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21 October 2015

H.E. Ben Ki-moon
Secretary-General
United Nations
New York, NY 10017
USA

Dear Mr. Secretary-General,

The Investec Group remains committed to the ten principles of the United Nations Global Compact with respect to human rights, labour, environment and anti-corruption. Our culture and values demonstrate our belief that as an organisation we can have a positive impact on the success and wellbeing of local communities, the environment and on overall macro-economic stability. This communication serves as confirmation of our intent to advance those principles within our sphere of influence by entrenching the principles into our strategy, culture and day-to-day operations.

Investec continues to follow the recommendations and guidelines of the Global Reporting Initiative (GRI) for our reporting purposes. Our sustainability efforts were recognised in the past year through an improved ranking in the Dow Jones Sustainability Index and we have also maintained our inclusion the Johannesburg Stock Exchange SRI and FTSE4Good indices. In South Africa, we are active participants in the Banking Association of South Africa's (BASA) Sustainable Finance Forum. Through our membership of business associations such as BASA, Business Unity South Africa and the National Business Initiative, we engage with government and industry on issues of national environmental law, policy and strategy.

This Communication of Progress provides an abridged view of some of the practical actions we have taken to implement the Global Compact principles and our measurement of the outcomes in each of the four areas (human rights, labour, environment, anti-corruption). We therefore request that you read this report in conjunction with our 2015 Sustainability Report.

Kind Regards,


Mr Stephen Koseff
CEO Investec Group

Human Rights

Commitment

- Principle 1: The Investec Group supports and respects the protection of internationally proclaimed human rights; and
- Principle 2: We are committed to ensuring that we are not complicit in human rights abuses.

Human rights

We support and respect the protection of internationally proclaimed human rights standards and are not complicit in any human rights abuses. We do not have a formal human rights policy for the group as this would fall within the ambit of our Code of Conduct but we do adhere to the relevant laws in all our jurisdictions.

Our philosophy as an organisation is to respect the dignity and worth of the individual. We uphold the constitutional rights of our employees at all times do not practice forced or compulsory labour and do not employ children.

Discrimination

We endeavour, in all jurisdictions in which we operate, to prevent and/or eliminate any form of discrimination based on gender, race, religion, age and sexual preference (or any other basis as envisaged by the SA Bill of Rights in the Constitution or regional equivalents). Investec has a formal grievance procedure (and a written policy) to deal appropriately with any incident which may occur. Furthermore, there are several informal avenues for employees who wish to discuss concerns; for example, Organisational Development (OD), Human Resources (HR), Employee Relations and our independent external consultants.

There are no recorded incidents of discrimination for the period under review.

Social risk management

Sustainability risk considerations are considered by the credit committee and investment committee when making lending or investment decisions.

Social consideration is driven by the potential risk to the group's reputation. The degree of the participation would be irrelevant and simply being associated with the harmful social behaviour may hold a significant reputational risk to the group. Reputational damage may prevent new clients from entering into business with the group and existing clients from entering into further transactions.

The group avoids transactions in the following industries:

- Production or activities involving exploitative or child labour
- Production or trade in any product or activity deemed illegal under the country of operation's laws and regulations
- Production and trade in weapons and munitions
- Production of harmful or addictive substances in a socially irresponsible manner.

Additionally, we apply the following provisions:

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

Procurement Policies

We recognise the potential for our procurement and supply chain practices to be agents for change in respect of the different aspects of sustainability.

In the UK additions have been made to our procurement policy to incorporate both green and corporate socially responsible aspects. We have recently committed to ensuring that 100% of our beverage offering has the Fairtrade label. This includes beverages available in our staff tea points, our coffee bar and our hospitality suite. A product that carries the Fairtrade Certification Mark has met the rigorous Fairtrade standards, which focus on improving labour and living conditions for farming communities and on promoting a way of farming that does not harm either people or the environment.



Our largest suppliers of personal computers (PCs) and server equipment in South Africa subscribe to an electronic code of conduct which assists in monitoring compliance across several areas such as environmental impact, labour, health and safety. We always consider the Energy Star endorsement before purchasing equipment.

Whistle-blowing and protected disclosures

In keeping with Investec's core values, our risk management practices, sound corporate governance and industry best practice, Investec has implemented a policy on whistle blowing and protected disclosures. The policy is designed to maintain our values of cast-iron integrity and employee well-being, as well as to facilitate effective reputation management and sustainability. The policy outlines the internal procedures for reporting any suspected or actual malpractice (unlawful or irregular conduct) within Investec and also provides for an independently managed anonymous reporting helpline for employees.

