

Modern Slavery

IBP statement for reporting year 2019/2020 (Australian legislation)

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Introduction

Investec Bank plc (“**IBP**”) partners with private, institutional and corporate clients, offering international specialist banking, investment and wealth management services in the UK, as well as certain other locations, currently including Australia, Europe, Hong Kong, India and USA. In Australia, IBP is a foreign registered entity and operates pursuant to an Australian Prudential Regulation Authority (“**APRA**”) licence as Investec Bank plc, Australia Branch.

The specialist banking services provided include transactional services, lending, advisory and deposit raising activities. The wealth and investment services include discretionary wealth management, investment advisory, financial planning and stockbroking.¹

IBP is a public company incorporated in the UK, headquartered in London with approximately 3,900 employees. IBP is the main banking subsidiary of Investec plc, which is listed on the London Stock Exchange. IBP is part of a dual listed companies (“**DLC**”) structure, under which Investec Limited is the holding company of the Investec Group’s businesses in Southern Africa and Mauritius and Investec plc is the holding company of its non-Southern African businesses (including IBP).

This statement outlines the actions undertaken by IBP to identify and mitigate the risk of modern slavery occurring in its business operations and supply chain for the year ending 31 March 2020 (“**Year 2020**”). This is IBP’s first statement under the *Australian Modern Slavery Act 2018 (Cth)* (the “**Australian Act**”). This statement has been prepared for IBP and includes the modern slavery risks and actions of its owned and controlled subsidiaries. IBP and certain of its subsidiaries have separately reported under the *UK Modern Slavery Act 2015* (the “**UK Act**”).

IBP strives to be a distinctive specialist bank and wealth manager driven by a commitment to our core philosophies and values. We are committed to the ten principles of the United Nations Global Compact (the “**UNGC Principles**”) which relate to human rights, labour, environment and anti-corruption and we support the international agenda to abolish human trafficking, slavery, forced and child labour.

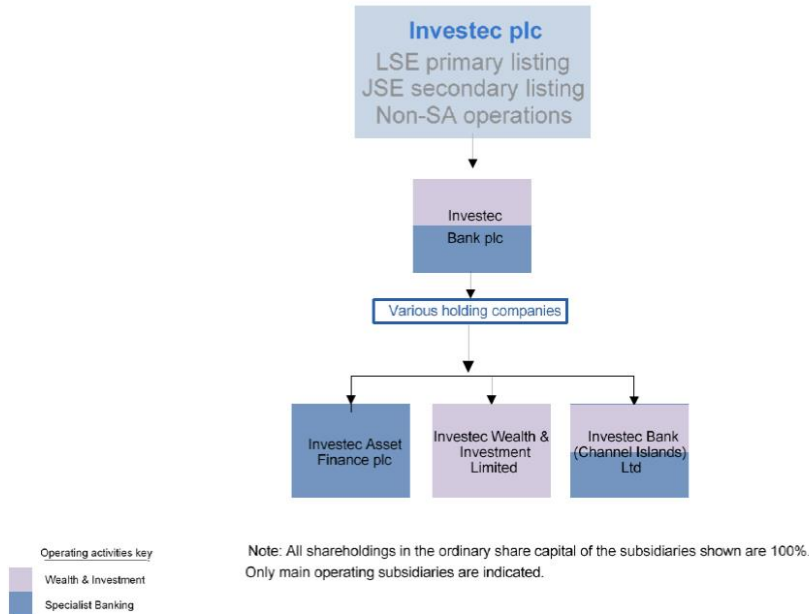
Part of this pledge entails compliance with relevant regulation and policy. We are therefore committed to addressing the requirements of the UK Act and the Australian Act and to ensuring that our global operations and supply chain manage modern slavery risk. This statement is made pursuant to Part 2 of the Australian Act. We acknowledge the objectives of the Australian Act and the UK Act and endeavor to create a culture of transparency with regard to our supply chains.

