2022 AGM Roundup 2 (26 July – 4 August)

In this roundup:

- ***Investec goes fully hybrid*** *– offering both its Limited and Plc shareholders the option to attend the AGM either in person or electronically. Investec also enabled voice integration for its Q&A session, allowing shareholders to ask verbal questions.*
- ***Investec*** *will pay its executive directors in South Africa up to R2 million each in additional benefits as an "enhanced protection" fee. Investec also makes progress on scope 3 (financed) emissions disclosure.*
- ***Pick n Pay*** *improves its climate disclosures, but has some way to go on scope 3 emissions reporting.*
- ***Ninety One*** *discloses scope 3 (financed) emissions, but gives no interim targets or deadlines against which to measure progress towards 2030 climate goals.*
- ***Ninety One*** *and* ***Investec*** *dispute "usefulness" of pay gap disclosure.*

At the following AGMs, Just Share asked 16 questions relating to inequality (wage / gender pay gaps and income inequality), diversity and transformation, climate change, and related governance issues.

- Pick n Pay Limited, 26 July 2022
- Ninety One Limited, 26 July 2022
- Investec Group Limited, 4 August 2022

This roundup summarises our questions and company answers at these AGMs and sets out commitments made by the companies in response to questions asked.

AGM format

Both **Investec**'s Limited and Plc shareholders were able to choose whether to attend the company AGM in person or to participate electronically. This hybrid AGM format embraces the latest online technology and gives shareholders who prefer to attend in person - now that Covid-19's social distancing regulations have been relaxed - the option to do so.

Crucially, Investec opted to make use of the voice integration technology offered by all AGM service providers, which allows shareholders attending the AGM electronically the option to ask verbal questions, rather than limiting them to typing up written questions.

It is not clear why **Ninety One** offered a hybrid option for in-person AGM attendance only to its Plc shareholders. The asset manager's Limited shareholders were only given the option of electronic participation. The option to ask verbal questions via voice integration was offered to all shareholders.

Pick n Pay hosted an electronic-only AGM. It was unfortunate that technical difficulties during the Q&A session meant that those shareholders attempting to call in to ask questions were unable to do so, resulting in their questions only being asked and answered via email after the AGM.

Pick n Pay improves its climate reporting and takes first steps on income inequality disclosure

Pick n Pay has significantly improved its climate change-related disclosures in 2022. After Just Share's questions at the Pick n Pay AGM in 2021, the company has published a climate and energy policy that includes targets – 40% emission reduction by 2030, and 70% by 2040, across its scope 1 and 2 emissions – and a four-tiered decarbonisation strategy that focuses on 1) energy efficiency, 2) reducing refrigeration emissions, 3) expanding renewable programmes at its stores and 4) its value chain.

Although this is important progress, none of the company's targets applies to its scope 3 emissions, including those of its value chain and its franchise stores, even though Pick n Pay acknowledges that scope 3 emissions contribute significantly to its overall emissions, and states in its climate and energy policy that its value chain is one of the company's four key focus areas for decarbonisation.

Pick n Pay's scope 3 emissions reporting is also incomplete, as it does not include the category of Purchased Goods and Services. At the AGM, David North, chief strategy and restructuring officer, acknowledged that the vast majority (at least 90%) of a food retailer's emissions come from scope 3 emissions which, he said "will in the end make a defining difference on climate change."

In a written response to Just Share's question (also asked in 2021) about the lack of specific information to justify Pick n Pay's claim that six of its directors have climate expertise, Pick n Pay stated that it will "review our disclosure going forward and assess how to best present our directors' diverse skills and experience for shareholders, without making our disclosures unnecessarily lengthy and cumbersome".

Income inequality disclosures

Just Share commended Pick n Pay for disclosing its income parity across management levels, race groups and gender using the Gini Index, and asked why Pick n Pay does not disclose the income distribution between management and the lowest-paid employees.

In a written response to the emailed question, Pick n Pay stated that "The Group is on a journey in respect of its remuneration disclosures. We took an important step forward this year in analysing and disclosing income parity – across race, gender and employee grade – for all employees not remunerated under a bargaining unit agreement. The Group is supportive of the recent guidance published by the JSE and is certainly mindful of proposed changes to company legislation which will require greater disclosure around income parity / wage inequality between our lowest and highest paid employees. However there is still work to done in this area to ensure our disclosure is accurate, complete and responsible - particularly noting the complexities across our Pick n Pay, Boxer and

Pick n Pay franchise businesses, which operate under different agreements with different labour partners."

Investec to pay "enhanced protection" benefit to executive directors in SA and makes significant progress on disclosure of scope 3 emissions

Investec had asked shareholders to vote on a proposed amendment to its remuneration policy to enable the bank to pay £100 000 (approximately R2 million) per annum to executive directors for "enhanced protection". In its Notice of AGM, the reason provided for the introduction of this additional benefit was "continued concerns around the security of senior business people in South Africa" and that "security services are viewed as necessary for the enhanced protection of the Executive Directors".[1]

Just Share asked whether the remuneration committee had considered the fact that South Africa's extraordinarily high wage inequality is exacerbated by CEO pay levels, and the poor impression created by the bank's response to systemic inequality being to increase the amount it pays for personal security for executives. This is particularly pertinent in light of the fact that the poor are far more likely to become victims of violent crime in South Africa than high-profile executives.

