Investec

OUT OF THE ORDINARY

Creating enduring worth

Climate and nature-related financial disclosures 2023

Reporting in accordance with the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures)

REASONABLY ASSURED INFORMATION
Denotes selected information that has been externally reasonably assured. Refer to the EY assurance report, in the Investec Group 2023 sustainability report for details on the scope of the assurance

PAGE REFERENCES
Refers readers to information elsewhere in this report

WEBSITE
Indicates that additional information is available on the Internet. Click on links in the report

REPORTING STANDARD
Denotes our consideration of a reporting standard

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We value feedback and invite questions and comments on our reporting. To give feedback on this report, please contact our Group Sustainability division.

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About Investec

01

A distinctive banking and wealth management business creating sustainable, long-term value for our stakeholders.

In this chapter

Our Group climate and nature-related report highlights Investec's climate and nature-related matters over the period 1 April 2022 to 31 March 2023.

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 – clients, employees, investors, shareholders, sustainability rating agencies, government, regulatory bodies and environmental, social and governance (ESG) analysts who will use the content for an analysis of our climate and nature-related performance. It also focuses on the most material aspects of our business in relation to our climate and nature-related strategy. This report has been prepared in accordance with the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures).

EY has provided reasonable assurance over selected environmental, performance indicators. The assurance statement can be found in the 2023 Group sustainability report on pages 121 to 122.

Our operational structure

During July 2002, Investec Group Limited (since renamed Investec Limited) implemented a dual listed companies (DLC) structure and listed its offshore business on the London Stock Exchange (LSE).

In terms of our DLC structure, Investec Limited is the holding company of our businesses in Southern Africa, and Investec plc is the holding company of our non-Southern African businesses. Investec Limited is listed on the Johannesburg Stock Exchange Limited (JSE) South Africa (since 1986) and Investec plc on the LSE (since 2002).

A circular on the establishment of our DLC structure was issued on 20 June 2002 and is available on our website

Non-Southern African operations

Investec plc

LSE primary listing
JSE secondary listing
A2X secondary listing

→ Investec Bank plc
↓
Investec Wealth & Investment Limited

SHARING AGREEMENT

Southern African operations

Investec Limited

JSE primary listing
BSE secondary listing
NSX secondary listing
A2X secondary listing

→ Investec Bank Limited

→ Investec Wealth and Investment SA Group

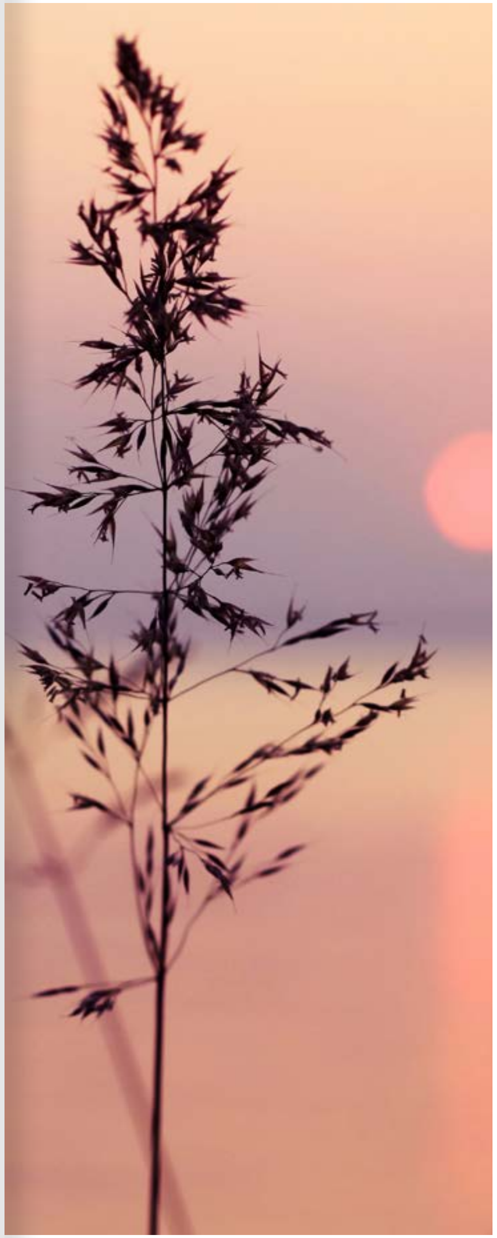
Salient features of the DLC structure

Investec plc and Investec Limited are separate legal entities and listings, but are bound together by contractual agreements and mechanisms

Investec operates as if it is a single unified economic enterprise

Shareholders have common economic and voting interests as if Investec plc and Investec Limited were a single company

Creditors, however, are ring-fenced to either Investec plc or Investec Limited as there are no cross-guarantees between the companies.



Our purpose

Our purpose is to create enduring worth.

Our mission

Investec is a distinctive bank and wealth manager, driven by commitment to our purpose, values, core philosophies and culture. We deliver exceptional service to our clients in the areas of banking and wealth management, striving to create long-term value for all of our stakeholders and contributing meaningfully to our people, communities and the planet.

Our distinction

The Investec distinction is embodied in our entrepreneurial culture, supported by a strong risk management discipline, client-centric approach and an ability to be nimble, flexible and innovative. We do not seek to be all things to all people. Our aim is to build well-defined, value-adding businesses focused on serving the needs of select market niches where we can compete effectively and build scale and relevance.

Our unique positioning is reflected in our iconic brand, our high-touch and high-tech approach and our positive contribution to society, macro-economic stability and the environment. Ours is a culture that values purposeful thinking and stimulates extraordinary performance. We take pride in the strength of our leadership team, our people are empowered and committed to our values and culture.

Our strategic direction

The One Investec strategy is, first and foremost, a commitment to drawing on the full breadth and depth of relevant capabilities to meet the needs of each client, regardless of specialisation or geography.

One Investec is also about improving internal operating efficiencies; ensuring that investments in infrastructure and technology support our differentiated service offering across the entire Group, not just within specific operating units or geographies.

And in our allocation of capital, the One Investec strategy demands a disciplined approach to optimising returns, not merely for one region or business area but for the Group as a whole.

Our values

We have recently realigned our values through extensive consultation and dialogue, across the organisation, with all business areas and geographies, ensuring that they reflect our steadfast beliefs and our aspirations. The processes has been bottom up and top down and then aggregated the wisdom of the organisation to reflect the depth of our thinking and the way we conduct ourselves

Deep client partnerships, built on trust and out-of-the-ordinary service, are the bedrock of our business

We are dedicated to building meaningful relationships with all our stakeholders

We uphold cast-iron integrity in all we do

We are committed to living in society, not off it

We embrace our responsibility to the environment

We thrive on change and challenge convention with courage, constantly adapting to an ever-changing world

We believe in open and honest dialogue to test decisions, seek consensus and accept responsibility

We trust our people to exercise their judgement, promoting entrepreneurial flair and freedom to operate within the context of prudent risk parameters and unwavering adherence to our values

We embrace diversity in a deeply caring environment in which everyone can bring their whole selves.

Our philosophies

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

Our strategic objectives

Driving sustainable long-term growth

Building on the successes to simplify, focus and grow the business over the last few years, we are well placed to pursue disciplined growth in the long-term pursuit of our purpose of creating enduring worth, living in society not off it.

This growth will be pursued through our deep specialisations, with more emphasis being placed on what we can do for our clients if we act in an integrated way to bring the best of Investec to every relationship and interaction.

This involves further pursuing cross client franchise integration strategies and significantly improving internal operating efficiencies.

The One Investec mindset

One Investec embodies our commitment to bring the best of Investec to every client relationship and interaction. It is premised on our obsession with client service and deep specialisation delivered in an integrated manner.

- Is a commitment to drawing on the full breadth and depth of relevant capabilities to meet the needs of each client, regardless of specialisation or geography
- Is about improving internal operating efficiencies; ensuring that investments in infrastructure and technology support our differentiated service offering across the entire Group
- Demands a disciplined approach to optimising returns, not merely for one region or client franchise but for the Group as a whole.

Fuelling a robust growth agenda	Underpinned by:
Continued execution with discipline to drive optimisation of returns	Deepening our entrepreneurial culture (Out of the Ordinary)
Accelerate and scale new growth initiatives	Continuous digitalisation
Further develop connected client eco-systems across business units and geographies	Strategic use of data

For more detail on our strategic objectives, refer to the Investec Group's 2023 integrated and strategic annual report.

A note from the Chief Executive

> I tell my story because I think it can make a difference. If I wanted to really change things and make an impact, I would have to work with people and through people. Anyone who does not worry about the impact of their decisions could be dangerous in terms of their impact on others and on society.

Fani Titi
Chief Executive

Investec exists to create enduring worth – living in society, not off it. This purpose demands that we regard sustainability as an integral part of our business rather than ancillary to it. Over the past year, our leadership team has engaged extensively on how best to create enduring worth for all our stakeholders, including the societies in which we operate and the planet that sustains us. We are proud of the enthusiasm with which colleagues across the organisation are embracing our purpose and working to imbue it into everything we do.

Using the United Nations Sustainable Development Goals (UN SDGs) as a guiding framework, our sustainability strategy is focused on two areas where we believe we can have the most enduring impact: climate action and reducing inequalities. This report presents a forthright and balanced picture of the strides we've made in climate action.

It is gratifying to see our progress recognised by some of the world's foremost sustainability ranking agencies, as outlined on page 105.

These accolades are the result of collective actions across the organisation over many years. But our commitment to transparency requires that we acknowledge the areas where we are falling short, and where further attention is needed.

Climate considerations have been successfully integrated and embedded into most of our operational activities. We are now more consciously incorporating climate considerations into our business strategies.

Climate action

The devastating effects of climate change were evident in many of Investec's operating geographies in the past year, with floods in South Africa, heat waves in the UK and cyclones in Mauritius. Our membership to the Net-Zero Banking Alliance commits us to specific and measurable targets that challenge us to direct financial flows towards positive outcomes for our planet and society. Last year, we became one of the first in our industry to disclose our baseline Scope 3 financed emissions and outlined our strategy to reach net zero by 2050.

In addition to the highest standards of accuracy and transparency in our climate disclosures, our net-zero strategy sets out clear milestones for reducing coal, oil, and gas exposures. We are committed to zero coal in our loan book by 31 March 2027 in Investec plc and zero thermal coal in our loan book by 31 March 2030 in Investec Limited. And as of 31 March 2023, we have stopped all limited recourse project financing to new thermal coal mines, regardless of jurisdiction. We have also committed not to finance any new oil and gas extraction, exploration, or production from 1 January 2035.

Net-zero ambitions

Equally important to our net-zero strategy is our support for infrastructure solutions that promote renewable and clean energy. Living with constant loadshedding in South Africa, we are acutely aware of the need for energy security and the imperative to transition to a low-carbon economy. Our ability to help realise this goal was bolstered this year when we secured a $80mn senior credit facility from Proparco, earmarked to support projects that promote a more climate-resilient and equitable South Africa. In the UK, we set up a Sustainable Business Forum to drive the increased commercialisation of sustainability in partnership with our clients. The many initiatives where we have collaborated with our clients are included on page 38.

The threat that climate change poses to biodiversity is of urgent concern. We have signed up as one of the founding members of the African Natural Capital Alliance (ANCA), a forum for mobilising the financial community's response to the risk of nature loss in Africa. We also signed up to the Partnership for Biodiversity Accounting Financials (PBAF) which will help us to assess and disclose our impact and dependencies on nature-related loans and investments.

Achieving a just and equitable transition to net zero will require the cooperation of many disparate stakeholders. We continue to contribute to various collaborative industry initiatives, including the Climate Action 100+ Net Zero Company Benchmark Standards, as reported on pages 106 to 112.

An important aspect of our approach to reaching net-zero emissions, is a deliberate focus on managing our fossil fuel exposures and increasing our financial infrastructure solutions that promote renewable and clean energy. Over the past year, we have seen a decrease in our total fossil fuel exposures largely as a result of a decrease in our coal and oil exposures in South Africa. Our fossil fuel exposure decreased to 1.84% of core loans and advances (2022: 1.99%) and our coal exposure was 2.70% of our total energy lending portfolio (2022: 2.75%). Our exposure to coal as percentage of core loans and advances remained the same at 0.10%. We may face fluctuations in these positions from one year to the next as we navigate this transition but it demonstrates our overall commitment to transitioning in a just and orderly way.

Investec Group committed to

zero thermal coal exposure

in our loan book by 31 March 2030

Coal exposure was

2.70%

of our total energy lending portfolio (2022: 2.74%)

Governance

Investec remains an active participant in the SDGs with a focus on reducing inequalities and climate action. We are working hard to weave ESG considerations into our business strategy and our day-to-day activities. Our Group ESG Executive Committee's mandate is to align sustainability activities across the organisation, while focusing on the many business opportunities within our priority SDGs. We also created a framework to link the remuneration of Executive Directors to ESG key performance indicators (KPIs).

Our efforts from the past 22 years of positioning Investec as a responsible corporate were recognised through being named one of the top 100 global sustainable companies by Corporate Knights. We are also very proud to have improved our CDP rating from a B to an A- (against an industry average of B-).

As we move forward, we are committed to continually assessing and improving our climate action efforts to ensure we are contributing to a better future for all our stakeholders. Now, more than ever, we are invested in inclusive transformational growth and creating enduring worth wherever we operate.

Fani Titi
Chief Executive

We have improved our CDP rating to an A- from a B

(against an industry average of B-)

CDP
DISCLOSURE INSIGHT ACTION

Our efforts **over the past 22 years** of positioning Investec as a responsible corporate were recognised through our inclusion as one of the **top 100 Global Sustainable Companies** in the world by Corporate Knights

GLOBAL 100 2023
THE WORLD'S MOST SUSTAINABLE CORPORATIONS

Our positioning: Addressing climate change and protecting nature

We recognise the complexity and urgency of climate change and consider the risks and opportunities that it presents to the global economy. In addition, climate change is also playing an increasingly important role in the decline of biodiversity and nature which are the foundation of all that sustains our world. We support the Paris Agreement's goals of holding the increase in the global average temperature to well below 2°C compared to pre-industrial levels and of pursuing efforts towards limiting it to 1.5°C.

In this chapter

Climate and nature-related commitments and ambitions

Climate

100% **of Scope 2 energy** sourced from **renewables** through the purchase of renewable energy certificates

Carbon neutral within our **own operations** for the past five financial years

Net zero by 2050 as part of our commitment to the **Net Zero Banking Alliance**

$80mn **secured from Proparco** to implement the Transforming **Financial Systems for Climate (TFSC) programme in South Africa**

51.07% **of renewables** within our **energy lending** portfolio

March 2022: 46.82%

Zero thermal coal exposure in our loan book by 31 March 2030

1.84%* **lending to fossil fuels** as a % of gross core loans and advances globally (£560mn)

March 2022: 1.99% (£601mn)**

0.10% **lending to coal** as a % of gross core loans and advances globally (£31mn)

March 2022: 0.10% (£31mn)

Zero appetite **for limited recourse project financing to new thermal coal mines,** regardless of jurisdiction

Nature

Signed up to the **PBAF** to assess and disclose our impact and **dependencies on biodiversity** within our loans and investments

Founding member of the **African Natural Capital Alliance (ANCA)**

Released a **public statement** on Investec Group's **commitment** to biodiversity

Incorporated **high-level recommendations** from the **Taskforce on Nature-related Financial Disclosures (TNFD)** in our TCFD disclosures

Scope 3 emissions

5.29mn tCO_2e for the Group

(March 2021: 4.82mn* tCO_2e)

Six asset classes measured in terms of climate emissions and climate alignment pathways:

- Residential real estate
- Commercial real estate
- Mortgages
- Motor vehicles
- Aviation
- Power generation

For more information on our financed emissions, refer to page 75

* *Over the past year, we have seen a decrease in our total fossil fuel exposures as a result of a decreased coal and oil exposures, largely in South Africa. We have however, seen an increase in our fossil fuel exposures in the UK as a result of an equity exposure in coal that we have now included in our loans and advances, and an increase in oil and gas as we transition away from coal*

** *Restated*

Our journey: Addressing climate change and protecting nature

1st
sustainability report published in 2002

1st
to report according to the TCFD recommendations in 2020

15 years
reporting to the CDP

2002
Published our first sustainability report, including environmental considerations

2004
Investec becomes a constituent of the JSE Socially Responsible Investment Index

2006
Investec becomes a constituent of the Dow Jones Sustainability Investment Index

2009
Submitted first CDP response

2012
- Included in the Johannesburg Stock Exchange SRI Index
- Included in the FTSE4Good Index

2013
- CDP gold recognition status for a score of A-
- Inclusion in CDP Leadership Index (top 11 in South Africa across all sectors)

2014
Joined the UN Global Compact

2015
One of the five companies in South Africa and 113 companies globally to make the CDP 2015 Climate A List

2018
Committed to the UN SDGs and created a Group SDG framework

2019
- CE, Fani Titi joined the UN GISD
- Public support the TCFD recommendations (1st bank in South Africa and 8th bank in the UK)
- 100% renewable energy for Scope 2 emissions globally through the purchase of renewable energy certificates
- Carbon neutral within our operations

2020
- Public fossil fuel policy drafted
- Published first standalone TCFD report
- Joined PCAF in the UK and South Africa
- Signed up to UNEP FI and the UN PRB and the UN PRI
- Climate resolution passed at the AGM with >95% vote

2021
- Linked Executive remuneration to ESG KPIs
- Created a sustainable finance framework
- First sustainability-linked loan for Investec
- Climate resolution on Scope 3 financed emissions passed with 99.9% vote at the AGM
- Wealth & Investment (IW&I) joined Climate Action 100+
- Signed up to the Net-Zero Banking Alliance

2022
- IW&I publishes first standalone sustainability report
- IW&I signed up as a CDP signatory and joined the non-disclosure campaign and joined the CISL Investment Leaders Group
- IW&I founding member of Blue Accelerator programme
- Joined the UN PRB Academy committee
- Founding member of the African Natural Capital Alliance (ANCA)

2023
- Signed up to the Principles for Biodiversity Accounting Financial (PBAF)
- Rated one of the top 100 most sustainable companies globally as per the Corporate Knights ranking
- Improved CDP score to an A- from a B (industry average B-)
- Launched an ESG advisory service within our SA and UK Specialist Banking activities
- Investec Group commits to zero thermal coal in their loan book by 31 March 2030

Our positioning on climate change and nature preservation

	Within our specialist banking business	Within our wealth and investment business

Climate change

TCFD

7 AFFORDABLE AND CLEAN ENERGY

13 CLIMATE ACTION

The greatest impact we can have is to partner with our clients to decarbonise their activities and to offer sustainability products and services that help accelerate a cleaner, healthier world. Our environmental policy considers the risks and opportunities that climate change presents to the global economy. We support the transition to a net-zero carbon economy while realising that this might take time due to socio-economic constraints.

We embrace our responsibility to understand and manage our own carbon footprint and maintain carbon neutrality within our direct operations and commit to net-zero emissions within our financing activities by 2050.

We support the Paris Agreement's aim of limiting the increase in the global average temperature to well below 2°C compared to pre-industrial levels and pursuing efforts towards limiting it to 1.5°C.

We have an important role to play in terms of advocacy and collaboration.

Within our specialist banking business

Within our business, our strategy is to harness the expertise in our various businesses and identify opportunities to maximise impact. We do this by partnering with our clients, investors and stakeholders to support ambitious delivery of the SDGs and build a more resilient and inclusive world.

Within our operations, we have committed to maintain carbon neutrality. We have been carbon neutral in our direct operations since 2019 and sourcing 100% of our Scope 2 energy requirements from renewables through the purchase of renewable energy certificates.

In addition, we have measured our Scope 3 financed emissions for the second year and track our progress towards our ambitions of being net-zero by 2050.

Within our wealth and investment business

Our investment process is resourced and structured to enable ESG considerations (including climate change) to be explicitly considered in all of our investment decisions – whether we invest directly, or through third party fund providers. As we believe climate change poses a significant risk to the global economy in the coming years, we have recently adjusted the process by which we review our yearly capital market assumptions to incorporate more factors relating to climate change. These assumptions ultimately feed into the determination of our long-term Strategic Asset Allocation, and the insights also used to be able to make tactical allocation assessments.

Nature and biodiversity

TNFD

10 REDUCED INEQUALITIES

13 CLIMATE ACTION

Biodiversity is the foundation of all that sustains our world and society, which is critical for addressing climate action (SDG 13) and reduced inequalities (SDG 10), our two impact SDGs.

This is fundamental to the sustainable success of our business. Our commitment to sustainability recognises the interconnected nature of our business, the economy, the environment, and society.

We acknowledge that we are exposed to multiple types of biodiversity-related risks through our activities. There is a clear link between climate change and biodiversity loss and achieving the SDGs for these go hand-in-hand. Healthy, biodiverse, and resilient ecosystems play a key role in preventing disruption to society and the markets within which our businesses operate. We recognise the need to conserve biodiversity, ecosystems and living organisms, and as such adopt a precautionary approach for sustainable management of biodiversity in all decision-making processes.

Within our specialist banking business

We play an important role in funding a sustainable economy that is cognisant of the world's limited natural resources. We aim to align our objectives and approach to biodiversity with:

- The National Environmental Management: Biodiversity Act, 2004 in South Africa
- The Environmental Bill 2021, in the UK
- PBAF standard

In addition, we are founding members of the ANCA, a collaborative forum for mobilising the financial community's response to the risk of nature loss in Africa. We have also signed up to the PBAF that will enable us to assess and disclose our impact and dependencies on biodiversity.

Within our wealth and investment business

Our research team incorporates ESG factors into its investment analysis across all asset classes and for direct equities this is strengthened using Sustainalytics, a global leader in ESG research and risk metrics. Sustainalytics measures land use and biodiversity where it is material to a company which would impact their headline score. In addition to direct equities, alignment to the SDGs, including SDG 14 (life below water) and SDG 15 (life on land), is assessed using the third party data provider Institutional Shareholder Services (ISS).

Our climate change and nature aligned framework

Our climate change and nature aligned framework follows the recommendations set out by the TCFD and TNFD using the four pillars of governance, strategy, risk management, and metrics and targets

Governance

Board of Directors

The Board has the ultimate accountability to monitor how well the Group is operating as a responsible organisation. This includes considerations around climate and nature-related risks and opportunities when reviewing the Group strategy.

Board-appointed committees

The Board is supported by various Board-appointed committees contributing, in their specialised capacity, to climate and nature-related risks and opportunities. These include:

- DLC Social and Ethics Committee (DLC SEC)
- DLC Board Risk and Capital Committee (DLC BRCC)
- DLC Audit Committee
- DLC Remuneration Committee.

Executive responsibility

For climate and nature-related risks and opportunities, the Chief Executive, Fani Titi, takes ultimate executive responsibility for all sustainability matters.
The Chief Executive is supported by the:

- Group ESG Executive Committee that reports relevant sustainability-related matters to the DLC SEC and Group Executive Risk Committee (ERC)
- Executive responsibility within the Specialist Bank
- Executive responsibility within Wealth & Investment.

Management responsibility

- Global Head of Sustainability
- Investec Bank Limited and Investec Bank plc Executive Committees
- IW&I Sustainable Investment Forum.

Publicly available policies and statements

- Group environmental policy and climate change statement
- Group biodiversity statement
- Group operational resilience statement.

Strategy

Climate and nature-related business opportunities and risks are incorporated within our strategy by:

- Acknowledging the urgency of climate change and by ensuring our approach is aligned to the Paris Agreement

Acknowledging the clear link between climate change and biodiversity loss, and our impact through our activities on healthy, biodiverse, and resilient ecosystems.

- Minimising our direct negative carbon impacts and committing to ongoing carbon neutrality
- Investing in products, services and businesses that help accelerate the transition
- Supporting our clients to minimise their climate and biodiversity impact
- Engaging with stakeholders to inform our climate and biodiversity strategy as it evolves
- Actively participating in industry discussions to ensure an aligned and comprehensive approach.

Risk management

Our approach to managing the risks relating to climate and nature-related matters is continually evolving as we improve our understanding of this complex and interconnected risk. We are also aware of the enormity of the challenge with many improved tools and resources becoming available as this area of risk evolves.

Compliance and screening

- We identify climate and nature-related risks by integrating ESG considerations into our day-to-day operations
- We assess climate and nature-related risks and whether they are being prevented, managed or mitigated to ensure responsible lending and investing.

Risk management

- We see climate risk as a material risk associated with rapidly changing weather events (physical risk) or market shifts as a result of regulatory and policy changes (transitional risk), or the risk from climate change breaches of underlying legal frameworks (litigation risk).

Environmental management

- We have an environmental management system to manage our direct carbon impact
- We screen our suppliers to assess responsible sourcing of natural resources and encourage behaviour that supports our carbon neutral focus.

Business opportunities

- We use our specialist skills in advisory, lending and investing to support clients' sustainability ambitions
- We have expertise and focus on financing infrastructure solutions that promote renewable and clean energy
- Through our approach to the SDGs, we can accelerate sustainable finance that supports a net-zero carbon transition.

Metrics and targets

- We have committed to net-zero financed emissions as part of the Net-Zero Banking Alliance
- We have committed to ongoing carbon neutrality in our direct operations
- We follow the recommendations set out by the TCFD, TNFD and the regulatory guidance in our two core jurisdictions
- We disclose our full energy lending portfolio including fossil fuel exposures across the Group
- We disclose our financed emissions in our most material asset classes
- We include non-financial and ESG-related targets within executive remuneration.

Net-zero climate impact roadmap

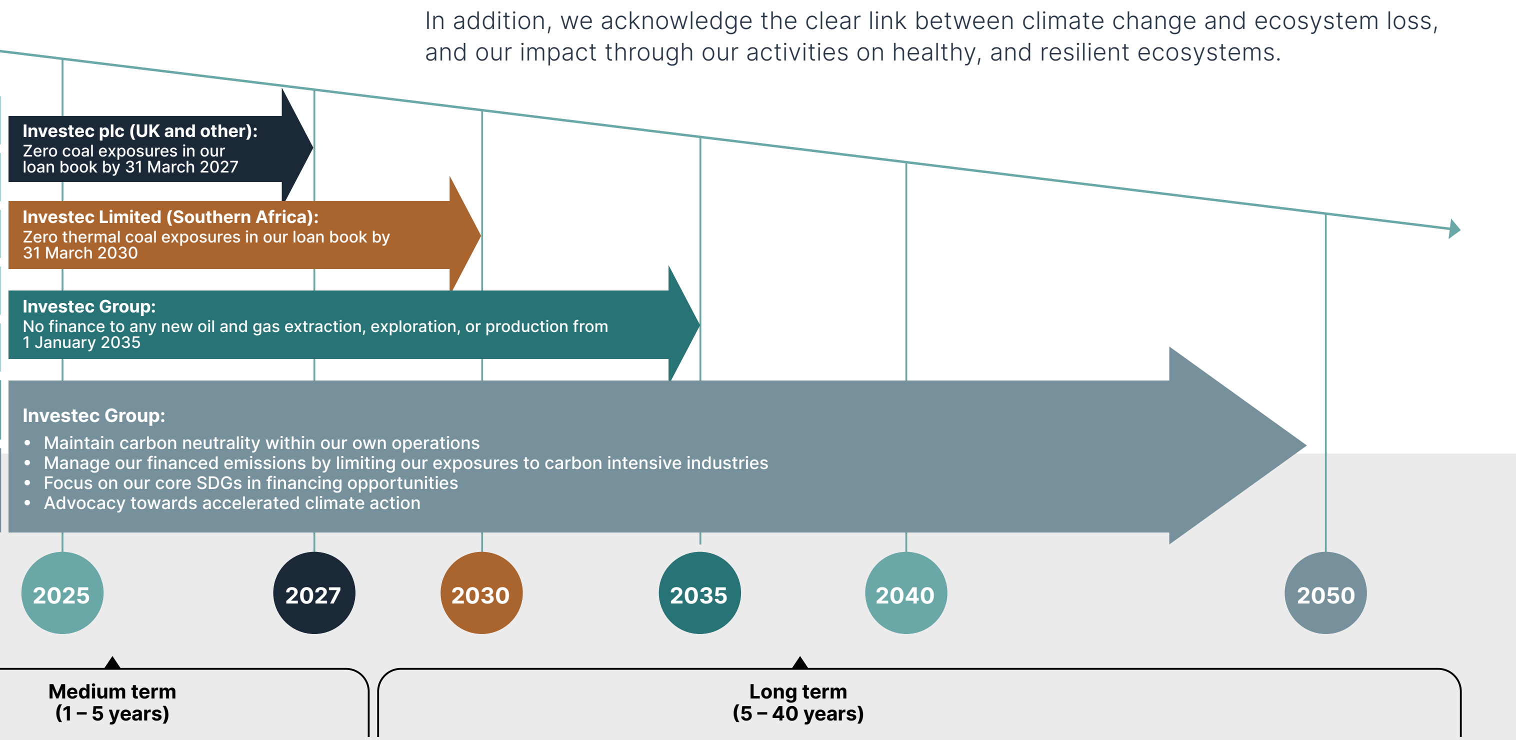
The Investec Group acknowledges that climate change is material and poses significant risks and opportunities, including its ability to generate value for its shareholders over time. The Investec Group recognises and supports the aims of the Paris Agreement goals.

We are committed to achieving net-zero emissions by 2050, taking into account, complexities of the business in relation to climate change.

In addition, we acknowledge the clear link between climate change and ecosystem loss, and our impact through our activities on healthy, and resilient ecosystems.

Baseline emissions (tCO_2e)

Scope 1:	2 736
Scope 2:	23 570
Scope 3 (operational):	11 564
Total operational:	37 869
Total offsets:	(37 869)
Total operational after offsets:	–
Scope 3 (tCO_2e) (financed emissions):	5 291 175



How we are getting there

1. Positively contributing to the SDGs

Refer to pages 27 and 28

2. Operating responsibly and ethically with cognisance of climate and nature-related challenges

Refer to the risk management section

3. Partnering with our clients and philanthropy partners to maximise positive impact

Refer to page 38

4. Providing profitable, impactful and sustainable products and services

Refer to page 38

5. Actively advocating for industry alignment and best practice

Refer to pages 106 to 112

Stakeholder engagement

Strong partnerships and understanding are essential to the creation of enduring worth. To be the best we can be, and to understand stakeholders' needs, we work hard to establish the most effective ways of engaging with them. Engagement is important to us because it means we can understand stakeholder views and are able to respond in a meaningful and impactful way. We gather feedback through continuous dialogue with our stakeholders. It's only through this varied dialogue that we can improve as a business, consider our strategy and deliver on our purpose. As detailed on the pages that follow, the Board's oversight of engagement with our stakeholders informs their principal decisions during the year.

- Government and regulators
- ESG analysts and climate-focused industry bodies
- Suppliers
- Investors
- Clients
- Communities
- Our people
- Our Board

What matters to our stakeholders	How we responded over the past year	Stakeholders	How we engage
Our commitment to net-zero carbon emissions	• Strengthened our Group fossil fuel policy with a commitment to have zero thermal coal exposures in our loan book by 31 March 2030		• Group and silo entities provide factsheets on sustainability • Twenty-second sustainability report • Fourth TCFD report • Third UN PRB report • Third disclosure aligned with the SASB requirements • Comprehensive sustainability website • Comprehensive ESG disclosures • Regular knowledge sharing on ESG industry standards • Regular and active participation in a number of ESG and climate forums.
Responsible investment practices	• Joined the Institutional Investors Group on Climate Change (IIGCC) • Wealth & Investment became a formal CDP signatory • Wealth & Investment became a member of Climate Action 100+		
Our climate change position statement and climate change framework	• Measured the carbon intensity within our Scope 3 lending and investment portfolios using the PCAF methodology • Assessed pathways towards net zero using the Science Based Targets initiative (SBTi)		
Indirect climate change impact through our loan book and investment portfolios	• Continued to engage with our clients to understand the carbon intensity of their business • Calculated and published our Scope 3 emissions against our baseline of 2021 for material asset classes and assessed our transitional risk in these asset classes • Set strategic targets for the short, medium, and long term		
Addressing ESG risks within our business	• Automated ESG screening incorporated into the Investec plc risk management process and continue to work on automating this process within Investec Limited		
Reporting in line with industry standards	• Published our fourth standalone TCFD report • Reported in line with the UN PRB, GRI and SASB		
Exposure to fossil fuels and climate vulnerable industries	• Disclosed our fossil fuel exposures and our exposure to climate sensitive industries • Investec Group committed to have zero thermal coal exposure in our loanbook by 31 March 2030		
Managing and mitigating climate change impact within our operations (direct impact)	• Affirmed our commitment towards carbon neutrality in our direct operations and continue to source 100% of our Scope 2 emissions from renewable energy sources through the purchase of renewable energy certificates		
Climate-related expertise within our business	• Rolled out a general ESG training module for our staff • Rolled out training for all operational risk managers within the Group on climate risk • Wealth & Investment enrolled 41 individuals in the UN PRI academy • Conducted a climate finance training session as part of our technical assistance from Proparco		
Supply chain monitoring and engagement	• Strengthened our supply chain monitoring by screening all suppliers for ESG and ethical conduct through our onboarding system.		

03

Governance

Sound corporate governance is implicit in our values, culture, processes, functions and organisational structure. Our values require that directors and employees to behave with integrity, displaying consistent and uncompromised moral strength in order to promote and maintain trust.

In this chapter

Climate and nature-related matters (including ESG) through an integrated approach

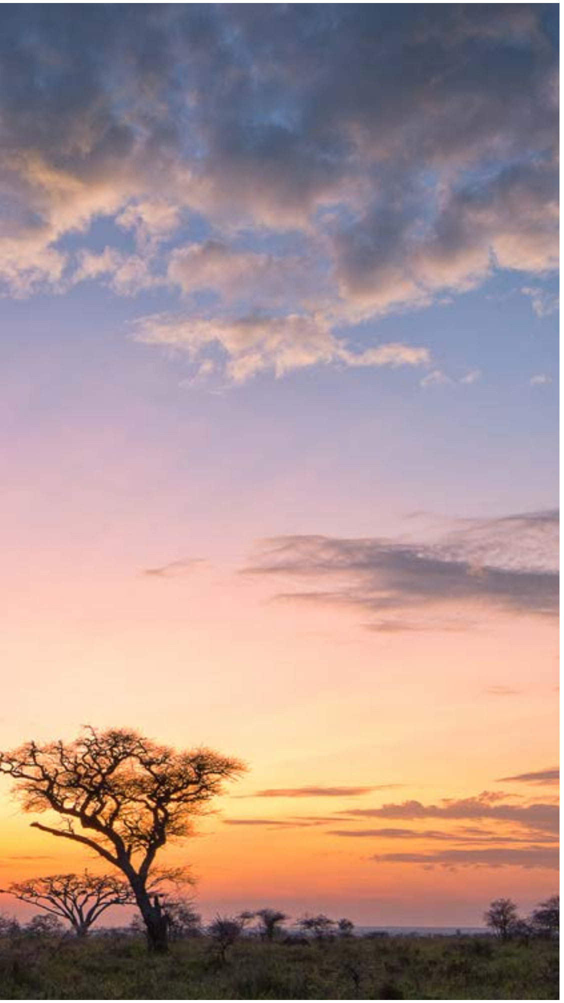
Our approach to climate change and preventing nature loss is integrated across our Board, executives, management and businesses

We are guided by our climate change and biodiversity statements and policies on environmental and social risk. Climate and nature-related risk considerations are integrated into a multidisciplinary, company-wide management process throughout the Group. Over the past year, the Investec executive forums and Boards have taken on a deeper role in actively engaging on various sustainability activities and opportunities.

Board-level governance	DLC Board (Investec plc and Investec Limited)				
	DLC Social and Ethics Committee (DLC SEC)	DLC Board Risk and Capital Committee (DLC BRCC)		DLC Audit Committee	DLC Remuneration Committee
		Investec Bank plc (IBP) BRCC	Investec Bank Limited (IBL) BRCC		
Executive-level governance	Group Executive				
	Group ESG Executive Committee	Group Executive Risk Committee (ERC)		Executive responsibility within the Specialist Bank	Executive responsibility within Wealth & Investment
		IBP ERC	IBL ERC		
Management-* level governance	Global Head of Sustainability				
	Investec Limited sustainability-related responsibility	Investec plc sustainability-related responsibility		Wealth & Investment Sustainable Investment Forum	
Business and employees	Investec Limited sustainability team	Investec Group sustainability team	Investec plc sustainability team. Investec plc sustainable business forum	Wealth & Investment sustainability teams (UK and South Africa)	

* *Management refers to those positions in senior management, and are separate from executives or the Board*

1a Responsibility of the Board



Main responsibilities

The Board establishes the purpose of the Group, incorporates sustainability, climate and nature-related matters with regards to reviewing and guiding strategy and objectives, and monitoring and tracking progress of goals and targets. This also includes oversight of major capital expenditures, acquisitions and divestitures.

The Board oversees Investec's response to climate change and the prevention of nature loss. The Board is supported by the management teams to manage climate and nature-related risks and opportunities.

Board meetings

The composition of the Board has been designed to ensure that we have the appropriate mix of knowledge, skills, experience and diversity to provide the range of perspectives and insights needed for decision-making to support the delivery of the Group's strategic objectives.

The skills and experience of the members of the Board are detailed on pages 127 to 131 of the Investec Group's 2023 integrated and strategic annual report.

All members have a strong awareness of climate-related and sustainability matters (including ESG). The Board met six times during which climate-related and sustainability matters (including ESG) were presented in written format at every meeting.

Information and escalation channels

The concept of double materiality - in which we understand the impacts of climate change and biodiversity loss on our business, and the impact of our activities on the natural environment/biodiversity and climate change has been a key focus for the Board.

Climate and nature-related matters are escalated to the Board through the DLC SEC, DLC BRCC and the Group ESG Executive Committee, with documented feedback provided at every meeting.

Monitoring and oversight

Our climate-related goals and targets are set at an operational level with the overarching commitment to remain carbon neutral within our operations (Scope 1 and 2 and operational Scope 3). This has resulted in us being carbon neutral for the fifth consecutive year. The Board has received written and verbal updates throughout the financial year.

Key achievements for 2022/2023

Approval of the Group fossil fuel policy with the commitment to have zero thermal coal exposure in our loan book by 31 March 2030.

Refer to our fossil fuel policy on our website

Focus areas for 2023/2024

Further development and upskilling on climate and nature-related matters for Board members.

1a Responsibility of Board-appointed committees and executive members

DLC Social and Ethics Committee (DLC SEC)

The Committee's principal objective is to assist the Board in ensuring that the Group remains a committed, responsible corporate citizen in the context of the economy, society, and environment in which the Group operates. It is responsible for monitoring the Group's activities with regard to any relevant legislation, legal requirements, or prevailing codes of best practice.

For more information on the Committee's terms of reference, **click here**

Main responsibilities

The DLC SEC is a Board-appointed committee with a direct reporting line to the DLC Board. The DLC SEC takes responsibility for monitoring the non-financial elements of sustainability and monitoring the Group's performance in terms of sustainability, climate and nature-related matters. The DLC SEC chair reports to the Board after each meeting on the nature and content of its discussion, recommendations and actions. It also makes appropriate recommendations to the Board on further actions or where improvement is required. The responsibilities of the DLC SEC is documented on page 97 of the 2023 Group risk and governance report.

Committee meetings

The DLC SEC consists of five independent Non-Executive Directors and the Group Chief Executive. The Committee met four times during the year where climate-related issues were discussed in every meeting.

Members bring their unique sustainability skills to the Committee.
See page 18 for more details.

Information and escalation channels

The DLC SEC receives feedback on the latest climate and nature-related matters through a standing agenda item. The Global Head of Sustainability escalates any related matters raised by the Group ESG Executive Forum either verbally or in written format to the DLC SEC. During the financial year, the DLC SEC climate-related discussion points for the Group included:

- An update on the Group's fossil fuel policy
- An update in the Group's biodiversity statement.

Monitoring and oversight

The DLC SEC monitors and oversees progress against climate and nature-related goals and targets through ongoing communication to the Committee through a standing agenda item.

In addition, the DLC SEC examines alternatives to link ESG metrics and KPIs to Executive Directors' compensation.

The Global Head of Sustainability gives written and verbal feedback at every meeting on sustainability, climate and nature-related matters.

Key achievements for 2022/2023

Approved supporting the Taskforce on Nature Related Financial Disclosures (TNFD).

Reviewed the South African Just Energy Transition Partnership (JETP), and how it will impact Investec.

Reviewed and supported the Group's updated fossil fuel policy with the commitment to have zero thermal coal exposures in our loan book by 31 March 2030.

Examined alternatives to link ESG metrics and KPIs to Executive Directors' compensation.

Approved the Group's modern day slavery act statement.

Approved the Group's biodiversity statement.

Focus areas for 2023/2024

Support and monitor the advancement of the Group's purpose-driven initiatives.

Monitor the Group's climate-related targets and progress.

Oversee the evolution and changes to the fossil fuel policy to ensure alignment with our net-zero ambitions to the Paris Agreement.

Development and upskilling on nature-related matters.

DLC Social and Ethics Committee (DLC SEC) continued

Members	Designation	Group Committee representation	ESG skills
Khumo Shuenyane (Chair)	Independent Non-Executive Director of Investec Limited and Investec plc Board	Chair of the DLC SEC Member of the DLC BRCC	Fellow member of the Africa Leadership Initiative whose objective is to develop the next generation of values-based African leaders. Also a member of the Aspen Institute's Global Leadership Network who aim to address the foremost societal challenges of our time. A trustee of the Constitution Hill Trust which promotes respect for the South African Constitution, human rights and democracy
Moni Mannings Moni Mannings stepped down as a member and representative of IBP on 31 January 2023.	Independent Non-Executive Director of Investec Bank plc Board	Member of the DLC SEC	Held a number of senior non-executive positions, including as a Board member of the Solicitors Regulation Authority (chairing its Equality, Diversity and Inclusion Committee). Founder of EPoC (Empowering People of Colour) a network established to increase the inclusion of ethnically diverse non-executive members of Boards
Morris Mthombeni	Independent Non-Executive Director of Investec Bank Limited Board	Member of the DLC SEC	Board Member of the UN Global Compact (UNGC) South Africa and a member for the UN Principles of Responsible Management Education (PRME) Global Chapter Council. An advisory Board member of the UN PRME (i5) Program: Learning in Leadership Education, an initiative of the UNGC and the LEGO Foundation, and the Dean at GIBS, lecturing and speaking globally on strategy, leadership and corporate governance
Nicky Newton-King	Independent Non-Executive Director of Investec Limited and Investec plc Board	Member of the DLC SEC Member of the DLC BRCC	Former CE of the JSE, Nicky championed the importance of business as a socially responsible participant in post-apartheid South Africa, in particular by promoting the idea that business should acknowledge and act on what she terms a 'social license' to operate. She drove the JSE's key role in the UN's launch of the global Sustainable Stock Exchange (SSE) initiative and the JSE's Socially Responsible Investment Index
Jasandra Nyker	Independent Non-Executive Director of Investec Limited and Investec plc Board	Member of the DLC SEC Member of the DLC BRCC	Formerly the CE of BioTherm Energy, an African Independent Power Producer that grew rapidly under her leadership and became a market leader, building a number of the first wind and solar energy projects in South Africa. Currently the CE of Nala Renewables building her second renewable energy platform
Fani Titi	Group Chief Executive	Member of the DLC SEC Member of the DLC BRCC	One of 30 CE members of the UN Global Investors for Sustainable Development (GISD) alliance and former Chair of the DLC SEC.

Most of the members of the DLC SEC are also members of the DLC BRCC.

Refer to page 19 for the DLC BRCC climate and nature-related responsibilities.

DLC Board Risk and Capital Committee (DLC BRCC)

The role of the Committee is to provide independent oversight over the range of risks (including non-financial risks) facing the business. It performs this function by considering the risk reports presented and questions whether actions taken by management are appropriate.

For more information on the Committee's terms of reference, **click here**

Main responsibilities

The role of the Committee is to provide independent oversight over the range of risks facing the business. This function is performed by considering the risk reports presented and questioning whether actions taken by management are appropriate. Sustainability, climate and nature-related matters are discussed ad hoc, as and when matters arise.

The DLC BRCC oversees and signs off on the Group's risk management policies. The Committee is also responsible for managing the principal risks of the Group of which climate-related risk is explicitly listed.

Committee meetings

The Committee comprises Executive and Non-Executive members, with the composition designed to provide the breadth of risk expertise and commercial acumen to fulfil their responsibilities.

All the members have a strong awareness of climate-related and sustainability matters (including ESG).

The Committee met five times during the financial year ended 31 March 2023 where members were informed of climate-related matters.

Information and escalation channels

The DLC BRCC receives feedback from the IBL BRCC and IBP BRCC where the risks of the banks are addressed, which includes risks relating to sustainability, climate and nature-related matters.

Monitoring and oversight

The Group's exposure to fossil fuels was considered.

The Committee received confirmation from management that credit decisions considered financial risks from climate change and that these decisions were being documented.

Key achievements for 2022/2023

Approved the Investec Group's fossil fuel policy with the commitment to have zero thermal coal exposure in our loan book by 31 March 2030.

Approved the Group's biodiversity statement.

Approved the Group's modern day slavery act statement.

Approved the Group's biodiversity statement.

Focus areas for 2023/2024

Stronger focus on sustainability, climate and nature-related matters, specifically relating to increased reporting requirements from stakeholders, our fossil fuel exposures and our exposure to high-emitting industries.

Increase engagement on climate and nature-related goals and targets.

Regular feedback from the various ESG committees on climate and nature-related goals and targets.

Development and upskilling of DLC BRCC members on climate and nature-related matters.

1a Responsibility of Board-appointed committees and executive members continued

DLC Audit Committee

The Committee provides independent challenge and oversight across the Group's financial reporting and internal control procedures. The DLC Audit Committee oversees and considers Group audit-related matters.

For more information on the Committee's terms of reference, **click here**

Main responsibilities	Committee meetings	Information and escalation channels	Key achievements for 2022/2023	Focus areas for 2023/2024
The role of the Committee is to consider the appropriateness of financial and non-financial disclosures and provide oversight on compliance to climate-related reporting regulations. The Committee also considers the level of assurance provided by external audit on ESG and climate disclosures made in the annual report.	The Audit Committee met seven times during the financial year ended 31 March 2023.	The Committee receives regular updates from Group Sustainability, Group Finance and from External Audit on the latest regulatory and disclosure requirements. Significant judgments and estimates were discussed, including the inherent risks posed by climate-related matters.	The DLC Audit Committee reviewed the assurance provided for key performance indicators relating to climate risk including: • Fossil fuel exposure • Carbon footprint • Appropriateness and completeness of the ESG and climate disclosures provided in the Investec Group's 2023 integrated and strategic annual report.	Development and upskilling of members on climate and nature-related matters. Consider developments with regards to climate-related and ESG disclosure guidance by the International Sustainability Standards Board (ISSB).

