



**Corporate responsibility**

**2017**



*Out of the Ordinary*®



**Investec**

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## About this report

### Scope and reporting framework

This corporate responsibility report highlights Investec's corporate responsibility performance over the period 1 April 2016 to 31 March 2017. We incorporate material information from the main geographies in which we operate.

This report is intended to serve the information needs of the stakeholder groups most affected by our business – customers, employees, investors, sustainability rating agencies, government, regulatory bodies and analysts who will use the content for an analysis of our corporate responsibility performance. This report also focuses on the most material aspects of our business in relation to our strategy.

Our approach to reporting has followed guidance from the King Code of Governance Principles for South Africa (King III) and in accordance with the Global Reporting Initiative's (GRI Standards: core option) sustainability reporting guidelines. An index of the GRI Standards indicators, together with our response to each of them, can be found on pages 65 to 81 of this report.

## Using this report

For easy reading we have provided cross-referencing tools set out below:



### Page references

Refers readers to information elsewhere in the report or to Investec's 2017 integrated annual report



### Audited information

Denotes information that has been externally verified



### Website

Indicates that additional information is available on our website: [www.investec.com](http://www.investec.com)

## Oversight

The social and ethics committee, a sub-committee of the board, is responsible for monitoring the non-profit elements of corporate responsibility. The mandate of this committee places a strong emphasis on the responsibility of the group towards the communities in which we operate, on social transformation in the workplace, on preserving the well-being and dignity of our employees (including human rights), recognising the challenges that climate change presents and support any meaningful activity that either reduces the negative impact on or prolongs life of our planet. The social and ethics committee consists of the following board members:

S Koseff – chief executive officer  
 B Kantor – managing director  
 F Titi – chairman  
 CA Carolus – non-executive director  
 Lord Malloch-Brown KCMP – non-executive director  
 PRS Thomas – non-executive director

Three meetings were held during the reporting period. We also have corporate responsibility representatives in each of the major geographies in which we operate who drive our corporate responsibility objectives as well as various forums discussing corporate responsibility considerations. Feedback on relevant corporate responsibility issues is provided to board members at each board meeting.

## Assurance

Investec Internal Audit performed a limited assurance review of the quantitative and qualitative information contained in this report. KPMG has provided limited assurance over selected environmental, human resources and corporate social spend key performance indicators. The assurance statement can be found on pages 63 and 64 of this report.

*We strive to be a distinctive specialist bank and asset manager, driven by commitment to our core philosophies and values.*

### Who we are

Founded as a leasing company in Johannesburg in 1974, we acquired a banking licence in 1980 and were listed on the Johannesburg Stock Exchange (JSE) Limited South Africa in 1986.

In July 2002, we created a dual listed companies structure (DLC) listed in London and Johannesburg. A year later, we concluded a significant empowerment transaction in which our empowerment partners collectively acquired a 25.1% stake in the issued share capital of Investec Limited.

Since inception, we have expanded through a combination of substantial organic growth and a series of strategic acquisitions. Today, we have an efficient integrated international business platform, offering all our core activities in the UK and South Africa.

### What we do

We are an international specialist bank and asset manager that provides a diverse range of financial products and services to a select client base in three principal markets, the UK and Europe, South Africa and Asia/Australia as well as certain other countries.

Investec focuses on delivering distinctive profitable solutions for its clients in three core areas of activity namely, Asset Management, Wealth & Investment, and Specialist Banking.

### We value

- Distinctive performance
  - Outstanding talent – empowered, enabled and inspired
  - Meritocracy
  - Passion, energy, stamina and tenacity
  - Entrepreneurial spirit.
- Client focus
  - Distinctive offering
  - Leverage resources
  - Break china for the client.
- Cast-iron integrity
  - Moral strength
  - Risk consciousness
  - Highest ethical standards.
- Dedicated partnership
  - Respect for others
  - Embrace diversity
  - Open and honest dialogue
  - Unselfish contribution to colleagues, clients and society.

### Our philosophies

- Single organisation
- Meritocracy
- Focused businesses
- Differentiated, yet integrated
- Material employee ownership
- Creating an environment that stimulates extraordinary performance.

### Our strategy

Our strategy for over 20 years has been to build a diversified portfolio of businesses and geographies to support clients through varying markets and economic cycles.

Our current strategy focuses on:

- Growing Asset Management in all regions
  - Focus on delivery of competitive investment performance
  - Grow in Advisory channel and continue to scale Multi-Asset and Global Equities
  - Focus on our larger markets, especially in North America.
- Growing Specialist Banking business
  - Building and developing our client franchises across all areas
  - Improving the ROE in the business
  - Implementing the UK Private Banking strategy.

- Relevant internationalisation of Wealth & Investment
  - Digitalisation channel and launch of Click & Invest
  - Creating an international operating platform.
- Other
  - Continue investing in technology and people to maintain digital client experience
  - Improving the cost to income ratio by focussing on operational efficiencies
  - Diversity across the group and transformation in South Africa.

We have a very deliberate and focused client strategy:

- To leverage our unique client profile
- To provide the best integrated solution supported by our comprehensive digital offering.

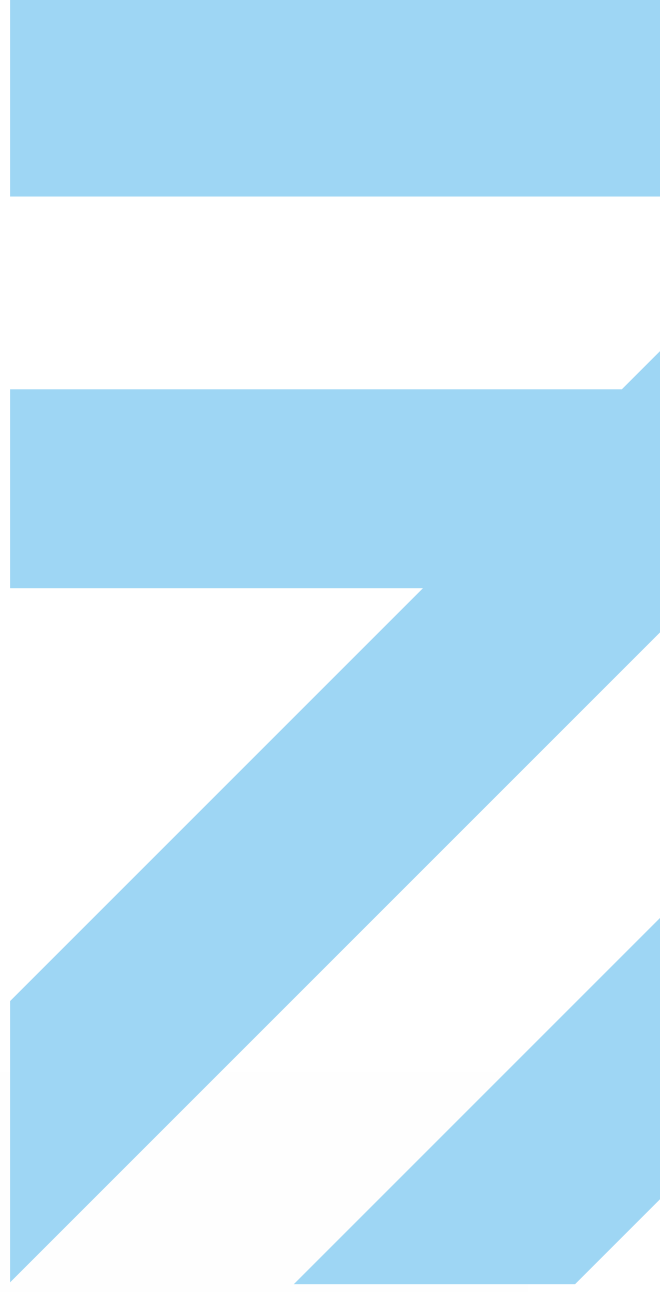
### Our corporate responsibility

At Investec our corporate responsibility is about:

- Building a sustainable business model to position the group for the long term so that Investec can make a meaningful contribution to society and to macro-economic stability
- Attracting and developing a strong, diverse and capable workforce
- Unselfishly contributing to society and to the well-being of our communities, largely through education and entrepreneurship
- Understanding and managing our environmental footprint so we can make a positive impact through our operations and business activities
- Growing and preserving clients' and stakeholders' wealth based on relationships of trust.

01

Corporate responsibility  
at Investec



# Corporate responsibility business practices

## Our corporate responsibility philosophy

Guided by our purpose to create sustained long-term wealth, we seek to be a positive influence in all our core businesses and in each of the societies in which we operate. We do this by empowering communities through entrepreneurship and education, and leveraging the value in our diversity. We recognise the challenges that climate change presents to the global economy and we support activities that either reduces the negative impact on or prolongs the life of our planet.

## Investec as a responsible corporate citizen

At Investec we recognise that, while our shareholders remain at the forefront, our purpose ultimately is not only about driving profits. We strive to be a distinctive specialist bank and asset manager, demonstrating cast-iron integrity, moral strength and behaviour which promotes trust. Our core values include unselfishly contributing to society, valuing diversity and respecting others. Outstanding and empowered talent, entrepreneurial spirit and regard for the planet are other qualities that align with the culture of our organisation and our approach to responsible business.

Our culture and values demonstrate our belief that as an organisation we can and must have a positive impact on the success and well-being of communities local to our offices, the environment, and on overall macro-economic stability.

Our philosophy seeks to align the interests of shareholders and stakeholders over time, and provides the individual business units and regions with a basis from which to determine their own approach. The group's philosophy is not intended to be mutually exclusive or exhaustive, but

allows us to concentrate, for now, on key focus areas. Deliberately not driven on a top-down basis, the executive maintains responsibility for oversight, direction, coordination and integration of our corporate responsibility efforts while the individual business units provide the key drivers behind our activities, in a manner that best makes sense to each.



Please refer to the website for Investec's full corporate citizenship statement.

## Memberships

Investec participates and has maintained its inclusion in the following international initiatives:

	2016	2015	2014
Carbon Disclosure Project (CDP) (Investec is a member and Investec Asset Management is a signatory investor)	A-	A-	B
Code for Responsible Investing in South Africa (CRISA)	Signatory	Signatory	Signatory
Dow Jones Sustainability Investment Index (score out of 100)	75	74	75
FTSE4Good Index	Included	Included	Included
JSE Limited Socially Responsible Investment Index	Constituent	Constituent	Constituent
MSCI Global Sustainability Index Series (Investec plc) – Intangible value assessment (IVA) rating	AAA	AAA	AAA
STOXX Global ESG Leaders Indices	Member	Member	Member
United Nations Global Compact	Active	Active	Active
United Nations Principles for Responsible Investment (UNPRI)	Signatory	Signatory	Signatory



**Other:** Investec Asset Management CEO, HJ du Toit, is a member of The Global Commission on Business and Sustainability Development.

## Our corporate responsibility performance

*Contributing to society, macro-economic stability and the environment.*

For Investec, corporate responsibility is about building our businesses to ensure we have a positive impact on the economic and social progress of communities and on the environment, while growing and preserving clients' and stakeholders' wealth based on strong relationships of trust. This commitment to corporate responsibility means integrating social, ethical and environmental considerations into our day-to-day operations. A key element of this is solid corporate governance that ensures sustainable management with a long-term vision.

£'000	31 March 2017	31 March 2016
<b>Net income generated</b>		
Interest receivable	2 230 765	1 705 640
Other income	1 525 789	1 313 997
Interest payable	(1 550 870)	(1 131 871)
Other operating expenditure and impairments on loans	(439 962)	(383 059)
	<b>1 765 722</b>	<b>1 504 707</b>
<b>Distributed as follows:</b>		
<b>Employees</b>		
Salaries, wages and other benefits	757 390	588 759
<b>Government</b>		
Corporation, deferred payroll and other taxes	522 984	507 341
<b>Shareholders</b>		
Dividends paid to ordinary shareholders	216 602	180 009
Dividends paid to preference shareholders	25 838	26 130
<b>Retention for future expansion and growth</b>		
Depreciation	242 908	202 468
Retained income for the year	25 006	22 745
	217 902	179 723
<b>Total</b>	<b>1 765 722</b>	<b>1 504 707</b>

*Investec carries out its commitment to corporate responsibility through three key focus areas of people, planet and profit.*



### People

#### We care about our EMPLOYEES:

- Attracting and developing a strong, diverse and capable workforce
- Providing a progressive work environment
- Respecting and upholding human rights.

**£22.9mn**

Employee learning and development spend (2016: £14.7mn)

#### We care about our COMMUNITIES:

Unselfishly contributing to our communities through education and entrepreneurship.

**£7.1mn**

Group Corporate Social Investment (CSI) spend (2016: £5.0mn)

#### We care about our CLIENTS:

- At Investec, we pride ourselves on giving our clients an extraordinary experience
- We strive to build business depth by deepening existing and creating new client relationships
- We provide a high level of service by being nimble, flexible and innovative.

#### Recognition

- Winner of the Business in the Community's Responsible Business Awards 2016 (Building Stronger Communities) for our flagship programme the Beyond Business social enterprise incubator we run in partnership with the Bromley by Bow Centre
- Winner in the National CSR Awards 2017, in the Individual Community (Legacy) category, and a finalist the Business Charity Awards 2017, in the Community Impact category, for the Beyond Business Programme
- Shortlisted in the Business Charity Awards, in the Outstanding Employee category
- SERAS awards – most socially responsible company in Africa
- SERAS awards – second runner up in CSR practitioner of the year
- Investec has been voted second most attractive employer in South Africa in the 2017 Universum awards.





Planet

**Direct impact:**

Reduce the **operational impacts** of our physical business.

- Scope 1 emissions (tonnes of CO<sub>2</sub>e) decreased 5.6%
- Scope 2 emissions (tonnes of CO<sub>2</sub>e) decreased 4.1%
- Scope 3 emissions (tonnes of CO<sub>2</sub>e) decreased 12.4%.

**64 506 tCO<sub>2</sub>** | Total emissions decreased 7.9%

**Indirect impact:**

- Embed environmental considerations into business activities
- Responsible financing and investing
- Participating in renewable energy projects and green developments.

**£1.8bn** | Participated in the **renewable energy sector**

**Conserving the environment:**

Given Investec's African heritage, we are passionate about ensuring the continued existence of a number of African species

- Over R12 million spent on **Rhino Lifeline** since inception. Over 66% spent on educating communities
- R3.5 million spent on **BirdLife SA** since inception.

**Recognition**

- Investec Limited won the IJ Global African Renewables deal 2016 Award for the Kathu Solar Park Concentrated Solar Power (CSP) project in South Africa
- Investec Limited won the SERAS awards for the best company in affordable and clean energy
- Investec Limited was awarded an A- for the CDP 2016 climate scoring
- The UK's head office won their 10th Platinum Award for best practice in waste management
- The UK's head office won the inaugural Cleaner City Award run by the Cheapside Business Alliance
- The UK's head office won a Gold prize in the Green Apple Award for Environmental Best Practice
- The UK's head office Carbon Trust Waste Standard was recertified in 2016
- The UK's head office EMS (Energy Management System) was recertified to BSI Energy Reduction Verification Kitemark.



Profit

**Financial strength and resilience:**

Balanced and resilient business model.

- Our capital light activities contributed 56% to group income and capital intensive activities contributed 44% to group income.

**23.0p** | Dividends per share increased 9.5%

- Liquidity remains strong.

**£12.0bn** | Cash and near cash balances (2016: £11.0bn) Representing approximately 41.4% of customer deposits

- Capital remained in excess of current regulatory requirements.

**Governance:**

- Strong culture and values to underpin our processes, functions and structures.

**Recognition**

- The Financial Times of London has recognised Investec Private Banking and Wealth & Investment as the best private bank and wealth manager in South Africa – for the fourth consecutive year – at the Global Private Banking Awards
- The Investec Managed Fund was awarded the special Raging Bull Award for risk-adjusted performance by a South African multi-asset equity fund over 21 years
- Investec won Best Distributor UK/Ireland at the 2017 European Structured Products & Derivatives Awards
- Investec was named 'Bank of the Year' at the 2016 Private Equity Awards
- Investec digital offering ranked 9th in the world in the Independent Wealth Service Survey
- SERAS awards – Best company in sustainability reporting
- Investec Wealth & Investment's Discretionary Fund Management (DFM) service was Gold rated by Defaqto in February 2016.



## How did the group perform in terms of profit in the past year?

In the past year, we have successfully leveraged our ability to provide clients with a comprehensive international offering with strong client activity levels supporting underlying performance. Despite the unpredictable macro-economic environment, group revenue exceeded the £2 billion mark for the first time. The solid growth in all the core earnings drivers for our three business areas is attributable to the investment made in our people, our infrastructure and our franchises. Our long-term investment strategy and the progress made on our strategic initiatives give us confidence for the future.

## How does Investec contribute to society and the environment?

Investec helps to fund a stable and sustainable economy by providing capital and liquidity for general economic growth and development. By building our own sustainable businesses we are able to contribute to macro-economic stability, society and the natural environment. Our responsibility to society starts with our own people and we depend on their experience and proficiency to perform and deliver superior client service. During the year we invested £22.9 million (2016: £14.7 million) on the learning and development of our people and Investec was recognised as the second most attractive employer in South Africa in the Universum Most Attractive Employer Awards. We continue to create a progressive and stimulating work environment and piloted activity based working in the UK head office. This facilitates collaboration and knowledge sharing amongst colleagues and business areas and we expect to replicate this in our new 30 Gresham Street head office.

An integral part of our corporate responsibility programme is how we care for our communities. In the UK, we won the Business in the Community's Responsible Business Awards 2016 (Building Stronger Communities) for our flagship programme the Beyond Business social enterprise incubator which we run in partnership with the Bromley by Bow Centre. In South Africa, our flagship Promaths programme supports eight centres across the country and in the past year we established the Promaths bursary. Our staff continue to show the Investec caring spirit by volunteering to

participate in our various corporate social investment programmes around the world and the volunteerism hours increased substantially across the group.

Our sustainability efforts continue to be recognised with Investec Limited now ranked as one of four industry leaders on the DJSI Emerging Markets index, and Investec plc one of 17 industry leaders on the DJSI World and DJSI Europe indices. Investec Limited maintained its inclusion in the Climate "A list" with an A- score in the 2016 Carbon Disclosure Project (CDP) which recognises efforts to mitigate climate change. Investec Limited also received the SERAS award for the most socially responsible company in Africa. We remain active participants in the green economy contributing £1.8 billion to the renewable energy sector globally in the past year. In the US, Investec was recognised as the go-to funding source for the US roof-top solar industry and also won the IJ Global African Renewables deal 2016 Award for Kathu Solar Park in South Africa. This is the most meaningful way we can contribute to climate change and reduce the impact of our existence on the natural environment.

## How are your transformation plans going in South Africa?

In South Africa, we remain committed to transformation as our country of inception enters a critical juncture in its history, with a dire need for job creation and sustainable inclusive economic growth. As part of the CEO Initiative, Investec group committed R20 million to the small and medium enterprises (SME) fund with Investec Property Fund contributing a further R5 million to the fund which will provide high-potential entrepreneurs and enterprises with access to not only funds but also professional advice and mentorship. We see this as an important investment in the future of our country and the future of the group. We also partnered with GIBS on the Investec GIBS Savings Index as well as Junior Achievement South Africa (JASA) to improve consumer's knowledge of the financial sector. With a greater understanding of financial products consumers are then empowered to make more informed decisions about their finances and lifestyle. Our enterprise development programme with Raizcorp continues to experience good momentum. In partnership with En-novate, our Young Treps programme continues to support and develop young entrepreneurs through global experiences. In the past year, the programme included an educational trip to Finland for young entrepreneurs and a Fintech focused trip to Seattle.

Aligned with this overall transformation commitment, Investec Limited retained its level 2 BEE rating from Empowerdex in terms of the current Financial Sector Code, improving on our total score from the previous year with a continued focus on employment equity and preferential procurement.

## What is your commitment to the United Nations (UN) Global Compact?

At all times, our culture and values guide the way we do business, how we select our partners and how we interact with our stakeholders. We are a signatory to the UN Global Compact and remain committed to the 10 principles with respect to business and human rights, labour, environment and anti-corruption. We also support other global sustainability codes aimed at ensuring beneficial relationships between all stakeholders and our progress is monitored by the social and ethics committee of the board. We continue to advance the 10 principles within our sphere of influence by entrenching them into our strategy, culture and day-to-day operations.

## What is the outlook for the coming year?

At the start of the new financial year, macro uncertainty persists globally and the political environment in the UK is still not clear which could impact activity levels going forward. Nevertheless, we have a unique and vibrant culture with a strong leadership team who are motivated to build their businesses and improve the quality of earnings. Our businesses are focused on coordinating our service offerings and integrating IT systems to leverage our unique client profile. We have spent time proactively engaging with our stakeholders, investing in the learning and development of our people and providing support to our communities. Consequently, we believe we are well positioned to continue building a sustainable business that not only provides appropriate returns to shareholders but also contributes to macro-economic stability and social upliftment.



**Stephen Koseff**

Chief executive officer, Investec group

30 June 2017



## Building trust and credibility among our stakeholders is vital to good business

The board recognises that effective communication is integral in building stakeholder value and is committed to providing meaningful, transparent, timely and accurate financial and non-financial information to primary stakeholders as defined below. The purpose is to help these stakeholders make meaningful assessments and informed investment decisions about the group.

We endeavour to present a balanced and understandable assessment of our position by addressing material matters of significant interest and concern. We seek to highlight the key risks to which we consider ourselves exposed and our responses to minimise the impact of these risks. Another objective is to show a balance between the positive and negative aspects of our activities in order to achieve a comprehensive and fair account of our performance.

As a requirement of our DLC structure, we comply with the disclosure obligations contained in the applicable listing rules of the UK Listing Authority (UKLA) and Johannesburg Stock Exchange (JSE) and other exchanges on which our shares are listed, and with any public disclosure obligations as required by the UK regulators and the South African Reserve Bank (SARB). We also recognise that from time to time we may be required to adhere to public disclosure obligations in other countries where we have operations.

The Investor Relations division has a day-to-day responsibility for ensuring appropriate communication with stakeholders and, together with the Group Finance and Company Secretarial divisions, ensures that we meet our public disclosure obligations.

We have a board-approved policy statement in place to ensure that we comply with all relevant public disclosure obligations and uphold the board's communication and disclosure philosophy.

### Employees

- Communication policy
- Quarterly magazine (*Impact*)
- Staff updates hosted by executive management
- Group and subsidiary fact sheets
- Tailored internal investor relations training
- Induction training for new employees

### Government and regulatory bodies

- Active participation in policy forums
- Response and engagement on regulatory matters
- Industry consultative bodies

### Suppliers

- Centralised negotiation process
- *Ad hoc* procurement questionnaires requesting information on suppliers' environmental, social and ethical policies

### Media

- Regular email and telephonic communication
- Stock exchange announcements
- Comprehensive investor relations website
- Regular meetings with investor relations team and executive management

### Investors and shareholders

- Annual general meeting
- Four investor presentations
- Stock exchange announcements
- Comprehensive investor relations website
- Shareholder roadshows and presentations
- Regular meetings with investor relations team and executive management
- Regular email and telephonic communication
- Annual and interim reports

### Clients

- Four investor presentations
- Regular email and telephonic communication
- Comprehensive investor relations website
- Tailored client presentations
- Annual and interim reports
- Client relationship managers within the business

### Rating agencies

- Four investor presentations
- Regular email and telephonic communication
- Comprehensive investor relations website
- Regular meetings with investor relations team, group risk management and executive management
- Tailored presentations
- Tailored rating agency booklet
- Annual and interim reports

### Equity and debt analysts

- Four investor presentations
- Stock exchange announcements
- Comprehensive investor relations website
- Regular meetings with investor relations team and executive management
- Regular email and telephonic communication
- Annual and interim reports

(continued)

### Materiality

In identifying material issues, consideration is given to those issues we believe have the potential to significantly influence our ability to have a positive impact on the sustainability of our business and on overall macro-economic stability as well as contributing to the success and well-being of our communities and the environment.

During the financial year ending 31 March 2017, we embarked on a robust process of engagement with internal and external stakeholders. This process went beyond our day-to-day engagement with stakeholders and involved an independent interview process of the Investec board of directors, executive, heads of business and employees and also external stakeholders such as industry associations, rating agencies, clients, investment analysts and NGOs. This process has allowed us to confirm that our core corporate responsibility issues did not materially change in the past three years and we would therefore continue with our core focus areas.

Due to the nature of Investec's business, the material aspects identified are considered unlikely to change in the short to medium term. As a result, Investec only repeats this comprehensive process every three to four years.

#### Material issues:

During our 2016/2017 stakeholder engagement process the following material issues were identified:

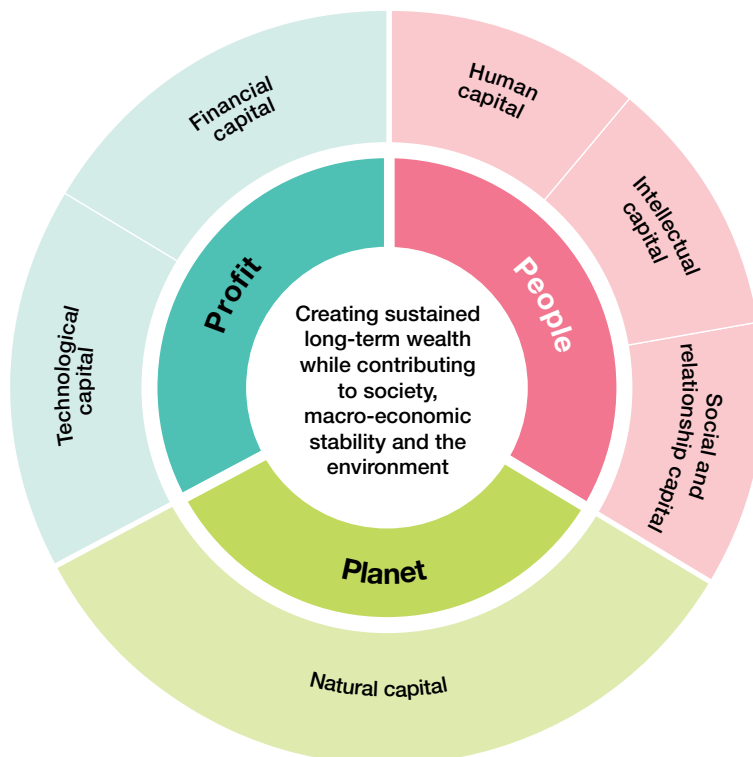
- Increasing political volatility at a global level
- Continuing political uncertainty and social challenges in South Africa, particularly in areas such as unemployment, education and transformation
- Income and wealth inequality and growing calls for inclusive economic growth (and 'radical economic transformation') in South Africa

- A growing 'trust deficit' in the financial services industry
- Digital technology raising new security and privacy challenges
- Strong corporate governance practice is seen as a significant issue for the financial sector
- Tightening regulatory and 'soft-law' requirements on economic, social and governance (ESG) issues
- Steadily growing interest in responsible investment products and practices
- A shifting understanding of corporate 'value'
- Broadening expectations regarding the extent of environmental responsibility.

