

# Introducing Our Business Responsibility

## Taking stock

During the reporting period, we thought afresh about sustainability and our obligations in this regard.

We had spent the past several months observing international developments, where momentum relating to climate change, especially, had grown, and where businesses, selectively, had begun to vocalise a response.

We had also noted the changing economic dynamics relating to sustainability matters. The emergence of ethical consumerism, for instance, coincided with a greater effort by business to embrace the opportunities, and risks, associated with first-mover advantage in the largely unexplored commercial territory represented by the environment.

We recognised that the time for prevaricating on the issue of environmental sustainability was fast coming to an end. Since we had previously regarded sustainability in the non-financial sense as being almost exclusively synonymous with corporate social investment, we knew that in tackling sustainability afresh, we had to return to first principles.

Consequently, we revisited who we are and what our core purpose is. Greater clarity on this would foster the subsequent evolution of a more considered, concerted approach on how to take sustainability forward within Investec.

## Our historic approach

Sustainability has, however, always been a focus for us. Our grasp of how to manage our operating environment and ensure sustained financial success is indicated by our substantial efforts in recent years towards:

- Creating a balanced portfolio of businesses.
- Attaining our financial objectives.
- Maintaining strongly entrenched internal practices of corporate governance, risk management and people development.

We have also understood equally well the importance of giving back to the communities in which we operate. Our traditional focus on non-financial issues has tended to be driven out of our home base in South Africa and concentrated on the backlog of socio-economic needs in the country.

Our social investment activities take into account the desire to do the right thing and adopt an entrepreneurial approach, and include groundbreaking work on CIDA City Campus and The Business Place, which has won us many accolades, and Black Economic Empowerment (BEE) in South Africa. We were the first bank in South Africa to effect change at an ownership level, before the Financial Sector Charter came into being. We have also become a recognised leader in the identification, financing, creation and replication of BEE platforms.

For our non-South African businesses, sustainability has tended to concentrate on the need to grow, build critical mass and ensure the successful integration of businesses acquired. A sustainability mindset beyond the financial has not really had the chance to be developed. This makes it all the more gratifying that our UK business last year, despite the absence of a formalised group approach, won the prestigious City of London prize for best of breed practices in the field of waste management.

## Moving forward

In considering what sustainability means for Investec, we recognise that we have already accomplished a lot. The missing element, however, is the environment, which we have only flirted with in the past.

The time for a greater focus seemed appropriate. Our international businesses had grown sufficiently to be able to think more broadly about sustainability. These businesses were also urging the importance of environmental considerations as, outside South Africa, environmental sustainability has become the prevailing political mantra.

When considering our core purpose, we factored in the potential for banks to unlock finance to assist in providing answers to the world's pressing problems, as well as our own ability to be entrepreneurial, add value and unlock potential. We factored in our own track record of going for the gap, and sought to identify whether a more integrated sustainability approach might allow us to do so again.

Finally, however, we agreed that our mandate is best represented by our desire to create sustained wealth for shareholders and stakeholders, and to use our entrepreneurial skills base to foster, finance and reproduce these skills in others. We identified that:

- We are not in the market for virtue, for virtue's sake.
- There are abundant different facets to sustainability, all diverse and manifold, which we probably cannot tackle equally, or all at once.
- We would rather leverage our existing skills base to be a force for good, since this had already underpinned our financial sustainability for so long.

We then identified the key national priorities for each of our principal geographies. As clear areas of commonality existed across our international businesses, we were able to devise an overall sustainability philosophy for the group.

How far did we agree we were prepared to go in our sustainability approach? In determining the scope of our endeavours, should we just do the basics (meet legal and compliance requirements), go the extra mile (more than merely ticking the box) or seek to exert leadership (influence prevailing thinking)?

We concluded that none of these needed to be mutually exclusive and that it might be appropriate for us to take a leadership position in some areas, while doing the basics in others. For instance, as the first South African bank to effect BEE change at ownership level, this represents a clear instance of our being willing to take a leadership position. Similarly, our willingness to assume a leadership role is also shown by our founding partner involvement with CIDA City Campus and our development of The Business Place hubs for entrepreneurs.

