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Remuneration report

Chair of remuneration committee statement

This remuneration report was prepared by the board remuneration committee (the committee) and approved by the board.

Overview of the year

Changes were put in place for the 2015 financial year in response to the cap on variable remuneration that can be paid to Prudential Regulation Authority (PRA) Code Staff under the Capital Requirements Directive IV (CRD IV) and the PRA Remuneration Code (PRA Code). These regulations affect the remuneration that we can pay the chief executive, managing director and group risk and finance director, as well as some of our employees in the Specialist Bank in the UK who are classified as PRA Code Staff.

Although shareholders at the 2014 annual general meeting voted overwhelmingly in favour of our remuneration report for the year ended 31 March 2014, the committee was disappointed that only 56% of shareholders supported the executive directors' remuneration policy.

Listening to and acting on shareholders' concerns

The committee has directed much of its time and effort since the 2014 annual general meeting into establishing the reasons behind the significant vote against the directors' remuneration policy and implementing changes to address shareholders' concerns.

The four main areas identified by shareholders as reasons for voting against the directors' remuneration policy were:

- Absence of a Long-Term Incentive Plan (LTIP) with forward-looking performance conditions
- Extent of discretion provided for in the executive directors' recruitment policy
- Lack of transparency over how Hendrik du Toit's compensation is determined
- The quantum of executive directors' remuneration.

We have responded to those issues by:

- Reintroducing annual LTIP awards equal to one times fixed remuneration (while reducing the maximum short-term incentive (STI) sharing percentage by 50%) for the executive directors subject to CRD IV
- Amending the executive directors' recruitment policy so that discretion can only be exercised within clear limits
- Providing more detailed disclosures in respect of the performance assessment and incentive arrangements for Hendrik du Toit
- Undertaking a benchmarking exercise to validate the levels of executive directors' remuneration.

In addition, in view of the forthcoming changes to the PRA Code, we have built flexibility into the directors' remuneration policy to lengthen deferral or holding periods to comply with future regulatory requirements for individuals identified as PRA Code Staff without the need to revert to shareholders for a further binding vote in 2016. We have also extended the current malus provision to all incentives and introduced clawback so that the committee can apply either malus or clawback to all incentives for a period of up to seven years from the date of award (for PRA Code Staff).

These proposals will be put to shareholders for approval at the annual general meeting in August 2015 as part of the directors' remuneration policy and the remuneration report. We have discussed these proposals with a representative group of our largest shareholders both in the UK and South Africa. These shareholders have been broadly supportive of these proposed changes and share the committee's view that Investec has to adopt policies that allow it to remain competitive in attracting and retaining talent and ensuring the long-term success of the business. We would like to thank our shareholders for the open and frank nature of these conversations and for the various suggestions that were made.

Business context and outcomes for the year under review

Investec successfully executed on its key strategic initiatives embarked upon over the past two years. The group continued to grow its core franchises and simplified the Specialist Banking business through restructuring and strategic sales. The resultant simplification enables the group to enhance the operational focus to grow and develop its core businesses, so that the right outcomes can be delivered for clients and stakeholders including acceptable returns for shareholders.

The group's performance against key metrics is shown in the table below.

Group performance metrics	Year ended 31 March 2015	Year ended 31 March 2014	% change
Earnings attributable to shareholder before goodwill, acquired intangibles, non-operating items and after non-controlling interests	£339.5 million	£326.9 million	3.9%
Adjusted earnings per share	39.4 pence	37.9 pence	4.0%
Dividends per share	20.0 pence	19.0 pence	5.3%
Return on equity	10.6%	10.1%	
Recurring income as a % of total operating income	74.2%	70.7%	
Return on average risk-weighted assets	1.25%	1.14%	
Total capital adequacy ratio, Investec plc	16.7%	15.3%	
Core tier 1 capital ratio, Investec plc	10.2%	8.8%	
Leverage ratio, Investec plc	7.7%	7.4%	
Total capital adequacy ratio, Investec Limited	14.7%	14.9%	
Core tier 1 capital ratio, Investec Limited	9.6%	9.4%	
Leverage ratio, Investec Limited	8.1%	7.8%	
Total shareholder return, Investec plc (Pounds Sterling)	19.7%	9.6%	
Total shareholder return, Investec Limited (Rands)	22.5%	36.3%	
Variable remuneration pool	£337 million	£305 million	10.5%

In light of the positive financial performance of the group in 2015 and the resultant progress achieved across a range of financial and non-financial measures (in terms of the executive short-term incentive plan as approved by shareholders and reflected on pages 147 to 149), the remuneration committee approved an annual bonus of £2.5 million each for Stephen Koseff and Bernard Kantor, and £2.25 million for Glynn Burger. Stephen Koseff, Bernard Kantor and Glynn Burger receive 20% of their bonuses in cash with the balance deferred in shares over three years, subject to six months retention. Malus and clawback arrangements apply to these awards.

Hendrik du Toit was awarded a bonus of £4.36 million, determined solely in relation to the performance of Investec Asset Management as set out on page 146. The bonus payable to Hendrik du Toit will not be deferred until such time as the debt taken out by him to fund a substantial investment into Investec Asset Management has been repaid.

The remuneration committee approved inflationary increases in the salary and benefits of the executive directors in line with average salary increases provided to employees across the group.

The board approved a modest increase in fees for the forthcoming year for the non-executive directors, roughly in line with inflation.

Remuneration philosophy remains unchanged

Our overarching remuneration philosophy has remained unchanged from prior years as we maintain focus on employing and retaining the highest calibre individuals through the payment of industry competitive packages and long-term share awards which ensure alignment with key stakeholders in our business.

Our rewards continue to be distributed from pools of realised earnings generated in excess of targeted thresholds which reflect usage of risk-adjusted capital. This economic value-added model has been in operation for about 16 years and ensures that risk and capital management form the basis for key processes at both a group and transaction level thus balancing the rewards between all stakeholders.

We recognise that financial institutions have to distribute the return from their enterprises between the suppliers of capital and labour and the societies in which they do business, the latter through taxation and corporate social responsibility activities. Our group-wide remuneration philosophy seeks to maintain an appropriate balance between the interests of these stakeholders, and is closely aligned to our culture and values which include risk consciousness, meritocracy, material employee ownership and an unselfish contribution to colleagues, clients and society.

Looking forward

The committee will continue to ensure that reward packages remain appropriately competitive, provide an incentive for performance, and take due regard of our culture, values, philosophies, business strategy, risk management and capital management frameworks.

Where appropriate, we will continue to consult shareholders and shareholder bodies on any significant proposed changes in remuneration policy.

We are seeking shareholder approval at the 2015 annual general meeting for:

- Our directors' remuneration policy
- Our 2015 annual report on directors' remuneration
- Our non-executive directors' remuneration.

Signed on behalf of the board

PKO Crosthwaite

Perry Crosthwaite
Chairman, DLC remuneration committee

10 June 2015

Navigating this report

To help shareholders navigate the remuneration report, a brief summary of key content is set out below.

Executive directors

The executive directors whose remuneration is disclosed in this report are referred to as follows:

- Stephen Koseff – chief executive officer (CEO)
- Bernard Kantor – managing director (MD)
- Glynn Burger – group risk and finance director (GRFD)
- Hendrik du Toit – chief executive officer of Investec Asset Management (CEO of IAM)

Compliance and governance statement

The remuneration report complies with the provisions of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, the UK Corporate Governance Code 2012, the UK Companies Act 2006, the Rules of the UK Listing Authority, the UK Financial Conduct Authority rules, the PRA Remuneration Code, the South African King III Code of Corporate Practice and Conduct, the South African Companies Act 2008, the JSE Limited Listings Requirements and the South African Notice on the Governance and Risk Management Framework for Insurers, 2014.

The remuneration report comprises the annual statement from the committee chair, the revised directors' remuneration policy that sets out our remuneration policy for the next three years and the differences between the future policy and the policy operated in the 2015 financial year, and the annual report on remuneration that explains how the policy has been implemented in the 2015 financial year. The report also contains Pillar 3 disclosures as mandated by the UK's PRA and the South African Reserve Bank.

A summary of the remuneration decisions made during the year ended 31 March 2015

Remuneration philosophy

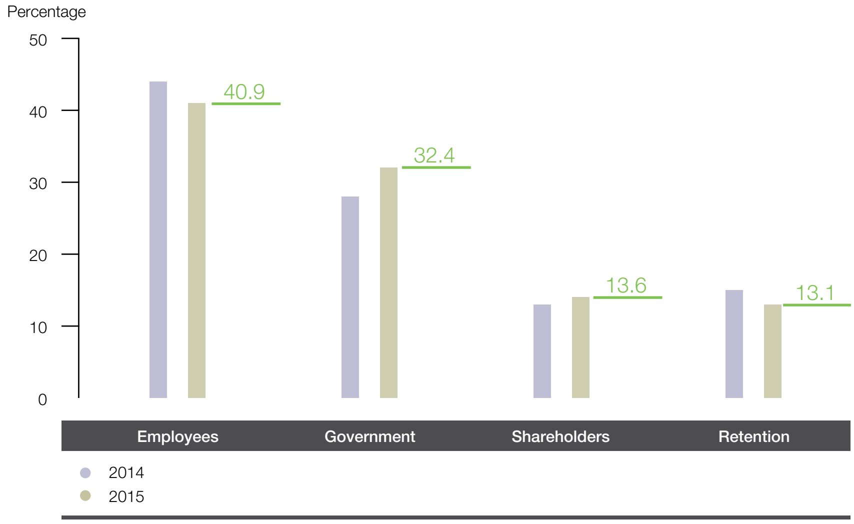
Our philosophy, which remains unchanged from prior years, is to:

- Employ the highest calibre individuals who are characterised by integrity, intellect and innovation and who adhere and subscribe to our culture, values and philosophies
- Strive to inspire entrepreneurship by providing a working environment that stimulates extraordinary performance, so that executive directors and employees may be positive contributors to our clients, their communities and the group
- Provide staff share ownership through participation in our employee share schemes to align interests with those of our owners
- Continue to acknowledge the importance of the appropriate division of the returns generated by our business between our owners, our workforce and the societies in which we operate.

