

Investec's group sustainable finance framework

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1. Introduction

1.1. Purpose of this document

The Investec Sustainable Finance Framework (“the Framework”) outlines the methodology and supporting policies and procedures to support sustainable financing practices at the Investec Group (“the Group” or “Investec”). The Framework outlines the approach for classifying and managing sustainable financing activities and instruments, including how proceeds will be used, the process for selecting and evaluating sustainable finance activities in line with the Eligible Categories, and how these will be disclosed.

1.2. Scope of this framework

This framework includes the activities of the Investec Group excluding the international Investec Wealth & Investment business.

1.3. Investec purpose and approach to sustainability

Investec’s purpose is to create **enduring worth**, living in, not off society. We seek to build **resilient, profitable, impactful and sustainable products and businesses** that support our clients and enable them to grow their businesses while contributing in a positive and responsible way to the health of our economy, our people, our communities and the environment to ensure a prosperous future for all.

The greatest socio-economic and environmental **impact** we can have is to partner with our clients and stakeholders to accelerate a cleaner, more resilient and inclusive world. As a result, we have committed to support the delivery of the **United Nations Sustainable Development Goals (SDGs)**. We have selected six priority SDGs that are globally aligned yet locally relevant to our core geographies and which reflect our current business model and growth strategy.

We support the development of innovative solutions that will help accelerate a **decarbonisation of the economy through a clean carbon transition**. We believe that the widest and most positive influence we can have is to use our specialist skills in advisory, lending and investing to support our clients and stakeholders to move as quickly and smoothly as possible towards a low-carbon economy.

We are committed to **ethical conduct** and integrate environmental, social and governance (**ESG**) **considerations** into our day-to-day operations and decision making to support our sustainable long-term vision.

Our commitment to sustainability recognises the interconnected nature of our business, the economy, the environment, and society. Investec’s sustainability framework is based on:

- Living sustainably
- Partnering with our clients
- Aligning our community activities
- Advocacy and industry participation

We recognise the complexity and urgency of climate change and also consider the risks

and opportunities that climate change presents to the global economy. We believe that as a specialised financial services organisation and given our positioning in the developed and emerging markets, we have the opportunity to make a meaningful impact in addressing climate change.

Each year we disclose our sustainability position in the Group’s Sustainability Report. These reports are available on our website [here](#).

The UN SDGs provide a solid framework for us to assess, align and prioritise sustainable finance activities.

Integrating sustainability into business strategy

Create enduring worth, living in society, not off it

WE AIM TO:

1. Build **long-term value** for all our stakeholders
2. **Do no harm**: through ethical conduct and ESG screening
3. Contribute to a **clean carbon transition and inclusive society**
4. Provide **profitable, impactful and sustainable** products and services
5. **Maximise impact**: by aligning to the Sustainable Development Goals (SDGs)

Core impact areas



Addressing **CLIMATE** and **INEQUALITY** is fundamental to the success of our business.

Core SDG priorities



Investec’s sustainability framework is based on:

- **Living sustainably** within our operations by ensuring we have the appropriate policies, processes, screening, risk and reporting in place
- **Partnering with clients and offering sustainability products and services**: particularly in water, renewables, infrastructure, innovation, job creation, affordable housing, clean cities and education
- **Creating active economic participants through our community initiatives** through a focus on education and learning; entrepreneurship and job creation; environment and biodiversity
- **Promote sustainable thinking** using the strength of our brand and internal ESG expertise
- **Working with industry** in the UK and SA to ensure policy coherence and actively participating in UNGC, UN GISD, UN PRI, UNEP FI, BASA, PCAF (and others) to engage with stakeholder and learn from best practice

2. Framework overview

The Framework will govern the following activities in the Group:

- Dedicated financing activities – activities to support specifically labelled sustainable instruments and facilities, including but not limited to:
 - Green, Social and Sustainability Bonds
 - Green and Social Loans

The Framework has been developed in line with global best practice in sustainable finance methodologies, guidelines and taxonomies, including, but not limited to the:

- ICMA Green Bond Principles [2021](#) (GBP)
- ICMA Social Bond Principles [2020](#) (SBP)
- ICMA Sustainability Bond Guidelines [2018](#) (SBG)
- LMA Green Loan Principles [2018](#) (GLP)
- LMA Social Loan Principles [2021](#) (SLP)
- Sustainable Finance Taxonomy issued by the European Union [2020](#) (EU)
- Climate Bonds Taxonomy [2018](#) issued by the Climate Bonds Initiative (CBI)

In line with the afore-mentioned guidelines, the Framework will adhere to the following principles as well as the recommendation for external reviews.

1. Use of Proceeds
2. Process of Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

Investec will use the Sustainability Linked Loan Principles (SLLP) as a guideline for all Sustainability Linked Loans (SLL).

Bonds issued under this Framework may take the form of public transactions or private placements, in bearer or registered format, and may take the form of senior unsecured or subordinated issuances.

3. Use of proceeds

A fundamental aspect of the Framework is to ensure that any dedicated pool of proceeds is used to support the Group's sustainability agenda and framework, as outlined in the Eligibility criteria in Section 3.1.

3.1. Eligibility criteria

Investec will determine the eligibility of projects or assets to be classified as Eligible Categories under the guidelines set out in the Framework. The disclosed categories align with the GBP and SBP, and do not represent an exhaustive list of eligible activities that will be supported through sustainable financing mechanisms by the Group.

All proposed activities must:









- Align with Investec's purpose and sustainability strategy
- Not fall within the excluded categories outlined in Section 3.3
- Contribute positively towards the SDGs
- **While projects supporting Investec's priority SDGs will be our core focus to ensure we are maximising impact (as outlined in section 1.3), a positive contribution to any of the SDGs will be considered.**









For eligible activities involving refinancing, a look-back period would apply, and Investec expects each transaction under this framework would be fully allocated within a reasonable period from the date of the transaction settlement.

3.2. Eligibility categories

The following categories will be seen as Eligible Categories according to the aforementioned principles. The project/asset examples provided are not an exhaustive list.

3.2.1. Green project categories



GBP/GLP Categories	Eligible activities	Screening indicator	Examples	Indicative impact criteria	UN SDG contribution
Overarching SDG priorities					
 					
Renewable energy	Construction, maintenance, manufacture, expansion of components for clean energy, which enable: <ul style="list-style-type: none"> • Generation or transmission, including wind, solar, hydro power, biomass, geothermal, and their associated components; 	<ul style="list-style-type: none"> • Hydropower projects: <ul style="list-style-type: none"> ○ < 25MW ○ >25MW unless it has a lifecycle carbon intensity of $\leq 100\text{gCO}_2/\text{kWh}$ or power density $\geq 5\text{W}/\text{m}^2$. ○ No large scale dam or reservoir based or run-of-river with pondage • Biofuels: <ul style="list-style-type: none"> ○ • Geothermal: <ul style="list-style-type: none"> ○ Direct emissions intensity < $100\text{g CO}_2/\text{kWh}$ 	<ul style="list-style-type: none"> • Renewable energy projects including wind, solar, hydro and biomass and their associated components • Grid expansion / development that carries a minimum of 85% renewable energy. 	<ul style="list-style-type: none"> • % of clean energy in the energy lending portfolio • MWh of clean energy provided • Number of tonnes of CO2 avoided • Number of solar farms or wind farms, including MWh capacity of renewable energy-built location and type of solar or wind farms • Number of jobs created • Number of homes supplied with renewable energy. 	     