We also concluded that, in driving forward sustainability within Investec, we needed to allow the different geographies and business units to determine their own areas of emphasis. Rather than on a top-down basis, sustainability must be allowed to evolve in line with differing business unit requirements. Our UK and Australian businesses may therefore put climate change high on the agenda, while South Africa may concentrate on socio-economic issues such as alleviating poverty, tackling unemployment and providing educational initiatives to equip the youth to meet the demands of the marketplace.

Finally, we also changed the type of language we use on sustainability, with a view to making it more user-friendly and relevant to our business. From now on sustainability for Investec is Our Business Responsibility. This will extend to a range of financial and non-financial considerations, including, for the first time, our physical and natural environment.

## Getting to grips with the environment

We are still familiarising ourselves with what the environment should mean to a specialist investment banking group and have not adopted any inviolable commitments on this front. We will allow our environmental conscience to evolve and have not yet determined whether our obligations should extend to more than doing the basics i.e. seeking to reduce our own consumption of scarce natural resources.

Our initial approach has been to create internal awareness on our environmental impact, to foster dialogue and to identify some quick wins in reducing our overall footprint. In South Africa, we launched a "Think 15% More" campaign at the end of the reporting period. Designed to sensitise our employees to environmental sustainability and to introduce the need for behavioural change, we identified reduced paper consumption as the first internal objective. The reduction of our environmental footprint will mean much more over time, and we have begun exploring what else we can do.

In determining our environmental emphasis, we allow for the possibility that, as our businesses move beyond an initial awareness of environmental sustainability, there may be scope for leadership opportunities to emerge, whether in the design of new products or the exploitation of emerging commercial opportunity. For example, although not driven by sustainability, our adoption of a strategic position in the alternative energy sector was motivated by an appreciation of potential commercial opportunity.

In the past 18 months, international momentum around environmental sustainability has grown significantly. Our own efforts have not been unduly influenced by this trend. Rather, we have chosen to move gradually, in a way that makes sense to us and in the spirit of our new Our Business Responsibility philosophy.

The year ahead will see much more internal dialogue around this philosophy. Introduced only at the end of the reporting period, much still needs to be done on processing this internally. However, in seeking to take Our Business Responsibility forward, we are driven by a much more obvious common sense of purpose than before. In the past, our sustainability endeavours have been largely opportunistic rather than the result of a formalised grand design. This may well continue to be the case but the decision to devise a formal philosophy and generate a framework for engagement around Our Business Responsibility was motivated by stakeholder input, as well as our own desire to be able to contextualise our efforts.

## Looking forward

The evolution of Our Business Responsibility journey will be driven largely by the different business units and geographies, although there will be an attempt to oversee, direct, coordinate, unify and integrate our overall approach from the centre. Sustainability has been a permanent agenda item for the main board for sometime, has since extended through to all boards, and will remain an important area of focus.

In this year's report (renamed Our Business Responsibility Report), we adopt a slightly new reporting format to give a sense of what our business pillars and key central support areas believe their responsibilities to be. This, we hope, will be built on and informed by more active input from our external stakeholders.

In seeking to enunciate a philosophy on Our Business Responsibility, we are looking to re-energise our previous sustainability efforts. Our newly adopted philosophy is as follows:

In pursuit of sustainable profits, we seek to be a positive influence in all our business activities, in each of the societies in which we operate. We do this by empowering communities through entrepreneurship and education, recognising the true value of diversity and addressing the challenges posed by climate change and the use of natural resources.

This will enable us to offer stakeholders a more easily understood and more fully integrated sense of our triple bottom line approach. In this vein, we expect the year ahead to generate a growing sense that Our Business Responsibility is an important driver of who we are, how we do things, and the results we hope to achieve. Our new-found focus on the environment, however, will not occur at the expense of the other aspects of sustainability from an Investec perspective, where intensive focus will continue to be the order of the day.

The 2007 Our Business Responsibility report can be accessed on our website at [www.investec.com/grouplinks/obr](http://www.investec.com/grouplinks/obr)