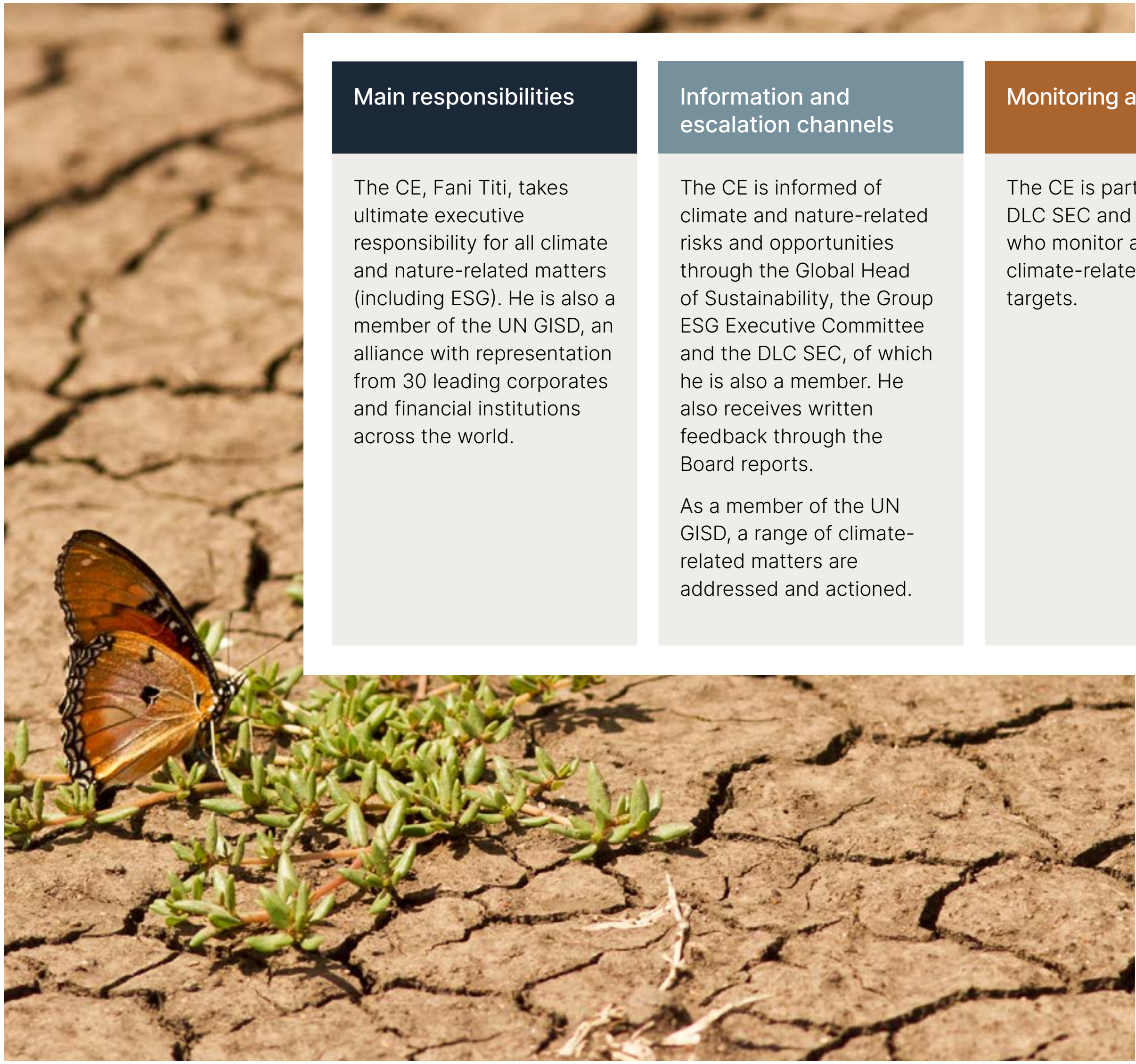
DLC Remuneration (REM) Committee

This Committee is mandated to provide effective oversight over the Group's remuneration processes and arrangements. The Committee reports directly to the Board.

Main responsibilities	Committee meetings	Information and escalation channels	Key achievements for 2022/2023	Focus areas for 2023/2024
The DLC REM Committee establishes performance-related targets against sustainability measures, which incorporate climate-related aspects.	The DLC REM Committee met seven times during the financial year ended 31 March 2023 and considered climate-related matters at three of those meetings.	The DLC REM Committee gets informed on climate-related targets when the Executive remuneration framework is reviewed. The DLC REM Committee will then assess the performance of the Executive against these targets. Refer to page 23 for executive remuneration.	Approved the executive remuneration framework regarding sustainability targets (including climate-related aspects). Refer to page 23 for executive remuneration.	Development and upskilling members on climate and nature-related matters. Review the executive remuneration framework regarding new sustainability targets (which incorporate climate-related aspects).

1a Responsibility of Board-appointed committees and executive members continued

Chief Executive (CE) responsibility



Main responsibilities

The CE, Fani Titi, takes ultimate executive responsibility for all climate and nature-related matters (including ESG). He is also a member of the UN GISD, an alliance with representation from 30 leading corporates and financial institutions across the world.

Information and escalation channels

The CE is informed of climate and nature-related risks and opportunities through the Global Head of Sustainability, the Group ESG Executive Committee and the DLC SEC, of which he is also a member. He also receives written feedback through the Board reports.

As a member of the UN GISD, a range of climate-related matters are addressed and actioned.

Monitoring and oversight

The CE is part of the DLC SEC and DLC BRCC who monitor and oversee climate-related goals and targets.

Key achievements for 2022/2023

Approved membership to PBAF.

Received recognition by Corporate Knights as one of the top 100 most sustainable companies in the world.

Focus areas for 2023/2024

Strengthen the Group Executive team's knowledge and education on climate and nature-related matters.

Monitor progress on the Group's net-zero ambitions.

Continue with industry engagement on climate and nature-related matters.

Inform the strategic direction for climate and nature initiatives and alignment with the Group strategy.

Group ESG Executive Committee

Main responsibilities	Information and escalation channels	Monitoring and oversight	Key achievements for 2022/2023	Focus areas for 2023/2024
The Group ESG Executive Committee supports the CE to coordinate sustainability, climate and nature-related efforts across geographies and businesses from both a strategy, governance and policy perspective. The Group ESG Executive Committee, mandated by the Group's Executive Directors, reports relevant matters to the DLC SEC and Group ERC.	Key climate and nature-related matters raised by the business and forums mentioned below are escalated to the Global Head of Sustainability who presents these matters verbally and in written format at each Group ESG Executive Committee meeting. **The forums include:** • The Group sustainability team • Group Finance • The Investec Bank plc Climate Forum • The Wealth & Investment Sustainable Investment Forum • Group ERC • IBL ERC • IBP ERC.	Receives updates on sustainability, climate and nature-related matters at each meeting. Reviews Investec Group's ESG ratings (in particular Sustainalytics, MSCI, CDP, CSA Dow Jones and ISS), assessing and engaging on suggested actions to improve ratings and performance of climate and nature-related goals and targets. Discusses and approves actions towards carbon neutrality to meet our net-zero ambitions.	Reviewed climate and nature-related regulations and recommendations published during the year. Reviewed new sustainability and climate-related products and services launched across the Group. Reviewed and monitored climate and nature-related and ESG screening across the Group. Reviewed and monitored Investec Group fossil fuel exposures. Reviewed the updated Group sustainability strategy. Reviewed the Group's modern day slavery act statement. Reviewed the Group's biodiversity statement. Reviewed the Group's fossil fuel policy.	Strengthen the integration of sustainability into business strategy. Encourage the roll out of climate and nature-related product offerings. Monitor the steering of the Group's strategy around our net-zero ambitions. Encourage the roll out of nature-related disclosures and in particular the adoption of the TNFD recommendations.

Executive responsibility within the Specialist Bank

The Board assigned executive responsibility to Marc Kahn (Chief Strategy Officer) to drive the sustainability agenda across the Group. Mark Currie, our Group Chief Risk Officer as well as Kevin McKenna, our UK Chief Risk Officer are members of the Group ESG Executive Committee. Kevin McKenna is also the Senior Management Function (SMF) for climate risk for Investec Bank plc.

Executive responsibility within Wealth & Investment

Ciaran Whelan and Henry Blumenthal as Chief Executive Officers of Investec Wealth & Investment UK and South Africa respectively have executive responsibility for climate-related and sustainability matters (including ESG). The implementation has been assigned to key members of the Wealth & Investment Sustainable Investment Forum who coordinate the integration of the sustainability, climate and nature-related matters in our Wealth & Investment business across various jurisdictions.

Executive remuneration

The Executive Directors of Investec Group are firmly committed to driving sustainability and climate-related matters (including ESG).

Our CE, Fani Titi, personally signed up to the UN GISD alliance, and our membership of various UN and other initiatives like Climate Action 100+ demonstrates this leadership commitment. Accordingly, we have created a holistic executive remuneration framework that is not reliant on achieving only a few KPIs, but rather considers a more comprehensive approach across all areas of sustainability. We believe this will help ensure that sustainability, climate and nature-related matters are addressed more comprehensively throughout our business and align with business strategy.

Our executive remuneration framework is based on five sustainability ratings (as illustrated in the diagram alongside) that show a broader impact across all three areas of environment, social and governance.

Measures	Threshold	Target	Stretch	Rating achieved	2022 Score	Our actions leading to improved ratings
Sustainalytics rating (Overall indicator of ESG)	>20 (medium risk)	15 – 20 (low risk)	10 – 15 (negligible risk)	14.7* baseline 17.3	**Stretched target met on baseline methodology**	• Investec plc's commitment to zero coal in our loan book by 31 March 2027 • Improved policies relating to ethics • Strong management of data privacy and security risk
CSA Dow Jones rating (Overall indicator of ESG)	<64	between 64 and 68	>68	69	**Stretched target met**	• Improvement relating to risk and crisis management • Improvement in climate strategy • Improvement in processes relating to human capital development
CDP rating (Indicator of environmental performance including climate-change and biodiversity commitments)	<B	B-A	A+	A-	**Target met**	Environment • Executive action towards a net-zero carbon economy, enhanced business strategy and financial planning • Executives' continued endorsement of emission reduction initiatives • Executive support for the purchase of renewable energy certificates, improving energy efficiency • Executive commitment to disclose Scope 3 emissions
ISS rating (Indicator of governance performance)	<C	C-C+	B-A	C	**Target met**	Governance • Continued high transparency level • Setting targets at the Board and senior management level for diversity and ethnicity
Financial Sector Charter targets (Indicator of social performance, relating to transformation in South Africa)	Under level 1	Maintain level 1	Top of level 1	Level 2^	**Threshold met**	Social • Continued investment in the development of our black employees • Bursaries granted to black employees and non-employees • Disabled learnership started in February 2022 for 30 disabled individuals in partnership with the National Institute of the Deaf • Continued with three other learnerships (artisans, IT and teacher assistants) • Enterprise development grant to Knowledge Pele to start a hydroponic farm in Touws River, South Africa • Continued investment in education through our ProMaths sponsorship • Continued participation in Youth Employment Service (YES)

** Our baseline rating reflects the Sustainalytics methodology used at the time of setting the remuneration targets and excludes methodology changes which Investec does not have control over*
*** To be confirmed July 2023*
^ Targeting Level 1 for 2023 rating

1b Management role

Climate and nature considerations are integrated into a multidisciplinary, company-wide management process throughout the Group. We see management as active participants in the mitigation and management of climate and nature-related risks and opportunities.

Reporting into the Chief Executive

Global Head of Sustainability

The Global Head of Sustainability, has a direct reporting line to the Group Chief Executive, Fani Titi, and the Chair of the Group ESG Executive Committee, Marc Kahn. Any climate and nature-related matters are reported to these executives verbally as and when matters arise.

The Global Head of Sustainability is also a member of the Group ESG Executive Committee and collaborates with a range of directors, executives and senior leaders on ESG issues. The sustainability teams within each of our jurisdictions report directly to the Global Head of Sustainability.

Investec Group sustainability team

Investec Limited sustainability team | **Investec plc sustainability team**

Responsibilities

- Assess and report on climate and nature-related matters
- Escalate climate and nature-related matters to the risk teams to manage and monitor exposures
- Support the risk teams in identifying environmental, climate and nature-related risks that may impact the Group
- Define sectoral policies aimed at limiting the climate, nature and ESG risks to which the Group may be exposed to
- Review and assess alignment with regulatory disclosure requirements
- Work with business on sustainability products and services
- Engage with stakeholders
- Engage across businesses and geographies to ensure a cohesive and aligned sustainability approach for the Group

Function

The Global Head of Sustainability receives feedback from the sustainability teams, the various executive-level committees and the Wealth & Investment Sustainable Investment Forum. Climate and nature-related matters are escalated by the Global Head of Sustainability to the Board, the DLC SEC, the Group ESG Executive Committee and the Chief Executive.

Refer to pages 16 to 22 for more detail on these forums.

1b Management responsibility within the Specialist Bank

We continue to focus on embedding the specialist skills in advisory, lending and investing to support our clients and stakeholders to move as quickly and smoothly as possible towards a net-zero carbon economy. The focus addresses our two impact SDGs, climate action (SDG 13) and reduced inequalities (SDG 10), as this is fundamental to the success of our business. We addressed these impact SDGs through six core SDGs that are globally aligned, yet locally relevant, to our core geographies. These core SDGs also reflect our current business model and growth strategy to fund a stable and sustainable economy. In addition, we have a strong focus on financing entrepreneurs who are critical in accelerating job creation and supporting sustained economic growth.

Management participates in various executive forums. Nick Riley represents Investec Limited. Callum Bell and Kevin Mckenna represent Investec Bank plc.

We support the business units in the development of innovative solutions that will help accelerate the transition to a decarbonised economy.

This includes management support for various sustainable finance and investment initiatives including:

- Partnered with Proparco and secured an $80mn senior credit facility to implement the Transforming Financial Systems for Climate (TFSC) programme in South Africa
- In the UK, we supported Cypress Creek in $125mn capital sourcing for renewable energy generation projects
- Collaborated with Commerzbank and concluded a loan agreement of €178mn with Côte d'Ivoire to develop and rehabilitate essential water supply infrastructure across up to 111 locations
- Established a Sustainable Business Forum to drive the increased commercialisation of sustainability across all our activities to support and align with our client's ambitions in the UK.

1b Management responsibility within Investec Wealth & Investment (IW&I)

We continue to focus on investing responsibly on behalf of clients, with environmental, social and governance (ESG) considerations integrated into our investment process and active engagement with the businesses that we invest in. We also have the ability to add specific additional restrictions on a client-by-client basis, which is a key benefit of our bespoke approach. We have been managing assets on behalf of charities in the UK for more than 80 years and we work closely with each charity client to create an investment portfolio that is tailored to their needs, aims and ethical considerations.

The IW&I Sustainable Investment Forum co-ordinates the integration of sustainability, climate and nature-related matters in the IW&I business across jurisdictions and is chaired alternately between Barry Shamley (South African-based), Max Richardson (UK-based) and Stacey Parrinder-Johnson (Chief Investment Officer IW&I UK).

Our achievements include:

- Remain signatories to the Financial Reporting Council's revised UK Stewardship Code
- Introduced a formal process for sustainability inputs into our yearly Capital Markets Assumptions (CMA) work with support from a newly developed IW&I Environmental Research Group (ERG).
- Joined the Institutional Investors Group on Climate Change (IIGCC), the European membership body for investor collaboration on climate change
- Our executive team and Investment & Research Office (IRO) completed a bespoke training package on sustainable finance developed in collaboration with the Cambridge Institute for Sustainability Leadership (CISL)

For more information, refer to the Investec Group's 2023 sustainability report on our website

04 Strategy

> Humankind has not woven the web of life. We are but one thread within it. Whatever we do to the web, we do to ourselves. All things are bound together ... all things connect.

Chief Seattle

TCFD disclosure guidance (incorporating high level guidance from the TNFD)

In this chapter

Our sustainability framework

Our commitment to sustainability recognises the interconnected nature of our business, the economy, the environment and society. We play an important role in funding (both lending and investment) a sustainable economy that is cognisant of the world's limited natural resources, and the importance of reducing carbon emissions. The greatest socio-economic and environmental impact we can have is to partner with our clients and stakeholders to accelerate a cleaner, more resilient and inclusive world.

Our purpose is to create enduring worth.

Our sustainability framework is based on the UN SDGs

Our two impact SDG

Addressing climate and inequality issues are fundamental to the success of our business.

Our core SDG

Our sustainability framework is based on:

- Living sustainably within our operations, through our policies, processes, risk practices and reporting
- Partnering with clients and offering sustainability products and services, particularly in water, renewable energy, infrastructure, job creation, clean cities and education
- Aligning our community initiatives to our SDG priorities to maximise impact in education, entrepreneurship and the environment.

For more information on Group environmental policy and climate change statement, **click here**

Advocacy and industry participation

- Member of NZBA
- Member of PBAF
- Founding member of ANCA
- Active participation in UNGC, UN GISD, UN PRI, UNEP FI, BASA, PCAF and other forums
- Working with industry in the UK and South Africa to ensure policy coherence.

For more information to our advocacy participation refer to pages 106 to 112

Our approach

1. Positively contributing to the Sustainable Development Goals
2. Operating responsibly and ethically with cognisance of climate and nature-related challenges
3. Partnering with our clients and philanthropy partners to maximise positive impact
4. Providing profitable, impactful and sustainable, products and services
5. Actively advocating for industry alignment and best practice.

Applying the sustainability framework to our business

How we are embedding sustainability into our business strategy	**Our sustainability enablers** Where we focus our resources and activity **Living sustainably** within our operations, through our policies, processes, risk practices and reporting.	**Partnering with clients** by offering advice and sustainability products and services that positively contribute to the SDGs.	**Aligning our community initiatives** with our SDG priorities to maximise impact in education, entrepreneurship and the environment.	**Engaging through advocacy** through active participation in a number of memberships and industry alliances.
Specialist Banking Our specialist banking businesses use their skills in advisory, lending and investing to support our clients and stakeholders to achieve our joint sustainability ambitions. We also have a strong focus on financing entrepreneurs who are critical in accelerating job creation and supporting sustained economic growth.	• Environment and climate change statement • Biodiversity statement • Operational resilience statement • Procurement statement • Fossil fuel policy • Defence policy • The way we do business policy. We perform ESG screening when onboarding new clients, and on all our lending and investment activities.	• Offering sustainability products and services: particularly in water, renewables, infrastructure, job creation, clean cities and education • Using our specialist skills in advisory, lending and investing to support clients' sustainability ambitions • Working with our clients to transition towards a net-zero world.	• Creating education and learnership opportunities within our communities through the programmes we support • Offering entrepreneurship and job creation programmes • Preserving biodiversity through our conservation efforts and greening our communities.	• Using the strength of our brand to educate and promote sustainable thinking • Working with industry in the UK and South Africa to ensure policy coherence • Active participation in UNGC, UN GISD, UN PRI, UNEP FI, BASA, PCAF and other forums • Signatories of UNEP FI and the UN PRB.
Wealth and Investment We have a responsibility to preserve and grow the wealth that is entrusted to us over the long term. Sustainability is core to our fundamental investment approach. We aim to invest in companies that are able to deliver cost of capital, beating returns on a sustainable basis in the long term, while maintaining a commitment to all relevant stakeholders.	• Responsible investing policy • Voting and active engagement policy. We integrate ESG considerations into our investment decision making and broader investment process. We screen all of our centrally researched equities from an ESG perspective on a bi-annual basis.	• Actively engaging and interacting with companies' management teams on ESG matters • We use the services of Institutional Shareholder Services (ISS), a leading provider of corporate governance solutions, to provide us with research and recommendations. This research is thoroughly vetted by our research analysts with final voting recommendations reviewed by our voting committee.	• Our client philanthropy offering supports long-term sustainable initiatives across South Africa and manages foundation investments • In the UK, our Charities division is committed to delivering sustainable long-term investment returns to enable our charities to support their beneficiaries and help them help others.	• Signatory of the UN PRI • Signatory of the UK Stewardship Code • Signatory of the Code for Responsible Investing in South Africa (CRISA) • Member of the IIGCC • Member of Climate Action 100+.

Strategy development

We have undertaken a pro-climate assessment for Investec Limited, commissioned by Proparco as part of the TFSC programme. The TCFD recommendations were used as a framework to undertake a rapid diagnostic assessment of our climate readiness. The process comprised qualitative and quantitative comparative desktop analyses of our peers, as well as interviews with key Investec teams in South Africa.

We have signed up to the

Net-Zero Banking Alliance (NZBA),

reaffirming our commitment to a sustainable net-zero world.

This alliance brings together banks worldwide, which are committed to aligning their lending and investment portfolios with net-zero emissions by 2050. Combining near-term action with accountability, this ambitious commitment sees signatory banks setting an intermediate target for 2030 or sooner, using robust, science-based guidelines.

Key observations:

- We have strong climate policies in place supported by annual reporting on climate performance
- By joining the NZBA we have committed to achieving net-zero emissions by 2050
- We have shown year-on-year improvement in climate integration and remain abreast of rising industry TCFD expectations.

Development areas:

- Continue capacity building and automation of systems for identifying climate activities in pursuit of long-term climate innovation
- Enhance climate risk processes, strategy, tools and performance monitoring
- Develop capacity to support clients in their decarbonisation strategies.

Focus areas for the next three years:

- Invest in climate-specific resources
- Develop a robust climate strategy and net zero carbon plan
- Strengthen climate tagging and reporting systems to enable progress monitoring and disclosure.

Over the next 12 months

1. Capacity building: climate finance training for all staff

- General climate-specific training across the business
- Targeted training for strategic functions
- Routine training on emerging climate regulations and methodologies.

2. Develop a climate integration business case

Undertake a green and transition finance opportunity assessment to quantify the commercial opportunities within our existing businesses and in the wider market, as well as the requirements to access these opportunities.

3. Undertake a transition risk assessment

Expand scenario modelling to 2030 and perform transition risk stress testing over next five years across our portfolio to identify exposure to, and impact of, carbon/ transition risk on business, enabling planning for resilience.

Outcomes

1. Capacity building	2. Climate integration business case	3. Transition risk assessment
Climate planning and decision making is facilitated through a common language and understanding of relevance.	Understanding of climate-related revenue/ profit potential.	Understanding of the materiality of transition risk for our business.

Over 2 -3 year

1. Develop climate/ transition asset taxonomy

Develop and implement an internal taxonomy to classify and tag all lending exposures and clients against a 'brown to green' scale.

2. Expand disclosure of Scope 3 financed emissions

Expand the scope and data quality of the Scope 3 methodology to ensure that the financed emissions inventory is materially complete and accurate.

3. Enhance net-zero carbon plan

Enhance our existing climate roadmap to include sub-targets and milestones towards its operational and financed emissions targets.

4. Revision of climate performance and framework

- Revise climate performance framework to include indicators and metrics linked to the strategic climate areas and commercial objectives
- Set up a performance management process
- Improve systemic capturing and tracking of indicators.

2a Risks and opportunities identified over the short, medium, and long term

Sustainability is part of our core strategy, and we believe there needs to be a balance between economic and financial imperatives, the needs of society and their combined impact on the environment.

Time horizons

Our time horizons are shown on the next page, with expected risks and opportunities within the relevant time frames. Our time frames are defined by the average maturity of our portfolio as follows:

Short-term (0 – 1 year)	**Medium-term (1 – 5 years)**	**Long-term (5 – 40 years)**

Climate-related risks

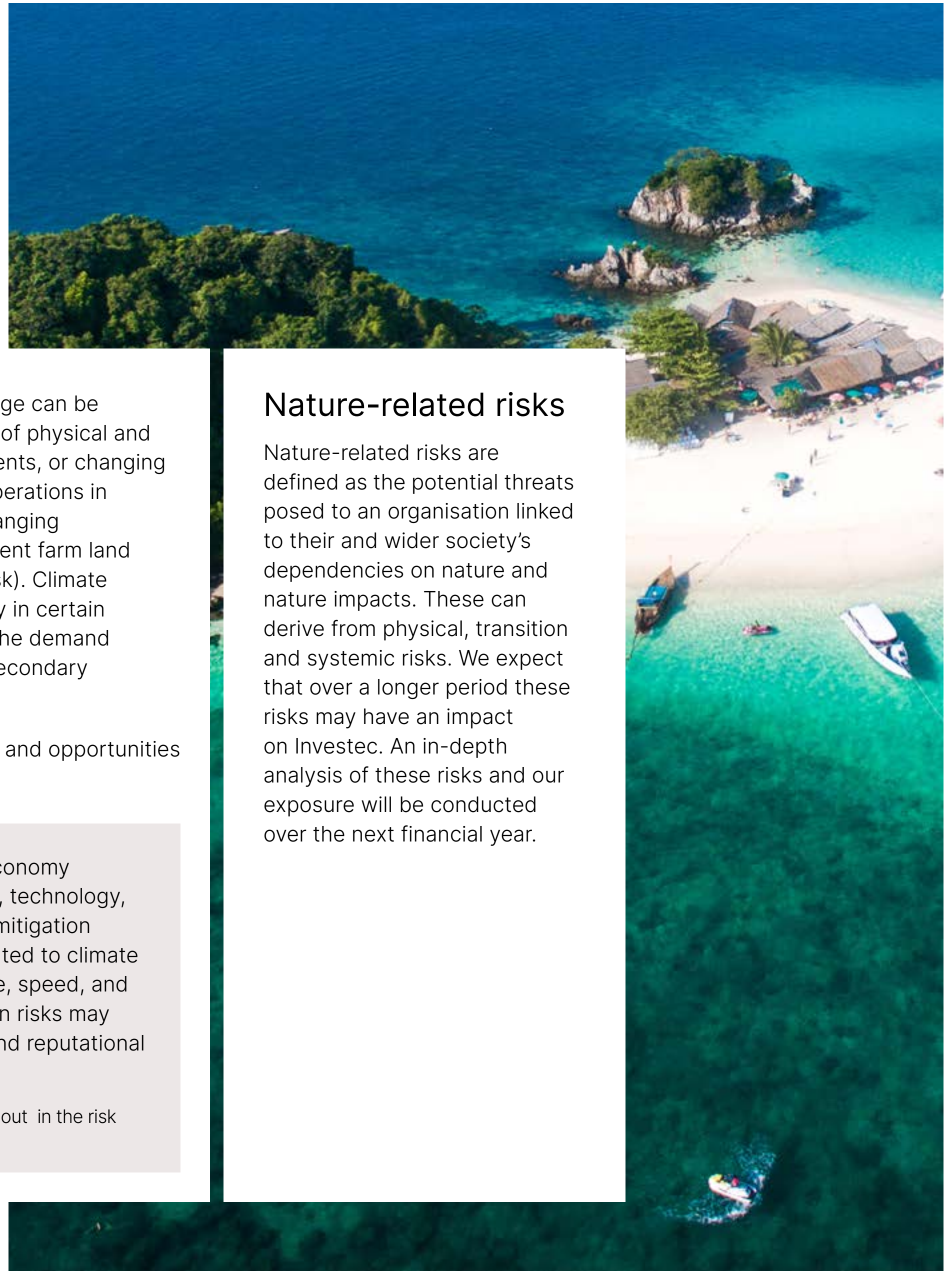
We see climate risk as a material risk associated with rapidly changing weather events (physical risk) or market shifts as a result of regulatory and policy changes (transition risk). As a result these risks can manifest themselves differently, for example, gradual shifts in market preferences, or rising sea levels. Moreover, climate risk presents both a physical and transition risk across all time horizons. We expect that over a longer period these risks may have a greater impact on Investec, and while the majority of Investec's lending is short to medium term, we maintain long-term relationships with our clients, and hence we need to continually assess the impact of longer-term climate-related risks.

Across all time horizons climate change can be both a primary and secondary driver of physical and transitional risk. Extreme weather events, or changing climate patterns may render some operations in various industries impossible e.g. changing precipitation patterns may mean current farm land becomes barren (primary driver of risk). Climate change could also reduce profitability in certain sectors e.g. rising sea levels means the demand for coastal housing is less popular (secondary driver of risk).

The next page details expected risks and opportunities within each time horizon.

Transitioning to a zero-carbon economy may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk.

Our mitigation approaches are set out in the risk management section on page 62.



Nature-related risks

Nature-related risks are defined as the potential threats posed to an organisation linked to their and wider society's dependencies on nature and nature impacts. These can derive from physical, transition and systemic risks. We expect that over a longer period these risks may have an impact on Investec. An in-depth analysis of these risks and our exposure will be conducted over the next financial year.

Transition risks

Climate-related transition risk can arise due to markets shifting towards a low-carbon economy as a result of regulatory and policy changes, disruptive technologies, and new business models, which may result in adjustments to the value of our assets or investments. Nature-related transition risks are risks that result from a misalignment between our strategy and our investors, and the changing regulatory, policy or societal landscape in which we operate. We will assess our nature-related transition risk in the future as the methodologies mature.

Short-term (0 – 1 year)	Medium-term (1 – 5 years)	Long-term (5 – 40 years)
Policy and legal risk		
Impact: Increased pressure on carbon neutrality within our operations including carbon tax and net zero ambitions within our business activities **Mitigation within our operations:** • We source 100% of Scope 2 energy through the purchase of renewable energy certificates **Mitigation within our business:** • Apply a balanced approach to meeting stakeholder expectations and align our activities with the Paris Agreement goals towards net zero **Associated costs:** • Purchase of renewable energy certificates	**Impact:** Increased pressure for climate and nature-related disclosure requirements **Mitigation within our operations:** • Evaluate regulatory policies within each of the geographies that we operate in to ensure policy alignment **Mitigation within our business:** • Participating in industry initiatives to test and develop climate reporting methodologies • Stakeholder engagement **Associated costs:** • Implementation costs of regulations and disclosure requirements	**Impact:** Mandatory disclosures and minimum standards on green credentials or certification on product offerings **Mitigation within our operations:** • Ensure continued policy alignment to the Paris Agreement goals within our core geographies **Mitigation within our business:** • Stakeholder engagement and involvement in industry advocacy **Associated costs:** • Implementation costs associated with regulations and disclosure requirements
Technology risk		
Impact: Substitution of technology to cleaner alternatives **Mitigation within our operations:** • Reduce environmental footprint through operational efficiencies **Mitigation within our business:** • Assess our client's and suppliers transition plans **Associated costs:** • Implementation of energy efficient technology within our operations	**Impact:** Increased risk of financing legacy technologies **Mitigation within our operations:** • Adoption of cloud services and reduction on the reliance of on-premise data centres, with an accelerated digitalisation initiative **Mitigation within our business:** • Risk screening and reviewing of client's and suppliers transition plans • Investment in technology and infrastructure to mitigate climate change **Associated costs:** • Costs associated with upskilling resources in climate-related matters	**Impact:** Inaction to move towards cleaner alternatives will lead to stranded assets **Mitigation within our operations:** • Targeted research on new technology innovation **Mitigation within our business:** • Risk screening and reviewing of clients' and suppliers' transition plans • Appropriately respond to developments in the technology landscape, including the capturing of potential opportunities and the management of disruptive effects on the organisation **Associated costs:** • Costs associated with upskilling resources in climate and nature-related matters
Market risk		
Impact: Competitor entrance with innovative sustainable financial product offerings **Mitigation within our business:** • Increase sustainability solutions in line with client and market demand **Associated costs:** • Scaling costs associated with implementing sustainability product offerings	**Impact:** Change in consumer behaviours toward low carbon products **Mitigation within our business:** • Manage and minimise exposures to high emitting industries (e.g. fossil fuels) **Associated costs:** • Research and development costs for new innovative product offerings • Forgone returns from high emitting industries	**Impact:** Increased costs and volatility in prices for carbon heavy products and materials **Mitigation within our business:** • Manage and minimise exposure to carbon heavy industries **Associated costs:** • Cost related to research and development for new innovative product offerings • Increase in resource costs to actively engage with clients to support them in implementing carbon reduction strategies and ESG advisory services
Reputational risk		
Impact: Risk of greenwashing in product offerings and disclosure **Mitigation within our business:** • Transparent disclosures • Governance around external disclosure and communication	**Impact:** Increase stakeholder pressure due to delayed action towards emission reduction **Mitigation within our business:** • Targeted stakeholder engagement	**Impact:** Increase stakeholder pressure due to inaction towards emission reduction and nature preservation **Mitigation within our business:** • Transparent communication on ambitions towards a net-zero carbon economy by 2050 or sooner • Transparent reporting according to the TNFD recommendations

Other risks impacted:
Credit risk | Operational risk | Regulatory risk | Compliance risk

Assets impacted:
Real estate (46% of loan book) | Fossil fuels (1.84% of loan book)
Transport (2% of loan book) | Manufacturing (4% of loan book)

Identification of physical risks

Climate-related physical risks resulting from climate change can be event-driven (acute) such as extreme weather events, or longer-term shifts (chronic) such as changes in climate patterns that may have financial implications for our businesses. Nature-related physical risks are a direct result of our dependence on nature. Physical risks arise when natural systems are compromised, due to the impact of climatic events (e.g. extremes of weather such as a drought), geologic events (e.g. seismic events such as an earthquake) events or changes in ecosystem equilibria, such as soil quality or marine ecology, which affect the ecosystem services we depend on. We will assess our nature-related physical risk in the future as the methodologies mature. Our mitigation approaches are set out below:

Short-term (0 – 1 year)	Medium-term (1 – 5 years)	Long-term (5 – 40 years)	
	Acute physical risk		
Impact: Business disruption and asset depreciation. Severe weather can disrupt supply chains which impacts the production capabilities of downstream businesses **Mitigation within our operations:** • Ensure resilience of our operations to acute climate events **Mitigation within our business:** • Identification and assessment of climate-related physical risks within our loan book **Associated costs:** • Costs associated with geospatial analysis	**Impact:** Our clients' profitability may decrease. Impact on prices and availability in the whole value chain, including knock on effects from suppliers, shippers, infrastructure, and access to customers **Mitigation within our operations:** • Ensure resilience of our operations to acute climate events **Mitigation within our business:** • Evaluate the acute physical risks to our lending and investing activities • Evaluate the potential impact of acute physical risk on our supply chains • Ensure resilience in revenue towards acute physical risks through applying acute physical risk scenario analysis **Associated costs:** • Increase in impairments associated with assets that may be exposed to physical risks • Forgone returns from riskier property assets	**Impact:** Our clients' profitability may decrease **Mitigation within our operations:** • Ensure resilience of our operations to acute climate events **Mitigation within our business:** • Given the (relatively) short-term nature of the loans, we are able to realign our book relatively frequently to pivot away from properties which may be at higher risk **Associated costs:** • Increase in impairments associated with assets that may be exposed to physical risks • Forgone returns from riskier property assets	**Assets impacted** • Our Operations • Lending collateralised by property (17% of loan book)
	Chronic physical risk		
We expect chronic physical risks to appear in the medium to long term Our risk appetite is <5% to any sector, agriculture sector is 0.7% of our loan book thus immaterial **Mitigation within our business:** Measure the value of assets exposed to chronic physical risks through an in-depth geospatial analysis of our properties **Associated costs:** • Cost associated with geospatial analysis of physical assets	**Impact:** Our clients' profitability may decrease. Real estate assets located close to the coastline are at higher risks. Supply chains may be impacted **Mitigation within our business:** • Evaluate asset classes that may be exposed to chronic physical risks • Ensure resilience in revenue towards chronic physical risks through applying physical risk scenario analysis within retail and wholesale sectors **Associated costs:** • Cost associated with geospatial analysis of physical assets	**Impact:** Our clients' profitability may decrease. Higher risk of real estate assets located close to the coastline. Supply chains may be impacted **Mitigation within our business:** • Continue to ensure robust mitigation of risks is in place through the ongoing evaluation of exposure to chronic physical risks in our business activities and supply chain **Associated costs:** • Cost associated with geospatial analysis of physical assets • Evaluate the risk of our supply chain	**Assets impacted** • Our Operations • Retail and wholesale (2% of loan book)

Nature-related systemic risks

Nature-related systemic risks are characterised by modest tipping points combining indirectly to produce large failures and cascading interactions of physical and transition risks, one loss triggers a chain of others and stops systems from recovering their equilibrium after a shock. We will be analysing the probability, scope and impact of this risk over the next 2 – 3 years.

Our current agricultural sector exposure is only 0.7% of our core loan book, however, we acknowledge nature-related risks the sector is exposed to may have second-round effects on other industries.

Climate and nature-related opportunities

Climate and nature-related opportunities are realised through the interconnected nature of our business, the economy, the environment and society, where we play a critical role in funding a sustainable economy that is cognisant of the world's limited resources. The UN SDGs provide a solid framework for us to assess, align and prioritise our activities. We harness the expertise in our various businesses and identify opportunities to maximise impact by partnering with our clients, investors and various stakeholders to support delivery of the SDGs and build a more resilient and inclusive world.

We have a Group sustainable finance framework that aligns with the SDGs. This framework is used as a guiding document to support sustainable financing practices. It also outlines our approach for classifying and managing sustainable financing activities and instruments within our businesses.

Refer to page 27 for more information on our sustainable finance framework.

	Short-term (0 – 1 year)	Medium-term (1 – 5 years)	Long-term (5 – 40 years)
Resource efficiency We manage our own carbon footprint through reducing energy consumption, water usage, waste, single-use plastic, while increasing waste recycling rates, and promoting sustainable travel and sustainable procurement.	**Limit and minimise our direct carbon impact and create awareness to encourage positive sustainable behaviour** • Maintain carbon neutrality in Scope 1, 2 and operational Scope 3 emissions • Retain or improve our 4-star Green Star Rating for our head office in South Africa through the Green Building Council South Africa (GBCSA) • Retain ISO 14001 and ISO 50001 for our UK energy management system	**Deliberate focus on financing infrastructure solutions that promote renewable and clean energy** • Increase screening and engagement of our suppliers ensuring responsible supply chain and procurement practices • Encourage suppliers across our supply chain to improve carbon performance and introduce low carbon policies	**Share resources and intelligence to support global efforts to the transition to a net-zero carbon economy and play an active role in industry initiatives and forums** • Aspire to be climate positive within our operations • Secure the availability of natural resources in all operations
Energy source We recognise the need to move as quickly and smoothly as possible towards a zero-carbon economy while always being mindful of the socio-economic consequences of this transition.	• Continue to source Scope 2 energy usage from renewable energy, through the purchase of renewable energy certificates	• Continue to drive energy efficiencies across all our operations, especially within our in-house data centres through optimisation programmes	• Explore new technologies to maintain low carbon energy source usage within all our operations
Products and services Investec has a vital role to play in leveraging its capital to finance the transition to a net-zero carbon economy. We recognise the need to innovate and develop new sustainability offerings for our clients.	• Leverage our robust sustainability positioning to launch more innovative climate-related and sustainability offerings • Identify new market opportunities through the continual engagement with business areas	• Increase investment in clean energy generation whilst taking socio-economic needs into account • Explore the potential for the export finance industry to be more proactive in supporting the global sustainability agenda	• Continue innovation in new products development; focusing on affordable clean energy, industrial innovation and sustainable infrastructure
Markets We continue to pro-actively seek opportunities to enable us to have a greater impact on climate change, thereby increasing revenues and increasing asset diversification.	• Continue to engage with businesses in our climate-related forums to identify new market opportunities	• Harness the expertise in our various businesses to accelerate sustainable finance solutions that support a just energy transition • Partnering with clients, investors and stakeholders	• Continue innovation in new market development; focusing on affordable clean energy, industrial innovation and sustainable infrastructure
Resilience We continue to play a significant role in building resilient infrastructure and promoting sustainable development.	• Embed our new climate-related value within all our activities • Monitor our Scope 3 financed emissions against the baseline measurement	• Utilise our lending and investment portfolios to drive change towards low carbon alternatives • Act on opportunities to finance innovative technological or digital solutions to solve socio-economic challenges	• Support our clients to facilitate a just transition • Use the strength of our brand to educate and promote sustainable thinking

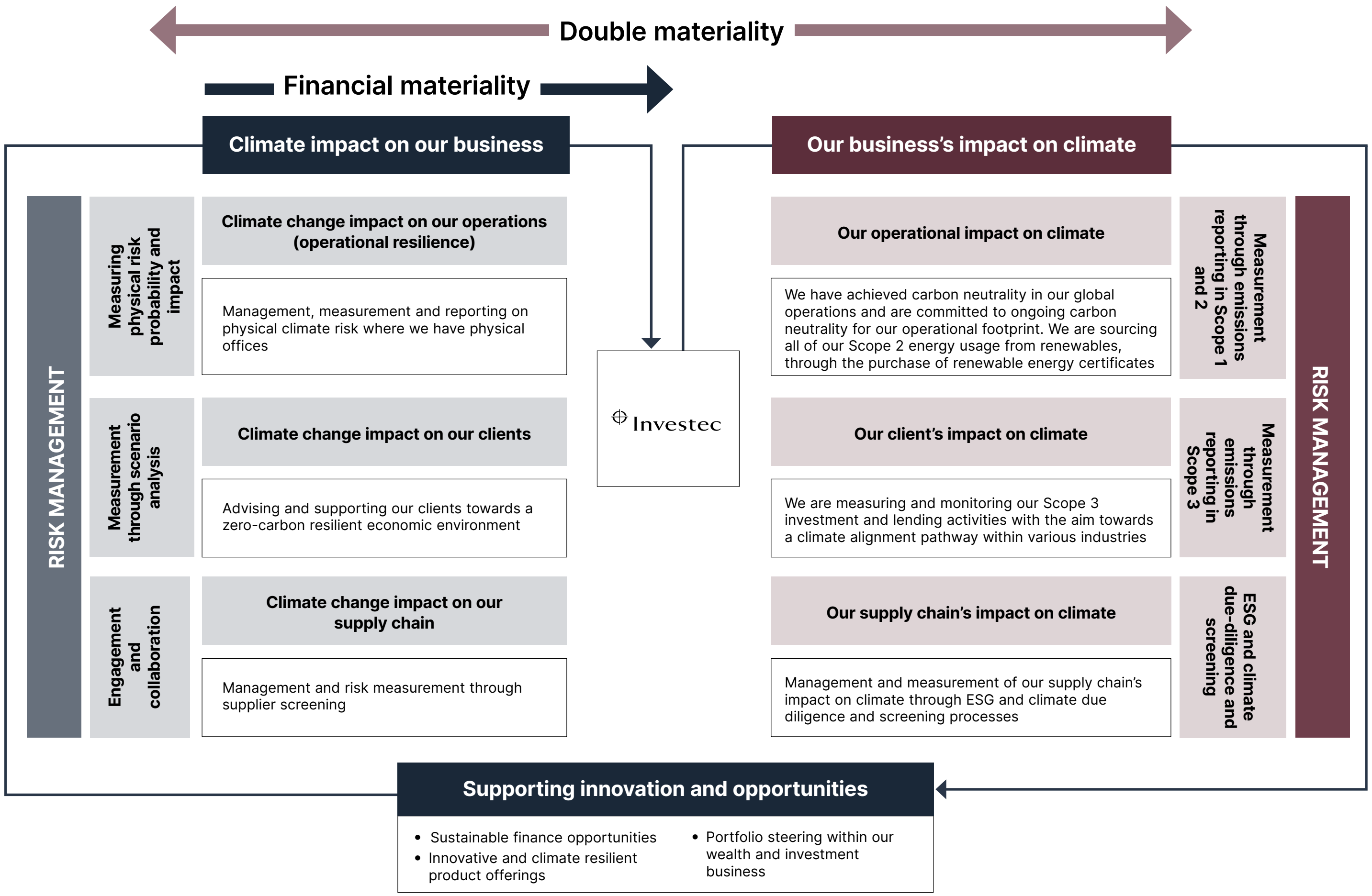
Process used to determine climate-related issues that could have a material financial impact

Climate-related risks

We acknowledge the double materiality* that climate change presents.

ESG and climate-related risks are managed as a principal risk. Our lending and investment activities may give rise to unintended environmental, climate, social and economic consequences. Material climate-related risk considerations are integrated into multidisciplinary, Company-wide management processes throughout the Group and are managed within our credit and lending portfolios. We have a Board-approved risk appetite framework where significant exposures to certain industries are avoided. This incorporates climate-related matters that can result in a material financial impact, and business activities that can have a material impact on climate change and environmental degradation. A combination of regulatory guidance, industry engagement and peer research and expert judgment was used to establish which climate-related risks we might be most vulnerable to. In addition, we follow the recent developments of the shared visions published by the ISSB and their commitment to work in close cooperation with the IASB, ensuring connectivity and compatibility between IFRS and the ISSB standards.

* *Double materiality refers to how our business is affected by sustainability issues (outside in) and how our activities impact society and the environment (inside out).Investec does not have control over*



We evaluated materiality by establishing a baseline using 2021 data for our impact on climate through our financed emissions. We calculated emissions within our various asset classes using the PCAF methodology, focusing on commercial real estate, mortgages, aviation finance, motor vehicle finance, energy generation and listed equities. This materiality assessment (in terms of scope and size) is shown on page 95 of the metrics and targets section.

2b Impact of climate and nature-related risks and opportunities on our businesses, strategy and financial planning

Products and services

Climate and nature-related risk has led to an enhanced ESG screening process, with transactions that fall within high-risk industries subject to even further scrutiny. More detail on our ESG screening criteria is shown on page 62.

We manage our exposures to fossil fuel industries and have committed to zero thermal coal exposures within our loan book by 31 March 2030. Nature-related risks are screened according to our biodiversity statement. There are numerous opportunities presented by climate change to move towards lower carbon product offerings, which are detailed on page 38.

Supply chain

Our Investec Group procurement statement acknowledges the potential for our procurement and supply chain practices to be agents of change, for different aspects of sustainability. As such, where possible, we commit to local sourcing and our supply chain statement incorporates standards on human rights, labour rights and environmental and anti-corruption principles, as set out in the UN Global Compact. All suppliers undergo a rigorous online screening and ESG due-diligence process before they are onboarded. With regards to environment- and climate-related conditions, we aim to only engage with suppliers who:

- Operate in compliance with all applicable environmental laws and regulations of the countries in which they operate, manufacture or conduct business
- Maintain an effective environmental policy and/or environmental management system that supports environmental protection.

Adaptation and mitigation activities

To date our activities largely focused on financing mitigation activities. These include:

- Offering various sustainability-linked loans
- Financing renewable energy solutions
- Financing water infrastructure (adaptation)
- Launching a solar and water offering for our private clients in South Africa.

Refer to page 38 for more climate-related financing activities we have participated in.

