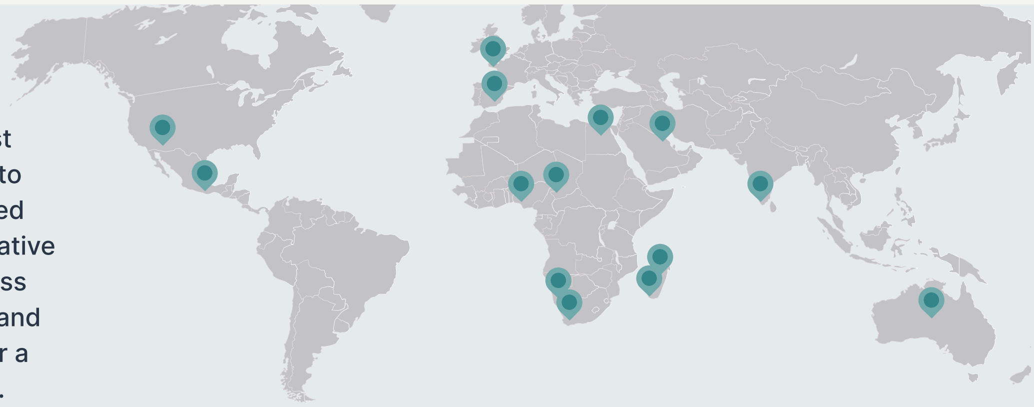
Our two core SDG priorities – SDG 10: Reduced Inequalities and SDG 13: Climate Action

Our six secondary SDG priorities – SDG 4: Quality Education, SDG 6: Clean Water and Sanitation, SDG 7: Affordable and Clean Energy, SDG 8: Decent Work and Economic Growth, SDG 9: Industry Innovation and Infrastructure and SDG 11: Sustainable Cities and Communities.

Sustainable Development Goals (SDGs) - The Sustainable Development Goals are a global goals set of 17 goals adapted by all member states of the United nations that seek to address the key global challenges, including those related to poverty, inequality, climate change, environmental degradation, peace and justice.

"It's up to us as stewards of your investments to ensure that companies are providing sufficient disclosure so that we are better positioned to make informed decisions."

Our Global business impact



We believe that our most significant contribution to the SDGs will be achieved through financing innovative solutions that will address socio-economic issues and investing responsibly for a more sustainable future.

Below are some of the innovative projects and products we finance across the world.

UK: Explore Learning - an online tutorial

South Africa: Invictus Education Group - quality education for occupations that are in demand in South Africa

South Africa: Innovation Africa - Solar water pumping systems to 11 communities in rural South Africa

38 Countries: Including Mauritius, Seychelles, Madagascar, Central America, Middle East, as well as across the African continent: Abeco Tanks - hygienic storage of water

South Africa: Trans-Caledon Tunnel Authority - adequate water storage and transfer capacity

UK: Sustainable energy finance business

The UK: Energy from waste and biomass plants

Sub-saharan Africa: Revego Energy Africa Limited fund

UK: Sustainable Energy Efficiency Trust

UK: Octopus Investments diversified renewables

Egypt: Lekela West Bakr - wind energy

Australian: Infigen - wind energy

Australian: Lightsource EP - solar energy

Spain: Lightsource EP - solar energy

UK: Gridserve - solar energy

United States: True Green Capital - solar energy

United States: True Green Capital - solar energy

Australia: Rugby Run - solar energy

South Africa: Pele Ltd - concentrated solar energy

South Africa: AMP - an enterprise and supplier development initiative

UK: Coronavirus Business interruption Loan Scheme - accreditation

South Africa: The South African Future Trust - direct financial support to the employees of SMMEs

Ghana: Ghana Infrustructure Company Limited

Mali: BxChange iMali in partnership with Crossfin

South Africa: DNAfit Life Sciences - UK genetics company

Australia: Affordable housing development

Australia: Student accommodation for Southern Cross University

UK: Engenie - Electric vehicle rapid charging

South Africa: Solar photovoltaic plants

South Africa: Futurespace

South Africa: 3600 title deeds for homeowners in Gauteng

South Africa: The Environmental World Index Autocall

Reflecting on our journey

Tanya dos Santos, *Group Head of Sustainability*

For the past two years, our group CEO, Fani Titi, has been saying that the long-term success of our business depends on how we respond to climate change and inequality. Reflecting on the past year, we recognise that it was a pivotal year for tackling climate issues, particularly with the spotlight on COP26, but also for the broader sustainability agenda, including diversity. We saw an accelerated ambition worldwide around net-zero commitments and, as part of our net-zero commitment, the Investec Group joined the UN-convened Net-Zero Banking Alliance. This was a major achievement which was supported by the group's board of directors committing to the disclosure of our strategy and pathway to net-zero in the 2022 financial year-end reporting. We also disclosed our fossil fuel exposures, showing that we are a limited financier of coal with only 0.11% of core loans and advances in coal across the total group.

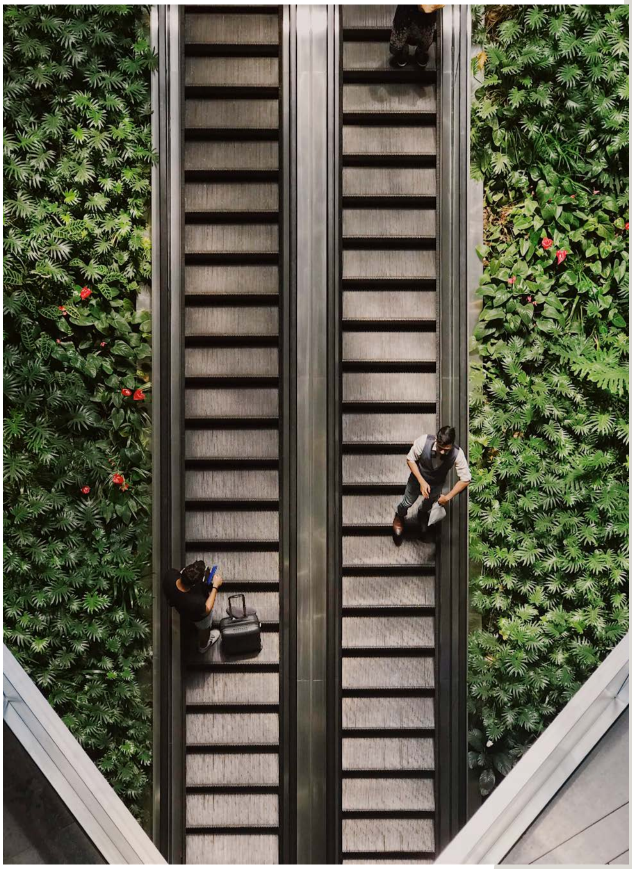
Another key area of focus for stakeholders was progress on diversity and inclusion. Our CEO of the UK Specialist Bank is one of the only 3.6% of female FTSE 250 CEOs; and we were proud to reach an important milestone for the group with 43% ethnic diversity and 36% women on our main board. This exceeds our current equality commitments and positions us well to embed ethnic and gender diversity deeper into the organisation.

We were proud to have retained our strong international ESG ratings, improving our overall performance in the CDP ratings, maintaining our leadership position in the Dow Jones Sustainability Index and our most notable highlight of reaching a low-risk score of 16.6 from Sustainalytics.
The themes of climate and diversity continue into 2022 with the World Economic Forum's Global Risk Update already highlighting that eight of the Top 10 risks will have social and environmental impacts. Similarly, 2022 will continue to shape critical conversations on climate and social inclusion and influence policy decisions around the most defining issues of our time.