In summary, we estimate our total economic return has been divided between government through taxation, owners through dividends and employees through total compensation as follows:

The total cost of compensation is managed through staff compensation ratios which are reviewed regularly. The total staff compensation ratios are as follows:

Value add contribution



	Staff compensation ratios Year ended 31 March 2015	Year ended 31 March 2014
Total for the group	47.4%	46.3%
Asset Management	47.6%	47.7%
Wealth & Investment	55.9%	56.1%
Specialist Banking	45.2%	43.5%

Outcomes for executive directors during the year

The following table summarises awards made to executive directors for the year. A further breakdown of these awards can be found on page 151.

£'000	Total cash benefits, salary, bonus 31 March 2015	31 March 2014	Total deferred bonus* 31 March 2015	31 March 2014	Fixed allowance payable in shares subject to retention period^ 31 March 2015	31 March 2014	Total remuneration awarded in current period 31 March 2015	31 March 2014	Value of vested LTIPS** 31 March 2015	31 March 2014
CEO	970	844	2 000	1 576	1 000	^^	3 970	2 420	–	–
MD	970	844	2 000	1 576	1 000	^^	3 970	2 420	–	–
GRFD	773	685	1 800	1 416	1 000	^^	3 573	2 101	–	–
CEO IAM	4 811	4 811	–	–	–	–	4 811	4 811	3 319	799

* *Deferred in shares over a period of three years, subject to six months retention.*
^ *75% released in year four and 25% released in year five.*
^^ *Fixed allowances have been awarded in 2015, in terms of the implementation of the requirements of CRD IV. In 2014 long-term incentive awards were made as these requirements were not yet in place. No long-term incentive award was made in 2015.*
** *LTIPs awarded in prior years which have vested over the financial period. The value represents the number of shares that vested multiplied by the market price of the shares at the date on which they vested.*

Changes to executive remuneration

We are proposing to respond to the issues raised by shareholders by making the following changes to the remuneration arrangements of the executive directors who are subject to CRD IV:

- Providing an inflationary increase in base salary and benefits
- Maintaining fixed allowances at their current levels
- Reducing the level of the short-term incentive sharing percentage by 50%
- Reintroducing annual LTIP awards equal to one times fixed remuneration.

These proposals apply from the 2016 financial year (and subsequent years) and are subject to approval at the 2015 annual general meeting.

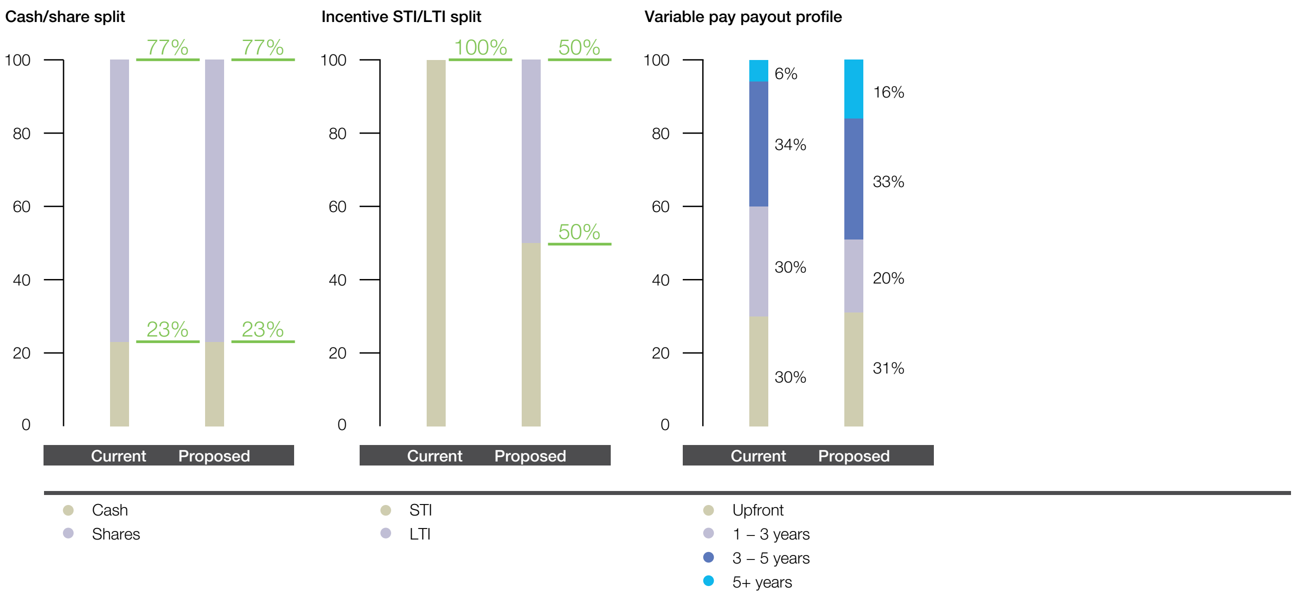
An example of how the changes will impact the remuneration package of the CEO is shown in the table below:

	Year ended 31 March 2015	Year ending 31 March 2016
Salary	£470 000	£480 000
Fixed allowance	£1 million (paid in shares)	£1 million (paid in shares)
Short-term incentive (maximum)	200% of fixed remuneration	100% of fixed remuneration**
Long-term incentive	n/a	100% of fixed remuneration**

** *Valued in line with European Banking Authority (EBA) discounting rules.*

The graphs below compare the current and proposed remuneration structures on a target basis. Specific values shown relate to the CEO although a similar structure would apply to all executive directors subject to the CRD IV bonus cap.

Proposed remuneration structure



- The split between cash and share awards is unchanged
- The LTIP award makes up 50% of variable remuneration whereas previously there was no separate LTIP
- The pay-out profile of variable remuneration is extended with a greater proportion deferred for up to five years.

The remuneration of the CEO of IAM will continue to be determined by reference to the remuneration policy applicable to the IAM business.

Annual report on directors' remuneration

The Investec group aims to apply remuneration policies to executive directors and employees that are largely consistent across the group, but recognises that certain parts of the group are governed by local regulations that may contain more onerous requirements in certain respects.

Composition and role of the committee

Perry Crosthwaite is the chairman of the committee. The other members of the committee are Fani Titi and Charles Jacobs. During the year Olivia Dickson, Bradley Fried and Sir David Prosser stepped down from the committee.

Current members of the committee are deemed to be independent as discussed on page 99.

One of the members of the committee is also a member of the group's board risk and capital committee (as discussed on page 111), thus bringing risk and control mechanisms into the committee's deliberations.

The committee's principal responsibilities and objectives are to:

- Determine, develop and agree with the board, the framework or broad policy for the remuneration of executive directors and executive management (comprising individuals discharging managerial responsibilities, who are the global heads of our core areas of activity and are members of our global operations forum)
- Commission and consider the results of an annual central and internal review of remuneration policy implementation
- Ensure that qualified and experienced management and executives are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their contribution to the success of the group and alignment with the corporate objectives and business strategy
- Review and approve the design of, and determine targets and objectives for any performance-related remuneration schemes operated by the group and approve the aggregate annual payouts under such schemes
- Review and approve, within the terms of the agreed policy, the total individual remuneration packages of executive directors and persons discharging managerial responsibilities and PRA Code Staff including, where appropriate, bonuses, incentive payments and share scheme awards
- Review and approve, within the terms of the agreed policy, the total individual remuneration packages of members of the internal audit, risk and compliance functions
- Oversee any major changes in our employee benefit structures
- Ensure that the comments, recommendations and rules within the UK and South Africa pertaining to remuneration are respected.

The committee is authorised by the board to seek any information it requires from any employee in order to perform its duties.

The committee's terms of reference are subject to annual review and are available on our website.

Meetings

The remuneration committee met nine times during the financial year. An attendance schedule is provided on page 108.

The company secretary of Investec plc acts as the secretary. Executive directors do not attend meetings of the committee, unless invited or required to do so by the chairman of the committee. The chairman of the committee reports on the activities of the committee at each meeting of the board.

Advisers to the committee and the company

Where appropriate, the committee has access to independent executive remuneration consultants. The selection of the advisers is at the discretion of the committee and Investec funds any expenses relating to their appointment.

During the financial year, the committee continued to use the services of its principal advisers, New Bridge Street, which among other things specifically reviewed and provided information on executive remuneration and our remuneration policy in light of CRD IV, industry consultation papers, regulations and developments with respect to remuneration practices and our alignment to them. In addition, they continued to review and provide information on appropriate benchmarks, industry and comparable organisations' remuneration practices. Their recommendations are valued in the ongoing review of our remuneration practices. New Bridge Street is a signatory to the UK Remuneration Consultants Group's Code of Conduct and does not conduct any material work for the company other than for the committee and is part of Aon plc. The committee, on an annual basis, formally evaluates the advice received from New Bridge Street to ensure that it is both objective and independent, and considers whether this service should be retained for the forthcoming year. Total fees paid to New Bridge Street for the year amounted to £31 000, (based on their standard hourly rates).

The company retained the services of PricewaterhouseCoopers to assist with the development of executive director and other PRA Code Staff incentive arrangements in light of CRD IV and to understand industry remuneration developments. This information was also shared with the committee.

Furthermore, we have used the services of Linklaters who have advised this year mainly on a number of issues pertaining to our existing incentive plans. Linklaters is one of Investec plc's legal advisers.