Investment in research and development

We have invested in research and development through the following:

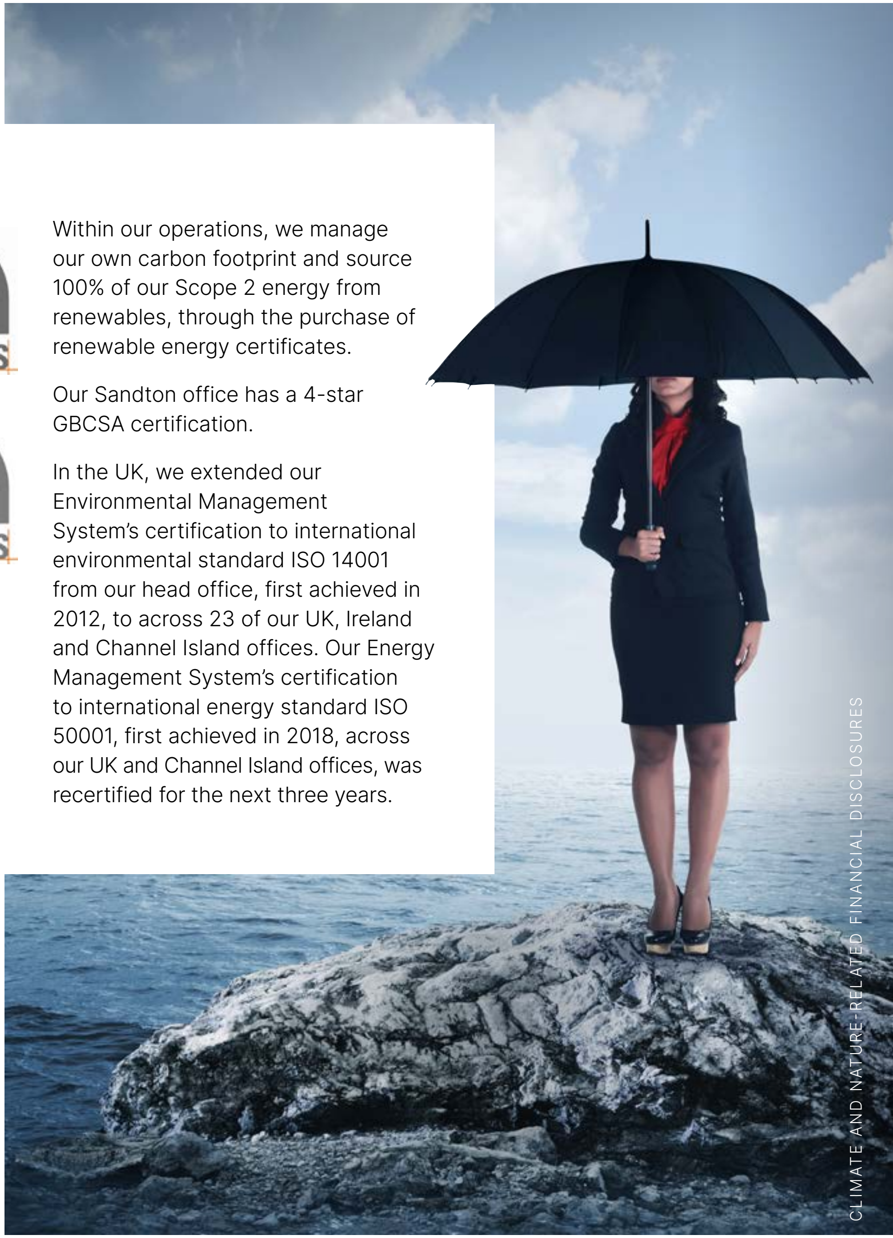
- **Co-chairing the production of International Chamber of Commerce (ICC) Export Finance Sustainability White Paper:** Global Trade Review (GTR), a leading publication in the trade and export finance market.
- **Member in a network to transform industry ESG practices:** Investec is part of a membership network, Sustainable Trading, that launched a non-profit membership to transform ESG practices within the financial markets trading industry.

Operations

Within our operations, we manage our own carbon footprint and source 100% of our Scope 2 energy from renewables, through the purchase of renewable energy certificates.

Our Sandton office has a 4-star GBCSA certification.

In the UK, we extended our Environmental Management System's certification to international environmental standard ISO 14001 from our head office, first achieved in 2012, to across 23 of our UK, Ireland and Channel Island offices. Our Energy Management System's certification to international energy standard ISO 50001, first achieved in 2018, across our UK and Channel Island offices, was recertified for the next three years.



Impact of climate- and nature-related matters on our financial performance, planning and positioning

Climate and nature-related matters can have an impact on financial performance, planning, and positioning for our business across various sectors. As the consequences of climate change become increasingly evident, we may be faced with the challenges of adapting to a rapidly changing environment. Extreme weather events, rising sea levels, and resource scarcity can disrupt supply chains, increase operational costs, and damage physical infrastructure. These factors pose risks to financial performance and necessitate strategic planning to mitigate potential losses. Moreover, our stakeholders, including investors and consumers, are demanding greater transparency and accountability regarding environmental sustainability. Embracing environmentally responsible practices and adopting clean technologies can enhance our reputation, attract investors, and tap into emerging markets driven by eco-conscious consumers.

We will assess the nature-related impact on our financial performance, planning and positioning as the methodologies mature.

Financial performance

- **Revenue:** To date, transition and physical risks have not negatively impacted our revenues. On the contrary, we may see an increase in revenues due to increased demand for Investec's sustainability solutions and advisory that help clients reach their net-zero ambitions.
- **Expenditure:** We have contributed R4 465 539/ £218 073 (2022: R2 103 329/ £95606) towards carbon offsets and renewable energy certificates. Our carbon tax is immaterial being R3 295/ £161 (2022: R800/ £37). We utilised climate-consulting services to help guide us towards our net-zero ambitions. Our wealth and investment business has engaged the services of third-party providers (Clarity AI, ISS & Sustainalytics), which allows us to review various climate risk metrics in our managed and third party investments. We have also had additional expenditure relating to climate-related education in both the UK and South Africa.

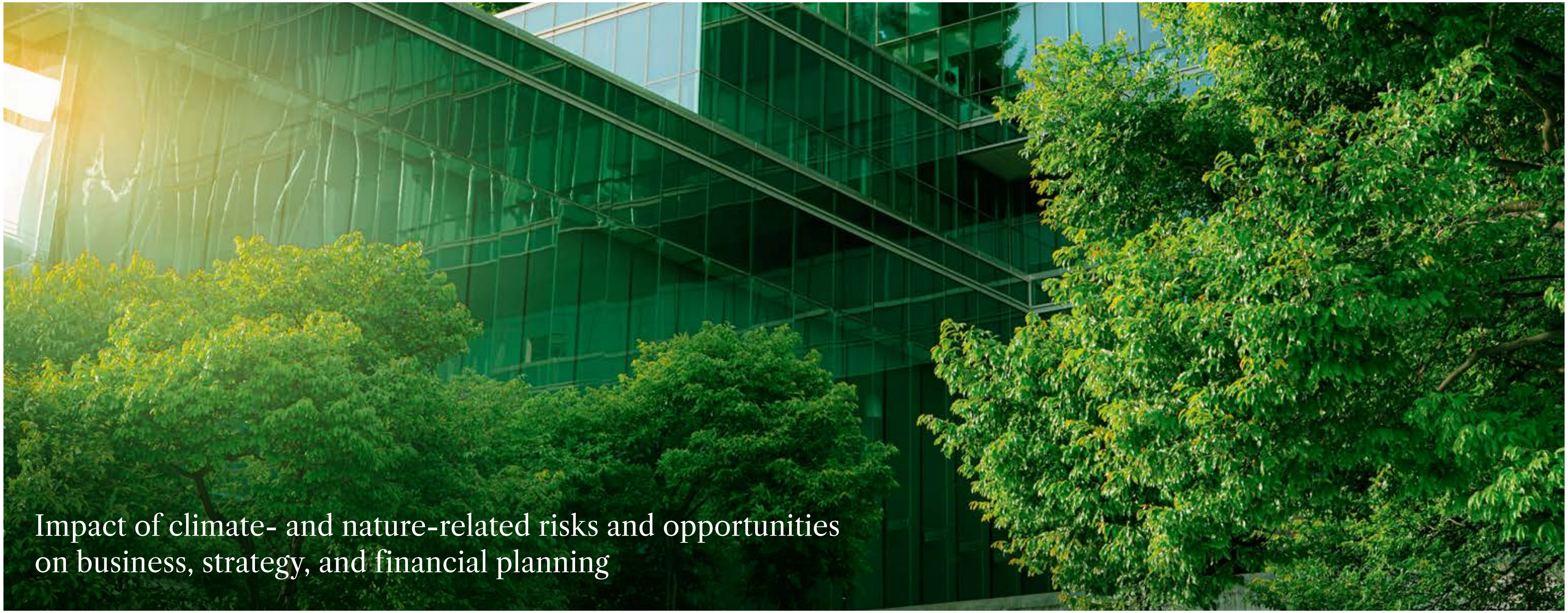
Financial planning

As part of the divisional budget process, ESG and climate-related matters and opportunities are discussed.

The review process provides an opportunity to discuss and debate innovation and changes in client demand.

Financial positioning

- **Assets:** To date, transition and physical risks have not had an impact on the valuation of our assets. We have evaluated our exposure to physical and transition risks (refer page 56). As we look to the future, we intend to use our evaluations to guide any potential realignment of our portfolios if necessary.
- **Assets under management within Wealth & Investment:**
  - **Global Sustainable Equity Fund by Investec Wealth & Investment:** The fund aims to invest in companies that contribute on a net-positive basis towards the 17 SDGs. The fund aims to provide attractive investment returns over the long term. Since inception, the fund has raised new investment of $46.2mn and has comfortably outperformed its benchmark (MSCI World) by over 4% for the 12 months ended 31 March 2023.
- **Liabilities:** To date, the opportunities from climate change have increased liabilities as seen in the three fund-raising initiatives described below:
  - Investec Bank plc closed a $600mn sustainability-linked syndicated loan
  - Investec Bank Limited closed a $600mn sustainability-linked term loan facility
  - Investec Bank Limited issued a Green Bond raising R1bn under our DMTN bond programme, (3.8 times) oversubscribed.



Sustainable finance framework

Our sustainable finance framework supports our sustainable financing practices. The framework outlines the approach for classifying and managing sustainable financing activities and instruments.

Refer to our sustainable finance framework on our **website**

In conclusion, an important aspect of our approach is a deliberate focus on financing infrastructure solutions that promote renewable and clean energy, stimulate economic growth, and provide access to essential services. However, the transition to a net-zero carbon economy cannot be achieved in isolation from the realities of the communities in which we, and our clients, operate. When assessing our participation in fossil fuel activities, we consider a variety of financial, socio-economic and environmental factors relevant to the local context (for example, poverty, economic growth, unemployment and carbon impact). We prioritise climate change resilience for our business and the communities we impact, and consequently we screen all fossil fuel related transactions to ensure compliance with our fossil fuel policy. Any fossil fuel exposure is managed through a robust due diligence process.

We are aware that our exposure to fossil fuels may fluctuate from one year to the next, especially exposures in Africa, where there is a severe lack of access to clean and renewable energy. Our appetite for this sector is reviewed annually at the executive risk appetite forum and the DLC SEC. Refer to pages 71 to 73 in the metrics and targets section for more detail on our fossil fuel exposure.

We believe that our most significant impact on the environment and climate change is through our lending and investing activities. We use our specialist skills in the advisory, lending and investment businesses to support clients and stakeholders to move as quickly and smoothly as possible towards a zero-carbon economy.

Sustainable finance opportunities

Within our business, we contribute to climate action and protecting nature through our financing activities. We actively support climate action by addressing critical environmental concerns, reducing greenhouse gas emissions, and fostering resilient communities. Through our investments, we promote a sustainable future where climate change impacts, and biodiversity loss are mitigated, clean energy is accessible to all, and cities are environmentally friendly and adaptable.

7 AFFORDABLE AND CLEAN ENERGY

Financing renewable energy projects not only helps to decarbonise the energy sector but also contributes to energy access, security and affordability, especially in underserved communities. In addition, these financing activities can accelerate the transition towards a low-carbon economy and foster climate resilience.

Participated in
£1.38bn
of renewable energy projects globally (2022: £0.70bn)

Provided financing for
1.6GW solar portfolio
Cypress Creek

Supporting growth in
energy storage
sector
Freedom Won

Supporting more than one hundred
solar and storage
assets comprising over 200MW
Onyx Renewables

Accelerating growth and development of new
solar and battery storage
projects
Hecate Energy

Hedging solution
that supports renewable energy
Greencoat

Decarbonising
the heavy-duty transportation industry
Opal Fuels

44MW
concentrated photovoltaic solar plant
Pele Energy

Reducing impact
of regular power outages in South Africa
Funding for solar and storage solutions

Contributing to the energy needs of up to
193 000 households
EDF Renewables

£62.5mn
underwrite to EfW
Westfield

6 CLEAN WATER AND SANITATION

Financing water projects that enhance water infrastructure, promote water conservation, and improve sanitation systems. Through these projects we contribute to mitigating the adverse effects of climate change and building resilient communities.

Provided safe drinking water through co-arranging
€178mn
Water for All priority programme for Côte d'Ivoire

R1.65bn
Provided a term facility for Trans-Caledon Tunnel Authority over 15 years to support water infrastructure

11 SUSTAINABLE CITIES AND COMMUNITIES

Financing projects that enhance urban planning, promote green infrastructure, and invest in public transportation systems contribute to reducing carbon emissions from transportation and buildings. By building sustainable cities that prioritise energy efficiency, renewable energy integration, and resilient infrastructure, we address the risks posed by climate change and promote sustainable development.

Support
>550
EV Rapid charging stations
By investing in London-based company, Osprey Charging Network (Osprey)

Supported accelerated EV charging network
£110mn
Senior debt facility for InstaVolt

For more information refer to pages 70 to 94 of the 2023 Group sustainability report

2c Resilience of our climate risk strategy

Resilience of our strategy to climate-related matters

Resilience of our strategy to climate-related risks

Our lending and investment activities straddle a range of sectors and industries. Different sectors will be impacted by climate-related risk in different ways, both in terms of the type of risks faced (transitional or physical) and the magnitude of these risks. We have calculated our Scope 3 financed emissions using the PCAF methodology. With this information, we focused on the sectors and industries responsible for the highest emissions and evaluated targets to ensure that Investec meets the targets of the Paris Agreement goals. To benchmark our targets, we evaluated the suggested targets set by SBTi.

By assessing and quantifying our climate-related risks now, and truly understanding where the risk in our portfolios lies, we can create specific mitigation plans to minimise climate risk. Our approach towards mitigation efforts are detailed on the pages that follow.

Resilience of our strategy to climate-related opportunities

All climate-related opportunities that present themselves, whether lending, investing or advisory specific, are assessed through our sustainable finance framework. This framework outlines the approach for classifying and managing sustainable financing activities and instruments. The framework remains flexible enough that as markets and offerings change, we will be agile enough to seize new opportunities as they arise. This framework is reviewed every year which gives scope to move with emerging trends.

For recent opportunities where we have partnered with our clients refer to page 38.

Our strategy in relation to climate risks and opportunities

Climate-related risks

Investec's strategy has always been to partner with our clients, which is our overarching approach to guiding our clients towards a net-zero carbon economy. We acknowledge that the manifestation of the financial risks from climate change is relatively unknown and as such, our strategy will need to adapt as more information becomes available. We endeavour to keep up with climate-related developments to ensure continued alignment of our strategies. We will use the annual risk appetite review process to consider and discuss climate-related risks in guiding our forward-looking strategic approach.

Within Wealth & Investment, we are a CDP investor signatory and participate in their non-disclosure campaign to ensure the companies we invest in provide a CDP disclosure, where appropriate. We encourage companies in direct engagements to set their decarbonisation targets in accordance with the SBTi to ensure rigorous commitments.

Climate-related opportunities

Investec chose to specifically focus on two SDGs, reducing inequality (SDG 10) and climate action (SDG 13), as this is where we feel our skills and expertise as a business can make the most impact. Working towards these two SDGs guides our strategy and provides a solid framework for us to assess, align and prioritise our activities.

Looking forward, we remain committed to working towards our chosen goals, executing our strategy and seeking opportunities that align with these, amid changing technology and sustainable product offerings.

Our climate-related scenarios and associated time horizons

Climate risk

Climate risk can be defined as the risk associated with a rapidly changing climate, posing risks to financial stability.

We have attempted to quantify the risk that climate change may pose for the business through scenario analysis. This allows us to develop an understanding of how various combinations of climate-related risks, both transition and physical, may affect our business and performance over time. These scenarios will not provide us with a precise outcome, or forecast, but will instead guide us to consider how the future might look if certain trends continue.

Transition risk scenarios

Transition risk can arise due to markets shifting towards a low-carbon economy as a result of regulatory and policy changes, disruptive technologies, and new business models, which may result in adjustments to the value of our assets or investments. Within our business we provide funding to some resource-intensive sectors. Although our exposure to these sectors is low, contributing in total 7.7% of our loan book, they have been identified and we will work with our clients in these sectors towards a net-zero impact. A key aspect of this collaboration would be to evaluate alignment of their transition plans with the objectives of the Paris Agreement goals to 'hold the increase in the global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels'.

Physical risk scenarios

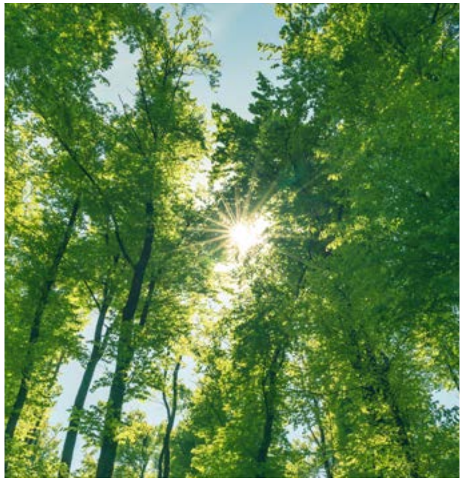
Physical climate risk can arise due to specific weather events or longer-term climate shifts that may have a direct financial impact, such as property damage leading to impaired asset value. Indirect financial impacts may be caused by supply chain disruption. It is understood that changes in physical risks, such as droughts, floods and hurricanes, are going to be experienced in different levels of severity across the globe, with existing hazards increasing in intensity in some regions and with other regions becoming subject to hazards not previously experienced.

Within Investec Limited and Investec plc we have evaluated physical risks within our most material asset class, being real estate, against various physical climate scenarios using three Shared Socio-economic Pathways (SSPs). We have also used these pathways to evaluate the potential physical risk we may have within our operations. We have evaluated physical risks relating to precipitation and maximum temperatures up to 2100, however due to the short- to medium-term lifetime of our assets, the results shown in this report relate only to physical risk exposures up to 2040.

This extensive analysis of our real estate asset class revealed potential sensitivities of the Investec property portfolio to different risks such as floods, drought, and wildfires. We continue to use these sensitivity outcomes to stress collateral values considering stresses to loan to value (LTV) that can be translated into loss given default (LGD) stresses.

Liability and litigation risk

Liability and litigation risk can arise as a consequence of transition or physical risks. This can result in increased costs or reduced demand for products and services due to fines and judgements.



Sensitivities in our loan book and the interplay of transition and physical risk

There is a delicate interplay between the physical and transition risks. Balancing these risks to prevent the worst physical impacts whilst protecting livelihoods means that we strive for a Just Transition.

A Just Transition can be explained by using the Network for Greening the Financial System (NGFS) scenario framework. Immediate and robust action to reduce emissions may reduce the severity of the impacts of climate change, but presents significant market, technology, and regulatory transition risks for market participants. On the other hand, failure to appropriately reduce greenhouse gas emissions may limit transition risks but will result in more severe physical risks. The NGFS scenarios are explained below:

NGFS SCENARIOS FRAMEWORK

The NGFS frameworks uses SSPs as key background assumptions in their climate scenarios. Each SSP provides detailed narratives on what technological advancement, international co-operation, and resource use may look like. NGFS uses SSP2 scenarios which is based on 'middle of the road' assumptions. SSP2 assumes that global population growth remains moderate before leveling off in the second half of the century and that GDP grows in line with historical trends.

We are actively seeking to implement component parts of the stress testing requirements from international organisations such as the Bank of England stress test, the European Central Bank stress test, and the published scenarios by the NGFS. Developments in these areas will help us to inform our approach for internal transition risk stress testing.

Investec Bank Limited continues to make progress in quantifying the impact of climate-related stresses. The current focus includes estimation of probability of defaults (PDs) and loss given defaults (LGDs) based on climate specific economic scenarios, as well as a specific analysis of the property portfolio's sensitivity to climate related risks. The South African PA did not require any climate-related stress tests in 2022. Climate-related risks have however been identified by the South African PA as an industry wide area of focus for the 2023 calendar year. This will include a review of how Investec Bank Limited governs, manages, stresses and reports climate related risks.

Investec Bank Limited has sufficient capital and liquidity to continue as a going concern and meet regulatory minimum capital and liquidity requirements.

In addition, we continue to formulate climate scenarios guided by but not limited to the NGFS scenario framework. Different scenario paths are based on how quickly net-zero CO_2 emissions can be reached. It is envisaged that three climate scenarios will be considered:

- **Early action:** Can be either orderly or disorderly, with transition risk managed more carefully under an orderly scenario, resulting in less severe physical risks.
- **Late action:** Implies that climate policies are only implemented in 10 years' time or more, meaning that a transition to net-zero must be expedited, leading to higher transition risk but less severe physical risks.
- **Hot house world:** This assumes no additional climate policies are introduced, and that only the current policies are implemented, leading to high physical risks and irreversible changes like higher sea levels.

Once the climate scenario narrative have been formulated, it will be translated into impacts on the macro-economic environment. The scenario PD and LGD can be derived from the macro-economic variables, which in turn can be used to derive expected credit losses, which would be helpful to identify portfolio sensitivities.

Investec plc performs climate scenario analysis and risk assessments in line with the requirements stipulated by Supervisory Statement SS3/19 'Enhancing banks' and insurers' approaches to managing the financial risks from climate change', on a proportionate basis for the size and complexity of the firm. The Bank of England's '2021 Climate Biennial Exploratory Scenario' has been used as the framework for scenario analysis.

Short-term transition and physical risk is low and Investec plc has sufficient capital and liquidity to continue as a going concern and meet regulatory capital and liquidity requirements.

Steering our portfolio towards net-zero pathways

Our scenario analysis will give us an indication of the transition and physical risk sensitivities in our loan book, allowing us to make more informed, risk conscious decisions as we steer our portfolio towards a net-zero world. To further improve our future decision making capacities, we have applied forward-looking pathways to sectors to which we have material exposure.

For our asset classes within Investec Limited and Investec plc, we used the PCAF methodology to provide the financed emissions as a starting point required to set science-based targets using the SBTi methodology and align our portfolio with the Paris Agreement goals. PCAF is a global partnership of financial institutions that work together to develop and implement a harmonised approach to assess and disclose the GHG emissions associated with loans and investments, i.e. the financed emissions. PCAF enables transparency and accountability and has developed an open-source global GHG accounting standard for financial institutions. The Global GHG Accounting and Reporting Standard for the Financial Industry ensures consistent calculation approaches across various asset classes and organisations.

SBTi sets targets using benchmark divergence models (at an individual company level, constructing normative benchmarks from forward-looking climate scenarios and comparing forecasted company performance against them i.e. deviation of portfolio from a target or benchmark).

We however remain cautious in our approach as we have faced challenges with regards to data availability resulting in many assumptions and estimates being applied, that are highly likely to change over time especially over the long time frames used in climate analytics.

This can result in reported emissions fluctuating over time as a function of improved data availability or methodologies. In addition, comparison between institutions should be approached with caution as different institutions may use different datasets, assumptions and methodologies.

The sections that follow describe our approach to measuring and reducing Scope 3 financed emissions in the following sectors:

Energy

Real estate

Transport
(aviation and motor vehicles)

Energy sector outlook

Global sector outlook

The core issues in terms of the global energy outlook revolve around the emerging re-writing of the energy network topology in terms of supply chains and country alliances amid the Ukraine war, and growing concerns in the West about the role of China in terms of geo-politics. Inevitably, short-term aftershocks in oil and gas, and industry bottlenecks are a feature of the current energy sector. Security of supply has moved up the agenda in terms of the energy trilemma. The other main dimension of geo-politics revolves around the growing fault-lines in North/ South wealth distribution and global levelling up, with tensions evident at the latest COP27.

The International Energy Agency (IEA) believes there are three common myths about the current state of the global energy sector. The first is that Russia is winning the energy battle – it is not and the loss of trust in it globally will not only threaten medium-term investment into Russia but exclude it from various important markets including technology. The second is that the current 'energy crisis' is about climate policy – it is not as there is a global consensus that more clean energy is required. The third myth is that the crisis will hinder net-zero – in practical terms the opposite is more likely. This involves increased renewable energy investment, already growing at an exponential pace globally with the world's renewable energy share of electricity capacity at 40% in 2022 from 27% in 2013[1], and new momentum to reduce GHG emissions in the short term, with a new focus on methane leakage.

1. https://www.irena.org/Publications/2023/Mar/Renewable-capacity-statistics-2023

South Africa sector outlook

The energy sector in South Africa is undergoing significant changes including greater investment in electricity generation by private households and businesses and more emphasis on renewable energy, due to the decision by the South African government to increase the allowed self-generating electricity capacity above 100 MW[2] has seen a notable increase in the number of self-generation projects being undertaken. This has been seen as a positive development, as it not only helps to reduce reliance on the national grid but also promotes a more distributed and resilient energy system with a higher renewable energy mix.

The National Treasury's R15 000 tax rebate for rooftop solar panels to private households, and an expansion of the renewable energy tax incentive section 12B for companies, which allows 125% of the costs to be tax deductible in the first year. Annual registered solar PV and wind generation capacity in 2022 was 100 times higher than in 2019, while in the first quarter of 2023 the trend accelerated with 80% more generation capacity added compared to full year 2022[3]. On the supply side, there is a risk solar PV installation may be hindered by import constraints due to weak port performance and the lack of skills needed for installation[4], but this may be counteracted by growing investment in South Africa solar panel production facilities by international solar manufacturers[5].

South Africa has experienced frequent power outages (load shedding) as the energy crisis deepens in 2023 with the Energy Availability Factor (EAF) of Eskom's coal power plants declining to about 53%, leading to a power capacity deficit of between 4 000 and 6 000 MW. This crisis is likely to worsen in the coming winter months as power demand typically increases by 4 000 MW, leading to higher load shedding levels. Improved Eskom cash flows amid higher electricity tariffs and a debt relief package from the South African government, should support maintenance of existing power plants and transmission infrastructure. However, the addition of renewable energy sources to the public power grid is expected to remain limited due to constrained grid connectivity, which is only likely to receive considerable investment once Eskom is separated into three independent businesses (transmission, generation and distribution companies). By contrast private electricity generation by households and businesses, ensuring they have a reliable source of power and minimising the loss of productivity in business operations, could diminish South Africa's GHG emissions as more renewable energy is used. This is supported by falling renewable energy technology costs, favourable government policies on private power generation, and tax incentives for installing solar power generation, as well as the high costs of running diesel generators.

The Integrated Resource Plan (IRP 2019)[6], containing South Africa's electricity generation plan, also included more renewable energy projects and decommissioning coal power stations to achieve South Africa's climate goal of meeting the net-zero carbon emission target by 2050. An upgrade of the IRP 2019 is imminent, with the targeted energy mix key to energy security, decarbonisation, South Africa's international commitments and funding through the Just Energy Transition Partnership (JETP).

The JETP forged at COP26 in 2021[7], includes $8.5bn in climate finance pledged by the US, UK, and EU to help South Africa transition to a low-carbon economy, with a particular focus on renewable energy. South Africa is the world's 12th highest emitter of carbon dioxide per capita. However, funding from JETP may be in jeopardy as the current electricity crisis has pushed the South African government to consider improving the EAF of some of the coal stations that were set to be decommissioned, prolonging the high reliance of public electricity on hydrocarbons and delaying the public transition towards renewable energy sources.

2. https://www.globalcompliancenews.com/2021/06/25/south-africa-surprise-announcement-on-electricity-self-generation-thresholds110621/
3. https://www.nersa.org.za/electricity-overview/electricity-registration/
4. https://green-cape.co.za/wp-content/uploads/2023/04/ES_MIR_2023_DIGITAL_SINGLES.pdf
5. Fitch Solutions, South Africa Real Estate Report 2023
6. https://www.energy.gov.za/irp/2019/IRP-2019.pdf
7. https://www.thepresidency.gov.za/download/file/fid/2649

UK sector outlook

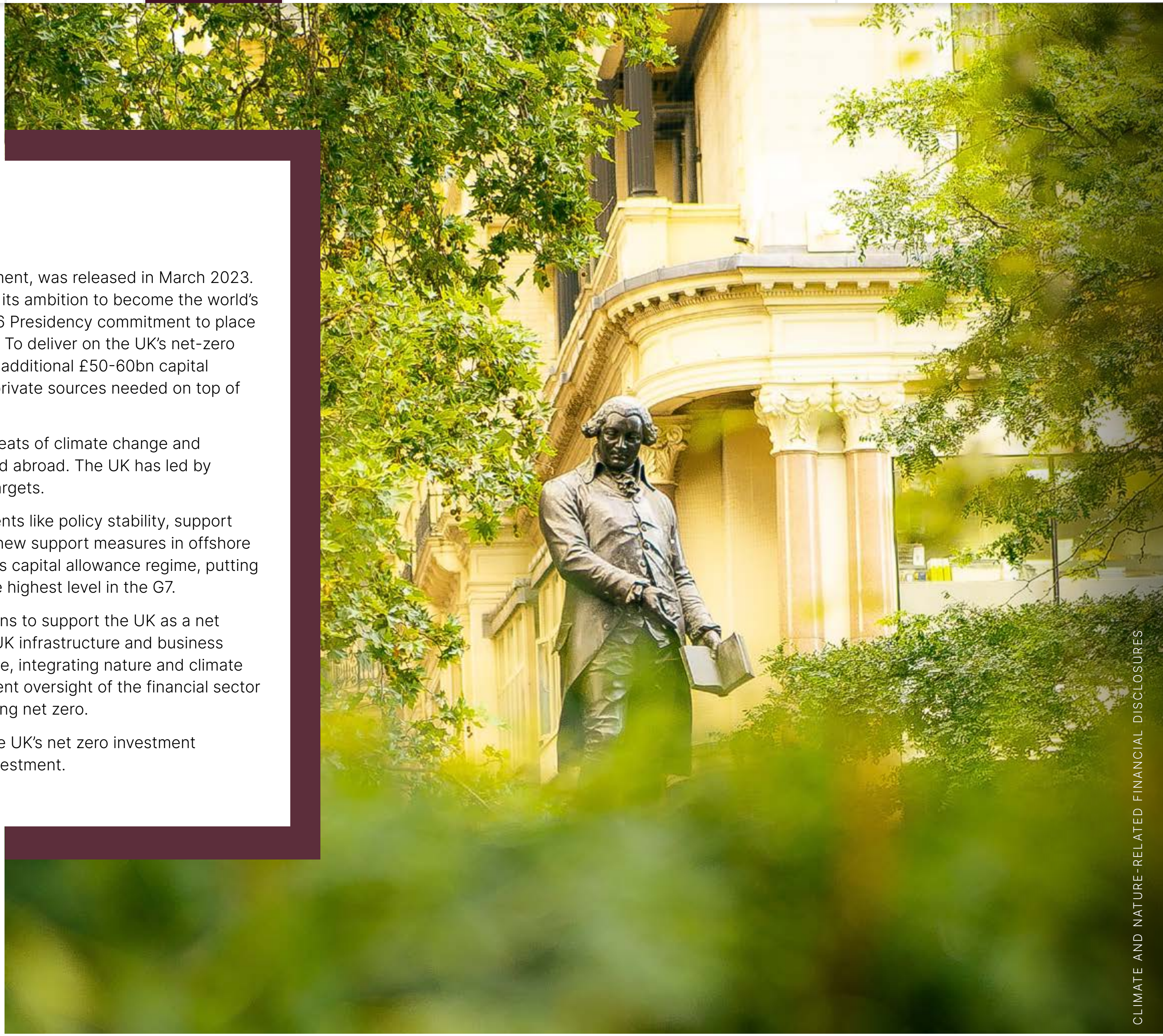
The UK's Green Finance Strategy, Mobilising Green Investment, was released in March 2023. It sets out how the UK Government will continue to pursue its ambition to become the world's first net-zero aligned financial centre, in line with its COP26 Presidency commitment to place finance at the heart of the global decarbonisation process. To deliver on the UK's net-zero ambitions through the late 2020s and 2030s an estimated additional £50-60bn capital investment per annum will be required, with funding from private sources needed on top of the government's pledges.

It is clear from this green finance strategy that the twin threats of climate change and biodiversity decline are increasingly being felt in the UK and abroad. The UK has led by example by setting out world-leading climate and nature targets.

The UK's Green Finance Strategy 2023 includes commitments like policy stability, support measures for carbon capture, usage and storage (CCUS), new support measures in offshore wind, nuclear and hydrogen, and introduction of a generous capital allowance regime, putting research and development relief for large companies at the highest level in the G7.

These are accompanied by a host of other recommendations to support the UK as a net zero financial center, including continuing support for the UK infrastructure and business banks and increased financial support for UK export finance, integrating nature and climate adaptation into the policy framework, and strong government oversight of the financial sector as a whole, to ensure financial flows shift towards supporting net zero.

Further guidance is expected to be released in 2023 on the UK's net zero investment roadmaps and in 2024 guidance around nature positive investment.



Real estate sector outlook

Global sector outlook

The global real estate sector is responsible for 40% of GHG emissions, according to the UNEP FI 2022, and therefore efforts to decarbonise are likely to have material impacts on the cashflows and future values of the sector's assets. The UNEP FI Climate Risks in the Real Estate Sector 2023 report sets out the major transition and physical climate risks facing the industry. The most pressing transition climate risks for the real estate industry are increasing regulation and policy pressure along with indirect emissions' costs that raise operating costs; shifting market and investor preferences for buildings that are more energy efficient and reliant on renewable energy; as well as reputational risk amid pressure for the sector to reduce its share of emissions. The physical risks highlighted by the report include rising sea levels; more frequent coastal and inland flooding, extreme storms and wind, and wildfires; more real estate assets at risk of subsistence; as well as stress from rising heat and higher water prices and regulation. These physical risks are likely to increase property damage and cause higher repair, maintenance and operating costs, possibly negatively impacting the value of commercial real estate in the short term.

UK sector outlook

Government legislation, including the implementation of the Minimum Energy Efficiency Standards (MEES), has created incentives for the improvement of energy efficiency of the built environment and this is a positive catalyst for change. The MEES mandate that all new buildings meet specific energy efficiency targets and that many existing buildings be retrofitted with measures to improve their energy efficiency. By enhancing the energy efficiency of properties, the new standards aim to reduce carbon emissions and promote a more sustainable built environment. Substantive progress has been made to align our lending strategy to meet an ultimate goal of net zero CO_2 emissions across our loan books. The focus has been on energy efficiencies within the Real Estate portfolio as measured by Energy Performance Certificates (EPCs).

We are partnering with our clients and advisors to build more energy efficient buildings and upgrade existing ones by assessing the EPC ratings across our whole portfolio; continuing investment in training and awareness within the team; and implementing a focused strategy for refurbishment and construction lending.

As an established lender in the real estate market, we acknowledge our responsibilities to actively encourage and support our clients to optimise the ESG credentials of their properties. Properties that meet the MEES have been in high demand and their valuations have been boosted, as buyers and tenants increasingly prioritise sustainability and energy efficiency when making their decisions.

1. https://www.mordorintelligence.com/industry-reports/residential-real-estate-market-in-south-africa

South Africa sector outlook

In the short- to medium-term a global economic slowdown, the risk of a worldwide recession with negative impacts on the local economy, high inflation levels, and rising interest rates are major risks for the real estate sector. South African property demand is additionally being adversely affected by escalating load shedding (the act of temporarily suspending electricity supply to an area to relieve stress on the energy source when demand for electricity is greater than supply), and a depreciating Rand exchange rate against major currencies.

South Africa's private sector power generation is expected to rise, as a result of the government increasing the allowable private sector self-generating electricity capacity and providing tax incentives for installing solar power generation, as well as due to significantly higher electricity costs, falling renewable energy technology costs and regular electricity outages (loadshedding). This is likely to diminish South Africa's GHG emissions as more renewable energy is used replacing electricity from the grid, which is predominantly sourced from coal fired power stations. South Africa's renewable energy share of electricity capacity remained low at 17% in 2022, compared to 40% globally.

The National Development Plan 2030 targets zero emission building standards by 2030. By December 2025, commercial South African buildings will need to display an EPC, which assesses energy efficiency with a score (A to G, A being most energy efficient). This applies to all non-residential buildings that are used for entertainment, public assembly, offices, theatres, indoor sport, and places of instruction and if private with an area of 2 000m^2 or more or if a government/ public non-residential building with an area of greater than 1 000m^2.

2. https://www.mordorintelligence.com/industry-reports/residential-real-estate-market-in-south-africa

Aviation sector outlook

Global sector outlook

The aviation market has continued its recovery post the COVID-19 pandemic. Most travel restrictions have been lifted and all major markets have re-opened. Passenger numbers and flight capacity globally has nearly recovered to 2019 levels and is expected to exceed those levels during 2023, around one to two years ahead of recovery consensus during the pandemic. There has been a revival in both leisure and business passengers globally and airlines are returning to profitability.

The aviation industry, however, is facing some challenges from slowdowns in global supply chains and a shortage of labour leading to delays and disruptions at airports, as well as parts shortages in manufacturing and maintenance. Continued geopolitical tensions have introduced route planning complexity, while elevated oil prices and interest rates continue to put pressure on airlines costs.

The aviation industry is highly cognisant of its contribution to global carbon emissions. At the 77th International Air Transport Association (IATA) Annual General Meeting in 2021, a resolution was passed by IATA member airlines committing to achieving net-zero carbon emissions from their operations by 2050. This pledge aligns air transport with the objectives of the Paris Agreement to limit global warming to 1.5°C[1].

1. https://www.iata.org/en/programs/environment/flynetzero/

African sustainability aviation trends

Air travel has a significant social impact in Africa. Many African countries have road and rail infrastructure challenges, and air travel provides a vital trade and transportation alternative, boosting GDP growth, trade and job creation.

The ability of aviation to stimulate tourism is a major contributor to the social benefits of aviation. The World Travel and Tourism Council's latest economic impact report has suggested that the African travel and tourism sector is expected to create almost 14 million new jobs over the next decade[2].

Due to limited supply, African airlines have been slower to use Sustainable aviation fuel (SAF), while they are unlikely to be early adopters of new technologies. However, many African airlines are focusing on adding newer generation aircraft to their fleets which have significant emission savings. The latest generation aircraft have 15% lower fuel burn and 50% lower nitrogen oxide emissions than the previous generation of aircraft.

"The aviation industry delivers significant social and economic benefits by making the world a smaller place. The movement of people and goods by air has been the catalyst for economic growth in the context of a globalised world. The industry's focus is now how does it deliver these same social and economic benefits whilst minimising its environmental impact. Manufacturers, airlines, fuel suppliers and other key industry stakeholders are now proactively coming together to ensure the long term, sustainable future of the aviation industry."

Bradley Gordon,
Head of Aviation Finance Africa,
at Investec Bank

2. https://www.iol.co.za/travel/africa/tourism-in-africa-set-to-create-14-million-new-jobs-in-10-years-50479471-6159-55ca-bc00-8bf185f41bf1

UK and Europe sustainability aviation trends

In order to achieve the International Air Transport Association (IATA) resolution of net zero by 2050, the IATA have identified the need to use a combination of approaches via the use of:

- Sustainable aviation fuel (SAF)
- Infrastructure and operational efficiencies
- New technologies with a focus on electric and hydrogen and
- Offsets and carbon capture.

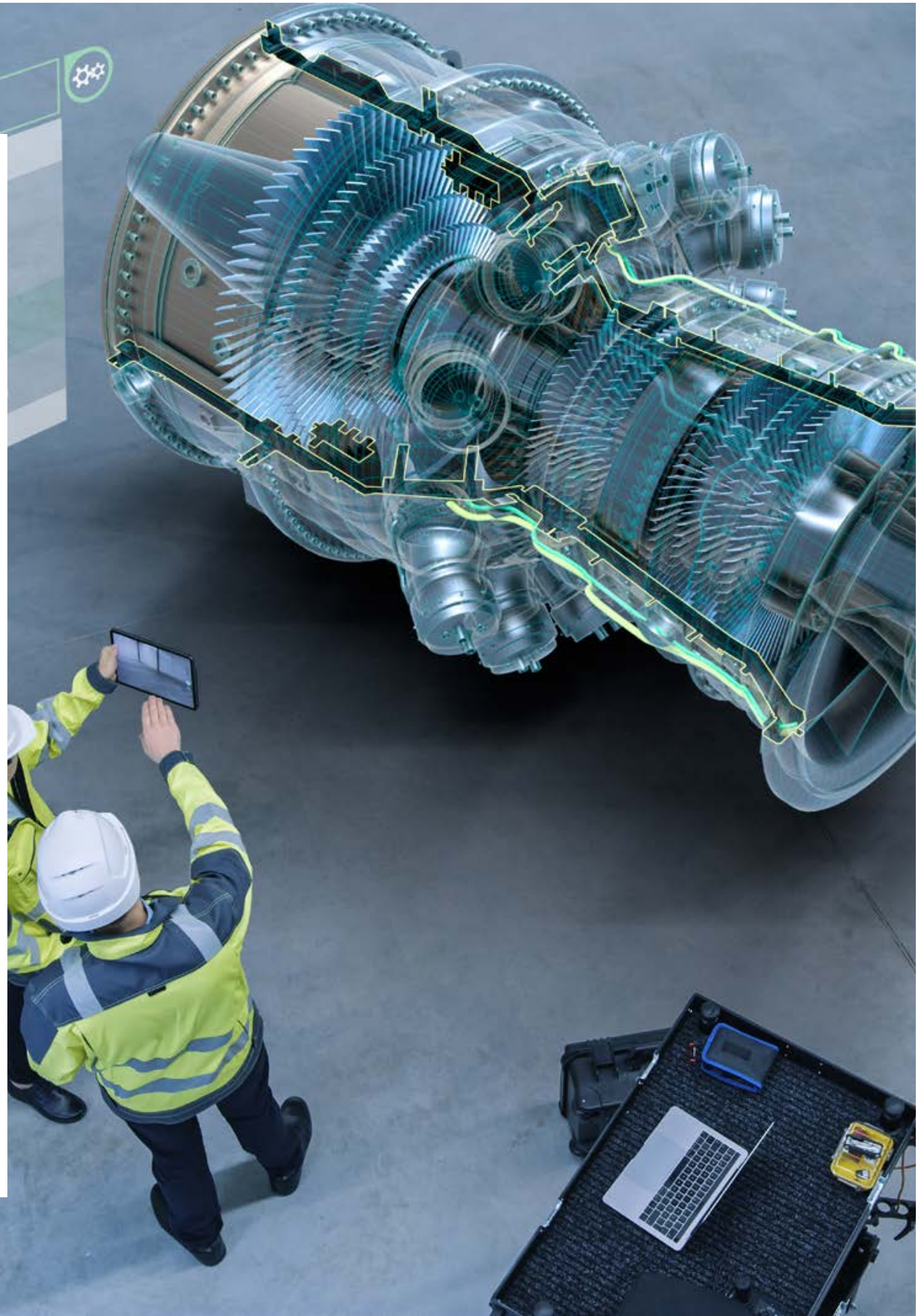
SAF is seen to be the next step as manufactures seek long-term innovation to eradicate the use of hydro-carbon (CO_2 emitting) fuels. SAF is made from renewable biomass and waste resources, delivering the performance of petroleum-based jet fuel but reducing carbon emissions up to 80% during its lifecycle. SAF is expected to contribute c. 65% of the reduction in emissions to reach net zero[1]. Over 450 000 flights have been flown using a SAF and traditional jet fuel blend by more than 50 airlines. Next generation commercial aircraft are expected to allow for SAF only.

The major challenge for SAF remains limited global supply, which is not currently meeting demand, and prohibitive costs. Supply challenges need to be overcome before comprehensive market adoption. In 2021, airlines worldwide consumed over 225bn litres[2] of jet fuel, however in terms of SAF, only 125 million litres were produced and used. This is forecast by IATA to increase to 5 billion litres by 2025. Improvements in production capabilities represent a huge opportunity to improve carbon emissions and have the added benefit of allowing airlines to be less vulnerable to movements in the oil price.

The UK government has developed a Jet Zero Strategy to reach net-zero aviation by 2050 and invested £15mn in UK SAF, with the UK sustainable aviation fuel mandate proposing jet fuel suppliers blend SAF into aviation fuel from 2025[3].

A longer-term goal is the use of hydrogen power or electrification solutions for the aviation sector. Light general aviation aircraft and electric vertical take-off and landing (EVTOL) aircraft have shown promise using electric engines powered by battery or hydrogen fuel cells. In addition to zero emissions, these technologies have demonstrated benefits of noise reduction and reduced maintenance. When considering the size, safety and infrastructure requirements of commercial aircraft, similar electric technologies are still in their infancy. Airbus have formally indicated their support for hydrogen technologies, with the ambition to enter service by 2035[4].

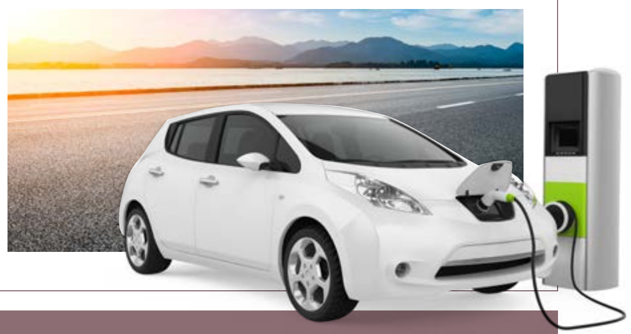
1. https://www.iata.org/en/programs/environment/sustainable-aviation-fuels/
2. https://www.statista.com/statistics/655057/fuel-consumption-of-airlines-worldwide/#:~:text=The%20global%20fuel%20consumption%20by,57%20billion%20gallons%20in%202021.
3. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file /1090420/Decarbonising-transport-one-year-on-review. pdf
4. https://www.airbus.com/en/innovation/zero-emission/hydrogen/zeroe



Motor vehicle finance sector outlook

Global sector outlook

The IEA's Global EV Outlook 2023 reports global electric car sales, including battery electric vehicles (BEVs) and plug-in hybrid electric vehicles (PHEVs), rose 55% year-on-year to over 10 million in 2022 (14% of total car sales for the year, which were down on 2021). This compared to 1 million electric car sales in 2017, around 1% of the market. This increasing trend is expected to continue, reaching sales of 14 million electric cars in 2023, 18% of total sales. Electric vehicle (EV) sales are expected to continue to be bolstered by market trends, national policies and incentives, increased battery manufacturing, the availability of more models and as they become more price competitive relative to internal combustion engines (ICE) amid high oil prices. The electric car market continues to be driven by sales in major economies, but there are positive signs in emerging markets. Although sales of other EVs remained low relative to the total market, sales of electric light commercial vehicles rose 90% year-on-year in 2022 to 310 000 (3.6% of total market sales), while electric bus and medium- and heavy-duty truck sales also increased.



South Africa sector outlook

The transport sector is South Africa's third largest emitting sector and more than 90% of its emissions come from road transport[1]. The National Business Initiative's (NBIs) Decarbonising the South African Transport Sector report suggests that the decarbonisation of the transport sector by the adoption of green technology in road transport would require a target of around 750 000 EVs on the roads by 2030 and a ban on ICE vehicle sales by 2035. The NBI finds that despite little local support these targets may be achievable as global trends in technology and policy lead to a rise in demand for EVs. South Africa's EV public charging point infrastructure remains sufficient to support an increased number of EVs, with the IEA reporting the number of electric light-duty vehicles per public EV charging point was 6 in SA in 2021, compared to 9.5 in the world[2].

Integrated policy support, coordinated infrastructure investments and collaboration amongst all key stakeholders will be required to achieve the transport sector's decarbonisation objectives and ensure South Africa is on a path consistent with its climate commitments, Nationally Determined Contribution (NDC) under the Paris Agreement by 2030 and net zero by 2050. The South African government has not yet released the white paper on the advancement of new energy vehicles, despite extensive industry consultations when the green paper was released in May 2021. Additional short-term risks include decarbonising the national grid, reliable energy supply, as well as lowering EVs costs by proposing reduced import tariffs with the EU on these items.