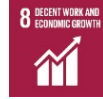






Energy efficiency	Includes energy efficient technologies in new and refurbished buildings, energy storage, district heating, smart grids, appliances and products.	<ul style="list-style-type: none"> • Energy efficient improvements with a lock-in of fossil fuel consumption • Activities where fuel switching is eligible • Cogeneration systems applying to low carbon sources • Products with a minimum 'A' energy efficiency class in line with SA/EU regulations 	<ul style="list-style-type: none"> • Smart grids • Smart meters • Energy efficient products and appliances. 	<ul style="list-style-type: none"> • MWh saved from the improvements • Improvement in overall efficiency rating (in line with SA/EU regulations). 	  
Sustainable water and wastewater management	Activities that: <ul style="list-style-type: none"> • improve water quality to be fit for human use/consumption • increase water-use efficiency through water recycling, treatment and reuse (including treatment of wastewater) 	<ul style="list-style-type: none"> • Water storage: No net increase in greenhouse gas emissions expected • Improvement in water quality in line with the SA Water Quality Guidelines (Vol 1 – 8) or the EU Drinking Water directive 	<ul style="list-style-type: none"> • Water treatment facilities • Water saving systems, technologies and water metering • Upgrades to wastewater treatment plants • Wastewater discharge infrastructure • Water storage facilities. 	<ul style="list-style-type: none"> • Number of tonnes of clean water provided • Percentage of water saved in kl • KL of wastewater safely discharged. 	  
Green Buildings	<ul style="list-style-type: none"> • Construction, renovation, or operation of buildings to make them sustainable, improve resource efficiency, adopting environmentally sound technologies • New construction building developments or renovation of existing buildings (including public service, commercial, residential and recreational) which meet recognised environmental standards 	<ul style="list-style-type: none"> • An emissions footprint in the top 15% of emissions performance in the local market • A substantial reduction in gCO2/m2 because of upgrade or retrofit. • Intention to comply with local or international building certification standards e.g., Green Star rating of 5 (SA), Gold LEED rating (US) 	Projects associated with green and sustainable infrastructure, buildings, residential and commercial developments and associated activities.	<ul style="list-style-type: none"> • Energy savings achieved (property business) • Number of tonnes of CO2 avoided • Location and type of certified green building (property business). 	
Clean Transport	Activities that contribute to the construction, equipping, or operation of clean transportation facilities or associated infrastructure, such as any of light passenger rail, new rail facilities for public use, electric vehicles, infrastructure for electric vehicles, cycleways and other forms of bicycle infrastructure, pedestrian thoroughfares and other transportation infrastructure that encourages modal shifts that reduce harmful emissions	<p>Transportation:</p> <ul style="list-style-type: none"> • If not electrified: 75g CO₂ per passenger km (2020-30) and 56g CO₂ per passenger km (2030 onwards) • Freight and hybrid vehicles: 25g CO₂ per tonne km 	Projects associated with clean transportation, clean transportation facilities and clean transportation activities or associated infrastructure	<ul style="list-style-type: none"> • Tonnes of CO2 avoided through sustainable transport • % of renewable transport support systems compared to the available support systems in the market (charging points enabled as a % of total charging points in the city). 	

3.2.2. Social project categories

In line with the SBP, financing activities that are focused on our defined target population will be used as a screening indicator when evaluating eligible activities. The indicators will include the following:

- Excluded and/or marginalised populations and /or communities (based on geographic location, income levels etc.)
- Undereducated population groups
- Underserved, owing to a lack of quality access to essential goods and services
- Unemployed population groups
- Women, aging populations and vulnerable youth

SBP/SLP Categories	Eligibility criteria	Examples	Indicative impact criteria	UN SDG contribution
Affordable basic infrastructure	Activities that contribute to: <ul style="list-style-type: none"> • The development of quality, reliable, sustainable infrastructure, (including regional and transborder), to support affordable and equitable access for all that will also benefit from economic development and human well-being. • expanding public access to safe and affordable drinking water • providing access to adequate sanitation facilities 	<ul style="list-style-type: none"> • Communication projects including internet coverage and cell phone usage • Infrastructure supporting increased connectivity for disadvantaged populations • Water supply infrastructure and distribution • Water network construction, maintenance and equipment • Hygiene infrastructure • Infrastructure supporting transportation (roads, bridges etc.). 	<ul style="list-style-type: none"> • Number of people given access to the internet • Number of water infrastructure projects built i.e., dams, reservoirs • Percentage/size of populations provided access to clean water and/or sanitation • Number of jobs created. 	
Affordable Housing	Construction or investment of registered affordable housing, accredited as such in the jurisdiction in which they operate	<ul style="list-style-type: none"> • Affordable housing projects • Student housing projects. 	<ul style="list-style-type: none"> • Number of student housing provided • Number of low-cost housing units provided. 	