In accordance with the Protected Disclosures Act ("the Act"), Investec has implemented procedures in terms of which employees may disclose information regarding unlawful or irregular conduct by the company or other employees of Investec. These procedures also provide for the protection of any employee who, in good faith, makes a disclosure which is protected in terms of the Act. In terms of the Act:

- Every employer and employee has a responsibility to disclose criminal and any other irregular conduct in the workplace.
- Every employer has a responsibility to take all necessary steps to ensure that employees who disclose such information are protected from reprisals as a result of such disclosure.

There are two avenues open to employees to make disclosures:

1. Internal escalation process:
 - a. His/her direct line manager
 - b. Group Compliance
 - c. Group Financial Crime Risk (formerly Group Forensic)
 - d. Employee Relations

If necessary the matter will be referred to Group Financial Crime Risk Management ("GFCRM") for evaluation and investigation and reported upon. The results of the investigation will also be made available to the complainant and if dissatisfied with the outcome, an escalation procedure to the Audit Committee chair is provided for in the policy.

2. Alternatively, employees may contact the Investec Integrity Line. This is an external, independently managed helpline available only to Investec employees to ensure confidentiality of the issue(s) reported and the anonymity of the individual.

- a) How the Report is investigated

GFCRM receives the reports from the service provider and determines the course of action to be taken. A course of action may involve an internal investigation or an investigation assisted by external advisors. GFCRM may also deem it appropriate or necessary to disclose the concerns to law enforcement, regulators or legal authorities.

- b) How findings are reported

GFCRM present a confidential report of findings within a prescribed period after receipt of the report to the management distribution group as necessary, i.e. Board Risk Capital Committee; Group Compliance; Employee Relations; Audit Committee. Grievances typically relate to the following:

- A criminal offence has been committed, is being committed or is likely to be committed.
- A person has failed, is failing or is likely to fail to comply with any legal obligation to which that person is subject.
- A miscarriage of justice has occurred, is occurring or is likely to occur.

The report by GFCRM will contain initial findings and if required, a recommendation for a further course of action. Course of action may include remedial action (disciplinary action, criminal and/or civil action) and/or an assessment of any internal control failures and mitigation thereof where necessary. GFCRM will also prepare and or facilitate the preparation of the



relevant regulatory reports such as those required in terms of the the Prevention of Corruption and Corrupt Activities Act, 2004 ("PRECCA").

At the discretion of the management group, GFCRM may notify the employee of the outcome of the investigation should the employee request same.

Protection of Employees

Investec does not tolerate harassment or victimisation of employees who raise genuine concerns under this policy. If an employee is victimised in any way he or she should inform GFCRM or Employee Relations so that appropriate action may be taken. Furthermore, whilst Investec encourages employees to bring forward concerns, we note that it is a serious matter to raise concerns which the employee knows to be false or for malicious reasons. Such action may result in disciplinary action, including dismissal under Investec's disciplinary procedures.

Similar protection and access to report any suspicious conduct is provided to external parties via a dedicated mailbox or by simply calling any of our contact numbers. Through, consistent and targeted awareness and training initiatives, client-facing staff are able to direct external parties appropriately either to GFCRM or Group Compliance. Similarly, any such disclosure reports are assessed, investigated and the appropriate course of action taken.

Labour

Commitment

- Principle 3: The Investec Group upholds the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: The Investec Group upholds the elimination of all forms of forced and compulsory labour;
- Principle 5: The Investec Group upholds the effective abolition of child labour; and
- Principle 6: The Investec Group upholds the elimination of discrimination in respect of employment and occupation.

Our philosophy as an organisation is to respect the dignity and worth of the individual. We uphold the constitutional rights of our employees at all times, do not practise forced or compulsory labour and do not employ children.

Promoting equity and diversity in the workplace

Our promotion of equal opportunity and workplace diversity is not merely a social responsibility, but a means of ensuring that we foster a culture of diversity in the belief that this brings business advantage. We have various processes to encourage debate and dialogue around appreciating diversity and different cultures. Emerging and established leaders are invited to participate in talent discussions with executive management around all issues related to talent management. In addition, our 'Zebra Crossing' initiative, which is aligned to our employment equity plan, aims to raise levels of multi-cultural awareness of staff at Investec and enable them to appreciate and celebrate the richness of our diverse population and to take these insights back into the business. Over 2 500 employees have participated in this programme since its inception in 2009.

Freedom of association

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

Investec is not aware of any operations or suppliers in which the right to exercise freedom of association and collective bargaining may have been violated.

Discrimination

We endeavour to prevent and/or eliminate any form of discrimination based on gender, race, religion, age and sexual preference (or any other basis). Investec has a formal grievance procedure (and a written policy) to deal appropriately with any incident which may occur. Furthermore, there are several informal avenues for employees who wish to discuss concerns for



example, OD, HR, Employee Relations and our independent external consultants.

There are no recorded incidents of discrimination for the period under review.