IBP’s business and operations and supply chains

IBP’s (regulated) corporate structure is shown below:

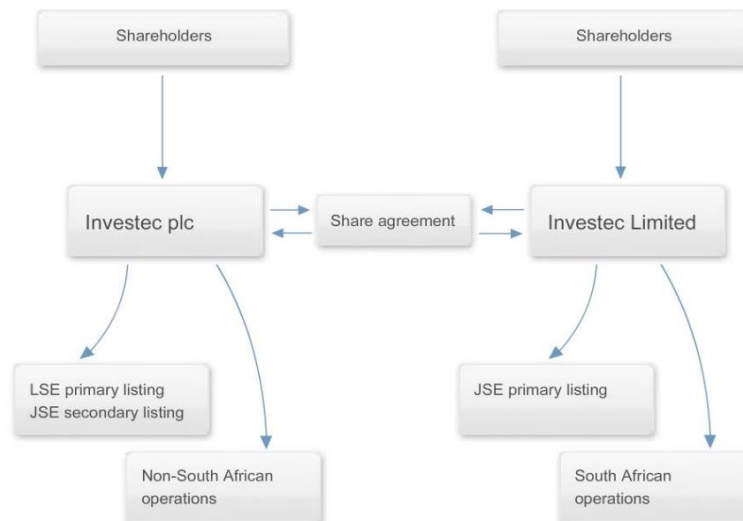
¹ The services offered by each Investec Group office vary between locations.

Organisational structure as at 31 March 2020



Investec Bank plc's immediate parent undertaking is Investec 1 Limited. Investec Bank plc's ultimate parent undertaking and holding company is Investec plc.

In November 2001, we received permission from the Minister of Finance and the South African Reserve Bank to establish a DLC structure with linked companies listed in London and Johannesburg. A diagram depicting the DLC is below:



IBP's main business is the provision of specialist banking and investment services, providing a wide range of products and services to its global client base. IBP and its subsidiaries currently operate in the UK and Europe, USA, Australia, India and Hong Kong.

- **In the UK**, IBP offers private and corporate and investment banking services (including specialised lending and treasury products), strategic equity investment and wealth management services (including investment management and financial planning services).
- **In Australia** the core services offered are lending, hedging, investments and advisory services across the Corporate and Acquisition Finance, Corporate Advisory, Emerging Companies, Global Resources and Power and Infrastructure Finance business units.
- **In Hong Kong** the service offerings focus on principal investments and specialised finance.

- **In India** the services centre on providing onshore, offshore and cross border financing and DCM, corporate finance specializing in M&A and ECM, securities advice including trade execution and research.
- **In Ireland** the services include private client lending, investment products for intermediary lending, risk management (including currency, commodity and interest rate) products and corporate advisory services.
- **In Switzerland** we provide banking and lending services, custody and execution, wealth and investment management and wealth planning services.
- **In US** we provide advice and lending across the power, transport and infrastructure sectors, access to corporate officers and analysts and intermediation on securities transactions.
- **In the Channel Islands** the services include private banking and lending to locally resident individuals in the Channel Islands and UK resident non domiciled individuals, treasury services and cash management facilities, corporate lending and structured property lending.

IBP's business in all of our locations is office-based. Our staff are predominantly finance professionals or provide administrative services.

The primary supply chain industry categories across our global offices are professional services, financial services, information and media and business travel. Our supply chain map shows that many of our suppliers are local to each individual office.

IBP applies a systematic, risk based approach to its procurement processes and practices, which includes identifying any modern slavery risk in our supply chain, and also to modern slavery in our operations. IBP has a zero tolerance approach towards any form of slavery in our supply chain. Furthermore, we strive to advance the UNGC Principles within our sphere of influence. We support the international agenda to abolish human trafficking, slavery, forced and child labour.

Assessment and mitigation of modern slavery risk

In our supply chain

In order to assess the risk of modern slavery in our supply chain, we established a risk assessment framework that was then implemented by our teams in the UK, Australia, US, India, Hong Kong, Switzerland and Ireland. Our assessment methodology focused on industry risk for suppliers, supplemented by jurisdictional risk, where known. Each of our offices completed a common questionnaire in relation to their jurisdiction to assist in the production of a modern slavery risk assessment that spans IBP's operations around the globe.