Certain specialist divisions within the group, for example, human resources and the staff shares schemes division, provide supporting information and documentation relating to matters that are presented to the committee. This includes, for example, comparative data and motivations for proposed salary, bonus and share awards. The variable remuneration pools are determined by our finance teams taking into account risk-adjusted capital requirements and after eliminating unrealised gains. The employees within these specialist divisions, which provide support to the committee, are not board directors and are not appointed by the committee.

Statement of implementation of remuneration policy for the year ending 31 March 2016

Executive directors

Pending approval at the 2015 annual general meeting, the remuneration policy for the executive directors will be implemented as follows:

Base salary and benefits		
	• £480 000 for the CEO • £480 000 for the MD • £340 000 (i.e. R4 500 000 Rand portion and £90 300 Pound portion) for the GRFD • £450 874 for the CEO of IAM	Inflationary increase
Fixed allowance		
	£1 000 000 for each of the three executive directors subject to CRD IV (CEO, MD and GRFD)	• Payable in shares • Vests on award • Retention period: – Released over five years – 20% each year
STI		
	• Incentive pool for CEO, MD, GRFD: – 0.23% each of adjusted operating profit for CEO and MD – 0.20% of adjusted operating profit for GRFD – Subject to a maximum of 100%* of fixed remuneration for each of the three executive directors subject to CRD IV • Incentive pool for CEO of IAM: – 1.85% of the earnings of IAM before variable compensation and tax	• For CEO, MD, GRFD: award subject to performance criteria as set out on pages 147 to 149 – Short-term incentive sharing percentage reduced by 50% to reflect the reintroduction of LTIP – Malus and clawback provisions apply – Deferral period strengthened: 30% upfront in cash; 30% upfront in shares; 40% deferred shares vesting after one and two years, subject to six-month holding period • For CEO of IAM: – There will be no deferral of the short-term incentive until such time as the debt taken out by the CEO of IAM to fund a substantial investment in IAM has been repaid
LTIP		
	• Reinstated – maximum 100% fixed remuneration • Paid entirely in shares • Applicable for each of the three directors subject to CRD IV (CEO, MD and GRFD) • CEO of IAM will no longer receive long-term incentive awards as he is a participant in the IAM equity ownership scheme (as explained on page 175)	• Award subject to performance criteria as set out on pages 149 and 150 • Award of one times fixed remuneration at face value • Deferral period lengthened: equal vesting over years three to five, subject to six-month holding period

* *Cap defined in line with EBA discounting rules which allow, when 25% of variable remuneration is deferred over at least five years, a slightly higher cap than 2x fixed remuneration (typically approximately 2.2x fixed remuneration dependent on interest rates and inflation). These limits will be in line with this EBA cap.*

Further details on the executive directors' short-term incentive plan:

Performance conditions	Weighting	Score range	Achievement levels
Financial metrics	85%	0% – 200%	Threshold (0%) Target (100%) Stretch (200%)
Non-financial metrics	15%	0% – 200%	Threshold (0%) Target (100%) Stretch (200%)

Each financial and non-financial metric has set threshold levels below which no short-term incentive will be earned and stretch levels whereby the pool for short-term incentives earned will be increased, but to a level capped as a percentage of adjusted operating profit. The committee believes that these stretch levels are demanding and will result in an incentive pool which will reflect actual performance and align the interests of the executive directors with the interests of shareholders. Achievement levels for the short-term incentive will be reviewed annually by the committee.

Executive short-term incentive – financial metrics and weightings

The weightings for each financial metric are as follows:

Financial metric	Weighting	
Aggregate	85%	
Return on risk-weighted assets[1]	35%	60% attributable to profitability measures
Return on equity[2]	25%	
Tier 1 capital adequacy[3]	12.5%	25% attributable to prudential measures
Liquidity cover ratio[4]	6.25%	
Net stable funding ratio[4]	6.25%	

1 *Return on risk-weighted assets is defined as adjusted earnings/average risk-weighted assets, where adjusted earnings are earnings attributable to ordinary shareholders after taxation, non-controlling interests and preference dividends, but before goodwill, acquired intangibles and non-operating items.*

2 *Return on equity is defined as adjusted earnings/average ordinary shareholders' equity (excluding preference share capital).*

3 *Tier 1 capital adequacy condition is a blend of the underlying tier 1 capital adequacy ratios for Investec plc and Investec Limited (50% plc: 50% Limited).*

4 *The liquidity metrics (liquidity cover ratio and net stable funding ratio) are a blend of the underlying liquidity metrics weighted by region (55% South Africa: 45% UK).*

The financial metrics are designed to ensure an appropriate balance between measures which drive profitability (return on risk-weighted assets and return on equity) which comprise 60% of the total weighting of 85% and prudential measures (tier 1 capital adequacy ratios, liquidity cover ratios and the net stable funding ratio) which comprise 25% of the total weighting of 85%.

Executive short-term incentive – financial metrics: achievement levels

Achievement levels for each of the financial metrics, as described above, which determine threshold, target and stretch performance are reviewed and set annually by the committee, following a careful and detailed review of relevant economic and market conditions. The threshold, target and stretch performance levels for the financial metrics set by the committee are outlined on the next page. Achievement levels for the year ended 31 March 2015 are shown on page 152.

	Weighting	Achievement levels		
Financial metric	85%	Threshold (0%)	Target (100%)	Stretch (200%)
Return on risk-weighted assets	35%	0.9%	1.2%	1.6%
Return on equity	25%	9%	12%	15%
Tier 1 capital adequacy	12.5%	9.5%	10.5%	12%
Liquidity cover ratio*	6.25%	115%	132.5%	162.5%
Net stable funding ratio*	6.25%	82%	89.5%	99.5%

* *The liquidity metrics (liquidity cover ratio and net stable funding ratio) are a blend of the underlying liquidity metrics weighted by region (55% South Africa: 45% UK) as set out below:*

Measure	South Africa	UK
Geographical weighting	55%	45%
Liquidity cover ratio		
Threshold	55%	150%
Target	65%	175%
Stretch	75%	225%
Net stable funding ratio		
Threshold	65%	95%
Target	75%	100%
Stretch	85%	110%

Stretch achievement levels for return on risk-weighted assets and return on equity are considered to be demanding:

- The group's adjusted earnings for the year ended 31 March 2015 amounted to £339.5 million
- In order to achieve the stretch achievement level for the return on risk-weighted assets metric, the group's adjusted earnings for the year ended 31 March 2015 would have needed to be 28% larger at £434.5 million *ceteris paribus*
- In order to achieve the stretch achievement level for the return on equity metric, the group's adjusted earnings for the year ended 31 March 2015 would have needed to be 42% larger at £481 million *ceteris paribus*.

Executive short-term incentive – non-financial metrics: achievement levels

The committee believes that it is right to incentivise executive directors to attend to important matters on which the long-term performance of the company depends, but which cannot in any one performance period be directly linked to financial returns. The executive directors have a low level of fixed gross remuneration relative to their peers. Therefore, without a meaningful weighting and target score for non-financial metrics, the executives would not be rewarded in any significant way for activities which the committee and the board regard as essential to the reputation, risk profile, capability and overall long-term sustainability of the company. The committee considers that both the short- and long-term incentive schemes should properly reflect the board's view of the proper balance of responsibilities for the executive directors.

The areas of focus, weightings and objectives for the non-financial metrics are assessed on a four-point scale (these are reviewed and set annually). These are as follows:

	Weighting	Achievement levels				
Non-financial metrics	15%	0%	50%	100%	150%	200%
Culture and values	3.75%	0	1	2	3	4
Franchise development	3.75%	0	1	2	3	4
Governance and regulatory and shareholder relationships	3.75%	0	1	2	3	4
Employee relationship and developments	3.75%	0	1	2	3	4

The committee has set the following areas of focus in respect of the non-financial performance conditions:

- Culture and values
  - Management visible and proactive in demonstrating appropriate behaviour
  - Performance-driven, transparent and risk-conscious organisation
  - Delivering appropriate and sustainable products with high levels of service and responsiveness
  - Acting with integrity, supporting the community, developing people and maintaining good relations with key stakeholders
  - Continual monitoring of the culture of the group
- Franchise development
  - Quality of brand, development of client base, commitment to the community and progress in building the firm
  - Environmental and other sustainability issues
- Governance and regulatory and shareholder relationships
  - Maintaining open and transparent relations with regulators
  - Regulators should have confidence that the firm is being properly governed and managed
  - Shareholders should have confidence that the firm is being properly managed
- Employee relationship and development
  - Succession and the development of the next generation
  - Diversity and black economic empowerment initiatives and results
  - Continued development of people – both on the job and extramurally.

The committee assesses achievement against objectives for the non-financial metrics on a four-point scale and score 0 (0%) and 4 (200%) only in exceptional circumstances, with the typical score range being 1 (50%), 2 (100%) or 3 (150%).

Further details on the executive directors' long-term incentive plan

The vesting of awards for the executive directors will be conditional on performance weighted as to financial and non-financial performance and measured against prescribed achievement levels.

The number of shares awarded will be decreased or increased by a performance multiplier comprising weightings and achievement scores within score ranges for the financial and non-financial metrics, as follows:

	Weighting	Score range	Achievement levels
Financial metrics	75%	0 – 150%	Threshold (0%) Target (100%) Stretch (150%)
Non-financial metrics	25%	0 – 200%	Threshold (0%) Target (100%) Stretch (200%)

The number of shares which vest against both the financial and non-financial performance conditions depend on whether threshold (0%), target (100%) or stretch (150%) levels are achieved, with awards vesting on a linear basis between each level.

If the stretch achievement levels for both the financial and non-financial metrics are satisfied, the number of shares vesting will be increased to a maximum of 135% of the number of shares awarded at the time of grant.