As we dive into the current year, we note that commitments and ambitions will not be enough to appease stakeholders in 2022. Rather we will have to demonstrate how we are turning our ESG ambitions into meaningful action and measurable value: creating sustained outcomes that drive value and fuel economic growth, while strengthening our planet and supporting our communities. This is where sustainable finance plays a critical role. On the banking side of the business, we were proud to do our first sustainability-linked loan for the UK and SA Specialist Banks; and launched our first green bond. We also extended a number of sustainability-linked loans to our clients and started an ESG advisory service to assist our clients in meeting their sustainability ambitions. The W&I business further embedded ESG into the stewardship of its investments, launched a pivotal awareness campaign focused on the SDGs and launched a Global Sustainable Equity Fund that raised $36.1m by the end of December 2021.

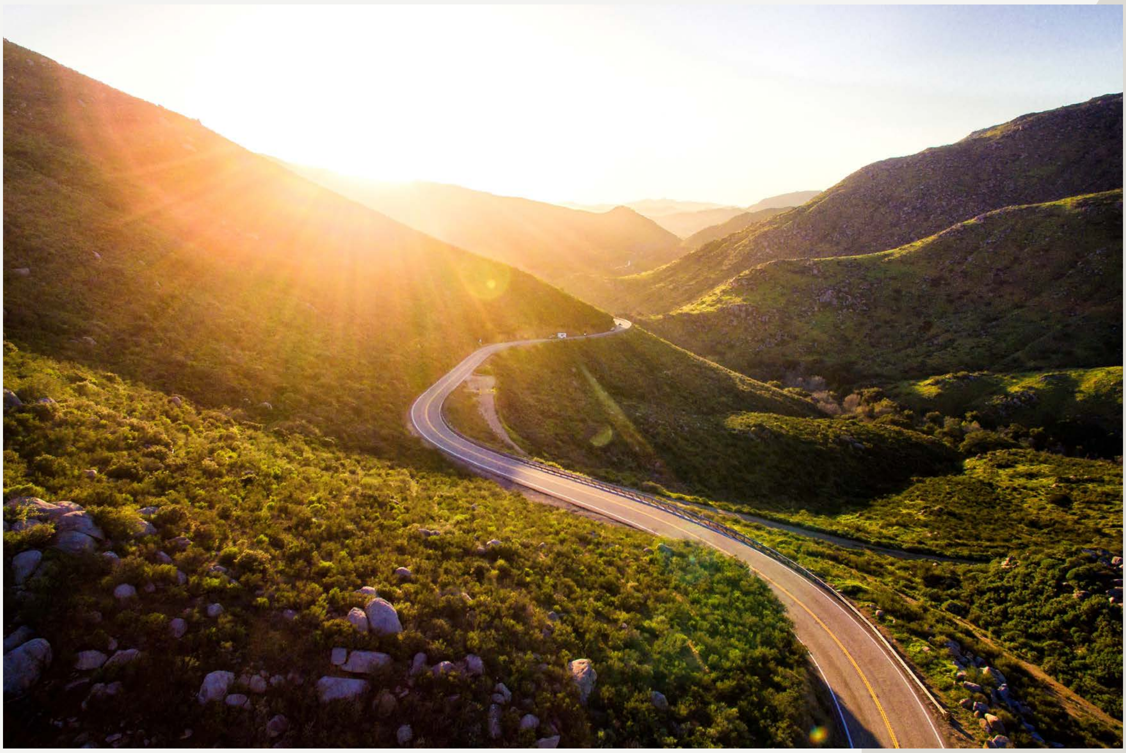
I would say 2021 was a successful year for Investec's sustainability efforts. But we know how much there is still to be done so we pause briefly to celebrate our successes and swiftly move on to our 2022 priorities: strong climate action; developing a biodiversity statement and understanding natures impact on our business; deepening our belonging, inclusion and diversity programmes; extending our human rights focus by broadening our current modern slavery statement to cover all aspects of our operations; and partnering with our communities and clients to maximise our positive impact on the world around us.

> "But we know how much there is still to be done so we pause briefly to celebrate our successes and swiftly move on to our 2022 priorities"



Section 2

Our journey



What is dual materiality? Debunking the myths

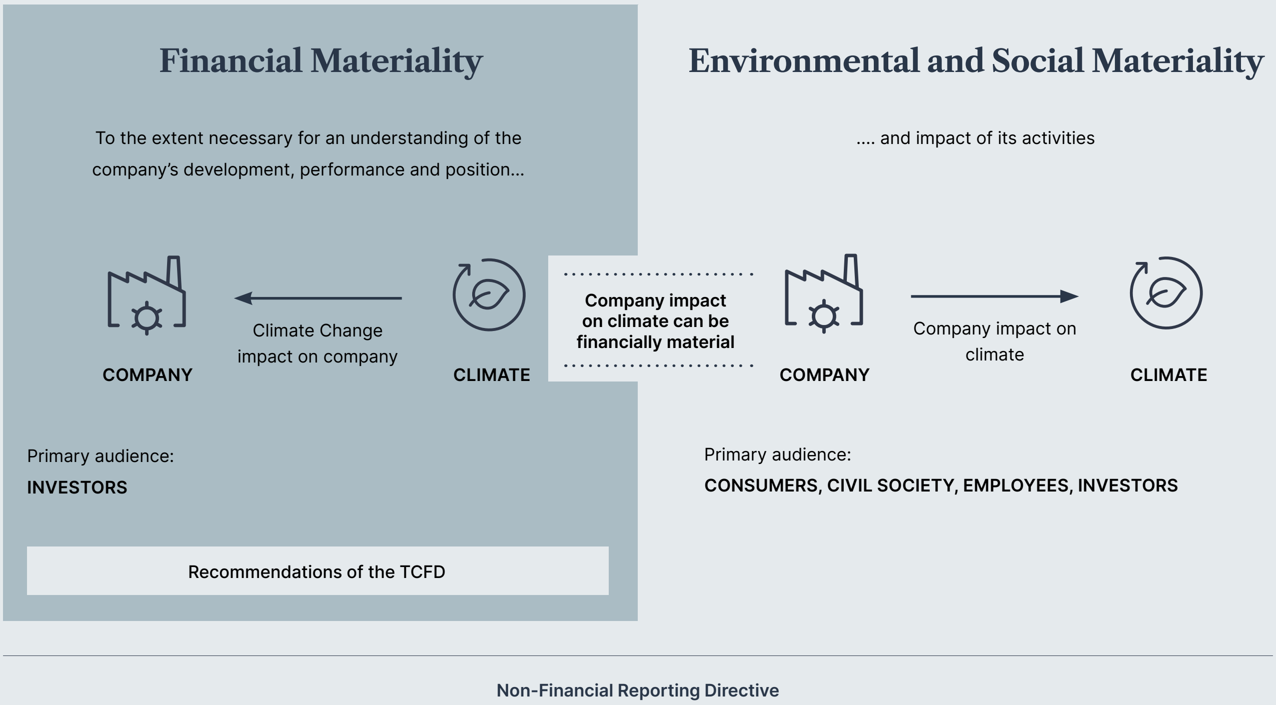
Barry Shamley

Portfolio Manager Investec Global Sustainable Equity Fund

Education is of vital importance on the journey to sustainability. A good starting point with respect to the investment decision-making process is the concept of double or dual materiality.