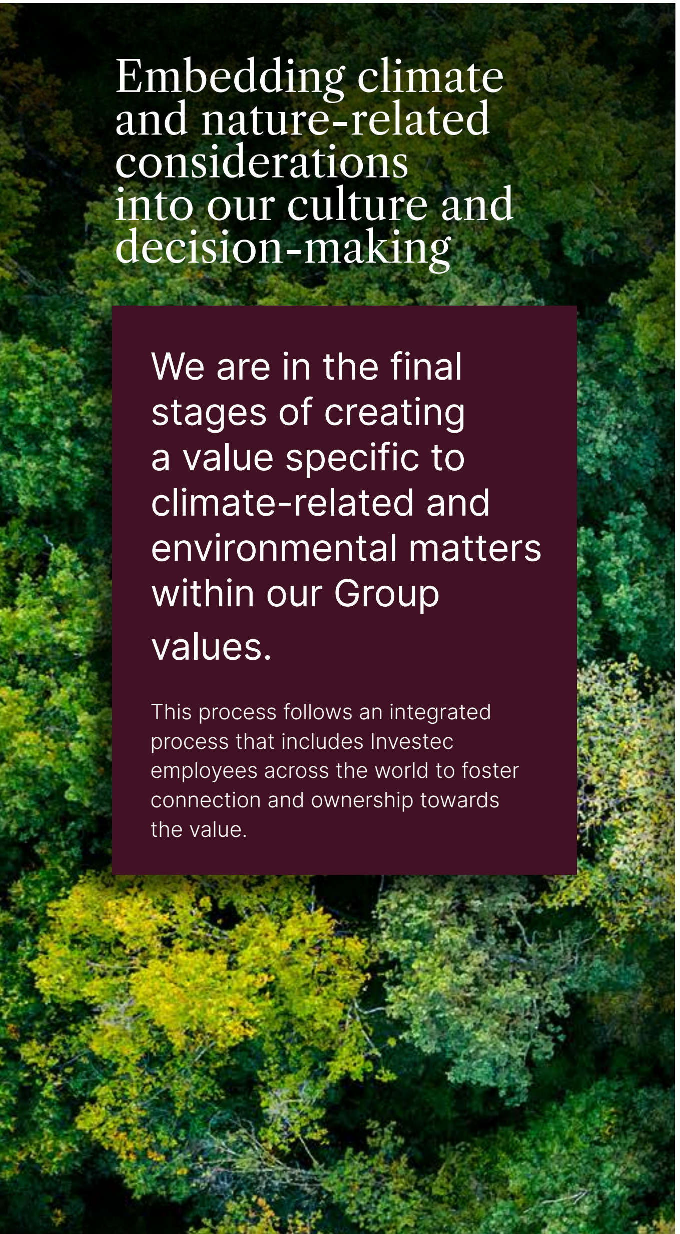
1. National Business Initiative's (NBI) Just Transition and Climate Pathways Study for South Africa (SA) - Decarbonising the South African Transport Sector
2. https://iea.blob.core.windows.net/assets/dacf14d2-eabc-498a-8263-9f97fd5dc327/GEVO2023.pdf

UK sector outlook

Decarbonising road vehicles is one of the UK transport department's six strategic priorities for transport decarbonisation. Road vehicles are the largest source of GHG emissions in transport, with passenger cars emitting 52.1% of the transport sector's and 16.6% of the total UK emissions in 2021[3]. The UK government committed a further £620mn in the 2021 Budget Review for the transition to EVs, contributing to a total £2.5bn in funding since 2020. There are almost 900 000 plug-in vehicles on UK roads, one in six new cars sold in 2021 had a plug (3% in 2019), while over 31 000 public charging devices have been installed as of 1 June 2022, one of Europe's largest networks[4]. The government has pledged £300mn in grants to boost sales of plug-in vans, trucks, taxis, motorcycles, and wheelchair accessible vehicles. The UK has adopted a Zero Emission Vehicle (ZEV) mandate which requires a percentage of manufacturers' new car and van sales to be zero emission each year from 2024, the ending of sales of new petrol and diesel cars and vans by 2030 and all new cars and vans to be fully zero emission at the exhaust by 2035.

The UK has pledged £200mn funding to establish the technologies needed to decarbonise the heaviest heavy goods vehicles (HGVs), expanding on the work of the Zero Emission Road Freight Trial programme. The phase out dates for the sale of new, non-zero emission HGVs have been announced, 2035 for HGVs weighing 26 tonnes and under and 2040 for HGVs heavier than 26 tonnes. A low carbon fuels strategy to 2050 is being developed, which follows the introduction of 10% bioethanol (E10) across the UK, while having a Renewable Transport Fuel Obligation (RTFO) target of 5% by 2032.

3. 2021 UK greenhouse gas emissions: final figures, https://www.gov.uk/government/statistics/final-uk-greenhouse-gas-emissions-national-statistics-1990-to-2021
4. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/ 1009448/decarbonising-transport-a-better-greener-britain.pdf



Embedding climate and nature-related considerations into our culture and decision-making

We are in the final stages of creating a value specific to climate-related and environmental matters within our Group values.

This process follows an integrated process that includes Investec employees across the world to foster connection and ownership towards the value.

Climate and nature-related education

Within the Specialist Bank

Within the Specialist Bank we have rolled out a basic ESG training module for all our employees. We also hosted several webinars that were well attended by our employees which covered the following topics:

- **Climate risk for operational risk managers.** 53 employees in South Africa attended and 7 in the UK. Findings from the scientific assessment on potential climate hazards and scenarios up to 2100 were presented and discussed
- **Climate finance – demystifying the JETP.** As part of our loan with Proparco, we get access to technical assistance and part of this is to provide learning for our staff on climate issues. The first session was in March 2023 which gave South African employees insight into the JETP. The second session was in June 2023, which focused on climate mitigation and adaptation finance.

We have assisted the UN PRB to represent Investec on the Responsible Banking Academy (RBA) Curriculum Committee. The launch of the academy was on the 31st of October 2022.

Within Wealth & Investment

Within Investec Limited

Five delegates attended the UN PRI conference in Barcelona (three from IW&I International and two from IW&I UK).

41

individuals are enrolled in the PRI academy and are attending the following courses*:

14	Understanding responsible investment (RI)
27	Applied RI
10	Advanced RI
7	Alternative investments

** Some individuals are doing more than one course*

IW&I enrolled one candidate in the UN Global Compact Human Rights Accelerator.

Some of our employees have also been enrolled in the Harvard leadership programme.

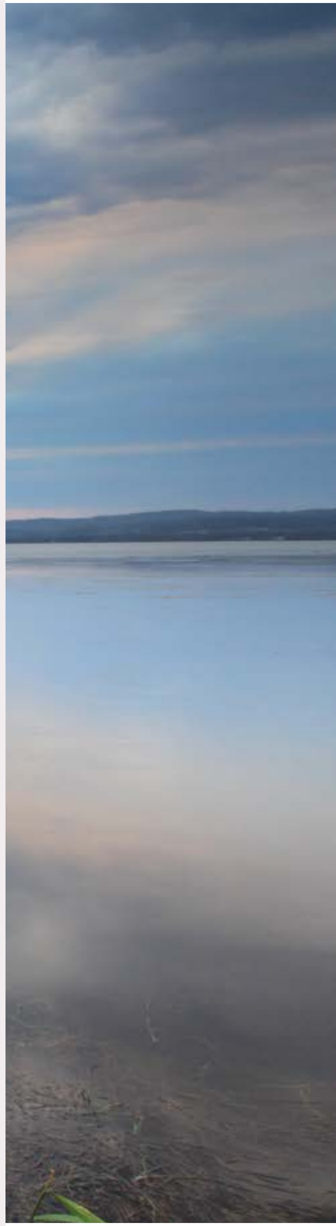
Advocacy

Within the Specialist Bank

- **We are a member of the Institute of International Finance (IIF)** and participate in the working group focused on providing a standardised template for TCFD disclosures for banks and feedback on their climate analyses paper
- **We are a member of the NZBA** an alliance that brings together banks worldwide that are committed to aligning their lending and investment portfolios with net-zero emissions by 2050. We actively participate in various working groups including the sector track, implementation track and the outreach and recruitment track
- **We are members of PCAF** and actively engage in their UK and Africa working groups
- **We participated in the UN Responsible Banking Academy** to develop an online learning academy to support implementation of the Principles for Responsible Banking.

Within Wealth & Investment

- **In the UK, we joined the CISL Investment Leaders Group (ILG),** a global network of pension funds, insurers and asset managers, with over £14tn under management and advice. The Group is committed to its mission to advance the practice of responsible investment
- **In the UK, we joined the IIGCC** with their mission being to support and enable the investment within communities in driving significant and real progress by 2030 towards a net zero and resilient future
- **We joined the Climate action 100+** which is an investor-led initiative to ensure the world's largest corporate GHG emitters take necessary action on climate change
- **We are a CDP signatory and joined the non-disclosure campaign.** The objective of the campaign is to drive further corporate transparency around climate change, deforestation and water security, by encouraging companies to respond to CDP's disclosure request
- **We are a signatory of the UN PRI,** a world-leading proponent of responsible investment. The objective is to understand the investment implications of ESG matters. It also supports an international network of investor signatories in incorporating these matters into their investment and ownership decisions.



Our progress and future plans

Climate (TCFD) and nature-related financial disclosures (TNFD)

We have incorporated a high-level approach according to the recommendations of the TNFD within our TCFD report. As our knowledge and the recommended guidance on TNFD matures, we aim to enhance these disclosures over time. The table below illustrates a summary of progress in terms of the recommendations according to the TCFD and TNFD.

	Governance	Strategy	Risk management	Measurement
Achievements in prior years	• Established an ESG Executive Committee to align and monitor the Group's climate action • Assigned Board and senior management responsibility and oversight for climate-related risks and opportunities • Became members of the NZBA • IW&I submitted their first UN PRI report • IW&I joined Climate Action 100+ • Tabled a voluntary climate resolution at the August 2021 AGM, receiving 99.9% support.	• Acknowledged the Paris Agreement's aim of holding the increase in the global average temperature to well below 2°C compared to pre-industrial levels and of pursuing efforts towards limiting it to 1.5°C • Created a sustainable finance framework • Launched a number of ESG and climate specific products and services.	• Evaluated our lending and investment portfolios for climate-related risks and opportunities • Automated ESG screening incorporated into the Investec plc risk management process • Assessed climate-related risks within our operations and lending activities.	• Achieved carbon neutrality across our direct operational activities • Joined PCAF and measured our Scope 3 emissions within our lending and investing activities • Assessed net-zero pathways according to SBTi guidance.
Achievements for the financial year end March 2023	• Reviewed our ESG framework linked to executive remuneration • Engaged with stakeholders on our disclosures to get feedback on how we can improve our governance and oversight • Provided some targeted training to board members, executive management, and staff.	• Joined the PBAF • Performed a pro-climate assessment to identify gaps within our strategy • Increased stakeholder engagement from our IW&I business on climate-related matters • Broadened our solar offering to clients in South Africa • Participated in a £110mn facility for charging company, InstaVolt in the UK • Incorporated high-level disclosures as recommended by the TNFD.	• Strengthened our climate focus in the Investec plc and IBP risk appetite assessment resulting in a net-zero aligned target set towards zero coal exposure in our loan book by 31 March 2027 • Reviewed and updated our fossil fuel policy with the primary change being managing thermal coal exposure in our loan book to zero by 31 March 2030 • Reviewed the recommendations from the SBTi on financial sector science based target setting.	• Continued to refine our assumptions around Scope 3 emissions • Engaged with SBTi on their recently released recommendations for financial institutions with the aim of reporting on verified climate-related targets • Secured a $80mn credit facility from Proparco to implement the TFSC programme in South Africa.
Looking forward	• Activate a focused learning pathway for management and staff, targeted towards their unique requirements within their respective areas • Stronger focus on ESG and sustainability matters (including climate and nature-related) in the DLC BRCC.	• Further engagement with our clients to assist them in their net-zero carbon ambitions • Continue providing innovative climate-related product offerings • Review and assess the integration of climate-related matters into business strategy • Monitor the progress in terms of the Group's net-zero carbon ambitions • Continue to strengthen the Group's climate and nature-related, and sustainability disclosures.	• Implement automated ESG screening, measurement and reporting within our South African operations • Review developments with regards to climate-related disclosure guidance in specific recommendations by the ISSB and the Financial Reporting Council (FRC) • Enhance focus on reporting on biodiversity and nature-related risks according to the TNFD recommendations.	• Engage with stakeholders to get feedback on how we can improve our measurement and methodologies used • Continue to monitor progress on the Group's net-zero carbon ambitions • Reporting verified SBTi targets.

Risk management

05

We take a cautious approach to industries known to damage the environment. We consider double materiality as a critical factor to inform our decisions. Our approach is a work-in-progress that will be continually enhanced.

TCFD disclosure guidance (incorporating high level guidance from the TNFD)

In this chapter

Investec supports international best practices regarding the responsibility of the financial sector in financing and investing in transactions. Social, environmental, and ethical risk considerations are implicit in our values, culture and code of conduct, and are applied as part of our risk framework.

Our approach to managing the risks from climate change is continually evolving as we improve our understanding of this complex and interconnected risk. We are also aware of the enormity of the challenge of navigating through continuously changing methodologies.

We consider double materiality* as a critical factor to inform our decisions. We take a cautious approach to industries known to have an adverse effect on the environment, biodiversity and climate.

The Board has ultimate accountability to ensure that the Group is operating as a responsible corporate. Through its various subcommittees, the Board has performed a robust assessment to identify principal and emerging risks. Regular reporting of these risks is made to senior management, the executives and the Board at the DLC BRCC. Extreme events are assessed, and mitigation actions are considered within Investec's risk appetite frameworks.

* *Double materiality refers to how our business is affected by sustainability issues (outside in) and how our activities impact society and the environment (inside out)*

Refer to pages 15 to 25 in our governance section.

3a(i) Our process for identifying and assessing climate and nature-related risks

Our purpose is to create enduring worth. This speaks to our determination to minimise and prevent lending, investing, or dealing with counterparties where potentially unmitigated environmental, climate and nature-related degradation might occur. Environmental, nature, climate-related and broader sustainability considerations are implicit in our values, culture and code of conduct and are applied as part of our environmental, nature and climate-related risk frameworks.

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

- Environmental considerations (including biodiversity, climate impacts, and animal welfare)
- Social considerations
- Ethical considerations (including human rights)
- Macro-economic considerations (including poverty, economic growth and unemployment).

We continue to support international best practices regarding the responsibilities of the financial sector in financing and investing in transactions. We support a precautionary approach to environmental, nature, climate-related and broader sustainability matters. As such, these risk considerations are integrated into multidisciplinary, company-wide management processes throughout the Group and are managed within our lending and investment portfolios. We have an environmental policy and climate change statement, a biodiversity statement, a fossil fuel policy and a policy on environmental and social risk practices for both our lending and investment activities. We include detailed guidance for certain high-risk industries.

Screening for possible adverse climate and nature-related impacts is performed in both our lending and investment activities but also in our deposit-taking activities. We will not onboard a client that does not comply with our Group environmental policy and climate change statement, biodiversity statement, or with our fossil fuel policy.

For more information on our Group environmental policy and climate change statement, **click here**

Identifying and assessing the size and scope of transition risk

Investec has taken the approach to identify lending exposures within our portfolios that might be exposed to high transitional risk. Sectors sensitive to transition risk include property, utilities, fossil fuel activities, manufacturing, mining and transport. This is because policy actions, technology, market changes aimed at emission reductions, energy efficiency, subsidies or taxes, or other constraints and incentives are more likely to have a direct effect on these industries.

We have operations in emerging as well as in developed economies. The timescale for transition risk is considered different for developed and emerging economies, with the latter assumed to be delayed without intervention or international funding. It is also imperative that this transition is done in a just and equitable way.

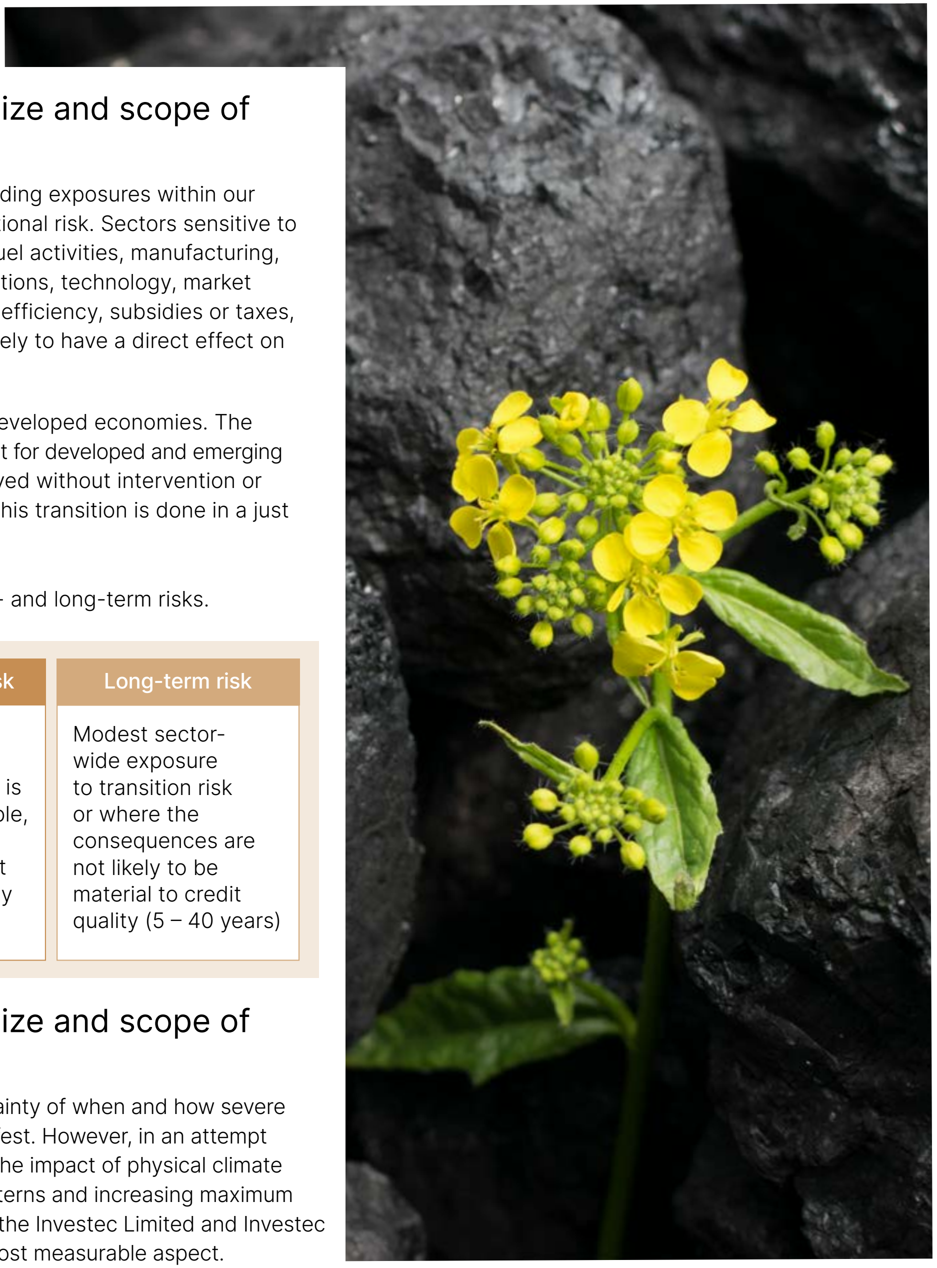
We have categorised risks into short-, medium- and long-term risks.

Short-term risk	Medium-term risk	Long-term risk
Sectors already experiencing credit implications as a result of transition risks (0 – 1 years)	Sectors with exposure to transition risk that is broadly manageable, or that could be impacted by credit quality immediately (1 – 5 years)	Modest sector-wide exposure to transition risk or where the consequences are not likely to be material to credit quality (5 – 40 years)

Identifying and assessing the size and scope of physical risk

There is an understanding regarding the uncertainty of when and how severe the physical risks of climate change might manifest. However, in an attempt to best quantify these risks, we have looked at the impact of physical climate consequences e.g. changes to precipitation patterns and increasing maximum temperatures on our real estate portfolio within the Investec Limited and Investec plc loan book, as with current tools this is the most measurable aspect.

Refer to page 57.



3a(ii) Regulatory environment

We have seen a significant increase in climate and nature-related regulatory requirements. We consider existing and emerging regulatory requirements related to climate change, and remain focused on adhering to the highest levels of compliance in each of our jurisdictions.

We have independent compliance functions in each of our core operating jurisdictions, which ensure that the Group implements the required processes, practices and policies to uphold applicable regulations and legislation. To keep on the front foot with emerging and existing climate-related regulatory requirements we are supported by our compliance, legal and governance teams who will notify the Group sustainability team of any new or emerging regulatory climate and nature-related requirements.

The Group sustainability team is tasked with performing a gap analysis against these regulations to be presented as and when required to the Group ESG Executive Risk Committee. Any identified gaps are communicated, and processes are put in place to address these gaps.

3a(ii) Regulatory environment continued

We are specifically guided by the developments within the core geographies in which we operate, being South Africa and the UK. At the time of publication of this document we were guided by the following regulations, policies, frameworks and commitments.

South Africa

- The South African National Climate Change Response Policy (October 2011)
- Integrated Resource Plan (October 2019)
- National Greenhouse Gas Emissions Reporting Regulations 2016 (updated September 2020)
- National Climate Change Adaptation Strategy (August 2020)
- Economic Reconstruction and Recovery Plan (October 2020)
- South Africa's National Determined Contributions (September 2021)
- Climate Change Bill (February 2022)
- South Africa Green Finance Taxonomy (March 2022)
- Presidential Climate Commission: Just Transition Framework (July 2022)

Emerging

- South Africa's Just Energy Transition Investment Plan (JET IP) – 2023

UK and Europe

- UK Corporate Governance Code (July 2018)
- National Adaptation Programme (last version covering 2018-2023) (amended 2018)
- UK Green Finance Strategy (June 2021)
- Streamlined Energy and Carbon Reporting (April 2019)
- UK Stewardship Code (October 2019)
- UK Climate Change Act 2008 (amended in 2019)
- UK's Ten Point Plan for a Green Industrial Revolution (November 2020)
- UK National Determined Contributions (December 2020)
- UK's sixth Carbon Budget (December 2020)
- UK Net Zero Strategy (October 2021)
- UK Green Taxonomy (October 2021)
- Environment Act (November 2021)
- Financial Conduct Authority Rules on TCFD (December 2021)
- The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations made under the Companies Act 2006 (January 2022)

Emerging

- UK Green Finance Strategy (2023)

Global

- Montreal Protocol (September 1987)
- UN Framework Convention on Climate Change (March 1994)
- Kyoto Protocol (February 2005)
- Paris Agreement (December 2015)
- Network for Greening the Financial System (NGFS) scenarios (June 2021)
- Financial Stability Board (FSB): Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures (October 2021)
- Basel Committee on Banking Supervision: Principles for the effective management and supervision of climate-related financial risks (November 2021)
- Global Reporting Initiative (GRI)
- SASB Standards
- Task Force on Climate-related Financial Disclosures (TCFD)
- United Nations Principles for Responsible Investment (UN PRI)
- United Nations Environment Programme Finance Initiative(UNEP FI)
- United Nations Principles for Responsible Banking (UN PRB)
- United Nations Sustainable Development Goals (UN SDGs)

Emerging

- International Sustainability Standard Board (ISSB) standards (2023)
- Task Force on Nature-related Financial Disclosures (TNFD) V0.4 (2023)

In general, we are guided by:

- The International Finance Corporation (IFC) to categorise our general financing and lending activities into high, medium and low risk
- The Group environmental policy and climate change statement **Website link**
- The Group fossil fuel policy **Website link**
- The Group biodiversity statement **Website link**
- The Group operational resilience statement **Website link**
- The way we do business policy **Website link**
- Best practice within industry

3a(iii)

Assessing climate-related transition risk within our operations

After five years of carbon neutrality in Scope 1, 2 and operational Scope 3 emissions, we remain committed to ongoing carbon neutrality within our direct operations:

Scope 1: We continue to assess our Scope 1 emissions and implement initiatives to reduce this further where possible. Once efforts to reduce these emissions are exhausted, we will offset the remaining unavoidable residual emissions through high-quality carbon offsets.

Scope 2: We have implemented energy reduction initiatives throughout all our buildings and are sourcing 100% of our Scope 2 energy requirements through renewables by purchasing renewable energy certificates.

Scope 3 operational: We have reduced these emissions to a level where further reduction is minimal. We have achieved this through reduced paper consumption and managing emissions from car, rail and air travel through online meetings. We offset the remaining unavoidable residual emissions by purchasing high-quality carbon credits.

For more information refer to pages 69 and 70 in the metrics and targets section

3a(iii)

Assessing climate-related transition and physical risk (scope and size) within our business

A high-level calculation on climate sensitive sectors where we may experience transition and physical risk is shown below, however this is based on our current portfolio with no mitigation applied. Within our core loans, the following sectors may be exposed to transition risks.

Assessing Scope 3 financed emissions

We used the Partnership for Carbon Accounting Financials (PCAF) methodology for our material asset classes. This provided us with our 2021 baseline emissions to serve as an input into the Science Based Target initiative (SBTi) tools to inform us towards net-zero targets aligned with the Paris Agreement goals.

	Physical risk	Transition risk	Investec Group*** (£'mn)		Investec plc** (£'mn)		Investec Limited (£'mn)		Investec Limited* (R'mn)	
			Mar-23	Mar-22	**Mar-23**	Mar-22	**Mar-23**	Mar-22	**Mar-23**	Mar-22
Lending collateralised by property			5 070	5 517	2 396	2 379	2 673	3 141	58 650	60 420
Agriculture			115	157	17	14	98	142	2 160	2 739
Electricity, gas and water (utility services)			974	1 088	513	619	461	468	10 122	9 006
Retailers and wholesalers			640	595	803	797	347	310	7 611	5 959
Manufacturing and commerce			1 279	1 168	805	797	475	371	10 426	7 128
Construction			199	195	139	110	61	85	1 333	1 637
Corporate commercial real estate			276	362	119	123	157	239	3 438	4 601
Mining and resources			194	172	136	96	58	76	1 279	1 470
Leisure, entertainment and tourism			142	223	76	85	65	138	1 435	2 656
Transport			925	882	645	656	280	225	6 152	4 336
Motor finance			959	755	959	752	–	–	–	–
Communication			826	671	330	259	495	412	10 862	7 919
Total of core loans exposed to transition and physical risk			**11 599**	**11 785^**	**6 938**	**6 687^**	**5 171**	**5 608^**	**113 468**	**107 871^**
Total core loans			**30 473**	**30 208**	**15 852**	**14 680**	**14 764**	**15 654**	**323 954**	**301 106**

	Investec Group ** (£'mn)		Investec plc ** (£'mn)		Investec Limited (£'mn)		Investec Limited * (R'mn)	
	Mar-23	Mar-22	**Mar-23**	Mar-22	**Mar-23**	Mar-22	**Mar-23**	Mar-22
% of core loans and advances exposed to physical risks	30%	31%	32%	34%	31%	32%	31%	32%
% of core loans and advances exposed to transition risks	32%	32%^	35%	37%^	27%	28%^	27%	28%^

Notes:

* *Refer to the 2023 Investec Limited annual financial statements pages 133 to 138*

** *Refer to the 2023 Investec plc annual financial statements pages 146 to 149*

*** *Refer to the 2023 Investec risk and governance report pages 35 to 43*

^ *Restated*

3a(iii) Assessing climate-related physical risk (scope and size) within our business continued

Being resilient enables us to anticipate, prepare for, respond and adapt to incremental change and sudden disruptions. We do this through having operational procedures in place with clear intent, coherence and appropriate resourcing. We maintain continuity through appropriate resilience strategies that cater for all disruptions, irrespective of the cause. These strategies include, but are not limited to, relocating the impacted business to alternate processing sites, the application of high availability technology solutions and ensuring physical solutions for critical infrastructure components. We have a global footprint, with operations in South Africa and the UK with a workforce consisting of 8 292 permanent employees. As such, we need to understand the potential for business disruption caused by climate change to ensure that we can adapt and increase our resilience where appropriate.

Our Group-wide operational risk management framework enables our business to respond to an evolving climate-related risk landscape. We have comprehensive operational risk management policies and processes for identifying, assessing, measuring and monitoring operational risks including climate-related physical risks that could disrupt our business operations across the Group. Our operational risk assessment processes ensure that climate-related physical risk exposures are identified, analysed and managed within acceptable levels as part of the day-to-day business operations. Our process further caters for the continuous assessment of existing and emerging climate-related risks and the implementation of robust controls and mitigation strategies for material climate-related physical risks that could negatively impact the sustainability and resilience of our business operations.

Shared Socio-economic Pathways (SSPs)

To assess our physical risks within our operations and within our real estate portfolio we have used SSPs which are scenarios that project socio-economic global changes up to 2100. They are used to derive GHG emissions scenarios with different climate policies.

https://unfccc.int/sites/default/files/part1_iiasa_rogelj_ssp_poster.pdf for more information on the SSPs

The scenarios are:

SSP1: Sustainability (taking the green road)

For this scenario we have used SSP1 – 2.6: this scenario involves low GHG emissions and CO_2 emissions cut to net-zero around 2075. This SSP1-2.6 scenario approximately corresponds to the previous scenario generation, Representative Concentration Pathway RCP-2.6 scenario.

SSP2: Middle of the road

For this scenario we have used SSP2 – 4.5: this scenario involves intermediate GHG emissions and CO_2 emissions around current levels until 2050, then falling but not reaching net zero by 2100. This scenario, approximately corresponds to the RCP-4.5 scenario.

SSP3: Regional rivalry (a rocky road)

For this scenario we have used SSP3 – 7.0: this scenario involves high GHG emissions and CO_2 emissions double by 2100. This scenario approximately corresponds to the RCP-7.0 scenario.

3a(iii) Definitions of risk terminology used

Investec is using categories of transition and physical risks according to the TCFD framework as defined below:

Transition risk

Transitioning to a lower-carbon economy may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk to our organisation.

Policy risks

Policy actions around climate change continue to evolve. Their objectives generally fall into two categories. Policy actions that attempt to constrain actions that contribute to the adverse effects of climate change, or policy actions that seek to promote adaptation to climate change.

Technology risk

Technological improvements or innovations that support the transition to a lower-carbon, energy efficient economic system may have a significant impact on our organisation.

Litigation or legal risk

Litigation includes the failure of our organisation to mitigate impacts of climate change, failure to adapt to climate change, and the insufficiency of disclosure around material financial risks. As the value of loss and damage arising from climate change grows, litigation risk is also likely to increase.

Market risk

Shifts in supply and demand for certain commodities, products, and services as climate-related risks and opportunities are increasingly considered.

Reputational risk

Risk tied to changing customer or community perceptions of our organisation's contribution to, or detraction from, the transition to a low-carbon economy.

Physical risk

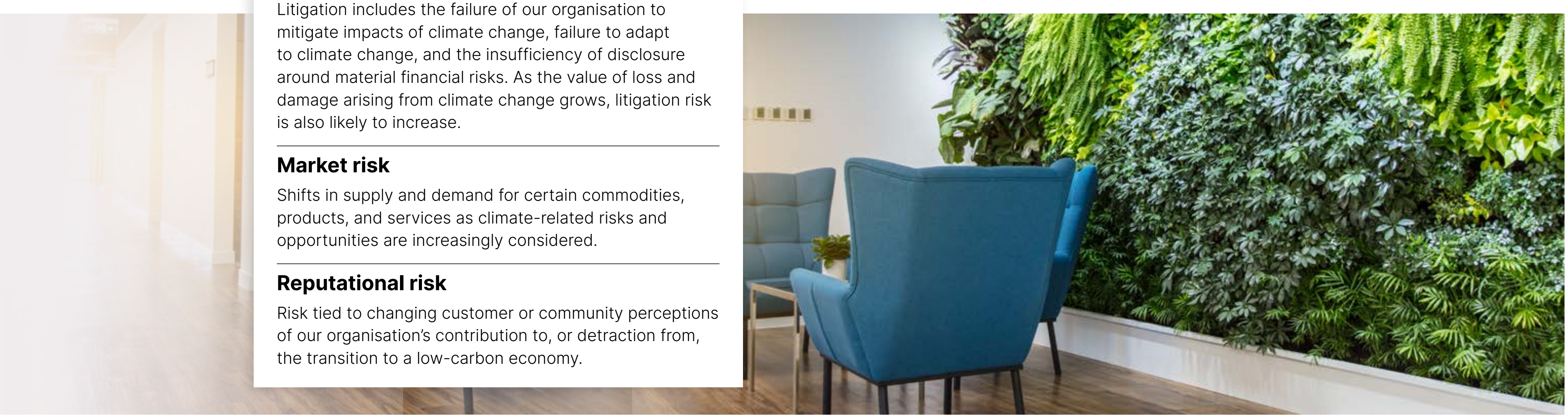
Physical risks resulting from climate change can be event driven (acute) or longer-term shifts (chronic) in climate patterns. Physical risks may have financial implications for our organisation, such as direct damage to assets and indirect impacts from supply chain disruption. Our financial performance may also be affected by changes in water availability, sourcing, and quality; food security; and extreme temperature changes affecting organisations' premises, operations, supply chain, transport needs, and employee safety.

Acute risk

Acute physical risks refer to those that are event-driven, including increased severity of extreme weather events, such as cyclones, hurricanes, or floods.

Chronic risk

Chronic physical risks refer to longer-term shifts in climate patterns (e.g. sustained higher temperatures) that may cause sea level rise or chronic heat waves.



3a Our process for identifying and assessing climate and nature-related risks continued

We have adapted the Basel Committee on Banking Supervision's guidance on the drivers of climate-related risk and their transmission channels to determine how physical and transition climate risk may affect our financial risks through micro- and macro-economic transmission channels.

Physical risks

Acute
- Wildfires
- Heat waves
- Floods
- Storms

Chronic
- Droughts
- Landslides
- Sea level rise
- Variability of precipitation

Transition risks

Government policy
- Net-zero policies

Technology change
- Low carbon technologies

Sentiment
- Investor
  - ESG investment
- Consumer
  - Air travel

Transmission channels

Micro-economic

How climate risk drivers impact particular households, corporates (including banks) and particular sovereigns as well as issuer-specific financial assets

- Individual sovereigns or sub-national institutions
- Corporates (including banks and financial institutions)
- Households
- Property
- Corporate credit
- Equities

Macro-economic

How climate risk drivers impact on an economy overall and sovereigns in general as well as macro-economic variables

- Sovereigns or sub-national institutions
- Corporates (including banks and financial institutions)
- Households
- Government bonds
- Forex rates
- Commodities

Sources of variability

Geographical heterogeneity

Location and jurisdictional dependencies
- Risk drivers
- Economies
- Financial systems

Amplifiers

Factors that increase the impact of climate risk drivers
- Risk driver interactions
- Financial amplifiers
- Transmission channel interactions

Mitigants

Factors that reduce the financial impact of climate risk drivers in banks
- Bank behaviours and business models
- Availability and pricing of insurance
- Depth and maturity of capital markets
- Hedging opportunities

Financial risks

Credit

Credit risk increases if climate risk drivers reduce borrowers' ability to repay and service debt (income effect) or banks' ability to fully recover the value of a loan in the event of default (wealth effect).

Investec could face:
- Stranded assets in GHG-intensive industries
- Increased probability of defaults (PDs) due to lower earnings resulting from a decrease in demand for GHG intensive products causing higher capital expenditure due to adaptation costs and/or higher operational expenditure due to fines, taxes, etc.
- Products may become obsolete; loss of market capitalisation; higher cost of doing business.
- Higher loss given defaults (LGDs) as underlying collateral values decrease for high carbon emission assets
- Increased concentration risk in GHG-intensive sectors should be carefully monitored as all banks aim to divest from these exposures
- Higher LGDs due to less demand for certain assets leading to a negative impact on collateral value.

Market

Reduction in financial asset values, including the potential to trigger large, sudden and negative price adjustments where climate risk is not yet incorporated into prices. Climate risk could also lead to a breakdown in correlations between assets or a change in market liquidity for particular assets, undermining risk management assumptions.

Investec could face:
- Increased volatility and costs, sourcing restrictions for carbon heavy raw materials
- Change in consumer behaviours including deliberate moves to lower carbon intensive products and transition to greener alternatives
- Competitor changes – new entrants focused on green credentials
- A possible impact on equities, bonds and derivatives if a company is not transitioning in line with market expectations.

Liquidity

Banks' access to stable sources of funding could be reduced as market conditions change. Climate risk drivers may cause banks' counterparties to draw down deposits and credit lines.

Investec could face:
- The inability to obtain the necessary funding from retail and corporate clients, or at substantially higher costs, if we are seen as not transitioning in line with market expectations.

Operational

Increasing legal and regulatory compliance risk associated with climate-sensitive investments and businesses. Risk associated with disruptive incidents which can impact premises, staff, equipment, systems, and key business processes.

Investec could face:
- Increased likelihood, and impact of business disruption events due to physical climate risks.

Reputational

Increasing reputational risk to banks based on changing market or consumer sentiment.

Investec could face:
- Reputational risk due to association with clients who are deemed to be affected by either of these risks and viewed negatively by the market
- Risks of changing customer or community perceptions of an organisation's contribution to or detraction from the transition to a lower-carbon economy
- Risks based on changing market or consumer sentiment.

Regulatory and compliance

The risks of changing legislation, regulation, policies, voluntary codes of practice and their interpretation in the markets in which we operate can have a significant impact on the Group's operations, business prospects, costs, liquidity and capital requirements.

Investec could face:
- The risks of changing legislation, regulation, policies, voluntary codes of practice and their interpretation in the markets in which we operate
- Increasing legal and regulatory compliance risk associated with climate-sensitive investments and businesses
- Additional cost implications through own operations if carbon neutral status is not maintained
- Increased claims in the form of environmental liability exposures
- Increased GHG emissions pricing and carbon tax
- Fines due to non-adherence to new requirements
- Potential for litigation as a lever to drive an agenda of increased climate change mitigation activity across a range of sectors.

https://www.bis.org/bcbs/publ/d517.pdf

3b How we are managing climate and nature-related risks

Climate change is seen as both a business opportunity and a risk.
Therefore, our strategy is informed by the following climate change considerations:

01

Support the Paris Agreement goals and acknowledge the urgency of climate change

02

Support our clients as they transition their business operations and offerings

03

Minimise our direct negative carbon impacts and commit to ongoing carbon neutrality

04

Engage with stakeholders to inform our climate strategy as it evolves

05

Invest in products, services and businesses that accelerate the transition

06

Actively participate in industry discussions to ensure an aligned and comprehensive approach

3b How we are managing climate and nature-related risks continued

Business and employees

Our employees

During the past year we have built climate-related and sustainability skills (including ESG) throughout the organisation by rolling out an ESG training module to all employees. We provide in person development to teams where required on climate and nature-related and sustainability risks and opportunities through our credit college. We also have an ESG guideline handbook that is available to assist all staff in assessing nature, climate-related and sustainability risks. We believe that when our employees have the adequate knowledge and skills within our various business units, they can act as the first line of defence in identifying climate-related risks. During the financial year ending March 2023, our employees were given the opportunity to join in various training sessions and presentations relating to climate and nature-related matters.

ESG systems integration

We continue to enhance our screening process across all our business activities. The identification of high-risk industries has been automated within Investec plc. We continue to work on automating this process within Investec Limited. Transactions are classified according to the World Bank IFC guidelines into high, medium and low risk.

High risk: Proposed funding or investment is likely to have significant adverse social or environmental impacts that are diverse, irreversible, or unprecedented.

Medium risk: Proposed funding or investment is likely to have limited adverse social or environmental impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures.

Low risk: Proposed funding or investment is likely to have minimal or no social or environmental impacts. This largely relates to services, consulting, training and education, trading, retail sales, etc.

ESG screening team

Once a transaction has been identified as being in a high-risk industry, these activities go through a comprehensive due diligence process performed by the Group ESG team.

In depth analysis is done by the team to:

- Assess the alignment of the transaction with our climate-related and sustainability (including ESG) policies
- Ensure there is no contravention of our ESG screening requirements or zero-tolerance activities (refer to page 62)
- Assess the client's ambitions towards net-zero pathways
- Assess ESG ratings by globally accredited bodies (e.g. CDP, Sustainalytics)
- Assess public reporting on climate-related and sustainability (including ESG) matters and impacts
- Assess disclosures in line with the GRI and TCFD
- Assess alignment with the UN SDGs
- Assess any other publicly available information around their contribution to, and positive/negative impact on ESG aspects
- Investigate any media controversies or reputational issues facing the client involved.

For each high-risk transaction, an ESG opinion is provided by the Group ESG team for consideration by our credit committees.

Management level

Group credit and investment committees

The various credit and investment committees will reject any high-risk transaction that is not accompanied by an ESG opinion. Based on the findings in the ESG opinion, discussions around the risk and risk mitigation measurements are taken into account.

- **Risk mitigation:** Any risks will be assessed against the clients' policies and appropriate mitigation actions that have been put in place
- **Risk appetite:** We take a cautious approach to industries known to have adverse biodiversity, environmental and climate change impacts. We have a Board-approved risk appetite framework where significant exposures to industries are monitored and limited. During the financial year ending March 2023, we reviewed and approved the Investec plc and the Investec Bank plc risk appetite statement which included a stronger view on climate-related risk appetite with an ambition of zero thermal coal exposures in our loan book by 31 March 2030.
- At 31 March 2023 we have maintained our risk tolerance level. In addition, our biodiversity statement, environmental policy and climate change statement, fossil fuel policy and climate risk statement is approved by the Board annually.

Wealth & investment

Wealth & Investment UK and South Africa are each represented on the Group ESG Executive Committee. Nature, climate and sustainability matters identified in this Committee are communicated by the representatives to the Wealth & Investment Sustainable Investment Forum. This committee coordinates the integration of the climate and nature-related and sustainability matters across various Wealth & Investment jurisdictions.

It ensures collaboration and promotes consistency in our approach to our biodiversity and climate-related activities i.e. stewardship, measurement and education. An Equity Corporate Governance Committee in the UK provides recommendations on voting and engagement and this is coordinated with our stewardship activities in South Africa and Switzerland.

Executive level

There is also oversight by the DLC ESG Executive Committee and the DLC SEC on climate and nature-related and sustainability matters. The Group ESG Executive Committee, mandated by the Group's Executive Directors reports relevant climate and nature-related and sustainability matters to the DLC SEC and Group ERC. The main objectives of the committee are to coordinate these efforts across geographies and businesses.

Engaging with clients

We believe that our most significant impact on the environment and climate change is through our lending and investment activities. We use our specialist skills in the advisory, lending and investing businesses to support clients and stakeholders to move as quickly and smoothly as possible towards a net-zero carbon economy. Our sustainable finance framework support our sustainable financing practices. The framework outlines the approach for classifying and managing sustainable financing activities and instruments.

Refer to page 38 for more information.

We engage with our clients on sustainability issues to minimise the risks and require clients to meet appropriate technical, governance, transparency, social and environmental standards.

For example:

- as part of our client onboarding process, we assess potential clients for various risk profiles, including responsible business behaviour and their activities
- climate and nature-related and sustainability risks are identified and assessed as part of transaction due diligence processes
- 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.

Engaging with our supply chain

Our procurement statement incorporates standards on human rights, labour rights, environmental and anti-corruption principles as set out in the UN Global Compact. We encourage our employees to promote responsible and inclusive procurement practices and to manage the related environmental, social and ethical impacts. Currently, all our suppliers go through an onboarding process. This onboarding process uses a screening platform that calculates the risk level for each supplier which will determine the level of due diligence required. This includes cybersecurity, business continuity, operational resilience, screening for climate and nature-related and sustainability and ethical policies. This onboarding process was rolled out to all suppliers over the past year.

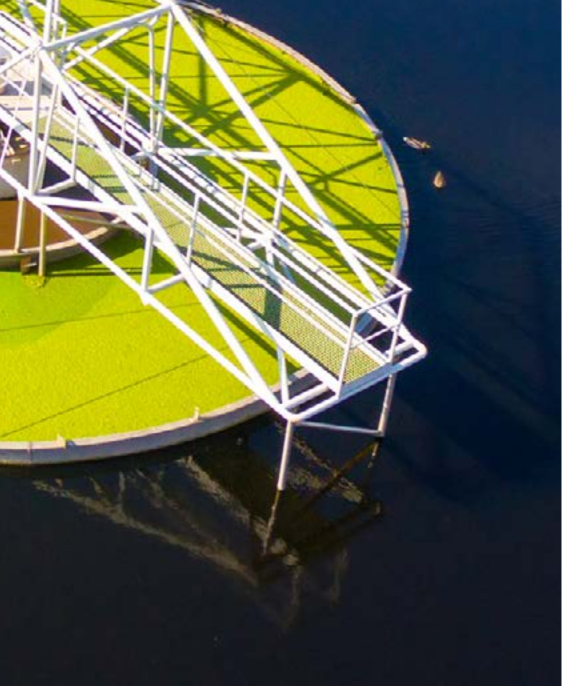
Climate and nature-related risk management within the Specialist Bank

Any transaction that falls within a high-risk sector as defined by the IFC, goes through a rigorous ESG screening process. This screening process considers risk avoidance, mitigation, acceptance and risk control and reporting.

Risk avoidance

We fully apply the key provisions of the Equator Principles (EP). We are not currently a signatory due to the low number of transactions that Investec has in non-designated countries. All transactions done in non-designated countries are EP monitored and compliant.

Refer to page 103 for our disclosure on Equator Principles



With regards to environmental and climate risk, **we will not engage in activities**:

	Climate change	Nature
Within our Investec plc business that involves any kind of coal. Our current exposures will be managed with the aim to have zero coal exposure in our loan book by 31 March 2027	✓	✓
Within our Investec Limited business that involves the export of thermal coal. Our current exposures will be managed with the aim to have zero thermal coal exposure in loan book by 31 March 2030	✓	✓
That negatively impact high conservation value areas and UNESCO world heritage sites (for example any national park)	✓	✓
That involve projects in environmentally high-risk areas, for example but not exclusively related to, tar sands exploitation, Arctic drilling, and deforestation or drilling in the Amazon rain forest	✓	✓
Where environmental and social risks are not being managed, including but not exclusively: water use, wastewater management, air emissions, solid waste, spill response/clean-up operations, site restoration and community/stakeholder management	✓	✓
That are in contravention of any international and/ or local laws and conventions of the countries where Investec or our counterparties operate	✓	✓
That involve illegal wildlife trade or wildlife products regulated under CITES		✓
That do not respect human rights, and do not respect the rights of local communities and indigenous peoples where it impacts our natural assets	✓	✓
That do not include a site rehabilitation plan where relevant to restore land to a usable state	✓	✓
That use driftnet fishing in the marine environment, with nets longer than 2.5km in length		✓

In addition, we have limited appetite for activities relating to the production, use of/trade in pharmaceuticals, pesticides/ herbicides, chemicals, ozone-depleting substances and other hazardous substances, that are subject to international phase-outs or bans.

Risk mitigation

We acknowledge that the financial risks from climate change present unique challenges and require a strategic approach to financial risk management.

Within our climate risk mitigation approach, we will:

- Assess that appropriate risk mitigation policies are put in place by our clients
- Consider and discuss climate and nature-related aspects as part of the risk appetite annual review process.