All these material issues identified by stakeholders are addressed in the pages that follow.

### Creating value for stakeholders

*We consider our three key focus areas of people, planet and profit against Investec's philosophies and values, and input obtained from our stakeholders.*



# Communication and stakeholder engagement

(continued)



## People

Capital and our priorities		Impact
<b>Human capital</b>	<p>We depend on the experience and proficiency of our people to perform and deliver superior client service.</p> <p><b>Priorities are to:</b></p> <ul style="list-style-type: none"> <li>• Provide a healthy, stimulating and progressive work environment</li> <li>• Invest in employee learning and development</li> <li>• Retain and motivate staff through appropriate remuneration and reward structures</li> <li>• Entrench our values-driven culture through the organisation.</li> </ul>	<p>Learning and development spend  <b>£22.9mn</b> (2016: £14.7mn)            Investec South Africa voted second most attractive employer in the 2017 Universum Awards</p> <p>Approximately  <b>7%</b> employee share ownership</p> <p>Piloted activity based working in the UK head office</p>
<b>Intellectual capital</b>	<p>We use our specialist financial skills and expertise to provide structured solutions for clients and have a robust risk management process in place.</p> <p><b>Priorities are to:</b></p> <ul style="list-style-type: none"> <li>• Encourage a strong culture of entrepreneurship, however, balancing risk versus reward</li> <li>• Ensure solid lending, investing and risk management practises.</li> </ul>	<p>Strengthened our lending and investing policies globally</p> <p>Created and invested in IEP Group</p> <p>Launch of Investec Life</p>
<b>Social and relationship capital</b>	<p>We leverage key stakeholder relationships to enhance our impact on society and the macro-economy.</p> <p><b>Priorities are to:</b></p> <ul style="list-style-type: none"> <li>• Build deep durable relationships with clients</li> <li>• Invest in our distinctive brand</li> <li>• Unselfishly contribute to society through our corporate social investment (CSI) programmes</li> <li>• Focus on diversity and promoting equality</li> <li>• Transformation of the financial sector in South Africa.</li> </ul>	<p>Customer accounts <b>up 5.5%</b> (on a currency neutral basis) to  <b>£29.1bn</b></p> <p>Core loans and advances <b>up 8.5%</b> (on a currency neutral basis) to  <b>£22.7bn</b></p> <p><b>£7.1mn</b> spend on CSI across the group (2016: £5.0mn)</p> <p>Winner of the Business in the Community's Responsible Business Awards 2016 in the UK</p> <p>Winner of most socially responsible company in Africa in 2016 SERAS awards</p> <p>Member of the 30% Club in South Africa and the UK</p> <p><b>Level 2</b> rating in the Financial Sector Code in South Africa</p>

## Communication and stakeholder engagement

(continued)



### Planet

Capital and our priorities		Impact
<p><b>Natural capital</b></p> <p>Given our niched specialist financial services focus, we depend on very few natural resources and hence our direct impact is very limited.</p> <p><b>Priorities are to:</b></p> <ul style="list-style-type: none"> <li>• Limit our direct operational carbon impact</li> <li>• Positively impact the environment through responsible financing and investing</li> <li>• Fund and/or participate in renewable energy and green developments.</li> </ul>		<p>Group CO<sub>2</sub> emissions reduced by <b>7.9%</b></p> <p><b>£1.8bn</b> participation in the renewable energy sector</p> <p>Winner of 2016 SERAS award for the best company in affordable and clean energy</p> <p>Strengthened our lending and investing risk policies globally</p>



### Profit

Capital and our priorities		Impact
<p><b>Financial capital</b></p> <p>Financial capital is needed to grow the business and to help create sustainable economic value for shareholders.</p> <p><b>Priorities are to:</b></p> <ul style="list-style-type: none"> <li>• Maintain a balanced and resilient business model</li> <li>• Maintain a sound capital base and strong liquidity</li> <li>• Organically grow our businesses</li> <li>• Focus to improve returns and operational efficiency</li> <li>• Grow capital light activities.</li> </ul>		<p>Capital light activities: <b>56%</b> of group income</p> <p>Group cost to income: <b>66.3%</b></p> <p>ROE has <b>grown to 12.5%</b> overall and <b>14.2%</b> on an ongoing basis</p> <p><b>9.5%</b> increase in dividends per share</p> <p>Strong liquidity with cash and near cash balances at <b>£12.0bn</b></p>
<p><b>Technological capital</b></p> <p>We have developed a number of IT structures to support our business activities. Our digital platforms are critical in driving engagement with our clients and stakeholders.</p> <p><b>Priorities are to:</b></p> <ul style="list-style-type: none"> <li>• Invest in new IT systems and integrate existing IT systems</li> <li>• Continually develop our comprehensive digital offering.</li> </ul>		<p>Investec was the first financial institution in South Africa to introduce voice biometrics recognition to clients</p> <p>Online Portfolio Manager has a Private banking and Wealth &amp; Investment client base overlap of <b>31%</b> (AUM)</p> <p><b>Since the launch of One Place:</b></p> <ul style="list-style-type: none"> <li>• Number of investors with Wealth &amp; Investment Online up <b>80%</b></li> <li>• Assets under Administration with Wealth &amp; Investment Online up <b>65%</b></li> <li>• Assets under Management with Wealth &amp; Investment Online up <b>220%</b>.</li> </ul>

02

People



### Our people

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

### In assuming responsibility for our people we seek to promote corporate responsibility through:



#### Competitive remuneration and reward

Industry competitive packages and long-term share awards



Refer to pages 185 to 226 in volume one of Investec's 2017 integrated annual report for more information.



#### Bespoke (specialised) learning environment:

**100%**

of employees attended learning and development programmes



#### Measures to ensure the health and well-being of employees:

**66%**

of employees in South Africa attended health and wellness interventions



#### Performance consulting through regular individual and group reviews, pathing and development:

**100%**

of employees engage in performance review processes every year



#### Leadership development programmes:

**154**

employees attended internal leadership development programmes



#### Resourcing and recruiting that prioritises a diverse workforce:

**49%**

female workforce



#### Facilitating an understanding of the Investec culture and people practices:

**100%**

of employees that participated in/were invited to one or more culture and values dialogues

Our internal people activities involve dedicated divisions such as Human Resources (HR) and Organisation Development (OD), which serve to enhance the ongoing people focus of our business. The Investec HR and dedicated Careers teams are mandated to enable the attraction, development and retention of talent who can perform in a manner consistent with our culture and values. OD acts to strengthen the culture of the business, ensure its values are lived, build capability and contribute to the long-term sustainability of the organisation.

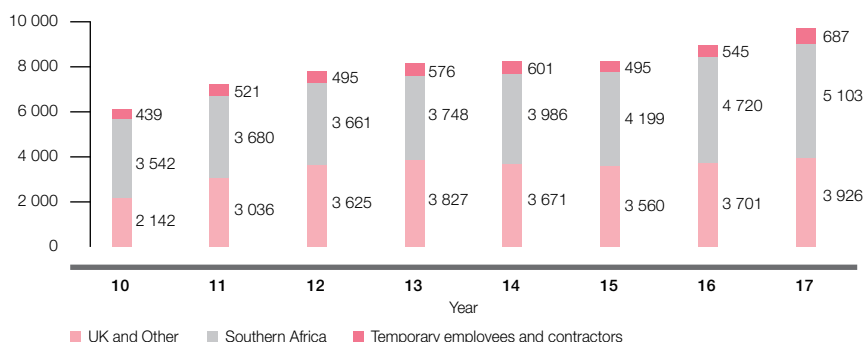
The HR division participates in local and international forums to ensure alignment of HR strategy with business strategy. As our operating jurisdictions have different legal and regulatory requirements, our various HR functions operate in a differentiated yet integrated way adhering to the group philosophical approach. Senior responsibility for people matters falls under Marc Kahn who is Global Head of HR and OD.

*Investec South Africa has been voted second most attractive employer in the 2017 Universum Most Attractive Employer Awards.*



Number of employees 

Headcount



*Headcount increased across all businesses in line with growth aspirations*

People strategy



**To attract, retain, develop and motivate people who can perform extraordinarily**

Our internal resourcing function forms an integral part of our broader talent management as it enables us to source and redeploy talent internally and, where required, to recruit externally to address any identified skills gaps.

We invest significantly in a number of opportunities for developing and upskilling employees and in leadership programmes to develop current and future leaders of the group. Our HR and OD teams play a critical role in assisting the business to achieve their strategic objectives, which are always then matched to learning strategies and market trends. They are also involved in group wide activities such as an induction programme for new employees, providing learning advice to individuals and facilitating the development of both group wide and bespoke learning programmes.



**To retain and drive performance through appropriate aspirational remuneration and reward structures**

Industry competitive packages and long-term share awards

Our remuneration practices comply with the principles of local regulations, while continuing to reward people meaningfully for performance and contribution.

Our remuneration strategy is based on the philosophy that employees are innovative, entrepreneurial and work in an environment that encourages and fosters extraordinary performance. In line with our philosophy of employee ownership, all employees across the organisation, are provided with staff share awards and the opportunity to participate in our long-term growth.

*Further information is provided on pages 185 to 226 in volume one of Investec's 2017 integrated annual report.*



100%

of employees engage in performance dialogues every year

**To ensure that performance management is motivational and constructive**

Our culture of open and honest dialogue promotes immediate and direct performance-related feedback between the leader and his or her team, to help individuals identify and address their development needs.

At Investec, performance is viewed within the context of relationships – the individual's relationships with others, the team, the business unit and the organisation as a whole. Meaningful relationships are functional, engaging, defined by quality conversations and are able to be leveraged to meet business objectives. Performance can only be meaningfully reviewed against business objectives, thus team and individual performance objectives must always be aligned to business objectives. Team and individual performance management has both appraisal and development components. The process has the following tenets:

- It is fair and honest, defined by dialogue that is both respectful and reflective of individual views and team perceptions
- Driven by the employee and the leader
- Involves ongoing, timeous feedback
- Disciplined, responsible conversations.

## Working at Investec

The policies and business practices of Investec are outlined in **Becoming Acquainted with Investec (BAWI)** and in the compliance handbook (both of which are available on the Investec intranet). These are intended to guide conduct and ensure our actions and attitude reflect the group's values and philosophies at all times.

## 10

principles of the United Nations (UN) **Global Compact**

Investec Asset Management CEO, HJ du Toit, is a **member of The Global Commission on Business and Sustainability Development**

### Human rights

The Investec group remains committed to the 10 principles of the United Nations (UN) Global Compact with respect to human rights, labour, environment and anti-corruption. Our culture and values demonstrate our belief that as an organisation we can have a positive impact on the success and well-being of local communities, the environment and on overall macro-economic stability. We support and respect the protection of internationally proclaimed human rights standards and are not complicit in any human rights abuses. We do not have a formal human rights policy for the group because this would fall within the ambit of our Code of Conduct which expresses our strong culture and values including unselfishly contributing to society, valuing diversity and respecting others. Furthermore, we adhere to the relevant laws in all our jurisdictions and strive to advance the UN principles within our sphere of influence.

We support the international agenda to abolish human trafficking, slavery, forced and child labour and welcome the legislated UK Modern Slavery Act 2015 (the 'Act'). Our philosophy as an organisation is to respect the dignity and worth of the individual. We uphold the constitutional rights of our employees at all times, do not practice forced or compulsory labour and do not employ children. We are committed to addressing the requirements of the Act and ensuring that our supply chain is compliant with the regulations prescribed therein.

## Zero

trade unions

### Freedom of association

We fully support employees' rights to freedom of association. There is no representative trade union for Investec and we are not aware of any employees who are part of a trade union. We do, however, uphold the constitutional rights of the individual to freedom of association, the right to collective bargaining and the right to be a member of a union of choice.

## Integrity and confidentiality are critical to our reputation and sustainability

### Whistle-blowing policy and protected disclosures

One of Investec's values requires employees to conduct all internal and external dealings with integrity, consistently and uncompromisingly displaying moral strength and behaviour which promotes trust. Integrity and confidentiality are critical to our reputation and sustainability.

The purpose of our whistle-blowing policy is to encourage employees to raise concerns or disclose information about possible fraudulent, unethical, criminal or other improper behaviour or workplace misconduct in total confidentiality and anonymity and without fear of retribution. We seek to protect all employees who disclose unlawful or irregular conduct by the company, its employees or other stakeholders.

## Zero

incidents of discrimination

### Discrimination

We endeavour to prevent and/or eliminate any form of discrimination based on gender, race, religion, age and sexual preference (or any other basis as envisaged by the South Africa Bill of Rights in the Constitution or regional equivalents). Investec has a formal grievance procedure (and a written policy) to deal appropriately with any incident which may occur.

Furthermore there are several informal avenues for employees who wish to discuss concerns, e.g. OD, HR, employee relations and our independent external consultants.



## Supporting our employees

(continued)



# 64

occupational injuries

# Zero

fatalities

### Health and safety

A group wide formal health and safety programme identifies and manages all health and safety risks, and carries out regular safety audits. Health and safety is overseen by a committee that meets quarterly to review any concerns.

This management comprises:

- Craig Gunnell – head of facilities South Africa
- Tony Grimes – head of facilities UK.

In South Africa, Investec's HIV/Aids policy and management forum extends to all permanent employees.



# 66%

employees in South Africa participate in one or more employee wellness interventions

### Employee wellness

Investec values the physical, financial and psychological health, welfare and safety of our people. We provide employees with a bespoke employee assistance and wellness programme. The comprehensive and integrated programme, which is an expression of our focus on care and concern for employees, provides personalised interventions offered in face-to-face counselling and coaching sessions. These interventions are provided by a multi-disciplinary team of select health and other professionals who are all specialists in their fields of practice. We also host wellness days for our employees to raise awareness and education around health issues through an interactive approach.

In line with our commitment to improving the quality of life of our employees, our leave entitlement and disability procedure have been reviewed and adjusted, taking into consideration the needs and well-being of our employees and current best practice in the marketplace.

In South Africa paternity leave has been extended to 10 days, 5 days more than required by regulation. The UK has decreased the length of service required to benefit from enhanced maternity pay and parental leave from 1 year to 26 weeks.

### Piloted activity-based working in our Gresham Street head office

### Creating an environment that reflects our culture

This activity-based working environment will enable cross collaboration across departments by providing dedicated facilities for specific activities and creating optimal circumstances to perform each type of activity (e.g. developing ideas, delivering content and sharing knowledge). This is supported by an effective virtual working environment with instant access to information and tools to collaborate with colleagues. This working space will further facilitate a culture of trust, empowerment and a shared sense of responsibility.

We anticipate replicating activity based working in our new 30 Gresham street office building.

# 0.7%

employees retrenched in the last fiscal year

### Retrenchment policy

Where it becomes necessary for Investec to terminate employment based on operational requirements, the procedure to be followed will be in accordance with Investec's retrenchment policy which is more favourable than local regulatory requirements. We conduct consultation for a period which exceeds the minimum prescribed period, during which we attempt to find a suitable alternative position for the affected employee.

## Learning and development

*We invest significantly in a number of opportunities for the development of our employees and in leadership programmes to enable current and future leaders of the group.*

Investec's HR learning and development team is mandated to develop and retain people who can perform extraordinarily in support of business objectives in a manner consistent with Investec's culture and values. To achieve this, we employ talented people and then enable their professional and personal growth and development.

We believe that employees should be the driving force behind their own development and should be proactive in identifying and addressing development needs, allowing them to maximise learning opportunities most relevant to their unique requirements.



Year ended	31 March 2017		31 March 2016	
	£	R	£	R
<b>Southern Africa</b>				
Asset Management	255 847	4 290 402	235 157	4 968 554
Wealth & Investment	678 659	11 380 718	421 580	8 907 423
Specialist Banking	13 777 983	231 048 929	8 434 662	178 213 327
<b>Total</b>	<b>14 712 489</b>	<b>246 720 049</b>	<b>9 091 399</b>	<b>192 089 304</b>
<b>UK and Other</b>				
Asset Management	751 355	12 599 796	711 840	15 040 244
Wealth & Investment	1 359 141	22 792 021	1 036 727	21 904 679
Specialist Banking	6 110 812	102 474 839	3 834 122	81 009 960
<b>Total</b>	<b>8 221 308</b>	<b>137 866 656</b>	<b>5 582 689</b>	<b>117 954 883</b>
<b>Total group learning and development spend</b>	<b>22 933 797</b>	<b>384 586 705</b>	<b>14 674 088</b>	<b>310 044 187</b>

Employee learning and development spend

**£22.9mn**

(2016: £14.7mn)

### External learning

Investec's external learning includes public programmes, conferences, seminars and courses and provides employees with development opportunities to enable the acquisition of knowledge and skills necessary for career development within Investec.

90 employees attended external leadership programmes at Harvard, Insead, Singularity or similar institutions.

**223** unemployed black learners participated in accredited learnerships in South Africa

### Internal learning

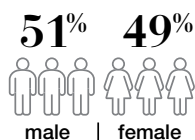
Our internal learning programmes include induction, personal and interpersonal skills, technical and professional skills, leadership programmes and coaching as well as our learnerships and Chartered Accountant (CA) trainee programmes. 217 qualified CA's have graduated from the CA programme since its inception.

**470** bursaries granted to full-time employees in South Africa

### Educational bursary scheme

Investec's educational bursary scheme provides employees with focused educational opportunities to enable the acquisition of qualifications.


## Promoting equity and diversity in the workplace



Over **3 000** employees have participated in our Zebra Crossing and Women in Leadership initiatives in South Africa since their inception.

Since September 2015 **1 100** employees in the UK have attended events as a part of Investec Inspire.

**20%** women on our board currently  
Investec is a member of the **30% club** in both the UK and South Africa and is committing to a goal of 30% women on the board.

 Refer to volume one of our integrated annual report for more on diversity of our board.

A diverse workforce is essential to our ability to be an innovative organisation that is able to adapt and prosper in a fast changing world. We have various processes to encourage debate and dialogue around valuing diversity and difference. Emerging and established leaders are invited to participate in discussions with the executive around all issues related to talent management and diversity.

Our **Zebra Crossing** initiative in South Africa, is aligned to our employment equity plan, aims to raise levels of multi-cultural awareness of staff at Investec and enable them to appreciate and celebrate the richness of our diverse population and to take these insights back into the business.

In South Africa, we have a number of **Women in Leadership** initiatives where women and men at Investec have the opportunity to participate in the conversation around gender. Our clients and external stakeholders are also invited to participate in these events. These rich and informative dialogues help us to create an appropriate environment for women to thrive as leaders, employees and entrepreneurs and serve as role models for the next generation.

**Investec Inspire** in the UK is the umbrella for Investec's employee-led diversity and inclusion programme, which is sponsored by senior executives. The first network that was developed under Inspire was our Gender Balance network, recognising that attracting, developing and retaining female talent, is very important at all levels of the business, and helping to ensure that everyone, regardless of gender, can thrive at Investec. Other diversity initiatives currently in progress include lesbian, gay, bisexual and transgender (LGBT) focus groups and a minorities focus group.

**The Female Lead** in the UK celebrates great achievements by women from all walks of life. The project is supported by Investec Private Bank, the founding partner, to prolong the impact and influence of the project. It celebrates the achievement of 60 leading entrepreneurs, business and political leaders and figureheads from culture, science and sport. The project continues with an education programme in UK schools and further profiling of inspirational women.



### Employee gender composition – permanent employees

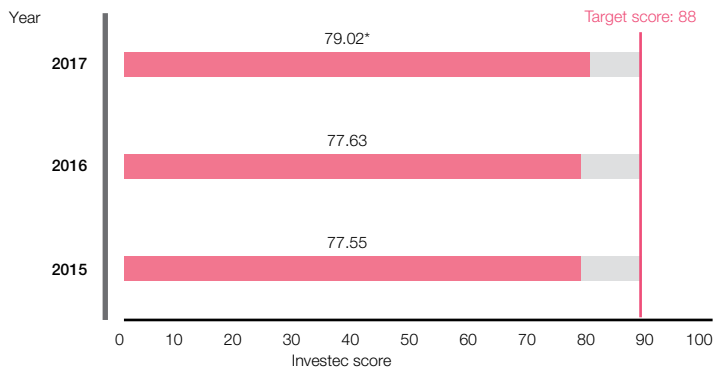
	Southern Africa			UK and Other			Total		
31 March 2017	Male	Female	Total	Male	Female	Total	Male	Female	Total
<b>Executive directors on Investec DLC board</b>	<b>2</b>	<b>-</b>	<b>2</b>	<b>2</b>	<b>-</b>	<b>2</b>	<b>4</b>	<b>-</b>	<b>4</b>
<b>Senior managers*</b>									
Asset Management	124	75	199	62	21	83	186	96	282
Wealth & Investment	99	42	141	72	13	85	171	55	226
Specialist Banking	707	526	1 233	93	32	125	800	558	1 358
<b>Total</b>	<b>930</b>	<b>643</b>	<b>1 573</b>	<b>227</b>	<b>66</b>	<b>293</b>	<b>1 157</b>	<b>709</b>	<b>1 866</b>
<b>Rest of employees</b>									
Asset Management	327	546	873	222	172	394	549	718	1 267
Wealth & Investment	53	127	180	650	544	1 194	703	671	1 374
Specialist Banking	982	1 493	2 475	1 201	842	2 043	2 183	2 335	4 518
<b>Total</b>	<b>1 362</b>	<b>2 166</b>	<b>3 528</b>	<b>2 073</b>	<b>1 558</b>	<b>3 631</b>	<b>3 435</b>	<b>3 724</b>	<b>7 159</b>
<b>Total</b>	<b>2 294</b>	<b>2 809</b>	<b>5 103</b>	<b>2 302</b>	<b>1 624</b>	<b>3 926</b>	<b>4 596</b>	<b>4 433</b>	<b>9 029</b>

\* The definition of senior managers is different for Southern Africa and the UK and Other due to the different regulatory guidelines of the respective geographies. These also include executives that are represented on the subsidiary level boards.

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

### 2 Level 2 rating under the FS Code for the period 1 April 2016 to 31 March 2017

#### Transformation rating



\* Final number re-verified after DLC volume one released

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

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

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

The information that follows depicts Investec's consolidated position under the FS Code and places it at a level 2 rating for the period 1 April 2016 to 31 March 2017.

#### Ownership

2017: 15.21  
2016: 15.21



In 2003 we concluded a significant empowerment transaction in which our empowerment partners collectively acquired a 25.1% stake in the issued share capital of Investec Limited. This structure unwound in May 2011. Some of the parties to the BEE transaction agreed to a refinancing of the arrangement which resulted in various transactions in relation to both Investec Limited and Investec plc ordinary shares.

#### Employment equity

2017: 10.83  
2016: 10.19



We continually strive to achieve greater representation at all levels of the business through the effective implementation of our employment equity plan. In respect of our quantitative targets we exceeded the targeted black headcount at the senior, middle and semi-skilled levels and marginally missed the targets at the top and junior management levels. We met or exceeded the targets at every level for females with the exception of junior management. Our disabled headcount is over double what we targeted it to be and 84% of these individuals are black.

We delivered on our non-numerical goals including a continued focus on diversity awareness, leadership development and retention of black and female talent.

#### Management control

2017: 4.58  
2016: 4.58




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

#### Skill development

2017: 9.39  
2016: 9.23



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

 For more information refer to page 16.

## Transformation in South Africa

(continued)

### Preferential procurement

2017: 14.01  
2016: 14.00



We have implemented a policy of seeking out suppliers who demonstrate favourable BEE ratings. In instances of requests for proposals, where delivery or price are similar, we have opted to utilise the services of BEE vendors. Our short- to medium-term strategy is to identify potential suppliers who are empowered and to support and develop them via our various enterprise and supplier development initiatives.



For more information refer to page 61.

### Enterprise development

2017: 5.00  
2016: 4.42



Recognising that enterprise and supplier development is vital to South Africa's transformation, we continue to run several initiatives to support black entrepreneurs. One example of this is an enterprise development programme, in partnership with **Raizcorp**, which incubates entrepreneurs who are managing their own business and have potential to grow and create jobs. The entrepreneurs selected for the programme are assigned a dedicated team of trained Raizcorp guides, who focus on key areas of running a business including strategy, finance, marketing, sales and personal development.

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

South Africa is at a critical juncture in the history of transformation with a dire need for job creation and sustained inclusive economic growth. As part of the CEO Initiative, the Investec group committed R20 million to the small and medium enterprises (SME) fund with the Investec

Property Fund contributing a further R5 million to the fund which will provide high-potential entrepreneurs and enterprises with access to not only funds but also professional advice and mentorship. We see this as an important investment in the future of our country.

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

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

### Socio-economic development

2017: 3  
2016: 3



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



For more information on our CSI initiatives refer to pages 20 to 32.

### Empowerment financing

2017: 15  
2016: 15



The empowerment financing element of the FS Code comprises targeted investments and BEE transaction financing. Targeted investments comprise of debt financing, credit extensions or equity investment in South African projects, in areas where gaps or blockages in economic development and job creation have not been adequately addressed. This includes transformational infrastructure, agricultural development, affordable housing and black SMEs.

BEE transaction financing includes all transactions for the acquisition, by black people, of direct ownership in an existing or new entity (other than an SME) in the financial or other sectors of the economy. It also includes joint ventures, with debt financing or other forms of credit extension to, and equity investments in BEE companies (other than SMEs), which are at least 25% black owned. Investec spent a total of R10 billion on empowerment financing initiatives during the year ended 31 March 2017. The majority of this (R7.7 billion) was on transformational infrastructure and black SMME funding.

### Consumer education

2017: 2  
2016: 2



At Investec, one of our core philosophies is to make a contribution to society, macro-economic stability and the environment. Our approach includes a strong focus on education and entrepreneurship.

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



The Financial Sector Code report of our South African business is available on our website.