> "The Investec Global Sustainable Equity Fund seeks to capture the returns of businesses that are aligned to achieving one or more of the UN's SDGs"

FIGURE 1: THE DOUBLE MATERIALITY PERSPECTIVE WAS INTRODUCED BY THE EU IN ITS GUIDELINES ON CLIMATE CHANGE RELATED REPORTED



The first part of this is financial materiality. Here we try to assess any environmental social or governance risks or opportunities that may impact the valuation of a particular investment. This is a more comprehensive and structured approach to analysis and ultimately something we believe will be embedded in all research in time.

There is an ongoing concern that by incorporating ESG one will be sacrificing financial returns. Thus far the research has shown the very opposite. According to analysis by Bank of America Merrill Lynch, 90% of bankruptcies in the S&P 500 between 2005 and 2015 could have been avoided by screening out companies with below-average environmental and social scores five years prior to the bankruptcies. Loss avoidance is one of the keys to portfolio returns over time.

A recent paper published by NYU Stern titled 'ESG and Financial Performance: Uncovering the Relationship by Aggregating Evidence from 1,000 Plus Studies Published between 2015 – 2020' (Tensie Whelan, Ulrich Atz, Tracy Van Holt and Casey Clark, CFA) drew several notable key conclusions:

- Improved financial performance due to ESG becomes more marked over longer time horizons.
- ESG integration, broadly speaking as an investment strategy, seems to perform better than negative screening approaches.
- ESG investing appears to provide downside protection, especially during a social or economic crisis.
- Sustainability initiatives at corporations appear to drive better financial performance due to mediating factors such as improved risk management and more innovation.
- Studies indicate that managing for a low carbon future improves financial performance.

This brings us to the second part of the dual materiality concept, what impact your investment may have on the environment and or society. This is more difficult to measure but there are increasing efforts to do so such as Harvard University's 'Impact Weighted Accounts' project.

The mission of the project is to drive the creation of financial accounts that reflect a company's financial, social, and environmental performance.

Their ambition is to create accounting statements that transparently capture external impacts in a way that drives investor and managerial decision-making.

You can't manage what you can't measure. So it's up to us as stewards of your investments to ensure that companies are providing sufficient disclosure so that we are better positioned to make informed decisions.

While we have made inroads in our flagship sustainable mandate, the Investec Global Sustainable Equity Fund, in terms of measuring the positive and negative external impact our investments have though the lens of the United Nations Sustainable Developments Goals, we hope to extend the use of this methodology in our broader investment process, particularly as a basis for our future engagement activities.

Companies that embrace sustainability are likely to be the companies that survive and remain relevant for both investors and consumers. It is likely that some companies that avoid incorporating sustainability will outperform in the short term but in the long term, their returns will be eroded by factors including a shrinking consumer base, government taxes/levies, capital expenditure to realign with best practice, government regulation or lower productivity from a disenchanted workforce.

W&I memberships

In addition to our CRISA and PRI commitment, W&I also became a member of CDP and Climate Action 100+ in 2021.

“Over the years, Investec has developed strong partnerships in the philanthropic space and continues to build on these with our unique and dedicated service.”

United Nations Principles for Responsible Investment

Signatory of:

PRI Principles for Responsible Investment

In January 2021, W&I became an official signatory of the UN Principles for Responsible Investment (PRI). Our membership commits Investec Wealth & Investment globally to the PRI.

The PRI is a United Nations-supported international network of investors working together to implement its six aspirational principles – a voluntary set of investment principles for incorporating ESG issues into investment practice. The principles were developed by investors, for investors and by implementing them, signatories contribute to developing a more sustainable global financial system.

The six principles are as follows:

Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.
Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.
Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.
Principle 4: We will promote acceptance and implementation of the principles within the investment industry.
Principle 5: We will work together to enhance our effectiveness in implementing the principles.
Principle 6: We will each report on our activities and progress towards implementing the principles.

This follows a similar move by Investec Ltd and Investec plc, which saw the bank become a signatory to the UN Principles for Responsible Banking in October 2020. Where the UN Principles for Responsible Banking govern the role and responsibility of the banking industry in shaping a sustainable future, the PRI focuses on investments. The initiative works to understand the investment implications of ESG factors and supports its international network of investor signatories in incorporating these factors into their investment and ownership decisions. The PRI also creates a platform for greater collaboration within the industry, enabling newcomers to learn from experienced players while ultimately working towards a global culture shift.

W&I submitted its inaugural annual PRI report in 2021 and publicly commits to making these reports available on an annual basis.

The Carbon Disclosure Project (CDP)

In 2021, W&I also became a formal CDP signatory. CDP is a not-for-profit charity that runs a global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. The world looks to CDP as the gold standard of environmental reporting with the richest and most comprehensive dataset on corporate and city action. CDP represents over 590 investing entities that speak for over $110 trillion in assets. CDP was the first platform to link environmental integrity and fiduciary duty.

Through our signatory status, we are able to promote industrial-scale environmental disclosure and engagement, aligned with the TCFD. We are able to join a global non-discloser campaign to encourage better disclosure in future CDP disclosure periods. Our status helps us satisfy PRI Principles 1-4; relating to ESG investment analysis, active ownership, corporate disclosure and investor collaboration.

"The world looks to CDP as the gold standard of environmental reporting with the richest and most comprehensive dataset on corporate and city action"

Climate Action 100+

In addition to our PRI and CDP memberships, W&I also become a member of Climate Action 100+ which has further bolstered our engagement activities.

Climate Action 100+ (CA100+) is an investor-led initiative that uses the weight of collaborative engagement to deliver better engagement results when it comes to corporate climate commitments. CA100+ focuses its efforts on 166 of the world's largest greenhouse gas emitters. More than 600 investors, responsible for over $55 trillion in assets, are now signatories to the CA100+ initiative because they recognise that limiting global warming in line with the goals of the Paris Agreement is essential for the stability of both the planet and their portfolios.

Investment process

Chris Holdsworth

Chief Investment Strategist,

Investec Wealth & Investment

ESG has rapidly grown from an acronym many weren't familiar with a few years ago to a topic dominating financial media and boardroom discussion. There is still a high level of misunderstanding, and the discussion is often quite polarising. Like so many things, the resistance is often because of insufficient understanding. While responsible investing has been part of the investment landscape for many decades, this was largely an exclusionary process that avoided companies whose products or services were at odds with people's values or beliefs. An evolution from shareholder to stakeholder capitalism is now in motion however, and society has become increasingly aware of the previously unaccounted and unreported costs that have been borne by the environment and society. It is no longer sufficient to not incorporate some measure of externalities arising from corporate activity when evaluating a share price.

While polluting companies who pay their employees below minimum wage have been rewarded for their cost efficiencies in the past, this may no longer be the case going forward. Educated and enlightened consumers will adjust preferences for products that align with their values. Governments will increasingly tax those companies that are impacting the environment negatively and investors will adjust their portfolios as it becomes evident that those companies that embrace sustainability are ultimately the companies that are going to survive and prosper in the long term.