Health and safety

A group-wide formal health and safety programme identifies and manages all health and safety risks, and carries out regular safety audits. It is overseen by a health and safety committee that meets quarterly to review health and safety concerns. In South Africa, Investec's HIV/Aids policy and management forum extends to all permanent employees.

To enable and develop employee health and wellbeing, Investec provides employees with a bespoke Employee Assistance and Wellbeing Programme. The comprehensive and integrated Health and Wellbeing Programme, which expresses our focus of care and concern for the wellbeing of employees, provides personalized wellness interventions offered in face-to-face counselling and coaching. The wellness interventions are provided by a multidisciplinary team of select health professionals who are all specialists in their fields of practice. Investec values the physical and psychological health, welfare and safety of our people. Our offices also host wellness days for staff to raise awareness and education around health issues through a unique, fun and interactive approach which focuses on physical and mental health.

Environment

Commitment

- Principle 7: The Investec Group supports a precautionary approach to environmental challenges;
- Principle 8: The Investec Group undertakes initiatives to promote greater environmental responsibility; and
- Principle 9: We encourage the development and diffusion of environmentally friendly technologies.

Our environmental policy

In recognising that we have a responsibility to understand and manage our wider environmental and social footprint our environmental policy states:

- We will consider any meaningful activity that either reduces the negative impact on, or prolongs the life of, our planet
- We believe that as a bank, and given our positioning in the first world and emerging world, we can make a meaningful impact in addressing climate change
- Internally, we focus on creating awareness and encouraging behavioural change
- Externally, we are increasingly incorporating environmental considerations into our daily operations
- We recognise the opportunities for our clients and businesses in cleaner and renewable energy sources, energy efficiency and responsible lending and investing.

Environmental footprint and impact

We continued to drive awareness about our direct operational impacts by influencing internal behaviour through the environmental programmes communicated to staff by our team of environmental champions, Team Green. The teams are made up of representatives from across the business areas and aim to raise awareness and encourage positive and sustainable behaviour change amongst our staff through education and engagement.

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

- Reducing energy consumption
- Increasing waste recycling rates
- Encouraging reduction of water usage
- Promoting sustainable travel
- Promoting sustainable procurement.

Our carbon footprint has been calculated according to the International Greenhouse Gas (GHG) Protocol's Corporate Accounting and Reporting Standard (revised edition). Our emissions per average employee were 8.46 tonnes CO₂e for the year ended 31 March 2015.



Green investments

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

We recognise that it is necessary for material issues of an environmental, social and governance (ESG) nature to form part of fundamental investment analysis. To this end, we have established a Stewardship Policy. We are also a signatory of the United Nations-supported Principles for Responsible Investment (UNPRI) and endorse the Organisation for Economic Cooperation and Development (OECD) principles on corporate governance, which represent a broad set of standards that are appropriate for most markets. We are investor signatories of the Carbon Disclosure Project and their Carbon Action initiative, which calls for business to monitor the cost-effective management and reduction of carbon emissions.

Renewable energy financing and investing

The Investec Power and Infrastructure business was ranked **as second** in the Renewable Space, seventh in Africa and ninth in the Americas by Project Finance & Infrastructure Journal (IJ) Global. Bloomberg rank the business eleventh in the market for lead arrangers. Additionally, we provided finance to two transactions which have been ranked third and seventh in Bloomberg's Asset Finance League Table. IJ Global and Bloomberg New Energy Finance (BNEF) Clean Energy & Energy Smart Technology League Tables are considered the most transparent and comprehensive benchmarks for identifying active clean energy investors, project financiers, investment banks and law firms.

Investec has committed £1.1 billion to renewable energy projects in the current financial period.

Eternity Power cogeneration power plant

Investec, in partnership with Vuselela Energy, launched South Africa's first cogeneration power plant using an Ormat Organic Rankine Cycle (ORC) system. This ground-breaking initiative uses waste heat from hot water received from a smelter to evaporate an organic liquid and drive an expansion turbine. The first plant is being implemented at Anglo Platinum and will be used to supply its Waterval Smelter in Rustenburg. A major benefit of this cleaner, cheaper power is that the plant will capture otherwise wasted energy to generate electricity for its own use and will be partially independent of the grid.

Ilanga (Karoshoek Solar One)

Ilanga (Karoshoek Solar One) is a 100MW Concentrated Solar Power (CSP) project using parabolic trough technology (a solar thermal collector that is straight in one dimension and curved as a parabola in the other two) located in Upington, South Africa. The R10.4 billion project was one of two CSP projects selected as preferred bidder under the third bid window of the Department of Energy's Renewable Energy Independent Power Producer Procurement Programme (REIPPP) and reached financial close in the first quarter of 2015.