Executive long-term incentive – financial metrics: achievement levels

The achievement levels for each financial metric which determine threshold, target and stretch performance for the three-year performance period applicable to each annual award will be reviewed and set annually by the committee in advance of the award being made after a careful review of relevant economic and market conditions. The weightings for each of the financial metrics are expected to remain constant going forward.

Threshold, target and stretch achievement levels for the financial metrics currently are as follows:

	Weighting	Achievement levels		
Financial metrics	75%	Threshold (0%)	Target (100%)	Stretch (150%)
Growth in tangible net asset value[1]	40%	15%	30%	45%
Return on risk-weighted assets[2]	35%	0.7%	1.2%	1.6%

1 *The growth in tangible net asset value is expressed per share based on neutral currency and after adding back dividends and will be measured over the three financial years preceding the first date of vesting.*

2 *Return on risk-weighted assets is defined as adjusted earnings/average risk-weighted assets, where adjusted earnings are earnings attributable to ordinary shareholders after taxation, non-controlling interests and preference dividends, but before goodwill, acquired intangibles and non-operating items, and will be measured over the three financial years preceding the first date of vesting by averaging the actual return on risk-weighted assets achieved for each of those three financial years.*

The awards will be tested over the three financial years preceding the first date of vesting against the achievement levels set on grant and the number of shares to be received will be determined by reference to the combined total which has been achieved.

Executive long-term incentive – non-financial metrics: achievement levels

The non-financial metrics and associated objectives for the three-year performance period applicable to each annual award will be reviewed and set annually by the committee, in advance of the award being made, taking into account the group's strategic and operational objectives.

The current non-financial metrics are as follows:

	Weighting	Achievement levels				
Non-financial metrics	25%	0%	50%	100%	150%	200%
Culture and values	4%	0	1	2	3	4
Franchise development	13%	0	1	2	3	4
Governance and regulatory and shareholder relationships	4%	0	1	2	3	4
Employee relationship and development	4%	0	1	2	3	4

The committee assesses achievement against objectives for the non-financial metrics on a four-point scale and score 0 (0%) and 4 (200%) only in exceptional circumstances with the typical score range being 1 (50%), 2 (100%) or 3 (150%).

Non-executive directors

The fee structure for non-executive directors for the 2015 and 2016 financial years is shown in the table below:

Non-executive directors' remuneration	Year ended 31 March 2015	As proposed by the board for the year ending 31 March 2016
Chairman's total fee	£400 000 per year	£415 000 per year
Basic non-executive director fee	£68 000 per year	£70 000 per year
Senior independent director	£5 500 per year	£10 000 per year (subject to shareholder approval)
Chairman of the DLC audit committee	£58 000 per year	£60 000 per year
Chairman of the DLC remuneration committee	£42 000 per year	£44 000 per year
Member of the DLC audit committee	£17 000 per year	£17 500 per year
Member of the DLC remuneration committee	£15 500 per year	£16 000 per year
Member of the DLC nominations and directors' affairs committee	£11 000 per year	£11 500 per year
Member of the DLC social and ethics committee	£11 000 per year	£11 500 per year
Chairman of the board risk and capital committee	£42 000 per year	£43 500 per year
Member of the board risk and capital committee	£13 500 per year	£14 000 per year
Investec Bank Limited board member in attendance of the board risk and capital committee	R135 000 per year	R142 000 per year
Member of the Investec Bank plc board	£12 500 per year	£13 000 per year
Member of the Investec Bank Limited board	R275 000 per year	R290 000 per year
Investec Bank Limited board member in attendance at the DLC nominations and directors' affairs committee	R73 500 per year	R77 000 per year
Per diem fee for additional work committed to the group	£2 000/R30 000	£2 000/R30 000

Executive directors' single total figure of remuneration (audited)

The table below provides a single total remuneration figure for each executive director over the financial period.

Executive directors	Salary £	Retirement benefits £	Total other taxable benefits £	Fixed allowance £	Gross remuneration £	STI – upfront cash £	STI – deferred £	Value of vested LTIPs £	Total remuneration £
S Koseff (chief executive officer)									
– 2015	396 524	62 612	10 864	1 000 000	1 470 000	500 000	2 000 000	–	3 970 000
– 2014	372 126	54 685	23 189	–	450 000	394 000	1 576 000	–	2 420 000
B Kantor (managing director)									
– 2015	439 120	24 912	5 968	1 000 000	1 470 000	500 000	2 000 000	–	3 970 000
– 2014	419 224	23 943	6 833	–	450 000	394 000	1 576 000	–	2 420 000
GR Burger (group risk and finance director)									
– 2015	280 892	35 363	7 162	1 000 000	1 323 417	450 000	1 800 000	–	3 573 417
– 2014	283 416	36 832	10 851	–	331 099	354 000	1 416 000	–	2 101 099
HJ du Toit									
– 2015	440 950	–	10 180	–	451 130	4 360 000	–	3 319 059	8 130 189
– 2014	391 378	50 000	9 563	–	450 941	4 360 000	–	798 705	5 609 646

Salary and benefits

- *Gross remuneration comprises base salary, fixed allowance and other benefits.*
- *Gross remuneration of S Koseff and B Kantor (excluding the fixed allowance of £1 million) increased by 4.4% from £450 000 to £470 000. The gross remuneration for HJ du Toit largely remained the same as the prior year. The gross remuneration of GR Burger (excluding the fixed allowance of £1 million) is largely determined in Rands and converted into Pounds Sterling. In Rand terms GR Burger's Rand-based gross remuneration increased by 6.0% from R4 000 000 in March 2014 to R4 240 000 in March 2015 and his Pound-based gross remuneration increased 2.9% from £84 000 to £86 500 in March 2015.*
- *The executive directors receive other benefits which may include pension schemes; life, disability and personal accident insurance; medical cover; and fixed allowances, on similar terms to other senior executives.*
- *As part of the restructuring of the remuneration arrangements last year to ensure compliance with the requirements of CRD IV, the CEO, MD and GRFD have received fixed allowances, payable in shares. The fixed allowance of £1 million each to S Koseff, B Kantor and GR Burger was awarded in the form of 203 418 forfeitable Investec plc shares to each of the directors which vested immediately on award. These shares are, however, subject to a retention period in terms of which 75% of the shares are subject to a retention period of four years and the remaining 25% of the shares are subject to a retention period of five years. The 203 418 Investec plc shares for each of the directors is included in their beneficial and non-beneficial interest holding on page 156.*
- *Retirement benefits: None of the directors belong to a defined benefit pension scheme and all are members of one of our defined contribution pension or provident schemes. The amounts reflected in the table above represent the contribution to these schemes payable by the company.*

STI

- *Notwithstanding that HJ du Toit is currently a director of Investec plc and Investec Limited, he does not perform Investec group-wide executive activities. Accordingly, HJ du Toit and any remuneration benefits due to him are subject to the remuneration policies, rules and regulations applicable to employees of IAM and not the remuneration policies, rules and regulations applicable to other entities within the Investec group. HJ du Toit is the founder and CEO of IAM and is not classified as PRA Code Staff by PRA regulations. As a result, his compensation arrangements are not affected by the cap on variable remuneration. The short-term incentive payable to the CEO of IAM is 1.85% of the earnings of IAM before variable compensation and tax. For the year ended 31 March 2015, a payment of £4.360 million was due and was paid in cash shortly after the year end. There will be no deferral of the short-term incentive until such time as the debt taken out by the CEO of IAM to fund a substantial investment in IAM has been repaid. Further detail on this equity transaction is provided on page 175. IAM reported an increase in adjusted operating profit before tax and non-controlling interests of 3.6% to £149 million. Assets under management amounted to £77.5 billion, with £3.1 billion in net inflows.*
- *S Koseff, B Kantor and GR Burger are classified as PRA Code Staff.*
- *The annual bonus for the year ended 31 March 2015 for S Koseff, B Kantor and GR Burger was determined with reference to performance against financial and non-financial metrics as set out below and described in detail on pages 147 to 149.*
- *Further information on the short-term incentives is set out on pages 147 to 149 and as discussed on page 146 a portion of bonuses are paid in cash and a portion is deferred. The portion deferred is deferred in shares.*

The determination of bonuses for the CEO, MD and GRFD are set out below:

- *The short-term incentive pool available for the CEO, MD and GRFD for the year ended 31 March 2015 amounted to 1.3% of the group's adjusted operating profit, defined as operating profit before taxation, goodwill, acquired intangibles and non-operating items and after non-controlling interests. If the target performance conditions are achieved, distribution of the pool will be as follows: 0.45% to the CEO, 0.45% to the MD and 0.40% to the GRFD.*
- *The pool is decreased or increased by a performance multiplier comprising weightings and achievement scores within score ranges for the financial and non-financial performance measures described in the table below. The maximum aggregate pool, if all financial and non-financial stretch levels are achieved, would be 180% of (adjusted operating profit x 1.3%), subject to the remuneration cap as approved by shareholders.*

The determination of the bonus for S Koseff and B Kantor is shown below:

Adjusted operating profit at 31 March 2015 (£'000)	474 973
CEO/MD 'incentive pool' at 0.45% (£'000)	2 137
Maximum leverage at 180%, i.e. maximum potential bonus before application of the remuneration cap (£'000)	3 847

Financial metrics	Weighting	Actual achievement at 31 March 2015	Achievement levels Threshold 0%	Target 100%	Stretch 200%	Actual allocation achieved £'000	Actual weighting achieved % vs target
Return on risk-weighted assets	35%	1.25%	0.9%	1.2%	1.6%	836	111.8%
Return on equity	25%	10.6%	9%	12%	15%	282	52.8%
Tier 1 capital adequacy	12.5 %	11.6%	9.5%	10.5%	12.0%	463	173.3%
LCR	6.25%	222.3%	115%	132.5%	162.5%	267	200.0%
NSFR	6.25%	107.8%	82%	89.5%	99.5%	267	200.0%
Total	85.0%					2 115	116.5%

The portion of the 2014 bonus 'achieved' for financial metrics amounted to £1 640 000 (£612 000 for return on risk-weighted assets; £194 000 for return on equity; £312 000 for tier 1 capital adequacy; £275 000 for the LCR; and £247 000 for the NSFR). The increase in the portion of the bonus for the 2015 financial year attributable to performance against financial metrics is thus largely a result of the improvement in return on risk-weighted assets, return on equity and the tier 1 capital adequacy ratio.