Investec chair Philip Hourquebie responded that executive directors at Investec "need to be kept as secure as possible". The chair of the remuneration committee, Henrietta Baldock, stated that the measure is necessary "given [the executives'] high profile and given the number of other examples there are around the place of high-profile business people and other people in South Africa being targeted. That is something which we have looked at this year, which we realised we have to exclude from fixed pay in terms of remuneration policy. From that perspective I would not really accept that it's exacerbating the wage inequality issue in South Africa – it's really very specific to the arrangements we need to make for the executive directors".

<u>Climate plans</u>

Investec has made progress in disclosing its baseline scope 3 financed emissions, in partial compliance with a shareholder resolution initiated by Just Share in 2021, requiring the calculation and disclosure of, and the bank's plan to reduce, its financed emissions in line with the goals of the Paris Agreement. After engagement, Investec elected to table the resolution itself, and it received 99.9% approval at the 2021 AGM. However, Investec still does not have detailed information on how it plans to reduce its scope 3 emissions, nor has it disclosed short, medium and long-term targets for reaching net zero in alignment with the Paris goals.

In its 2022 climate disclosures, Investec states: "We support the Paris Agreement's goals of holding the increase in the global average temperature to well below 2ºC compared to pre-industrial levels and of pursuing efforts towards limiting it to 1.5ºC."

[1] https://www.investec.com/content/dam/investor-relations/financial-information/group-financial-results/2022/Investec-PLC-and-LTD-AGM-Notice-PRINTABLE-2022.pdf (pg. 4)

However, when Just Share asked the board whether the bank would commit to exiting all fossil fuel energy financing in alignment with the Paris Agreement, CEO Fani Titi did not answer the question, preferring to emphasise that South Africa is dependent on fossil fuels, and that about 85% of the South African energy mix is still heavily reliant on coal. He provided no explanation as to why the current status of the country's energy mix precludes Investec reducing its fossil fuel exposure on a timeline aligned with Paris, which requires a 45% reduction in global emissions by 2030, and net zero emissions by 2050.

Ninety One discloses scope 3 emissions, but gives no interim targets or deadlines against which to measure progress towards 2030 goal

Ninety One has begun disclosing its aggregated scope 3 financed emissions and setting some targets in relation to these emissions. However, it has given itself, and the companies it plans to work with under the current targets, until 2030 to come up with transition plans, without providing any interim targets and deadlines against which to measure progress.

Just Share asked the board how it justifies its slow pace of engagement given the urgency that the climate crisis demands. CEO Hendrik du Toit thanked Just Share for its "constructive engagement" and promised to continue to engage on important issues, but was evasive on the question, re-emphasising the company's preference for engagement over divestment and the need to improve the quality of transition plans of high-emitting companies.

Ninety One's board has delegated oversight of the company's approach to sustainability, including its commitment to climate change, to the Sustainability, Social and Ethics Committee. In response to a question about the board's climate competence, although the CEO stressed that the board is "exercised" by the issues of climate change, it is still of significant concern that none of the directors on the Sustainability, Social and Ethics Committee appear to have any environmental, sustainability or climate-related qualifications, expertise or experience. The complexities that arise from managing systemic and material sustainability risks, including climate change, will require very specific skills, qualifications and experience that cannot be obtained through a few courses or presentations on sustainability- or climate change-related issues.

Ninety One and Investec dispute usefulness of pay gap disclosure

Just Share asked Ninety One why, given that it is required to disclose the gender pay gap for its UK operations, it does not also do so for its South African business. Du Toit responded by stating that Ninety One does not think that the "gender pay gap is a very good number, because it implies that you pay people less because of their gender." The CEO also said: "Simply because the UK regulator has required a number doesn't mean it is necessarily an objective to which we manage. That's why we don't disclose it in other regions".

Just Share also asked the Investec board when it will provide a detailed breakdown of gender pay gaps and CEO pay ratios for South Africa, as it does for the UK. Henrietta Baldock responded that, "[i]n relation to South Africa, specifically, the CEO pay gap is a global one. And I think we've [inaudible] in the UK because we have had to, we don't believe it's meaningful for South Africa".

Commitments made in response to Just Share's questions

- **Philip Hourquebie, chair, Investec DLC**: we will publicly disclose minutes of this AGM and future AGMs on the company website.
- **Fani Titi, CEO Investec DLC:** in next annual report, shareholders can expect an update on "how far we are and when we will be able to have [scope 3] targets that we can set".
- **Pick n Pay** (via email correspondence post-AGM): we "will review the disclosure of our directors' climate change expertise, to see how best to present their diverse skills and experience to shareholders".

End