Access to essential services (e.g., health, education and vocational training, healthcare, financing and financial services)	<p>Education Activities that expand access for youths and adults to education or otherwise improve educational infrastructure including:</p> <ul style="list-style-type: none"> • Technical, vocational and tertiary educational schemes • Construction of facilities such as tertiary campuses, universities, student housing or other educational or training infrastructure • Activities that target women and minority inclusion in education systems, including access to tertiary education or vocational and technical skills training and access to campus infrastructure 	<ul style="list-style-type: none"> • Infrastructure supporting increased access to education • Services supporting increased access to education. 	<ul style="list-style-type: none"> • Increase • Contribution of total distinctions the program provided to the distinctions in the country • % of loan book contributing to educational facilities / institutions • Number of people receiving education services • Education facilities for inclusive and effective learning environments. 	   
	<p>Healthcare: Activities that support increased healthcare and allied services access, particularly for previously disadvantaged groups</p>	<ul style="list-style-type: none"> • Provision of health care services • Development and construction of healthcare service facilities • Manufacture, procurement and distribution of healthcare equipment. 	<ul style="list-style-type: none"> • New/additional patients granted access to healthcare services • Additional services that healthcare institutions are able to provide. 	
	<p>Financial Services: Activities that contribute to the expansion of access to financial services, particularly those without previous access or participants of the informal economy. Includes promotion of financial literacy</p>	<ul style="list-style-type: none"> • Promotion of financial services inclusion • Increasing access to deposits and savings products • Increasing access to mobile payment and transfer services. 	<ul style="list-style-type: none"> • Number of people with increased access to financial services • Number of people with greater access to financial literacy resources. 	
Employment Generation	<p>Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, including through the potential effect of SME financing and microfinance</p>	<ul style="list-style-type: none"> • Financing the growth of SME and/or microenterprises. 	<ul style="list-style-type: none"> • Number of jobs created and/or retained • Increased turnover of SME's/microenterprises supported • Number of microfinance or SME loans. 	 
Socioeconomic advancement and empowerment	<p>Promoting equitable access to and control over assets, services, resources, and opportunities; equitable participation and integration into the market and society, including reduction of income inequality)</p>	<ul style="list-style-type: none"> • Financing programs in education to support women and minorities to access employment opportunities. 	<ul style="list-style-type: none"> • Number of jobs created and retained for women and minorities • Number of female-owned businesses supported • Improvement of BEE credentials of supported clients. 	  

3.2.3. Excluded activities

Businesses, projects, and activities that are involved in the following operations will be ineligible as use of proceeds in any sustainable financing activities:

- that are in contravention of any international and/or local laws and conventions of the countries where Investec or the counterparty operate
- that are in non-compliance with human rights, and especially non-compliance with the rights of local communities and indigenous people
- that are in non-compliance with minimum standards for occupational health and safety and the relevant local legislation
- that uses child labour, forced labour, modern slavery or human trafficking (as defined by international standards, including the International Labour Organisation and the UK Modern Slavery Act 2015)
- that involves pornography or prostitution
- that exploit high conservation value areas and UNESCO world heritage sites (for example any national park)
- that involve projects in environmentally high-risk areas, for example but not exclusively related to tar sands exploitation, Arctic drilling, and drilling in the Amazon rain forest
- where environmental and social risks are not being managed including for example but not exclusively: water use, wastewater management, air emissions, solid waste, spill response/clean-up operations, site restoration and community/stakeholder management
- there are a number of activities that are excluded according to our fossil fuel policy, please refer to the policy on our website.