Given the global footprint and scale of our supply chains, we recognised the need to take a pragmatic and risk-based approach as we commenced the journey of better understanding our supply chains. This involved assigning the supply chain risk assessment project to personnel in each of our offices, and allocating responsibility for the preparation of a supply list from the 2019-2020 financial year. Our focus was on our more significant suppliers in our first year (by spend, by frequency of supply and by high risk industry). A summary of our risk assessment by office follows.

We considered 266 suppliers to our **Australian** offices as part of our supply chain risk assessment, who were selected because they have an ongoing supplier relationship with IBP. Approximately 23% of these suppliers fell into the higher risk industries for modern slavery, namely, accommodation and food services, repairs and maintenance, security services, building construction, transport support services, warehousing and storage services, wholesale trade of groceries, branded merchandise, courier service, printing and fabricated metal and cleaning. Just under 77% of the suppliers were from professional services and other low risk industries. Given the sizeable spend on construction services, we recognise this as an area presenting a higher likelihood of modern slavery. We will endeavour to ascertain further information from our construction suppliers to assess and address the risk of modern slavery in our supply chain in Australia to the extent that suppliers of this nature continue to be engaged in Australia.

For our **UK** office, the assessment framework initially focused on the top 100 suppliers by spend and also on all of the facilities and marketing contracts. Of the 100 suppliers by spend, 98 were industries with low modern slavery risk such as professional services, financial and insurance services and administrative and support services. We then reviewed 207 suppliers from our facilities and marketing business units and found that 133 suppliers were from professional services (which generally comes with a lower risk of modern slavery) and 74 were from higher risk industries such as accommodation and food services, manufacturing, corporate furniture, construction and wholesale trade. We recognise that there is an increased risk of modern slavery in our UK supply chain by virtue of the nature of our suppliers providing the aforementioned goods and services from our facilities and marketing business units. We will seek to address this area of risk in our second year of reporting.

Due to the small size of our **Channel Island** office and small number of suppliers, the assessment involved a high level review of the suppliers based on location and industry. The risk of modern slavery in our Channel Island office supply chain is generally low having regard to the low risk jurisdictions (Crown Dependencies, UK, US, Europe and Australia) and the low risk industries (administrative and support services, financial and insurance services and information media) of our suppliers. Like the other IBP offices, we have inherent risk in IT and other hardware and our hospitality providers, including food services and accommodation.

The supply chain supporting our office in **Ireland** included accommodation and food services, administrative services, education, building cleaning/pest control, creative and performing arts activities, finance, food and beverage services, internet publishing and broadcasting, library and other information services, medical and other health care service, personal and other services, postal and courier service, professional/scientific/technical services, property operators and real estate services, public order/safety/regulatory services, publishing, repair and maintenance, road transport, sports and recreation activities, telecommunication services, transport support services, warehousing and storage services, waste collection, water supply/sewerage. The geographic location of our suppliers included Australia, Canada, France, Germany, Ireland, Malta, South Africa, Switzerland, UK and the US. The bulk of our suppliers were in professional services which is generally considered a low risk industry for modern slavery. We recognise that there may be modern slavery risks in some of the higher risk industries such as accommodation and food services, postal and courier services and building maintenance and cleaning irrespective of the fact that our office may be situated in a low risk jurisdiction. We propose to address this gap in our subsequent reporting period as an area of priority.

The supply chain supporting our **Switzerland** office was predominately made up of Swiss based professional services, IT hardware/software and services. Based on our assessment, we assessed the risk of modern slavery in our Swiss first tier suppliers as being low. As with all office-based businesses, there is inherent risk in the IT hardware. Like the other IBP offices, we have inherent risk in our hospitality providers, including food services and accommodation.

The suppliers to our **Hong Kong** office were assessed as predominately low risk by virtue of the low industry risk, namely, in financial and insurance services and professional services. However, the suppliers of passenger transport services, IT hardware, courier and mail services, branded office stationery, accommodation and food services and office cleaning and maintenance services present higher risk of modern slavery and we will seek to assess these risks in more detail going forward.