ESG investing is not a luxury that can be ignored when investing in South Africa. Foreign investors increasingly look through an ESG lens and largely drive pricing on the local market. In addition, government policies outside of South Africa such as the European carbon border adjustment mechanism, need to be considered when valuing our exporters. Lastly, several studies have shown that companies that incorporate ESG, i.e. manage and disclose their ESG risks, have outperformed particularly strongly in emerging markets.[1]

Our approach to ESG integration is pragmatic and is constantly evolving. Our primary objective is to understand and quantify the ESG risk of each particular investment and ensure that this risk is adequately explained in the companies rating vs its peer group. We are not precluded or adverse to owning companies with high ESG risk ratings particularly if that company ranks well within its sector or we believe that through engagement we believe we are able to assist that company with improving their risk rating. Often this is as simple as encouraging them to improve their disclosure and engaging with the relevant ESG risk rating agency.

We are constantly refining our approach to ESG integration and our global research team have been developing a multi factor approach, which would consider four key variables. The output of this consideration determines the adjustment to our discount rate in our preferred equity valuation methodology (cash flow return on invested capital). We aim to incorporate this new methodology in our

[1] 'Evidence increasing that ESG investments outperform' Justin Brown, Citywire, 27 August 202
'Companies with strong ESG scores outperform, study finds', Jennifer Thompson, Financial Times, 12 August 2018
'ESG and the cost of capital', Ashish Lodh, MSCI blog, 25 February 2020

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global equity analysis in the coming year.
The framework for including ESG considerations into stock selection is fairly intuitive – companies that screen poorly from a sustainability perspective are unlikely to be able to sustainably generate returns above their cost of capital and as such should trade at a material discount to companies that don't.
Incorporating ESG and sustainability into asset allocation is somewhat more complex.
The key focus of asset allocation is to be able to generate superior risk adjusted returns over time. While company specific considerations will materially affect stock selection, they are significantly less significant at the asset class level. In addition, including ESG considerations for government bonds is fraught with complexity. For example, government policy may screen poorly on one SDG but positively on another. The one thing we can say with some degree of confidence is that climate change and the expected government response materially raises the possibility of a large downward move in risk assets. Simultaneously, the ability for developed market bonds, the traditional safe haven asset class, to provide protection in the event of a material downward move in risk assets may be compromised. For example, a climate event that negatively affects equities may well spur a commitment from governments to spend more on investing to counter climate change. This in turn could lead to greater competition for capital and higher rates, seeing bond values decline.

Inflation provides another way in which bonds may not provide the same sort of portfolio protection they have done before. A commitment to decarbonisation will be very metal intensive if followed through - in an environment when mining production is not growing

rapidly as polluting companies find it increasingly difficult to gain access to capital on favorable terms. Even though the energy transition may provide the answer to climate change, ESG investing may ironically make it more difficult to occur. The knock on effect of higher commodity prices will likely be higher-inflation in general, another headwind for bonds.

The net result is that not only has potential downside risk increased but there is also greater uncertainty around the relationships between asset classes.
As a result, we have relooked our strategic asset allocation. Instead of traditional mean variance optimisation we have specifically designed our strategic asset allocation to minimise large downside risk for portfolios while aiming to still generate returns significantly above inflation. The net result is an increased allocation to alternatives to provide protection in the event of a large downward move in markets. We intend to roll out our new strategic asset allocation over the coming year.

Return to Contents

Stewardship

Stewardship is a core responsibility for any active ownership process by an asset owner. We have made significant strides in the past three years to ensure that your votes are exercised according to best corporate governance principles and relevant company law.

We have integrated management engagement into our overall investment process. We regularly engage directly with company management and executives on matters ranging from remuneration to company strategy, in addition to traditional investment matters. These engagements take place both directly through one-on-one meetings with company management (which affords us an opportunity to raise our own points) or through contact at presentations and conferences.

We further utilise these engagements to actively promote our stewardship and ESG integration by discussing ESG and sustainability matters with company management. Where we have concerns about a company we have invested in, we will engage with the management team directly and collaboratively through platforms like the PRI or Climate Action 100+, or through exercising voting rights at general meetings. Going further, we can put forward shareholder resolutions and discuss matters with the company as required. If we feel a company is not being managed in the interests of our clients, we will decide how best to engage with the company to address this.

The cornerstone of our stewardship framework is our voting process. We will exercise our fiduciary voting responsibilities on all material issues, which can encompass anything from remuneration to board composition. Our analysts may also make recommendations based on environmental, climate and social considerations. We use the services of Institutional Shareholder Services (ISS), a leading provider of corporate governance solutions, to provide us with research and recommendations. This research is thoroughly vetted by our research analysts with final voting recommendations reviewed by our voting committee.

We exercise our voting capability on all discretionary accounts consistently and detailed reporting on each meeting is available on request.

In addition to exercising your vote we are increasingly engaging with companies both directly and collaboratively to ensure management teams hear our voice and manage their businesses in the best interests of all stakeholders. Examples of engagement topics have included supply chain disclosure, fossil fuel transition and, most often, remuneration policy. Incentives drive behaviour.

Stewardship - The broad term for an investor operating as a good long-term owner of assets, standing in the shoes of their underlying clients to ensure that value is added or preserved over time.

Active Ownership - An engagement that an investor conducts jointly with other investors. This might include groups of investors working together without the involvement of a formal investor network or other membership organisation; or groups of investors working together with the support of a formal investor network or other membership organisation, including the PRI.

W&I ENGAGEMENT AND VOTING | Summary of 2021 Activities for direct equities | South Africa

AGM/EGM	Meetings voted	Votes against management	Votes against remuneration policy	Votes against excessive share issuance
105	105	27	38	11

Climate Action 100+ Sasol Engagement

As part of our membership with Climate 100+, we joined the coalition of investors engaging with Sasol on its climate change governance, its planned action on greenhouse emission across its value chain, and to ensure reporting consistent with the requirements of the TCFD. Sasol is a company we know and understand well, and we have engaged with management regularly over the last 25 years on various issues, but we believe CA100+ amplifies the effectiveness of that engagement.

Climate change is material to Sasol's business, valuation and long-term viability. With this is mind, our CA100+ coalition (nine members in total) approached the company during the year - and specifically ahead of its annual Capital Markets Day (CMD) – laying out minimum expectations for its corporate climate plan.

These included:

1. A detailed transition plan through to at least 2030
2. A clear approach to net zero emissions by 2050, including robust, science-based targets
3. A clear capital plan to support this transition
4. A "Say on Climate" resolution contained in Sasol's Notice to the AGM, allowing shareholders to hold the company to account on its decarbonisation plans
5. A request for a meeting with the Board ahead of the CMD to reiterate and explain these requirements.

As a result of this effort, and following a successful meeting with the Board, we feel we were partially successful in driving some of the content in Sasol's 2021 Climate Change Report. In this report, Sasol committed to the following:

1. A commitment to net zero on Scope 1, 2 and 3 emissions by 2050
2. Setting realistic medium-term decarbonisation targets and roadmaps
3. Clear disclosure on the financial impact of these pledges
4. A promise to adhere to the reporting requirements of the TCFD
5. A commitment to self-asses itself against the CA100+ benchmark.

In the coming years, we will continue to engage Sasol on these issues, both in an individual capacity as SA-based shareholders and as a collective on CA100+. We note that management is always supportive of our requests, and we highlight the fact that the company has been producing climate-related commitment data for more than a decade. We are also very conscious of the need for a so-called "Just Transition", one where the need to decarbonise the business is balanced against the strategic and economic importance of the company to the country.