Non-financial metrics

Following an assessment of these metrics (as described on page 149) the remuneration committee decided to allocate an award of approximately £385 000 (2014: £330 000) for performance against non-financial metrics. A score of 2 (i.e. weighting of 100%) was awarded to the 'culture and values' and 'governance and regulator and shareholder relationships' categories and a score of 3 (i.e. weighting of 150%) was awarded to the 'franchise development' and 'employee relationship and development categories'. Further information is provided on the next page.

The determination of the bonus for GR Burger is shown below:

Adjusted operating profit at 31 March 2015 (£'000)	474 973
GRFD 'incentive pool' at 0.40% (£'000)	1 900
Maximum leverage at 180%, i.e. maximum potential bonus before application of the remuneration cap (£'000)	3 420

Financial metrics	Weighting	Actual achievement at 31 March 2015	Achievement levels Threshold 0%	Target 100%	Stretch 200%	Actual allocation achieved £'000	Actual weighting achieved vs % target
Return on risk-weighted assets	35%	1.25%	0.9%	1.2%	1.6%	743	111.8%
Return on equity	25%	10.6%	9%	12%	15%	251	52.8%
Tier 1 capital adequacy	12.50%	11.6%	9.5%	10.5%	12.0%	412	173.3%
LCR	6.25%	222.3%	115%	132.5%	162.5%	237	200.0%
NSFR	6.25%	107.8%	82%	89.5%	99.5%	237	200.0%
Total	85.0%					1 880	116.5%

The portion of the 2014 bonus 'achieved' for financial metrics amounted to £1 475 000 (£550 000 for return on risk-weighted assets; £174 000 for return on equity; £281 000 for tier 1 capital adequacy; £248 000 for the LCR; and £222 000 for the NSFR). The increase in the portion of the bonus for the 2015 financial year attributable to performance against financial metrics is thus largely a result of the improvement in return on risk-weighted assets, return on equity and the tier 1 capital adequacy ratio.

Non-financial metrics

Following an assessment of these metrics (as described on page 149) the remuneration committee decided to allocate an award of approximately £370 000 (2014: £295 000) for performance against non-financial metrics. A score of 2 (i.e. weighting of 100%) was awarded to the 'culture and values' and 'governance and regulator and shareholder relationships' categories and a score of 3 (i.e. weighting of 150%) was awarded to the 'franchise development' and 'employee relationship and development' categories .

An assessment of non-financial metrics

The following aspects were taken into consideration in the assessment of performance against the non-financial metrics for the CEO, MD and GRFD.

Areas of focus as set out on page 149	Achievements during the year
Culture and values:	
• Management visible and proactive in demonstrating appropriate behaviour • Performance-driven, transparent and risk-conscious organisation • Delivering appropriate and sustainable products with high levels of service and responsiveness • Acting with integrity, supporting the community, developing people and maintaining good relations with key stakeholders • Continual monitoring of the culture of the group	• The executive continued to actively engage with employees through, for example, management hosted breakfasts, management panels, induction presentations – facilitating discussions on a number of aspects, including culture and values • The executive hosted a risk appetite forum in which a number of case studies were presented on various aspects of risk. The purpose of these case studies was to foster debate on our risk culture and lessons learnt over the past few years • Our HR and Organisational Development divisions continued to actively work with the executive and our management teams to ensure our values are lived and entrenched into our day-to-day activities
Governance and regulatory and shareholder relationships:	
• Maintaining open and transparent relations with regulators • Regulators should have confidence that the firm is being properly governed and managed • Shareholders should have confidence that the firm is being properly managed	• The chairman and senior independent non-executive director (SID) attended a number of meetings with shareholders during the course of the year. These meetings facilitated debate and feedback between the board and shareholders. A number of topics were discussed, including executive remuneration arrangements, board refreshment, succession planning and overall group strategy. The chairman and the SID received feedback from shareholders that they were generally pleased with the execution of the group's strategy by the executive and the board
Franchise development:	
• Quality of brand, development of client base, commitment to the community and progress in building the firm • Environmental and other sustainability issues	• The past year focused largely on the execution of our planned strategy; we are pleased that the results reflect the positive strategic progress made. The reshaping of the Specialist Bank was completed with the sale of the UK Kensington business, the Start (Irish) mortgage business and part of the Australian business. Further, significant effort was focused on accelerating the run down of the legacy portfolio in the UK • All of these were executed while we continued to grow the core franchises of the Specialist Bank as well as invest in the growth of our Asset Management and Wealth & Investment businesses • Investec maintained its inclusion in a number of international sustainability indices • Our core values include unselfishly contributing to society. During the year we spent £5.4 million on social investment initiatives (2014: £5.1 million) • Our South African Promaths initiative received the *Mail & Guardian's* 2014 Investing in the Future Award • Investec won the Business Charity Award for Community Impact in the UK for our partnership with the Bromley by Bow Beyond Business incubator • Investec Gresham Street (UK) was a runner-up in the 2014 Clean City Awards Scheme • The Gresham Street (UK) office was awarded ISO 14001 certification and the Energy Reduction Verification (ERV) Kitemark • Investec was one of the first UK City businesses to sign up to the Air Quality Pledge • We committed £1.1 billion to renewable energy. Investec, in partnership with Vuselesa Energy, launched a first of its kind co-generation power plant in South Africa, Eternity Power

An assessment of non-financial metrics (continued)

Areas of focus as set out on page 149	Achievements during the year
Employee relationship and development:	
• Succession and the development of the next generation • Diversity and black economic empowerment initiatives and results • Continued development of people – both on the job and extramurally	• Investec has been voted one of the most attractive employers in the 2015 Universum Most Attractive Employer awards. Investec was voted Best Bank by both professionals and graduates • In South Africa, Investec remains committed to black economic empowerment. During the year we received a level 2 BBBEE rating status from Empowerdex (improving from a level 3). We are committed to achieving and sustaining an equitable workplace that encourages and manages diversity and as such remains focused on the corrective strategies as set out in our Employment Equity Plan for the period 2013 to 2017. In terms of numerical targets for 2014 we met the targets for top management, and at the senior management level were just shy of meeting our targets. We did not meet our targets for junior management, however, we exceeded our targets at the middle management level and at the semi-skilled level (due to the implementation of various learnership programmes) • The nomination and directors affairs' committee (NOMDAC) received a detailed presentation from the executive regarding senior management succession, and the NOMDAC is satisfied that there is a formal management succession plan in place • In 2015, we invested £14 million in the learning and development of our employees, compared to £11.8 million in 2014

Long-term incentive awards

- No long-term incentive awards have been granted during the 2015 financial year nor have any LTIPs vested for S Koseff, B Kantor or GR Burger
- LTIPs for HJ du Toit have vested in 2015 and 2014. The values provided in the tables above represent the number of shares that vested multiplied by the market price of the shares at the date on which they vested. Further information is provided on page 157.

Non-executive directors' single total remuneration figure (audited)

The table below provides a single total remuneration figure for each non-executive director over the financial period.

Name	Total remuneration 2015 £	Total remuneration 2014 £
Non-executive directors		
Sir DJ Prosser (former joint chairman)[1]	92 667	255 500
F Titi (chairman)	363 438	255 500
SE Abrahams[2]	–	76 669
GFO Alford[1]	72 473	145 000
ZBM Bassa[3]	41 043	–
LC Bowden[3]	21 250	–
CA Carolus	82 322	72 843
PKO Crosthwaite	184 069	154 049
OC Dickson[1]	35 819	114 402
B Fried	163 550	165 500
D Friedland	289 763	273 484
H Fukuda OBE	94 000	92 500
CR Jacobs[3]	53 971	–
IR Kantor	68 000	73 984
Lord Malloch-Brown KCMG[3]	51 063	–
MP Malungani[1]	34 754	102 579
KL Shuenyane[3]	59 315	–
PRS Thomas	195 633	193 975
Total in Pounds Sterling	1 903 130	1 975 985

[1] *Sir DJ Prosser, GFO Alford, OC Dickson and MP Malungani resigned from the board on 8 August 2014.*

[2] *SE Abrahams resigned from the board on 8 August 2013.*

[3] *CR Jacobs, Lord Malloch-Brown and KL Shuenyane were appointed to the board on 8 August 2014. ZBM Bassa was appointed to the board on 1 November 2014 and LC Bowden on 1 January 2015.*

Payments to past directors and payments for loss of office (audited)

No such payments have been made.

Directors' shareholdings, options and long-term incentive awards (audited)

The company's register of directors' interests contains full details of directors' shareholdings, options and long-term incentive awards. The tables that follow provide information on the directors' shareholdings, options and long-term incentive awards for the year ended 31 March 2015.