There were 75 suppliers to our office in **India** that were the subject of our supplier specific risk assessment. Just over half of these suppliers were from high risk industries such as courier services, food services, building cleaning and maintenance, furniture, office suppliers, security, IT hardware and software, gym equipment, branded corporate merchandise, courier and transportation services. The Global Slavery Index ranked India 53/167 countries for modern slavery risk with an estimated 7,989,000 people living in modern slavery in India. We are cognisant of the fact that our suppliers from higher risk industries warrant closer attention, particularly in light of the country risk profile.

Our **US** office undertook a detailed review of 70 repeat suppliers. The bulk of these suppliers were from low risk industries however approximately 10 suppliers provided higher risk services such as repair and maintenance, food and beverage services, road transport, postal and courier services, cleaning and furniture and other manufacturing. The suppliers in the higher risk category US-based

businesses but we recognise that modern slavery still exists in the United States with approximately one in every 800 people in the United States working in forced labour conditions.² Furthermore, the United States is the biggest purchaser of goods at-risk of being produced through forced labour, importing more than USD144b a year.³ Going forward, we will seek to understand our supply chain risk beyond our first tier in an effort to better assess and address modern slavery risks.

In our operations

As IBP is part of the financial services industry and its employees are finance professionals or provide administrative support, we consider the risk of modern slavery practices within our own operations to be low, however we acknowledge that this risk may potentially be higher in individual geographic office locations.

In order to assess any risks that may have been reported in each of our locations, we requested local HR teams to look into the process of ensuring that all Investec personnel are working of their own free will and are not impacted by modern slavery. Based on the responses we received we consider that the risk of modern slavery in our operations is low in all our locations.

Given IBP's clients are located across the globe, our services are provided in connection with businesses and projects located in some jurisdictions assessed to be high risk for modern slavery by the Global Slavery Index. We appreciate that this may link us to modern slavery risk by virtue of our clients' operations and supply chains. Our Environmental and Social Risk Practices in Lending and Financing Activities and Investment Activities policies (as detailed below) provide that IBP (and other Investec group entities) will avoid exposure to transactions that involved forced labour or child labour'.

In our investments

IBP and its owned and controlled entities invest in businesses across the globe. Some of these investments are in respect of businesses operating in jurisdictions assessed to be high risk for modern slavery by the Global Slavery Index.

As part of our risk assessment of our operations, we engaged with our local teams in respect of the considerations of modern slavery risk in our investment decision making process. Our policies and procedures that govern investment decisions are discussed below. During the reporting period, the executive and the various Investec boards have taken a deeper role in actively engaging on sustainability activities and opportunities and a global head of sustainability, who heads up the group sustainability team, was appointed. We anticipate that these governance changes will allow for the further consideration of modern slavery risk within our overall ESG framework.

Policies and Governance Framework

IBP has a robust corporate governance framework in place which supports the regulated entities within its corporate structure. There are a number of policies and procedures in place within that governance framework which are relevant to modern slavery and, more broadly, human rights. These include:

- 1) **Modern Slavery Act Policy** – which is designed to ensure compliance with applicable modern slavery legislation.
- 2) **Internal Outsourcing Policy** – this policy ensures that a robust process is in place with respect to the management and control of outsourcing arrangements within IBP.
- 3) **Procurement Questionnaires** requesting information on suppliers' environmental, social and ethical policies. These questionnaires are issued on an ad hoc basis however we aim to

² Global Slavery Index <https://www.globalslaveryindex.org/news/more-than-400000-modern-slaves-are-exploited-in-the-united-states/>

³ Ibid.

provide these to the majority of IBP's suppliers, and all those in a higher risk industry, moving forward.