Investment offering

Investec Global Sustainable Equity Fund

Barry Shamley

Portfolio Manager Investec Global Sustainable Equity Fund

Andrew Shard

Portfolio Manager Investec Global Sustainable Equity Fund

“The distance between sustainability and return is closer than you think”

The Investec Global Sustainable Equity Fund was launched in December 2020. The interest has been very encouraging, and the Fund has been one of our fastest growing mandates to date with approximately US$34m of new investment since it was opened to external investment in March 2021. The Investec Global Sustainable Equity Fund aims to identify investments with the following characteristics:

- Companies that are making a positive impact on one or more of the United Nations Sustainable Development Goals
- High quality, well managed global companies that have strong or improving ESG risk ratings
- Businesses that incorporate sustainability into their decision-making, thereby helping to deliver high returns on capital and long-term profitable growth

The Investec Global Sustainable Equity Fund seeks to capture the returns of businesses that are aligned to achieving one or more of the UN’s Sustainable Development Goals.

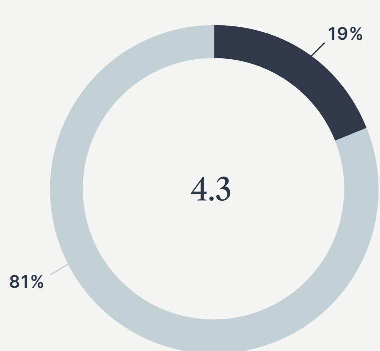
The UN Sustainable Development Goals (SDGs) provide a globally accepted framework through which businesses can align their strategic goals with ESG considerations.

The 17 SDGs are underpinned by 169 individual targets, which have been encoded into government action plans. They represent observable and tangible opportunities for companies to offer solutions and services to help achieve them. Through the Fund, investors are able to invest in companies that we believe can provide attractive investment returns over the long term, through the lens of the SDG framework.

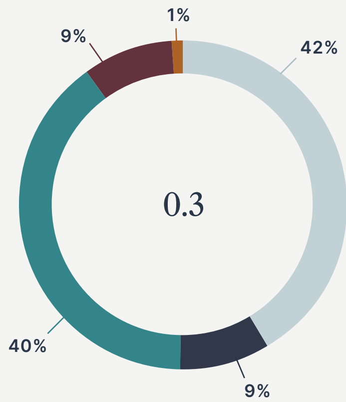
SDG Impact measure (ISS)

Overall average SDG impact rating and segment percentage per weight

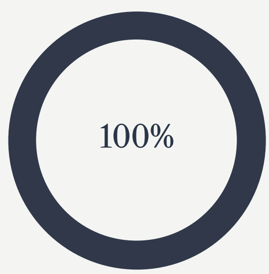
PORTFOLIO



BENCHMARK



Positive SDG impact - percentage by weight



Sourced from ISS Datadesk 22 October 2021
Investec Wealth & Investment

Impact highlights of portfolio

PORTFOLIO 2°C ALIGNMENT

Assesses whether the emission reduction efforts of a portfolio are aligned with the Paris Agreement goal, i.e., limiting global warming to less than 2°C from pre-industrial levels. For this end, Clarity AI compares companies' Scope 1 and 2 emissions reduction over time with the level of decarbonisation required to limit global warming to various temperature scenarios.

	CURRENT		2025		2030	
	Above 2°C	Above 2°C	Above 2°C	2°C	Above 2°C	2°C
Portfolio coverage	Benchmark	My portfolio	Benchmark	My portfolio	Benchmark	My portfolio
Companies	**980**/1,521	**30**/39	**979**/1,521	**30**/39	**979**/1,521	**30**/39
Portfolio weight	74.15 %	80.52 %	74.11 %	80.52 %	74.11 %	80.52 %

Benchmark MSCI World Index

	MSCI WORLD	INVESTEC GSE
Weighted Average Carbon Density (tons CO_2e / revenue in millions of US dollars)	140.69	105.1

"Through the Fund, investors are able to invest in companies that we believe can provide attractive investment returns over the long term, through the lens of the SDG framework."

Investec charities mandate

During 2021 W&I launched two charity mandates which we believe are a unique proposition for all Public Benefit Organisations (including university endowments, school foundations etc).

The mandates are centred around charitable institutions and as such have a specifically tailored strategic asset allocation and investment focus, which encompasses a higher degree of ESG integration and sustainability. They aim to achieve a dual impact for such organisations invested: first through seeking to optimise returns enabling direct impact through distribution initiatives; and second through aligning the investments with their foundation objectives. Indirect impact is enabled through the exposure to companies with a net positive impact on the SDGs.

The charity offering encompasses a high touch service ethic across both investment and support, and results in our clients receiving an industry leading service at a reasonable and transparent cost.

The mandates, while new, leverage off a tried and tested global investment process that will provide current and prospective clients and trustees a high degree of comfort.

Over the years, Investec has developed strong partnerships in the philanthropic space and continues to build on these with our unique and dedicated service.

"On behalf of our clients, we continue to support the efforts of some worthy organisations who, despite immense challenges faced over the past year, continue to look after those less fortunate than ourselves."

W&I's SDG commitment

Class of 2030 campaign

> "Enter the Class of 2030, a W&I initiative, supported by the UN, that brings together a diverse and representative mix of people from South Africa and the UK"

The UN's SDGs provide a blueprint for how we can achieve a fairer, greener and healthier future for all by 2030. But how much do people know about these goals and the role they can play in helping us achieve them?

When it comes to understanding sustainability, varying generations have different perspectives on the matter. The younger generation's future is at the mercy of the decisions an older generation that is making for a future they will likely not live to fully experience.

Enter the Class of 2030, a W&I initiative, supported by the UN, that brings together a diverse and representative mix of people from South Africa and the UK being the learners, with experts on the SDGs, the tutors. You can follow their learning journey here.

Read more about Class of 2030

SDG 4: Quality education

Join Frankie, Ashlee and Billie Archibald as they learn about the importance of quality education, tutored by Professor Sugata Mitra, computer scientist and educational theorist.

SDG 4 requires a number of targets to be met by 2030, including teacher development, early childhood development, tertiary education, skills development, eliminating gender disparities. See the 10 subgoals here. Since 2000, there has been enormous progress in achieving the target of universal primary education. Progress has been difficult in some developing regions due to high levels of poverty, armed conflicts and other emergencies. Children from the poorest earn households are up to four times more likely to be out of school than those of the richest households, and the Covid-19 pandemic has exacerbated this. Disparities between rural and urban areas also remain high.

Click here to learn more about Quality education

SDG 7: Affordable and clean energy

Join Naomi Schiff as she learns about the importance of creating access to clean and affordable energy, tutored by Fumani Mthembi, Managing Director of Knowledge Pele.

The world is making progress towards SDG 7, with encouraging signs that energy is becoming more sustainable and widely available. Access to electricity in poorer countries has begun to accelerate, energy efficiency continues to improve and renewable energy is making impressive gains in the electricity sector. However, there is much progress still to be made. By 2030, we need to ensure universal access to affordable, reliable and modern energy services and double the global rate of improvement in energy efficiency. 789 million people – predominantly in sub-Saharan Africa – are living without access to electricity, and hundreds of millions more only have access to very limited or unreliable electricity. It is estimated that only 28% of health facilities have access to reliable electricity in sub-Saharan Africa. In addition, more focused attention is needed to improve access to clean and safe cooking fuels and technologies for 3 billion people.