Directors' shareholdings in Investec plc and Investec Limited shares at 31 March 2015 (audited)

Name	Beneficial and non-beneficial interest Investec plc[1] 1 April 2014	Beneficial and non-beneficial interest Investec plc[1] 31 March 2015	% of shares in issue[1] Investec plc 31 March 2015	Beneficial and non-beneficial interest Investec Limited[1] 1 April 2014	Beneficial and non-beneficial interest Investec Limited[1] 31 March 2015	% of shares in issue[1] Investec Limited 31 March 2015
Executive directors						
S Koseff[2]	4 589 355	4 773 200	0.8%	1 809 399	1 534 399	0.5%
B Kantor[2]	57 980	488 918	0.1%	4 301 000	3 600 500	1.3%
GR Burger[2]	2 402 135	2 848 944	0.5%	737 076	627 076	0.2%
HJ du Toit	–	–	–	604 740	604 740	0.2%
Total number	7 049 470	8 111 062	1.4%	7 452 215	6 366 715	2.2%
Non-executive directors						
F Titi (chairman)	–	–	–	–	–	–
ZBM Bassa	–	–	–	–	–	–
LC Bowden	–	–	–	–	–	–
CA Carolus	–	–	–	–	–	–
PKO Crosthwaite	132 908	115 738	–	–	–	–
B Fried	–	–	–	–	–	–
D Friedland	–	–	–	–	–	–
H Fukuda OBE	5 000	5 000	–	–	–	–
CR Jacobs	–	–	–	–	–	–
IR Kantor	3 509 545	3 509 545	0.6%	325	325	–
Lord Malloch-Brown KCMG	–	–	–	–	–	–
KL Shuenyane	–	19 900	–	–	–	–
PRS Thomas	–	–	–	–	–	–
Total number	3 647 453	3 650 183	0.6%	325	325	–
Total number	10 696 923	11 761 245	2.0%	7 452 540	6 367 040	2.2%

The table above reflects holdings of shares by current directors.

1 *The number of shares in issue and share prices for Investec plc and Investec Limited over the period is provided on page 159.*

2 *The beneficial and non-beneficial holdings of S Koseff, B Kantor and GR Burger, include 203 418 Investec plc shares which relate to the award to each of the directors of shares in respect of a £1 million fixed allowance on 8 August 2014 (as explained on page 151). The shares are subject to a retention period of four years in respect of 75% of the shares and the remaining 25% of the shares are subject to a retention period of five years.*

There are no requirements for directors to hold shares in the group.

Directors' interest in preference shares at 31 March 2015 (audited)

Name	Investec plc		Investec Limited		Investec Bank Limited	
	1 April 2014	31 March 2015	1 April 2014	31 March 2015	1 April 2014	31 March 2015
Executive director						
S Koseff	101 198	101 198	3 000	3 000	4 000	4 000

- *The market price of an Investec plc preference share at 31 March 2015 was R73.50 (2014: R87.99).*
- *The market price of an Investec Limited preference share at 31 March 2015 was R83.45 (2014: R84.01).*
- *The market price of an Investec Bank Limited preference share at 31 March 2015 was R90.21 (2014: R90.00).*

Directors' interest in options at 31 March 2015 (audited)

Investec plc shares

The directors do not have any interest in options over Investec plc shares.

Investec Limited shares

The directors do not have any interest in options over Investec Limited shares.

Directors' interest in Investec 1 Limited's long-term incentive plans at 31 March 2015 (audited)

Name	Date of grant	Exercise price	Number of Investec plc shares at 1 April 2014	Exercised during the year	Options granted/ lapsed during the year	Balance at 31 March 2015	Market price at date of exercise	Gross gains made on date of exercise	Period exercisable
HJ du Toit	25 June 2009	Nil	62 500	(62 500)	–	–	£5.23	£326 781	
	1 July 2010	Nil	750 000	(562 500)	–	187 500	162 500 at £5.26 per share, 100 000 at £5.04 per share and 300 000 at £5.45 per share	£2 992 278	The remaining nil cost options are exercisable from 1 July 2015

The group has made awards in respect of nil cost options in the capital of Investec plc for nil consideration pursuant to the Long-Term Incentive Plan (LTIP). The awards are in accordance with the determination of the remuneration committee and with the rules of the LTIP. These awards were made prior to Hendrik du Toit becoming an executive director. Hendrik du Toit exercised his options and sold 62 500 Investec plc shares on 25 June 2014 at an average share price of £5.23 per share. Hendrik du Toit exercised his options and sold a further 162 500 Investec plc shares on 1 July 2014 at an average share price of £5.26 per share, 100 000 Investec plc shares on 1 August 2014 at an average price of £5.04 per share, and 300 000 Investec plc shares on 26 August 2014 at an average price of £5.45 per share. There were no performance conditions attached to these awards.

None of the outstanding awards at 31 March 2015 have vested.

Directors' interest in the Investec plc Executive Incentive Plan 2013 at 31 March 2015 (audited)

Name	Date of grant	Exercise price	Number of Investec plc shares at 1 April 2014	Conditional awards made during the year	Balance at 31 March 2015	Performance period	Period exercisable	Retention period
S Koseff	16 September 2013	Nil	600 000	–	600 000	1 April 2013 to 31 March 2016	75% is exercisable on 16 September 2017; and	16 September 2017 to 16 March 2018
							25% on 16 September 2018, subject to performance criteria being met	16 September 2018 to 16 March 2019
B Kantor	16 September 2013	Nil	600 000	–	600 000	1 April 2013 to 31 March 2016	75% is exercisable on 16 September 2017; and	16 September 2017 to 16 March 2018
							25% on 16 September 2018, subject to performance criteria being met	16 September 2018 to 16 March 2019
GR Burger	16 September 2013	Nil	600 000	–	600 000	1 April 2013 to 31 March 2016	75% is exercisable on 16 September 2017; and	16 September 2017 to 16 March 2018
							25% on 16 September 2018, subject to performance criteria being met	16 September 2018 to 16 March 2019

The Executive Incentive Plan and the awards made on 16 September 2013 were approved at the July 2013 annual general meeting in terms of which 600 000 nil cost options each were awarded to S Koseff, B Kantor and GR Burger.

The performance criteria in respect of these awards are detailed on pages 149 and 150. None of these awards have as yet vested. The face value at grant for these awards, assuming 'at target' performance (as described on pages 149 and 150) amounts to £2 652 000 based on an actual share price for Investec plc of £4.42 on 16 September 2013 (date of grant), and 600 000 awards vesting.

The number of shares in issue and share prices for Investec plc and Investec Limited over the period are provided below.

Summary: Investec plc and Investec Limited share statistics

	31 March 2015	31 March 2014	High over the year	Low over the year
Investec plc share price	£5.61	£4.85	£6.06	£4.91
Investec Limited share price	R100.51	R84.84	R107.35	R86.02
Number of Investec plc shares in issue (million)	613.6	608.8	–	–
Number of Investec Limited shares in issue (million)	285.7	282.9	–	–

Shareholder dilution

Summary of Investec's share option and long-term incentive plans

Eligibility	Maximum award per individual[1]	Vesting period	Options granted during the year[2]	Total issued at 31 March 2014[3/4/5/6]
Investec 1 Limited Share Incentive Plan – 16 March 2005 – Investec plc				
• New and existing full-time employees • Excluding employees in South Africa, Botswana, Namibia and Mauritius • Excluding executive directors	• Cumulative limit of 2 500 000 across all option plans • Excluding EVA awards • In any financial year: 1x remuneration package	• Nil cost options: 75% end of year four and 25% end of year five; and for PRA Code Staff: 75% at the end of three and a half years and 25% at the end of four and half years plus a six-month retention period • EVA share awards: up to three years from date of award	6 523 960	Number: 32 028 999 % of issued share capital of company: 3.56%
		• Market strike options: 25% end of years two, three, four and five	197 250	Number: 277 700 % of issued share capital of company: 0.0%
Investec Limited Share Incentive Plan – 6 March 2005 – Investec Limited				
• New and existing full-time employees in South Africa, Botswana, Namibia and Mauritius • Excluding executive directors	• Cumulative limit of 2 500 000 across all option plans • Excluding EVA awards • In any financial year: 1x remuneration package	• Nil cost options: 75% end of year four and 25% end of year five • EVA share awards: up to three years from date of award	10 719 215	Number: 41 633 223 % of issued share capital of company: 4.63%

1 *The limits for allocations to employees and executive management during a financial year may be exceeded if the directors determine that exceptional circumstances make it desirable that options should be granted in excess of that limit.*

2 *This represents the number of awards made to all participants. For further details, see page 49 in volume three. More details on the directors' shareholdings are also provided in tables accompanying this report.*

3 *Dilution limits: Investec is committed to following the Investment Association principles of remuneration: 2014 edition (formerly ABI remuneration principles) and accordingly, as from the date of the implementation of our DLC structure (29 July 2002), the maximum number of new shares which may be issued by the company under all of the share plans (in respect of grants made after July 2002) may not exceed 10% of the issued share capital of the company over a rolling 10-year period. We have, since our listing date, complied with both the 10% in 10 years guideline for discretionary and non-discretionary awards in aggregate as well as the 5% in 10 years guideline for discretionary awards. The committee regularly monitors the utilisation of dilution limits and available headroom to ensure that these guidelines are complied with. The issued share capital of Investec plc and Investec Limited at 31 March 2015 was 613.6 million shares and 285.7 million shares, respectively.*

4 *The market price of an Investec plc share at 31 March 2015 was £5.61 (2014: £4.85), ranging from a low of £4.91 to a high of £6.06 during the financial year.*

5 *The market price of an Investec Limited share at 31 March 2015 was R100.51 (2014: R84.84), ranging from a low of R86.02 to a high of R107.35 during the financial year.*

6 *The rules of these long-term incentive plans do not allow awards to be made to executive directors. The table above excludes details of the Investec plc executive incentive plan 2013 on page 158.*

Directors' remuneration – alignment of interests with shareholders (unaudited)

Performance graph: total shareholder return

We recognise that remuneration is an area of particular interest to shareholders and that in setting and considering changes to remuneration it is important that we take their views into account. Accordingly, a series of meetings are held each year with our major shareholders and shareholder representative groups. The remuneration committee chairman attends these meetings, accompanied by senior Investec employees and the group chairman. This engagement is meaningful and helpful to the committee in its work and contributes directly to the decisions made by the committee.