Risk acceptance

Our risk acceptance considers the importance of various industries, including the energy sector, for the global economy. We have a global business and operate in both the developed and developing world with varying economic, social and environmental contexts. We need to find a balance between the need for increasing energy access and economic growth (particularly in our South African business) and the urgency to reduce carbon emissions across all areas of operation. Consequently, we will be cautious and orderly in our approach to this transition, which is not solely focused on the next decade but rather 20, 30 and 40 years ahead. As such, when assessing our participation in all fossil fuel activities, we will ensure we consider a variety of financial, socio-economic and environmental factors relevant to a local context (for example poverty, growth, unemployment and carbon impact). This transition cannot be done in isolation from the realities of the communities in which we, and our clients operate, and we welcome the voice of all stakeholders as we make the move together to a cleaner, net-zero carbon economy, in a way that is most responsible for all participants.

Process for prioritising climate-related risks

We acknowledge at this stage that the Group's approach to prioritising climate and nature-related risks is still a work-in-progress. Within our ESG screening process any climate and nature-related risks will be flagged and assessed for adequate and appropriate mitigation measures in place. Currently climate and nature-related risks are considered on a case-by-case basis as part of the credit process and forms part of the general credit discussion.

Climate and nature-related risk management within Wealth & Investment

The various investment teams and related committees are focused on the disclosure, measurement and educational elements with respect to the management of climate risks within Wealth & Investment.

Disclosure

The focus on the disclosure element is driven through our stewardship (voting and engagement) process. We have dedicated stewardship resources both across South Africa and the UK. We utilise the services of ISS who advise us on our voting, including climate-related resolutions. We are a CDP investor signatory, a signatory to Climate Action 100+ and in the UK, have joined the IIGCC. We are actively involved in engaging with these organisations.

Measurement

We have engaged the services of third-party providers (Clarity AI, ISS and Sustainalytics) who provide us with the ability to review various climate risk metrics in our managed and third-party investments. We are able to measure various carbon metrics as well as assess the temperature alignment of our funds and portfolios on a look-through basis (Clarity AI). We measure the net contributions corporates make to the 17 SDGs. We assess the risk management of environmental risk by the various corporate management teams (Sustainalytics).

Education

There are educational campaigns both in the UK and South Africa to ensure our staff are able to understand climate risk, incorporate it into their investment decision making and comfortably direct discussions with our clients and investors.

Refer to page 49 for more information on education.

3c How our processes for identifying, assessing and managing climate and nature-related risks are integrated into our overall risk management

The Group's approach to integrating climate and nature-related risks within our risk management structures are evolving as our knowledge on this subject increases. The Board and senior management identified in 2018 that climate risk is a principal risk that could potentially impact the safety and soundness of individual financial institutions and have broader financial stability implications for the banking system. We are now in the sixth year of our journey to integrate and embed climate-related risks within our risk management processes to capture the complexities, uncertainties, and interconnected consequences as well as the enormity of this critical component. With regards to biodiversity, we have published our Group biodiversity statement. We acknowledge that we are exposed to multiple types of biodiversity-related risks through our activities. There is a clear link between climate change and biodiversity loss and achieving the United Nations Sustainable Development Goals for these go hand-in-hand.

Healthy, biodiverse, and resilient ecosystems play a key role in mitigating the impacts of climate change and ultimately preventing disruption to society and the markets within which our businesses operate. We recognise the need to conserve natural ecosystems, and as such adopt a precautionary approach for sustainable management of biodiversity in all decision-making processes.

With regards to our approach on the integration of **climate-related** risks we have:

- Included climate-related risks within our risk appetite framework
- Participated in climate-related stress testing exercises within the UK and South African regulatory environments
- Monitored the impact of fast-moving climate-related regulations within our various geographies
- Engaged with executives and our Boards on various climate-related topics
- Incorporated ESG metrics (including climate) within our executive remuneration policies.

With regards to our approach on the integration of **nature-related risks** we have:

- Mirrored our governance, strategy and risk management processes to follow the recommendations of the TNFD
- Acknowledged that this is a fast evolving topic and where possible we need to be transparent in our disclosures when methodologies are put into practice
- Acknowledged that we still need to familiarise ourselves with this complicated topic to disclose meaningful information to our stakeholders.

Refer to page 15 in our governance section for our integration between committees and forums

Social, environmental and ethical risk considerations are implicit in our values, culture and code of conduct and are applied as part of our ESG risk framework

The Group supports the precautionary approach to ESG and strives to minimise and prevent investing in projects or dealing with counterparties where potential and unmitigated environmental degradation might occur. The Group recognises that identifying and quantifying environmental risk should be part of the normal process of risk assessment and management within businesses. We engage with our clients on climate, nature, and sustainability-related matters to minimise the risks and require clients to meet appropriate ESG technical and reporting standards.

For example

- As part of our client on-boarding process, we assess, where appropriate, potential clients for various types of risks including whether they are behaving responsibly in their business activities
- ESG risks are identified and assessed as part of the transaction due diligence processes which includes screening for negative environmental and/or biodiversity impacts and social matters
- 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.

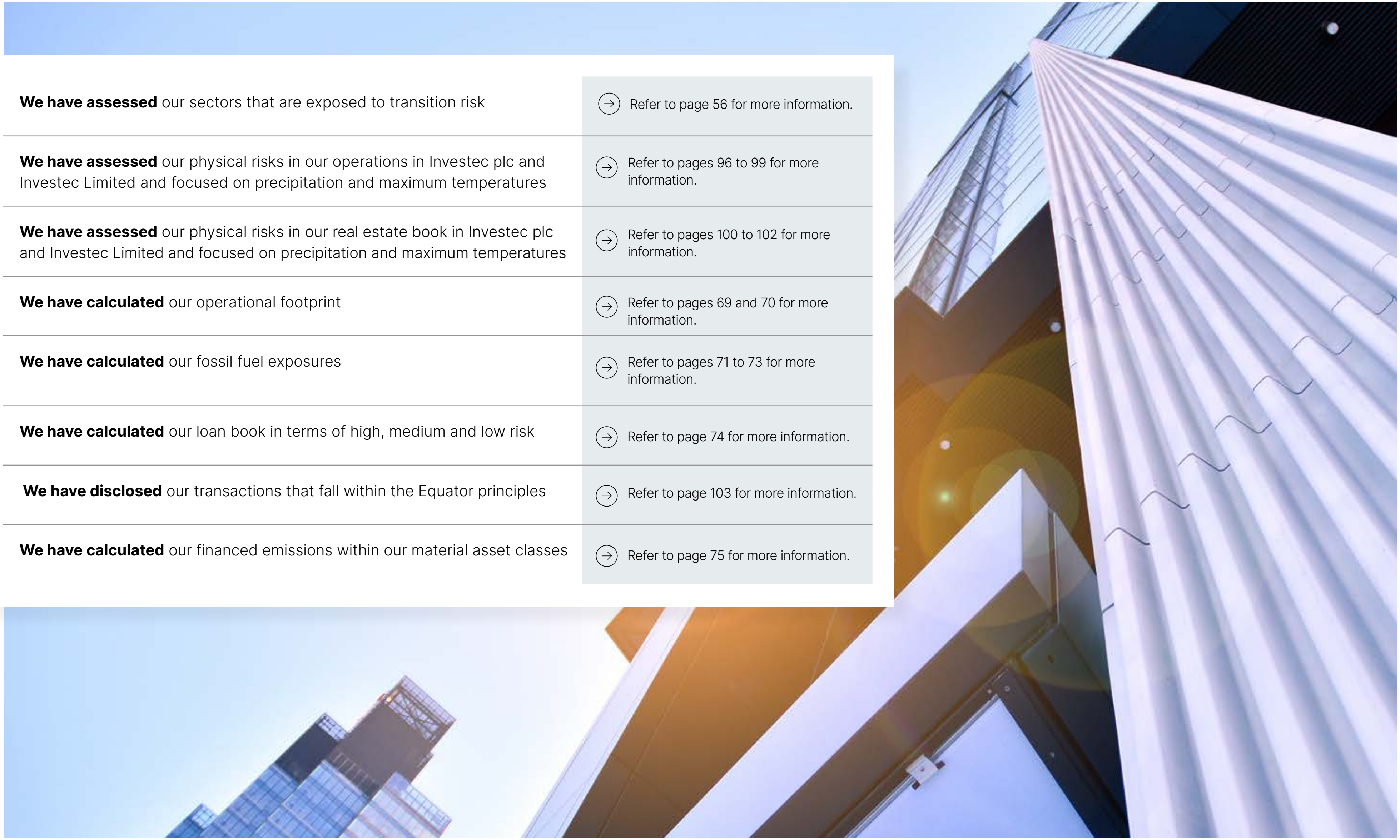
06 Metrics and targets

Our metrics and targets guide us in our journey with an aspiration to become net zero, or more ambitiously, climate positive. These metrics and targets relate to our carbon emissions, renewable energy sourced for our operations, exposure of our balance sheet to climate transition and physical risks, and help us navigate the progress we make against our sustainability strategy and our commitment to the Paris Agreement goals.

In this chapter

TCFD disclosure guidance (incorporating high level guidance from the TNFD)

4a Metrics used to assess climate-related risks and opportunities



We have assessed our sectors that are exposed to transition risk	Refer to page 56 for more information.
We have assessed our physical risks in our operations in Investec plc and Investec Limited and focused on precipitation and maximum temperatures	Refer to pages 96 to 99 for more information.
We have assessed our physical risks in our real estate book in Investec plc and Investec Limited and focused on precipitation and maximum temperatures	Refer to pages 100 to 102 for more information.
We have calculated our operational footprint	Refer to pages 69 and 70 for more information.
We have calculated our fossil fuel exposures	Refer to pages 71 to 73 for more information.
We have calculated our loan book in terms of high, medium and low risk	Refer to page 74 for more information.
We have disclosed our transactions that fall within the Equator principles	Refer to page 103 for more information.
We have calculated our financed emissions within our material asset classes	Refer to page 75 for more information.

Our internal carbon price

Internal carbon pricing is a powerful tool the private sector can employ to reduce carbon emissions. It allows companies to assess the financial implications of their carbon emissions and encourage increased energy efficiency. Aligned with our net-zero commitment, we acknowledge that carbon impact is a reality we need to assess and price.

There is no international standard that can be followed to set an internal price on carbon. We have therefore chosen to use a shadow cost price to calculate a theoretical or assumed cost per ton of carbon emissions. This shadow price amounts to R220 per tonne of CO_2. This cost is carried centrally and then distributed and recovered from the wider business.

Our use of carbon credits

Investec's strategy towards carbon neutrality is first to avoid operational emissions, then reduce and minimise our operational impact and only then do we consider offsetting the remaining unavoidable residual emissions.

We make use of high-quality, ethical carbon credits, that not only have carbon removal merits, but that have direct impact on the Sustainable Development Goals.

Within our operations we source 100% of our Scope 2 energy usage from renewables through the purchase of renewable energy certificates. These certificates include:

South African Renewable Energy Certificates (zaRecs) for
21 790MWh
(22 599 tCO_2e)

International Renewable Energy Certificates - India (I-RECs) for
151MWh
(108 tCO_2e)

Renewable Energy Guarantee of Origin – UK (REGOs) for
4 305MWh
(844 tCO_2e)

Renewable Energy Certificates RECs – US for
88MWh
(17 tCO_2e)

Guarantee of Origins (GoOs) – Switzerland for
78MWh
(2 tCO_2e) GoOs

The remaining unavoidable emissions were offset through the purchase of VCS certified carbon credits, to the value of 14 299 tCO_2e. These carbon credits were sourced from Wonderbag, an initiative that is contributing positively the Sustainable Development.

As a result, we were able to achieve carbon neutrality within our Scope 1, 2 and operational Scope 3 emissions.

4b Metrics and targets within our own operations

We embrace our responsibility to understand and manage our own carbon footprint. We recognise that effective environmental management is an essential part of managing our carbon impact and are committed to operating an effective Environmental Management System (EMS) compliant with King IV™ in South Africa and ISO 14001 in our UK head office. Further to this, our EMS reporting tool allows us to track and manage our direct operational impact.

Metrics category	Description	Target	Target date	Commentary	Status
Governance metrics	Number of Board/Committee meetings per year in which climate-related issues have been a substantive agenda item (indication of incorporation of climate risk into governance)	Address climate-related issues at more than half of all our Board meetings	March 2023	For the financial year ended 31 March 2023, climate risk has been communicated in written format in all meetings. Refer to page 16	Achieved
	Number of events held per year to train Board members and management on climate-related issues (indication of level of understanding of climate change issues and at what level of seniority within the company)	100% of Board members attend climate-related training	March 2023	Board meetings were supplemented by presentations from internal and external parties, all of which were well accepted by the Board. The aim is to introduce targeted development to the Board over the next year.	Partially achieved
	Incorporate climate-related issues into executive remuneration (identifies use and alignment of financial incentives to improve company level resilience to climate change)	Incorporate climate-related metrics in executive remuneration	March 2021 – ongoing	We implemented a more holistic ESG framework linked to executive renumeration. Refer to page 23	Achieved
Strategy metrics	Participation in UN memberships/ external bodies/ organisations/ initiatives pursuing climate-related policy and/or advocacy initiatives (indicating engagement with policymakers on broader market risk)	Advocate and engage on climate-related issues	March 2021 – ongoing	We continue to participate in many environmental and climate-related initiatives and recently signed up to the NZBA. In addition, Investec Wealth & Investment is a member of Climate Action 100+. Refer to pages 106 to 112 for more information.	Achieved
	Analyse financed emissions within three out of six asset classes according to the PCAF methodologies (indicating the amount of emissions we finance within our lending and investment portfolio)	Calculate financed emissions	March 2023	We have analysed our financed emissions within our energy generation, real estate, motor finance, aviation finance, mortgages and listed equity portfolios (six asset classes). Refer to page 75 for more information.	Achieved
	Results of scenario analysis/ stress testing expressed in terms of earnings or value-at-risk (indication that financial implications of climate-related risk/opportunity are understood)	Calculate value at risk	March 2024	We have analysed our value at risk relating to physical climate risk events within our real estate portfolio within Investec Limited and Investec plc. Refer to pages 100 to 102	Partially achieved
Emission-related metrics	Reducing our own impact on the environment and maintain net-zero carbon status in our direct operations (Scope 1, 2, and operational Scope 3)	Source 100% of Scope 2 energy from renewable sources and achieving zero-carbon status in Scope 1, 2 and operational Scope 3	April 2019 – ongoing	We have sourced 100% of our Scope 2 energy usage from renewables through the purchase of renewable energy certificates. We have maintained carbon neutral status within our operations for the fifth financial year. Refer to page 70 for more information.	Achieved

Achieved | Partially achieved | Not achieved

Managing and mitigating climate change within our operations (direct impact)

We embrace our responsibility to understand and manage our own carbon footprint.

Key achievements in FY 2023

Maintained carbon neutrality in our direct emissions for the fifth financial year as part of our commitment to ongoing carbon neutrality in our Scope 1, Scope 2 and operational Scope 3 emissions

Areas of focus for FY 2024 and beyond

Automate ESG screening in Investec Limited's risk management process

The key focus areas to reduce our operational carbon footprint include:

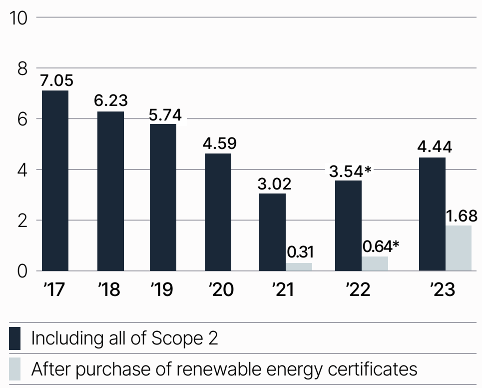
- Reducing energy consumption
- Reducing water usage
- Reducing overall waste
- Promoting sustainable procurement
- Increasing waste recycling rates
- Promoting sustainable travel
- Promoting responsible consumption.

Acknowledging that we cannot continue consuming natural resources at the current rate, we focus on ways to ensure the security of natural resources in all operations, such as the use of renewable energy through renewable energy certificates. We also make conscious decisions across our supply chain through an ESG screening process.

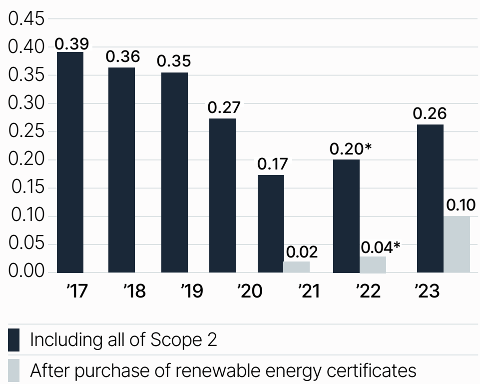
Breakdown of Group emissions

Over the past seven years, our intensity indicators have reduced. While we have returned to business-as-usual, we remain below pre-COVID-levels. We continue to find ways to reduce our environmental impact and offset unavoidable residual emissions with credible and high-quality carbon credits.

Emissions per average headcount for the Group
(tCO_2e)



Emissions per m² office space for the Group
(tCO_2e)



* *Numbers restated from previous year due to review of the calculation approach specific to UK*

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). 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 assists in setting targets for future emissions.

Every year, we endeavour to improve the accuracy and completeness of our data collection processes. Within each geography, the environmental manager is responsible for monitoring the GHG emissions. We have seen an increase in our emissions due to employees returning to work and resuming activities which include commercial flights (domestic and international). However, our emissions remain below pre-COVID-19 levels. In addition, we had a significant increase in diesel usage due to continued rolling blackouts in South Africa.

Assessment parameters

Consolidation approach
- Operational control

Emission factor data source
- DEFRA (2022), IEA, eGRID (for New York electricity) and Eskom (for South Africa electricity)

Intensity ratio
- Emissions per average headcount
- Emissions per office space m²

Independent assurance
- Reasonable assurance provided by EY for the year ended 31 March 2023

Coverage
- Coverage of environmental information covers >95% of our business operations. Materiality set at 5%.

Carbon footprint for the Group

		Units	31 March 2023 Consumption in units of measure	31 March 2023 Tonnes of CO_2 equivalent	31 March 2022[5] Consumption in units of measure	31 March 2022[5] Tonnes of CO_2 equivalent	31 March 2022[5] Variance in tonnes CO_2 equivalent	Notes	31 March 2021 Consumption in units of measure	31 March 2021 Tonnes of CO_2 equivalent	31 March 2021 Variance in tonnes CO_2 equivalent
Scope 1				**2 736**		**183**	**>100%**			**349**	**(48%)**
Energy	Natural gas	kWh	**240 944**	**44**	237 093	43	2%		291 400	54	(20%)
	LPG stationary	l	**29 394**	**46**	5 537	9	>100%	1	1 166	2	>100%
	CO_2 purchased	kg	**58**	**–**	154	–	–		37		–
	Diesel	l	**982 289**	**2 513**	34 283	86	>100%	2	47 986	122	(30%)
Refrigerant	Refrigerant	kg	**35**	**111**	2	4	>100%	3	74	111	(96%)
Company vehicles	Vehicle fleet	km	**130 361**	**22**	238 207	41	(46%)		346 341	60	(32%)
Scope 2				**23 570**		**24 640**	**(4%)**			**23 365**	**5%**
Energy	Electrical energy consumption	kWh	**26 410 854**	**23 570**	26 669 829	24 640	(4%)		25 991 259	23 365	5%
Scope 3 upstream				**11 564**		**5 229**	**>100%**			**1 936**	**>100%**
Paper	Paper consumption	t	**65**	**60**	38	36	65%		39	38	(4%)
Waste	General waste	t	**311**	**139**	182	83	68%		81	36	>100%
Employee travel	Rail travel	km	**376 883**	**12**	189 977	7	79%	4,5	84 164	3	>100%
	Road business travel	km	**1 127 587**	**192**	590 258	101	90%	4,5	613 189	105	(4%)
	Taxi	km	**57 134**	**10**	5 288	1	>100%	4,5	17 042	3	(64%)
	Commercial airlines	km	**33 121 057**	**9 010**	9 651 879	2 834	>100%	4,5	918 662	241	>100%
	Rail travel (spend-based approach)	$	**569 469**	**385**	247 632	238	62%				n/a
	Taxi (spend-based approach)	$	**218 575**	**148**	89 062	85	73%				n/a
	Commercial airlines (spend-based approach)	$	**530 162**	**736**	145 545	287	>100%				n/a
	Road business travel (spend-based approach)	$	**358 379**	**242**	219 449	211	15%				n/a
Work-from-home emissions	Electrical energy consumption	kWh	**730 451**	**402**	1 253 231	844	(52%)		1 438 012	941	(10)
	Natural gas	kWh	**709 891**	**130**	1 428 402	262	(50%)		1 626 111	299	(12)
	LPG stationary	l	**62 403**	**97**	155 037	241	(60%)		173 373	270	(11)
Total operating emissions				**37 869**		**30 052**	**26%**	6		**25 650**	**17%**
No scope											
Water	Water consumption	kl	**83 008**	**22 598**	71 174		17%		51 148		39%
Recycled waste*	Recycled waste	t	**156**		244		(36%)		122		100%
Intensity											
Emissions per average headcount				**4.44**		3.54	25%			3.02	17%
Emissions per m² office space				**0.26**		0.20	30%			0.17	18%
Water consumption per average headcount				**9.74**		8.38	16%			6.02	39%
Intensity after purchase of renewable energy certificates											
Emissions per average headcount				**1.68**		0.64	>100%			0.31	>100%
Emissions per m² office space				**0.10**		0.04	>100%			0.02	100%
Climate change mitigation											
Scope 2 zaRECs for Limited		MWh	**21 790**	**22 598**	22 327	23 589	(4%)		21 838	22 192	6%
Scope 2 renewable energy certificates for plc		MWh	**4 621**	**971**	4 343	1 051	(8%)		3 650	851	24%
Wonderbag carbon credits				**14 299**		5 413	>100%			2 633	>100%
Total operational emissions after mitigation				**–**		**–**				**–**	

* *Reasonable assurance obtained from EY for select metrics. Please refer to EY's assurance report in our 2023 Sustainability report on page 121 for detail*

Notes:
1. Increase in LPG due to all kitchens converted to piped gas systems so less reliance on electricity
2. Increase in diesel due to rolling blackouts in South Africa
3. Increase in refrigerant due to repairs at the Sandton and Cape Town offices
4. Increase in business travel as business-as-usual activities resume
5. Numbers restated from previous year due to review of the calculation approach specific to UK
6. While we have seen an increase in emissions year-on-year, we are 7% lower on emissions against 31 March 2020 (40 564 tonnes of CO_2 equivalent)

4b Metrics and targets within our business

Fossil fuel exposures

The transition to a net-zero carbon world cannot be done in isolation from the realities of the communities in which we, and our clients, operate. When assessing our participation in fossil fuel activities, we consider a variety of financial, socio-economic and environmental factors relevant to a local context (for example poverty, growth, unemployment and carbon impact).

We apply prudent due diligence to all fossil fuel activities (including extraction, power generation, infrastructure, distribution and utilities) which go through a rigorous process and require senior decision-making approval. Investec's appetite for this sector is reviewed annually at the Executive Risk Appetite Forum and the DLC SEC.

Target:

Within Investec Group, we have committed to achieve

zero thermal coal exposures

in our loan book by 31 March 2030

Energy lending portfolio for Investec Group

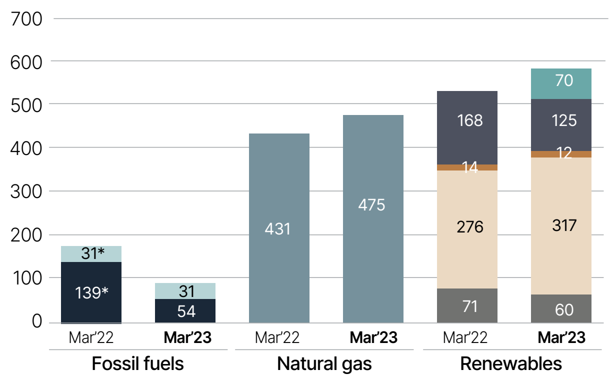
An important aspect of our approach is a deliberate focus on financing infrastructure solutions that promote renewable and clean energy, stimulate economic growth and provide access to essential services. A transition away from fossil fuels needs to occur in a just and orderly way, while at the same time protecting the socio-economic considerations, especially in the developing economies where we have a presence.

We focus on climate resilience as a priority for our businesses, including the communities we operate in. Over the past year, we screened all potential fossil fuel transactions and implemented our policy and screening criteria to ensure adequate implementation of the policy. We have strengthened our fossil fuel policy with the commitment to have zero thermal coal exposure in our loan book by 31 March 2030 for the Group.

Over the past year, we have seen an decrease in our total fossil fuel exposures. We have seen an increase in our Natural gas exposures in Investec plc and Investec Limited as we move away from coal.

We are conscious that we operate on the African continent which severely lacks access to clean and renewable energy, in addition to a myriad of socio-economic needs. We are therefore aware that we may face fluctuations in our fossil fuel exposures from one year to the next as we navigate through this transition. These exposures are managed through a full due diligence process and adherence to our fossil fuel policy. We acknowledge the many opportunities within sustainable climate action and have strong expertise in this sector, especially in renewable infrastructure, and we will act on these opportunities where possible.

Energy lending portfolio for Investec Group (£'mn)



2023 Breakdown of Investec Group energy portfolio (%)

	Mar'22	Mar'23
Coal	2.8*	**2.7**
Oil	12.3*	**4.8**
Natural gas	38.1*	**41.5**
Renewables	46.8*	**51.0**

The share of natural gas increased as a result of rises in gas exposure in both Investec plc and Investec Limited

** Restated*

Coal as a % core loans and advances

0.10% (2022: 0.10%)

Fossil fuels as a % of core loans and advances

1.84% (2022: 1.99%)

Coal exposure as a % of total energy lending portfolio

2.70% (2022: 2.75%*)

Renewables exposure as a % of total energy lending portfolio

51.07% (2022: 46.82%)

Target: Within Investec plc we have a commitment to zero coal exposures in our loan book by 31 March 2027

Energy lending portfolio for Investec plc

The mix of the energy portfolio in our Investec plc banking book reflects the trajectory of the energy transition in developed countries. We have a global power and infrastructure business operating across the UK, Europe and the United States, with a deliberate focus on financing solutions that promote renewable and clean energy.

The UK's Green Finance Strategy, Mobilising Green Investment, was released in March 2023. It sets out how the UK Government will continue to pursue its ambition to become the world's first net-zero aligned Financial Centre, in line with its COP 26 Presidency commitment to place finance at the heart of the global decarbonisation process. To deliver on the UK's net-zero ambitions through the late 2020s and 2030s an estimated additional £50-60 billion capital investment per annum will be required, with funding from private sources needed on top of the government's pledges.

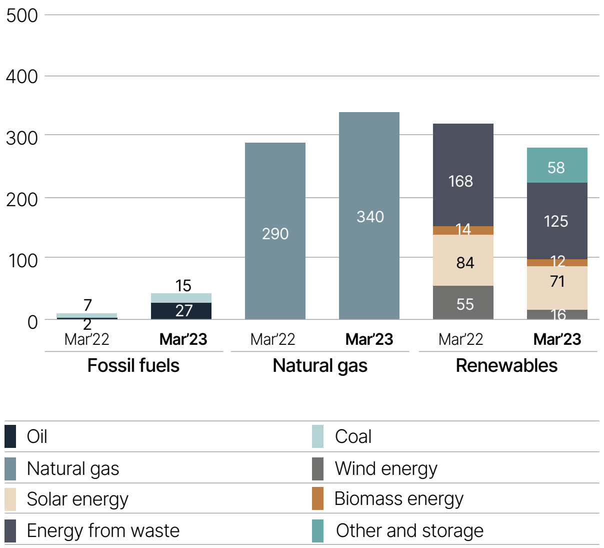
Further guidance is expected to be released in 2023 on the UK's net-zero investment roadmaps and in 2024 on guidance around nature positive investment.

Over the past year, we have however seen an increase in our fossil fuel exposures in the UK as a result of an equity exposure in coal that we have now included in our loans and advances, and an increase in oil and gas as we transition away from coal.

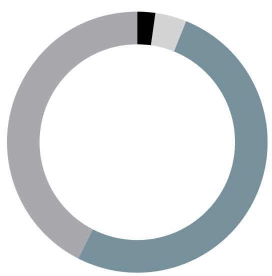
We have updated our Group fossil fuel policy with Investec plc committing to zero coal exposure in their loan book by 31 March 2027.

Existing fossil fuel exposures are managed in accordance with our fossil fuel policy with a deliberate focus on minimising these exposures where possible. As we see natural gas playing a part in the transition to a cleaner economy, we may see an increase in these exposures as we transition to a zero-carbon world. Where opportunities exist, we will focus on financing infrastructure solutions that promote renewable and clean energy as we leverage our international expertise in this sector.

Energy lending portfolio for Investec plc (£'mn)



2023 Breakdown of Investec plc energy portfolio (%)



	Mar'22	Mar'23
Coal	1.1	**2.3**
Oil	0.3	**4.1**
Natural gas	46.8	**51.2**
Renewables	51.8	**42.4**

Coal as a % core loans and advances
0.10%
(2022: 0.05%)

Fossil fuels as a % of core loans and advances
2.43%
(2022: 2.04%)

Coal exposure as a % of total energy lending portfolio
2.26%
(2022: 1.13%)

Renewables exposure as a % of total energy lending portfolio
42.47%
(2022: 51.8%)

Target: Within Investec Limited we have a commitment to zero thermal coal exposures by 31 March 2030.

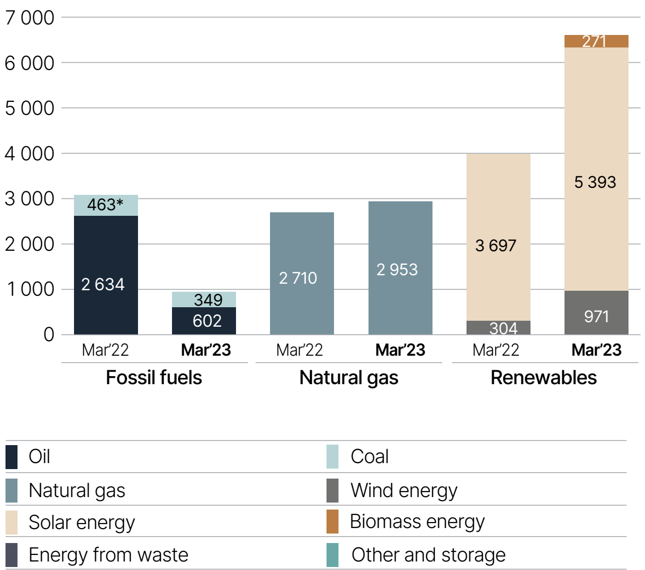
Energy lending portfolio for Investec Limited

The energy sector in South Africa is undergoing significant changes including greater investment in electricity generation by private households and businesses and more emphasis on renewable energy, due to:

- The decision by the South African government to increase the allowed self-generating electricity capacity above 100MW showing a notable increase in the number of self-generation projects being undertaken
- The National Treasury's R15 000 tax rebate for rooftop solar panels to private households, and an expansion of the renewable energy tax incentive section 12B for companies, which allows 125% of the costs to be tax deductible in the first year
- Concerns around the reliability of the national grid. South Africa has experienced frequent power outages (load shedding) as the energy crisis deepens in 2023 with the Energy Availability Factor (EAF) of Eskom's coal power plants declining to about 53%, leading to a power capacity deficit of between 4 000MW and 6 000MW
- The Integrated Resource Plan (IRP 2019), containing South Africa's electricity generation plan, also included more renewable energy projects and decommissioning coal power stations to achieve South Africa's climate goal of meeting the net-zero carbon emission target by 2050. An upgrade of the IRP 2019 is imminent, with the targeted energy mix key to energy security, decarbonisation, South Africa's international commitments and funding through the Just Energy Transition Partnership (JETP)
- The JETP forged at COP26 in 2021, includes $8.5 billion in climate finance pledged by the US, UK and EU to help South Africa transition to a low-carbon economy, with a particular focus on renewable energy.

We have seen a decrease in our fossil fuel exposure over the past year largely as a result of a decrease in coal and oil exposures, but are taking a cautious approach due to the needs and dependency of a developing economy on fossil fuels. We have updated our Group fossil fuel policy with Investec Limited committing to zero thermal coal exposure in their loan book by 31 March 2030. Where possible we will manage this exposure against our fossil fuel policy while taking socio-economic factors and the country's ambitions towards a net-zero future into consideration. Where opportunities exist, we will focus on financing infrastructure solutions that promote renewable and clean energy as we leverage our international expertise in this sector.

Energy lending portfolio for Investec Limited (R'mn)



Investec Limited energy portfolio breakdown (%)

	Mar'22	Mar'23
Coal	4.7	**3.3**
Oil and gas	26.9*	**5.7**
Natural gas	27.6*	**28.0**
Renewables	40.8*	**63.0**

** Restated*

Coal as a % core loans and advances

0.11%

(2022: 0.15%)

Coal exposure as a % of total energy lending portfolio

3.31%

(2022: 4.72%*)

Fossil fuels as a % of core loans and advances

1.21%

(2022: 1.93%*)

Renewables exposure as a % of total energy lending portfolio

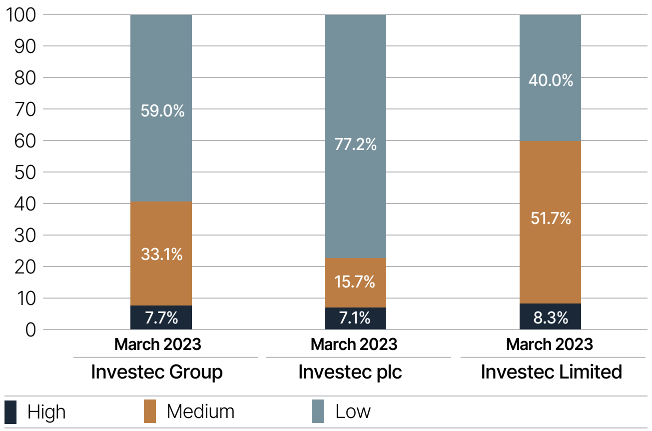
62.95%

(2022: 40.79%*)

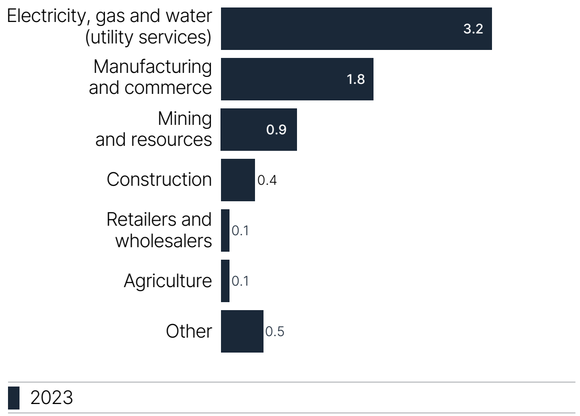
4b ESG breakdown of our loan book

We have assessed our core loans and advances portfolio and 92.3% of the exposures are in low or medium-risk industries. Within the higher risk industries, we have analysed our exposures on a transactional level, which shows that a maximum of 7.7% would fall into high-risk* classification according to the IFC guidelines.

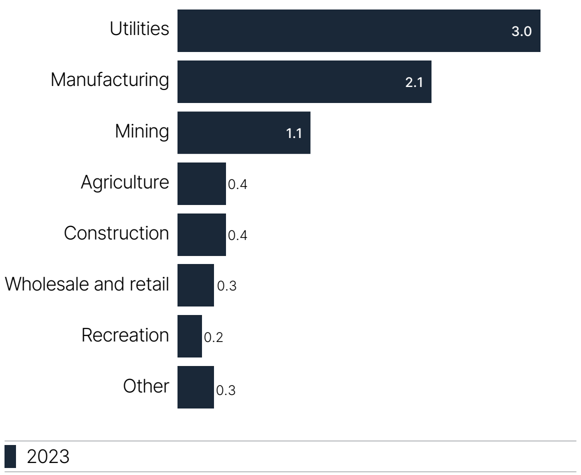
ESG risk breakdown for Investec Group (£'mn)



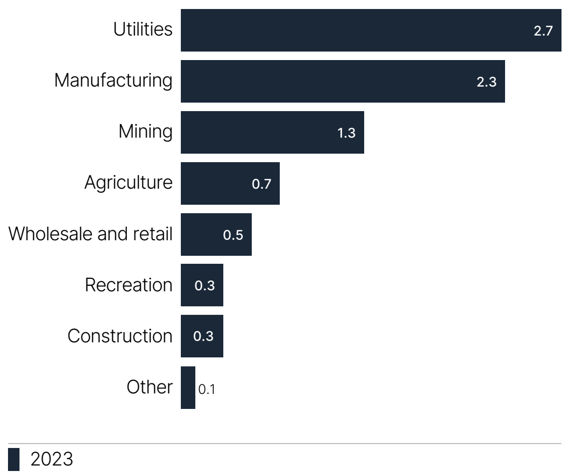
High-risk* industry breakdown for Investec plc (%)



High-risk* industry breakdown for Investec Group (%)



High-risk* industry breakdown for Investec Limited (%)



* *As defined by the International Finance Corporation (IFC)*

Only

7.7%

of our loan book is within high-risk* industries

ESG risk assessment

We continue to enhance our screening process across all our business activities. Transactions are classified according to the World Bank IFC guidelines into high, medium and low risk.

High risk: Proposed funding or investment is likely to have significant adverse social or environmental impacts that are diverse, irreversible, or unprecedented.

Medium risk: Proposed funding or investment is likely to have potential limited adverse social or environmental impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures.

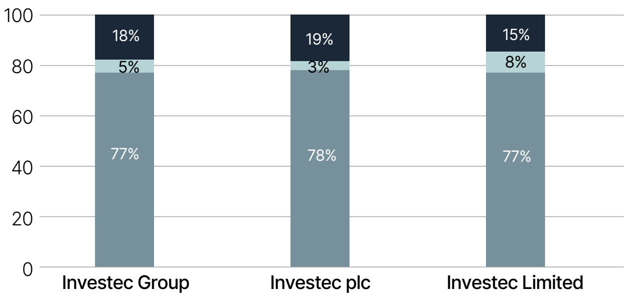
Low risk: Proposed funding or investment is likely to have minimal or no social or environmental impacts. This category primarily relates to services, consulting, training and education, trading, retail sales, etc.

Once a transaction has been identified as being in a high-risk industry, these activities go through a comprehensive due diligence process performed by the Group ESG team.

4b Our Scope 3 financed emissions coverage

The following table provides a concise overview of the emissions calculated from our lending and investing activities, presenting a year-on-year comparative view. For more detailed information regarding the calculation methodology, restated emissions, and underlying assumptions, please refer to the subsequent sections.

Financed emissions coverage (%)



- Not calculated
- No methodology
- Calculated or no emissions

We have calculated our Scope 3 financed emissions within six asset classes. These emissions amount to 5.29mn tCO_2e (2021: 4.82mn* tCO_2e) In terms of our net-zero ambitions we aim to:

- minimise and manage our exposure to high-emitting industries, particularly in fossil fuels
- manage and drive change towards low-carbon alternatives and
- work with our clients to help them with their net-zero climate ambitions.

While we are limited to the enabling environment provided by the jurisdictions in which we operate, we would expect to see a decrease in overall Scope 3 financed emissions in line with the decarbonising strategies of the relevant sector and country. We caution that this is not necessarily a decrease from one year to the next but rather over a period of time as each country and sector adjusts and implements their respective net-zero strategies.

Financed emissions

	Investec Group		Investec plc		Investec Limited	
tCO_2e	**Mar-22**	Mar-21*	**Mar-22**	Mar-21*	**Mar-22**	Mar-21*
Commercial real estate	1 803 140	1 730 351	33 495	25 669	1 769 645	1 704 682
Residential real estate	180 211	161 648	5 778	4 783	174 433	156 865
Total lending collateralised by property	**1 983 351**	**1 891 999**	**39 273**	**30 452**	**1 944 078**	**1 861 547**
Mortgages	667 593	623 911	13 132	12 617	654 461	611 294
High net worth motor vehicle finance	40 419	52 677	–	–	40 419	52 677
Total high net worth mortgages and motor vehicle finance	**708 012**	**676 588**	**13 132**	**12 617**	**694 880**	**663 971**
Small ticket asset finance	94 487	85 636	64 221	59 346	30 266	26 290
Passenger vehicles	5 590	3 897	–	–	5 590	3 897
Freight vehicles	24 676	22 393	–	–	24 676	22 393
Motor finance	64 221	59 346	64 221	59 346	–	–
Aviation finance	1 676 442	1 430 788	1 518 967	1 265 863	157 475	164 925
Power and infrastructure finance	827 911	731 730	596 627	517 909	231 284	213 821
Total corporate and other lending	2 598 840	2 248 154	2 179 815	1 843 118	419 025	405 036
Total emissions in lending activities	**5 290 203**	**4 816 741**	**2 232 220**	**1 886 187**	**3 057 983**	**2 930 554**
Emissions in listed investments	972	1 954	232	301	740	1 653
Total emissions	**5 291 175**	**4 818 695**	**2 232 452**	**1 886 488**	**3 058 723**	**2 932 207**

* *Any restatements required are clearly indicated and accompanied by thorough explanations in subsequent pages*

With the increasing availability and accuracy of data, as well as the regular updates to scenarios, our objective is to continuously enhance our methodology. In the event that modifications to the methodology or data are necessary and have a significant impact on our reporting, we will ensure transparent communication of these changes. Any restatements required will be clearly indicated and accompanied by thorough explanations. Our commitment is to maintain transparency and clarity throughout the process of refining our methodology.

The need to limit global warming within a 1.5°C temperature rise has been emphasised by the Paris Agreement and the recent IPCC 6th Assessment Report. While the Science Based Targets initiative (SBTi) previously focused on a 2°C pathway and a well-below 2°C pathway, the increasing awareness of the urgency to address climate change underscores the importance of aiming for a more ambitious target of 1.5°C. In response SBTi has developed an improved 1.5°C-aligned scenario.

In alignment with the SBTi's 1.5°C-aligned scenario, we have implemented updates to the applied scenario for mortgages, and commercial real estate. In the case of power generation, we have adopted the Net Zero Emissions by 2050 (NZE2050) scenario, which is a 1.5°C-aligned scenario.

Furthermore, we have incorporated sector-specific improvements to more accurately calculate CO_2 emissions for power generation, mortgages, commercial real estate, motor vehicle and fleet operations. In the sector specific sections, we have provided detailed explanations and transparent indicators to clearly highlight any restatements made and the specific locations or methodologies involved. Our aim is to ensure utmost clarity and transparency in our reporting process.

Even with the incorporated improvements, we remain cautious in our approach as we have faced many challenges with regards to data availability. To address this issue, we are actively seeking opportunities to invest in robust data capturing methods. By doing so, we aim to further enhance the accuracy of our calculations and further improve the reliability of our reported emissions.

When comparing institutions, it is essential to exercise caution due to potential variations in datasets, assumptions, and methodologies used. Different institutions may employ different approaches to calculating emissions, which can lead to discrepancies in reported figures. It is important to consider these variations and exercise prudence when drawing comparisons between institutions.

Every effort has been made to improve the data quality leading to this restatement of financed emissions, however, we acknowledge further work needs to be done on the data which could lead to future restatements.

Financed emissions within our lending activities

Translating portfolio alignment and decarbonisation into active portfolio management steering is a three-step process:

1. Calculate financed emissions: We have used our portfolio exposures for the year ended 31 March 2021 to calculate our baseline for our proportion of client emissions, i.e. financed emissions, within our material asset classes. In our recent calculations, we have introduced sector-specific improvements for power generation, mortgages, commercial real estate, motor vehicle, and fleet operations. These enhancements have led to restated financed emissions for March 2021, reflecting a more accurate assessment of the emissions associated with these sectors.

2. Calculate how financed emissions should decrease over time to align to the goals set out by the Paris Agreement: We have calculated a decarbonisation pathway given a benchmark scenario. The benchmarking that was used is explained on pages 77 to 87 of this report.

3. Implement decarbonisation strategies and management actions for portfolio alignment: We have integrated the necessary decarbonisation strategies and actions into our portfolios to drive alignment with the decarbonisation targets outlined on pages 88 to 93 of this report. We have calculated our proportion of financed emissions within our material asset classes for the year ended 31 March 2022. These emissions are closely monitored and tracked against the decarbonisation pathways to assess progress and ensure alignment with our decarbonisation goals.

This section serves as a comprehensive analysis of the calculated financed emissions, representing step 1 of our process. It provides a detailed overview of the methodology employed, the specific portfolio exclusions applied, calculation assumptions, enhancements, restatements, and a year-on-year comparative view in relation to step 3.

Within this section, we aim to ensure transparency and clarity by outlining the precise approaches utilised in calculating the financed emissions. We provide insights into the methodology's intricacies, including any adjustments or enhancements made to improve accuracy. Additionally, we present any restatements made to address discrepancies and provide a clear understanding of the emission trends over time.

The objective is to offer stakeholders a robust understanding of our emissions performance, enabling them to evaluate our progress towards our decarbonisation objectives. By providing a comprehensive breakdown of the approach we followed to calculate financed emissions, we enhance transparency and facilitate informed decision-making regarding our environmental impact.

Financed emissions within our energy sector

Originally, we employed the PACTA approach to calculate our share of client emissions and set targets for the power generation portfolio. Upon further reflection we have decided to restate our power generation financed emissions and targets using a combination of PCAF and PACTA, for the following reasons:

Simplicity: The PACTA calculation is more complex making maintenance and monitoring against targets difficult.

Scenario: This change still allows the use of the PACTA, Net Zero Emissions by 2050 (NZE2050) scenario, which is a 1.5°C-aligned scenario.

The change from PACTA to PCAF has resulted in a restatement of our 2021 financed emissions and targets. We are comfortable that the restated figures provide a more accurate reflection of the emissions related to this portfolio. We will continue to invest in improving the data used in the PCAF calculation to further improve the accuracy of the calculation.

Using the NZE2050 scenario aligns with our ambitious target of limiting global warming to 1.5°C above pre-industrial levels reflecting our dedication to address climate change.

	Investec Group		Investec plc		Investec Limited	
Power generation	**Mar-22**	Mar-21*	**Mar-22**	Mar-21*	**Mar-22**	Mar-21*
Gross core loan exposure	£639mn	£681mn	£306mn	£393mn	R6 405mn	R5 872mn
% of book covered	88%	75%	74%	78%	100%	71%

Excluded exposures	In the calculation of emissions and targets for the power generation portfolio, it is important to note that waste to energy plants were excluded. Waste management requires specialised steering and strategies that differ from conventional and renewable power generation. As a result, waste to energy plants were excluded from the target calculation for the power generation portfolio to ensure consistency with our strategic focus on other renewable energy sources. Furthermore, fund managers engaged in power generation were also omitted from consideration. More details on waste management exclusion is on page 88.
Calculation enhancements	We have changed our approach for deriving our proportion of client emissions to PCAF. The primary differences relate to: • PACTA uses the portfolio weighting (the exposure to the client as a percentage of our lending portfolio) approach to derive the proportion of client emissions, whereas PCAF uses an attribution factor (the exposure to the client as a percentage of the total project cost). This change in methodology is the primary reason for the restated financed emissions. • In using PACTA the production output is in some instances mapped to the parent company as the production output for our client (the direct loan taker) was not available. With the switch to PCAF we also sourced the production output associated directly with the client. This has improved the accuracy of the data used and the calculated results.
***Emission restatements**	As a result of the methodology change, the emissions and targets reported in the 2021 climate report have been restated for Investec Group, to provide a more accurate and consistent representation of the emissions associated with our portfolio. These enhancements ensure a more reliable assessment of our emissions performance.