A full list of examples and criteria can be seen in the following Group policies:

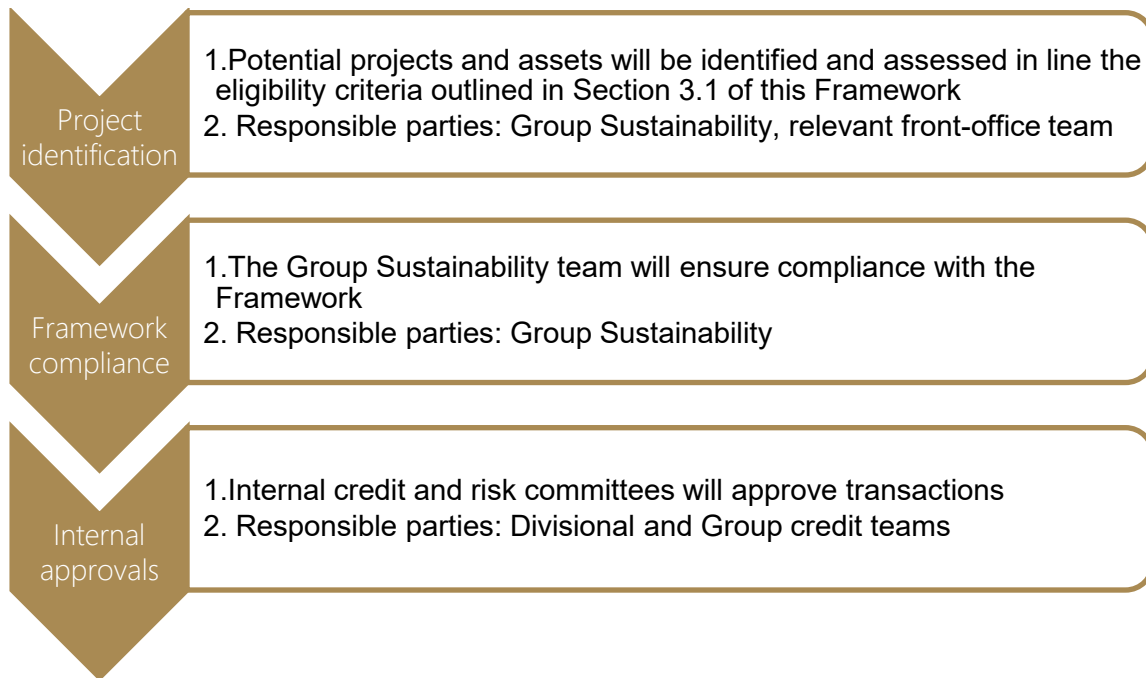
- [The Way We Do Business](#)
- [Group Environmental Policy and Climate Change Statement](#)
- [Group Fossil Fuel Policy](#)

4. Process for project evaluation and selection

The proposed projects and assets for inclusion in a sustainable financing activity will undergo a rigorous internal process to ensure alignment with the Framework, along with the Group’s typical credit and risk processes. The process of project evaluation and selection will be done by the relevant business area with support from the Group Sustainability team and committees throughout the Group. These teams will have the following responsibilities:

Team	Responsibilities
Group Sustainability	<p>The Group Sustainability team will work in conjunction with the relevant financing teams in supporting their sustainable financing activities, and will be responsible for managing the alignment of any eligible sustainable financing activities with this Framework, including:</p> <ul style="list-style-type: none"> • Confirming compliance with the best practice taxonomies outlined in Section 2 and the eligibility of potential assets and projects with the green and social bond categories highlighted in Section 3.2 • Monitoring the development of sustainable finance taxonomies in the Group’s key geographies and globally and where applicable, conformance with any other principles, standards or tools that may otherwise become commonplace in the market • Assessing whether they comply with Investec sustainability policies as outlined in Section 3.3 • Applying Investec’s own professional judgement, discretion, and sustainability knowledge.
Group ESG Committee	<p>The Group ESG Committee, a committee reporting to the Group Executive, will support in:</p> <ul style="list-style-type: none"> • aligning the sustainable finance activities of the Group sustainability agenda • monitoring that the appropriate governance procedures are maintained in the pursuit of sustainable financing activities.
UK/SA Internal Audit	<p>Internal audit will be required to routinely assess that all internal processes associated with sustainable financing activities support the Framework and the Group’s operations from a risk perspective, including the assessment of internal controls linked to the process.</p>

