

AGM round-up Investec Limited



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1. Introduction

Date of AGM: 8 August 2024

Chair of the Board: Philip Hourquebie

Type of AGM: **Hybrid AGM** conducted by Lumi¹

Useful links:

- [Notice of AGM](#)
- [Results of 2024 AGM](#)

2. Key takeaways

- *Following an engagement with members of the board Just Share agreed to share our potential questions with Investec prior to the AGM, in order to facilitate more in-depth and robust engagement at the AGM. However, the opportunity to prepare did not result in Investec providing more meaningful responses than in previous years, nor in more robust engagement.*
- *Investec Group CEO Fani Titi would not commit to expanding the bank's disclosure of its financed emissions from fossil fuels beyond power/energy generation. Investec is falling behind its peers, as most of the other South African banks are disclosing broader categories of their exposure to fossil fuels.*
- *Investec does not appear to have adopted any criteria for assessing client transition plans in relation to financing gas, despite the explicit requirement of its new sustainable and transition finance framework that it will finance "gas-fired power generation and associated infrastructure strictly in the circumstances where it forms part of a credible transition plan".*
- *Investec committed to linking executives' short-term incentives (STIs) and long-term incentives (LTIs) to progress in Belonging, Inclusion, and Diversity (BID) and transformation within the company.*
- *Investec's reports indicate that the company is committed to improving race and gender representation at all levels through the effective implementation of its Employment Equity (EE) plan in South Africa. However, in his response to Just Share's question the CEO failed to provide specific transformation targets for the current EE plan, which is set to be finalised in 2024.*

3. Commitment made by Investec

Group CEO Fani Titi committed to providing more "substantive numbers" in relation to Investec's employment equity (EE) transformation targets next year.

¹ www.lumiglobal.com



4. AGM governance and best practice

Investec's hybrid AGM was conducted smoothly. Due to its dual listing on the JSE and London Stock Exchange, the meeting included two in-person locations: one at Investec's offices in Sandton and the other at its offices in London. Shareholders from Investec Limited and Investec plc participated in one joint meeting for the welcome and the question and answer session. Only after all questions had been addressed for all shareholders did the AGM split into separate meetings for voting on resolutions.

Investec made its AGM available to stakeholders other than shareholders, who could observe as guests via a live webcast if they had requested to do so prior to the AGM. This approach to stakeholder engagement is encouraged in the King Report on Corporate Governance (King IV),² and demonstrates an awareness of the importance of transparency and accountability.

5. Q&A sessions

Shareholders were able to ask questions either in person or via the Lumi online platform. No shareholder attending electronically opted to use the voice integration function to ask questions verbally. There were several written questions submitted by another shareholder (summarised in 7 below). These questions were not visible to other shareholders attending online, but seem to have been read out in full by the company secretaries.

6. Just Share's questions

6.1. Disclosure of financed emissions from fossil fuels

Just Share asked Investec why it is still only disclosing its financed emissions from fossil fuels in relation to power/energy generation, potentially leaving a significant portion of the bank's emissions unreported. Investec reports that it is "focusing on influencing clients to improve data quality and accuracy in relation to the existing disclosures". We asked why it cannot do this at the same time as expanding its disclosures beyond power/energy generation, and what the bank's timeline is for disclosure of all fossil fuel financed emissions. We pointed out that Investec is falling behind its peers, as most of the other South African banks are disclosing broader categories of their exposure to fossil fuels.

Titi responded by saying that Investec will be extending its current disclosure to include "additional asset classes as we move forward", but did not address the question directly, despite Investec having received the question in advance. He also emphasised that "the disclosures we have cover 78% of our loan book exposure. So it's not insignificant at all the progress that we have made as we move forward." However, given the outsized impact of fossil fuels on the climate, and Investec's commitment to be net zero by 2050, it is still important to understand the full extent of its exposure to fossil fuels, regardless of the percentage of its loan book that this constitutes.

² <https://www.iodsa.co.za/page/king-iv>



As we noted at the AGM, perfecting disclosures in one sector (in this case electricity) before expanding to others is a luxury no longer available to Investec. It is now five-and-a-half years until 2030, when, if we are to avoid the worst impacts of climate change, global emissions need to be almost halved. Investec's pace of change lacks the required urgency to meet this goal. We should be well beyond seeking *disclosures* (as opposed to the implementation of science-aligned emission reduction strategies and transition plans) from leading financial institutions. Yet Just Share is still asking for a timeline on comprehensive disclosure from Investec on financed emissions from fossil fuels. This is disappointing from a bank that purports to be committed to sustainability.