## Our communities

*Our Corporate Social Investment (CSI) endeavours are central to the group's values of making an unselfish contribution to society; nurturing an entrepreneurial spirit, valuing diversity and respecting others, and underpin Investec's aim of being a responsible corporate citizen. Our approach to CSI focuses on education, entrepreneurship and the environment. We believe this aligns with our purpose and is the most effective way to create opportunities for employment, wealth creation and stimulating socio-economic growth.*

In keeping with our business model of independent, highly autonomous business units, supported by a strong centre, there is no single overriding approach to social investment within the group, although clear commonalities exist. Each of the regions has pursued social investment as deemed appropriate to their circumstances and where they are in the evolution of their business.

Wherever possible, we seek to collaborate with partners, so as to leverage resources and expertise and help ensure a lasting impact as well as long-term sustainability for our projects.

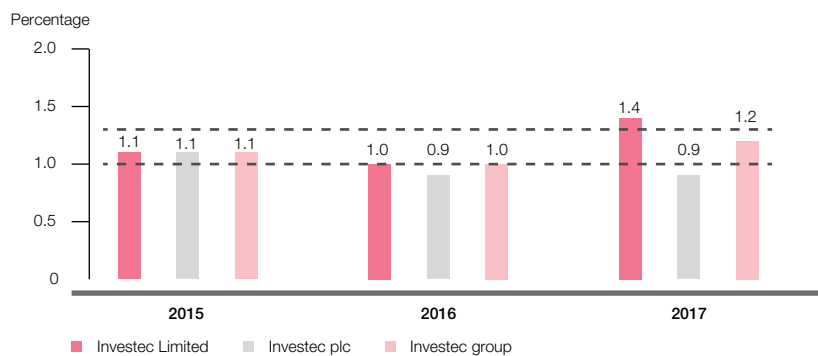
The active involvement of our people, through volunteering, remains at the core of our social investment strategy. We

have many well-established charitable partnerships and volunteering initiatives to support these partners. Further, we make donations to charities in response to requests for assistance across all regions and business areas within the group. This allows us to allocate meaningful grants in areas which might not fall within our main focus areas.



We target a minimum of **1.0%** group CSI spend as a % of operating profit\*

### CSI spend as a % of operating profit\*



Year ended

Year ended	31 March 2017		31 March 2016	
	£	R	£	R
<b>Southern Africa</b>				
Asset Management	11 354	190 406	70 074	1 480 565
Wealth & Investment	70 472	1 181 771	44 410	938 315
Specialist Banking	628 016	10 531 476	233 769	4 939 234
Group Corporate Social Investment	4 411 031	73 970 474	2 971 847	62 791 224
<b>Total</b>	<b>5 120 873</b>	<b>85 874 127</b>	<b>3 320 100</b>	<b>70 149 338</b>
<b>UK and Other</b>				
Asset Management	395 735	6 636 250	110 523	2 335 206
Wealth & Investment	74 877	1 255 645	46 063	973 251
Specialist Banking	372 564	6 247 681	283 458	5 989 095
Group Corporate Social Investment	1 089 898	18 276 968	1 134 501	23 970 515
<b>Total</b>	<b>1 933 074</b>	<b>32 416 544</b>	<b>1 574 545</b>	<b>33 268 067</b>
<b>Total Investec CSI spend</b>	<b>7 053 947</b>	<b>118 290 671</b>	<b>4 984 645</b>	<b>103 417 405</b>
<b>Total Investec CSI spend as a % of operating profit*</b>	<b>1.2%</b>		<b>1.0%</b>	

\* Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.

UK and Other

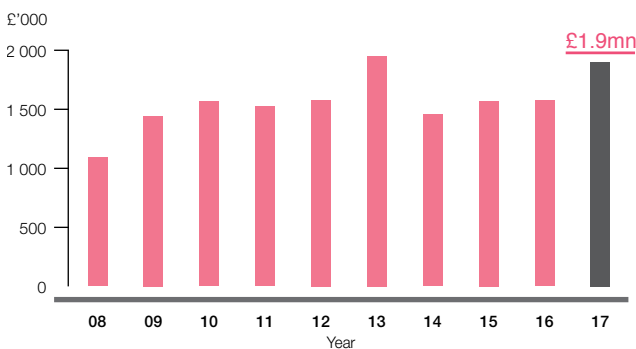
Our approach in the UK includes:

- Focusing on education, entrepreneurship and the environment
- Facilitating employee volunteering with local community partners
- Granting donations to small local charities
- Encouraging employee fundraising endeavours through organised events and employee charity funding
- Providing a Give-As-You-Earn facility to encourage employee payroll giving.

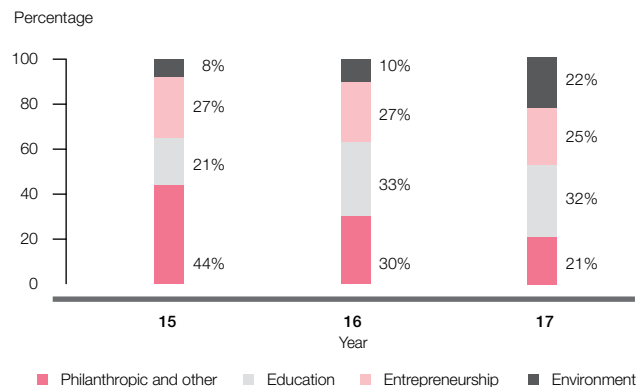
We champion CSI by:

- Building dedicated charitable partnerships
- Harnessing our diverse resources and collective talent
- Engaging all of our people in making a positive difference.

CSI spend Investec plc



CSI spend by category (%)



77%

Increase in CSI spend since 2008

£15.7mn

Spend on CSI initiatives in the last 10 years

Highlights



Investec won Business in the Community's Responsible Business Awards 2016 (Building Stronger Communities) for our flagship programme the Beyond Business social enterprise incubator we run in partnership with the Bromley by Bow Centre. Since we partnered in 2008 the programme has launched 44 new social enterprises, with a combined annual turn-over of £2.3 million and created 250 new jobs. Since 2011 when we became the sole funder of the programme, 90% of enterprises we helped to launch have gone on to trade into their third year.

Winner –  
**Business in the Community's Responsible Business Awards 2016**



Investec won the National CSR Awards, in the Best Community (Legacy) Project/Partnership category, and was a finalist in the Business Charity Awards 2017, in the Community Impact category, for the Beyond Business Programme. Expert guidance from within Investec resulted in the charity retaining 5% in the launched enterprises, helping to strengthen the sustainability of the programme, as alumni may repurchase the stake for the original seed-funding amount. In 2016, this funded the launch of one additional enterprise.

Winner –  
**National CSR Awards 2017**

## Supporting our communities

(continued)

People



An Investec employee was shortlisted in the Business Charity Awards, in the Outstanding Employee category 2017, for her efforts in building an impactful volunteering programme, working with local social priority schools, benefiting the community local to our Guernsey office.

*Shortlisted*  
**Business Charity Awards 2017**



Bromley by Bow is shortlisted for the Lord Mayor's Dragon Awards, for the Community Partners Award, 2017, for their partnership with Investec.

*Shortlisted*  
**Lord Mayor's Dragon Awards**



Over 125 Investec volunteers from across our London offices worked closely with youth talent development social enterprise, Arrival Education, helping to raise aspirations and to develop mind-sets and skills for students from difficult backgrounds to achieve success. 95% of stage 4 graduates went on to full-time work or higher education. 63% of the group went on to University, of which, 42% obtained a place at a Russell Group university. A further three candidates, introduced to us through these programmes, have joined the Investec workforce (bringing the total in the last two years to five), a victory for social mobility, which coincides with increasing internal support of employee-led diversity initiative, Investec Inspire.

**Arrival Education:**  
**95%**  
*of stage 4 graduates went on to full-time work or higher education*



Marino College Dublin, supported by Investec since 2008 remains a successful partnership with our employees acting as mentors to students, with employees mentoring a record 22 students this year.

**Marino College Dublin:**  
**22**  
*students mentored this year*



We hosted the sixth Morpeth Secondary School Young Apprentice skills development and work experience programme for select Year 9 pupils. The group was chosen from diverse backgrounds with the school often targeting certain students because they were feared to be at risk of disengaging from education. Following the programme, 93% of pupils reported developing important life skills. 100% are going on to take one or two GCSE exams early and all predictions for the coming year are C or higher, with 46% being predicted an A or A\*.

**Morpeth School Young Apprentice:**  
**46%**  
*being predicted an A or A\* in the GCSE exams*



## Volunteering

We believe that more can be achieved through successful engagement of our people with our partnerships and we encourage them to participate in volunteering initiatives.

**>4 000 hrs**

The number of office hours spent supporting community organisations local to our offices.

**>£485 000**

The amount that the Investec's payroll giving infrastructure enabled our employees to donate to charity, directly from their salaries.

**>£158 700**

The amount Investec staff fundraised with Investec CSI support for various charities.





## Education

### 01 Arrival Education

We are a founding partner in social enterprise Arrival Education's youth talent development programme, Success4Life (S4L). The programme includes volunteer-led success talks, workshops and coaching sessions at our offices in London. It aims to develop young people from ethnic minorities and/or challenging backgrounds, and those in danger of disengaging from education, helping them to achieve success in their lives.

Despite facing many barriers, with our help developing positive mind-sets, students go on to achieve remarkable success. By focusing on those young people with influence in their peer groups and communities, Arrival has been able to magnify the indirect impact of the programme.

#### Success achieved

	General Certificate of Secondary Education (GCSE)	<ul style="list-style-type: none"> <li>Arrival Education students outperformed the national average by <b>7%</b>, with <b>60%</b> achieving A*-C in five or more GCSEs</li> </ul>
	A-level	<ul style="list-style-type: none"> <li><b>62.5%</b> stage 4 students obtained A*-C in at least three A-levels or equivalent qualification (National average 34.64%)</li> <li><b>16.7%</b> obtained A*-A in at least three A-levels or equivalent qualification (National average 12.9%)</li> </ul>
	Post <b>18</b> progression	<ul style="list-style-type: none"> <li><b>3</b> Arrival Education students, from the first Success4Life cohort, obtain full-time positions at Investec (bringing the total in the last 2 years to 5)</li> <li><b>95%</b> Stage 4 graduates went on to full-time work or higher education</li> <li><b>63%</b> of the group went on to University, of which, <b>42%</b> obtained a place at a Russell Group University</li> </ul>

### 02 La Mare De Carteret primary school

Off the back of our impactful six year partnership with one of the two social priority schools in Guernsey, we have partnered with the other, La Mare, and are supporting the school through funding and volunteering.

#### Maths



**95%**

of the year 6 students, are on track to meet or exceed the progress target for the year (2016: 77%)

### 03 Morpeth School

Morpeth is a fully inclusive, mixed comprehensive secondary school situated in east London in one of the most disadvantaged London boroughs. The pupils are from diverse backgrounds and minority ethnic groups, and a well above average proportion are on the disability spectrum, with needs ranging from visual impairment; behavioural, emotional and social difficulties; Autism Spectrum Disorder; speech and language, as well as physical disabilities. Barriers to further education, training and employment remain significant for pupils. Morpeth aims to enable academic success but also to ensure high aspirations for all and to build social and cultural capital, our long-standing partnership supports the school and its college in these aims.

#### Our long-term partnership includes:

- annual commitments
- large group-based activities
- one-off events
- individual support.

### 04 Morpeth Young Apprentice

In addition to providing academic support when needed, volunteers help to deliver the Young Apprentice skills development and work experience programme at Investec for select Year 9 pupils. Pupils completing our Young Apprentice programme report raised aspirations, clarification of their career goals, and increased confidence in achieving these. They also reported an increased appreciation of the importance of school attendance, GCSE results and their relationships with school staff.

**40%**

felt they improved

**60%**

felt they transformed

### 05 Marino College

We have supported Marino College in Dublin for over nine years with our employees acting as mentors to students, in what has been a hugely successful partnership. The relationship has developed over the years, it involves mentor meetings with students on a monthly basis over a two year period, arranging mock interviews, work placements and providing general guidance to the students.



**22**

students mentored this year



### Entrepreneurship

#### 01 Bromley by Bow Centre

We have partnered with the centre focusing on economic regeneration in the London Borough of Tower Hamlets since 2008. In 2011 we stepped up support and became the sole funder of the centre's Beyond Business programme, a social enterprise incubator which provides start-up funding and advice to local people looking to start their own social enterprise businesses.

##### In the course of this year's shortlisting process

**107**

applicants were given advice

**20**

entrepreneurs were interviewed

**39**

intensive one-to-one business planning sessions were given to budding entrepreneurs over four months

**8**

entrepreneurs supported to pitch their business plans to our Investec panel

**90%**

of launched enterprises continue to trade beyond their third year since 2011 (national average approximately 50%)

Enterprises launched, many of them black and ethnic minority or female led, tackle a variety of needs including: youth unemployment; social exclusion; vulnerable families; community cohesion; homelessness; mental health; rehabilitation of ex-offenders and food poverty.

Our volunteers sit on the selection panel, offering advice to shortlisted budding entrepreneurs and granting start-up funding to successful applicants. We also run the annual Beyond Business College at Investec providing the successful applicants with specialist support in addition to guidance on an ongoing *ad hoc* basis.

#### 02 Young Enterprise

**84hrs**

volunteering

Our Liverpool office have supported Young Enterprise, one of the UK's leading enterprise and financial education charities, following an excellent session supported by our volunteers in Skipton in 2014.

Our volunteers stepped up to deliver fun, practical 'Learn to Earn' sessions at local inner-city schools, which helps to develop their own skills, for example, public speaking. The sessions inspire even the hardest to reach students targeted by the charity and equip them with insight into career options, budgeting and financial planning.



### The environment

#### 01 Volunteering

Volunteers across the business contributed over 1,904 hours to complete a number of outdoor maintenance projects local to our offices:

**48**

Edinburgh and Lothian's Greenspace Trust, Groundwork NI, Belfast Hills

Scotland and Northern Ireland

**85**

Positive Futures, Trees for Cities Leeds and St. Joseph's Hospice

Northern UK and Midlands

**1 450**

Newham City Farm, the London Wildlife Trust, the Bromley by Bow Centre, Trees for Cities (London) and Trees for Cities Reading

London and South East

**115**

The Hawk Conservancy Trust and St. Vincent's and St. George's

South West

**212**

La Mare De Carteret Primary School and Jersey Trees for Life

Guernsey and Jersey

#### 02 Trees for Cities

Trees for Cities is a charity which engages local communities and schools to plant trees, shrubs and to grow food, reconnecting urban areas with nature. Having co-funded projects with Trees for Cities in the past in east London (St. George's Estate) and Manchester (Baguley Hall) through our donations committee, teams of our people from our London and Reading offices have rolled up their sleeves to volunteer with the charity, improving the community's experience of their environment with great impacts:



- Increased biodiversity value of sites (planting approximately 1 500 trees in one of our volunteer days)
- Provision of free, healthy and sustainable food resources for local communities
- Creation of high quality natural spaces
- Increased tree canopy cover
- Through planting a diverse range of species, the sites become more resilient to pests, disease and the effects of climate change

## Australia

Investec Australia's CSI focuses on a small number of ongoing philanthropic sponsorship and volunteering initiatives. We partner with local, entrepreneurial organisations that perform important work within the community. These are illustrated primarily through supporting meaningful health, welfare and educational programmes, while remaining focused on preserving the local environment and managing our sustainable footprint. We focus primarily on four main initiatives which meet with our CSI goal as well as gaining more exposure within the community.

### 01 Australian Business Community Network (ABCN)

#### Investec's mentoring programme

Run by the Australian Business Community Network, which is a not-for-profit organisation that partners education with business through mentoring programmes for high-needs schools. ABCN inspires young people to see beyond their community's expectations of them, and the aim is to widen students' awareness of the range of personal, educational and vocational choices they have available to them.

2

programmes

32

students benefited from the experience of professional mentors from Investec

**GOALS** is one-on-one mentoring partnership in a group environment that aims to widen the life choices of students considered to be at risk of disengaging from school or with limited aspirations.

**FOCUS** is group mentoring for female year 11 students with female mentors in leadership positions, exploring the challenges of leadership through shared experience and personal reflection.

93%

students who participated in ABCN programmes completed Year 12

58%

students who participated in ABCN programmes and have accepted university study offers

99%

said their involvement in ABCN programmes had improved their coaching skills

68%

FOCUS students felt they gained leadership abilities after participation

76%

students that want to go to university or further study as a result of GOALS

### 02 ICARE

Investec is dedicated to creating a positive social impact within local Australian communities championing sustainable social investment by engaging Investec people to make a positive difference through volunteering and giving opportunities. ICARE is an internal volunteering initiative which allows employees to volunteer one day of their time during work hours with the aim of giving back to the community as well as team building.

50

volunteers

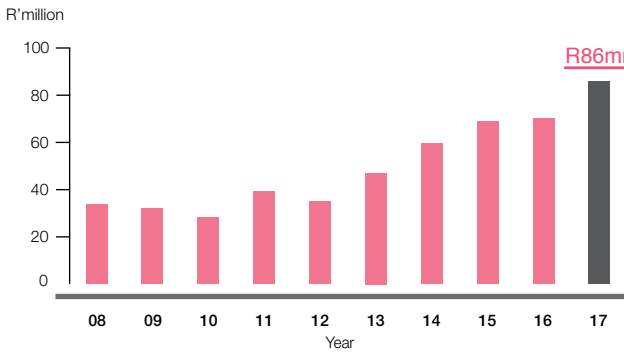
### Southern Africa

Our strategy in South Africa focuses on the support and empowerment of talented individuals within a defined continuum of interventions through school and university to the workplace.

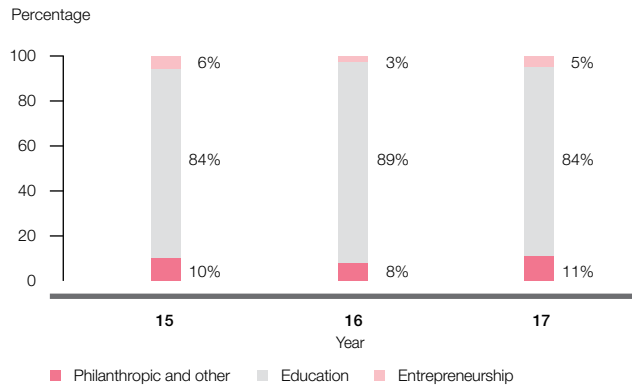
#### Our objectives are twofold:

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

#### CSI spend Investec Limited



#### CSI spend by category (%)

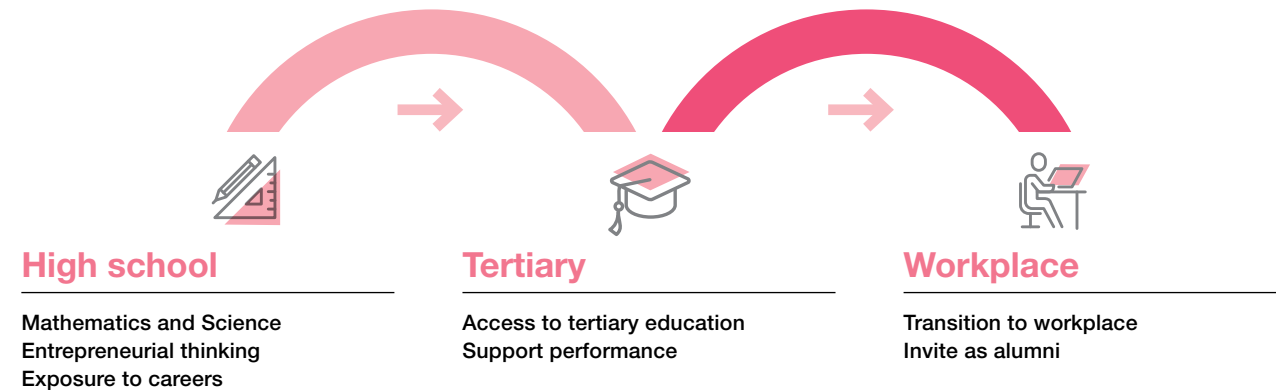


**156%** Increase in CSI spend since 2008

**R499mn** Spend on CSI initiatives in the last 10 years

#### Southern Africa pipelines of interventions

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



# Supporting our communities

(continued)

02

People

## Highlights

In line with our strategy, a total of 89% of South Africa's CSI spend was allocated to education and entrepreneurial initiatives:



Our flagship educational programme, Promaths, is aimed at supporting the education system by generating students who are competent in Mathematics and Science. The programme provides extra tuition in Mathematics and Science to learners in grades 10 to 12 at selected schools across the country. Investec currently funds eight centres across the country.

*Funding*

**8**

*Promaths centres across the country*



In 2016, Promaths 11th year of operation, the Investec funded Promaths centres continued to do well across the country. The eight Investec funded centres across the country produced 263 distinctions in Mathematics and 288 in Science.

**263**

*distinctions in Mathematics and*

**288**

*distinctions in Science*



In early 2017 the Promaths Bursary Fund was launched where Investec allocated an initial capital of R5 million to establish the fund.

**R5mn**

*initial capital allocated to Promaths Bursary Fund*



The Investec bursary programme currently has 115 bursary recipients from first year to honours level. Last year saw 16 of our bursary recipients graduating and entering the world of work, bringing the total number of our ex-bursary holders who are now professionals and part of our alumni to 123.

**115**

*bursary recipients*

Investec Merit Awards allocated 17 new merit awards in the 2016 academic year.

**17**

*new merit awards*



We believe that more can be achieved through successful partnership with staff hence the effort to encourage our staff members to take a keen interest in and participate in volunteering initiatives.

*Volunteering: spent over*

**3 420 hrs**

*supporting our communities*



### Education

#### 01 Promaths

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

8

The number of Promaths Centres in South Africa

3 750

Total number of places for grade 10 to 12 learners in the 2016 academic year

263

Distinctions in Mathematics in 2016 of 1 062 students

288

Distinctions in Science in 2016 of 1 042 students

577

Total Promaths alumni at university in 2016

In 2016 we also ran a campaign to reconnect with working professionals that have come through Promaths.

Tertiary qualifications				Funding		
58%	23%	7%	12%	72%	21%	7%
pursued and obtained tertiary qualifications in Science related fields	pursued and obtained tertiary qualifications in commerce related fields	pursued and obtained tertiary qualifications in related fields	pursued and obtained tertiary qualifications in other fields such as teaching	studied through bursaries	studied through loans	self-funded their tertiary studies

#### 02 Bursary, mentorship and alumni programmes

**High school bursaries:** Every year we award deserving high school bursaries and 2016 was no exception, our programme has grown in both numbers and geographical reach.

**University bursaries:** Following our annual bursary recruitment drive, a significant number of applications were received at the end of September 2016.

	115	Total number of bursary students (37 new bursary recipients confirmed for the 2017 academic year)	16	of our bursary recipients graduated and entered the world of work	123	Total number of graduated ex-bursary students
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Following the CSI Bursary Programme 10 year anniversary in 2015 and the 'fees must fall campaign' last year, we reviewed our programme and mobilised for more resources to enable us to upgrade all our bursaries from partial to full cost bursaries from 2016. This decision was communicated to students and well received.

**Investec Merit Awards @ Nelson Mandela Metropolitan University (NMMU):** In partnership with NMMU, Investec CSI offers merit awards to individuals who do extremely well academically and are in need of financial assistance. These merit awards are small once-off bursaries to enable students to register and gain access to university.



17

Total new merit awards allocated in the 2016 academic year

### 03 Promaths bursary fund

In late 2016, the CSI division started working on the establishment of the Promaths Bursary Fund that was launched in early 2017.

**The fund aims to:**

- Provide bursaries to Promaths alumni who are academically and financially deserving thus improving their chances of completing their tertiary studies
- Decrease the number of well deserving Promaths students who matriculate with good results and don't continue their studies
- Increase good role modelling within communities that have Promaths.



**R5 000 000**

Promaths Bursary Fund initial capital allocation

### 04 Career guidance

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

**The purpose of this initiative is to:**

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

**A Day @ Investec:** This initiative gives grade 11 learners an opportunity to spend a day at Investec.



**410**

Total number of learners hosted at the Investec offices

This day showcases different careers within the finance sector in a more practical manner and allowed for the opportunity of 'job shadowing' where staff members volunteered to take learners to their work spaces.

**Career Xplora**

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

**Number of learners per office:**

**100**

Sandton

**70**

Pretoria

**100**

Cape Town

**90**

Durban

**50**

Port Elizabeth

### 05 Work Readiness programme

University students have limited or no exposure to the world of work and may lack the soft skills needed to get a job, stay employed, and advance while employed. In response to this challenge, Investec hosts an annual Work Readiness programme aimed at assisting transition from tertiary education to the world of work. Selected students attend this programme to experience our dynamic environment and acquire a unique combination of skills aimed at preparing them for the world of work.



**58**

students in attendance at the Work Readiness programme

### 06 Mentorship appreciation day

To complete the educational support loop, Investec also addresses the need that many university students have for advice and mentorship. The Mentorship programme pairs Investec staff volunteers with each of the bursary recipients. In this role, staff members become personal mentors, offering students a sounding board for educational and other decisions or difficulties. In many instances, mentors also draw on the skills and expertise of other colleagues to assist bursary students with particularly challenging university courses.



**130** mentees

**90** Investec mentors

### 07 Teacher internship programme

The ISASA M&E programme provides prospective Senior and Further Education and Training (FET) teachers specialising in the fields of Mathematics, English, and the Sciences with bursaries to study for a four year Bachelor of Education (B.Ed) or a one year postgraduate (PGCE) degree at UNISA. Interns are placed in ISASA host schools for the duration of their undergraduate or postgraduate education studies.

Each student is allocated a mentor over the four-year period. This is to ensure positive role modelling, strong support and quality supervision. The students also attend academic camps, which offer ongoing motivation and support to bolster the professional and academic development and ensure that they sustain the momentum which has been established. Some of the UNISA lecturers play a role and attend these academic camps.



Investec's partnership with the Independent Schools Association of Southern Africa (ISASA) and the Department of Education aims to develop quality teachers in Mathematics, Science and English.

**34**

The number of students who completed the programme in 2016.

**170**

The number of students that were on the programme.

**60**

The number of ISASA host schools.

**100**

The number of mentors across the country.

On completion of the internship, qualified teachers take up posts in public state funded schools to ensure the transfer of skills.

In 2016, we commissioned Trialogue to do an independent review of the programme and below are some of the highlights:

Fundamentally, the programme is good: there is evidence that indicates that the interns are being enriched with quality teaching skills through the programme, that their teaching skills are improving, and that they value the mentorship.