Click here to learn more about affordable and clean energy

SDG 8: Decent work and economic growth

Join Margot Janse as she learns about the importance of creating decent work and economic growth, tutored by Dr Tashmia Ismail-Saville, former CEO of YES (Youth Employment Service).

Sustained and inclusive economic growth can drive progress, create decent jobs for all and improve living standards. Underlying this is the need to substantially reduce the proportion of youth who are not in employment, education or training. One of the 2030 targets for SDG 8 is to sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7% real GDP growth per annum in the least developed countries. The Covid-19 pandemic plunged the world recession with record levels of deprivation and unemployment, and created a human crisis that is hitting the economically vulnerable hardest. Among the challenges faced in SDG 8, the global gender pay gap stands at 23% globally and without decisive action, it will take another 68 years to achieve equal pay. The labour force participation rate for women is 63% while that for men is 94%.

Click here to learn more about decent work and economic growth

SDG 9: Industry, innovation and infrastructure

Join Mark Hassenkamp as he learns about the importance of industry, innovation, and infrastructure, tutored by Aunnie Patton Power, founder of Intelligent Impact.

Economic growth, social development and climate action rely heavily on investment in resilient infrastructure as well as inclusive and sustainable industrialisation. Basic infrastructure like roads, sanitation, power, water resources and communication technologies remain scarce in many developing countries. SDG 9 aims to "build resilient infrastructure, promote sustainable industrialisation and foster innovation by 2030". The Covid-19 pandemic has highlighted the urgent need for resilient infrastructure. For economic recovery we need to build back better, create jobs, reduce poverty and stimulate investment. The humanitarian crisis has accelerated the digitisation of businesses and services, as well as access to healthcare, education and essential goods and services online. It has never been more important to bridge the digital divide for the 3.6 billion across the world who remain offline.

Click here to learn more about industry, innovation and infrastructure

SDG 10: Reduced inequalities

Join Osa Mazwai as he learns about the importance of reduced inequalities, tutored by Saeed Atcha, CEO Youth Leads UK, MBE Deputy Lieutenant.

Inequalities based on age, income, sex, disability, race, religion, ethnicity, sexual orientation, access to services and opportunity continue to exist across the globe. Inequality threatens long term social and economic development and erodes people's sense of fulfilment and self-worth. Sustainable Development Goal 10 aims to "reduce inequality within and among countries by 2030". Reducing inequalities requires transformative change, involving eliminating discriminatory laws and practices. Covid-19 has deepened existing inequalities, with the poorest and most vulnerable communities having been hit the hardest. We can only make the planet better for all if no one is excluded from the chance of a better, more dignified life. Political, economic and social policies need to be universal and to pay close attention to disadvantaged and marginalised communities.

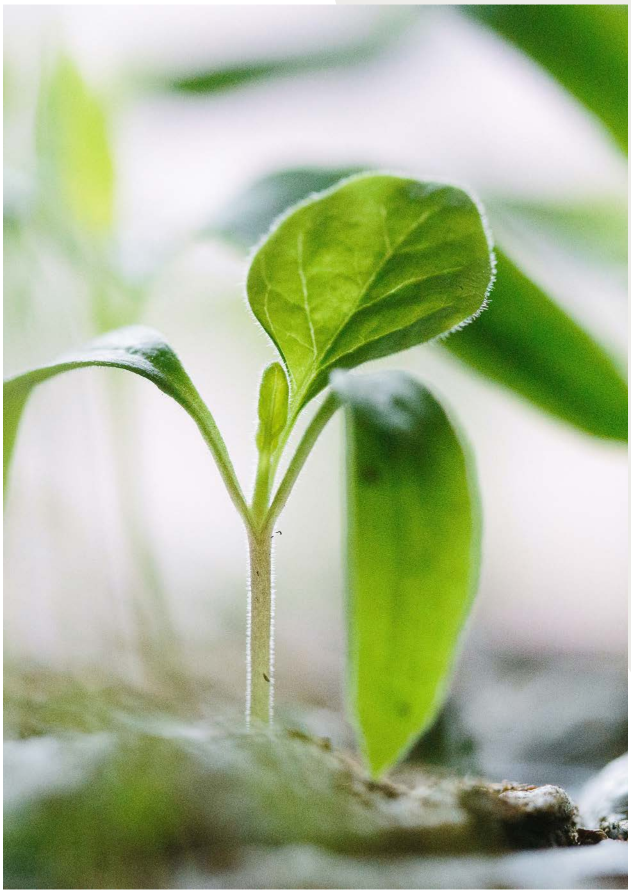
Click here to learn more about reduced inequalities

SDG 13: Climate action

Join Suresh Singh as he learns about the importance of climate action, tutored by Malcolm Preston, adjunct professor at Kellogg School of Management.

The effects of climate change are becoming consistently visible across countries and continents, disrupting economies and affecting lives and livelihoods. Climate change is caused by human activity which produces CO_2 emissions and other greenhouse gasses. These emissions result in globally increased average surface temperatures and have the potential to harm every ecosystem. The time for action is now. Sustainable Development Goal 13 strives to “take urgent action to combat climate change and its impacts” by limiting global warming to below 2° C by 2030. In December 2015, the world took a significant step by adopting the Paris Agreement, whereby all countries committed to taking climate action to reduce greenhouse gas emissions by 7.6% each year from 2020.

Click here to learn more about climate action



Road to 2030 series

Complementary to the learning journey of the Class of 2030, the Road to 2030 provides an educational article series featuring different perspectives and insights on each of the UN's SDGs.

Each SDG is supported by two articles, the first being being an in-depth analysis of the SDG and what it aims to achieve and the second article being a macro overlay showing how the SDG translates both into every day life and the impact it can have on investments.

Click here to learn more about the series

Here is an extract of the initial feature article by Maxine Gray and Simone Smith called "Sustainable development Goals: A north star for the future":

The SDGs are 17 interlinked goals designed as a "blueprint to achieve a better and more sustainable future for all". Agreed upon in September 2015 by all 193 member states of the United Nations, these 17 goals form the foundation on which to develop our businesses, societies, and personal behaviours. The interconnected nature of the 17 goals creates a web of impact, whereby focusing on one goal has the benefit of likely achieving progress towards other goals. The world has been on a path of disarray for some time, heading into a trajectory which not only enables inequality to worsen but drives us further off course from building a future that is prosperous for all future generations.

Simone Smith
Head of Compliance, Investec Wealth & Investment

Maxine Gray
Head of Strategic Development, Investec Wealth & Investment

The SDGs can be described as the navigation required to stay on course by travelling in the direction of our 'North Star'. They are expansive and tackle core societal issues including: no poverty (1), reduced inequalities (10), gender equality (5) and basic human rights, including zero hunger (2), good health and well-being (3), quality education (4) and access to clean water and sanitation (6). They extend further into environmental factors such as climate change (13), life below water (14) and life on land (15).
What's perhaps most interesting are the mindset and behavioural shifts which are required as a prerequisite to achieving these goals for sustainable development. It is imperative to embrace a global interconnected world and build, based on the generosity of shared knowledge, to enhance growth.