	Investec Group		Investec plc		Investec Limited	
	Mar-22	Mar-21*	**Mar-22**	Mar-21*	**Mar-22**	Mar-21*
Absolute financed emissions	827 911 tCO_2e	731 730 tCO_2e	596 627 tCO_2e	517 909 tCO_2e	231 284 tCO_2e	213 821 tCO_2e
Emissions intensity	n/a	n/a	313 $kgCO_2e/MWh$	267 $kgCO_2e/MWh$	250 $kgCO_2e/MWh$	229 $kgCO_2e/MWh$

Explanation of year-on-year emissions change	**Within Investec Limited,** the 8% increase in absolute emissions can be attributed to the corresponding increase in exposure, particularly for gas, resulting in a 9% increase in emissions intensity. **Within Investec plc,** the 15% increase in absolute emissions can be attributed to the corresponding increase in exposure, particularly for gas, resulting in a 17% increase in emissions intensity. The increase in exposure to gas can be attributed to its role as a transition fuel within our business strategy.
PCAF data quality score	Score 3 (option 2b): Emissions are calculated using primary physical activity data for the project's production. The transition from PACTA to PCAF in the emissions calculation process resulted in data refinement, focusing solely on the emissions of the direct loan taker.

* *Restated*

Financed emissions within our commercial and residential real estate portfolios

We used the PCAF methodology to calculate financed emissions within our residential and commercial real estate portfolios.

According to the PCAF guidance, the advised approach for attributing emissions is to use the property value at the time of loan origination. However, in cases where the loan origination value is unavailable, the latest property valuation should be used and kept constant for subsequent years. The PCAF methodology also includes provisions for loan modifications in the context of commercial real estate and residential real estate loans. When a commercial real estate or residential real estate loan undergoes modifications and a new property value is determined, the original property value at origination is updated to reflect the value at the time of modification. Due to limited data availability in Investec Limited and Investec plc, these aspects were not incorporated into the current approach. However, it is important to note that these data limitations will be addressed through planned data enhancement exercises in the future, ensuring their incorporation in future emissions calculations.

The table presented in this section displays our exposure to commercial and residential real estate portfolios, along with the corresponding calculated absolute emissions and emissions intensity. It is important to note that the 2021 emissions values reflect the restated emissions, taking into account the enhancements made to our calculation methodology.

	Investec Group		**Investec plc**		**Investec Limited**	
Commercial real estate	**Mar-22**	Mar-21*	**Mar-22**	Mar-21*	**Mar-22**	Mar-21*
Gross core loan exposure	£6 130mn	£5 354mn	£1 787mn	£1 411mn	R83 533mn	R80 293mn
% of book covered	95%	94%	99%	100%	93%	92%
Excluded exposures	Both **Investec plc** and **Investec Limited** excluded exposure from vacant land properties as these properties do not generate any building-related emissions. We have expanded our inclusion criteria to encompass high-net-worth clients, whereas they were previously excluded.					
Calculation enhancements	**Within Investec Limited,** we have enhanced the calculation addressing the gross letting area used in the calculation. Previously, an average portfolio gross letting area was used, resulting in inconsistencies and variation when comparing year-on-year results. To enhance accuracy, we have now incorporated actual gross letting area data where available and used the average portfolio gross letting area per property type and value to derive the gross letting area where not available. These enhancements ensure a more accurate representation of emissions associated with the portfolio. **Within Investec plc,** a slight modification to the attribution factor was made in that it was capped at 100%. As a result, there was a minor adjustment in the reported emissions for the year 2021. Furthermore, the target was revised to align with the 1.5°C SBTi scenario.					
***Emission restatements**	As a result of the enhancements, the emissions and targets reported in the 2021 climate report have been restated to provide a more accurate and consistent representation of the emissions associated with our portfolio.					

	Investec Group		**Investec plc**		**Investec Limited**	
	Mar-22	Mar-21*	**Mar-22**	Mar-21*	**Mar-22**	Mar-21*
Absolute financed emissions	1 803 140 tCO_2e	1 730 351 tCO_2e	33 495 tCO_2e	25 669 tCO_2e	1 769 645 tCO_2e	1 704 682 tCO_2e
Emissions intensity	n/a	n/a	54 $kgCO_2e/m^2$	55 $kgCO_2e/m^2$	158 $kgCO_2e/m^2$	158k gCO_2e/m^2
Explanation of year-on-year emissions change	**Within Investec Limited,** the 4% increase in absolute emissions can be attributed to the corresponding increase in exposure. Consequently, a slight increase in emissions intensity is observed. **Within Investec plc,** the 30% increase in absolute emissions can be attributed to the corresponding growth in the number of assets resulting from the financing of new properties. Consequently, the total average floor area also increased, leading to a slight decrease in emissions intensity.					
PCAF data quality score	**Within Investec Limited,** Score 4 (option 2b): Estimated building energy consumption per floor area. **Within Investec plc**, Score 4 (option 2b): Estimated building energy consumption per floor area. We are committed to enhancing the quality of our data by diligently collecting precise building information, including comprehensive details on energy consumption, floor area, and emissions. Our ongoing efforts aim to ensure accurate and reliable data for our analysis and reporting processes.					

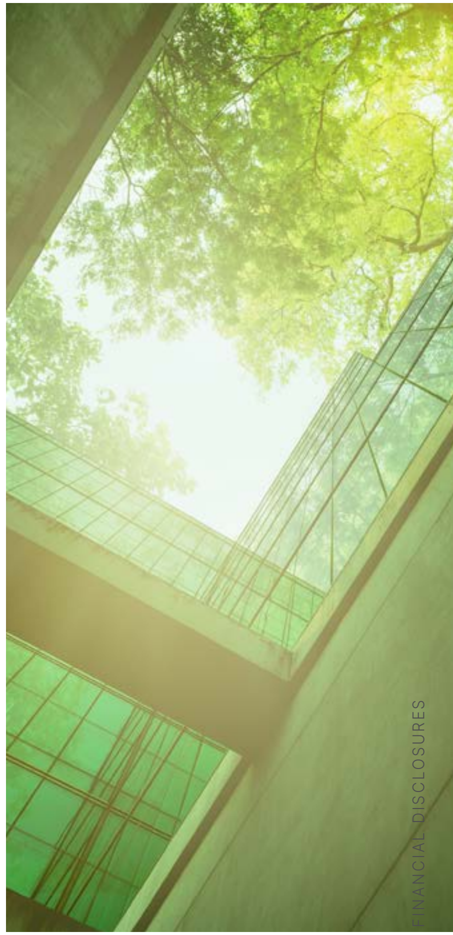
* *Restated*

4b Our Scope 3 financed emissions continued

	Investec Group		Investec plc		Investec Limited	
Residential real estate	**Mar-22**	Mar-21*	**Mar-22**	Mar-21*	**Mar-22**	Mar-21*
Gross core loan exposure	£2 001mn	£1 572mn	£1 005mn	£714mn	R19 158mn	R17 471mn
% of book covered	98%	100%	97%	100%	100%	100%
Excluded exposures	Both **Investec plc** and **Investec Limited** excluded exposure from vacant land properties as these properties do not generate any building-related emissions. We have expanded our inclusion criteria to encompass high-net-worth clients, whereas they were previously excluded.					
Calculation enhancements	**Within Investec Limited,** we have enhanced the calculation addressing the gross letting area used in the calculation. Previously, an average portfolio gross letting area was used, resulting in inconsistencies and variation when comparing year-on-year results. To enhance accuracy, we incorporated actual gross letting area data where available and we used the average portfolio gross letting area per property type and property value to derive the gross letting area where data was not available. These enhancements ensure a more accurate representation of emissions associated with the portfolio. **Within Investec plc,** we have adjusted the emissions calculation by estimating the building emissions based on floor area rather than the number of buildings. However, the number of buildings was still used to estimate the floor area. The average building size was revised from $99m^2$ to $60m^2$.					
***Emission restatements**	As a result of the enhancements, the emissions and targets reported in the 2021 climate report for **Investec Limited** and **Investec plc,** have been restated to provide a more accurate and consistent representation of the emissions associated with our portfolio.					

	Investec Group		Investec plc		Investec Limited	
	Mar-22	Mar-21*	**Mar-22**	Mar-21*	**Mar-22**	Mar-21*
Absolute financed emissions	180 211 tCO_2e	161 648 tCO_2e	5 778 tCO_2e	4 783 tCO_2e	174 433 tCO_2e	156 865 tCO_2e
Emissions intensity	n/a	n/a	30 $kgCO_2e/m^2$	30 $kgCO_2e/m^2$	93 $kgCO_2e/m^2$	93 $kgCO_2e/m^2$
Explanation of year-on-year emissions change	**Within Investec Limited,** the 11% increase in absolute emissions can be attributed to the corresponding increase in exposure. Consequently, a slight increase in emissions intensity is observed. **Within Investec plc,** due to portfolio growth an increase of 21% in absolute emissions, with a similar increase in floor area, is observed. Consequently emissions intensity remained constant.					
PCAF data quality score	**Within Investec Limited,** Score 4 (option 2b): Estimated building energy consumption per floor area. **Within Investec plc,** Score 4 (option 2b): Estimated building energy consumption per floor area. We are committed to enhancing the quality of our data by diligently collecting precise building information, including comprehensive details on energy consumption, floor area, and emissions. Our ongoing efforts aim to ensure accurate and reliable data for our analysis and reporting processes.					

* *Restated*



Technical notes on overall emission calculation methods used and rationale within Investec Limited's and Investec plc's real estate portfolios

The PCAF methodology was used for calculating the financed emissions for the commercial real estate, residential real estate and mortgage asset classes.

Challenges in data and methodologies within Investec Limited and Investec plc

In South Africa, a key challenge in the real estate portfolio remains the lack of actual energy consumption data and floor area for each asset. These, however, were overcome by using published sectoral guidelines and location-specific statistical data to derive certain key assumptions and approaches that underpin our science-based targets. These assumptions have been detailed in metrics and targets chapter.

The urgent and emerging need to set science-based targets within financial institutions makes clear and apparent the data challenges and limitations that exist in terms of sectoral climate-related data. There is a need to strengthen data collection and availability efforts to improve the quality and consistency of data available for sectoral science-based targets. However, this can only be achieved as more sector specific regulations are introduced to standardise approaches for setting science-based targets.

Government and local municipalities play a pivotal role in driving this shift to introduce data policies that make available actual and most recent energy consumption data, to form the basis of consistent sectoral science-based targets for financial institutions and the wider private sector. Consideration should also be given to increase research and development spending at tertiary institutions in South Africa to collect, track and publish more recent and relevant sectoral guidelines and statistical data that can assist in the net-zero journey.

In the UK, similarly, there are key challenges around data availability. The best data to calculate the financed emissions using the PCAF methodology requires the actual energy consumption of buildings and specific supplier emission factors. This information is not currently available, as such we relied on estimating these using statistical data. Similarly for the floor area of buildings or the number of buildings in a portfolio, there is a lack of data availability and we had to base our calculations on assumptions. One of the key recommendations of PCAF is to use EPC data for the real estate book where available. Going forward we will collect this information. Although PCAF has been extremely valuable in providing guidance and access to the European building emission factor database, we can benefit from building a stronger coalition throughout the UK banking sector to discuss challenges and solutions and provide industry best practice.

At Investec, our efforts to setting these science-based targets has highlighted the need for us to initiate the collection of quality and reliable climate-related data from our clients. We recognise the effort required and are taking steps to improve our data collection processes.

Financed emissions within our mortgage portfolio

We used the PCAF methodology to calculate financed emissions within our mortgage portfolios.

	Investec Group		Investec plc		Investec Limited	
Mortgage portfolio	**Mar-22**	Mar-21*	**Mar-22**	Mar-21*	**Mar-22**	Mar-21*
Gross core loan exposure	£8 820mn	£7 184mn	£3 677mn	£2 710mn	R98 921mn	R91 093mn
% of book covered	98%	98%	100%	100%	97%	96%
Excluded exposures	**Investec Limited** excluded exposure from vacant land properties as these properties do not generate any building-related emissions. We have expanded our inclusion criteria to encompass high-net-worth clients, whereas they were previously excluded.					
Calculation enhancements	**Within Investec Limited,** we have implemented enhancements to our calculation methodology, replacing the previous approach of using an average household electricity consumption estimate to calculate emissions, with a more accurate and tailored method. Specifically, we now incorporate the gross letting area, which is derived using province-specific building cost per square meter data. By adopting this refined approach, we can provide a more precise and comprehensive representation of the emissions associated with our portfolio. **Within Investec plc,** no modifications were made to the calculation. The target however, was revised to align with the 1.5°C SBTi scenario.					
***Emission restatements**	As a result of the enhancements, the emissions and targets reported in the 2021 climate report for **Investec Limited.,** have been restated to provide a more accurate and consistent representation of the emissions associated with our portfolio.					

	Investec Group		Investec plc		Investec Limited	
	Mar-22	Mar-21*	**Mar-22**	Mar-21*	**Mar-22**	Mar-21*
Absolute financed emissions	667 593 tCO_2e	623 911 tCO_2e	13 132 tCO_2e	12 617 tCO_2e	654 461 tCO_2e	611 294 tCO_2e
Emissions intensity	n/a	n/a	38 $kgCO_2e/m^2$	38 $kgCO_2e/m^2$	93 $kgCO_2e/m^2$	93 $kgCO_2e/m^2$
Explanation of year-on-year emissions change	**Within Investec Limited,** the 7% increase in absolute emissions can be attributed to the corresponding increase in number of assets resulting from the financing of new homes. As Investec expanded its portfolio by providing financial support to these newly acquired assets, the associated emissions naturally increased. **Within Investec plc,** the 4% increase in absolute emissions can be attributed to the corresponding increase in number of assets resulting from the financing of new homes. As Investec expanded its portfolio by providing financial support to these newly acquired assets, the associated emissions naturally increased.					
PCAF data quality score	**Within Investec Limited,** Score 4 (option 2b): Estimated building energy consumption per floor area. **Within Investec plc,** a PCAF data quality score of Score 1 (option 1a) was assigned to 67% of the portfolio, where actual building emissions data was available and used directly. In the case of the remaining 33% of the portfolio, where building emissions data was not available, property emissions were inferred using the actual building emissions per property value and property type. This approach allowed for a comprehensive estimation of emissions across the entire portfolio, ensuring that emissions calculations were conducted even in instances where direct data was not accessible.					

* *Restated*

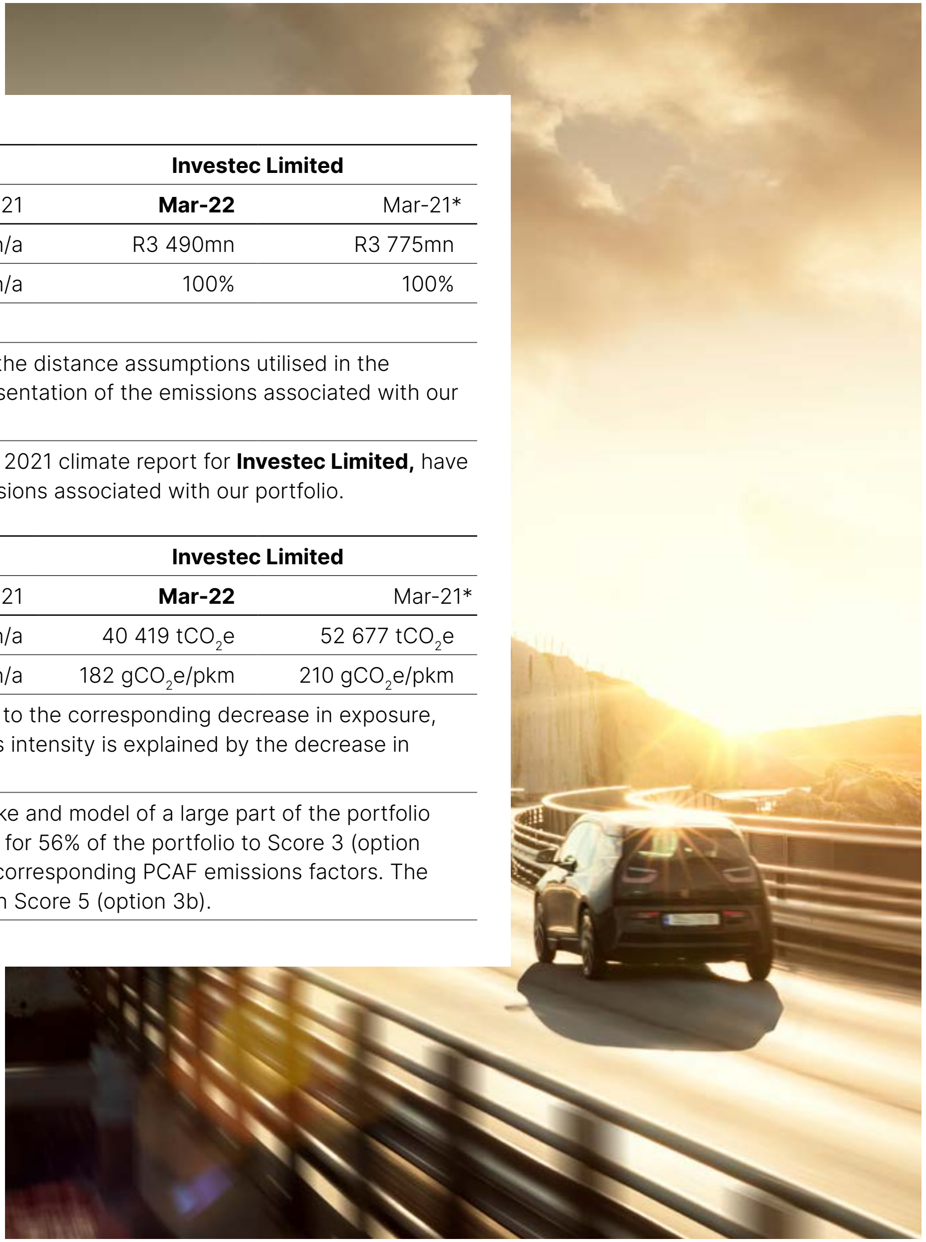
Financed emissions with our motor vehicle finance portfolio

We used the PCAF methodology to calculate financed emissions within our motor vehicle finance portfolio.

	Investec Group		Investec plc		Investec Limited	
Motor vehicle finance	**Mar-22**	Mar-21*	**Mar-22**	Mar-21	**Mar-22**	Mar-21*
Gross core loan exposure	£181mn	£185mn	n/a	n/a	R3 490mn	R3 775mn
% of book covered	100%	100%	n/a	n/a	100%	100%
Excluded exposures	No exposures were excluded.					
Calculation enhancements	**Within Investec Limited,** we have enhanced our emission calculations by revisiting the distance assumptions utilised in the calculations. These improvements have resulted in a more precise and reliable representation of the emissions associated with our portfolio.					
***Emission restatements**	As a result of the distance enhancements, the emissions and targets reported in the 2021 climate report for **Investec Limited,** have been restated to provide a more accurate and consistent representation of the emissions associated with our portfolio.					

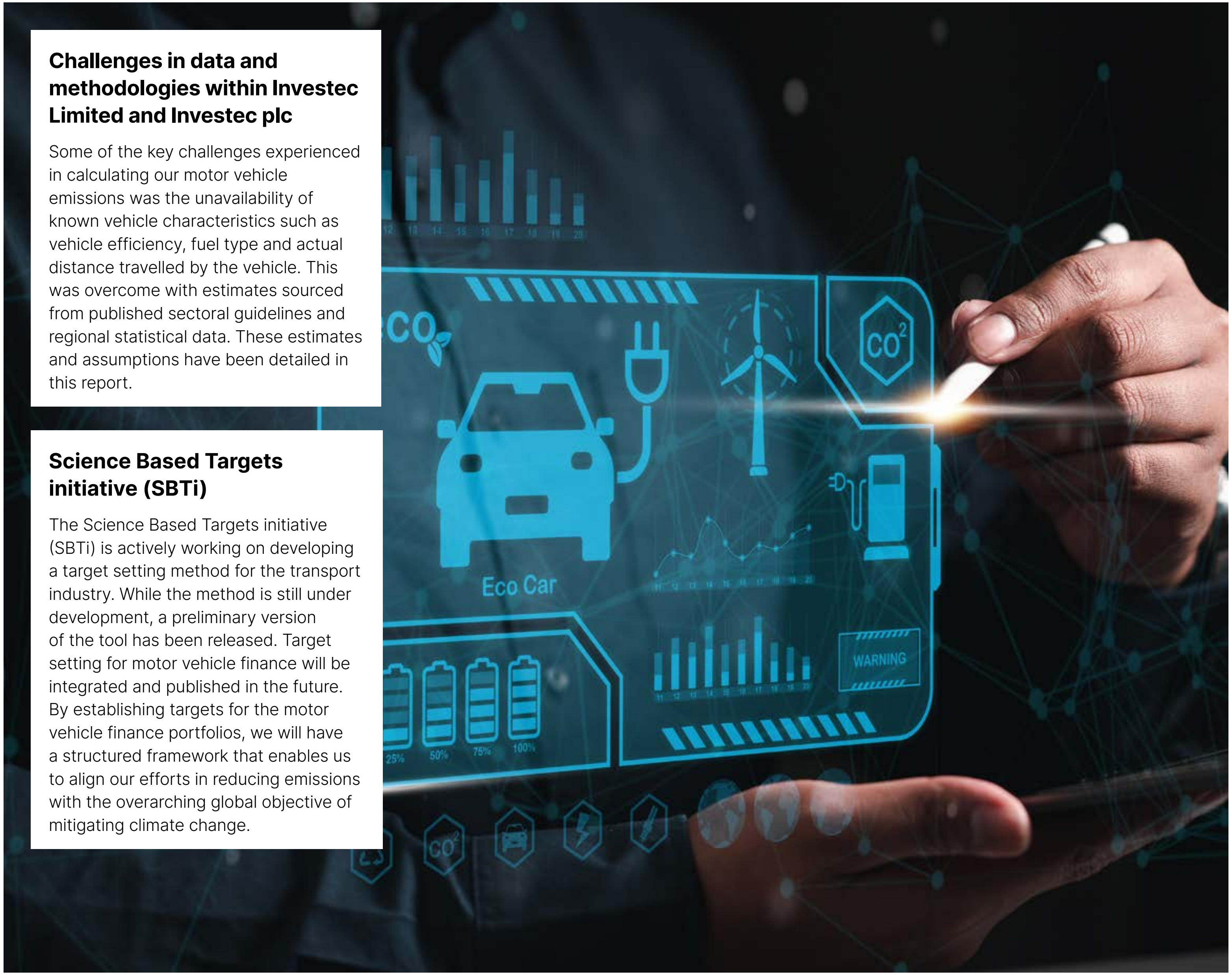
	Investec Group		Investec plc		Investec Limited	
	Mar-22	Mar-21*	**Mar-22**	Mar-21	**Mar-22**	Mar-21*
Absolute financed emissions	40 419 tCO_2e	52 677 tCO_2e	n/a	n/a	40 419 tCO_2e	52 677 tCO_2e
Emissions intensity	n/a	n/a	n/a	n/a	182 gCO_2e/pkm	210 gCO_2e/pkm
Explanation of year-on-year emissions change	**Within Investec Limited,** the 23% decrease in absolute emissions can be attributed to the corresponding decrease in exposure, which is a result of a decrease in assets on the book. The 13% decrease in emissions intensity is explained by the decrease in passenger kilometres, which is primarily driven by the decrease in assets.					
PCAF data quality score	**Within Investec Limited,** we improved the data quality score by considering the make and model of a large part of the portfolio to derive the associated emissions value. the PCAF data quality score was improved for 56% of the portfolio to Score 3 (option 2b). The improvement was possible by mapping the vehicle make and model to the corresponding PCAF emissions factors. The remaining 44% used the average emission factors for passenger vehicles, resulting in Score 5 (option 3b).					

* *Restated*



Technical notes on overall emission calculation methods used and rational within Investec Limited’s and Investec plc’s motor vehicle finance portfolio

The PCAF methodology was used for calculating the financed emissions for the motor vehicle finance portfolios.



Challenges in data and methodologies within Investec Limited and Investec plc

Some of the key challenges experienced in calculating our motor vehicle emissions was the unavailability of known vehicle characteristics such as vehicle efficiency, fuel type and actual distance travelled by the vehicle. This was overcome with estimates sourced from published sectoral guidelines and regional statistical data. These estimates and assumptions have been detailed in this report.

Science Based Targets initiative (SBTi)

The Science Based Targets initiative (SBTi) is actively working on developing a target setting method for the transport industry. While the method is still under development, a preliminary version of the tool has been released. Target setting for motor vehicle finance will be integrated and published in the future. By establishing targets for the motor vehicle finance portfolios, we will have a structured framework that enables us to align our efforts in reducing emissions with the overarching global objective of mitigating climate change.

Financed emissions with asset finance – motor vehicle fleet portfolio

We used the PCAF methodology to calculate financed emissions within our motor vehicle fleet portfolios.

	Investec Group		Investec plc		Investec Limited	
Fleet finance	**Mar-22**	Mar-21*	**Mar-22**	Mar-21*	**Mar-22**	Mar-21*
Gross core loan exposure	£679mn	£632mn	£570mn	£524mn	R2 098mn	R2 196mn
% of book covered	95%	96%	100%	100%	69%	75%

Excluded exposures: **Investec Limited** excluded vehicles classified as AOD (Automobiles Other than Cars), Trailers, or those with no classification. These vehicle categories may have distinct characteristics or usage patterns that are not applicable or relevant to the calculations being performed. Therefore, to ensure accuracy and consistency in the calculations, it is necessary to exclude these vehicle types from the analysis.

Calculation enhancements: **Within Investec Limited,** we have enhanced our emission calculations by revisiting the distance assumptions used in the calculations. Specifically, we have reevaluated the distance assumptions for passenger vehicles, light commercial vehicles, heavy commercial trucks, and buses. Additionally, we have updated the emissions assumptions for yellow equipment and tractors to use emissions per operating hours assumptions. These improvements have resulted in a more precise and reliable representation of the emissions associated with our portfolio.

***Emission restatements:** As a result of the enhancements, the emissions and targets reported in the 2021 climate report for Investec Limited, have been restated to provide a more accurate and consistent representation of the emissions associated with our portfolio.

	Investec Group		Investec plc		Investec Limited	
	Mar-22	Mar-21*	**Mar-22**	Mar-21*	**Mar-22**	Mar-21*
Absolute financed emissions	94 487 tCO_2e	85 636 tCO_2e	64 221 tCO_2e	59 346 tCO_2e	30 266 tCO_2e	26 290 tCO_2e
Emissions intensity	n/a	n/a	89 gCO_2e/pkm	79 gCO_2e/pkm	148 gCO_2e/pkm	104 gCO_2e/pkm

Explanation of year-on-year emissions change: **Within Investec Limited,** the 15% increase in absolute emissions can be attributed to the corresponding increase in number of assets resulting from the financing of new assets, specifically passenger vehicles, light commercial trucks and heavy commercial trucks. As Investec expanded its portfolio by providing financial support to these newly acquired assets, the associated emissions naturally increased. Consequently, the emissions intensity has also increased due to this expansion.

Within Investec plc, the 8% increase in absolute emissions and 13% increase in emissions intensity can be attributed to the corresponding increase in exposure resulting from the financing of new assets.

The emissions intensity calculation was specifically focused on passenger vehicles and did not include yellow equipment and tractors, as their emission intensity cannot be accurately determined based on distance driven, as is the case with passenger vehicles. The emissions intensity of passenger vehicles (CO_2/pkm- expressed in distance driven) and yellow equipment and tractors (CO_2/hours- expressed in operating hours) could not be combined. This distinction is particularly relevant for **Investec Limited.** The Investec plc. portfolio predominantly comprises passenger vehicles.

PCAF data quality score: **Within Investec Limited,** the PCAF data quality score was improved for 26% of the portfolio to Score 3 (option 2b). The improvement was possible by mapping the vehicle make and model to the corresponding PCAF emissions factors. The remaining 74% used the average emission factors for passenger vehicles, resulting in Score 5 (option 3b).

Within Investec plc, the PCAF data quality score was improved for 29% of the portfolio to Score 3 (option 2b). The improvement was possible by mapping the vehicle make and model to the corresponding PCAF emissions factors. The remaining 71% used the average emission factors for passenger vehicles, resulting in Score 5 (option 3b).

* *Restated*

Financed emissions within asset finance – aviation portfolio

We used the AWG methodology to obtain emissions data for our aviation portfolio. An important challenge we faced while calculating our aviation portfolio emissions was the lack of aircraft-specific flight information, including annual flight hours and cycles. This is a prevalent issue across the aviation industry, where monitoring and recording aircraft-specific flight data and actual greenhouse gas (GHG) emissions remains a significant challenge. However, with the emergence of more reliable and consistent data and ongoing improvements in methodologies, we can expect more precise emission estimates to be generated. This will help streamline the development of aviation-specific emission reduction strategies.

At present, the PCAF methodology does not provide a specific standard for calculating financed emissions in aviation portfolios. However, we determined the financed emissions by applying the proportional share of lending, following the guidelines outlined in the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting standard.

	Investec Group		**Investec plc**		**Investec Limited**	
Aviation finance	**Mar-22**	Mar-21	**Mar-22**	Mar-21	**Mar-22**	Mar-21
Gross core loan exposure	£412mn	£296mn	£287mn	£167mn	R2 414mn	R2 620mn
% of book covered	77%	53%	82%	43%	66%	67%
Excluded exposures	Both **Investec plc** and **Investec Limited** excluded exposures from their portfolios for which aircraft-specific data was unavailable.					
Calculation enhancements	No improvements were made to the calculation process.					

	Investec Group		**Investec plc**		**Investec Limited**	
	Mar-22	Mar-21	**Mar-22**	Mar-21	**Mar-22**	Mar-21
Absolute financed emissions	1 676 442 tCO_2e	1 430 788 tCO_2e	1 518 967 tCO_2e	1 265 863 tCO_2e	157 475 tCO_2e	164 925 tCO_2e
Explanation of year-on-year emissions change	**Within Investec Limited,** the 5% decrease in absolute emissions can be attributed to the substantial changes in the aviation portfolio. During the period, certain loans rolled off, while new loans were added to the 2022 loan book. The net result of these changes was a decrease in emissions. These changes in the loan composition and exposure contributed to the observed decrease in emissions. **Within Investec plc,** the 20% increase in absolute emissions can be attributed to significant changes in the aviation portfolio. During the period, certain loans rolled off, and new loans were added to the 2022 loan book. Additionally, a higher number of exposures were mapped to the AWG data set, leading to an increase in emissions.					

Technical notes on overall emission calculation methods used and rationale within Investec Limited's and Investec plc's aviation portfolio

As there is no current aviation methodology supplied by PCAF we have used the Aviation Working Group (AWG) methodology to calculate financed emissions from our aviation portfolio. The AWG is a not-for-profit legal entity comprised of major aviation manufacturers, leasing companies and financial institutions that contributes to the development of policies, laws and regulations that facilitate advanced international aviation financing and leasing.

Challenges in data and methodologies within Investec Limited and Investec plc

A key challenge experienced in calculating our aviation portfolio emissions was the unavailability of aircraft-specific flight information, such as the number of flight hours and cycles per annum.

The AWG carbon calculator is intuitive and provides default utilisation options for original equipment manufacturer (OEM) aircrafts. The challenge remains though for smaller, non-commercial passenger aircrafts and non-OEM aircrafts that are not catered for by the AWG platform and OEM aircraft models for which methodologies are still in development by the AWG. This was overcome by using sector specific guidelines and expertise to make practical and informed assumptions on the approach for calculating the relevant aircraft emissions.

The lack of mechanisms in place to monitor and record aircraft-specific flight information, including the direct and actual GHG emissions is a sector-wide challenge within aviation. As more consistent and accurate data becomes available and existing methodologies are widely adopted and refined, more precise emission estimates will be generated to streamline aviation specific emission reduction strategies.

Science Based Targets initiative (SBTi)

The Science Based Targets initiative (SBTi) is actively working on developing a target setting method for the aviation industry. While the method is still under development, a preliminary version of the tool has been released. Target setting for aviation finance will be integrated and published in the future. By establishing targets for the aviation portfolios, we will have a structured framework that enables us to align our efforts in reducing emissions with the overarching global objective of mitigating climate change.

Navigating our aviation portfolio in Investec Limited and Investec plc

We will assist our clients to navigate the complexities of aircraft financing. We have extensive experience in banking, airline management, leasing, aeronautical engineering, law, and accountancy, as well as our strong relationships throughout the local and international aviation industry. We will continue to monitor the progress made by the aviation sector to decarbonise this industry and support and partner with our clients in the transition to a low-carbon economy.

Financed emissions within our investment activities

Listed investments

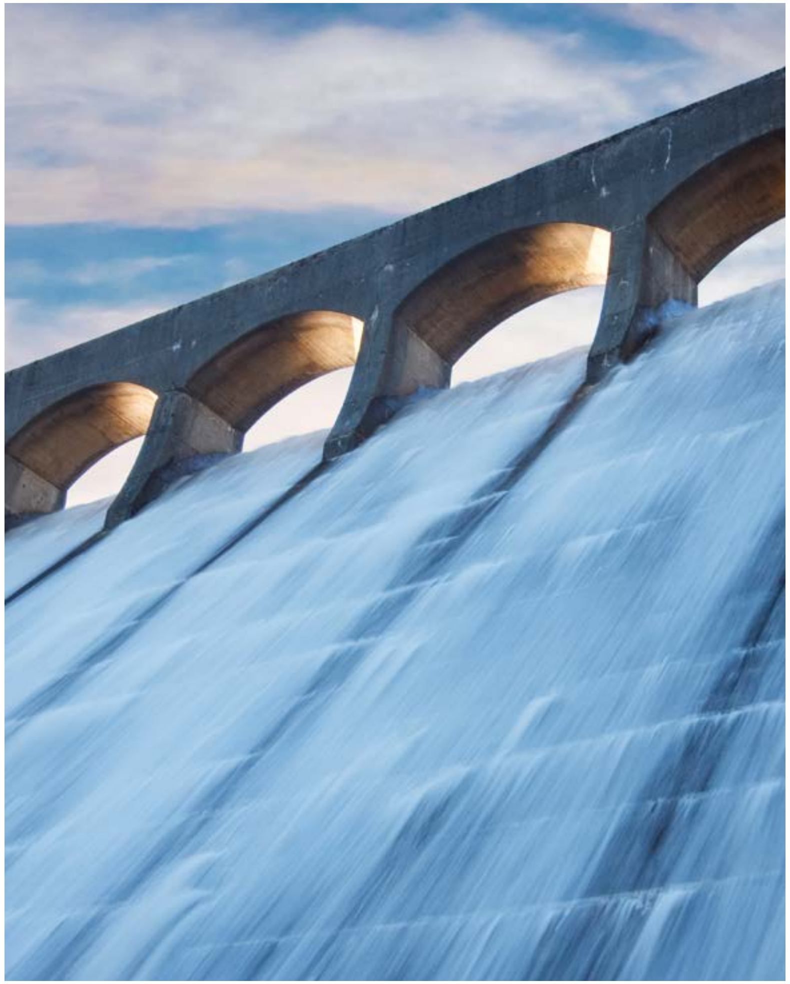
We have used the PCAF methodology to calculate financed emissions within listed investment portfolios. As per the PCAF methodology this asset class includes all listed corporate bonds and all listed equity for general corporate purposes (i.e. unknown use of proceeds as defined by the GHG Protocol) that are traded on a market and are on our balance sheet. As recommended by the PCAF methodology we have used absolute Scope 1 and Scope 2 emissions across all sectors for our investments which were sourced from Bloomberg.

	Investec Group		Investec plc		Investec Limited	
Listed investment	**Mar-22**	Mar-21*	**Mar-22**	Mar-21*	**Mar-22**	Mar-21*
Listed investments exposure	£618mn	£588mn	£358mn	£368mn	R5 008mn	R4 489mn
% of book covered	98%	97%	99%	98%	96%	96%
Excluded exposures	**Within Investec Limited** we have not calculated 9.7% of our portfolio due to data not being available for these listed investments. **Within Investec plc** we have excluded £2mn in investment as it was seen as immaterial.					
Calculation enhancements	**Within Investec Group and Investec plc,** we have included our investments in Ninety One which was previously excluded from the calculation in the prior year.					
***Emission restatements**	As a result of the inclusion of Ninety One we have restated our emissions for March 2021					
	Investec Group		**Investec plc**		**Investec Limited**	
	Mar-22	Mar-21*	**Mar-22**	Mar-21*	**Mar-22**	Mar-21*
Absolute financed emissions	972 tCO_2e	1 954 tCO_2e	232 tCO_2e	301 tCO_2e	740 tCO_2e	1 653 tCO_2e
PCAF data quality score	**Within Investec Limited,** Score 1 (option 1a) used for 89.6% Score 1 (option 1b) used for 0.7% of the emissions calculated **Within Investec plc,** Score 1 (option 1a) used for all emissions calculated					

* *Restated*

Unlisted investments

We have not calculated emissions within our unlisted investment portfolio as there are no external data available on these investment's Scope 1 and Scope 2 emissions.



Steering our portfolio

Steering our energy lending portfolio in **Investec Limited**

A PCAF data quality Score 3 was selected and the option 2b was applied. Data required for this quality score are:

Plant production capacity: The plant-specific production was sourced from reputable online sources.

Capacity factors: Region-specific plant capacity factors were obtained from reputable sources. Specifically, for the USA, the capacity factors were sourced from Statista. For South Africa, the capacity factors were sourced from the annual statistics on power generation for the country, as published by the Council for Scientific and Industrial Research (CSIR).

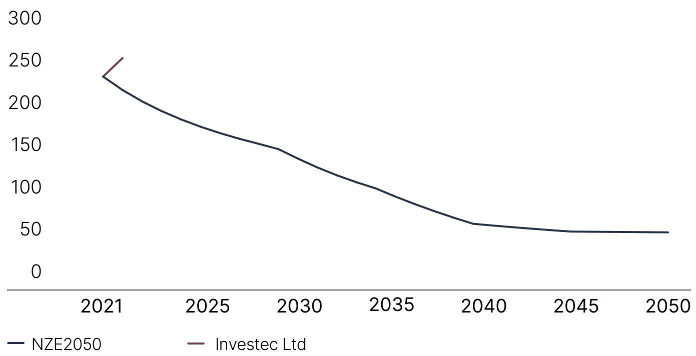
Emissions intensity: The plant-specific emissions factors (measured in gCO_2/kWh) were obtained from the National Renewable Energy Laboratory (NREL). In the absence of project stage information, the lifetime emissions were used as a conservative approach. However, it is acknowledged that further enhancements can be made in the future to refine the calculations by incorporating project-stage considerations.

Emission intensity	**2021**	**2022**	**2025**	**2030**	**2035**	**2040**	**2045**	**2050**
$kgCO_2e$/MWh								
NZE2050 target	**229.0**	213.3	179.0	144.4	98.4	57.1	48.1	47.1
Investec Limited	**229.0**	250.1	–	–	–	–	–	–
Investec Limited vs. target		17%	–	–	–	–	–	–

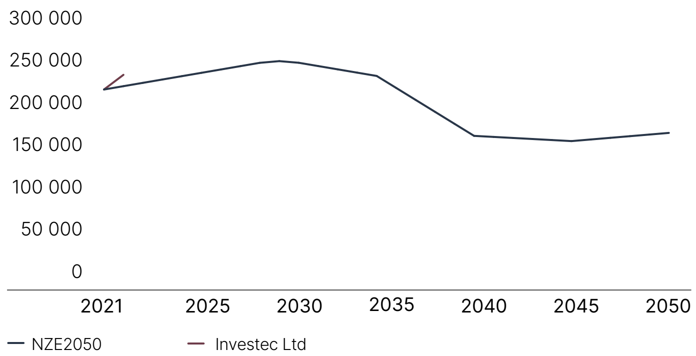
Absolute emissions	**2021**	**2022**	**2025**	**2030**	**2035**	**2040**	**2045**	**2050**
tCO_2e								
NZE2050 target	**213 821**	217 805	229 758	247 734	230 460	159 751	153 731	163 536
Investec Limited	**213 821**	231 284	–	–	–	–	–	–
Investec Limited vs. target		6%	–	–	–	–	–	–

These targets are a combination of targets set separately for power plants located in South Africa and power plants located outside of South Africa.

Emission intensity



Absolute emission



In the calculation of targets for the power generation portfolio, it is important to note that waste to energy plants were excluded. Waste management requires specialised steering and strategies that differ from conventional power generation sources.

It is noted that both the absolute emissions and emissions intensity of Investec Limited's power generation portfolio exceed the levels set by the NZE2050 scenario. The absolute emissions are 6% above the 1.5C scenario and the emissions intensity 17% above.

The deviation of emissions tracking above the target can be attributed to the higher level of gas exposure within the portfolio. Gas plays a crucial role as the main transition fuel in South Africa, which presents challenges in completely phasing out its usage. As a transitional energy source, gas provides a relatively cleaner alternative compared to traditional fossil fuels. Given its importance in the country's energy landscape, a complete exit from gas requires careful consideration and strategic planning. Transitioning to more sustainable and renewable energy sources is a long-term goal, and it is essential to balance the need for energy security, affordability, and environmental sustainability. Therefore, a gradual and well-planned approach is necessary to ensure a smooth transition while minimising disruptions to the energy sector and maintaining reliable power supply.

Steering our portfolio continued

Steering our energy lending portfolio exposure in **Investec plc**

A PCAF data quality Score 3 was selected and the option 2b was applied. Data required for this quality scores are:

Plant production capacity: The plant-specific production was sourced from reputable online sources.

Capacity factors: Region-specific plant capacity factors were obtained from reputable sources. Specifically, for the USA, the capacity factors were sourced from Statista. For the UK, the capacity factors published by the Department of Energy and Climate Change were used.

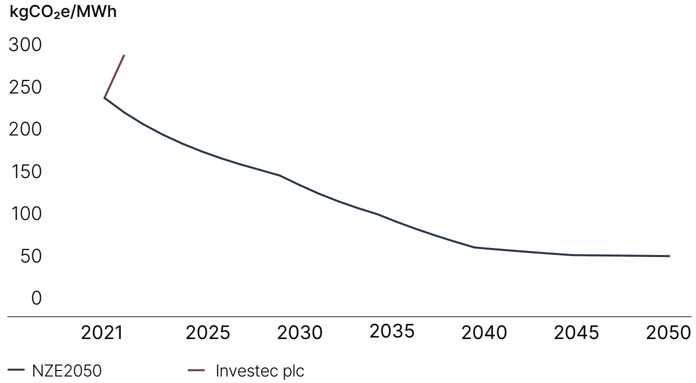
Emissions intensity: The plant-specific emissions factors (measured in gCO_2/kWh) were obtained from the National Renewable Energy Laboratory (NREL). In the absence of project stage information, the lifetime emissions were used as a conservative approach. However, it is acknowledged that further enhancements can be made in the future to refine the calculations by incorporating project-stage considerations.

Emission intensity	2021	2022	2025	2030	2035	2040	2045	2050
$kgCO_2e/MWh$								
NZE2050 target	**267.3**	247.8	205.2	162.0	109.7	63.9	53.3	51.9
Investec plc	**267.3**	313.4	–	–	–	–	–	–
Investec plc vs. target		26%	–	–	–	–	–	–

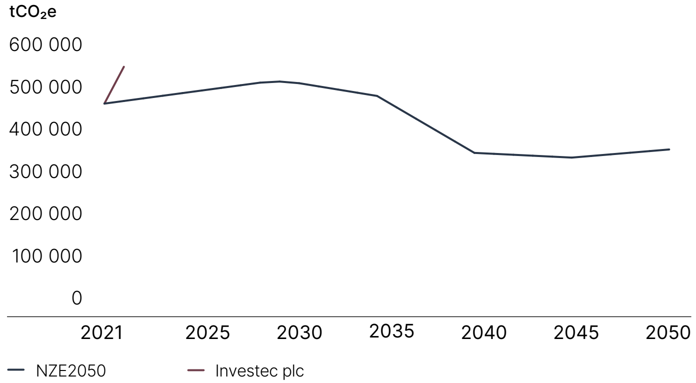
Absolute emissions	2021	2022	2025	2030	2035	2040	2045	2050
tCO_2e								
NZE2050 target	**517 909**	524 667	544 940	574 442	529 103	366 579	349 842	369 935
Investec plc	**517 909**	596 627	–	–	–	–	–	–
Investec plc vs. target		14%	–	–	–	–	–	–

These targets are a combination of targets set separately for power plants located in the United Kingdom and power plants located outside of the United Kingdom. In the target calculations for Investec plc, waste to energy plants were also excluded, based on the same rationale as for Investec Limited.

Emission intensity



Absolute emission



In the calculation of targets for the power generation portfolio, it is important to note that waste to energy plants were excluded. Waste management requires specialised steering and strategies that differ from conventional power generation sources.

It is noted that both the absolute emissions and emissions intensity of Investec plc's power generation portfolio exceed the levels set by the NZE2050 scenario. The absolute emissions are 14% above the 1.5C scenario and the emissions intensity 26% above.

The deviation of emissions tracking above the target can be attributed to the higher level of gas exposure within the portfolio. Gas plays a vital role in the UK's energy system, serving as a reliable and accessible fuel source for power generation and heating. While the transition to renewable energy sources is a priority, the significant reliance on gas and the existing infrastructure make it challenging to completely exit gas from the energy mix. As the country progresses towards its climate goals our portfolio steering approach will embrace a balanced strategy that encompasses the gradual reduction of gas emissions and the integration of cleaner alternatives. This commitment is rooted in our recognition of the need to address the environmental challenges posed by gas consumption while simultaneously exploring and adopting sustainable alternatives. While acknowledging the complexities and challenges involved in completely phasing out gas, we remain steadfast in our commitment to reducing greenhouse gas emissions and mitigating the impacts of climate change.

Steering our real estate portfolio

Steering our real estate portfolio in **Investec Limited**

Data quality score and data required
PCAF data quality score 4 was selected and the option 2b was applied. Data required for this quality score is:

Emissions Intensity: The emissions calculations for residential real estate were based on the published PCAF emissions factors (in $kgCO_2/m^2$).

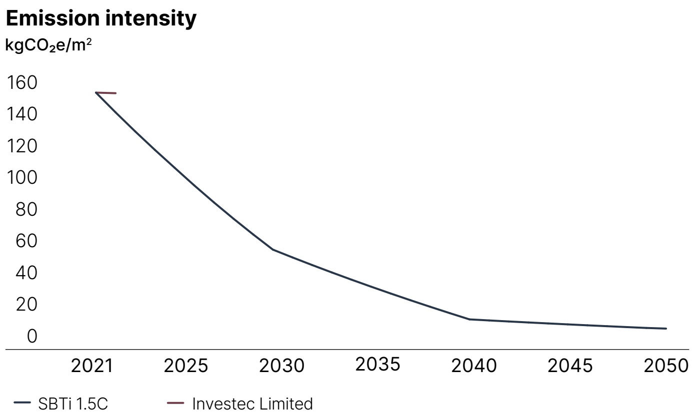
Building energy consumption estimates: The energy consumption estimates per province and building type was sourced from the IPD South Africa Green Property Index-Usage Benchmark.