**69**

Students are graduating from the programme (as at June 2016)

**38**

Subject distinctions from the 17 students who completed their studies in 2015

**80%**

Of the new 2016 interns have been locally placed. The programme has also made progress with local, in-province placement of interns



## *Entrepreneurship*

### 01 Junior Achievement South Africa

In a quest to create a meaningful legacy for Investec and the communities within which we operate, we have sought to engage in social investment initiatives that facilitate the opportunity for many up and coming youngsters to become active economic participants in society. In 2016, Investec continued its partnership with Junior Achievement South Africa (JASA) in furthering its entrepreneurial quest that seeks to stimulate an entrepreneurial mindset as well as life skills amongst grade 10 and 11 learners.

## 23 weeks

Programme duration where students acquire practical hands on skills to launch and manage their own small businesses

Investec is sponsoring:

## 10

Schools

## 9

Provinces

## 350

Learners from disadvantaged communities

### 02 Young Entrepreneurs programme (Young Treps)

In 2015, Investec CSI facilitated the process of establishing En-Novate which is our key partner in the Young Entrepreneurs (Young Treps) programme, a programme aimed facilitating the growth of young entrepreneurs through global exposure. The itinerary is curated based on the entrepreneurs selected as well as the sector focus, however includes visits to think tanks, universities, start-ups, venture capitalists, angel funders, leading companies, thought leaders as well as formal and informal opportunities to network and showcase their businesses.

**Key highlights include the hosting of the following trips for entrepreneurs.**

- Agriculture focused trip to Israel
- Fintech focused trips to Silicone Valley and Seattle
- Education focused trip to Finland.

## 70

Number of entrepreneurs taken on a global trip in 2016

### 03 Philanthropic initiatives

#### The Investec Soccer League

## 20

High schools sponsored in Soweto

- A vehicle to instil life skills and enhance talent
- School use their prize money towards the development of education of sports facilities within the school
- This league celebrated its eighth year of existence in 2016.

#### The Field Band Foundation

Offers a national music and dance programme to the youth as a vehicle to instil life skills

**In 2016 Investec continued to support the Soweto and Alexandra Field Bands**

#### Enke Make Your Mark

A leadership development organisation that generates and incubates youth-led social impact projects.

**Sounds of Celebration programme**

Investec CSI and the Enterprise Development Trust (EDT) have entered into a partnership with Education Africa to run its programme called Sounds of Celebration, which they run in partnership with the Sydenham Highlands North Hebrew Congregation.

### Using the skill of music as a platform for teaching them basic life skills

**Ad hoc donations**

Investec CSI makes available a budget to make donations to charities in response to requests for assistance across all regions within South Africa. This budget allows us to allocate small but meaningful grants in areas which might not fall within our main focus areas.

**R5k – R20k**

Size of donations

**Staff volunteerism**

Our experience is that far more can be achieved by using our knowledge, expertise and influence than by limiting our contribution to cash grants. We believe that more can be achieved through successful partnerships with staff hence the effort to encourage our staff members to take a keen interest in and participate in some of our initiatives. We have seen an increase in not only staff's interest to get involved but also in the number of staff volunteerism activities across the board. We have signed off our refined staff volunteerism strategy that revolves around giving time, money and goods.

**Mandela month**

Staff were also encouraged to go out on their own, do good and share an update on their Mandela activities for the charity to stand in line for a possible donation in celebration of Mandela Day

**Touch by Giving**

Offers Investec staff a simple and tax effective way to make a monthly donation, directly from their salaries, to a pre-selected list of charities. Staff continue to give money through this platform

**The Cradle Project**

Staff-initiated programme which allows staff the opportunity to present their own charitable donation requests to a forum and possibly receive funding for those projects. Investec provides annual capital for this initiative

Spent over  
**3 420**  
hours  
supporting  
communities

**Mauritius**

Investec Bank Mauritius' CSI strategy focuses on projects and initiatives in education, environment and sports development.



Refer to Investec Bank (Mauritius) Limited's annual report for more details.

**£73 128**

spend on CSI (2016: £63 818)

**Our clients**

At Investec, we pride ourselves on giving our clients an extraordinary experience. Interaction can be through a dedicated Investec consultant, our world-class 24/7 Global Client Support Centre or our innovative digital platforms.

Up by  
**80%**

Since the launch of One Place the number of investors with Wealth & Investment Online is up by 80%

**Technology enhancements**

**Investec One Place**

One Place is a continuation of Investec’s strong client-centred service culture. Through the collaboration of Private Banking and Wealth & Investment we now offer our clients integrated access to banking and investment services, both locally and internationally, all in One Place. Since the launch of One Place:

The number of investors with Wealth & Investment Online is up by

**80%**

Assets under administration with Wealth & Investment Online is up by

**65%**

Assets under management with Wealth & Investment Online is up by

**220%**

Online Portfolio Manager has a Private Banking and Wealth & Investment client base overlap of (AUM)

**31%**

*Providing voice biometric authentication for our clients*

**Voice recognition**

We are the first financial institution in South Africa to provide a voice biometric authentication method to our clients.

**Investec philanthropy services**

Investec recently launched Investec philanthropy services within our Wealth & Investment business. This initiative offers advisory services to individuals, families, businesses and non-profit organisations with the aim of maximizing their philanthropy objectives and achieving the most positive social impact with their charitable investments. Largely South African based, Investec philanthropy services currently support a number of private charitable foundations. The focus areas of the foundations vary, and include education, healthcare, welfare, social justice, the environment and conservation and animal welfare. An important service is the provision of due diligence on a non-profit organisation prior to the making of a grant. This is to ensure that the private foundations we look after support sustainable and effective organisations.

With regard to non-profit organisations, which are clients of the Wealth & Investment business, we also provide services which include guidance on structuring, legal, tax and corporate governance issues.

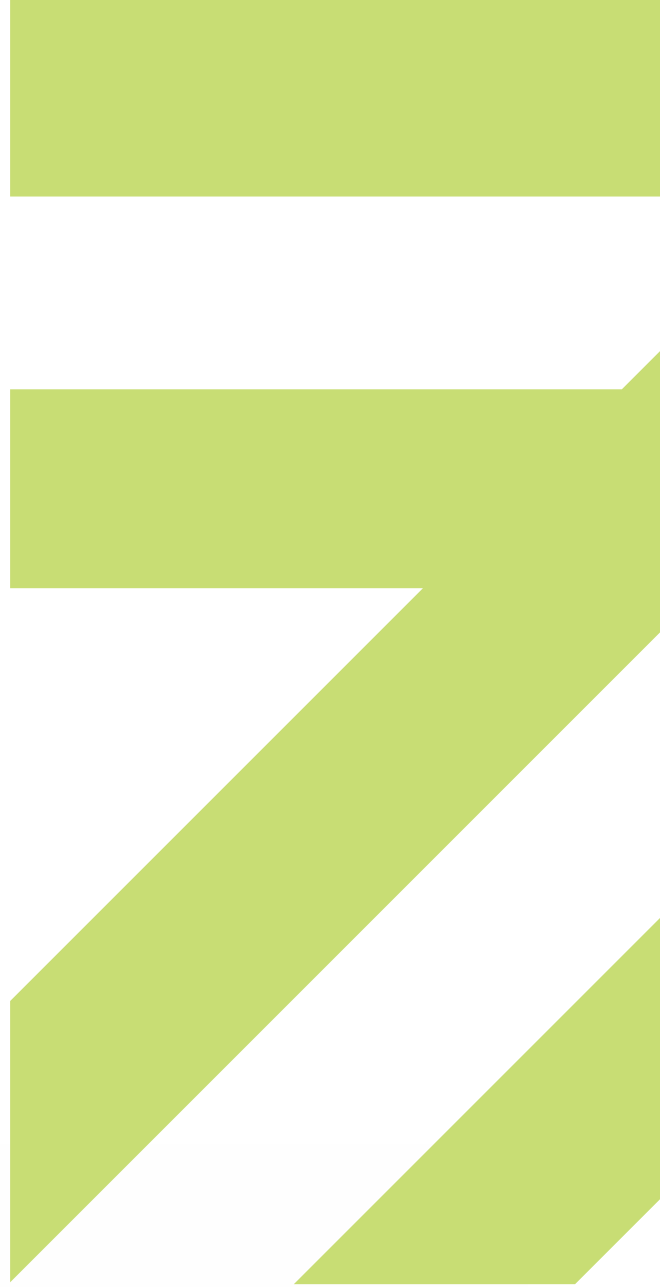
**Wealth & Investment Educational Trust**

The Wealth & Investment Educational Trust is being created as a vehicle for contributions to support and provide programmes addressing the needs in education in various capacities in South Africa. The Trust is in the process of applying for its Public Benefit Organisation Status and Section 18A.

03

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Planet



Planet

Investec’s environmental policy takes into account the challenges that climate change presents to the global economy and we will consider any meaningful activity that either reduces the negative impact on, or prolongs the life of, our planet. We believe that as a niched specialised financial services organisation, and given our positioning in the developed and emerging worlds, we can make a meaningful impact in addressing climate change.

As a niched specialist financial services organisation with a small physical presence, the direct environmental and social impacts of Investec’s daily operations are limited. In recognising that we have a responsibility to understand and manage our wider environmental and social footprint, our environmental policy states:

- Internally, we focus on creating awareness and encouraging positive sustainability behavioural change
- Externally, we are increasingly incorporating environmental considerations into our daily operations
- We recognise the opportunities for our clients and businesses in cleaner and renewable energy sources, energy efficiency and responsible lending and investing.

*Strengthened our global lending policy*

The below diagram shows a summary of Investec’s direct and indirect impact

Indirect					Direct
Responsible financing and investing	Responsible asset management	Responsible property management	Participating in renewable energy	Conserving the environment	Managing our carbon footprint
<ul style="list-style-type: none"> <li>• Group ESG lending policy</li> <li>• ESG considerations in credit and investing decisions</li> <li>• ESG guidelines for consultants.</li> </ul>	<ul style="list-style-type: none"> <li>• Stewardship policy</li> <li>• ESG screening.</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability considerations incorporated into property developments.</li> </ul>	<ul style="list-style-type: none"> <li>• Solar</li> <li>• Energy from waste</li> <li>• Wind.</li> </ul>	<ul style="list-style-type: none"> <li>• Investec Rhino Lifeline</li> <li>• Protecting birdlife</li> <li>• Supporting endangered wild dog</li> <li>• IAM Tusk Conservation awards.</li> </ul>	<ul style="list-style-type: none"> <li>• Reducing energy consumption</li> <li>• Reducing waste</li> <li>• Promoting sustainable travel</li> <li>• Promoting sustainable procurement.</li> </ul>

**Responsible financing and Investing**

Investec has a holistic approach to sustainability which is not limited to our daily operational activities but rather includes our many impactful corporate social investment programmes and is based on a broader corporate responsibility to the environment and society. We believe that the most meaningful contribution Investec can have is through responsible financing, investing and supporting businesses involved in renewable energy. Accordingly, social and environmental risk considerations are implicit in our values, culture and code of conduct and are applied as part of our environmental and social risk framework. There is also oversight by the social and ethics committee (executive committee) on social and environmental issues.

**In particular the following factors are taken into account when a transaction might be approved or declined based on the outcome of the sustainability considerations:**

- Environmental considerations (including animal welfare and climate-related impacts)
- Social considerations
- Macro-economic considerations.

**Responsible asset management**

In our role as a global asset manager, our primary goal is to deliver on our clients' mandates. The essential purpose of our work is to preserve and grow the real purchasing power of the assets entrusted to us by our clients over the long term. In fulfilling this purpose we will assume a stewardship role over the assets, including the effective exercising of their ownership rights. We monitor, evaluate and, if necessary, actively engage or withdraw capital to preserve or add value to our clients' portfolios.

As a fiduciary of our clients' money, it is our legal obligation to make sure we consider all material risks and opportunities to our investments which include those of an environmental, social and governance (ESG) nature. Our approach and commitment to this priority is outlined in our Stewardship Policy and is overseen by our internal Investment Governance Committee (IGC) which includes senior leaders from around the business such as our CEO, CIO's, Head of Legal and Investment team heads. We are also a signatory of the United Nations-supported Principles for Responsible Investment (UNPRI), the UK Stewardship Code and Code for Responsible Investing in South Africa (CRISA). We are investor signatories of the Carbon Disclosure Project and their Carbon Action initiative, which calls for business to monitor the cost-effective management and reduction of carbon emissions. We are also involved in a few other advocacy organisations which allows us to better engage on issues of active ownership on a global scale with other investors.

While all teams follow the fundamental principles of our stewardship policy, the manner in which Investec Asset Management plays an active ownership role will be determined by an assessment of the costs and benefits to our clients as well as the particular nature of the investment strategy. Any strategy of intervention in terms of active ownership will be subject to portfolio decisions on whether to remain invested in the company, with the protection and enhancement of the value of client portfolios being the central objective. Each investment team develops their integration strategies following a framework touching on five key areas: investment universe, fundamental analysis, portfolio construction, engagement and reporting.

The majority of strategies currently integrate ESG analysis at a fundamental analysis stage where they form a qualitative, quantitative or a mix of both account for material ESG issues. Currently, we source company ESG analysis from a number of sources, including external service providers. These sources allow us to build a view of how well the companies are identifying, manage and plan for these long-term issues. Ultimately the ESG view is in-house and not externally sourced from a third-party provider. Once we become a holder of the equity or bond we become active owners and engage with the company or issuers as necessary to make sure the management of the risks are of a high standard and minimise any risks of future events that may destroy value. We believe it is important to not only manage our clients' assets in a responsible manner but also to proactively engage our clients and stakeholders on the subject of sustainability. We recognise that the sustainability imperative means that we have a responsibility and opportunity to lead the conversation around sustainable development and encourage our clients on their journey towards more sustainable long-term investing.

As an example of positive contribution, Investec Asset Management was appointed to manage the approximately \$670.0 million Emerging Africa Infrastructure Fund ('EAIF' or 'the Fund'), a public-private partnership anchored by the governments of the United Kingdom, The Netherlands, Sweden and Switzerland. EAIF is an initiative of the donor-financed Private Infrastructure Development Group and was developed to mobilise capital into private sector infrastructure projects across sub-Saharan Africa. Established in 2002, the Fund has committed over \$1.2 billion to 63 projects in 19 countries. The Fund aims to achieve three main objectives – to catalyse African infrastructure projects through providing long-term debt and mezzanine finance on commercial terms tailored to local needs; to invest in sustainable businesses with skilled management teams and clear potential to improve economies and help reduce poverty; and to deliver on both investment and specific development goals.

*Signatory of the  
United Nations-supported  
Principles for  
Responsible Investment  
(UNPRI),  
the UK Stewardship Code  
and Code for Responsible  
Investing in South Africa  
(CRISA)*

*Full details on our  
stewardship  
policy can be found  
on the Investec Asset  
Management website*

## Responsible property management

Investec Property Fund (which is managed by Investec Property and 27.86% owned by Investec Limited), actively explores sustainable business development. Sustainability is a key focus area for the Fund which includes improving the stability of electricity and water supply for clients while attempting to manage the increasing cost of occupation where possible. The Fund tracks and benchmarks consumption across the portfolio in order to identify energy efficiency opportunities and monitors improvements.

The Fund introduced a pilot solar project on the rooftop of Fleurdal Mall in Bloemfontein to reduce the cost of electricity. The project went live on 1 November 2016. It also provides grid stability and energy security and will alleviate down-time for clients in the event of load – shedding, producing 20% of the mall's energy requirements. This project has resulted in the roll-out of a similar project at Musina Mall. The technology will continue to be rolled out across feasible building and assist in reducing the cost base of the Fund as well as the cost of occupation for clients.

The Fund will continue with the roll-out of sustainability initiatives through a comprehensive two-year programme involving further capital investment. In addition to the direct capital spend on the properties, the majority of which is expected to be value enhancing through returns on investment for the Fund and improved efficiencies for its clients, the Fund is engaging in the process of obtaining ratings from the Green Buildings Council for certain of its properties.

The Fund has initiated a new project known as AMP, as an enterprise supplier development hub, where it initially will be partnering with 10 – 15 black-owned small and medium enterprises in the industries that provide services to the property industry. The initiative seeks to develop small businesses by providing the capital to install offices, subsidising rental levels, up skilling of the entrepreneurs and providing preferential payment terms.

The Fund's current BEE rating is level 3 with the next rating scheduled for October 2017.

- Piloted a solar rooftop project
- AMP (enterprise supplier development hub) partnering with 10 – 15 black owned SME's
- BEE rating level 3.

### Participating in renewable energy

We require that all power and infrastructure-related projects comply with applicable environmental, planning, labour and procurement law and do not fund or invest in projects which do not have acceptable environmental impact assessments, do not comply with procurement and labour laws, and either do or could reasonably be expected to breach acceptable behavioural, ethical or moral standards. We target transactions in countries with established laws that comply with World Bank Standards and that have due processes that are applied reasonably and effectively. If not, sponsors and suppliers are obliged to give undertakings and compliance with such standards.

The pressure on municipalities, businesses, and individuals, to operate more sustainably and be more environmentally friendly, combined with cost reductions, volatile commodity prices and energy security all have contributed to the growth of renewable energy and waste recycling markets. The past year for our business has witnessed growth too, where we have financed 11 projects, that will generate approximately 1 000MW of clean energy. Overall renewable energy makes up two-thirds of our portfolio (which also feature biomass, wind and hydro projects).

Two key drivers of growth in Energy from Waste (EfW) are investments by local councils in building facilities, and the continued upward trend of corporations looking to produce energy from their own waste. This has been driven by the ever increasing need to boost efficiencies, reduce carbon footprints, as well as improving sustainability. We closed four waste project in the year.

With environmental concerns and sustainability becoming ever-more important, individual households have also been active to harness their roofs to generate energy and reduce their carbon footprint. Solar power is 80% cheaper now than it was 7 years ago, and rooftop/residential solar continues to see good growth world wide particularly in the United States which is the most active market. Within the United States residential solar generation market, Investec has established a leadership position and below are some examples.

Furthermore Investec was part of the consortium of investors, whilst also providing debt funding for Kathu Solar Park, a 100MW Concentrated Solar Power (CSP) project in South Africa, which won IJ Global African Renewables deal 2016 Award.

*Investec was recognised as the go-to funding source for the US roof-top solar industry arranging \$880mn in debt financing for rooftop solar developers and financiers in 2016 – more than half of the \$1.5bn bank debt raised last year in the US (Bloomberg New Energy Finance)*

### Kemsley EfW

Investec co-financed £300.0 million of debt for Wheelabrator Technologies. Kemsley EfW combined heat and power (CHP) plant in Kent will generate 43MW of sustainable electricity. Up to 154GW hours of renewable electricity will feed into the grid annually, enough to power 37 500 homes. It is due to produce 180GW hours of heat.

The project is the first large scale EfW facility to be supported by the UK government's contract for difference (CFD) regime. The plant is due to have capacity for 550 000 tonnes of waste derived fuel per year, which will come from various waste management companies. The waste will be sourced from Kent and the South East of England, which would otherwise have been sent to landfill sites before being sent to other European plants. The plant is currently being constructed and is expected to be completed to produce power in 2019.

*154GWh hours of renewable electricity, enough to power 37 500 homes*

Country	Role	Project type	Date closed	Power capacity
UK	Lead arranger	Waste	July 2016	43MW



**UBB Gloucestershire EfW (Urbaser Balfour Beatty)**

Investec financed the construction and operation of a new municipal EfW plant in Javelin Park in Harefield, Gloucestershire with the capacity to generate 14.6MW of energy. The asset is underpinned by a 25 year PFI Project Agreement between the Gloucestershire County Council and UBB Waste. The plant is projected to generate electricity equivalent to power 25 000 homes, while recovering 3 000 tonnes of metal. The plant is expected to process 190 000 tonnes of waste per year. The plant is currently being constructed and is expected to be completed to produce power in 2019.

*The plant is projected to generate electricity equivalent to power*  
**25 000**  
*homes. Increasing Gloucestershire's renewable energy production by over 50%*

Country	Role	Project type	Date closed	Power capacity
UK	Senior lender	Waste	August 2016	14.6MW

**FCC Edinburgh EfW**

Investec acted as mandated lead arranger, along with the UK's Green Investment Bank (GIB), Siemens Bank and Credit Agricole, to fund the construction and operation of a new municipal EfW plant in Edinburgh, Scotland. The plant will be developed and owned by FCC E&M Limited, and upon completion in May 2020 generate 11.9MW of power.

The project will divert non-recyclable waste away from landfill for its feedstock. The plant will also be combined heat and power-ready, with the potential to supply excess heat from its operations to nearby homes and businesses. Up to 155 000 tonnes of waste is expected to be processed each year and sufficient power to meet the needs of 11 000 homes.

The project is underpinned by a 25-year PFI project agreement between the City of Edinburgh Council and FCC, a waste supply agreement with FCC and a 15 year Power Purchase Agreement (PPA) with EDF Energy plc. The plant is currently being constructed and is expected to be completed to produce power in 2020.

*Up to*  
**155 000**  
*tonnes of waste is expected to be processed each year and sufficient power to meet the needs of*  
**11 000**  
*homes*

Country	Role	Project type	Date closed	Power capacity
UK	Mandated lead arranger and hedge broker	Waste	October 2016	11MW of electricity and up to 20MW of heat

**Riverside EfW**

Investec acted as mandated lead arranger and hedge provider to refinance the £440.0 million Riverside Energy from Waste Plant sponsored by Cory Riverside Energy Group. Riverside, initially financed in 2008, has been operational since 2011 and produces 72MW of electricity by treating the municipal waste generated by the London Boroughs of Bexley, Wandsworth, Hammersmith & Fulham and Lambeth, using unique river transfer stations and barges operations along the Thames. The plant generates energy that is adequate to power 66 000 homes, processing 585 000 tonnes of residual waste generated in the region.

*The plant generates energy that is adequate to power*  
**66 000**  
*homes, processing 585 000 tonnes of residual waste generated in the region.*

Country	Role	Project type	Date closed	Power capacity
UK	Mandated lead arranger and swap provider	Waste	March 2017	72MW

**Spruce II**

Investec arranged \$120.0 million in debt financing which is Spruce's first syndicated facility to support the growth of its solar lease and PPA business, in May 2016.

Furthermore, in December 2016, Investec reprised its role as lead arranger (joined by Silicon Valley Bank) to arrange \$105.4 million debt, to finance additional systems in states around the United States.

Spruce is a provider of consumer financing for residential solar and home efficiency improvements in the United States. This helps households to reduce their utility bills, improve their homes and communities.

*Helps households to reduce their utility bills, improve their homes and communities*

Country	Role	Project type	Date closed	Power capacity
US	Joint arranger and book runner	Residential solar	December 2016	120MW and 86.2MW

### Vivint Solar

Investec was lead arranger and book runner to structure, arrange and syndicate \$313.0 million in senior secured credit facilities for Vivint Solar Financing in May 2016, helping to finance over 307MW and 47 000 residential solar energy systems across 12 states.

Vivint Solar is a leading provider of solar energy systems to residential customers in the United States, who receive significant savings relative to utility generated electricity and benefit from guaranteed energy prices over the length of their contracts.

*Helping to finance over  
**307MW**  
and  
**47 000**  
residential solar energy  
systems across 12 states.*

Country	Role	Project type	Date closed	Power capacity
US	Lead arranger and book runner	Residential solar	August 2016	307MW

### Recurrent Energy

Investec acted as joint lead arranger on the \$123.2 million financing of a 100MW solar project located in California, USA in August 2016. The Project will sell power to Marin Clean Energy and Sonoma Clean Power Authority under long term PPAs.

Recurrent Energy, a subsidiary of Canadian Solar Inc., develops utility-scale solar plants to provide competitive clean electricity to large scale energy buyers.

*Joint lead arranger on the  
**\$123.2mn**  
financing of a 100MW  
solar project*

Country	Role	Project type	Date closed	Power capacity
US	Joint lead arranger	Solar	August 2016	100MW

### True Green Solar (TGC)

Investec was mandated lead arranger to arrange senior facilities to finance solar developments. TGC specializes in energy infrastructure and targets asset-based investment opportunities with a focus on distributed power generation, including distributed and commercial PV solar.

*Financing solar  
developments*

Country	Role	Project type	Date closed	Power capacity
US	Mandated lead arranger	Solar	December 2016	28.6MW

### Kathu Solar Park

Investec was part of the consortium of investors and also providing debt funding in May 2016 for Kathu Solar Park, a 100MW greenfield Concentrated Solar Power (CSP) project in South Africa. The project won IJ Global's African Renewable deal of 2016 Award. The project is currently in construction phase and is expected to be operational in the second half of 2018. Power will be sold to Eskom under a 20 year PPA (post construction).

Approximately 1 200 jobs will be created during the construction phase. It is estimated that the Kathu Solar Park will save 6 million tonnes of CO<sub>2</sub> over 20 years and will further promote local economic development through various projects such as a local community trust for the benefit of communities in the John Taolo Gaetsewe District Municipality situated in the Northern Cape and sourcing of other services from local entrepreneurs.

The project with parabolic trough technology, equipped with a molten salt storage system allows 4.5 hours of thermal energy storage and thus limits the intermittent nature of solar energy and supports South Africa's strategy of increasing the contribution of renewable power.

***1 200**  
new jobs and improved  
quality of lives  
**6 million**  
tons of CO<sub>2</sub>  
saved in 20 years*

Country	Role	Project type	Date closed	Power capacity
South Africa	Investor and debt provider	Solar	May 2016	100MW

### Mettle Solar Rooftop PV

Investec provided R57.0 million of senior debt for the development of Mettle Solar's Rooftop PV Portfolio. The assets are located in South Africa and Namibia. Mettle Solar develops, finances, installs, operates and maintains commercial rooftop solar photovoltaic systems.

*Provide  
**R57mn**  
senior debt for  
commercial rooftop solar*

Country	Role	Project type	Date closed	Power capacity
South Africa	Sole lender	Commercial rooftop solar	March 2017	5MW

### Hornsedale Stage 3 (HWF III)

Stage 3 reached financial close in February 2017. This follows on from the successful achievement of Stage 1 and Stage 2 of the Hornsdale Wind Farm (together totalling 200MW of capacity 2014 and 2016 respectively). Investec has participated in financing all three stages.

The third and final stage will add a further 35 wind turbines, totalling 109MW of capacity. Once complete, the project will boast 99 wind turbines with a maximum capacity at the point of interconnection to the National Electricity Market of 309MW. This will make a significant contribution towards the ACT government's target of having 100% of its electricity supplied by renewable energy sources by 2020.