We have implemented a DLC structure, in terms of which we have primary listings in London and Johannesburg. The listing on the London Stock Exchange (LSE) took place on 29 July 2002. We have been listed in South Africa since 1986.

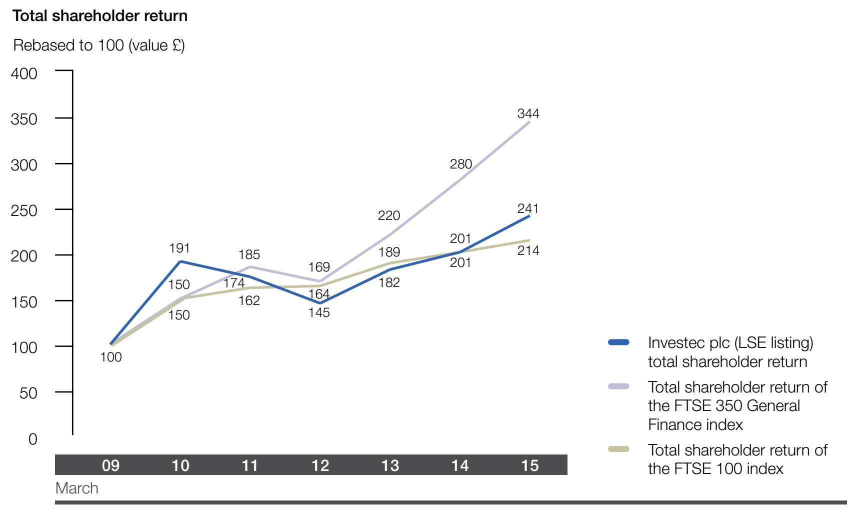
Schedule 8 of the UK Large and Medium-sized Companies and Groups (Accounts and Report) Regulations 2008 (as amended) requires this report to include a performance graph of Investec plc's total shareholder return (TSR) performance against that of a broad market index. A number of companies within the FTSE 350 General Finance Index conduct similar activities to us, although they do not necessarily have the same geographical profile. Nevertheless, to date this has been the most appropriate index against which to measure our performance on the LSE. Although we are not currently included in the FTSE 100, we were part of that index between 2010 and 2011 and we have included the total shareholder return of that index for illustrative purposes.

The graph below shows the cumulative shareholder return for a holding of our shares (in blue) in Pounds Sterling on the LSE, compared with the average total shareholder return of other members of the FTSE 350 General Finance Index and the FTSE 100 Index. It shows that, at 31 March 2015, a hypothetical £100 invested in Investec plc at 31 March 2009 would have generated a total return of £141 compared with a return of £244 if invested in the FTSE 350 General Finance Index and a return of £114 if invested in the FTSE 100 Index. Investec plc has therefore underperformed the FTSE 350 General Finance Index over the period.

During the period from 1 April 2014 to 31 March 2015, the return to shareholders of Investec plc (measured in Pounds Sterling) and Investec Limited (measured in Rands) was 19.7% and 22.5%, respectively. This compares to a 20.9% return for the FTSE 350 General Finance Index, a return of 5.5% for the FTSE 100 Index and a return of 10.0% for the JSE Top 40 Index.

The market price of our shares on the LSE was £5.61 at 31 March 2015, ranging from a low of £4.91 to a high of £6.06 during the financial year. The market price of our shares on the JSE Limited was R100.51 at 31 March 2015, ranging from a low of R86.02 to a high of R107.35 during the financial year.

Performance graph



Source: Datastream

Table of CEO remuneration

In addition, the table below provides a six-year summary of the total remuneration of the CEO. For the purpose of calculating the value of the remuneration of the CEO, data has been collated on a basis consistent with the 'single remuneration figure' methodology as set out on page 151.

Year ended	31 March 2010	31 March 2011	31 March 2012	31 March 2013	31 March 2014	31 March 2015
CEO single figure of total remuneration (£'000)*	4 910	4 291	450	1 950	2 420	3 970
% of maximum of short-term incentive	n/a^	n/a^	n/a^	n/a^	50%	65%

* *Historical long-term incentives did not vest as they did not meet performance conditions in the relevant periods. Current long-term incentives are only due to vest in 2017, subject to performance criteria.*

^ *Historically annual bonuses were not determined in terms of a formulaic approach where maximum and minimum awards could be derived.*

Percentage change in the CEO's remuneration

The table below shows how the percentage change in the CEO's salary and annual bonus between 2014 and 2015 compares with the percentage change in the average of each of those components of remuneration for Investec plc employees and Investec Limited employees.

	Salary and benefits	Annual bonus
CEO (in Pounds Sterling)	4.4%	26.9%
Average based on Investec plc employees (in Pounds Sterling)	0.7%	6.4%
Average based on Investec Limited employees (in Rands)	8.6%	30.3%

Relative importance of spend on remuneration

Our value-added statement is provided on page 9. In summary, the relative importance of remuneration and distributions to shareholders is shown below:

£'000	31 March 2015	31 March 2014	% change
Group compensation costs	(927 980)	(897 743)	3.4%
– Fixed	(590 896)	(592 192)	(0.2%)
– Variable	(337 084)	(305 551)	10.3%
Dividends to shareholders	204 913	183 865	11.4%
– Ordinary shares	168 486	150 053	12.3%
– Preference shares	36 427	33 812	7.7%

Statement of voting at 2014 annual general meeting

At the 2014 annual general meeting, the voting results on the four remuneration resolutions were as follows:

	Number of votes cast 'for' resolution	% of votes 'for' resolution	Number of votes cast 'against' resolution	% of votes 'against' resolution	Number of abstentions
To approve the directors' remuneration report	621 054 783	90%	66 835 396	10%	19 053 045
To approve the directors' remuneration policy	386 306 305	56%	308 140 134	44%	12 496 785
To approve the maximum ratio of variable to fixed remuneration	610 793 641	87%	89 612 263	13%	6 536 721
To approve the non-executive directors' remuneration	693 881 841	99%	10 172 963	1%	2 885 869

Additional remuneration disclosures (unaudited)

South African Companies Act, 2008 disclosures

Subsequent to regulatory developments in South Africa, Investec Limited is required to disclose the remuneration of those individuals that are defined by the South African Companies Act, No 71 of 2008 (as amended), read together with the Companies Regulations 2011 (together the Act), as prescribed officers.

In keeping with the group's integrated global management structure as well as the three distinct business activities of the group, i.e. Asset Management, Wealth & Investment and Specialist Banking, the prescribed officers for Investec Limited, as per the Act, are the following global heads of the group's three distinct business activities:

- Asset Management
  - Hendrik du Toit
- Wealth & Investment
  - Steve Elliott
- Specialist Banking
  - Stephen Koseff
  - Bernard Kantor
  - Glynn Burger

Hendrik du Toit, Stephen Koseff, Bernard Kantor and Glynn Burger are also the four executive directors of Investec Limited and their remuneration is disclosed on page 151.

Steve Elliott is remunerated by Investec Wealth & Investment Limited (a UK domiciled company and subsidiary of Investec plc) and is not required to disclose his remuneration under the South African Companies Act.

Directors' remuneration policy for the year ending 31 March 2016 and subsequent years

This directors' remuneration policy will be put to a binding shareholder vote at the annual general meeting in August 2015 and, subject to approval, will be effective from that date. It is anticipated that it will remain in force until the 2018 annual general meeting unless regulatory changes or the business or economic environment necessitate earlier amendment.

Scope of our remuneration policy

The Investec group aims to apply remuneration policies to executive directors and employees that are largely consistent across the group, but recognises that certain parts of the group are governed by local regulations that may contain more onerous requirements in certain respects.

In those cases, the higher requirements are applied to that part of the group. This is relevant to Investec plc and its subsidiary companies that are subject to the PRA Remuneration Code (as a level 2 organisation as defined therein), and in particular in relation to PRA Code Staff. Additionally, where any aspect of our remuneration policy contravenes local laws or regulations, the local laws or regulations shall prevail.

The following Investec plc group entities are separately regulated by the PRA and/or FCA and as such maintain their own remuneration policies separate from the Investec group policy and in line with such entity's own risk profile and business activities:

- Investec Asset Management Limited
- Investec Wealth & Investment Limited
- Investec Bank plc
- Hargreave Hale Limited.

Under the PRA Remuneration Code, Investec Bank plc is the only group entity which is classified as being level 2. It should be noted that our Asset Management and Wealth Management businesses have been classified as level 3 entities under the proportionality rules of the PRA Remuneration Code.

More details of the remuneration policies applying in each of our subsidiary companies can be found on pages 170 to 176.

Remuneration philosophy

Our philosophy, which remains unchanged from prior years, is to employ the highest calibre individuals who are characterised by integrity, intellect and innovation and who adhere and subscribe to our culture, values and philosophies. We strive to inspire entrepreneurship by providing a working environment that stimulates extraordinary performance so that executive directors and employees may be positive contributors to our clients, their communities and the group.

Remuneration principles

Remuneration policies, procedures and practices, collectively referred to as the 'remuneration policy', are designed, in normal market conditions, to:

- Be in line with the business strategy, objectives, values and long-term interests of the Investec group
- Be consistent with and promote sound and effective risk management, and not encourage risk taking that exceeds the level of tolerated risk of the Investec group
- Ensure that payment of variable remuneration does not limit the Investec group's ability to maintain or strengthen its capital base
- Target gross fixed remuneration (base salary and benefits including pension) at median market levels to contain fixed costs
- Ensure that variable remuneration is largely economic value added (EVA) – based and underpinned by our predetermined risk appetite and capital allocation
- Facilitate alignment with shareholders through deferral of a portion of short-term incentives into shares and long-term incentive share awards
- Target total compensation (base salary, benefits and incentives) to the relevant competitive market at upper quartile levels for superior performance.