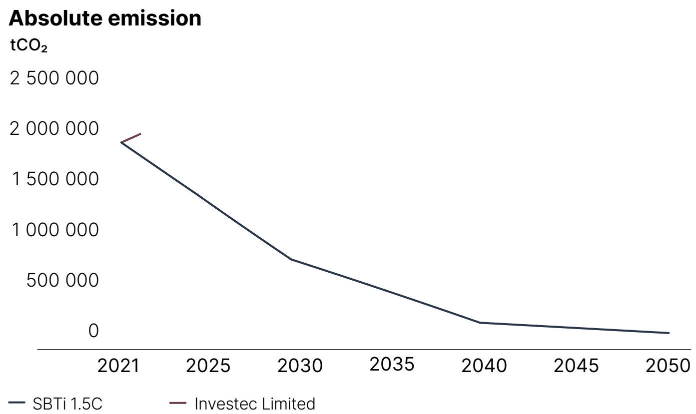
Energy consumption emissions factor: For South Africa the Eskom emissions factor is reported as 1.06 $kgCO_2e/kWh$.

The results of our commercial real estate portfolio within Investec Limited using the SBTi pathway is shown alongside. One target is derived for commercial real estate and residential real estate portfolios as a unified portfolio.

Emission intensity	2021	2022	2025	2030	2035	2040	2045	2050
$kgCO_2e/m^2$								
SBTi 1.5C target	**149.2**	136.7	101.7	49.9	26.5	5.8	2.7	–
Investec Limited	**149.2**	148.8	–	–	–	–	–	–
Investec Limited vs. target		9%	–	–	–	–	–	–

Absolute emissions	2021	2022	2025	2030	2035	2040	2045	2050
tCO_2e								
SBTi 1.5C target	**1 861 547**	1 734 319	1 354 947	717 777	413 998	98 308	48 121	2 411
Investec Limited	**1 861 547**	1 944 078	–	–	–	–	–	–
Investec Limited vs. target		12%	–	–	–	–	–	–





It is noted that both the absolute emissions and emissions intensity of Investec Limited's real estate portfolio exceed the levels set by the SBTi 1.5C scenario. The absolute emissions are 12% above the 1.5C scenario and the emissions intensity 9% above.

The emissions of the South African real estate portfolio have surpassed the target due to increased exposure. By expanding the real estate portfolio, Investec Limited aims to facilitate entrepreneurship, stimulate economic development, and provide accessible financing options for prospective business owners. These emissions calculations do not currently reflect the growing trend of South African businesses adopting renewable energy, specifically solar power, in response to frequent power outages. The shift towards greener energy sources and anticipated zero emissions building standards are expected to lead to a natural reduction in emissions over time, aligning with Investec's sustainability objectives, and contributing to an overall reduction in the portfolio's carbon footprint.

Steering our mortgage portfolio in **Investec Limited**

Data quality score and data required
A PCAF data quality Score 4 was selected and the option 2b was applied. Data required for this quality score is:

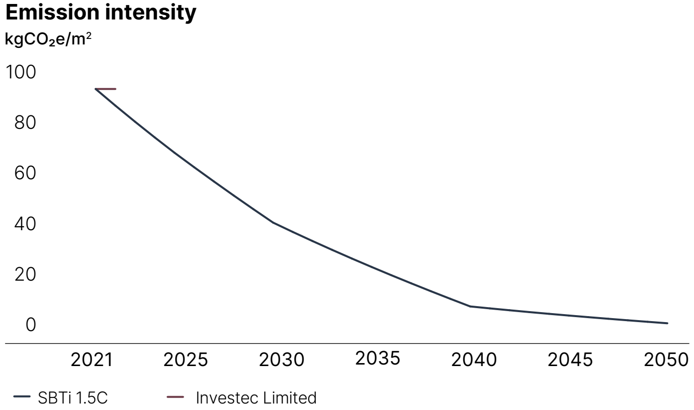
Emissions Intensity: The emissions calculations were based on the published PCAF emissions factors (in $kgCO_2/m^2$).

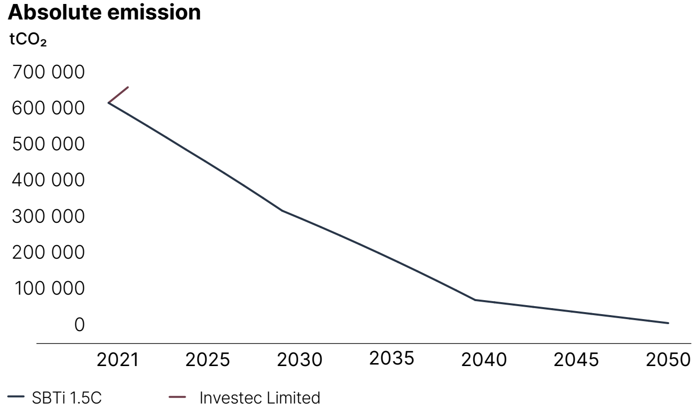
Building cost per square meter: The province-specific building cost per square meter was sourced from Procompare. Procompare use proprietary data on historical project costs obtained from hundreds of building contractors in each area.

The results of our mortgage portfolio within Investec Limited using the SBTi pathway is shown alongside.

Emission intensity	2021	2022	2025	2030	2035	2040	2045	2050
$kgCO_2e/m^2$								
SBTi 1.5C target	**92.8**	86.2	67.6	39.9	22.4	6.8	3.2	0.2
Investec Limited	**92.8**	92.8	–	–	–	–	–	–
Investec Limited vs. target		8%	–	–	–	–	–	–

Absolute emissions	2021	2022	2025	2030	2035	2040	2045	2050
tCO_2e								
SBTi 1.5C target	**611 294**	579 879	482 491	312 881	195 966	65 757	34 010	1 881
Investec Limited	**611 294**	654 461	–	–	–	–	–	–
Investec Limited vs. target		13%	–	–	–	–	–	–





It is noted that both the absolute emissions and emissions intensity of Investec Limited's real estate portfolio exceed the levels set by the SBTi 1.5C scenario. The absolute emissions are 13% above the 1.5C scenario and the emissions intensity 8% above.

The emissions for the South African mortgages portfolio have exceeded the target due to the increased exposure within the portfolio. By expanding the portfolio, the bank aims to support home ownership and foster economic development. These emissions calculations do not currently reflect increasing South African home adoption of renewable energy, particularly solar power, in response to frequent load shedding. However, as more homes transition to greener energy sources, including from a more renewable energy-oriented grid, the emissions associated with mortgages will naturally decrease over time, contributing to a reduction in our carbon footprint and aligning with our sustainability goals.

Steering our real estate portfolio in **Investec plc**

Data quality score and data required
PCAF data quality score 4 was selected, and the option 2b was applied. Data required for this quality score is:

Emissions Intensity: The emissions calculations were based on the published PCAF emissions factors (in $kgCO_2/m^2$).

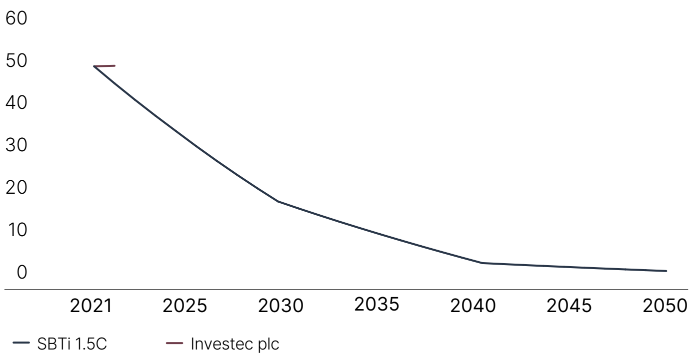
Average flat size: The average flat size, estimated as $60m^2$, was sourced from a reliable UK real estate source.

The results of our commercial real estate portfolio within Investec plc using the SBTi pathway is shown alongside. One target is derived for Commercial Real Estate and Residential Real Estate portfolios as a unified portfolio.

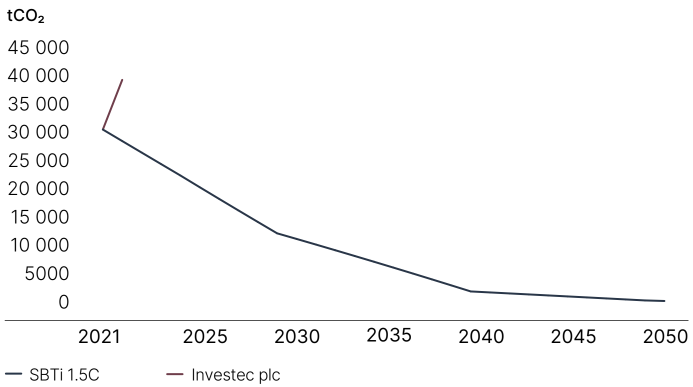
Emission intensity	2021	2022	2025	2030	2035	2040	2045	2050
$kgCO_2e/m^2$								
SBTi 1.5C target	**48.2**	44.2	33.0	16.4	8.7	2.0	0.9	–
Investec plc	**48.2**	48.3	–	–	–	–	–	–
Investec plc vs. target		9%	–	–	–	–	–	–

Absolute emissions	2021	2022	2025	2030	2035	2040	2045	2050
tCO_2e								
SBTi 1.5C target	**30 452**	28 408	22 300	12 018	6 973	1 696	811	80
Investec plc	**30 452**	39 274	–	–	–	–	–	–
Investec plc vs. target		38%	–	–	–	–	–	–

Emission intensity



Absolute emission



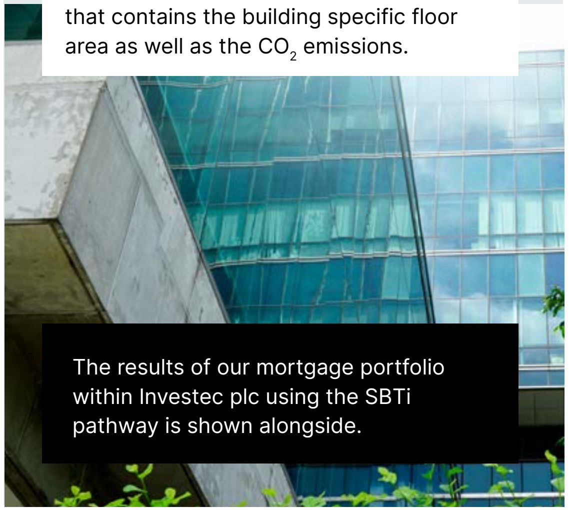
It is noted that both the absolute emissions and emissions intensity of Investec plc's real estate portfolio exceed the levels set by the SBTi 1.5C scenario. The absolute emissions are 38% above the 1.5C scenario and the emissions intensity 9% above.

Investec plc's commercial real estate emissions are currently above the target due to an expanding portfolio, higher emissions from older buildings that lack energy efficient features and slow adoption of sustainable practices by tenants and in operational practices, leading to higher energy consumption and emissions. The expansion of Investec plc's real estate portfolio has been seen amid promising growth potential and investment opportunities as demand remains resilient. Increased adoption of building energy efficiency standards should contribute to a lower carbon footprint for the sector going ahead.

Steering our mortgage portfolio in **Investec plc**

Data quality score and data required
PCAF data quality score 1 was selected and the option 1b was applied. Data required for this quality score is:

Actual building emissions: The property specific emissions were obtained from the Energy Performance Certificates (EPCs) that contains the building specific floor area as well as the CO_2 emissions.

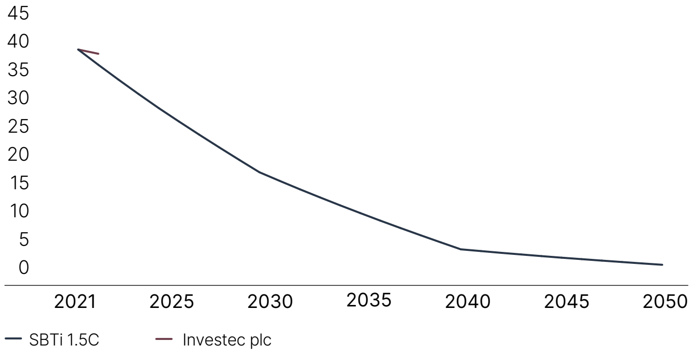


The results of our mortgage portfolio within Investec plc using the SBTi pathway is shown alongside.

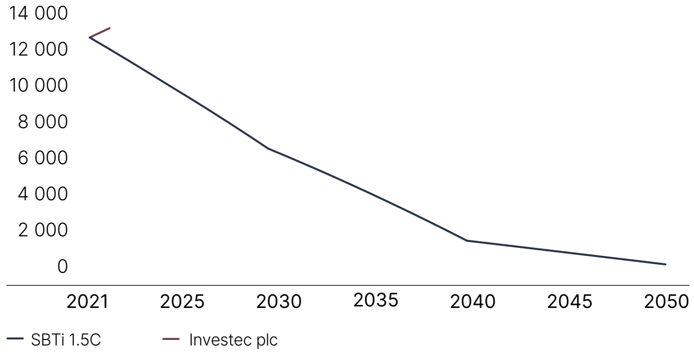
Emission intensity	**2021**	**2022**	**2025**	**2030**	**2035**	**2040**	**2045**	**2050**
$kgCO_2e/m^2$								
SBTi 1.5C target	**38.3**	35.6	28.0	16.6	9.3	2.9	1.4	0.2
Investec plc	**38.3**	37.6	–	–	–	–	–	–
Investec plc vs. target		6%	–	–	–	–	–	–

Absolute emissions	**2021**	**2022**	**2025**	**2030**	**2035**	**2040**	**2045**	**2050**
tCO_2e								
SBTi 1.5C target	**12 617**	11 971	9 968	6 479	4 077	1 400	751	94
Investec plc	**12 617**	13 132	–	–	–	–	–	–
Investec plc vs. target		10%	–	–	–	–	–	–

Emission intensity



Absolute emission



It is noted that both the absolute emissions and emissions intensity of Investec plc's mortgages portfolio exceed the levels set by the SBTi 1.5C scenario. The absolute emissions are 10% above the 1.5C scenario and the emissions intensity 6% above.

A report from Imperial College London has found that the UK is falling behind other European countries in efforts to upgrade and decarbonise homes. The UK government is lagging behind in supporting energy conservation efforts, resulting in British citizens living in some of the least energy-efficient housing in Europe. This situation exacerbates both the energy crisis and the cost of living. The report highlights that improving the insulation of UK homes is crucial for enhancing energy efficiency. The Department for Business, Energy and Industry Strategy (BEIS) has introduced a £1bn grant scheme aimed at assisting homeowners with low energy efficiency ratings and lower council tax bands to insulate their homes. This initiative aims to enhance the energy efficiency of homes across the UK.

https://www.theengineer.co.uk/content/news/uk-falling-behind-on-energy-efficient-homes/

https://moneyweek.com/personal-finance/605546/grants-to-make-home-energy-efficient

Steering our motor vehicle portfolio

Investec Limited

A PCAF data quality score of 5 was initially chosen, and option 3b was implemented. We made efforts to improve the data quality score wherever possible, which led to selecting a score of 3 and applying option 2b in some instances. The data needed for these quality scores are:

Estimated distance travelled: The estimated average annual distance travelled per passenger vehicle and buses, estimated to be 21 900km and 27 260km respectively, were obtained from the International Association of Public Transport and African Association of Public transport.

Emissions intensity: The emissions calculations were based on the published PCAF make and model specific emissions factors (in $kgCO_2/km$) whenever available. In cases where such data was not available, the published PCAF emissions factor for an average passenger car in Africa, which is 0.2915 $kgCO_2/km$, was used.

Vehicle occupancy rate: The average car occupancy of 1.5 persons per vehicle was sourced from the University of Michigan's published statistics on personal transportation.

How we are navigating our motor vehicle finance portfolio in Investec Limited

Within South Africa the green transport policy aims to push towards low-emission vehicles only in the 2030s. The uptake of EVs are limited as charging of EVs from the current electricity grid (carbon fuelled) is more carbon intensive than a new internal combustion engine (ICE). The impact of EVs in South Africa will start to increase from 2040 because of the decarbonised power system. The main constraints to adoption of EVs in South Africa are:

- the cost of EV purchase
- limited charging infrastructure
- power supply constraints in South Africa are not conducive to rapid adoption of EVs as charging would burden the energy system.

For South Africa to move towards a low-emissions vehicle sector and to be in line with the suggested reduction targets, enabling levers for the adoption of EV technologies in South Africa would be:

- increasing national power generation with renewable sources
- provision of policy direction by the government with set EV sales
- charging infrastructure targets.

Within Investec Limited, we continue to look for opportunities in sustainable and green transport.

Investec plc

A PCAF data quality Score 3 (option 2b) was implemented for 56% of the portfolio, while the remaining portion of the portfolio was assigned a quality Score 5 (option 3b). Data required for this quality score are:

Estimated distance travelled: The estimated average distance travelled per vehicle year, which is 8 530km, was sourced from the National Travel Survey (NTS0901) statistical data sets published by the UK government.

Emissions intensity: The emissions calculations were based on the published PCAF make and model specific emissions factors (in $kgCO_2/km$) whenever available. In cases where such data was not available, the published PCAF emissions factor for an average passenger car in Europe, which is 0.1603 $kgCO_2/km$, was used.

Vehicle occupancy rate: The estimated average car occupancy rate, which is 1.5 persons per vehicle, was sourced from the National Travel Survey (NTS0905) statistical data sets published by the UK government.

How we are navigating our motor vehicle finance portfolio in Investec plc

In July 2021, the UK Government published the world's first 'greenprint' to decarbonise all modes of domestic transport by 2050. The plan pledges to end the sale of all new, polluting road vehicles by 2040. The sale of new petrol and diesel cars and vans will be phased out by 2030, and all new cars and vans will be fully zero emission at the tailpipe from 2035.

According to the 'greenprint', the delivery towards greener modes of transport will consist of the following strategic priorities:

- Accelerating modal shift to public and active transport with public transport and active travel to be the first choice
- Decarbonising road transport by phasing out all new non-zero emission road vehicles by 2035
- Decarbonising the freight system through pioneering new zero emission technologies.

Within Investec plc we continue to look for opportunities in the financing of electric vehicle infrastructure. We have invested in a London-based company, Osprey Charging, supporting 320 electric vehicle rapid charging stations and 100% powered by renewable energy. It is one of the UK's largest rapid charging networks and has plans to double its fleet of 320 chargers by the end of the year.

Identifying and assessing the significance of climate change risk in terms of size and scope

In assessing the significance of climate change risk, due consideration is given to both the potential impact from climate change and the responses to climate change. The complexities around climate change modeling potentially, including the role of adaptation and mitigation responses is profound. In doing so, a different thought process should be applied to the sectoral and regional boundaries and the links between physical and socio-economic drivers of the risks. Climate risk can arise through physical or transition risks, which can translate into risks described in the strategy section on page 30.

Material asset class assessment within our loan book

Material climate-related risk considerations are integrated into multidisciplinary, company-wide management processes throughout the Group and are managed within our credit and investment portfolios. Ultimately the DLC SEC and the Group ESG Executive Committee take responsibility for monitoring climate-related and sustainability (including ESG) matters. We have a Board-approved risk appetite framework where significant exposures to industries that could be considered to have a higher climate or ESG risk are monitored and limited.

To assess the significance of the climate-related risk posed to the Group, we have calculated a baseline for emissions we finance. To do so, we considered the size of our various portfolios on balance sheet as a percentage of core loans and advances, as shown alongside.

	Investec Group		UK and other		South Africa	
	31 March 2023	31 March 2022	**31 March 2023**	31 March 2022	**31 March 2023**	31 March 2022
Commercial real estate	**13%**	15%	**10%**	11%	**16%**	18%
Residential real estate	**3%**	4%	**5%**	5%	**2%**	2%
Total lending collateralised by property	**17%**	**19%**	**15%**	**16%**	**18%**	**20%**
Mortgages	**29%**	28%	**30%**	28%	**28%**	28%
High net worth and specialised lending	**14%**	16%	**6%**	7%	**23%**	24%
Total high net worth and other private client lending	**43%**	**44%**	**36%**	**35%**	**51%**	**52%**
Corporate and acquisition finance	**18%**	16%	**14%**	13%	**22%**	20%
Asset-based lending	**1%**	1%	**2%**	3%	**–**	–
Fund finance	**7%**	6%	**9%**	9%	**4%**	2%
Other corporate and financial institutions and governments	**2%**	2%	**3%**	3%	**1%**	1%
Asset finance	**8%**	**8%**	**15%**	**15%**	**1%**	**1%**
Small ticket asset finance	**5%**	6%	**9%**	10%	**1%**	1%
Motor finance	**3%**	2%	**6%**	5%	**–**	–
Aviation finance	**1%**	1%	**2%**	2%	**1%**	1%
Power and infrastructure finance	**3%**	3%	**3%**	4%	**2%**	2%
Total corporate and other lending	**40%**	**38%**	**49%**	**49%**	**31%**	**28%**
Total core loans	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Refer to Investec risk and governance report pages 35 to 43

Physical risks within our operations and business

Physical risks within our South African operations

Geolocations were used to map the Investec offices. Precipitation was analysed according to the pathways shown below.

Precipitation

Prediction in scenario's SSP1-2.6, SSP2-4.5 and SSP3-7.0 show that temperatures will increase across South Africa on different levels. The total annual precipitation will decline into the mid-21st century and could possibly return to more or less current levels towards 2100 if emissions of greenhouse gasses are reduced.

SSP3-7.0 predicts generally declining precipitation across South Africa, however it also models increases to the average maximum precipitation for most of South Africa, up to 15% increase in certain places. This may be an indication of more frequent extreme precipitation events.

Coupled Model Intercomparison Project 6 (CMIP6) models and SSP scenarios indicate that properties located in areas of Gauteng and Kwazulu-Natal such as Durban may be subject to increased extreme precipitation events, since the country is expected to become drier on average. This is in line with the climate change predictions of the IPCC and the Department of Forestry, Fisheries and Environment.

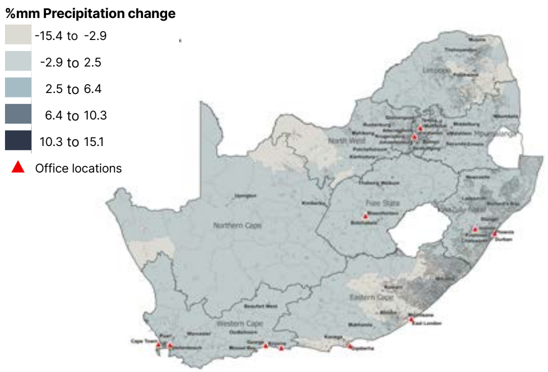
More granular geographic locations were added to the projections which identifies areas for risk impact assessment.

The maps below show that, under SSP1-2.6, the precipitation generally decreases or increases only slightly over time. However, the change over time is markedly different under SSP2-4.5. In this scenario the Western Cape region becomes drier over time, whereas the northern provinces generally become wetter. The Gauteng Investec offices can expect an increase in rainfall over time under this scenario. The projections for the SSP3-7.0 scenario also shows the Western Cape becoming drier over time, but with Gauteng remaining relatively more stable.

Our office in KwaZulu-Natal can expect the highest increase in rainfall under the SSP3-7.0 scenario which may impact the safety and wellbeing of our employees who are at work or live in the surrounding area. This risk is managed within our operational resilience strategies and business continuity plans which incorporates emergency response procedures. In the floodings during April and May 2022 in KwaZulu-Natal our offices were not impacted and our employees who were impacted by the flooding were supported.

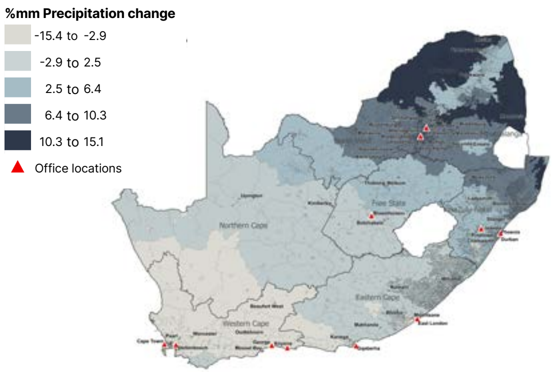
PRECIPITATION

SSP1-2.6: Taking the green road



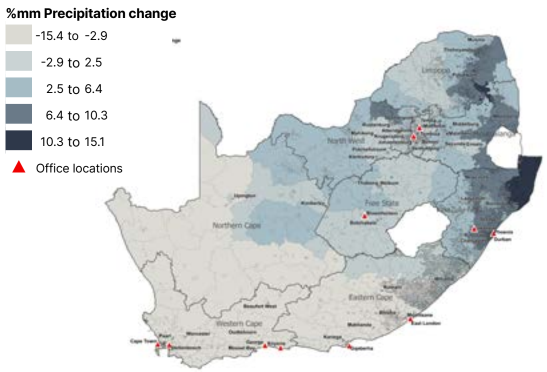
Offices and highest maximum average precipitation percentage change – SSP1-2.6 from 2021-2040 to 2081-2100

SSP2-4.5: Taking the middle road



Offices and highest maximum average precipitation percentage change – SSP2-4.5 from 2021-2040 to 2081-2100

SSP3-7.0: Taking the rocky road



Offices and highest maximum average precipitation percentage change – SSP3-7.0 from 2021-2040 to 2081-2100

Images: Copyright RiskScape

Physical risks within our South African operations continued

Geolocations were used to map the Investec offices. Maximum temperatures were analysed according to the pathways shown below.

Maximum temperatures

The maps that follow show geospatially the locations of predicted average monthly maximum temperatures. Darker colours indicate higher average monthly temperatures. Coastal areas are predicted to have smaller temperature increases, relative to 1850-1900 levels, mostly due to proximity to oceanic water. Overall a warmer climate is forecast over all three scenario as expected but the level of change differs across the three scenarios. Only our Bloemfontein office lies in an area showing a significant increase in maximum temperatures for the SSP1-2.6 scenario.

For SSP2-4.5, a larger part of the country experiences significantly high temperatures and in this scenario, the Bloemfontein, Johannesburg and Pretoria offices are expected to experience relatively high temperatures.

The most extreme changes occur for the SSP3-7.0 scenario. Here, the Bloemfontein, Johannesburg and Pretoria offices experience extremely high temperatures, while the Western Cape and Durban offices are expected to experience high temperatures as well.

These extreme temperatures may impact the health and wellbeing of our employees who work or live around our high risk office locations. The risk of the impact on our employees is managed and mitigated through our robust operational resilience strategies and business continuity plans which incorporates emergency response procedures.

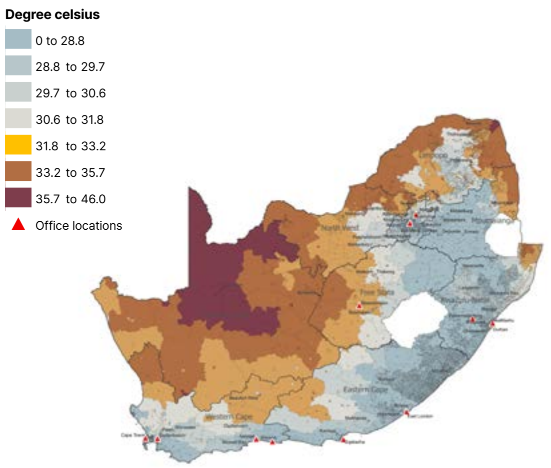
SSP1-2.6: Taking the green road

SSP2-4.5: Taking the middle road

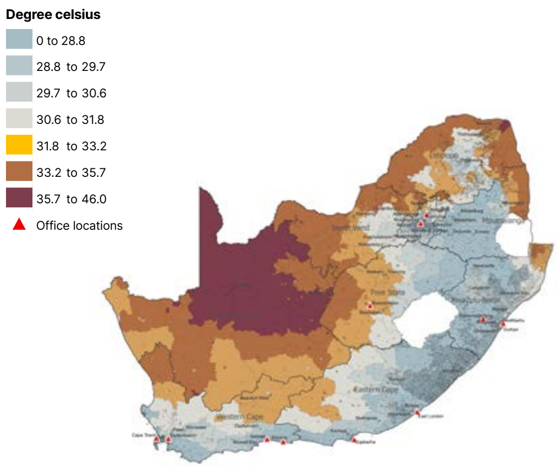
SSP3-7.0: Taking the rocky road

The maps below show that a warmer climate is expected over all three scenarios but that the level of change differs across the three scenarios.

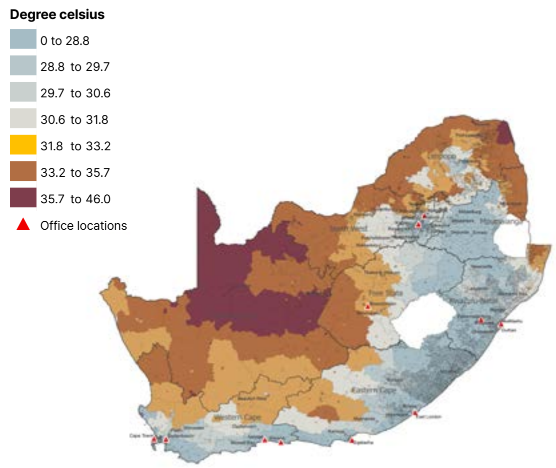
MAXIMUM TEMPERATURES



Offices and average monthly maximum temperatures – SSP1-2.6 for 2021-2040



Offices and average monthly maximum temperatures – SSP2-4.5 for 2021-2040



Offices and average monthly maximum temperatures – SSP3-7.0 for 2021-2040

Images: Copyright RiskScape

Physical risks within our operations and business continued

Physical risks within our UK operations

Geolocations were used to map the Investec offices. Precipitation was analysed according to the pathways below.

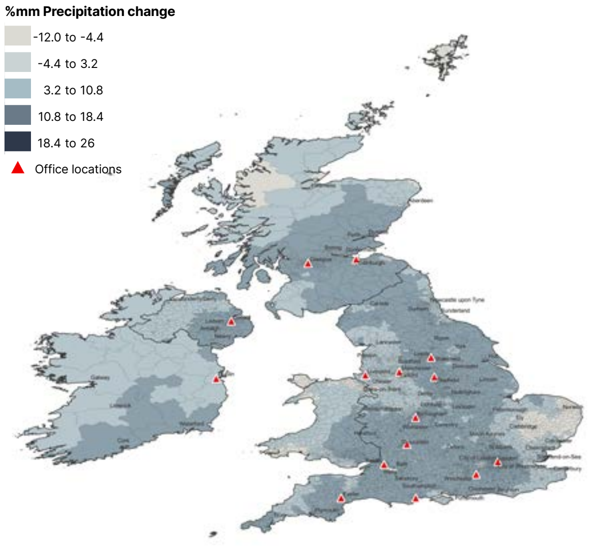
Precipitation

The outlook for the UK is on average drier summers and wetter winters, with differences across the country both by scenario and region. Under all selected scenarios the likelihood of extreme events are higher, but the precipitation increases expected in England are relatively modest compared with some other parts of the globe. Under SSP1-2.6 most offices are exposed to mild increases in precipitation. Wales, Ireland and Scotland generally are expected to face a higher risk of large precipitation increases, while Dublin, Liverpool and Manchester have a slightly lower risk of increases. Under SSP2-4.5 the risk of increased precipitation rises for most offices, with those in central and southern parts at elevated risk. Under SSP3-7.0 a more material increase is expected, with offices across the country exposed to a higher risk of increased precipitation. However, the offices in the central and south western parts of England may experience a slightly less pronounced increase.

This risk is managed within our operational resilience strategies and business continuity plans which incorporates emergency response procedures.

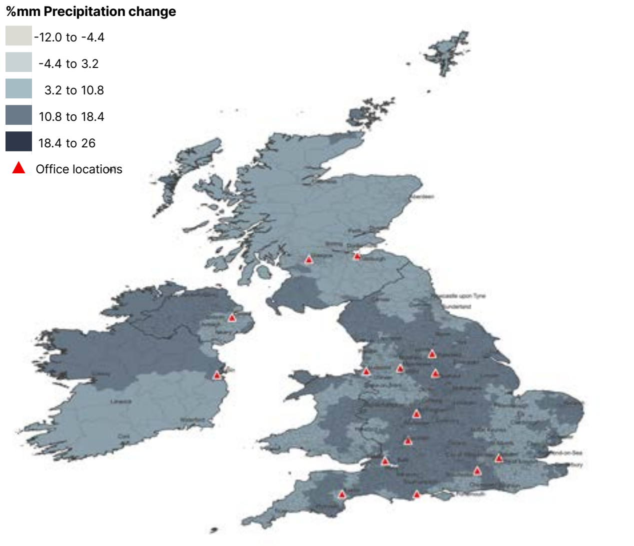
PRECIPITATION

SSP1-2.6: Taking the green road



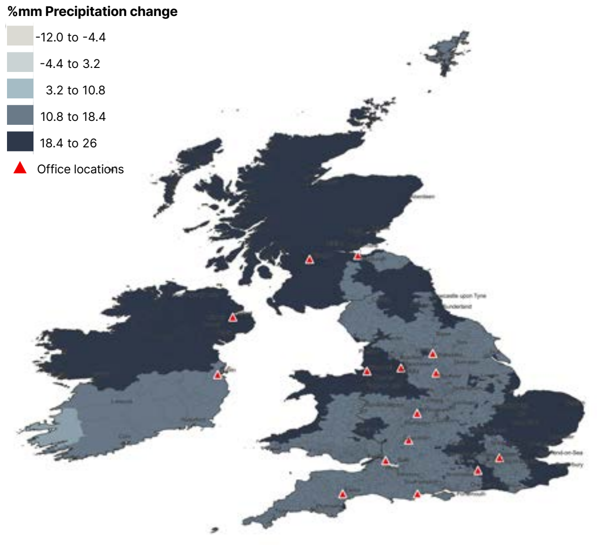
Offices and highest maximum average precipitation percentage change – SSP1-2.6 from 2021-2040 to 2081-2100

SSP2-4.5: Taking the middle road



Offices and Highest Maximum Average Precipitation Percentage change – SSP2-4.5 from 2021-2040 to 2081-2100

SSP3-7.0: Taking the rocky road



Offices and Highest Maximum Average Precipitation Percentage change – SSP3-7.0 from 2021-2040 to 2081-2100

Images: Copyright RiskScape

Physical risks within our UK operations continued

Geolocations were used to map the Investec offices. Maximum temperatures were analysed according to the pathways below.

Maximum temperatures

Over the period 2021-2040, the south eastern and central-southern parts of England are likely to experience the highest risk of above 25.5°C average monthly maximum temperatures under SSP1-2.6, but with only the London offices at risk of the highest temperate level. Most offices in England face the risk of average monthly maximum temperature as high as or higher than 35 degrees in the long term (out to 2100) under both SSP3-7.0 and SSP2-4.5 (not shown in the maps below). The risk of very high temperatures in Scotland remains much lower than the rest of the country across all scenarios and time periods. Ireland also has less risk of very hot maximum temperatures under SSP1-2.6 and SSP2-4.5 even in the longer term.

These extreme temperatures may impact the health and wellbeing of our employees who work or live around our high risk office locations. The risk of the impact on our employees is managed and mitigated through our robust operational resilience strategies and business continuity plans which incorporates emergency response procedures.

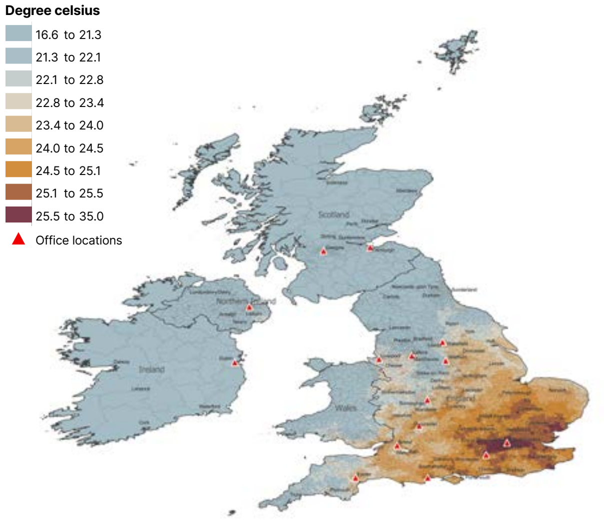
SSP1-2.6: Taking the green road

SSP2-4.5: Taking the middle road

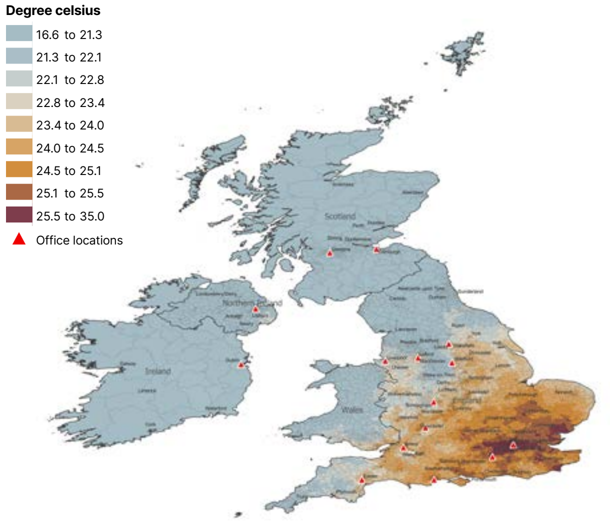
SSP3-7.0: Taking the rocky road

The maps below show that a warmer climate is expected over all three scenarios but that the level of change differs across the three scenarios.

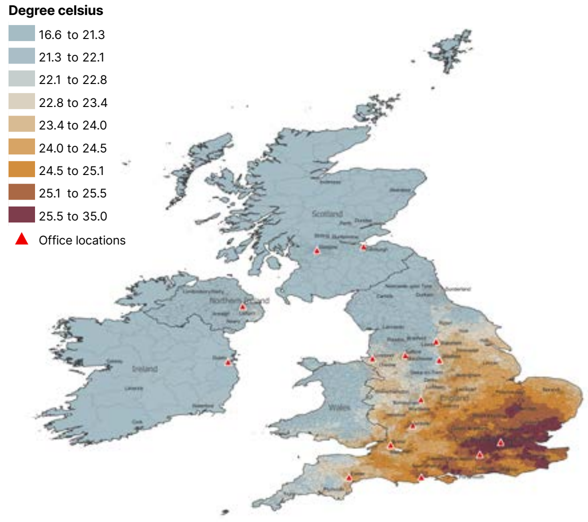
MAXIMUM TEMPERATURES



Offices and average monthly maximum temperatures – SSP1-2.6 for 2021-2040



Offices and average monthly maximum temperatures – SSP2-4.5 for 2021-2040



Offices and average monthly maximum temperatures – SSP3-7.0 for 2021-2040

Images: Copyright RiskScape

Physical risks within our operations and business continued

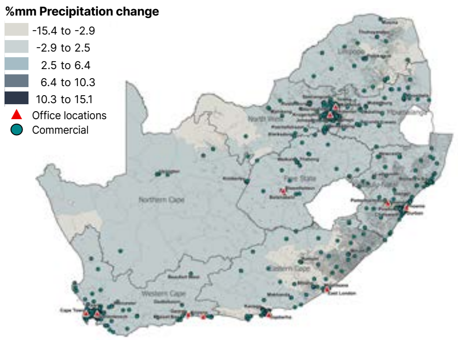
Assessing climate-related physical risk within our South African business

The below maps show our exposure to physical climate-related risks within our residential and commercial real estate, in South Africa. The analysis across the three SSP scenarios show that extreme changes in precipitation or monthly average maximum temperatures pose a very low risk to our residential and commercial properties. A project has kicked-off to quantify the climate-related risks to property collateral.

Commercial and residential real estate

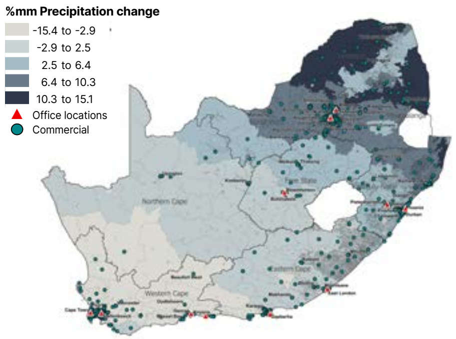
PRECIPITATION

SSP1-2.6: Taking the green road



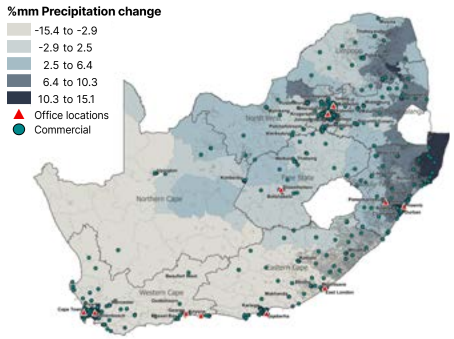
Residential and commercial properties highest maximum average precipitation percentage change – SSP1-2.6 from 2021-2040 to 2081-2100

SSP2-4.5: Taking the middle road



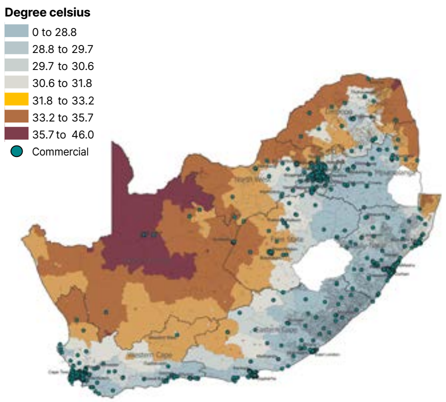
Residential and commercial properties highest maximum average precipitation percentage change – SSP2-4.5 from 2021-2040 to 2081-2100

SSP3-7.0: Taking the rocky road

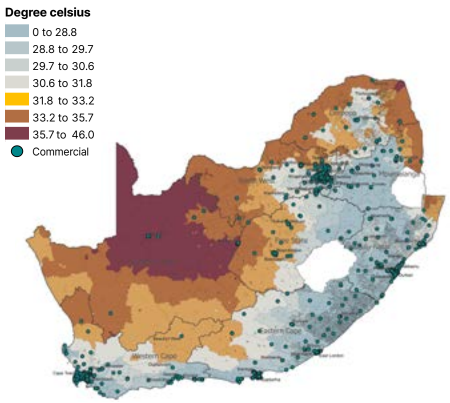


Residential and commercial properties highest maximum average precipitation percentage change – SSP3-7.0 from 2021-2040 to 2081-2100

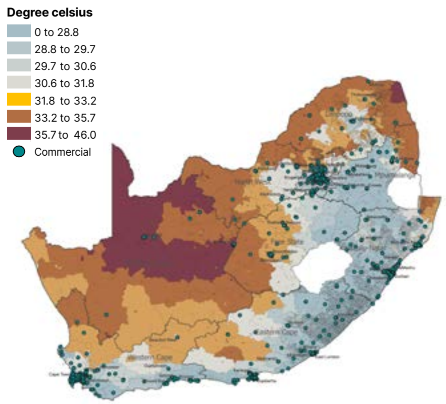
MAXIMUM TEMPERATURES



Residential and commercial properties average monthly maximum temperatures – SSP1-2.6 for 2021-2040



Residential and commercial properties average monthly maximum temperatures – SSP2-4.5 for 2021-2040



Residential and commercial properties average monthly maximum temperatures – SSP3-7.0 for 2021-2040

Images: Copyright RiskScape

<5%

of Investec Limited's commercial and residential portfolio is exposed to extreme precipitation or temperature changes

Predicted changes in precipitation was used to analyse the physical risk of our residential and commercial properties to flood ponding. In addition, properties located close to coastlines were analysed for exposure to ocean water hazards and storm hazards.

Regions where we have properties that have the highest exposure to flood risk in extreme events are located in Johannesburg, the area around the eastern side of Table Mountain in Cape Town, Umhlanga and Everton. In summary the analysis showed that less than 5% of our properties may be exposed to floods and ocean hazards in the extreme scenario.

Predicted change in maximum temperature was used to analyse the physical risk of our residential and commercial properties to extreme heat, fire risk and thatch flammability. Regions where we have properties that have the highest exposure to extreme heat, fire and thatch flammability in Gauteng are in Pretoria and the northern part of Johannesburg. Pinelands has the highest concentration of risk in Cape Town. Everton and the northern part of Durban have the highest concentration of thatch flammability risk in KwaZulu-Natal. In summary the analysis showed that less than 5% of our properties may be exposed to extreme heat and fire risk.

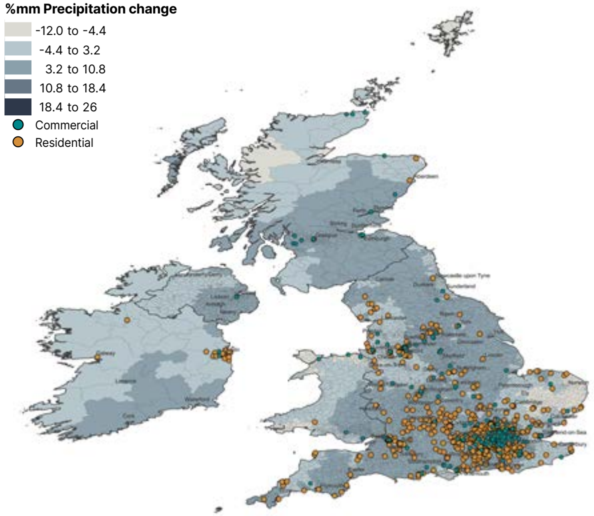
Assessing climate-related physical risk within our UK business

The below maps show our exposure to physical climate risks within the residential and commercial real estate portfolios, in the UK and Ireland. The vast majority of the portfolio is concentrated in England, with some exposures in Wales, Ireland, and Scotland. The analysis across the 3 SSP scenarios show that England may experience both increases in extreme high temperatures, as well as increases in national precipitation. Overall, the scenarios show modest trends, and less pronounced sensitivities to marginal decreases in global carbon emissions.

Commercial and residential real estate

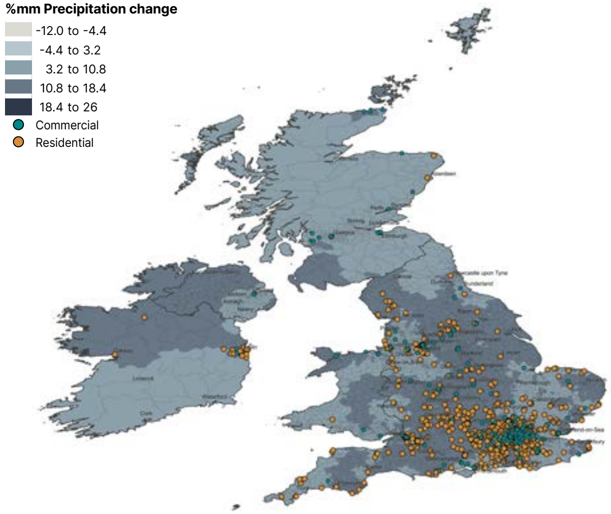
PRECIPITATION

SSP1-2.6: Taking the green road



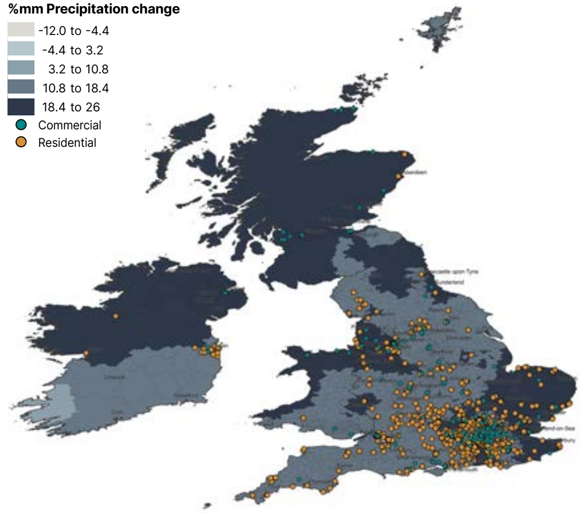
Residential and commercial properties highest maximum average precipitation percentage change – SSP1-2.6 from 2021-2040 to 2081-2100

SSP2-4.5: Taking the middle road



Residential and commercial properties highest maximum average precipitation percentage change – SSP2-4.5 from 2021-2040 to 2081-2100

SSP3-7.0: Taking the rocky road



Residential and commercial properties highest maximum average precipitation percentage change – SSP3-7.0 from 2021-2040 to 2081-2100

Images: Copyright RiskScape

Generally under all three selected scenarios precipitation (and associated risks such as floods and coastline related risks) is expected to increase for vast parts of the UK, by between 3% and 20%. The mildest increase is expected under SSP1-2.6 with a less than 10% increase, affecting the interior of England north to south, as well as the southern part of Scotland and Ireland, and the eastern part of northern Ireland. These changes are arguably not significant enough to cause a material change in physical risk. Under SSP3-7.0 however, material increases are expected, with the majority of Scotland, Ireland, the south eastern areas of England, and smaller areas in Wales and northern England expected to see changes of more than 18% increase in precipitation. Under this more extreme scenario, 15.1% of properties stand to be affected, of which just over 2% (of all properties) are commercial real estate. Offices located in these areas are in Glasgow, Edinburgh, Belfast, Liverpool and Manchester. A negligible percentage of properties face increased coastline exposure in these areas.