*Supply enough power  
each year to service over  
**180 000**  
average South  
Australia households*

Country	Role	Project type	Date closed	Power capacity
Australia	Junior lender	Wind	February 2017	90MW

### Energy fund

Notwithstanding the commitment made by various governments, development finance institutions and NGO's investment in the energy sector in Africa over the year remains below the requirements to meet the increasing demand. The slowdown in the world economy has potentially had an effect on the investment in this sector, while in South Africa the impasse between the government and the state utility and the issue of the revised draft integrated energy plan for South Africa has seen the roll-out of additional generation capacity delayed. Given the uncertainty of the timing of investment in new generation capacity in South Africa under the programmes run by the Department of Energy, many large users energy users are investing in self generation in particularly environmentally friendly solar and battery technologies. Investec has proven track record of investing and funding in this sector with in excess of \$800 million arranged to date.

*Investec has proven  
track record  
of investing and  
funding this sector  
with in excess of  
**\$800mn**  
arranged to date.*

Recognising the opportunity to play a role in funding and transforming the energy sector, Investec is creating an energy fund to invest in and acquire equity instruments in private unlisted companies that are undertaking energy projects in sub-Saharan Africa with an initial focus on operating assets in South Africa. We expect that a significant portion of the fund will be in clean energy as the sub-Saharan Africa projects move away from coal towards more renewable and clean energy sources. The fund manager will have a minimum 51% black shareholding which will see the transfer of skills to black employees, thereby facilitating the creation of a new majority black-owned investment manager and contributing to the transformation of the fund management industry. The nature and scope of the fund allows investors, not all of whom are natural long-term investors in infrastructure, to exit their investments earlier than would traditionally be allowed with these types of investments. Given the uncertainty in the sector the launch of the fund has been delayed however the applications for appropriate regulatory approvals are well advanced.

## Conserving the environment

*The desire to make a meaningful contribution to the world we live in is at the heart of Investec's values. Given Investec's African heritage, we are passionate about ensuring the continued existence of a number of African species. We therefore fund a number of biodiversity projects which help to ensure the sustainable existence of South Africa's rich wildlife.*



### A zebra can save a rhino

Investec responded to the rhino crisis in 2012 by establishing Investec Rhino Lifeline (IRL). We continue our strategy to raise awareness and focus specifically on youth education as well as rescue and demand reduction. Our Out of the Ordinary approach is to focus on both the demand and supply side of the rhino crisis, and to partner with specialists – registered charities or NGO's – who are experts in their fields, and to support their efforts through awareness, fundraising and donations. To date, Investec has invested more than R12 million of its own funds in Investec Rhino Lifeline, with R8.1 million spent on our main focus, education, and R3.5 million spent on rescue and R600 000 on demand reduction.

### Continued focus on education

2016 was another successful year of growth for our Coaching for Conservation (C4C) education programme for kids living near reserves in the Eastern Cape.

**6 400**

children have participated in the programme since inception in 2013

We also extended our education focus to the critical areas surrounding the Kruger National Park by partnering with Good Work Foundation (GWF).

GWF is an adult digital learning centre and has incorporated our Coaching for Conservation Rhino Rap programme for the kids from the highly impoverished Bushbuckridge area.

### Rescue: every rhino counts

Orphaned rhino calves play a critical role in the ultimate survival of the species. For this reason, we established two new partnerships with Care for Wild Rhino Sanctuary and the Hoedspruit Endangered Species Centre (HESC). We support them in the difficult and very important tasks of caring for rhino injured and orphaned by poaching, and also provide an important awareness platform and fundraising vehicle.

### The passion of our people

The success of Investec Rhino Lifeline is largely attributable to the passion of our staff who give their time, money and expertise to contribute to this project.

**R200 000**

funds raised for orphaned rhino during World Rhino Day

**R182 000**

donated by the CSI division in the UK for demand reduction education initiatives to raise awareness in China

**R88 600**

sponsored to rhino by Investec Marketing division (a R200 donation for every goal scored at the Investec St Mary's Hockey festival in April 2016)

**R70 000**

contribution made by Investec Investor Relations for Care for Wild rhino orphans

**R50 000**

contribution made by Investec Wealth & Investment clients as a result of their Christmas charity campaign

# Conserving the environment

(continued)

Other initiatives included:

- We hosted Major General Johan Jooste of Sanparks at our group leadership conference raising awareness with our leaders from around the world. In lieu of a speaker fee, Investec donated a response vehicle to the Kruger National Park, to be used in the assistance of the communication and coordination of anti-poaching units
- Private Bank invited General Jooste to attend the Spirit of Craft event in October 2016 where many of our high net worth clients connected with him on the rhino crisis. Private Bank also donate through their dividends programme and through Travel by Investec
- Rhino Lifeline was profiled at Investec's IMF Breakfast in Washington in September 2016
- The International Banking team hosted Petronel Nieuwoudt from Care for Wild at Sabi Sabi game reserve at the end of November 2016, raising awareness with important international banking clients.

## Focus for 2017:

- Coaching for Conservation will reach 3 800 children living near Eastern Cape reserves
- GWF will reach 2 000 kids on the Kruger National Park border
- IRL will continue to raise funds and awareness for our partners rescuing injured and orphaned rhino
- IRL is partnering with WildAid, a highly regarded environmental organisation, in a demand reduction PR campaign in China.

*Will reach a further  
**6 000** kids in rural  
communities in 2014*

## Protecting birdlife

The power and infrastructure finance team partners with BirdLife South Africa to research the environmental impact of renewable energy on the local birdlife in South Africa. By ensuring that the impact is adequately assessed and mitigated, developers are encouraged to comply with international best practises. This helps Investec gain a better understanding of the impact and improve environmental performance and decision-making for future developments.

***R3.5mn**  
spend on BirdLife SA  
since inception*

## Wild dog

Investec supports the Endangered Wildlife Trust's Carnivore Conservation Programme and its research and monitoring of African wild dogs in the Northern Kruger National Park. Wild dog is South Africa's most endangered carnivore with a current population of less than 400 dogs. This research project is on-going and focuses on identifying the threats facing African wild dogs in the park. The emphasis is on viable methods to improve their conservation status. We recognise the urgent need to safeguard the future of this unique animal.

***Most endangered  
carnivore***

## IAM Tusk Conservation Awards

Investec Asset Management has been supporting the Tusk Conservation Awards for the past five years. The awards aim to shine a light on the incredible work of individual conservationists; to inspire, encourage and support their work and the efforts of others across Africa's poaching crisis. Its mission is to find a way to combine the interest of both people and wildlife, while preserving the continent's natural heritage. At the 2016 awards, the Prince William Award for conservation in Africa was awarded to John Kahekwa in recognition of his work in the DRC, and the Tusk Award to Cathy Dreyer for her work in South Africa. Sir David Attenborough was also honoured for his lifetime contribution to conservation.

***Supporting Tusk  
Conservation Awards  
for the past five years***

### Direct operational impact

Our internal environmental strategy is focused on creating awareness and encouraging positive sustainable behavioural change in recognition of our environmental responsibilities. Investec recognises that effective environmental management is an essential part of embedding this philosophy into the organisation. We are committed to operating an effective environmental management system.

Our environmental data collection system allows us to track and manage our direct operational impact. This tool imports data from various sources, consolidates the information and calculates our carbon footprint. The implementation of this tool allows us to produce reliable emissions data, accurately build a history of our carbon footprint and will assist in setting targets for future emissions. This year we continued to improve the thoroughness of our data collection processes.

We continued to drive awareness about our direct operational impacts by influencing internal behaviour through the

environmental programmes communicated to staff by our team of environmental champions, Team Green. The teams are made up of representatives from across the business areas and aim to raise awareness around our environmental impact and encourage positive and sustainable behaviour change amongst our staff through education and engagement.

#### Group carbon footprint

Our respective carbon footprints have been calculated according to the international Greenhouse Gas (GHG) Protocol's Corporate Accounting and Reporting Standard (revised edition).

Data has been gathered in line with our requirements of the CRC Energy Efficiency scheme. We use the operational control method to determine what is included in our scope of reporting.

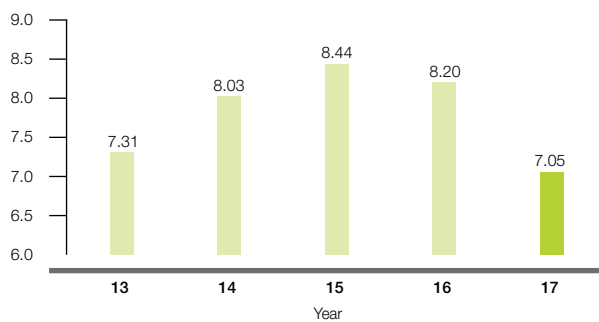
Materiality set at a group level was 5% with all facilities estimated to contribute >1% of total emissions included.

#### Key focus areas to reduce Investec's carbon footprint include:

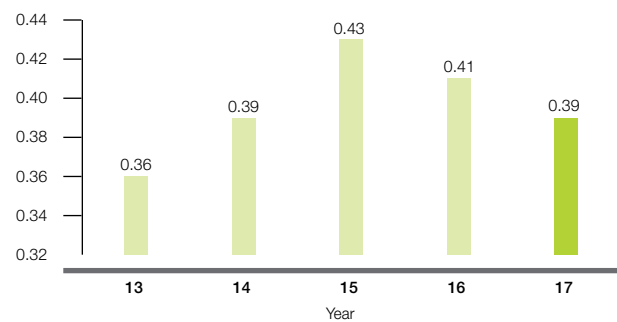
- Reducing energy consumption, and using green tariffs where possible
- Reducing overall waste and increasing waste recycling rates
- Encouraging reduction of water usage
- Promoting sustainable travel
- Promoting sustainable procurement.

Investec's environmental policy takes into account the challenges that climate change presents to the global economy and we will consider any meaningful activity that either reduces the negative impact on or prolongs the life of our planet. We believe that as a bank, and given our positioning in the first and emerging worlds, we can make a meaningful impact in addressing climate change.

#### Emissions per average employee



#### Emissions per m<sup>2</sup> office space



We continue to drive awareness about our direct operational impacts. Over the past 5 years we have not seen significant changes in our intensity indicators. In 2015 we enhanced our data collection processes to cover a broader scope of our operations. Since then, in South Africa we maintained our electricity consumption as a result of electricity reduction initiatives, even though our headcount increased. Electricity emissions for UK and Other regions decreased due to emission factors updated in 2017. We have also reduced our travel emissions through continuous collaboration through video conferencing and effective leveraging of international teams.

# Direct operational impact

(continued)

# 03

Planet

Assessment parameters	
<b>Consolidation approach:</b>	Operational control
<b>Emission factor data source:</b>	DEFRA (2016) and IEA
<b>Intensity ratio:</b>	Emissions per full-time employee Emissions per office space m <sup>2</sup>
<b>Independent assurance:</b>	Limited assurance provided by KPMG for the year ending 31 March 2017

## Carbon footprint for the group

		31 March 2017		31 March 2016		Variance in tonnes CO <sub>2</sub> equivalent		Notes
Units		Tonnes of CO <sub>2</sub> equivalent	Consumption in unit of measure	Tonnes of CO <sub>2</sub> equivalent	Consumption in unit of measure			
<b>Scope 1</b>		<b>1 710</b>		<b>1 813</b>		<b>(5.6%)</b>		
Energy	Natural gas	kWh	431	2 341 511	445	2 411 761	(3.1%)	
	LPG stationary	L	36	23 978	13	8 663	>100%	1
	CO <sub>2</sub> purchase	kg	–	452	–	–	–	
	Diesel	L	268	102 395	248	91 686	8.5%	
Refrigerant	Refrigerant	kg	766	404	891	231	(14.0%)	
Employee travel	Vehicle fleet	km	209	1 092 169	216	1 131 072	(3.2%)	
<b>Scope 2</b>		<b>35 192</b>	<b>43 407 612</b>	<b>36 683</b>	<b>43 404 040</b>	<b>(4.1%)</b>		
Energy	Electrical energy consumption	kWh	35 192	43 407 612	36 683	43 404 040	(4.1%)	2
<b>Scope 3</b>		<b>27 604</b>		<b>31 509</b>		<b>(12.4%)</b>		
Paper	Paper consumption	t	499	506	612	266	(18.5%)	
Waste	General waste	t	15	47	39	77	(61.5%)	3
Employee travel	Rail travel	km	128	2 675 459	98	2 215 447	30.6%	
	Road business travel	km	248	1 325 898	248*	1 317 622*	–	
	Taxi	km	32	175 321	51	190 996	(37.3%)	4
	Commercial airlines	km	26 682	75 891 968	30 461	77 334 920	(12.4%)	4
<b>Total emissions</b>		<b>64 506</b>		<b>70 005*</b>		<b>(7.9%)</b>		
<b>No scope</b>								
Water	Water consumption	kl		115 372		123 857		
Recycled waste	Recycled waste	t		793		934		
	Renewable fuel derived from natural oils	L		576		–		
<b>Intensity</b>								
	Emissions per average employee			7.05		8.20		
	Emissions per m <sup>2</sup> office space			0.39		0.41**		
	Water consumption per average employee			12.60		14.53		

\* Restated.

\*\* m<sup>2</sup> office space for 2016 was restated.

<sup>1</sup> LPG Stationary gas consumption increased due to a gas leak in our Sandton Office.

<sup>2</sup> In South Africa we maintained our electrical consumption as a result of electricity reduction initiatives, even though our headcount increased. Electricity emissions for UK and Other regions decreased due to emission factors updated in 2017.

<sup>3</sup> General waste decline due to increased recycling efforts.

<sup>4</sup> Travel emissions reduced due to collaboration through video conferencing.

Carbon footprint for UK and Other 

			31 March 2017		31 March 2016			
Units			Tonnes of CO <sub>2</sub> equivalent	Consumption in unit of measure	Tonnes of CO <sub>2</sub> equivalent	Consumption in unit of measure	Variance in tonnes CO <sub>2</sub> equivalent %	Notes
<b>Scope 1</b>			<b>525</b>		<b>497</b>		<b>5.6%</b>	
Energy	Natural gas	kWh	431	2 341 511	445	2 411 761	(3.1%)	1
	Diesel	L	2	600	–	600	>100%	
Refrigerant	Refrigerant	kg	92	52	52	29	76.9%	
<b>Scope 2</b>			<b>6 250</b>	<b>14 672 879</b>	<b>6 658</b>	<b>14 134 778</b>	<b>(6.1%)</b>	
Energy	Electrical energy consumption	kWh	6 250	14 672 879	6 658	14 134 778	(6.1%)	2
<b>Scope 3</b>			<b>13 019</b>		<b>14 911</b>		<b>(12.7%)</b>	
Paper	Paper consumption	t	387	387	306	120	26.5%	
Waste	General waste	t	6	26	9	11	(33.3%)	3
Employee travel	Rail travel	km	128	2 675 459	98	2 215 447	30.6%	
	Road business travel	km	193	1 034 080	182*	964 022*	6.0%	
	Taxi	km	32	175 321	51	190 996	(37.3%)	4
	Commercial airlines	km	12 273	33 942 801	14 265	34 787 724	(14.0%)	4
<b>Total emissions</b>			<b>19 794</b>		<b>22 066*</b>		<b>(10.3%)</b>	
<b>No scope</b>								
Water	Water consumption	kl		30 810		28 666		
Recycled waste	Recycled waste	t		522		780		
<b>Intensity</b>								
Emissions per average employee				4.93		5.81*		
Emissions per m <sup>2</sup> office space				0.37		0.39		
Water consumption per average employee				7.67		7.55		

Data has been gathered in line with requirements of the CRC Energy Efficiency Scheme in the UK. We use the operational control method to determine what is included in our scope of reporting. Materiality set at a group level was 5% with all facilities estimated to contribute >1% of total emissions included. The GHG report is the same as our carbon footprint report.

\* Restated.

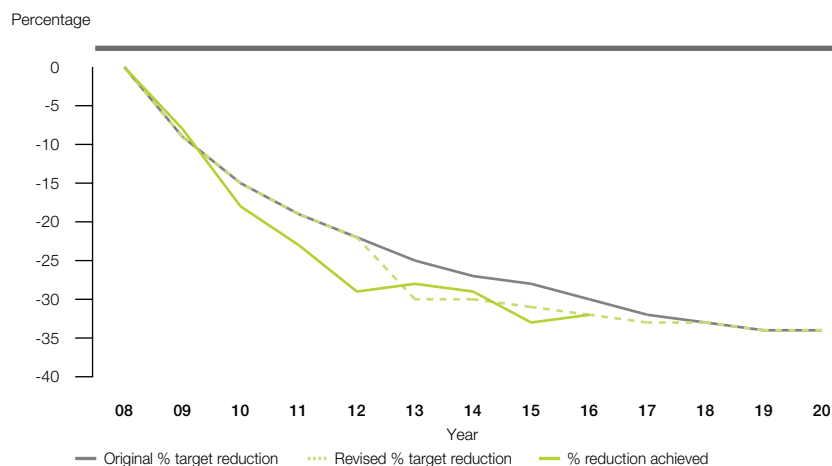
<sup>1</sup> Reduction due to reduced boiler runs overnight.

<sup>2</sup> Tonnes of CO<sub>2</sub> equivalent declined due to changes in emission factors. Consumption increased slightly as we have stopped any further energy efficiency initiatives in our 2 Gresham street office as we prepare to relocate to 30 Gresham street early in 2018.

<sup>3</sup> Tonnes of CO<sub>2</sub> equivalent declined due to changes in emission factors. Consumption increased slightly and we continue to drive awareness around waste and recycling where possible.

<sup>4</sup> Travel emissions reduced due to continued collaboration through video conferencing.

## UK energy reduction target



Our 2 Gresham street office in the UK, comprising 9.8% of the group floor space set an electricity reduction target of 34% by 2020, with 2008 as a base year.



**Energy  
reduction  
achieved  
32%**



Highlights for the UK and Other



- Our UK's head office Energy Management System (EMS) remains certified to the international environmental standard ISO14001
- The UK's head office Energy Management System remains certified to the Energy Reduction Verification Kitemark. We have, to date, saved approximately £2.2 million in this office by switching off unnecessary electricals
- In 2016 our environment programme was further embedded in our regional offices.

Our EMS remains  
**ISO14001**  
certified



- The UK's head office won their 10th Platinum Award for best practice in waste management
- The UK's head office won the inaugural Cleaner City Award run by the Cheapside Business Alliance
- The UK's head office won a Gold prize in the Green Apple Award for Environmental Best Practice
- Commended by the City of London's Environment Group for the disposable free Fridays initiative.

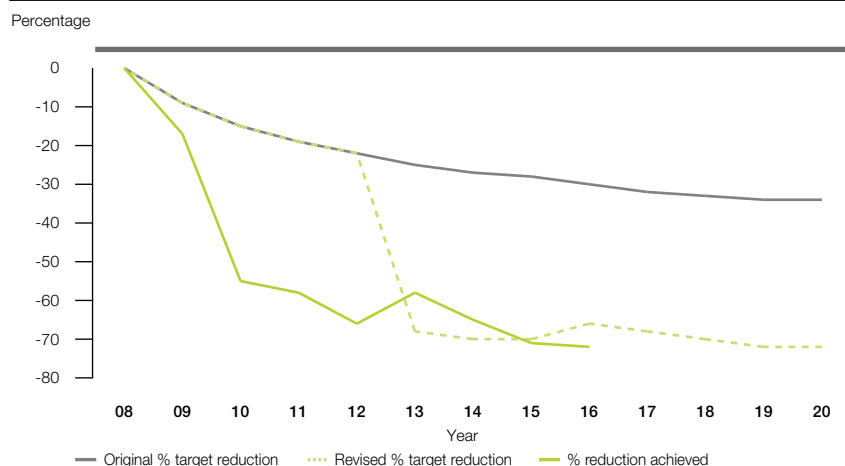
Won  
**10th**  
platinum award for best practice  
in waste management



- Our air quality campaign reached 2 518 employees and 3 227 air pledges made
- The UK's head office bottled their own pure drinking water refilling 29,595 litre bottles avoiding 17,505 kgs of glass waste
- We continue to encourage active travel amongst our staff and run Cycling to Work schemes
- Investec staff joined millions of people across the world who switched off their lights for Earth Hour on Saturday, 25 March 2017 at 20:30.

**Avoiding 17 505 kgs  
of glass waste**

UK gas reduction target



Our 2 Gresham street office in the UK, comprising 9.8% of the group floor space set a revised gas reduction target of 72% by 2020, with 2008 as a base year.



**Gas  
reduction  
achieved  
72%**

Carbon footprint for Southern Africa 

			31 March 2017		31 March 2016			
Units			Tonnes of CO <sub>2</sub> equivalent	Consumption in unit of measure	Tonnes of CO <sub>2</sub> equivalent	Consumption in unit of measure	Variance in tonnes CO <sub>2</sub> equivalent	Notes
<b>Scope 1</b>			<b>1 185</b>		<b>1 315</b>		<b>(9.9%)</b>	
Energy	LPG stationary	L	36	23 978	13	8 663*	>100%	1
	CO <sub>2</sub> purchased	kg	–	452	–	–	–	
	Diesel	L	266	101 795	247	91 086	7.7%	
Refrigerant	Refrigerant	kg	674	352	839	505	(19.7%)	
Employee travel	Vehicle fleet	km	209	1 092 169	216	1 131 072	(3.2%)	
<b>Scope 2</b>			<b>28 942</b>	<b>28 734 733</b>	<b>30 025</b>	<b>29 269 262</b>	<b>(3.6%)</b>	
Energy	Electrical energy consumption	kWh	28 942	28 734 733	30 025	29 269 262	(3.6%)	2
<b>Scope 3</b>			<b>14 485</b>		<b>16 598</b>		<b>(12.1%)</b>	
Paper	Paper consumption	t	112	119	306	146	(63.4%)	3
Waste	General waste	t	9	21	30	66	(70.0%)	4
Employee travel	Road business travel	km	55	291 818	66	353 600	(16.7%)	5
	Commercial airlines	km	14 409	41 949 167	16 196	42 547 196	(11.0%)	5
<b>Total emissions</b>			<b>44 712</b>		<b>47 938</b>		<b>(6.7%)</b>	
<b>No scope</b>								
Water	Water consumption	kl		84 562		95 191		
Recycled waste	Recycled waste	t		241		154		
	Renewable fuel derived from natural oils	L		576		–		
<b>Intensity</b>								
	Emissions per average employee			8.70		10.15		
	Emissions per m <sup>2</sup> office space			0.40		0.43**		
	Water consumption per average employee			16.46		20.15		

\*\* Restated.

<sup>1</sup> LPG stationary gas consumption increased due to a gas leak experienced in the months from November 2016 to February 2017.

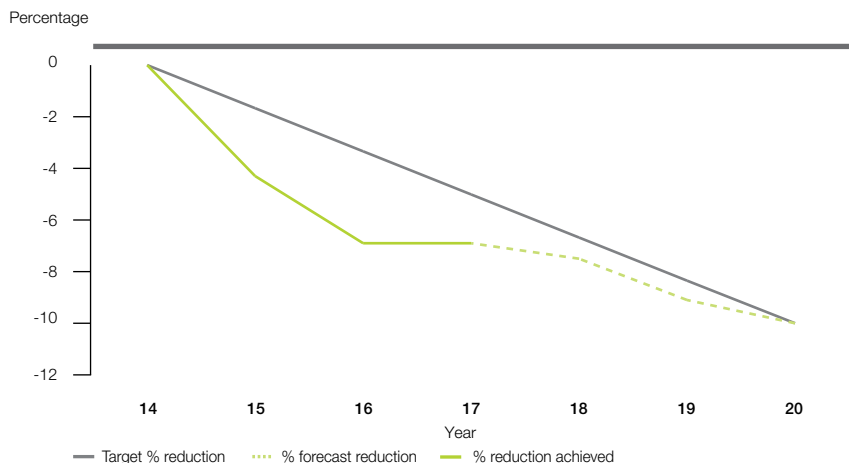
<sup>2</sup> In South Africa we maintained our electricity consumption as a result of electricity reduction initiatives, even though our headcount increased. Electricity emissions decreased due to emission factors updated in 2017.

<sup>3</sup> Paper consumption decreased due to awareness around paper usage.

<sup>4</sup> General waste decreased due to active recycling efforts.

<sup>5</sup> Travel emissions reduced due to collaboration through video conferencing.

South Africa energy reduction target



We have set an energy reduction target of 10% by 2020, with 2014 as base year.



**Energy reduction achieved 6.9%**

Highlights for Southern Africa



- 6.9% reduction since 2014. In spite of significant growth in occupied space (two additional floors in Sandton) and growth in staff headcount (8% for South Africa) there is good progress towards achieving a 10% reduction in energy by 2020 on the 2014 baseline.

**6.9%**  
*reduction in energy*



- Our biggest energy consumers are heating, ventilation and airconditioning systems, lighting and information technology. During 2016/2017 we spent approximately R5 million on consolidation and modernisation of electrical infrastructure. In addition to the efficiencies gained through infrastructure improvements, consolidation and decommissioning activities in the data centre have resulted in further energy consumption reductions. These initiatives have effectively offset the additional energy requirements associated with the additional floor space and staff head count. As a result, the consumption figures for 2017 are very similar to 2016. Further consolidation and modernisation activities are planned for the 2018 financial year.

**R5mn**  
*spend on consolidating and modernisation of electrical infrastructure*



- Investec Team Green manages Investec's internal environmental initiatives. Team Green hosted an Out of the Ordinary e-waste campaign using art as communication to raise awareness of responsible disposing of electronic waste. Word of mouth, information boards and a quirky robot were the only forms of messaging to staff. Five South African sculptors were invited to work across Investec offices and use their art as a medium of communication about e-waste.

*Raised awareness around electronic waste*



- Investec offices and Investec staff joined millions of people across the world who switched off their lights for Earth Hour on Saturday, 25 March 2017 at 20:30.

*Participated in Earth Hour*



- Investec staff partnered with Interwaste in an initiative called Tops and Tags. We donated additional four wheelchairs to worthy recipients this year, bringing the total of wheelchairs donated to 37. As a result we prevented 1.8 million tops and 200 000 tags polluting landfills.