6.2. Net Zero Roadmap: oil and gas

Investec has still not set any interim targets or strategies for reducing its exposure to oil and gas. Its annual reports indicate the bank's belief that gas will play an important role in the transition, and its increase in financing for oil and gas over the past year is evidence of that – Investec's financing of oil and gas increased by 23%, from R3,554bn in 2023 to R4,379bn in 2024.³ According to its sustainable and transition finance framework, Investec will finance gas-fired power generation and associated infrastructure **“strictly in the circumstances where it forms part of a credible transition plan within South Africa”**. We therefore asked how the bank is assessing the credibility of its clients' transition plans.

In response, Titi said that the bank relies on the Climate Policy Initiative (CPI) frameworks for assessing transition plans; that Investec has “a plethora of criteria that we will use collectively to come to a decision around whether a transition plan is credible or not”; and that it considers factors such as associated infrastructure, timing around “the transition of the particular fuel”, and “what alternatives exist”. However, he said they the bank is only currently using the CPI framework in relation to coal finance. He also spoke about the “areas of maturity that we will look to continue to improve”, but these did not include assessing transition plans in relation to oil and gas, as our question asked. Titi's response raises concerns about how Investec is applying the requirements of its sustainable and transition finance framework, and he acknowledged that the bank has “significantly more progress to make as we go forward.”

6.3. Female representation at Investec's management structures

Women currently make up only 9.5% of top management at Investec Limited (2 out of 21), a decrease from 18% in 2022. Just Share inquired about the reasons for this regression and asked what specific gender transformation targets and timeframes the company has set for both top and senior management as part of its forthcoming EE plan.

Although lengthy, Titi's response again did not directly or adequately answer our question. He asserted that Investec has made substantial progress on employment equity in South Africa and on diversity, equity, and inclusion (DEI) in the UK, despite the data suggesting otherwise. Titi argued that diversity progress should be viewed over time. He attributed the decline in female representation at Investec Limited to the departure of three women, but did not offer a clear explanation for the slow

³ P 62 [Investec climate and nature-related finance disclosures 2024](#)



pace of gender transformation at top management level, aside from noting that these women were replaced by people of colour because “suitable candidates” could not be found at the time.

Titi acknowledged the need to improve gender representation, promising that it would increase over the medium-term, but failed to specify any transformation targets, even after being asked again to do so by Just Share. Titi merely said that progress was evidenced by women holding 30% of senior management positions, and concluded by committing to provide more “substantive numbers” in the following year.

Philip Hourquebie echoed Titi, repeating again that progress in DEI should be “assessed over time”. He said that Investec is developing “pipelines” of talent, taking the view that, while there may be setbacks at certain points, the company is making steady progress in DEI initiatives over the long-term. Investec’s low representation of women in top and senior management and its lack of transformation targets suggests that this has not been a priority thus far. Without detailing specific actions the company will take to address this issue and implementing accountability measures, these assurances remain vague.

6.4. Linkage between transformation targets and executive remuneration outcomes

According to the 2024 remuneration policy, Investec’s proposed Sustainability Performance Frameworks for both STIs and LTIs will be measured based on evidence of progress in Belonging, Inclusion, and Diversity (BID) and transformation within the company. This specifically includes increasing the representation of women and people of colour in senior roles. Just Share asked when the actual targets for this representation linked to executive remuneration will be disclosed.

The chair of the remuneration committee, Henrietta Baldock, said that Investec’s new remuneration policy aims to simplify the non-financial measures for executive remuneration, while continuing to focus on BID and EE. She explained that Investec’s non-financial “sustainability” measures will be broken down into components including “climate and reducing inequity”. She confirmed that within this framework, progress on BID – specifically increasing the number of women and people of colour in senior roles – will be a key metric.

Baldock also noted that the company is in the final stages of concluding its EE discussions, which will be taken into account by the remuneration committee in its deliberations on executive pay. She emphasised that the board spends significant time monitoring management’s performance, and this will be reflected in both the long- and short-term incentives going forward.

7. Questions asked by other shareholders

A shareholder from ESG Insights asked questions relating to:

1. The potential overboardedness of two of Investec’s independent non-executive directors: Diane Radley and the chair, Philip Hourquebie;
2. The insufficient disclosure of the non-financial metrics for both the STI and LTI schemes, and the alignment of these metrics with Investec’s strategic goals, particularly in sustainability;



3. The specific measure being implemented to reduce the bank's emissions, and its plans to accelerate these efforts to meeting its "2030 net zero thermal coal exposure target"; and
4. The ethnicity wage gap at Investec plc.

8. AGM results

All resolutions tabled at the 2024 AGM passed with the required support from shareholders.

9. Just Share resources

- **Round-up:** [2023 Round-up 2](#) which includes a summary of Just Share's attendance at Investec's 2023 AGM
- **Briefing:** [Investec Limited's 2023 climate-related financial disclosures](#) (August 2023)
- **Report:** [How cool is your bank?](#) (November 2023)
- **Briefing:** [Women in leadership: Assessing gender equality in the JSE Top 40](#) (September 2023)
- **Op ed:** [Why sectoral equity targets are needed to transform labour market](#) (July 2024)

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