Click here to learn more about SDG's and our future

Philanthropy

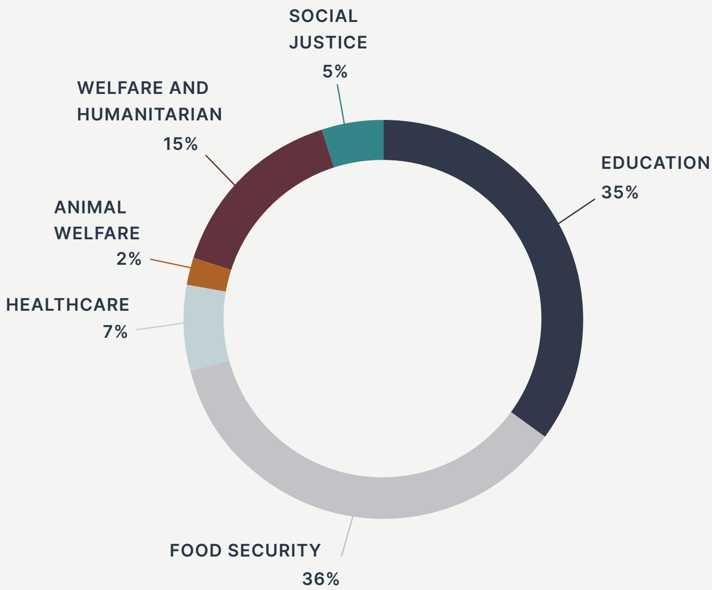
Philanthropy is a journey that allows individuals, families and organisations to exercise their charitable objectives and desires. This journey should be guided by values, passion, intended family legacy and a desired broader societal impact.

We facilitate this journey by playing the role of an enabler for our clients to build a legacy while uplifting the societies in which we live. We are focused on ensuring that your philanthropic journey is personal, rewarding and streamlined for you, striving for maximum social impact through your donations.

Our services include strategy development, structuring of a charitable foundation, investment management as well as the administration of your foundation. This enables you to achieve sustainable giving that is underpinned by good governance thus building your legacy whilst having a meaningful impact on society.

Investec Philanthropy Beneficiary Spend

The total administered Philanthropy foundation investments, for 2021, is R1.2 billion.
For 2020, we administered R1 billion, which enabled the distribution of approximately R41.5 million to charities on behalf of our clients. These funds, distributed by Investec Charitable Trusts, are in accordance with the decisions made by the respective foundation trustees. The funds were allocated to the following sectors: 36 % to food security, 35% to education, 15% to welfare and humanitarian, 7% to healthcare, 5% to social justice and 2% to animal welfare.



Aside from our annual distribution process, the charitable foundations administered by W&I funded response efforts to crises including the UCT fires in the Western Cape, the riots in KZN and surrounds, as well as the Covid-19 pandemic across our provinces. Through our deep partnerships with our beneficiary organisations we are able to engage with and understand the needs ‘on the ground’ and mobilise funding to support the relief efforts aligned with these. The riots presented an urgent and complex need for food while supply chains and transport routes were disrupted and blocked. As such, we brought our beneficiary partners that work in the food security sector together to enable a dialogue and collegiate response leveraging off each other to assist our communities with food during this time. Aligned to SDG 17, partnerships are central to meeting unmet needs and achieving ambitious goals aligned to the 2030 Agenda for Sustainable Development.

W&I sustainability initiatives

Investing in our people

Learning and Development (L&D)

W&I has established a national L&D forum as well as an operations L&D Forum to provide a framework and strategy to providing learning opportunities for all employees. The focus areas in development include internal and external learning opportunities, personal development, mentorship, technical competencies, and shared learning (across roles, teams, regions, and other business units).

Each forum has a representative from Group L&D to ensure that there is a level of consistency, leverage and best practice brought into the W&I L&D agenda as well as leveraging off our internal digital learning platform 'LearnSpace'.

A key tenet of learning and development is engagement with leadership and a self-driven ethos towards growth. Our commitment towards nurturing and growing people within our business as well as the evolution of knowledge is central to our culture and sustainability.

Belonging, inclusion and diversity

At Investec, we celebrate the individuality of our people, partners and clients. We believe that a diverse and inclusive workforce is essential for us to innovate, adapt and prosper in a fast-changing world. This understanding also enables us to adequately service the personalised needs of our clients.

W&I has established a framework to focus on belonging, inclusion and diversity (BID) within our business. There are three core focus areas: 1) Demographics of our teams and within leadership, 2) Diversity of our client base and 3) Sense of belonging. These three areas of focus are the foundation of our national objectives and regional strategies. These objectives and strategies are driven by our network of BID forums across our business inclusive of seven Regional BID forums and a national W&I BID forum with representation from all our regions.

The overarching objective of BID within W&I is to create a lived experience that is one where everyone feels that they belong and that their diversity is celebrated as a competitive advantage within our business and for our clients. We aim to seize the opportunity found within difference as a distinctive element of our culture of excellence.

Investing in our communities

The Batho Pele Food Garden

At the end of 2019, W&I committed to plant a tree during the course of 2020 on behalf of each employee, in that way helping to reduce carbon emissions and provide shade for communities. Due to the Covid-19 pandemic and its impact on food security and community needs, we decided to work with our partners Food and Trees for Africa (FTFA) to pivot this commitment into a sustainable food garden. This expands the initiative beyond climate action, into food production and skills development within the Batho Pele community, situated in Ekhuruleni, East of Johannesburg aligned with SDG 2, 3, 8, 10 and 13.

16 Market gardeners will be upskilled through 12 full-day educational agroecology workshops, with the intention of transforming a 1000m^2 area into a sustainable food garden. This will include providing infrastructure, fencing, seedlings, compost gardening tools, planting and educational materials.

The market garden will seek to produce up to 410kg of food by March 2022 depending on the weather and other factors. This local production, supporting 250+ members of the community, provides a sustainable solution to food insecurity in the community as well as mitigating the negative effects of climate change.

By January 2022, seven workshops have been delivered with the remaining five to be completed by April 2022. FTFA will have on-going involvement to assist with the sustainability of the project.

Food Gardens for Africa

Batho Pele Updated Report Jan 2022

Investec
Wealth & Investment

The food garden initiative supports and addresses the skill shortage, infrastructural repairs, and maintenance in community food gardens.

This initiative will assist with feeding schemes and food production in their respective communities.
To date, the communities have received planting materials, infrastructure, training, workshops, and permaculture design.

Approximately 250 members of the Batho Pele community benefit from the food harvested producing 5 meals per week.

Highlights

Skills Development:
7 workshops by 20 Jan 2022

Infrastructure:
Shade nets and fences repair and initialled by end Jan 22

Food production:
On 20 Jan 6.2kg of vegetables were harvested following on from 310kg during 2020

Goals

January harvest:

- 60 x - Units radish
- 5 x - Bunches spinach
- 10 x - Units potatoes

410kg → Project to be

Harvested by March 2022

Extended by 6 months due to the setbacks

7 workshops have taken place, 5 are remaining and will happen over the next 2 months.