Example of a Sustainable Bond project evaluation and selection process *(This may be adjusted depending on the nature of the financial instrument)*



Additional steps will be required for public issuances of instruments in line with the Framework, which will include the following:

1. Regular internal monitoring
 - a. Internal monitoring of any public issuance programmes will take place by various committees to ensure compliance with the Framework.
 - b. Responsible parties: Group Sustainability, Relevant business area, Internal Audit

5. Management of proceeds

5.1. Bond instruments

The Treasury function will track the use of proceeds deriving from any bond instrument. For any issued bonds, the Group will establish a register, recording each specific facility allocated as Use of Proceeds for the selected bond by a unique position identifier. The register will contain the following information:

- The instrument information such as the principal amount, maturity date or the coupon
- A list of the activities supporting the Eligibility Criteria met for each of the instruments
- The net proceeds allocated to each asset/project

In case of asset divestment or if a project no longer meets the Eligibility Criteria, the Group intends to use the net proceeds to finance other activities which are compliant with the Eligibility Criteria

The Group intends to temporarily invest any unallocated proceeds in line with the Investec liquidity investment guidelines until they are able to be used for sustainable finance activities in line with the Eligible Categories.

5.2. Loan instruments

The relevant deal team will ensure that the proceeds related to any sustainable loan are being managed appropriately, whether in the capacity as the borrower or issuer.

- As the borrower, the team will track the use of proceeds in an appropriate and timely manner, to ensure that all the applicable information can be provided to the issuer as and when needed
- As the issuer, the team will maintain regular contact with the borrower to ensure that the proceeds are being used to support sustainable activities in line with the Framework and the specific loan agreement.

6. Reporting

Investec recognises investor interest in transparency of reporting and disclosure, particularly as it relates to sustainable financing activities. Therefore, we will endeavour to report on these activities as part of our Sustainability reporting suite, which is disclosed annually.

This will include disclosure of the following:

- The environmental, social and/or overall sustainability objectives of the instrument/s
- The specific sustainable finance activities that we support. This may include:
 - A brief description of each project, instrument, asset or fund;
 - their classification and sub-sector; and
 - the monetary value associated with said transaction or facility
- The expected environmental and/or social impacts
- Qualitative and/or quantitative performance indicators to measure the actual impact
- The methods and key underlying assumptions used in the preparation of the performance indicators

- Overall contribution to the Group's priority SDGs

7. External review

For public issuances of instruments in line with the Framework, an independent assurance provider will provide assurance of the selected projects and assets in line with the Framework. This will be provided pre-issuance and where applicable, post-issuance.

The assurance statement/s will be published publicly as part of our Sustainability reporting suite on our website.

8. Ongoing developments

The green, social, and sustainable capital finance market continues to evolve, which means current methodologies and taxonomies underpinning sustainable finance frameworks are continually being developed.

Investec recognises this complexity and seeks to utilise existing and commonly accepted mechanisms in the marketplace, such as those listed in Section 2 and others as they become available. We regularly monitor this area of taxonomy, along with participation in various working groups across both our key geographies to help engage and further develop these frameworks.

As such, this framework will be amended and updated annually in line with developing globally recognized best-practice standards and taxonomies.

This Framework has been developed in line with best practice sustainable finance guidelines and taxonomies, as outlined in Section 2 of the Framework, and has received input from Standard Chartered.



Last update: November 2021