*Tops and Tags donated*  
**37**  
*wheelchairs since inception*



04

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Profit



## Overview of our 2017 financial year

### Strong client activity levels supporting underlying performance

- Strong performance against a backdrop of continued macro uncertainty and volatility in the group's key operating geographies
- The Specialist Banking business reported results ahead of the prior year supported by sound levels of corporate and client activity
- The group has successfully leveraged its ability to provide clients an international offering, increasing its client base and deepening its core franchise.
- The Asset Management and Wealth & Investment businesses have benefited from higher funds under management supported by rising market levels
- Growth in costs primarily reflects planned investment in growing the client franchise businesses



- We aim to maintain an **appropriate balance** between revenue earned from operational risk activities and revenue earned from financial risk activities.
- This ensures that we are **not over reliant** on any one part of our businesses to sustain our activities and that we have a large recurring revenue base that enables us to navigate through varying cycles and supports our long-term strategy.
- Our capital light activities contributed 56% to group income and capital intensive activities contributed 44% to group income.

### Progress made on our financial targets...

	Target	Ongoing		Statutory	
		March 2017	March 2016	March 2017	March 2016
ROE (post-tax)	12% – 16% over a rolling five-year period	14.2%	13.9%	12.5%	11.5%
Adjusted <sup>^</sup> EPS growth	Target: 10% > UKPRI	11.3%	2.3%	16.9%	4.8%
Cost to income	Target: < 65%	65.8%	65.8%	66.3%	66.4%
Dividend cover (times)	Target: 1.7x – 3.5x	n/a	n/a	2.1x	2.0x
Total tier 1 ratio Investec plc	Target: > 11.0%	n/a	n/a	11.5%	10.7%
Total tier 1 ratio Investec Limited	Target: > 11.0%	n/a	n/a	10.7%	10.7%

\* Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.

<sup>^</sup> Before goodwill, acquired intangibles, non-operating items and after non-controlling interests and deduction of preference dividends.

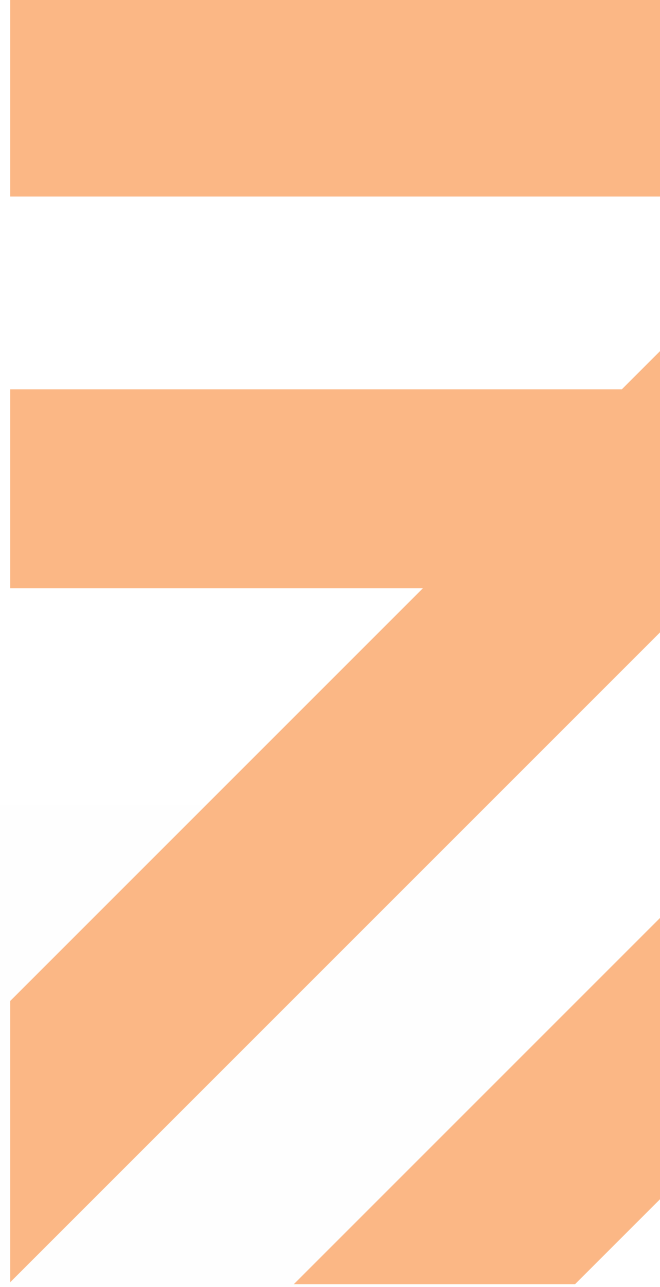
### Sound capital and liquidity principles maintained



- The intimate involvement of senior management ensures stringent management of risk and liquidity.
- A well-established liquidity management philosophy remains in place.
- Liquidity remains strong with cash and near cash balances amounting to £12.0 billion (2016: £11.0 billion).
- Capital remained in excess of current regulatory requirements.

05

The way we  
do business



**Sound corporate governance is implicit in our values, culture, processes, functions and organisational structure. Structures are designed to ensure that our values remain embedded in all businesses and processes. We continually refine these structures, and a written statement of values serves as our code of ethics**

We operate under a dual-listed company (DLC) structure, and consider the corporate governance principles and regulations of both the UK and South Africa before adopting the appropriate rule for the group. All international business units operate in accordance with the above determined corporate governance requirements, in addition to those of their jurisdiction, but with clear adherence at all times to group values and culture.

The board, management and employees of Investec are committed to complying with the disclosure and transparency rules and listing rules of the United Kingdom Listing Authority (UKLA), the JSE Limited (JSE) Listings Requirements, regulatory requirements in the countries in which we operate, the UK Corporate Governance

Code (the Code) which was issued by the UK's Financial Reporting Council in 2010 and revised in September 2012, and the King Code of Governance Principles for South Africa (King III). Therefore, all stakeholders are assured that we are being managed ethically and in compliance with the latest legislation, regulations and best practices.

Underpinning these legislative, regulatory and best practice requirements are Investec's values and philosophies, which provide the framework against which we measure behaviour and practices so as to assess the characteristics of good governance. Our values require that directors and employees act with integrity and conduct themselves to promote and maintain trust.

## Environmental and social risk management



*This section should be read together with the full risk report in volume two of Investec's 2017 integrated annual report.*

### Overview

Investec has a holistic approach to sustainability which is not limited to our daily operational activities but rather includes our many impactful corporate social investment programmes and our funding and investment activities. This is based on a broader corporate responsibility to the environment and society. We believe that the most meaningful contribution Investec can have is through responsible financing, investing and supporting businesses involved in renewable energy. Accordingly, social and environmental risk considerations are implicit in our values, culture and code of conduct and are applied as part of our environmental and social risk framework.

In particular, the following factors are taken into account when a transaction is evaluated and approved or declined based on sustainability considerations:

- Environmental (including animal welfare and climate-related impacts)
- Social considerations (including Human Rights)
- Macro- economic considerations.

### Environmental and social considerations

The group supports the precautionary approach to environmental management and strives to minimise and prevent investing in projects or dealing with counterparties where potential and unmitigated environmental degradation might result. The group recognises that identifying and quantifying environmental risk should be part of the normal process of risk assessment and management within businesses. For example:

- As part of our client on boarding process, we would assess where appropriate potential clients for various types of risks including whether they are behaving responsibly in their business activities
- Environmental and social risks are identified and assessed as part of transaction due diligence processes

## Values and code of conduct

**We have a strong organisational culture of entrenched values, which form the cornerstone of our behaviour towards all stakeholders. These values are embodied in a written statement of values, which serves as our code of ethics, and is continually reinforced. We view all employees as the custodians of ethical behaviour, which is reinforced through internal processes, policies and procedures. As such all new employees are invited and are strongly encouraged to attend an induction process at which our philosophies, values, culture, risk management and compliance procedures are explained and discussed.**

- Our operational activities are assessed for compliance with relevant environmental, health and safety, and labour rights regulations
- We regularly review sensitive sectors and activities prone to bearing environmental and social risks

The group will avoid exposures to any transactions that involve:

- Undue damage to high conservation and / or protected environmental areas
- Forced labour or child labour
- The production and trade of controversial or military weapons or ammunitions
- The production or trade in any product or activity deemed illegal under the country of operation's laws and regulations.

Any transactions with a corporate involved in transactions in the following activities requires stringent escalation to the senior group policy forum (Policy ERRF):

- The production and trade in radioactive materials
- The production of harmful or addictive substances
- Activities that involve early drug testing on humans
- Activities that involve any form of testing on animals.

We follow the guidelines supplied by the IFC to categorise our general finance and lending activities into high, medium and low risk.



*Refer to page 14 considerations regarding human trafficking and modern slavery.*

### Economic considerations

The group considers granting funds to stimulate sustainable development in the following ways:

- Investment in projects to achieve sustainable development
- Developing new financial products to stimulate sustainability.

### Governance

In view of the increasing challenges globally, financial risks along with environmental and social risks require regular and critical review to ensure our policies and practices remain relevant to Investec.

The process for enterprise-wide risk (including environmental and social risks) and its measurement, monitoring and mitigation is the responsibility of the Executive risk review forum (ERRF). It is chaired by the group's chief executive officer and determines the overall risk appetite for the group including matters relating to environmental and social risks and their associated reputation risks. ERRF is mandated by the board risk and capital committee (BRCC) which is the appointed board committee to determine the categories of risk, specific risk and the extent of such risks which the group on a consolidated bases should undertake. Any transactions with a corporate involved in activities that may be deemed controversial requires stringent escalation to the senior group policy forum (Policy ERRF).

All corporate responsibility developments at Investec are monitored and reviewed by the DLC social and ethics committee (SEC). The SEC supports the board in its duties to protect and endorse Investec's reputation for responsible corporate conduct.

### Equator Principles

The Equator Principles (EP) were established to address and manage environmental and social risks in project finance transactions. They essentially provide a risk management framework for determining, assessing and managing environmental and social risk in projects and are primarily intended to provide a minimum standard for due diligence to support responsible risk decision-making.

We fully support the following key provisions of EP:

- Requiring that all projects comply with applicable environmental, planning, labour and procurement law
- Not funding or investing in projects which do not have acceptable environmental impact assessments, do not comply with procurement and labour laws, and either do or could reasonably be expected to breach acceptable behavioural, ethical or moral standards.

Notwithstanding our support for the intentions of EP, we are not currently a signatory to EP for the following reasons:

- While the principles are adhered to, our current assessment and reporting structure is robust and, on a project-by-project basis, in accordance with World Bank standards as well as the standards of the legal and environmental

frameworks of the countries in which the projects are undertaken

- In the case of a number of large infrastructure and energy projects, there is potential conflict between larger, nationwide development imperatives (e.g. additional power generation or road transportation) to enhance the socio-economic welfare of the region, and locally affected parties whose quality of life stands to be adversely affected by relocation or job loss
- These trade-offs are a matter for local parties and their representatives. While we should remain aware of them, it is not our responsibility to pass judgement on such trade-offs. Key to this, however, is that we target transactions in countries with established laws that comply with World Bank standards and that have due processes that are applied reasonably and effectively. If not, sponsors and suppliers are obliged to give undertakings and compliance with such standards.

In addition, we have now designed the following internal framework to provide enhanced procedures to evaluate and actively avoid, manage and mitigate the potential social and environmental impacts of the projects proposed. Going forward we will require our clients to include, specifically and explicitly, environmental and social reporting in the loan documentation.

### Power and Infrastructure Finance (PIF) framework

PIF categorises projects based on type of projects and geography. For example, coal and diesel power generation projects would potentially have higher social or environmental impacts than renewable power projects due to the higher CO<sub>2</sub> and other environmental emissions associated with the fossil fuels. In terms of geographies, projects in Organisation for Economic Cooperation and Development (OECD) countries have to comply with a high level of environment, planning, labour and procurement law and as such they would have less potential adverse social or environmental impacts as a result of careful assessment and mitigation applied to the projects.

Categorisations are defined as below:

- **High risk:** projects with potential significant adverse social or environmental impacts that are diverse, irreversible or unprecedented:



- This is likely to be projects like most coal-fired power plants, certain gas-fired power plants or projects in non-OECD countries. For coal/gas-fired power plants in OECD countries, these may be classified as high or medium depending on a number of factors such as the country of operation and the sophistication of the applicable laws in the host country, the size and the experience of the sponsors, and the technology involved
- We currently have projects in the following OECD countries: Australia, Canada, United States, Germany, Poland, Italy, Spain and Ireland
- We currently have projects in the following non-OECD countries:

Mozambique, Ghana and South Africa. Investec Limited operates within the South African legislative environment and subscribes to the efficacy of local regulation. Investec Limited is also included in the JSE Socially Responsible Investment Index which recognises companies for their environmental, social and governance standards.

- **Medium risk:** projects with potential limited adverse social or environmental impacts that are few in number, generally site specific, largely reversible and readily addressed through mitigation measures:
  - This is likely to be projects like ground-mounted solar parks,

- waste to energy plants, wind farms, biomass plants, hydro plants, landfill gas projects, biogas plants, roads, ports, etc.
- Projects in certain non-OECD countries will also be classified as medium risk. For example, renewables, base load (non-coal/gas) and cogeneration programmes in South Africa as these are all quite strictly governed and monitored so policy implementation risk is minimised.
- **Low risk:** projects with minimal or no social or environmental impacts:
  - This is likely to be projects like hospitals, prisons, car parks, roof top solar projects, telecoms projects, etc.

We require that projects comply with the applicable environmental, planning, labour and procurement laws. Where there is a potential significant/limited adverse social or environmental impact, we will expect the projects to undergo the suitable risk and impact assessment and to comply with a mitigation/action plan similar to those in the table below.

Risk	Mitigation
<ul style="list-style-type: none"> <li>• Potential environmental issues</li> <li>• Protection and conservation of biodiversity</li> <li>• Management of dangerous substance</li> <li>• Pollution/emission/waste management</li> <li>• Contaminated land</li> </ul>	<ul style="list-style-type: none"> <li>• Loan documentation/due diligence review and approval processes and ensure borrower complies with applicable environment laws in host country*</li> <li>• Environmental and social reporting to be included in loan covenants</li> <li>• Periodic site visits</li> </ul>
<ul style="list-style-type: none"> <li>• Potential social issues</li> <li>• Health and safety issues</li> <li>• Land acquisition and involuntary resettlement issues</li> </ul>	<ul style="list-style-type: none"> <li>• Loan documentation/due diligence to ensure borrower complies with applicable planning/social/procurement laws in host country*</li> <li>• Environmental and social reporting to be included in loan covenants</li> </ul>
<ul style="list-style-type: none"> <li>• Human rights issues</li> <li>• Labour issues</li> </ul>	<ul style="list-style-type: none"> <li>• Loan documentation/due diligence to ensure borrower complies with applicable social laws in host country*</li> <li>• Ensure source of equipment (e.g. solar panels from China) comes from PIF-approved suppliers which tend to be large corporates</li> <li>• Environmental and social reporting to be included in loan agreements</li> </ul>
<ul style="list-style-type: none"> <li>• Major hazards assessment and management</li> </ul>	<ul style="list-style-type: none"> <li>• Due diligence to ensure borrowers have in place effective major hazards assessment and management (e.g. ISO 14001)</li> </ul>

\* Laws in host country to comply with World Bank standards or, if not, sponsors and suppliers to give undertakings and compliance with such standards.

**Resource Finance framework**

Our relationships are with large listed corporates who would be subject to rigorous environmental and social requirements and obligations. The evaluation and management of environmental and social risks is based on the following approach:

- We employ qualified technical professionals to assess all material risks of proposed transactions to the resources sector, which includes the professional assessment of environmental and social risks relating to these developments
- Prior to any new transaction, and annually thereafter, Investec completes site visits as part of its due diligence process
- Internal business guidelines stipulate that resource project developments with environmental and/or social risks in excess of industry norms should be avoided as a matter of responsible business practice
- Independent experts are engaged where an internal review has identified concerns around environmental and/or social risks of a new or existing development
- Legal documentation specifically requires clients to comply with environmental laws and standards
- Our target clients are generally (but not always) listed companies with stated environmental and social policies
- Regular reporting from our clients is required to comment on environmental health and safety, environmental and community-related incidents.

Categorisations of risks are summarised as follows:

- **High risk:** projects with potential significant adverse social or environmental impacts that are diverse, irreversible or unprecedented. These

types of projects are to be specifically avoided and may have the following characteristics:

- Large-scale projects involving the permanent impact on environmentally-sensitive areas
- Projects that require large-scale relocation of communities
- Any project where environmental and social impacts are material and permanently extend beyond the site boundaries
- Projects located in jurisdictions (typically developing countries) where environmental and social laws and standards are either non-existent or not enforced.
- **Medium risk:** projects with potential limited adverse social or environmental impacts that are generally site specific, largely reversible and readily addressed through mitigation measures. Resource Finance is more likely to have exposure to projects that have the following characteristics:
  - Medium-scale projects where impacts are largely limited to site and prevalent only while in operation
  - Project environmental and social impacts that can be reversed and/or acceptably mitigated through environmental remediation and community investment
  - Projects located in jurisdictions where environmental and social laws and standards are legislated and monitored.
- **Low risk:** projects that have minimal environmental and/or social impact. Resource Finance transactions are unlikely to fall into this category as mining by nature will have land disturbance.

For resource projects, we would expect that the project would comply with the applicable environmental, planning, labour and procurement law. Where there is a potential significant/limited adverse social or environmental impact, we will expect the projects to undergo the suitable risk and impact assessment and to comply with a mitigation plan. To this end, we follow stringent internal processes in assessing and mitigating such risk, including but not limited to the following:

- As a core strategy, we target low to medium risk projects and avoid projects that have a high risk in terms of social and environmental impacts
- Our internal due diligence not only includes technical mining aspects but also a full diligence on the environmental and social impacts and, if necessary, will include additional independent expert review. These internal reviews are further ratified by the executive through a robust credit process
- All compliance with local and applicable international legislation is covered through the loan documentation as a minimum requirement. Further, loan covenants monitor ongoing compliance and reporting of adherence to required standards
- In addition to the above, ongoing compliance and internal review is conducted by our teams by way of annual site visits to the operations.

## Compliance

Regulatory change continues to be a key challenge in the financial sector with global political events adding to uncertainty as to the shape of financial services regulation going forward.

Global regulators remain focused on countering market abuse with heightened scrutiny and regulatory attention in this area. Accordingly, the Market Abuse Regulation (MAR) took effect across the EU on 3 July 2016 in connection with this topic.

This year, global regulators have continued to focus on promoting stability and resilience in financial markets, with sustained emphasis on recovery and resolution plans and structural reforms to the banking sector as well as customer and market conduct related reforms.

Investec remains focused on complying with the highest levels of compliance in relation to regulatory requirements and integrity in each of our jurisdictions. Our culture is central to our compliance framework and is supported by robust policies, processes and talented professionals who ensure that the interests of our customers and shareholders remain at the forefront of everything we do.

## Investec plc – year in review

### Conduct risk

The FCA has continued to focus on advancing its three operational objectives: securing an appropriate degree of protection for consumers; protecting and enhancing the integrity of the UK financial system; and promoting effective competition in the interest of consumers. The FCA's aim is to ensure that clients' interests are at the forefront of firms' agendas and that their needs are placed at the heart of the firms' strategy. Firms are also expected to behave appropriately in the wholesale markets in which they operate with a view to conduct risk considerations.

The Investec board, along with senior management are ultimately responsible for Investec's conduct risk strategy. Investec has continued to focus over the period on delivering good customer outcomes and effectively managing conduct risk throughout our business. This has included continued and ongoing investment in and enhancement of the conduct risk and compliance frameworks in place throughout the group.

### Senior managers and certified persons regime

During the period Investec Bank plc successfully implemented the core

components of the Senior Managers Regime which came into force on 7 March 2016. From 7 March 2017 the Conduct Rules will be applied to banking sector staff who are not within the Senior Managers or Certification Regime. This regime establishes a new regulatory framework for individuals working in the UK banking sector. The incoming regime consists of three key components:

- A new Senior Managers Regime which will clarify lines of responsibility, and enhance the regulators' ability to hold senior individuals in banks accountable and require banks to regularly vet their senior managers for fitness and propriety;
- A Certification Regime requiring firms to assess fitness and propriety of staff in positions where the decisions they make could pose significant harm to the bank or any of its customers; and
- A new set of Conduct Rules, which take the form of brief statements of high level principles setting out the standards of behaviour for bank employees.

Investec Bank plc has successfully implemented the core components of the regime which came into force on 7 March 2016.

### Consumer protection

The FCA has continued to pursue its consumer protection objective. Over the period this has included issuing of significant fines and performing continued strategic reviews into areas such as: product design and sales practises, provision of advice, treatment of customers who suffered unauthorised transactions and product and service suitability.

### Wholesale markets

The FCA continues a proactive and assertive approach in identifying and addressing risks arising from firm's conduct in the wholesale markets.

This has included an increasingly intensive approach to supervisory activities and thematic reviews as well as several high profile referrals to enforcement.

Wholesale markets have also been the focus of significant regulatory reform over the past 12 months. The most significant proposed reforms have included the finalisation of the incoming Markets in Financial Instruments Directive (MIFID II) which is due to be implemented by January 2018 and MAR.

The MIFID II reform package will form a revised framework governing the requirements applicable to investment

firms, trading venues, data reporting service providers and third-country firms providing investment services or activities in the EU. These reforms will drive change across Investec Bank plc, Investec Asset Management and Investec Wealth & Investment. Investec remains on course for implementation by January 2018.

Material reforms also continue to take effect in the OTC markets as a result of the EU's Market Infrastructure Regulations (EMIR).

### Financial crime

Financial crime continues to be a regulatory focus with regulators globally encouraging firms to adopt a dynamic approach to the management of risk and to increase efforts around systems and controls to combat both money laundering and bribery and corruption. In 2016 the FCA published 'Our future mission' in which it states 'we see financial crime as a risk to the wider economy and market integrity'. The FCA Business Plan 2016/17 also highlights financial crime and anti-money laundering as one of the seven priorities for the regulator.

### Tax reporting (FATCA/CRS)

The Foreign Account Tax Compliance Act (FATCA) aims to promote cross-border tax compliance by implementing an international standard for the automatic exchange of tax information relating to US investors. The provisions call on tax authorities all over the world to obtain detailed account information from financial institutions relating to US investors and exchange that information automatically with the United States Internal Revenue Service on an annual basis.

The OECD has recently taken further steps to improve global cross-border tax compliance by releasing the Common Reporting Standard (CRS). The CRS is a set of global standards for the annual exchange of financial information by financial institutions pertaining to customers, to the tax authorities of the jurisdictions in which those customers are resident for tax purposes. CRS took effect on 1 January 2016 in the UK, with reporting commencing from 2017.

Investec plc is currently compliant with its obligations.

## Investec Limited – year in review

### Changes to regulatory landscape in South Africa

The South African financial sector regulatory landscape has been under review for the last few years. A new regulatory structure is developing, and existing legislation is also

being amended. The conduct of financial institutions is currently regulated under various pieces of legislation, and by various regulators, these will change under the new regulatory structure set out below.

### Conduct risk and consumer protection

The draft Financial Sector Regulation Bill (Twin Peaks) is at an advanced stage of the Parliamentary process. The National Assembly voted in favour of the Bill at the end of March 2017, before referring the Bill back to the National Assembly. The Bill is expected to be promulgated before the end of the second quarter of 2017, and will result in affected business areas being regulated by the Prudential Authority and the Financial Sector Conduct Authority. The next phase of the regulatory reform will encompass the drafting of the Conduct of Financial Institutions Act (CoFI) and the related conduct standards, which will eventually replace existing consumer protection legislation within the jurisdiction of the Financial Services Board (FSB).

The Financial Advisory and Intermediary Services Act (FAIS) continues to be enforced, with added emphasis on Treating Customers Fairly. This includes the Retail Distribution Review and proposed amendments to FAIS Fit and Proper requirements and Compliance reporting. The customer and market conduct committee (CMCC) established for Investec Limited as part of the conduct risk framework and chaired by the group CEO, continues to ensure that Investec Limited maintains a client-focused and fair outcomes-based culture. Conduct risk forums across affected legal entities ensure that identified gaps are addressed and business readiness for implementation of new regulatory requirements is assured. Substantial progress has been made in this regard, and the work is ongoing and will remain a focus area.

The SARB conducted an industry-wide review of Foreign Exchange Trading Operations in 2015. The review focused predominantly on market conduct and related governance and controls in respect of Foreign Exchange Trading activity. Post the review and the interrogation of electronic communications of traders for a specific period in 2012, there were no adverse findings reported to the business by the SARB. The FX review conducted by the SARB was an industry initiative which culminated into the SARB Code of Conduct for the South African OTC Markets. Investec Corporate and Institutional Banking has subsequently implemented a Financial Markets Code of Conduct and

Bloomberg Vault as a comprehensive tool for the monitoring of traders' chat rooms or communications.

The members of the Information Regulator have been appointed by the President on recommendation of the National Assembly with effect from 1 December 2016 for a period of five years. The Information Regulator held its inaugural meeting on 1 December 2016 to commence with its duties and functions including to monitor and enforce compliance with the Protection of Personal Information Act (PoPI) as well as the Promotion of Access to Information Act (PAIA). The Regulator has confirmed that a number of committees have been established for the proper performance of its functions and it is in the process of drafting the Regulations. While only sections relating to the establishment of the Information Regulator and drafting of the regulations are effective, the remaining sections of the Act will be effective once the Regulator is fully operational. Work continues internally in order to meet our obligations in terms of data protection and information management.

### Financial crime

Financial crime continues to be a regulatory focus with amendments to governing legislation proposed for promulgation in early 2017. The South African Treasury Department is under pressure to correct and implement deficiencies in the countries AML CFT regime, identified by the Financial Action Task Force (FATF) during their mutual evaluation review in 2014.

These amendments will change the Anti-Money Laundering and Combatting of Financing of Terrorism (AML CFT) regulatory framework from a rules-based to a risk-based approach, allowing accountable institutions to determine their own risk appetite in relation to client identification and verification. Further changes include the identification and verification of Ultimate Beneficial Ownership structures (UBO), widening the current Politically Exposed Person's definition and extending the reporting obligations to all cross border transactions in or out of the Republic of South Africa. Additionally the Financial Action Task Force Recommendation 16 requires all banks to screen full originator and beneficiary details effective June 2017. These changes are aimed at aligning both FATF global standards to country specific requirements which are a key focus area for South Africa in 2017.

The South African Electronic Funds Transfer (EFT) Clearing system currently does not make provision for capturing of full originator and beneficiary information which

necessitated two industry initiatives namely the Modernisation of Credits and SADC EFT Projects to align payment platforms on an industry-wide basis. Investec is participating as a member bank to ensure that compliance requirements can be met in the shortest possible timeframe.