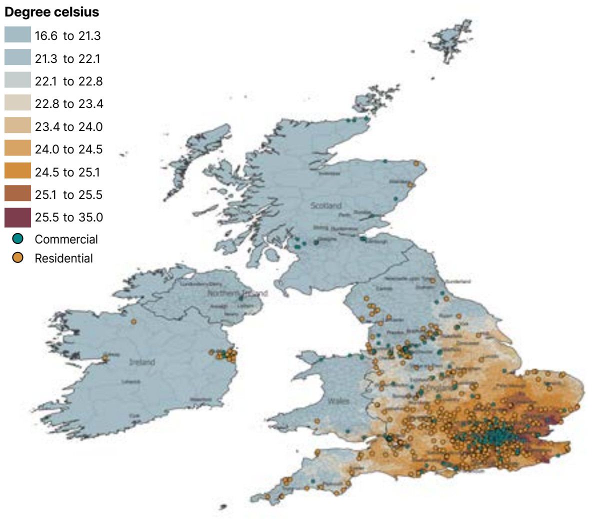
Assessing climate-related physical risk within our UK business continued

Significantly higher temperatures (up to 35⁰C or more on the hottest days) are expected to be seen for large parts of the UK under all selected scenarios, affecting a notable percentage (around 75%, of which around 8% is commercial real estate) of properties in the portfolio in the near-term on the highest temperature scenario – SSP3-7.0. Most properties are affected in the long term until 2100. Possible impacts include fire risk, as well as secondary risks such as impacts on property values over the longer term. The area affected is, as expected, larger for the higher temperature scenarios, with mostly the central southern and south eastern parts of England affected under SSP1-2.6. However, nearly all of England, all of Wales and the eastern parts of Ireland are affected under SSP3-7.0 (around 99% of properties, of which 7% are commercial real estate) in the longer term.

Commercial and residential real estate

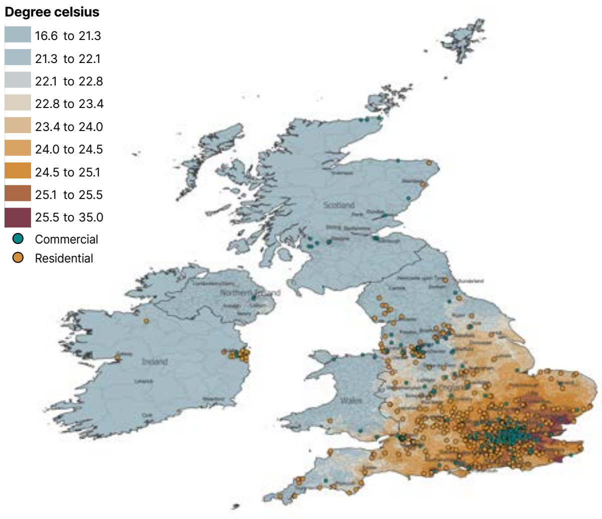
MAXIMUM TEMPERATURES

SSP1-2.6: Taking the green road



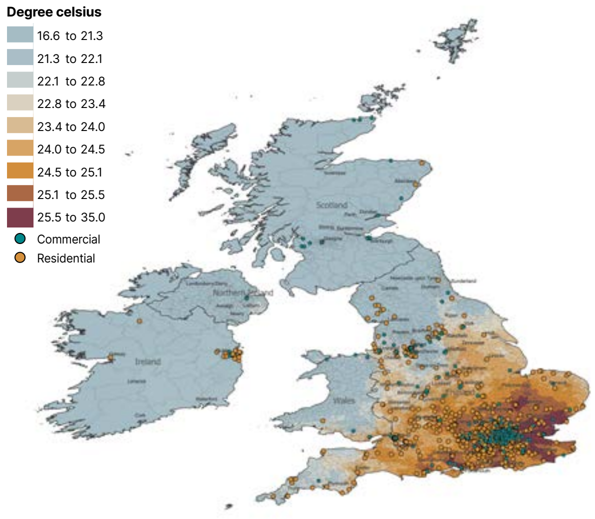
Residential properties and average monthly maximum temperatures – SSP1-2.6 for 2021-2040

SSP2-4.5: Taking the middle road



Residential properties and average monthly maximum temperatures – SSP2-4.5 for 2021-2040

SSP3-7.0: Taking the rocky road



Residential properties and average monthly maximum temperatures – SSP3-7.0 for 2021-2040

Images: Copyright RiskScape

Equator Principles

We support the key provisions of the Equator Principles (EP), however we are currently not a signatory to EP for the following reasons:

- 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 that they comply with such standards
- Our current internal framework 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. Furthermore, we have enhanced procedures to evaluate and actively avoid, manage and mitigate the potential social and environmental impacts of the projects we support.

Equator Principles disclosures: power and infrastructure portfolio for Investec Group – number of transactions

	31 March 2023				31 March 2022				31 March 2021			
	Category A	Category B	Category C	Total	Category A	Category B	Category C	Total	Category A	Category B	Category C	Total
Sector												
Mining	–	–	–	**–**	–	–	–	–	–	–	–	–
Infrastructure	–	–	1	**1**	–	–	–	–	–	–	4	4
Oil and gas	–	3	–	**3**	–	–	–	–	–	–	–	–
Power	–	1	9	**10**	–	9	1	10	–	4	6	10
Others	–	–	15	**15**	–	2	1	3	–	3	1	4
Total	–	**4**	**25**	**29**	–	11	2	13	–	7	11	18
Region												
Americas	–	3	14	**17**	–	7	1	8	–	3	6	9
EMEA	–	–	11	**11**	–	3	1	4	–	3	4	7
Asia Pacific	–	–	1	**1**	–	1	–	1	–	1	1	2
Total	–	**3**	**26**	**29**	–	11	2	13	–	7	11	18
Country designation												
Designated	–	3	21	**24**	–	11	1	12	–	7	11	18
Non-designated	–	–	5	**5**	–	–	1	1	–	–	–	–
Total	–	**3**	**26**	**29**	–	11	2	13	–	7	11	18

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transactions in the past three years in non-designated countries which complied with the Equator Principles

Category A: Projects with potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented.
Category B: Projects with potential limited adverse environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures.
Category C: Projects with minimal or no adverse environmental and social risks and/or impacts.

Rankings, ratings and industry participation

Although we are not driven by awards and recognition, Investec participates and has maintained its inclusion in select world-leading indices. These indices have been designed objectively to measure the performance of companies that meet globally recognised corporate responsibility standards.

In this chapter

We are proud to continue to be included in a number of world-leading indices.

One of the top 100 global sustainable companies in the world as rated by Corporate Knights

Included in the FTSE4Good Index

Top 30 in the FTSE/JSE Responsible Investment Index

Top 2% scoring AAA in the financial services sector in the MSCI Global Sustainability Index

Strengthened our rating to an A- from a B against an industry average of B-

Top 14% of diversified banks and included in the Global Sustainability Leader Index

Top 20% of the ISS ESG global universe

Rated Prime – best in class

Top 2% in the global diversified financial services sector (inclusion since 2006)

Awards

Awarded two Best Deals 2022 by GTR for the €600mn Ghana Western Rail transaction and the €220mn Western Regional Hospitals transaction

Awarded an inaugural Industry Achievement Award by GTR for our role in co-chairing the production of a white paper on how the $250bn export finance industry can help deliver on the UN SDGs

Awarded a Perfect 10 Award by TXF for Best African Export Finance Deal 2022: for the Ghana Western Regional hospitals transaction

Certifications

Investec Limited

- Received a 4-star **Green Building Council of South Africa (GBCSA)** certification in March 2020 which expired in February 2023. We are currently undergoing a recertification period.

Investec plc

- Retained our integrated **Environmental Management System** certification to the internationally recognised standard ISO 14001, first achieved in 2012, across 19 of our UK, Ireland, and Channel Island offices. The audit was undertaken by the UKAS accredited certification company SGS.

- Retained our integrated **Energy Management System** certification to the internationally recognised standard ISO 50001, first achieved in 2018, across 21 of our UK and Channel Island offices. The audit was undertaken by the UKAS accredited certification company SGS.

Industry participation

Investec Group

<table>
<tr><th>Initiative/membership/reporting</th><th>Objective</th><th>How we engage and participate</th></tr>
<tr><td>UN Global Compact</td><td>Aim to mobilise a global movement of sustainable companies and stakeholders to create the world we want.

UN Global Compact supports companies to:
• Do business responsibly by aligning their strategies and operations with the Ten Principles on human rights, labour, environment and anti-corruption, and
• Take strategic actions to advance broader societal goals, such as the UN SDGs, with an emphasis on collaboration and innovation</td><td>Investec has been a participant since 2012 and we annually report our commitment through the Global Compact Communication of Progress (COP). Having regularly support the UN Global Compact Young SDG Innovators programme in South Africa and in the UK. This programme gives young talent within the organisation the opportunity to collaborate and accelerate business innovation towards the SDGs</td></tr>
<tr><td>GISD Global Investors for Sustainable Development Alliance</td><td>An alliance of 30 CEs across the world's investment and business community that are committed to increase their contribution to the achievement of the SDGs. The members of the UN Global Investors for Sustainable Development (GISD) Alliance work together, harnessing their insights as private sector leaders, to advise on removing impediments and implementing solutions for scaling up long-term investment for sustainable development</td><td>Our CE, Fani Titi, has personally committed as one of 30 CEOs from financial institutions around the world who was invited to join the UN GISD Alliance.

We actively participate in the working groups and commit to:
• Do business responsibly by aligning strategies and operations with the Ten Principles on human rights, labour, environment and anti-corruption, and
• Take strategic actions to advance broader societal goals, such as the UN SDGs, with an emphasis on collaboration and innovation</td></tr>
<tr><td>Sustainable Development Goals – 17 Goals to Transform Our World</td><td>The Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity</td><td>We support the SDGs and annually report on our progress against our two impact SDGs being SDG 13 (climate-action) and SDG 10 (reduced inequality).

These impact SDGs are supported by our six core SDGs:
• SDG 4: Quality education
• SDG 6: Clean water and sanitation
• SDG 7: Affordable and clean energy
• SDG 8: Decent work and economic growth
• SDG 9: Industry, innovation and infrastructure
• SDG 11: Sustainable cities and communities</td></tr>
</table>

Industry participation continued

Initiative/membership/reporting	Objective	How we engage and participate
PCAF Partnership for Carbon Accounting Financials	The objective of the Partnership for Carbon Accounting Financials (PCAF) is to form a global partnership of financial institutions that work together to develop and implement a harmonised approach to assess and disclose the greenhouse gas emissions associated with their loans and investments	We actively engage in PCAF's UK and Africa working groups on climate disclosure specific to financial institutions
PBAF Partnership for Biodiversity Accounting Financials	The Partnership for Biodiversity Accounting Financials (PBAF) develops the 'PBAF Standard'. The PBAF Standard enables financial institutions to assess and disclose impact and dependencies on biodiversity of loans and investments. PBAF provides practical guidance to financial institutions on biodiversity impact and dependency assessment and defines what is needed in order for these assessments (either or not conducted by data providers) to deliver the right information to financial institutions	We joined the Partnership for Biodiversity Accounting Financials in May 2023
UNEP FINANCE INITIATIVE	The United Nations Environment Programme Finance Initiative (UNEP FI) is a partnership between UNEP and the global financial sector to mobilise private sector finance for sustainable development. UNEP FI works with more than 400 banks, insurers, and investors and over 100 supporting institutions to help create a financial sector that serves people and the planet, while delivering positive impacts	We are a signatory to the UNEP FI
UNEP FINANCE INITIATIVE PRINCIPLES FOR RESPONSIBLE BANKING	The UN Principles for Responsible Banking (UN PRB) created a unique framework for ensuring that signatory banks' strategy and practice align with the vision of the society has set out for its future in the SDGs and the Paris Climate Agreement. The framework consists of six principles designed to bring purpose, vision and ambition to sustainable finance The **UN PRB Academy** have developed an online learning academy to support implementation of the Principles for Responsible Banking	We have submitted our third report according to the UN PRB principles We have actively contributed to the curriculum and implementation around a training strategy through the development and delivery of online learning courses. This curriculum covers the key areas of knowledge and understanding relating to sustainability required by staff in financial institutions, for existing and aspiring signatories of the UN PRB
CDP DISCLOSURE INSIGHT ACTION	CDPs (formerly known as the Carbon Disclosure Project) climate change programme aims to reduce companies' greenhouse gas emissions and mitigate climate change risk. CDP requests information on climate risks and low carbon opportunities from the world's largest companies on behalf of over 800 institutional investor signatories with a combined $100 trillion in assets	We have been reporting to the CDP climate change response since 2009 • In 2013 we received CDP gold recognition status for a score of A- and were included in the CDP Leadership Index (top 11 in South Africa across all sectors) • This year we have improved our core to a A- (from a B) against an industry average of B-
World Benchmarking Alliance	The objective of the World Benchmarking Alliance (WBA) is to build a movement to measure and incentivise business impact towards a sustainable future that works for everyone. The WBA has set out to develop transformative benchmarks that will compare companies' performance on the SDGs	We are a member of the WBA and participated in various stakeholder consultation

Industry participation continued

Initiative/membership/reporting	Objective	How we engage and participate
IIF Institute of International Finance	The Institute of International Finance (IIF) is the global association of the financial industry, with more than 450 members from over 70 countries. Its mission is to support the financial industry in the prudent management of risks, to develop sound industry practices, and to advocate for regulatory, financial and economic policies that are in the broad interests of its members and foster global financial stability and sustainable economic growth	We are a member of the IIF and participated in the working group focused on providing a standardised template for TCFD disclosures for banks. We also contributed to the TCFD report playbook by providing input and feedback to the publication
ICC International Chamber of Commerce – The world business organization	The International Chamber of Commerce (ICC) set up a Global Export Finance Committee Sustainability Working Group (ICC-SWG) in 2018, with the objective to grow the share of sustainable export finance and showcase how the industry can contribute to global challenges. The ICC's Sustainability in Export Finance whitepaper is an important output of the working group. **This white paper has two important objectives:** • To provide a baseline of the industry's current practices and priorities in regards to sustainable export finance • To provide policy and product recommendations that, if implemented, will help grow the flow of sustainable export finance	Chris Mitman (Head of Investec plc Export and Agency Finance), is a founding member of the ICC Export Finance Committee which was established to represent the global export finance banking industry in its engagement with the Berne Union, regulators, and the OECD. He is also co-chair of the ICC Sustainability Working Group focused on growing the sustainable funding activities of the export credit market
united for wildlife	The United for Wildlife (UfW) Taskforce have been working to facilitate collaboration between the transport sector, finance sector and law enforcement to prevent wildlife trafficking across the world. The UfW Taskforce has grown from 12 private sector companies in 2016 to over 250 global partnerships, representing large proportions of the shipping, airline, and financial industries	We are a signatory to UfW's Financial Taskforce to combat illegal wildlife trade (part of the Royal Foundation) and a participant in UfW's Taskforce for Financial Services on illegal wildlife trade (IWT)
UN-Convened, Industry-led Net-Zero Banking Alliance	The Net-Zero Banking Alliance (NZBA) is an alliance that brings together banks worldwide that are committed to aligning their lending and investment portfolios with net-zero emissions by 2050	We are members of the NZBA and actively participate in various working groups including the: • Sector track • Implementation track, and • Champion of the outreach and recruitment track in Africa
Force for Good	The Force for Good initiative was launched with the idea that capital can be a catalyst that changes the world for good and that an increasing number of leading financial institutions are leveraging their organisation's capital to do good in a myriad of ways. The Force for Good initiative sought to assess, establish and encourage the holders of capital to be a force for good	Investec participated in the initial launch and continues to support the initiative

Industry participation continued

Investec Limited

Initiative/membership/reporting	Objective	How we engage and participate
THE BANKING ASSOCIATION SOUTH AFRICA	The Banking Association South Africa (BASA) advances the interests of the industry with its regulators, legislators, and stakeholders to make banking sustainable, profitable and better able contribute to the social and economic development and transformation of the country. The Sustainable Finance Forum members comply with the BASA principles for managing environmental and social risk	**We participate in various forums and committees including:** • Climate Risk Committee • Sustainable Finance Committee • Positive Impact Finance Committee
national treasury Department: National Treasury REPUBLIC OF SOUTH AFRICA	National Treasury Department of Environmental Affairs issued the technical paper on Financing a Sustainable Economy in April 2020 after which various work streams were formed	Investec contributed in various capacities to the, Climate Steering Committee the Sustainable Finance Working Group and the Disclosure Working Group
JSE JSE Sustainability and Climate change disclosure guidance	The Johannesburg Stock Exchange (JSE) Sustainability and Climate Change Disclosure Guidance is aligned with, and draws on, the most influential global initiatives on sustainability and climate change disclosure – including the GRI Sustainability Reporting Standards, the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations, and the IIRC's International <IR> Framework – as well as an extensive range of other frameworks and standards, and the sustainability/ESG guidance of various peer exchanges	Within South Africa we have participated in providing input towards the sustainability and climate change disclosure guidance published by the JSE, South Africa Green Finance Taxonomy and the Just Transition Framework
UN GLOBAL COMPACT	The aim of the UN Global Compact South Africa is to mobilise a global movement of sustainable companies and stakeholders to create the world we want. **UN Global Compact supports companies to:** • Do business responsibly by aligning their strategies and operations with Ten Principles on human rights, labour, environment and anti-corruption, and • Take strategic actions to advance broader societal goals, such as the SDGs, with an emphasis on collaboration and innovation	Morris Mthombeni an independent Non-Executive Director of Investec Bank Limited Board is a Board member of the UN Global Compact in South Africa
AFRICAN NATURAL CAPITAL ALLIANCE	The African Natural Capital Alliance (ANCA) is a collaborative forum for mobilising the financial community's response to the risk of nature loss in Africa. They bring together a core group of financial institutions, governmental organisations, intergovernmental partners, and civil society representatives	We joined the African Natural Capital Alliance as a founding member with the formal launch at the end of May 2022. We see this as an opportunity to learn and increase our understanding of the link between finance and biodiversity while at the same time contributing to ensure alignment across the financial sector

Industry participation continued

Investec plc

Initiative/membership/reporting	Objective	How we engage and participate
UK FINANCE	UK Finance is the collective voice for the banking and finance industry. UK Finance is a trade association for the UK banking and financial services sector, formed on 1 July 2017. It represents over 300 firms in the UK providing credit, banking, markets and payment-related services	Ruth Leas, Investec plc's CE is a Board member of UK Finance

Industry participation continued

Investec Wealth & Investment

Initiative/membership/reporting	Objective	How we engage and participate
PRI Principles for Responsible Investment	The UN Principles of Responsible Investment (UN PRI) is a UN-supported international network of investors working together to implement its six aspirational principles – a voluntary set of investment principles for incorporating ESG issues into investment practice. The principles were developed by investors, for investors, and by implementing them, signatories contribute to developing a more sustainable global financial system	• In January 2021, IW&I became an official signatory of the UN PRI. Our membership commits IW&I globally to the UN PRI • IW&I submitted its inaugural annual PRI report in 2021 and publicly committed to making these reports available on an annual basis
University of Cambridge Institute for Sustainability Leadership	The University of Cambridge Institute for Sustainable Leadership is a global network of pension funds, insurers and asset managers, with over £14 trillion under management and advice. The Group is committed to its mission to advance the practice of responsible investment	IW&I In the UK, joined the CISL Investment Leaders Group (ILG). The outcomes of this forum is to ensure that: • Capital acts for the long term • Capital is priced according to the true cost of business activities • Financial structures better server sustainable business
IIGCC The Institutional Investors Group on Climate Change	The IIGCC's mission is to support and enable the investment community in driving significant and real progress by 2030 towards a net zero and resilient future. This will be achieved through capital allocation decisions, stewardship and successful engagement with companies, policy makers and fellow investors	IW&I In the UK, joined the Institutional Investors Group on Climate Change (IIGCC)
Climate Action 100+ Global Investors Driving Business Transition	Climate Action 100+ is an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change	Campbell Parry, Investec global resources analyst at IW&I is the Investec representative on the Climate Action 100+ forum
CDP Investor Signatory	The objective of the CDP investor signatory membership is to promote industrial-scale environmental disclosure and engagement, aligned with the TCFD	• In 2021, IW&I became a formal CDP signatory • IW&I joined the CDP Non-Disclosure Campaign giving us the opportunity to actively engage companies that have received the CDP disclosure request on behalf of investors but have not yet provided a response

Investec Wealth & Investment continued

Initiative/membership/reporting	Objective	How we engage and participate
CRISA CODE FOR RESPONSIBLE INVESTING IN SOUTH AFRICA	The Code for Responsible Investing in South Africa (CRISA) formally encourage institutional investors to integrate into their investment decisions sustainability issues such as ESG	IW&I in South Africa subscribes to CRISA
Signatory of: UK STEWARDSHIP CODE | 2021	The UK Stewardship Code 2020 sets high stewardship standards for those investing money on behalf of UK savers and pensioners, and those that support them. Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society	IW&I in the UK subscribes to the UK Stewardship Code

Appendix

08

Policies

We support the precautionary approach to environmental management. We strive to minimise and prevent investing in projects or dealing with counterparties where potential and unmitigated environmental degradation might result. Identifying and quantifying environmental risk is embedded within business risk assessments and management processes.

Group public policies and statement

- Environmental policy and climate change statement
- Biodiversity statement
- Procurement statement
- Operational resilience statement
- Fossil fuel policy
- The way we do business policy.

Investec Wealth & Investment policies

- Investec Wealth & Investment ESG and sustainability policy (South Africa)
- Investec Wealth & Investment voting and active engagement policy (South Africa)
- Investec Wealth & Investment Equity and collectives ESG policy (UK)
- Investec Wealth & Investment Engagement policy (UK)
- Investec Wealth & Investment Voting policy (UK)
- Investec Wealth & Investment Stewardship code (UK).

Group internal policies

- Environmental and social risk practices for both our lending and investment activities.

Abbreviations

A2X	Secondary South African Stock exchange
AGM	Annual General Meeting
AI	Artificial Intelligence
ANCA	African Natural Capital Alliance
AOD	Automobiles Other than Cars
AWG	Aviation Working Group
BASA	Banking Association South Africa
BEV	battery electric vehicle
BRCC	Board Risk and Capital Committee
BSE	Botswana Stock Exchange
CCUS	Carbon capture, usage and storage
CDP	Formerly known as the Carbon Disclosure Project
CE	Chief Executive
CISL	Cambridge Institute for Sustainable Leadership
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CMIP6	Coupled Model Intercomparison Project Phase 6
CO_2	Carbon dioxide
CO_2e	CO_2 equivalent
COP	Conference of the Parties
COP26	Conference of the Parties 26
COP27	Conference of the Parties 27
COVID	Coronavirus Disease
CRE	Commercial real estate
CRISA	Code for Responsible Investing in South Africa
CSIR	Council for Scientific and Industrial Research
DLC	Dual listed company
DLC BRCC	DLC Board Risk and Capital Committee
DLC SEC	DLC Social and Ethics Committee
E10	10% bioethanol
EAF	Energy Availability Factor
EfW	Energy-from-waste
Egrid	Emissions & Generation Resource Integrated Database
EMEA	Europe, the Middle East, and Africa
EMS	Environmental Management System
EP	Equator Principles
EPC	Energy Performance Certificate
EPoC	Empowering People of Colour
ERC	Executive Risk Committee
ESG	Environmental, social and governance
EU	European Union
EV	Electric vehicle
EVTOL	Electric vertical take-off and landing
EY	Ernst & Young
FCA	Financial Conduct Authority
FRC	Financial Reporting Council
FTSE	Financial Times Stock Exchange Group
G7	Group of Seven
GBCSA	Green Building Council of South Africa
GDP	Gross domestic product
GHG	Greenhouse gas
GIBS	Gordon Institute of Business Science
GISD	Global Investors for Sustainable Development
GoOs	Guarantee of Origins

Abbreviations continued

GRI	Global Reporting Initiative
GTR	Global Trade Review
GW	Gigawatt
HGV	Heavy goods vehicles
IATA	International Air Transport Association
IBL	Investec Bank Limited
IBP	Investec Bank plc
ICC	International Chamber of Commerce
ICC-SWG	International Chamber of Commerce Sustainability Working Group
ICE	Internal combustion engine
ICF	International Climate Finance
IEA	International Energy Agency
IFC	International Finance Corporation
IIF	Institute of International Finance
IIGCC	Institutional Investors Group on Climate Change
IIRC	International Integrated Reporting Framework
ILG	Investment Leaders Group
IMF	International Monetary Fund
IPCC	Intergovernmental Panel on Climate Change
IR	Integrated Reporting
I-RECs	International Renewable Energy Certificates - India
IRP	Integrated Resource Plan
ISAE	International Standards on Assurance Engagements
ISAE3000	International Standards on Assurance Engagements other than audits or review of historical financial information
ISAE3410	International Standards on Assurance Engagements on greenhouse gas statements
ISO	International Organization for Standardization
ISO 14001	International Standard that specifies requirements for an effective environmental management system
ISO 50001	Voluntary standard for designing, implementing and maintaining an energy management system
ISS	Institutional Shareholder Services
ISSB	International Sustainability Standards Board
IW&I	Investec Wealth & Investment
IWT	Illegal wildlife trade
JETP	Just Energy Transition Partnership
JSE	Johannesburg Stock Exchange
Kg	kilogram
$kgCO_2e$	Kilograms carbon dioxide equivalent
King IV	King Code of Governance Principles for South Africa
kl	kilolitre
Km	kilometer
KPI	Key performance indicator
Kwh	Kilowatt-hour
l	litre
LEDS	Low emission development strategy
LGD	Loss Given Default
LPG	Liquefied petroleum gas
LSE	London Stock Exchange
LTV	Loan to value
m^2	Square meter
MEES	Minimum Energy Efficiency Standards
mn	Million
MW	Megawatt
MWh	Megawatt-hour

Abbreviations continued

NBI	National Business Initative
NDC	Nationally Determined Contributions
NGFS	Network for Greening the Financial System
NSX	Namibian Stock Exchange
NZBA	Net-Zero Banking Alliance
OECD	Organization for Economic Cooperation and Development
PA	Prudential Authority
PACTA	Paris Agreement Capital Transition Assessment
PBAF	Partnership for Biodiversity Accounting Financials
PCAF	Partnership for Carbon Accounting Financials
PD	Probability of default
pkm	Passenger kilometres
PRME	Principles of Responsible Management Education
PV	Photovoltaic
RBA	Responsible Banking Academy
RCP	Representative Concentration Pathway
REC	Renewable energy certificates
REGO	Renewable Energy Guarantee of Origin
REM	Remuneration
rePowerEU	European Commission plan to rapidly reduce dependence on Russian fossil fuels and fast forward the green transition
RTFO	Renewable Transport Fuel Obligation
SA	South Africa
SAF	Sustainable Aviation Fuel
SASB	Sustainability Accounting Standards Board
SBTi	Science Based Targets initiative
SDGs	Sustainable Development Goals

SEC	Social and Ethics Commmittee
SMF	Senior Management Function
SRI	Socially Responsible Investment
SSE	Sustainable Stock Exchange
SSPs	Shared Socio-economic Pathways
t	Tonnes
TCFD	Taskforce on Climate-related Financial Disclosures
tCO_2e	Tonnes carbon dioxide equivalent
TFSC	Transforming Financial Systems for Climate
tn	Trillion
TNFD	Taskforce for Nature Related Financial Disclosures
UfW	United for Wildlife
UK	United Kingdom
UKAS	United Kingdom Accreditation Service
UKLA	UK Listing Authority
UN	United Nations
UN PRB	United Nations Principles for Responsible Banking
UN PRI	United Nations Principles for Responsible Investment
UNEP FI	United Nations Environment Programme Finance Initiative
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNGC	UN Global Compact
US	United States
VCS	Verified Carbon Standard
WBA	World Benchmarking Alliance
zaRecs	South African Renewable Energy Certificates
zaREGO	South African Renewable Energy Guarantee of Origin
ZEV	Zero Emission Vehicle

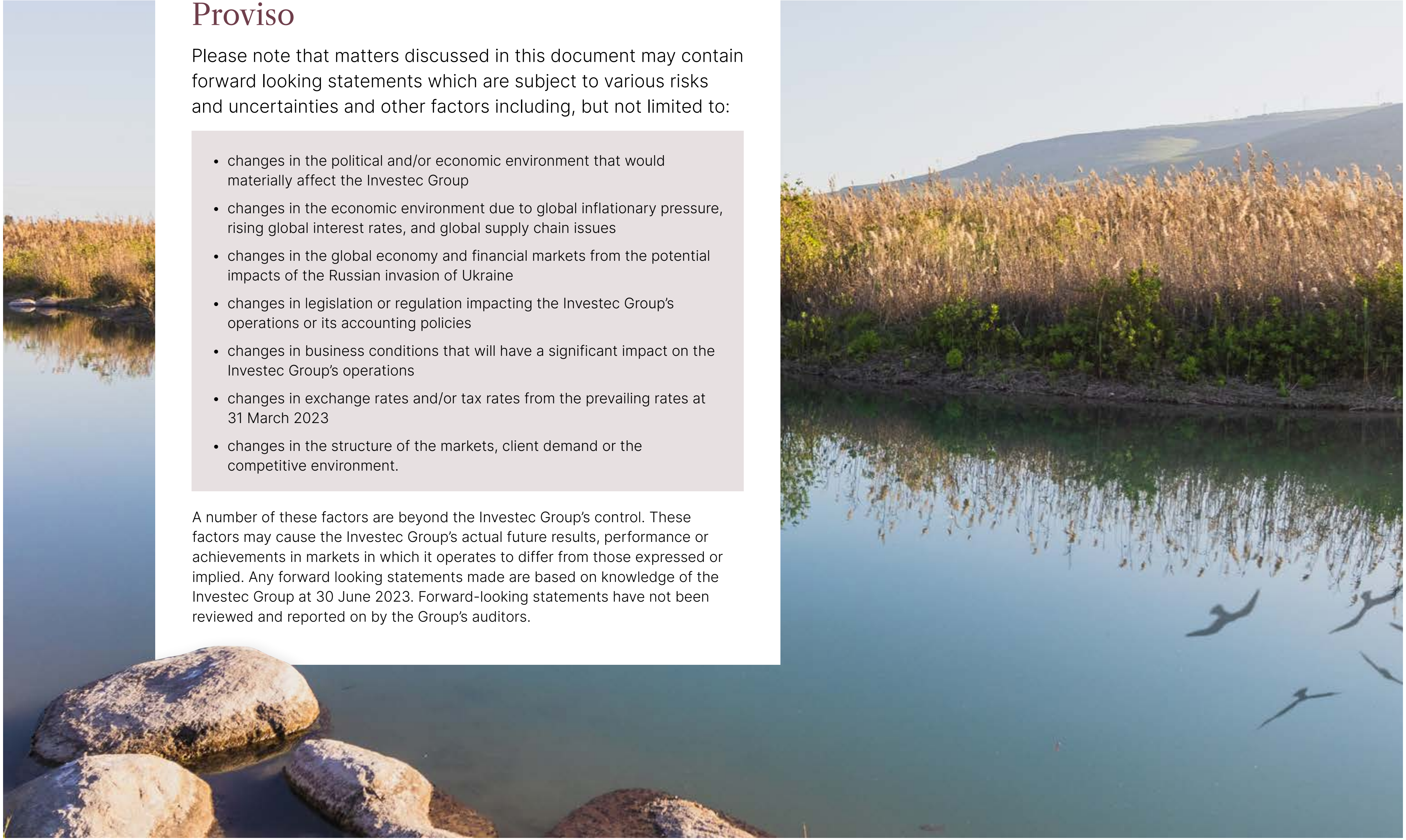
Table of definitions

Carbon neutral	Covers Scope 1, Scope 2, and operational Scope 3. After avoiding, and reducing Scope 1, Scope 2, and operational Scope 2 we offset the remaining unavoidable residual emissions within Scope 1 and operational Scope 3 through the purchase of high-quality carbon offsets to achieve carbon neutrality. We purchase renewable energy certificates for Scope 2 emissions
Climate change	The change of climate which is attributed directly or indirectly to human activity that alters the composition of the global atmosphere and which is in addition to natural climate variability observed over comparable time periods
Climate, nature and biodiversity risk	The risk that our lending and investment activities give rise to unintended biodiversity and/or physical climate deterioration through not managing transition risk in alignment with the Paris goals
Credit and counterparty risk	Credit and counterparty risk is defined as the risk arising from an obligor's (typically a client or counterparty) failure to meet the terms of any agreement thereby resulting in a loss to the Group, arising when funds are extended, committed, invested, or otherwise exposed through contractual agreements, whether reflected on- or off-balance sheet
Environmental, social and governance (ESG)	A framework designed to be embedded into an organisation's strategy or an investment approach that considers the needs and ways in which to generate value for all organisational stakeholders
Environmental, social and governance (ESG) risk	The risk that our lending and investment activities give rise to unintended environmental, social and economic consequences
Greenhouse gas (GHG) emissions	GHGs are atmospheric gases that absorb and emit radiation within the thermal infrared range and that contribute to the greenhouse effect and global climate change. Many different GHGs are produced as a result of human activities. The seven gases mandated under the Kyoto Protocol and to be included in national inventories under the United Nations Framework Convention on Climate Change (UNFCCC) – carbon dioxide (CO_2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF), and nitrogen trifluoride (NF3)

Investment risk	Investment risk arises where the Group invests in unlisted companies and select property investments, as well as certain listed investments (predominantly relating to Ninety One) with risk taken directly on the Group's balance sheet
Liquidity risk	Liquidity risk refers to the possibility that, despite being solvent, we have insufficient capacity to fund increases in assets or are unable to meet our payment obligations as they fall due, in normal and stressed conditions. This includes repaying depositors or maturing wholesale debt. This risk arises from mismatches in the timing of cash flows, and is inherent in all banking operations and can be impacted by a range of institution-specific and market-wide events
Loss given default (LGD)	Loss given default is the percentage loss experienced in the event of default
Market risk in the trading book	Traded market risk is the risk of potential value changes in the trading book as a result of changes in market factors such as interest rates, equity prices, commodity prices, exchange rates, credit spreads and the underlying volatilities where derivatives are traded. The trading book is defined as positions in financial instruments and commodities, including derivative products and other off-balance sheet instruments that are held within the trading businesses
Net zero	Covers Scopes 1, 2 and 3. Achieving net zero requires a company to involve all areas of the business in order to understand Scope 3 emission sources and plan alternative processes to avoid emissions or to neutralise where emissions cannot be avoided
Network for Greening the Financial System (NGFS)	The Network for Greening the Financial System is a network of 114 central banks and financial supervisors that aims to accelerate the scaling up of green finance and develop recommendations for central banks' role for climate change. The NGFS was created in 2017 and its secretariat is hosted by the Banque de France
Operational risk	Operational risk is defined as the potential or actual impact to the Group as a result of failures relating to internal processes, people, systems or from external events. The impact can be financial as well as non-financial such as customer detriment, reputational or regulatory consequences

Table of definitions continued

Partnership for Carbon Accounting Financials (PCAF)	Global partnership of financial institutions that work together to develop and implement a harmonised approach to assess and disclose the greenhouse gas emissions associated with their loans and investments
Probability of default (PD)	The likelihood that a borrower will fail to pay back a certain debt
Prudential Regulation Authority (PRA)	The statutory body responsible for the prudential supervision of banks, building societies, insurers and a small number of significant investment firms in the UK. The PRA is a subsidiary of the Bank of England
Reputational risk	Reputational risk is damage to our reputation, name or brand. Reputational risk is often associated with strategic decisions made and also arises as a result of other risks manifesting and not being appropriately mitigated or managed
Scope 1 emissions	GHGs that occur from sources that are owned or controlled by a company, e.g. GHGs from combusting natural gas in a boiler
Scope 2 emissions	GHGs from producing electricity, or the steam and heat that a company purchases, and the related emissions at the power production plant that supplies that electricity
Scope 3 emissions	Includes all other GHGs that are a consequence of a company's activities but are from sources not owned or controlled by the company, e.g. financed emissions and emissions in listed and unlisted equity
Task Force for Climate-Related Financial Disclosures (TCFD)	A private sector led group convened by the Financial Stability Board in 2015 to develop voluntary, consistent climate-related financial disclosures that would be useful to investors, lenders and insurance underwriters in understanding material risks
Task Force for Nature Related Disclosures (TFND)	The Taskforce on Nature-Related Financial Disclosures is an international initiative that builds on a model developed by the Taskforce on Climate-Related Financial Disclosures (TCFD). Its mission is to develop and deliver a risk management and disclosure framework for organisations to report and act on evolving nature-related risks, with the ultimate aim of supporting a shift in global financial flows away from nature-negative outcomes and toward nature-positive outcomes



Proviso

Please note that matters discussed in this document may contain forward looking statements which are subject to various risks and uncertainties and other factors including, but not limited to:

- changes in the political and/or economic environment that would materially affect the Investec Group
- changes in the economic environment due to global inflationary pressure, rising global interest rates, and global supply chain issues
- changes in the global economy and financial markets from the potential impacts of the Russian invasion of Ukraine
- changes in legislation or regulation impacting the Investec Group's operations or its accounting policies
- changes in business conditions that will have a significant impact on the Investec Group's operations
- changes in exchange rates and/or tax rates from the prevailing rates at 31 March 2023
- changes in the structure of the markets, client demand or the competitive environment.

A number of these factors are beyond the Investec Group's control. These factors may cause the Investec Group's actual future results, performance or achievements in markets in which it operates to differ from those expressed or implied. Any forward looking statements made are based on knowledge of the Investec Group at 30 June 2023. Forward-looking statements have not been reviewed and reported on by the Group's auditors.

TCFD recommendations

09

Climate-related disclosures overview

Investec publicly committed to support the Financial Stability Board's TCFD recommendations in 2019 and released our first stand-alone TCFD report in 2019. During the year ended 31 March 2023, we have made progress in our disclosures on all four pillars of the TCFD recommendations.

Governance
Disclose the organisation's governance around climate-related risks and opportunities.

	Reference	Page number
a) Describe the Board's oversight of climate-related risks and opportunities. In describing the Board's oversight of climate-related issues, organisations should consider including a discussion of the following:		
Processes and frequency by which the Board and/or Board Committees (e.g., audit, risk, or other committees) are informed about climate-related issues.	1a	15 to 23
Whether the Board and/or Board Committees consider climate-related issues when reviewing and guiding strategy, major plans of action, risk management policies, annual budgets, and business plans as well as setting the organisation's performance objectives, monitoring implementation and performance, and overseeing major capital expenditures, acquisitions, and divestitures.	1a	15 to 23
How the Board monitors and oversees progress against goals and targets for addressing climate-related issues.	1a	15 to 23
b) Describe management's role in assessing and managing climate-related risks and opportunities. In describing management's role related to the assessment and management of climate-related issues, organisations should consider including the following information:		
Whether the organisation has assigned climate-related responsibilities to management-level positions or committees; and, if so, whether such management positions or committees report to the Board or a Committee of the Board and whether those responsibilities include assessing and/or managing climate-related issues.	1b	24 and 25
A description of the associated organisational structure(s).	1b	15
Processes by which management is informed about climate-related issues.	1b	24 and 25
How management (through specific positions and/or management committees) monitors climate-related issues.	1b	24 and 25

Strategy
Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material as well as additional requirements for Banks..

	Reference	Page number
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.		
A description of what they consider to be the relevant short-, medium-, and long-term time horizons, taking into consideration the useful life of the organisation's assets or infrastructure and the fact that climate-related issues often manifest themselves over the medium and longer terms.	2a	30
A description of the specific climate-related issues potentially arising in each time horizon (short-, medium-, and long-term) that could have a material financial impact on the organisation.	2a	30 to 33
A description of the process(es) used to determine which risks and opportunities could have a material financial impact on the organisation.	2a	34
Banks should describe significant concentrations of credit exposure to carbon-related assets. These assets include the non-financial groups: energy; materials and buildings; transportation; and agriculture, food, and forest Products. Additionally, banks should consider disclosing their climate-related risks (transition and physical) in their lending and other financial intermediary business activities.	2a	31 and 32
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.		
• Building on recommended disclosure (a), organisations should discuss how identified climate-related issues have affected their businesses, strategy, and financial planning. – Sector outlook: Real estate – Sector outlook: Energy – Sector outlook: Aviation – Sector outlook: Motor vehicles	2b	43 to 48
• Organisations should consider including the impact on their businesses, strategy, and financial planning in the following areas: – Products and services – Supply chain and/or value chain – Adaptation and mitigation activities – Investment in research and development – Operations (including types of operations and location of facilities) – Acquisitions or divestments – Access to capital	2b	35
Organisations should describe how climate-related issues serve as an input to their financial planning process, the time period(s) used, and how these risks and opportunities are prioritised. Organisation's disclosures should reflect a holistic picture of the interdependencies among the factors that affect their ability to create value over time.	2b	36 to 38
Organisations should describe the impact of climate-related issues on their financial performance (e.g., revenues, costs) and financial position (e.g., assets, liabilities). If climate-related scenarios were used to inform the organisation's strategy and financial planning, such scenarios should be described.	2b	36 to 38
Organisations that have made GHG emissions reduction commitments, operate in jurisdictions that have made such commitments, or have agreed to meet investor expectations regarding GHG emissions reductions should describe their plans for transitioning to a low-carbon economy, which could include GHG emissions targets and specific activities intended to reduce GHG emissions in their operations and value chain or to otherwise support the transition.	2b	29

	Reference	Page number
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.		
Organisations should consider discussing: – where they believe their strategies may be affected by climate-related risks and opportunities; – how their strategies might change to address such potential risks and opportunities; – the potential impact of climate-related issues on financial performance (e.g., revenues, costs) and financial position (e.g., assets, liabilities); and – the climate-related scenarios and associated time horizon(s) considered.	2c	39

Risk management
Disclose how the organisation identifies, assesses, and manages climate-related risks, as well as additional requirements for Banks.

	Reference	Page number
a) Describe the organisation's processes for identifying and assessing climate-related risks.		
Organisations should describe their risk management processes for identifying and assessing climate-related risks. An important aspect of this description is how organisations determine the relative significance of climate-related risks in relation to other risks.	3a	53 and 54
Organisations should describe whether they consider existing and emerging regulatory requirements related to climate change (e.g., limits on emissions) as well as other relevant factors considered.	3a	54 and 55
Organisations should also consider disclosing the following: – processes for assessing the potential size and scope of identified climate-related risks and – definitions of risk terminology used or references to existing risk classification frameworks used.	3a	56 and 57
Banks should consider characterising their climate-related risks in the context of traditional banking industry risk categories such as credit risk, market risk, liquidity risk, and operational risk.	3a	59
b) Describe the organisation's processes for managing climate-related risks.		
• Organisations should describe their processes for managing climate-related risks, including how they make decisions to mitigate, transfer, accept, or control those risks. • In addition, organisations should describe their processes for prioritising climate-related risks, including how materiality determinations are made within their organisations.	3b	60 to 63
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.		
Organisations should describe how their processes for identifying, assessing, and managing climate-related risks are integrated into their overall risk management.	3b	64

TCFD recommendations continued

Metrics and targets Disclose the metrics and targets, including those specifically for Banks, used to assess and manage relevant climate-related risks and opportunities where such information is material.	**Reference**	**Page number**
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.		
• Organisations should provide the key metrics used to measure and manage climate-related risks and opportunities, as well as metrics consistent with the cross-industry, climate-related metric categories for current, historical, and future periods, where appropriate. • Organisations should consider including metrics on climate-related risks associated with water, energy, land use, and waste management where relevant and applicable.	4a	69 to 95
Where climate-related issues are material, organisations should consider describing whether and how related performance metrics are incorporated into remuneration policies.	4a	23
Where relevant, organisations should provide their internal carbon prices as well as climate-related opportunity metrics such as revenue from products and services designed for a low-carbon economy.	4a	67
• Metrics should be provided for current, historical, and future periods to allow for trend analysis. Where appropriate, organisations should consider providing forward-looking metrics for the cross-industry, climate-related metric categories, consistent with their business or strategic planning time horizons. In addition, where not apparent, organisations should provide a description of the methodologies used to calculate or estimate climate-related metrics.	4a	69 to 95
- Banks should provide the metrics used to assess the impact of (transition and physical) climate-related risks on bank's lending and other financial intermediary business activities in the short, medium, and long term. Metrics provided may relate to credit exposure, equity and debt holdings, or trading positions, broken down by: industry, geography, credit quality (e.g., investment grade or non-investment grade, internal rating system), average tenor - Banks should provide the amount and percentage of carbon-related assets relative to total assets as well as the amount of lending and other financing connected with climate-related opportunities. - Disclosure of the extent to which the bank's lending and other financial intermediary business activities, where relevant, are aligned with a well below 2°C scenario, using whichever approach or metrics best suit their organisational context or capabilities. Banks should indicate which financial intermediary business activities are included	4a	56, and 96 to 102
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, in lending and other financial intermediary business activities, and the related risks.		
• Organisations should provide their Scope 1 and Scope 2 GHG emissions independent of a materiality assessment, and, if appropriate and subject to materiality, disclosure of Scope 3 GHG emissions and the related risks.	4b	70
• All organisations are encouraged to disclose Scope 3 GHG emissions and for banks those from their lending and other financial intermediary business activities, where data and methodologies allow.	4b	75
GHG emissions should be calculated in line with the Global GHG Accounting and Reporting Standard for the Financial Industry developed by the PCAF standard or a comparable methodology.	4b	75 to 94
GHG emissions and associated metrics should be provided for historical periods to allow for trend analysis. In addition, where not apparent, organisations should provide a description of the methodologies used to calculate or estimate the metrics.	4b	69 to 94
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.		
Organisations should describe their key climate-related targets such as those related to GHG emissions, water usage, energy usage, etc., in line with the cross-industry, climate-related metric categories, where relevant, and in line with anticipated regulatory requirements or market constraints or other goals. Other goals may include efficiency or financial goals, financial loss tolerances, avoided GHG emissions through the entire product life cycle, or net revenue goals for products and services designed for a low-carbon economy.	4c	88 to 94
Organisations disclosing medium-term or long-term targets should also disclose associated interim targets in aggregate or by business line, where available.	4c	88 to 94