2022

March 2022:
Production set to double

Jan 2022:
Infrastructure development

Nov 2021:
Reallocation of resources

Sept 2021:
New life - new management at the NGO

Aug 2021:
Winter setbacks: Theft of straining wire & destruction by goats

10 & 11 July 2021:
assembly of water tanks, gutters and shading for water harvesting

18 March 2021:
Land preparation and bed design for optimal water retention

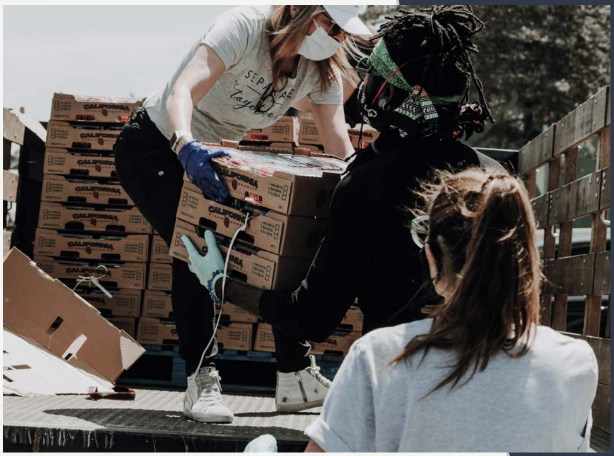
9 Jan: 2021:
Threats and benefits assessment for sustainable food production

7 Dec 2020:
Introduction of Investec and FTFA

2020

Regional charity contributions

In addition to the ongoing altruistic work done by the Investec Group and aligned to our commitment to play a pivotal role in being a catalyst for positive change in society, our regional offices donated a sum of R920,000 to the various charitable partner organisations listed below. On behalf of our clients, we continue to support the efforts of some worthy organisations who, despite immense challenges faced over the past year, continue to look after those less fortunate than ourselves.



Organisations supported within each region

PTA	EASTERN/SOUTHERN CAPE	KZN	JHB	CPT
Clothes to Good (CTG)	Walmer Angels	Liv Village	Food Forward	The Children's Hospital Trust
Wet Nose	Northwood Children's Home	Do More Foundation	Devland Education Campus	People's Dispensary for Sick Animals
Terugploeg	REVIVE Knysna	Do More Foundation	Teddy Bear Clinic	St Luke's Hospice
	Ephesians Gospel Mission	Pathways Center	Childline	Camphill Village
		Durban Child & Youth Center	Angel Network	Breadline Africa
			CHOC	The Click Foundation
			Soul Provider	The Salvation Army
				SA Harvest
				Ikamva Labantu
				Nazareth House

Section 3

Insights and the Road Ahead

Mining: the ESG Cinderella story

Campbell Parry, *Head of Commodities Research, Investec Wealth & Investment*

Given the growing preponderance of ESG funds around the world and the increasing inability to differentiate product, one sector we have looked to include in our funds this year has been the global diversified mining sector. The market has a jaundiced view of the mining sector's sustainability credentials, yet our research has shown that ESG and sustainability have been at the heart of efforts by the sector to improve its image in the eyes of both investors and host communities.

These days, led by the guidelines laid down by the CEO-led International Council on Mining and Metals (ICMM), mining companies are showing themselves to be good stewards of national mineral resources around the world. Their operations are becoming safer and more inclusive places to work. Their environmental footprint has improved significantly over the years, with active programmes and commitments to lowering greenhouse gas emissions, improving electricity consumption efficiencies and reducing water use. Relationships with host communities are arguably better than they have ever been, driven by moves to recycle more of the value add to surrounding areas, and better embrace human rights and cultural awareness. And moves to ensure the industry's supply chain also endorses such principles should also be noted.

It's not just we who have noticed this trend: an increasing number of third party ESG and sustainability ratings agencies increasingly give credit for it too. There is still work to do, but mining sector ESG scores are getting better every year.

Shareholder engagement is helping. Management is more intent, and compensation is better aligned with ESG and sustainability requirements. We do not think the market gives enough credit for these positive changes.

There is a second reason to think about mining too. We do not think investors adequately appreciate the mining sector's importance in driving the coming energy transition. For example, renewable energies such as wind and solar contain between four and five times as much metal per unit of output than is the case for conventional coal-fired power. An electric vehicle contains five times the metals and minerals that a conventional car does. Current 2030 and net zero emissions targets by more than 130 countries worldwide require significant growth in renewable power and the electrification of transport and given current mining company capital allocation trends, it seems unlikely that this growth will be adequately catered for by new metals supply. To fully achieve the world's net zero goals, lithium production will have to rise by 16 times by 2050, graphite by 10 times, cobalt by eight times, nickel and copper by three times. Just delivering China's renewable energy programme will require the construction of a new 400ktpa Grasberg mine every year for the next 30 years. New mines blessed with high quality reserves are not easy to find, are mostly in inhospitable regions and take an average of 16 years to build.

In summary, we believe it is worth considering and including best-of-breed mining companies in client sustainability portfolios. Sustainability aspirations cannot work without the product miners produce.

Was COP really a flop?

This year's United Nations Framework Convention on Climate Change (UNFCC) annual conference in Glasgow – the so-called Conference of the Parties, or COP – came and went without a spectacular result. This was a spinning of the wheels; two steps forward, one step back. This is a pity, as there is arguably no better time to properly commit to the common goal of net zero emissions by 2050, as outlined in the 2015 Paris Accord.

Despite more energy and heightened urgency, the can was kicked down the road – again – with progress stymied by complex vested interests and unsettled science. The final agreements were full of compromise, more suggestions than ultimatums, with words like "urge", "invite", "request" not exactly galvanising action because they imply that that action is voluntary.

There were some wins, but all of them contained provisos. An agreement to end the association with coal (which directly and indirectly accounts for about 40% of global greenhouse gas emissions) was watered down by the last-minute insistence by China and India that the terms require a "phase down", not a "phase out" of the commodity. A pledge to address methane emissions, while laudable in substance, is not feasible in practice due the technical complexities in capturing fugitive emissions, and especially since China, Russia and India didn't agree to go along with it. The deal to end deforestation by 2030 was an unheralded success but failed to gain the support of Malaysia and Indonesia, to whom the palm oil industry is so important. The United States and China agreed to "work together" on climate change, but the details lacked clarity and sincerity, especially as China proudly announced during the conference that it has produced a record amount of coal in one day during the proceedings. The thorny issue of climate finance – so important in helping less developed economies transition – was not successfully resolved, with discussion breaking down materially during the two-week conference. At least Article 6 was implemented, aimed at regulating how countries can trade emissions credits with each other, but the catch was that the sheer number of credits in circulation keep their price well below the level needed to disincentivise polluting activities.

In the end, two weeks went by with little more than loose agreements being made. To be fair, there was some progress where there never was before (e.g. on deforestation), and it is at least a starting point for more. The world's leaders will again meet up in November 2022 in Egypt for the next conference, and hopefully it will not be vulnerable to the same objections and stumbling blocks as was the case at this year's COP.

The road ahead

There is much to do, and our first PRI submission has provided us with exciting new goal posts to ensure our business and your investments are managed in line with the highest Responsible Investment standards.

One of our first achievements has been ensuring our capability to measure the carbon, intensity, financed emissions and 'temperature' of any of our managed portfolios, funds or funds of funds. In the next years we aim to include some of this enhanced reporting capability in our fund fact sheets and minimum disclosure documents, and this is already available on request.

Another key capability we are working towards is ensuring a full asset suite of 'sustainable' investments. We are well on the way to achieving this and we will hopefully have positive developments when we report back to you next.

Our most important challenge is educating and improving awareness of both of our colleagues our clients and our friends. We have made an incredible start with our 'Class of 2030' and 'Road to 2030' initiatives and we have planned more direct interactions with our colleagues internally and exciting educational initiatives with our stakeholders externally.

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