In response to the 2015 SARB Anti-Money Laundering review and sanction, Investec has subsequently focused on further strengthening the control environment, in order to enhance the current systems, processes and resources, to ensure the complete capturing of customer and related party information and to meet the regulatory reporting obligations.

Regulatory scrutiny continues and Investec is applying ongoing focus to ensure that adequate systems processes and human capital is available to continually strengthen its control environment in order to meet its regulatory obligations.

### Tax reporting (FATCA/CRS)

South Africa and Mauritius have intergovernmental agreements in place with the USA and each have enacted local law/regulation to implement FATCA locally. This allows South Africa and Mauritius to be treated as participating countries. This means that financial institutions in these countries report information annually on US clients (or non-compliant clients) to the South African Revenue Services and the local Mauritian authority respectively. These authorities in turn exchange information with the US which reciprocates with similar information (on South African and Mauritian tax residents respectively who hold financial accounts in the US). Both South Africa and Mauritius are in the process of preparing their 3rd annual FATCA reports.

With South Africa being an 'early adopter' of the OECD's Common Reporting Standard (CRS), (the global version of FATCA), these requirements became effective in South Africa on 1 March 2016. South Africa has also opted for the wider approach' which means all South African reporting financial institutions are required to collect tax-related information on all clients, rather than only in respect of the 55 countries which have currently opted into CRS. Consistent with the FATCA reporting regime, CRS reportable information is submitted to SARS annually. SARS then exchanges this information with relevant countries in return for reciprocal information on South Africans with financial accounts in those countries. South Africa is in the process of preparing its 1st annual CRS report.

Mauritius has indicated that it will opt into CRS reporting from 2018.

## Information technology (IT)

Our vision is to continuously deliver efficient and effective information technology that meets the needs of the business facilitating excellent client service, within acceptable risk tolerance.

### The key principles underpinning our strategy are:

- Align architecture across the group
- Reduce our application and data footprint
- Commoditise common functions and processes
- Leverage our digital offering
- Continue to improve our security.

### Key infrastructure-related developments reducing our environmental footprint during the period include the following:

- Continuous collaboration through Video Conferencing (VC), Audio Video (AV) and our Telepresence implementation across geographies, ensures effective leveraging of international teams and reduces business travel costs
- Virtualisation has continued to realise significant benefits relating to data centre footprint reduction; with 90% of all servers now virtualised. Storage technologies have been refreshed in South Africa, which has reduced the data centre storage footprint by 80%, allowing for further reclamation of data centre floor space. These initiatives have resulted in reducing the number of machine rooms in the Grayston Drive building from three to one, reducing the cooling and electricity requirement. The new platform requires only about a tenth of the power
- Efficient power consumption at the Midrand Alternative Processing Site (MAPS), in South Africa, continues with the automation of hibernation of desktop equipment during periods of low usage
- Wherever feasible, the use of cloud-based services continues to be a major consideration across all geographies and businesses in an effort to reduce physical infrastructure and energy requirements. This has been achieved in five different geographies.

### Continuous collaboration through Video Conferencing (VC)

90% of all servers now virtualised

### Continue with the automation of hibernation

Use of cloud-based services

### Key infrastructure-related developments improving our IT efficiency during the period include:

- The implementation of a Software Asset Management (SAM) toolset continues to yield results in optimal licensing levels and effective commercial negotiations across the group
- Database infrastructure clustering resulting in a reduced hardware footprint and the subsequent reduction in power and cooling requirements (we reduced our physical database servers from 78 to 40)
- The design of our new premises in London seeks to optimise energy requirements and be as environmentally friendly as possible
- In preparation for the 2 Gresham Street move in London, an ‘activity based working’ pilot is underway to prepare us for a new working environment. This together with new technologies, will enable staff to be more mobile and productive
- As part of the 2 Gresham Street move, the data centre will be moved to a purpose built, energy efficient centre outside of London.

### Reduced physical database servers from 78 to 40

New premises in London seeks to optimise energy requirements

**Key business application-related developments:**

- Our strategy to become an internationally focused client-centric organisation continues
- Continued consolidation and merging of technology and support teams across divisions, and in some cases geographies, is gaining momentum
- Reduction in physical media (paper/printing/physical filing) as a consequence of business process automation and content management technologies
- Coding, data and processing optimisation continues as well as enhancing the client service offerings thereby reducing the immediate need for additional people and infrastructure to scale the business
- The One Place initiative continues to focus on the elimination of duplicate and redundant business processes across divisions and geographies to deliver an appropriate cost-effective, global, client-friendly service through our client support centre in South Africa
- Our One Place digital offering now includes full transactional capability for Wealth & Investment South Africa and UK, Private Banking South Africa and UK, Private Bank Channel Islands and view only capability for Wealth & Investment Switzerland and Channel Islands
- Our digital platforms have been introduced into the UK Banking and UK Wealth & Investment client base, leveraging infrastructure, software and people
- The digital platform in South Africa has been enhanced to allow clients to incorporate externally held transactional accounts, investments and loyalty programmes to complete a One Place solution. This functionality has recently been rolled out for use in the UK
- Online Apply (eliminating paper) for a suite of banking and savings products in both South Africa and the UK is available to clients. Major initiatives in both South Africa and UK include a robo-advisor (automated online financial advisor) and Digital Briefcase to further enhance processes
- Wealth & Investment South Africa has leveraged its existing Share Plan platform already developed for the South Africa market. The Share Plan platform for the UK market has been developed, and will be maintained, by Wealth & Investment South Africa
- Corporate and Institutional banking in South Africa and UK are rolling out an e-commerce platform, which will cater for transaction, investment and dealing capabilities and reduce the current point to point footprint globally. The payments architecture in the UK will be consolidated on the unified target architecture
- In the UK, the drive to digitise our private banking and mortgage business remains a high focus area. We are developing our digital and CSC channel capabilities to increase our client engagement, through optimal technology investments that increase our operational efficiencies as we grow
- In South Africa, property valuations below a specific value are automated, drastically reducing turnaround times and eliminating the need to physically visit property sites. Private bank credit processes are being automated to improve and simplify downstream processes
- The Mann Island finance business in Liverpool continues to modernise their technology capabilities, the most recent being the adoption of online and mobile capabilities.
- In the UK, CRM in the cloud was achieved, further enabling the business to put the client in the centre using both a high tech and high touch approach, ensuring a robust and scalable platform
- Investec Australia and Ireland are leveraging off the use of the UK trading and lending platforms.

**Security and risk management**

We continue to enhance security and risk management capabilities supported by specialised central and embedded teams and systems across the group. Emphasis is placed on dealing with the ever-changing threats in a proactive manner through focused mitigation strategies. Coordination is supported by a defined group target architecture.

**Continued consolidation and merging of technology and support teams**

**The One Place initiative continues to focus on the elimination of duplicate and redundant business processes**

**Online Apply (eliminating paper) for a suite of banking and savings products in both SA and the UK is available to clients**

**In the UK, the drive to digitise our Private Banking and Mortgage business remains a high focus area**

**We continue to enhance security and risk management capabilities**

### Cybercrime

Our cyber resilience strategy is based upon a threat-driven approach to cyber security, rather than the contemporary compliance-driven approach. Regular targeted attack simulations by specialist companies, against the group as a whole, is used to measure and improve our cyber defenses.

We endeavour to stay current with the ever-evolving threat landscape by placing an emphasis on actionable threat intelligence and continuous research. We attract and employ world class security professionals. We believe people, operating within a risk conscious culture, and not just technology, is the 'key to success' in being resilient against security threats.

### Procurement

We recognise the potential for our procurement and supply chain practices to be agents for change in respect of the different aspects of sustainability. We continue to engineer, within select industries, changed outcomes across economic, social and environmental fronts.

In the UK, we are committed to ensuring that 100% of our beverage offering has the Fairtrade label. A product that carries the Fairtrade certification mark has met the rigorous Fairtrade standards, which focus on improving labour and living conditions for farming communities and on promoting a way of farming that doesn't harm either people or the environment.

In South Africa, our procurement practices seek to accord with the BEE requirements of the Department of Trade and Industry's Codes of Good Practice and we have an established process for monitoring and measuring our broad-based BEE procurement efforts. Environmentally responsible partners are key to the procurement process and we focus on sustainability criteria when contracting with potential and existing vendors. Our largest suppliers of personal computers and server equipment subscribe to an electronic code of conduct, which assists in monitoring compliance across several areas such as environmental impact, labour, health and safety. We always consider the Energy Star endorsement before purchasing equipment. Our banqueting team sources products bearing the Rainforest Alliance Certification seal which assures rigorous environmental, social and economic criteria are considered in order to achieve long-term sustainability. Approximately 90% our third party spend is from local suppliers.

#### Cyber resilience strategy

##### We attract and employ world class security professionals

Our supply chain statement incorporates standards on human rights, labour rights and environmental and anticorruption principles as set out in the UN Global Compact.

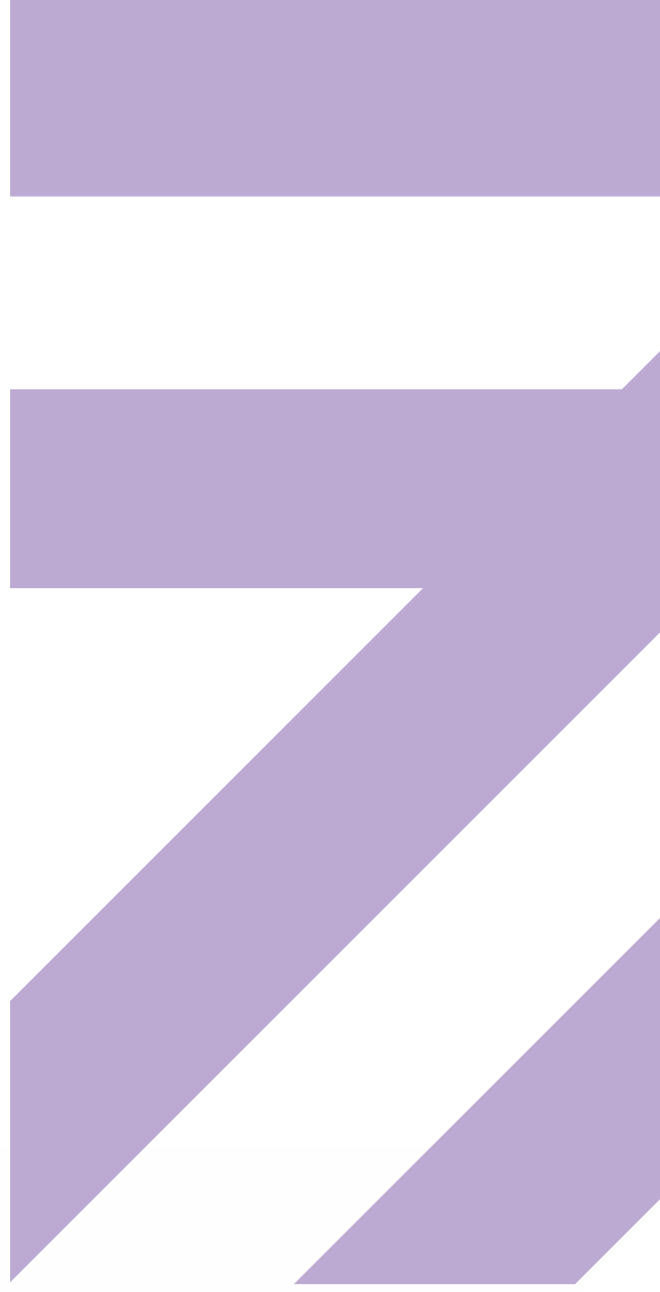
##### We will not knowingly engage with any supplier who:

- Is not operating in compliance with all applicable environmental, labour and anti-corruption laws and regulations of the countries in which they operate, manufacture or conduct business
- Has a significant impact on the environment and not maintaining an effective environmental policy and/or environmental management system that support environmental protection, prevention of pollution
- Is using any form of forced or involuntary labour
- Is employing children
- Is not providing equal opportunity for all employees regardless of race, ethnicity, gender, national origin, age, disability, sexual orientation or religion
- Is not respecting the right of their employees to freely associate and collectively bargain within the boundaries of the applicable law
- Is not treating their employees with respect and dignity and not providing a work environment free of harassment, intimidation and bullying
- Is not providing a safe and healthy working environment in order to prevent workplace accidents and injuries
- Is engaging in bribery, collusive practices or any other form of corruption to obtain or retain business.

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Appendix





## Independent assurance provider's limited assurance report on selected non-financial information to be presented in the 2017 annual corporate responsibility report for the year ending 31 March 2017.

We have undertaken a limited assurance engagement on selected sustainability information, as described below, and presented in the 2017 annual corporate responsibility report for the year ending 31 March 2017 (the Report). This engagement was conducted by a multidisciplinary team including social, environmental, carbon and assurance specialists with relevant experience in corporate responsibility reporting.

### Subject matter

We are required to provide limited assurance on the following selected corporate responsibility information prepared in accordance with the Global Reporting Initiative Sustainability Reporting Standards ('GRI Standards') and the Greenhouse Gas Protocol Corporate Standard, supported by Investec's internally developed guidelines, and collectively referred to as 'Investec's reporting criteria'.

**Table 1: Scope of the 2017 limited assurance engagement**

Category	Selected corporate responsibility information	Coverage/reporting boundary
<b>Environmental</b> (refer to pages 45, 46 and 48)	Total gas consumption (kilojoules)	Investec Limited and Investec plc
	Total water consumption (kilolitres)	
	Total weight by paper usage (tonnes)	
	Total emissions (tonnes CO <sub>2</sub> eq) relating to:	
	• Direct emissions (scope 1) – gas, refrigerants, generators and firm-owned vehicles	
	• Indirect emissions (scope 2) – purchased electricity	
	• Other emissions (scope 3) – business travel (including cars, taxis, buses, rail, air and waste)	
	Office space per m <sup>2</sup>	
<b>Human resources</b> (refer to pages 13,16 and 17)	Spend per region, per service line (Specialist Banking, Asset Management, Wealth & Investment) on employee learning and development (Rands and Pounds Sterling)	Investec Limited and Investec plc
	Employee headcount per region, per service line (number)	
	Permanent and temporary employee headcount per region (number)	
	Incidents of discrimination recorded (number)	
<b>Corporate social investment</b> (refer to page 20)	Group Corporate Social Investment (CSI) spend per region, per service line (Rands and Pounds Sterling)	Investec Limited and Investec plc
	UK and Other CSI spend per focus area of spend (Pounds Sterling)	UK and Other operations
	Southern Africa CSI spend per focus area of spend (Rands)	Southern African operations

### Directors' responsibilities

The directors are responsible for the selection, preparation and presentation of the selected corporate responsibility information as noted in the table above in accordance with Investec's reporting criteria and for ensuring that the reporting criteria in support of the selected corporate responsibility information subject to assurance is made available to the users of the Report. This responsibility includes the identification of stakeholders and stakeholder requirements, material issues,

commitments with respect to corporate responsibility performance and design, implementation and maintenance of internal control relevant to the preparation of the Report and supplementary appendices that are free from material misstatement, whether due to fraud or error.

### Our independence and quality control

We have complied with the independence and all other ethical requirements of the Code of Professional Conduct

for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA) that is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B), which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

KPMG applies the International Standard on Quality Control 1, and accordingly maintains a comprehensive system of quality control

including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Our responsibility

Our responsibility is to perform our limited assurance engagement so that we are able to express our limited assurance conclusions on whether anything has come to our attention that causes us to believe that the selected corporate responsibility information is not prepared, in all material respects, in accordance with Investec's reporting criteria. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than the Audits or Reviews of Historical Financial Information and ISAE 3410, Assurance Engagements on Greenhouse Gas Statements. These standards require us to plan and perform our engagement to obtain limited assurance about whether the selected corporate responsibility information is free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 (revised) and ISAE 3410 involves assessing the suitability in the circumstances of Investec's use of its reporting criteria as the basis of preparation for the selected corporate responsibility information, assessing the risks of material misstatement of the selected corporate responsibility information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected corporate responsibility information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures that will be performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included inquiries, observation of processes followed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing and reconciling information with underlying records.

### Summary of work performed

Given the circumstances of the engagement, the procedures performed included the following, but were not necessarily limited to:

- Conducted a series of planning meetings with various parties involved in Investec's reporting and management processes in order to gain a general understanding of the processes
- Tested the processes and systems at group level which generate, collate, aggregate, monitor and report selected key performance indicators and inspected related documentation
- Inspected supporting documentation and performed analytical procedures on a sample basis to evaluate the data generation and reporting processes against the reporting criteria
- Reviewed the draft copy and the final version of the Report to confirm that all values and information reported for the selected corporate responsibility information is consistent with the evidence obtained as part of the assurance process
- Evaluated whether the selected information presented in the Report is consistent with our overall knowledge and experience of the performance at Investec.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for a reasonable assurance engagement. As a result the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether Investec's KPIs have been prepared, in all material respects, in accordance with the accompanying Investec reporting criteria.

### Limited assurance conclusions

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected corporate responsibility information set out in the subject matter paragraph for the year ended 31 March 2017 are not prepared, in all material respects, in accordance with the Investec reporting criteria.

### Other matters

The maintenance and integrity of the Investec's Website is the responsibility of Investec management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the Report or our independent limited assurance report that may have occurred since the initial date of its presentation on the Investec Website.

### Restriction of liability

Our work has been undertaken to enable us to express a limited assurance conclusion on the selected corporate responsibility information to the Directors of Investec in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than Investec, for our work, for this report, or for the conclusion we have reached.













### KPMG Services Proprietary Limited

Director: Per NG Morris  
Chartered Accountant (SA)  
Registered Auditor

30 June 2017





1 Albany Road  
Parktown  
South Africa  
2193

GRI 101: Foundation		This report, inside cover: Scope and reporting framework			
GRI 102: General disclosures					
Organisational profile				Alignment with the SDG's	Business theme
102-1	Core	Name of the organisation	Investec.		
102-2	Core	Activities, brands, products, and services	Integrated annual report: Volume one, pages 12 to 15. Corporate responsibility report: Page 1. About the Investec group,		
102-3	Core	Location of headquarters	Integrated annual report: Volume one, page 228. Our headquarters are in Johannesburg for our Southern African operations and in London for our UK and Other operations.		
102-4	Core	Location of operations	Integrated annual report: Volume one, pages 18 and 19. Operational footprint.		
102-5	Core	Ownership and legal form	Integrated annual report: Volume one, page 17. Operational structure. Volume one, pages 150 to 154. Shareholder analysis.		
102-6	Core	Markets served (including geographical breakdown, sectors and type of customers)	Integrated annual report: Volume one, pages 18 and 19. Operational footprint.		
102-7	Core	Scale of the organisation	Integrated annual report: Volume one, pages 18 and 19. Operational footprint.		
102-8	Core	Information on employees and other workers	Corporate responsibility report: Pages 13 and 17. Number of employees is shown by division and by geography. Permanent, temporary and contractors are split.		Employment
102-9	Core	Supply chain	Integrated annual report: Volume one, pages 18 to 21. Corporate responsibility report: Page 1.		
102-10	Core	Significant changes to the organisation and its supply chain	Integrated annual report: Volume one, pages 5 to 11. Highlights. Pages 22 to 25. Operational and strategic report.		
102-11	Core	Precautionary principle or approach	Integrated annual report: Volume two, pages 16 to 20. Risk management, credit and counterparty risk management.		
102-12	Core	External initiatives	Corporate responsibility report: Page 3. Corporate responsibility memberships.		
102-13	Core	Membership of associations	Corporate responsibility report: Page 3. Corporate responsibility memberships.		
Strategy					
102-14	Core	Statement by the CEO	Integrated annual report: Volume one, pages 22 to 25. Corporate responsibility report: Page 6.		
102-15		Key impacts, risks, and opportunities	Integrated annual report: Volume one, pages 38 to 48. Financial review. Integrated annual report: Volume one, pages 92, 98, 109 and 110. Divisional questions and answers. Corporate responsibility report: Pages 3 to 10. Corporate responsibility at Investec.		

<b>GRI 102: General disclosures</b> <i>(continued)</i>				<b>Alignment with the SDG's</b>	<b>Business theme</b>
<b>Ethics and integrity</b>					
102-16	Core	Values, principles, standards, and norms of behaviour	Integrated annual report: Volume one, pages 12 to 14. About Investec group. Page 1. Corporate governance report, who we are. Corporate responsibility report: Page 114. About the Investec group.		Ethical and lawful behaviour
102-17		Mechanisms for advice and concerns about ethics	Integrated annual report: Volume one, page 162. Corporate responsibility report: Page 14. Whistle-blowing policy and protective disclosure.		Ethical and lawful behaviour
<b>Governance</b>					
102-18	Core	Governance structure	Integrated annual report: Volume one, pages 112 to 154. Corporate governance.		
102-19		Delegating authority	Integrated annual report: Volume one, pages 132 to 135. Corporate governance report, DLC social and ethics committee.		
102-20		Executive level responsibility for economic, environmental, and social topics	Integrated annual report: Volume one, pages 132 to 135. Corporate governance report, DLC social and ethics committee.		
102-21		Consulting stakeholders on economic, environmental, and social topics	Integrated annual report: Volume one, pages 155 and 157. Corporate responsibility report: Pages 7 to 10. Communication and stakeholder engagement.		Inclusive decision making
102-22		Composition of the highest governance body and its committees	Integrated annual report: Volume one, pages 112 to 154. Corporate governance.	 	Inclusive decision making Women in leadership
102-23		Chair of the highest governance body	Integrated annual report: Volume one, pages 147 to 149. Statement of compliance.		Effective, accountable and transparent governance
102-24		Nominating and selecting the highest governance body	Integrated annual report: Volume one, pages 127 to 311. Corporate governance report, DLC nominations and directors' affairs committee (nomdac).	 	Inclusive decision making Women in leadership
102-25		Conflicts of interest	Integrated annual report: Volume one, page 148. Conflict of interest.		Effective, accountable and transparent governance
102-26		Role of highest governance body in setting purpose, values, and strategy	Integrated annual report: Volume one, pages 123 to 126.		

# Global Reporting Initiative (GRI) Index

(continued)










GRI 102: General disclosures <i>(continued)</i>				Alignment with the SDG's	Business theme
102-27		Collective knowledge of highest governance body	Integrated annual report: Volume one, page 129. Skills, knowledge and experience.		Education for sustainable development
102-28		Evaluating the highest governance body's performance	Integrated annual report: Volume one, page 123. Corporate governance report. What we did.		
102-29		Identifying and managing economic, environmental, and social impacts	Integrated annual report: Volume one, pages 132 to 135. Corporate governance report, DLC social and ethics committee.		Inclusive decision making
102-30		Effectiveness of risk management processes	Integrated annual report: Volume one, pages 132 to 135. Social and ethical responsibility. Integrated annual report: Volume two, page 17. Corporate responsibility considerations.		
102-31		Review of economic, environmental, and social topics	Integrated annual report: Volume one, pages 132 to 135. Corporate governance report, DLC social and ethics committee.		
102-32		Highest governance body's role in sustainability reporting	Integrated annual report: Volume one, pages 132 to 135. Social and ethical responsibility.		
102-33		Communicating critical concerns	Integrated annual report: Volume one, page 155. Communication and stakeholder engagement. Corporate responsibility report: Pages 7 to 10. Communication and stakeholder engagement.		
102-34		Nature and total number of critical concerns	No critical concerns were raised during the reporting year ending 31 March 2017. Integrated annual report: Volume one, pages 132 to 135. Social and ethical responsibility.		
102-35		Remuneration policies	Integrated annual report: Volume one, pages 185 to 226. Remuneration report.		
102-36		Process for determining remuneration	Integrated annual report: Volume one, pages 185 to 226. Remuneration report.		
102-37		Stakeholders' involvement in remuneration	Integrated annual report: Volume one, page 155. Integrated annual report: Volume one, page 187. Remuneration outcomes for 2017. Corporate responsibility report: Pages 7 to 10. Communication and stakeholder engagement.		Inclusive decision making
102-38		Annual total compensation ratio	Integrated annual report: Volume one, pages 185 to 226. Remuneration report		
102-39		Percentage increase in annual total compensation ratio	Integrated annual report: Volume one, pages 185 to 226. Remuneration report.		
<b>Stakeholder engagement</b>					
102-40	Core	List of stakeholder groups	Integrated annual report: Volume one, page 155. Corporate responsibility report: Page 7. Communication and stakeholder engagement.		
102-41	Core	Collective bargaining agreements	Corporate responsibility report: Page 14. Freedom of association.		Freedom of association and collective bargaining
102-42	Core	Identifying and selecting stakeholders	Integrated annual report: Volume one, page 155. Corporate responsibility report: Page 7. Communication and stakeholder engagement.		
102-43	Core	Approach to stakeholder engagement	Integrated annual report: Volume one, page 155. Corporate responsibility report: Pages 7 to 10. Communication and stakeholder engagement.		
102-44	Core	Key topics and concerns raised	Integrated annual report: Volume one, pages 155 and 157. Integrated annual report: Volume one page 125. Feedback from board on stakeholder engagement. Corporate responsibility report: Page 8. Communication and stakeholder engagement and materiality.		

<b>GRI 102: General disclosures</b> <i>(continued)</i>				<b>Alignment with the SDG's</b>	<b>Business theme</b>
<b>Reporting practice</b>					
102-45	Core	Entities included in the consolidated financial statements	Integrated annual report: Volume one, page 17. Operational structure. Investec Import Solutions (Pty) Ltd is excluded from the sustainability report. This will be included in the next financial year.		
102-46	Core	Defining report content and topic boundaries	Integrated annual report: Volume one, pages 157 to 159. Corporate Responsibility. Corporate responsibility report: Pages 7 to 10. Corporate responsibility in an Investec context.		
102-47	Core	List of material topics	Integrated annual report. Volume one page 157. Corporate responsibility report: Page 8.		
102-48	Core	Restatements of information	We have restated business travel for our UK and Other operations. We have restated our m <sup>2</sup> office space for our Sandton building in South Africa.		
102-49	Core	Changes in reporting	Integrated annual report: Volume one, page 2. Ongoing and statutory information.		
102-50	Core	Reporting period	1 April 2016 to 31 March 2017.		
102-51	Core	Date of most recent previous report	31 March 2016.		
102-52	Core	Reporting cycle	Annually.		
102-53	Core	Contact point for questions regarding the report	See contact details. Corporate responsibility report: Page 83.		
102-54	Core	Claims of reporting in accordance with the GRI Standards	Corporate responsibility report: Inside cover: About this report		
102-55	Core	GRI content index	This table.		
102-56	Core	External assurance	Integrated annual report: Volume one, page 157. Corporate responsibility report: Inside front cover. Assurance and pages 63 and 64 of the corporate responsibility report.		
<b>GRI 103: Management approach</b>					
103-1		Explanation of the material topic and its boundary	Integrated annual report. Volume one page 157. Corporate responsibility report: Inside front cover. Scope of reporting section. Corporate responsibility report: Inside front cover. Scope of reporting. Corporate responsibility report relates to all operations and geographies section. Corporate responsibility report: Materiality pages 7 to 10.		
103-2		The management approach and its components	There were no grievances filed with regards to environmental impacts for the reporting year ending 31 March 2017. There were no grievances filed regarding labour practices for the reporting year ending 31 March 2017. There were no grievances filed regarding human rights impacts for the reporting year ending 31 March 2017. There were no grievances filed regarding impacts on society for the reporting year ending 31 March 2017.	 	Grievance mechanisms  Economic inclusion
103-3		Evaluation of the management approach	Corporate responsibility report: Pages 9 to 10.		