The sponsors (also shareholders) are the Industrial Development Corporation, ACS Cobra and Emvelo. ACS Cobra and Emvelo will also act as the EPC contractor and operator. The remaining shareholders are the Public Investment Corporation, Karoshoek Community Trust and Hosken Consolidated Investments. Investec Bank Limited acted as a mandated lead arranger and underwriter for the project.

Biodiversity

Given Investec's African roots, we are passionate about ensuring the continued existence of a number of African species. We therefore fund three key biodiversity projects which are focused around rhinos, wild dogs and the impact of renewable energy on local birdlife. These initiatives allow Investec to give back to the environment and help ensure the sustainable existence of South African wildlife.



Environmental education

Investec believes that one way for us to have a truly meaningful and lasting impact on the environment is through increasing people's knowledge and awareness about the environment and associated challenges. Investec holds a number of initiatives and internal talks aimed at educating staff about the environment and changing behaviour in their day-to-day lives in order to help sustain their local surroundings.

Procurement Policies

In the UK additions have been made to our procurement policy to incorporate both green and corporate socially responsible aspects. We now incorporate evaluation criteria into all of our procurement documentation to allow us to measure and demonstrate our intent to procure effectively without compromising the environment.

In South Africa, environmentally responsible partners are key to the procurement process and we focus on sustainability criteria when contracting with potential and existing vendors. We always consider the Energy Star endorsement before purchasing equipment.

Environmental risk management

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

The following environmental factors are taken into consideration when evaluating transactions:

- Would there be undue damage caused to the environment
- Would there be any damage to neighbouring properties or rights
- Can damage be done to the environment due to hazardous substances
- Production and trade in radioactive materials
- Production and trade in ozone depleting substances
- Production and trade in areas where there is high conservation and/or protected areas.

Anti-Corruption

Commitment

- Principle 10: The Investec Group is committed to working against corruption in all its forms, including extortion and bribery.

At Investec, we demand cast iron integrity in all internal and external dealings, consistently and uncompromisingly displaying our moral strength and behaviour which promotes trust. Investec is committed to high standards of integrity and ethical behaviour through our core values.

We have a strong organisational culture of entrenched values, which forms the cornerstone of our behaviour towards all stakeholders. These values are embodied in a written statement of values, which serves as our code of ethics, and is continually reinforced.

Whistle blowing policy and protected disclosures

One of Investec's values requires employees to 'conduct all internal and external dealings with integrity, consistently and uncompromisingly displaying moral strength and behaviour which promotes trust'. Integrity and confidence are critical to our reputation and sustainability. The purpose of our whistle blowing policy is to encourage employees to raise concerns or disclose information about possible fraudulent, unethical, criminal or other improper behaviour or workplace misconduct in total confidentiality and anonymity and without fear of retribution. We seek to protect all employees who disclose unlawful or irregular conduct by the company, its employees or other stakeholders.



Employee training on the organisation's anti-corruption policies and procedures

All Investec employees are responsible for compliance and risk management and therefore each employee has a responsibility to stay current with good practice, expected standards of conduct in relevant business lines and changes in law and regulation.

All staff are also expected to attend the relevant compliance training courses and complete an online assessment

Anti-money laundering and combating terrorist financing

Investec is registered as an Accountable Institution with the Financial Intelligence Centre and therefore supports the objectives of global efforts to combat money laundering and terrorist financing through the Investec Anti-Money Laundering and Combating of Terrorist Financing Policy. Actions or activities that conflict with local regulatory requirements, or with this policy, can have serious implications including fines and/or imprisonment imposed by the relevant authorities and/or disciplinary action imposed by Investec.

Reporting on breaches

Material incidents and losses and significant breaches of systems and controls are reported to the board risk and capital committee and the audit committees. Investec is subject to external regulation and supervision by various supervisory authorities in each of the jurisdictions in which we operate, the main ones being the UK Financial Services Authority (FSA), the Banking Supervision Department (BSD) of the South African Reserve Bank (SARB), and the Australian Prudential Regulatory Authority (APRA). Some of our businesses are subject to supervision by the South African Financial Services Board, South African National Credit Regulator and the South African Financial Intelligence Centre.

The SARB is the lead supervisor of the combined Investec group, comprising Investec plc and Investec Limited. SARB is the supervisor of Investec Limited, while the FSA is the supervisor of Investec plc. We strive to establish and maintain open and active dialogue with regulators and supervisors. Processes are in place to respond proactively and pragmatically to emerging issues and we report regularly to regulators and supervisory bodies. Where appropriate, we participate in industry committees and discussion groups to maintain and enhance the regulatory environment in which we operate.

PLEASE REFER TO INVESTEC'S 2015 SUSTAINABILITY REPORT FOR FULL DETAIL.

<https://www.investec.co.za/content/dam/investec/investec-international/documents/sustainability/Planet/2015%20Sustainability%20Report.pdf>