- 4) **Supplier Code of Conduct** which requires our suppliers to make certain confirmations in respect of their practices, due diligence and risk approach to modern slavery and employment practices more generally at the outset of our engagement. The Code is issued on an ad hoc basis across IBP and its subsidiaries however we will aim to provide it to the majority of IBP's suppliers, and all those in a higher risk industry, moving forward.
- 5) **Internal Policies on Environmental and Social Risk Practices in (i) Lending and Financing Activities, and (ii) Investment Activities** which guide IBP in identifying and managing potential adverse impacts to the environment and to human rights. As part of this policy IBP seeks to avoid exposures to any (financing or investment) transactions that involve forced labour or child labour.
- 6) **Internal Whistleblower Policy (UK and Australia)** which provides a framework for personnel of IBP head office and the Australian offices to disclose any concerns relating to, amongst other concerns, a breach of any internal policy or procedure and any breach of a legal obligation. Although modern slavery is not specifically referenced, any breach of the UK Act or the Australian Act would fall within the scope of this policy.
- 7) To **promote ESG** a number of committees and forums have been established at the DLC group level with the purpose of driving the ESG agenda. The relevant governance structure is described in more detail below. The ESG Executive Committee is charged with co-ordinating ESG efforts across our geographies and businesses from both a strategy and policy perspective.

As part of the DLC structure, the Social and Ethics Committee ("**DLC SEC**"), a sub-committee of the Investec Group board, is responsible for monitoring the non-financial elements of the Investec Group's sustainability. We also have employees in each of the major geographies in which we operate, who drive our sustainability objectives as well as various forums discussing these considerations. In 2020 the DLC Group ESG Executive Committee was constituted, a board sub-committee, which reports to the Group Executive and the DLC SEC on various ESG matters.

IBP remains committed to the UNGC Principles with respect to human rights, labour, environment and anti-corruption. Our culture and values demonstrate our belief that as an organisation we can have a positive impact on the success and well-being of local communities, the environment and on overall macro-economic stability. We support and respect the protection of internationally proclaimed human rights standards and are not complicit in any human rights abuses. IBP does not have a formal human rights policy, instead we refer to the publicly available document, *The Way We Do Business*: <https://www.investec.com/content/dam/south-africa/welcome-to-investec/corporate-responsibility/Investec-The-Way-We-do-Business-2019.pdf>

Working at Investec – our employees

As members of a regulated industry, IBP and its subsidiaries must, at a minimum, comply with the relevant employment, work, health and safety and other related legislation in each of our geographic locations. This position is strengthened by IBP's corporate governance framework.

Our philosophy 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 we do not employ children.

IBP's internal policies and business practices are outlined in our internal documents which are easily accessible to employees in all of our locations. These are intended to guide employee conduct and ensure our actions and attitude reflect the group's values and philosophies at all times.

Investec values the physical, financial and psychological health, welfare and safety of its people, including that:

1. our people strategy is to:
 - a. attract, retain, develop and motivate people who can perform extraordinarily;
 - b. retain and drive performance through appropriate remuneration and aspirational variable reward structures; and
 - c. ensure that performance management is motivational and constructive;
2. we provide employees with a bespoke employee wellness programme;
3. in line with our commitment to improving the quality of life of our employees, our leave entitlement and disability procedure are regularly reviewed and adjusted to take into consideration the needs and well-being of our employees and current best practice in the marketplace; and
4. in line with our commitment to the core values of equity in employment and recognition of the dignity and rights of each employee, we provide an environment that supports work-life balance. Flexible work practice is part of this supportive environment.

We intend to provide training to selected employees on modern slavery in order to bolster our internal understanding of the potential risk of modern slavery practices in our operations and supply chain and what we can do to mitigate those risks.

Measuring effectiveness of actions

Looking forward into the current financial year and beyond, IBP and its subsidiaries will endeavour to enhance our actions as part of our commitment to addressing the requirements of relevant legislation and ensuring that our operations and supply chain manage modern slavery risk.

We are still developing the means by which we are going to assess the effectiveness of the actions we have taken to manage modern slavery risk. These measures may include a review of the percentage of suppliers that have agreed to have in place processes to manage modern slavery, the number of individuals trained and the number of suppliers that have been the subject of a deep dive review and their results.

Consultation

Our supply chain risk assessment project was a combined effort across our offices in Australia, the US, India, Hong Kong, Switzerland, Ireland, Channel Islands and the UK (IBP head office). A questionnaire was sent out to each of the aforementioned offices seeking information in relation to their supply chain and operations with the results of the questionnaire informing our risk assessment summarised in this statement.

Approval

This statement was approved by the Directors' Committee of Investec Bank plc on 16th December 2020.

Signed by:



Kevin McKenna
Director, Investec Bank plc

16 December 2020