# Global Reporting Initiative (GRI) Index

(continued)







GRI 200: Economic standards				
GRI 201: Economic performance			Alignment with the SDG's	Business theme
201-1	Direct economic value generated and distributed	Integrated annual report: Volume one, page 10 and pages 158 to 159. Corporate responsibility report: Page 4. Value added statement.	    	Infrastructure investments Infrastructure Investments Infrastructure investments Economic performance – Infrastructure investment – Research and development
201-2	Financial implications and other risks and opportunities due to climate change	Integrated annual report: Volume two, page 17. Corporate responsibility report: Pages 35 to 41.		Risk and opportunities due to climate change
201-3	Defined benefit plan obligations and other retirement plans	Investec follows the defined contribution pension schemes. We have two small defined benefit plans which were inherited as part of legacy acquisitions and which have been closed to new contributions.		
201-4	Financial assistance received from government	No financial assistance was received from the government. Investec has never received financial assistance from the government, even during financial crisis.		
GRI 202: Market presence				
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Standard entry level wage exceeds the local minimum wage in all geographies. These ratios are not publicly reported.	  	Earnings, wages and benefits Equal remuneration for women and men Earnings, wages and benefits
202-2	Proportion of senior management hired from the local community	We do not disclose this level of information.		
GRI 203: Indirect economic impacts				
203-1	Infrastructure investments and services supported	Corporate responsibility report: Pages 54 and 55. Power and infrastructure finance.	 	Infrastructure investments Infrastructure investments

GRI 200: Economic standards (continued)				Alignment with the SDG's	Business theme
				  	<p>Infrastructure investments</p> <p>Infrastructure investments</p> <p>Infrastructure investments</p>
203-2		Significant indirect economic impacts	Integrated annual report: Volume one, pages 10 and 11 and pages 158 and 159. Highlights. Corporate responsibility report: Pages 8 to 10. Creating value for our stakeholders.	    	<p>– Availability of products and services for those on low incomes</p> <p>– Economic development in areas of high poverty</p> <p>Changing the productivity of organisations, sectors of the whole economy</p> <p>– Changing the productivity of organisations, sectors of the whole economy</p> <p>– Indirect impact on job creation</p> <p>– Jobs supported in the supply chain</p> <p>– Economic development in areas of high poverty</p> <p>– Foreign direct investments</p> <p>Foreign direct investments</p>
GRI 204: Procurement practices					
204-1		Proportion of spending on local suppliers	In South Africa approximately 90% of our third party procurement spend is from local suppliers.		Procurement practices



# Global Reporting Initiative (GRI) Index

(continued)













<b>GRI 200: Economic standards</b> (continued)				
<b>GRI 205: Anti-corruption</b>			<b>Alignment with the SDG's</b>	<b>Business theme</b>
205-1	Operations assessed for risks related to corruption	Integrated annual report: Volume two, pages 75 to 78. Operational risk. Corporate responsibility report: pages 57 and 58. Group Operational Risk and Compliance operates a group-wide process across 100% of our business units which includes assessment and reporting on the potential for incidents of corruption.		Anti-corruption
205-2	Communication and training about anti-corruption policies and procedures	Integrated annual report: Volume two, pages 75 to 78. Operational risk. All Investec employees are responsible for compliance and risk management and therefore each employee has a responsibility to stay updated with good practice, expected standards of conduct in relevant business lines and changes in law and regulation. All staff are also expected to attend the relevant compliance training courses and complete an online assessment. Towards the end of 2016 all employees were required to do the online AML training and obtain a minimum score of 85% in the knowledge assessment test.		Anti-corruption
205-3	Confirmed incidents of corruption and actions taken	Integrated annual report: Volume two, pages 75 to 78. Operational risk. Investec has an anti-money laundering policy as well as a compliance manual and handbook that explains the procedures to follow should there be incidents of corruption. Investec has established and maintains policies, procedures and controls to ensure that, in accordance with regulatory requirements, all staff report information or other matters which come to their attention in the course of their employment and which give reasonable grounds for knowledge or suspicion of money laundering or terrorist financing activity.		Anti-corruption
<b>GRI 206: Anti-competitive behaviour</b>				
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	No legal actions have been taken against Investec for anti-competitive behaviour, however, Investec Limited continues to cooperate with the Competition Commission Authorities in South Africa with respect to their investigation into alleged collusion to fix Rand-Dollar trades. The bank has requested further information from the Authorities. Integrated annual report. Volume one page 198 and volume two page 8.		Compliance with laws and regulations
<b>GRI 300: Environmental standards</b>				
<b>GRI 301: Materials</b>				
301-1	Materials used by weight or volume	Corporate responsibility report: Pages 44 to 49. Planet section: Direct operational impacts.	 	Materials efficiency Materials efficiency/recycling

(continued)











GRI 300: Environmental standards <i>(continued)</i>				Alignment with the SDG's	Business theme
301-2		Recycled input materials used	Corporate responsibility report: Pages 44 to 49. Planet section: Direct operational impacts	 	Materials efficiency  Materials efficiency/ recycling
301-3		Reclaimed products and their packaging materials	Not relevant. As a niche specialist financial service organisation with a small physical presence this indicator is not relevant for Investec.		
GRI 302: Energy					
302-1		Energy consumption within the organisation	Corporate responsibility report: Pages 44 to 49. Planet section: Direct operational impacts.	   	Energy efficiency  Renewable energy  Energy efficiency  Energy efficiency
302-2		Energy consumption outside of the organisation	Not applicable. As a niched specialist financial services organisation with a small physical presence, this indicator is not applicable for Investec.		
302-3		Energy intensity	Corporate responsibility report: Pages 44 to 49. Planet section: Direct operational impacts.	   	Energy efficiency  Energy efficiency  Energy efficiency  Energy efficiency

# Global Reporting Initiative (GRI) Index

(continued)




GRI 300: Environmental standards <i>(continued)</i>				Alignment with the SDG's	Business theme
302-4		Reduction of energy consumption	Corporate responsibility report: Pages 44 to 49. Planet section: Direct operational impacts.	   	Energy efficiency
302-5		Reductions in energy requirements of products and services	Corporate responsibility report: Pages 44 to 49. Planet section: Direct operational impacts.	 	Energy efficiency
				 	Energy efficiency
<b>GRI 303: Water</b>					
303-1		Water withdrawal by source	Corporate responsibility report: Pages 44 to 49. Planet section: Direct operational impacts.		Sustainable water withdrawals
303-2		Water sources significantly affected by withdrawal of water	Not applicable. As a niched specialist financial services organisation with a small physical presence, this indicator is not applicable for Investec.		
303-3		Water recycled and reused	Corporate responsibility report: Pages 44 to 49. Planet section: Direct operational impacts for details on initiatives to reduce water usage. Investec does not recycle water.		Water efficiency Water recycling and reuse
<b>GRI 304: Biodiversity</b>					
304-1		Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not applicable for Investec which operates within urban locations where biodiversity impacts are minimal.		
304-2		Significant impacts of activities, products, and services on biodiversity	As a financial services provider we do not have a direct impact. However, through our project finance and property business we ensure that environment impact assessments are completed for transactions. Corporate responsibility report: Pages 54 to 56.		Water-related ecosystems and biodiversity
304-3		Habitats protected or restored	Corporate responsibility report: Pages 42 and 43. Conserving the environment.		Water-related ecosystems and biodiversity












(continued)

GRI 300: Environmental standards <i>(continued)</i>			Alignment with the SDG's	Business theme
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	There are no material impacts on biodiversity, therefore this is not relevant.		
<b>GRI 305: Emissions</b>				
305-1	Direct (scope 1) GHG emissions	Integrated annual report: Volume one, page 174. Corporate responsibility report: Page 45. Carbon footprint for the group.	  	<p>Air quality</p> <p>Air quality</p> <p>Emissions</p>
305-2	Energy indirect (scope 2) GHG emissions	Integrated annual report: Volume one, page 174. Corporate responsibility report: Page 45. Carbon footprint for the group.	  	<p>Air quality</p> <p>Air quality</p> <p>GHG emissions</p>
305-3	Other indirect (scope 3) GHG emissions	Integrated annual report: Volume one, page 174. Corporate responsibility report: Page 45. Carbon footprint for the group.	 	<p>Air quality</p> <p>Air quality</p>
305-4	GHG emissions intensity	Integrated annual report: Volume one, page 174. Corporate responsibility report: Page 45. Carbon footprint for the group.		GHG emissions
305-5	Reduction of GHG emissions	Integrated annual report: Volume one, page 174. Corporate responsibility report: Page 45. Carbon footprint for the group.		GHG emissions
305-6	Emissions of ozone-depleting substances (ODS)	Not relevant. As a niched specialist financial services organisation with a small physical presence, this indicator is not applicable for Investec.		
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Not relevant. As a niched specialist financial services organisation with a small physical presence, this indicator is not applicable for Investec.		

## Global Reporting Initiative (GRI) Index






(continued)








<b>GRI 300: Environmental standards</b> (continued)				
<b>GRI 306: Effluents and waste</b>			<b>Alignment with the SDG's</b>	<b>Business theme</b>
306-1	Water discharge by quality and destination	Not relevant. As a niched specialist financial services organisation with a small physical presence, this indicator is not applicable for Investec.		
306-2	Waste by type and disposal method	Not relevant. As a niched specialist financial services organisation with a small physical presence, this indicator is not applicable for Investec.		
306-3	Significant spills	Not relevant. As a niched specialist financial services organisation with a small physical presence, this indicator is not applicable for Investec.		
306-4	Transport of hazardous waste	Not relevant. As a niched specialist financial services organisation with a small physical presence, this indicator is not applicable for Investec.		
306-5	Water bodies affected by water discharges and/or runoff	Not relevant. As a niched specialist financial services organisation with a small physical presence, this indicator is not applicable for Investec.		
<b>GRI 307: Environmental compliance</b>				
307-1	Non-compliance with environmental laws and regulations	Not relevant. As a niched specialist financial services organisation with a small physical presence, this indicator is not applicable for Investec.		
<b>GRI 308: Supplier environmental assessment</b>				
308-1	New suppliers that were screened using environmental criteria	Corporate responsibility report: Page 61. Procurement. Only screened in our South African operations and we will look to extend this screening to the UK in the next financial year.		
308-2	Negative environmental impacts in the supply chain and actions taken	Corporate responsibility report: Page 61. Procurement. Only screened in our South African operations and we will look to extend this screening to the UK in the next financial year.		
<b>GRI 400: Social standards</b>				
<b>GRI 401: Employer</b>				
401-1	New employee hires and employee turnover	Integrated annual report: Volume one, page 67. Corporate responsibility report: Pages 13 and 17. Corporate responsibility.	 	Gender equality Employment
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Integrated annual report: Volume one, pages 185 to 226. Remuneration report. Benefits are broken down by gross remuneration, variable short-term incentives by division and variable long-term incentive plans.		Earnings, wages and benefits

GRI 400: Social standards <i>(continued)</i>				Alignment with the SDG's	Business theme
401-3	Parental leave	Investec is committed to principles of equality and has relevant employment policies and practices in place. Corporate responsibility page 15. In South Africa paternity leave has been extended to 10 days, 5 days more than required by regulation. The UK has decreased the length of service required to benefit to from enhanced maternity pay and parental leave from 1 year to 26 weeks.	 	Parental leave  Parental leave	
<b>GRI 402: Labour/management relations</b>					
402-1	Minimum notice periods regarding operational changes	Not applicable as there is no representative trade union for Investec and all operational changes will be in accordance to the Labour Relations Act.			
<b>GRI 403: Occupational health and safety</b>					
403-1	Workers representation in formal joint management-worker health and safety committees	Health and safety policy: Members of the senior executive, are responsible for ensuring that subordinate heads of business units are held accountable for their performance in managing the occupational health and safety in areas under their control. Integrated annual report: Volume one, page 163. Corporate responsibility report: Page 15. Health and safety.		Occupational health and safety	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	As a bank, work-related diseases and fatalities are not a common occurrence. Integrated annual report: Volume one page 163. While we recorded 64 occupational injuries in the past year these would be minor and unlikely to result in a significant loss of work days. Corporate responsibility report: Page 15. Health and safety.	 	Occupational health and safety  Occupational health and safety	
403-3	Workers with high incidence or high risk of diseases related to their occupation	As a bank, work-related diseases and fatalities are not a common occurrence. Integrated annual report: Volume one, page 163. Corporate responsibility report: Page 15. Health and safety.	 	Occupational health and safety  Occupational health and safety	
403-4	Health and safety topics covered in formal agreements with trade unions	There is no representative trade union for Investec. This indicator is therefore not applicable.		Occupational health and safety	
<b>GRI 404: Training and education</b>					
404-1	Average hours of training per year per employee	We do not show average hours of training per year per employee and by employee category. Integrated annual report: Volume one, page 164. Corporate responsibility report: Page 16. Group training spend split by geography and division.	 	Employee training and education  Employee training and education	
404-2	Programmes for upgrading employee skills and transition assistance programmes	Integrated annual report: Volume one, page 164. Corporate responsibility report: Pages 16 and 17. Employee strategy section.		Employee training and education	

## Global Reporting Initiative (GRI) Index

(continued)










GRI 400: Social standards (continued)				Alignment with the SDG's	Business theme
404-3		Percentage of employees receiving regular performance and career development reviews	Integrated annual report: Volume one, page 160. Corporate responsibility report: Page 12. Performance review process. 100% – this is part of the remuneration and performance evaluation procedure for annual increases and bonuses.	 	Gender equality  Employee training and education
<b>GRI 405: Diversity and equal opportunity</b>					
405-1		Diversity of governance bodies and employees	Integrated annual report: Volume one, page 165 Integrated annual report: Volume one page 129. Board diversity. Corporate responsibility report: Page 17. Employee gender composition.	 	Gender equality Women in leadership  Diversity and equal opportunity
405-2		Ratio of basic salary and remuneration of women to men	We do not disclose this information. Investec is committed to principles of equality and has relevant employment policies and practices in place.		
<b>GRI 406: Non-discrimination</b>					
406-1		Incidents of discrimination and corrective actions taken	There has been no recorded incidence of discrimination in any of our businesses. Corporate responsibility report: Page 14.	  	Non-discrimination  Non-discrimination  Non-discrimination
<b>GRI 407: Freedom of association and collective bargaining</b>					
407-1		Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Corporate responsibility report: Page 14. Working at Investec. Investec is not aware of any operations or suppliers in which the right to exercise freedom of association and collective bargaining may have been violated.		Freedom of association and collective bargaining
<b>GRI 408: Child labour</b>					
408-1		Operations and suppliers at significant risk for incidents of child labour	Corporate responsibility report: Page 61. Procurement. Investec has a group procurement statement.	 	Abolition of child labour  Abolition of child labour
<b>GRI 409: Forced or compulsory labour</b>					
409-1		Operations and suppliers at significant risk for incidents of forced or compulsory labour	Corporate responsibility report: Page 61. Procurement. Investec has a group procurement statement.		Elimination of forced or compulsory labour









<b>GRI 400: Social standards</b> (continued)				
			<b>Alignment with the SDG's</b>	<b>Business theme</b>
<b>GRI 410: Security practices</b>				
410-1		Security personnel trained in human rights policies or procedures	Security personnel are trained on risk and interpersonal and communication skills as well as how to approach a situation when an incident takes place. Specific human rights training does not take place.	 Security
<b>GRI 411: Rights of indigenous people</b>				
411-1		Incidents of violations involving rights of indigenous peoples	No incidents relating to indigenous rights occurred during the reporting year.	 Indigenous rights
<b>GRI 412: Human rights assessment</b>				
412-1		Operations that have been subject to human rights reviews or impact assessments	Corporate responsibility report: Page 14. Human rights which covers 100% of our operations.	
412-2		Employee training on human rights policies or procedures	Corporate responsibility report: Page 14. Working at Investec. Every employee undergoes group induction training, which includes training on employee rights within Investec.	
412-3		Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Corporate responsibility report: Page 36. Responsible asset management.	
<b>GRI 413: Local communities</b>				
413-1		Operations with local community engagement, impact assessments, and development programmes	Integrated annual report: Volume one, pages 167 to 171. Corporate responsibility report: Pages 20 to 32. Corporate responsibility, corporate social investment.	
413-2		Operations with significant actual and potential negative impacts on local communities	Not relevant. As a financial services company with a limited physical presence, our operations have a very limited direct impact on local communities. However, we may indirectly have an impact through, for example, our property developments or project finance type transactions. In these instances, all required community impact assessments are done and community engagements are performed.	 Access to land
				 Access to land
<b>GRI 414: Supplier social assessment</b>				
414-1		New suppliers that were screened using social criteria	Corporate responsibility report: Page 61. Procurement. Investec has a group procurement statement.	 Workplace violence and harassment
				 Labour practices in the supply chain
				 Workplace violence and harassment



# Global Reporting Initiative (GRI) Index







(continued)

GRI 400: Social standards (continued)				Alignment with the SDG's	Business theme
414-2		Negative social impacts in the supply chain and actions taken	Corporate responsibility report: Page 61. Procurement. Investec has a group procurement statement.	  	Workplace violence and harassment  Labour practices in the supply chain  Workplace violence and harassment
<b>GRI 415: Public policy</b>					
415-1		Political contributions	Investec plc did not make any donations for political purposes in the UK or the rest of the EU, nor did it make any political donations to political parties or other political organisations, or to any independent election candidates, or incur any political expenditure during the year. Investec Limited made political donations totalling R3.5 million in 2017 (2016: R1.5 million). Investec Limited annual report: Page 147.		Anti-corruption
<b>GRI 416: Customer health and safety</b>					
416-1		Assessment of the health and safety impacts of product and service categories	Not relevant given the services based nature of Investec's offerings.		
416-2		Incidents of non-compliance concerning the health and safety impacts of products and services	Not relevant given the services based nature of Investec's offerings.		
<b>GRI 417: Marketing and labelling</b>					
417-1		Requirements for product and service information and labelling	Integrated annual report: Volume two, pages 100 and 101. Corporate responsibility report: Pages 57 and 58. Compliance.		Product and service information and labelling
417-2		Incidents of non-compliance concerning product and service information and labelling	Integrated annual report: Volume two, pages 100 and 101. Corporate responsibility report: Pages 57 and 58. Compliance.		Compliance with laws and regulations
417-3		Incidents of non-compliance concerning marketing communications	There were no incidents of non-compliance with regulations or voluntary codes concerning marketing communications.		Compliance with laws and regulations
<b>GRI 418: Customer privacy</b>					
418-1		Substantiated complaints concerning breaches of customer privacy and losses of customer data	No complaints were received from regulatory bodies concerning breaches of customer privacy.		Compliance with laws and regulations Protection of privacy
<b>GRI 419: Socio-economic compliance</b>					
419-1		Non-compliance with laws and regulations in the social and economic area	Integrated annual report: Volume two, pages 100 and 101. There have been no incidents of non-compliance with laws and regulations concerning the provision and use of products and services. Corporate responsibility report: Pages 57 and 58. Compliance. No significant fines.		Compliance with laws and regulations

Financial services sector specific disclosures				Alignment with the SDG's	Business theme
Specific disclosure on management approach					
FS1		Policies with specific environmental and social components applied to business lines	Corporate responsibility report: Profit, People and Planet sections. Refer to our environmental policy on our website www.investec.co.za		Responsible finance
FS2		Procedures for assessing and screening environmental and social risks in business lines	Integrated annual report: Volume two, page 17. Corporate responsibility considerations. Corporate responsibility report: Pages 53 to 56. Corporate governance and risk.		Responsible finance
FS3		Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements and transactions	Integrated annual report: Volume two, page 17. Corporate responsibility considerations. Corporate responsibility report: Pages 53 to 56. Corporate governance and risk.		Responsible finance
FS4		Process(es) for improving employee competency to implement the environmental and social policies and procedures as applied to business lines	In South Africa, the local banking industry has developed training material to train staff on environmental and social risks relating to the different business areas. Staff are encouraged to attend any training or development that is relevant for their area of business. We have also developed ESG guidelines for consultants to use to identify potential ESG issues.		Responsible finance
FS5		Interactions with clients/ investees/business partners, regarding environmental and social risks and opportunities	Interactions with clients, investees or other business partners or interested parties takes place across the organisation, depending on the type of business and type of deal. For example, Property group would engage with their client and local community when doing a property development.		Responsible finance
Sector specific performance indicators					
FS6		Percentage of the portfolio for business lines by specific region, size and by sector	Integrated annual report: Volume one, pages 18 to 21. Our operational footprint.	 	Access to financial services Access to financial services
FS7		Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	Not calculated.		
FS8		Monetary value of products and services designed to deliver specific environmental benefit for each business line broken down by purpose	Not calculated.		
FS9		Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	Internal Audit would monitor this in the ordinary course of business.		Responsible finance

# Global Reporting Initiative (GRI) Index

(continued)

<b>Financial services sector specific disclosures</b> (continued)				<b>Alignment with the SDG's</b>	<b>Business theme</b>
FS10		Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues	Investec Asset Management webpage on stewardship <a href="http://www.investecassetmanagement.com/southafrica/individual-investor/en/investment-expertise/stewardship/">http://www.investecassetmanagement.com/southafrica/individual-investor/en/investment-expertise/stewardship/</a>		Responsible finance
FS11		Percentage of assets subject to positive and negative environmental or social screening	Not calculated. However, we have an ESG system in place in our asset management business. Corporate responsibility report: Page 36. Responsible asset management.		Responsible finance
FS12		Voting policies applied to environmental or social issues for shares over which the reporting organisation holds the right to vote shares or advises on voting	Corporate responsibility report: Page 36. Responsible asset management. Investec Asset Management webpage on stewardship <a href="http://www.investecassetmanagement.com/southafrica/individual-investor/en/investment-expertise/stewardship/">http://www.investecassetmanagement.com/southafrica/individual-investor/en/investment-expertise/stewardship/</a> . Product responsibility society performance indicators.		
<b>Product responsibility society performance indicators</b>					
FS13		Access points in low-populated or economically disadvantaged areas by type	Investec is not a retail bank and does not bank to the mass market. Our target market is very niched: high income, high net worth, corporate, government and institutions. This indicator is therefore not relevant.		
FS14		Initiatives to improve access to financial services for disadvantaged people	Investec is not a retail bank and does not bank to the mass market. Our target market is very niched: high income, high net worth, corporate, government and Institutions. This indicator is therefore not relevant. However, as a result of our commitment to transformation in South Africa we partnered with GIBS on the Investec GIBS Savings Index as well as Junior Achievement South Africa (JASA) to improve consumer's knowledge and understanding of the financial sector and its products thereby enabling them to make more informed decisions about their finances and lifestyle.		
<b>Disclosure on management approach</b>					
FS15		Policies for the fair design and sale of financial products and services	All products and policies undergo significant reviews and authorisation by the Liability Product and Pricing forum which incorporates ethical requirements.		Responsible finance
<b>Product responsibility performance indicators</b>					
FS16		Initiatives to enhance financial literacy by type of beneficiary	Corporate responsibility report: Pages 20 to 32. Supporting our communities.  Investec has partnered with GIBS on the Investec GIBS Savings Index as well as Junior Achievement South Africa (JASA) to improve consumer's knowledge and understanding of the financial sector and its products thereby enabling them to make more informed decisions about their finances and lifestyle.	    	Access to financial services  Access to financial services  Access to financial services

At Investec we believe in cast iron integrity in all internal and external dealings, consistently and uncompromisingly displaying moral strength and behaviour which promotes trust.

The policies and business practices of Investec are outlined in BAWI ('Becoming Acquainted with Investec') and in the Compliance Handbook. They are intended to guide employee conduct and ensure that at all times employees actions and attitudes reflect the group's values and philosophies.

### People – Human resource practice and policies

- AIDS policy
- Basic conditions of employment
- IT acceptable usage policy
- Disability procedure
- Equal opportunities
- Employee assistance programme
- Employee integrity policy
- FAIS – Rendering financial advisory and intermediary services to clients
- Grievance resolution policy
- Leave policy
- Learning and development policy
- Policy on flexible work practice
- Policy on substance abuse
- Retirement policy
- Retrenchment policy
- Sexual harassment policy
- Whistle blowing and protected disclosures policy.
- Business casual attire policy
- Cell phone scheme
- Motor vehicle scheme
- Security and access control
- Local travel and transfer practice
- International travel scheme.

### Compliance

- Anti-money laundering and combating of terrorist financing policy including
- Anti-bribery and corruption policy
- Breaches policy
- CASS breaches and error policy
- Chinese walls and wall crossing policy
- Competitive law policy
- Complaints policy
- Compliance manual
- Conduct risk policy
- Conflicts of interest policy
- Employee participation (EP) policy.
- Financial promotions – policy standards and approval
- Fraud policy
- Gifts and entertainment (hospitality) policy
- Investment recommendation policy
- Market abuse policy
- Market rumours policy
- Market sounding policy
- Media queries policy
- Order and best execution policy
- Outside business interests (OBI) policy
- Personal account (PA) dealing policy
- Records management policy
- Sanctions policy
- Senior managers handover policy
- Vulnerable clients policy
- IT and Information security policies
- Data protection and information management policies.

### Planet

Investec recognises that effective environmental management is an essential part of embedding this philosophy into the organisation and is therefore committed to operating an effective environmental management system compliant with King III in South Africa and ISO 14001 in the UK head office.

The management system is initially focused on the activities and operations of supporting functions which have a direct environmental impact.

- Policy on environmental and social risk practices in lending and financing activities
- Policy on environmental and social risk practices in investment activities.

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