Given our stance on maintaining a low fixed cost component of remuneration, our commitment to inspiring an entrepreneurial culture, and our risk-adjusted return on capital approach to EVA, we do not apply an upper limit on variable rewards other than in respect of PRA Code Staff (as discussed on page 163).

We reward employees generally for their contribution through:

- An annual gross remuneration package (base salary and benefits) providing an industry competitive package
- A variable short-term incentive related to performance (annual bonus)

- A long-term incentive plan (share awards) providing long-term equity participation
- Certain of our PRA Code Staff receive fixed monthly cash allowances and a commensurate reduction of variable short-term incentive in order to comply with the two times cap in terms of CRD IV.

Benchmarks

The short-term incentive allocated to the CEO and pool (for the year ended 31 March 2015) was arrived at after extensive benchmarking over a five-year period against short-term incentives of: (i) chief executive officers, and (ii) groups of executive directors for a bespoke peer group (and sub-groups of South African and non-South African peers) comprising: Aberdeen Asset Management, Barclays Africa Group, Alliance Bernstein, Close Brothers Group, FirstRand, Invesco, Jefferies, Julius Baer, Macquarie Group, Man Group, Nedbank Group, Rathbone Brothers, Schroders, Standard Bank Group and Tullett Prebon.

The levels of CEO profit share and the pool are more compatible with international reward levels than South African reward levels. The committee believes this is appropriate, given the complexity of Investec and the challenges involved in managing a group operating across three businesses in two core geographies. The pool is decreased or increased by a performance multiplier comprising weightings and achievement scores within score ranges for the financial and non-financial performance measures (as discussed on pages 147 to 149).

The short-term incentive pool and target award levels have been reduced for the year ending 31 March 2016 and subsequent years, due to the reintroduction of the long-term incentive (refer to page 146). The total maximum pool, if all financial and non-financial stretch levels are achieved, would be 180% of (adjusted operating profit x 0.66%)

Impact of CRD IV on executive directors' remuneration arrangements

CRD IV is EU regulation that has been effective from 1 January 2014. The main feature of CRD IV that impacts directors' remuneration at Investec is the application of a cap on variable remuneration that can be awarded to PRA Code Staff (including executive directors). At the 2014 annual general meeting, shareholders approved a maximum variable remuneration: fixed remuneration ratio of 2:1, which applied to variable remuneration awarded in respect of the 2015 performance year.

For the CEO, MD and GRFD, changes were made to our remuneration arrangements for the 2015 financial year to ensure compliance with CRD IV, including the introduction of a fixed allowance payable in shares. The fixed allowance had been intended to replace our long-term incentive for the affected directors but, in response to the concerns expressed by shareholders at and following the 2014 annual general meeting, we have decided to reintroduce an element of long-term incentive and make other changes to the structure of the directors' remuneration packages, as set out below in the remuneration policy table.

Remuneration of the CEO of IAM

Notwithstanding that Hendrik du Toit is currently a director of Investec plc and Investec Limited, he does not perform Investec group-wide executive duties. Accordingly, Hendrik du Toit and any remuneration benefits due to him are subject to the remuneration policies, rules and regulations applicable to employees of IAM and not the remuneration policies, rules and regulations applicable to other entities within the Investec group. Consequently, the structure and quantum of his remuneration differs in many respects from that of the other executive directors. For example, in line with practice in asset management businesses, his short-term incentive is uncapped and no deferral applies.

Hendrik du Toit's remuneration arrangements are not impacted by CRD IV as IAM is not subject to these requirements, and accordingly Hendrik du Toit is not defined as PRA Code Staff. He is entitled to an annual bonus as determined with respect to the performance of IAM only. Hendrik is the founder of IAM and is entitled to 1.85% of the earnings of IAM before tax and variable remuneration. Hendrik du Toit will no longer receive long-term incentive awards as he is a participant in the IAM equity ownership scheme (as explained on page 175).

Executive directors' remuneration policy table

The table below summarises the remuneration policy for executive directors for the year ending 31 March 2016 and subsequent years.

Purpose and link to strategy	Operation	Maximum value and performance targets	Changes from prior year
Fixed remuneration			
Salary			
• To provide an industry competitive package so that we are able to recruit and retain the people that we need to develop our business • Salaries reflect the relative skills and experience of, and contribution made by, the individual	• Salaries of executive directors are reviewed and set annually by the remuneration committee • Salaries are benchmarked against relevant comparator groups	• Targeted at median market levels when compared with relevant comparator groups[1] • Annual increases in salaries are referenced to the average increase awarded to other employees, unless the remuneration committee deems adjustments to be made relating to market factors	• None
Fixed allowances – CEO, MD and GRFD			
• To provide competitive remuneration recognising the breadth and depth of the role	• Fixed allowance reviewed by the remuneration committee every three years or on a change of role • Paid in shares • Deferred over a five-year period with 20% being released each year	• £1 million per annum paid in shares	• Release schedule changed and brought in line with market practice
Benefits			
• To provide a market competitive package	• Benefits are benchmarked against relevant comparator groups[1] • Executive directors may elect to sacrifice a portion of their annual gross remuneration in exchange for benefits such as travel allowances and medical aid	• Benefits include: life, disability and personal accident insurance; medical cover; and other benefits, as dictated by competitive local market practices • There is no maximum value but the value of benefits provided will generally be in line with market comparators	• None
Pension/provident			
• To enable executive directors to provide for their retirement	• Executive directors participate in defined contribution pension/provident schemes • Only salaries, not fixed allowances or annual bonuses, are pensionable	• The individual can elect what proportion of fixed remuneration is allocated as their pension/provident contribution	• None

Notes:
Refer to page 166.

Executive directors' remuneration policy table (continued)

Purpose and link to strategy	Operation	Maximum value and performance targets	Changes from prior year
Variable remuneration			
Short-term incentive – CEO, MD and GRFD			
• Alignment with key business objectives • Deferral structure provides alignment with shareholders	• Establishment of a short-term incentive pool based on the group's adjusted operating profit (AOP)[2] • Receive 30% in cash immediately; 30% in upfront shares; the remaining 40% is deferred in shares which vest equally after one and two years • Deferred shares must be retained for a period of six months after vesting • The retention period may be extended to one year to meet regulatory requirements • Remuneration committee retains discretion to reduce the amount payable to ensure that incentives truly reflect performance and are not distorted by an unintended formulaic outcome • Malus and clawback may be applied to deferred shares	• Based on a balanced scorecard of financial and non-financial performance measures with achievement levels that correspond with our short-term objectives • 85% based on financial measures including: – Return on risk-weighted assets; – Return on equity; – Tier 1 capital adequacy; – Liquidity coverage ratio; and – Net stable funding ratio. • 15% based on non-financial measures including: – Culture and values; – Franchise development; – Governance and regulatory compliance; and – Employee and shareholder relationships. • If target performance conditions achieved, distribution will be as follows: 0.23% of AOP to CEO; 0.23% of AOP to MD; and 0.20% of AOP to GRFD[2] • If all financial and non-financial stretch levels are met, up to 180% of the target may be awarded, subject to an overall maximum of variable remuneration (including LTIPs) being subject to the remuneration cap[5] • The remuneration committee has discretion to vary the weightings of the performance metrics to improve alignment with business strategy	Under previous arrangements, target award levels were: • CEO/MD: 0.45% of AOP • GRFD: 0.40% of AOP[2] • Previously: – 20% paid in cash immediately – 20% paid in shares vesting immediately but subject to a six-month retention period – 60% paid in shares deferred for three years with a subsequent six-month retention period • The target award levels have been reduced due to the reintroduction of the LTIP
Short-term incentive – CEO of IAM[3]			
• To reward behaviour and effort against objectives and values and retain key employees • The cash bonus pool determination is based on the profitability of IAM only	• Any short-term incentive is payable in cash shortly after the end of the financial year • The short-term incentive for the CEO of IAM will not be subject to deferral during the period when the debt to finance his investment in IAM is being repaid • The cash bonus payment to the CEO of IAM is approved by the DLC remuneration committee	• The CEO of IAM is entitled to 1.85% of the earnings of IAM before tax and variable compensation • The IAM remuneration committee reviews the financial results of IAM within the context of the risk appetite of the business and can risk-adjust the cash bonus should they believe this is required given the risk taken and the overall financial results	• No change

Notes:
Refer to page 166.

Executive directors' remuneration policy table (continued)

Long-term incentive – CEO, MD and GRFD

• Clear link between performance and remuneration • Embeds alignment with shareholder returns • Performance targets aligned with business objectives • Non-financial metrics take into account the group's strategic and operational objectives	• Applies to the CEO, MD and GRFD[4] • Conditional awards of shares subject to performance conditions measured over three financial years • Awards vest in three equal tranches on the third, fourth and fifth anniversary of grant • Vested shares are subject to a further six-month retention period • The retention period may be extended to one year to meet regulatory requirements • Awards are subject to malus of unvested shares and clawback of vested shares • Remuneration committee retains discretion to adjust the level of awards vesting to ensure that incentives truly reflect performance and are not distorted by an unintended formulaic outcome	• Annual award of 100% of aggregate fixed remuneration • Awards are subject to the following performance measures and weightings: – Growth in tangible net asset value (40%); – Return on risk-weighted assets (35%); – Non-financial measures (25%). • Targets for financial performance measures and non-financial metrics will be set annually by the remuneration committee in advance of the award being made • The remuneration committee has discretion, in exceptional circumstances, to amend targets or measures if an event happens that, in the opinion of the committee, caused those targets or measures to no longer be appropriate • The remuneration committee retains the discretion to adjust the weightings of performance measures to best meet the objectives of the business	• No long-term incentive awards made in respect of the year ended 31 March 2015 • Reintroduced in 2016 and future years in response to shareholders' concerns • Vesting structure lengthened to meet new regulatory requirements

Notes to the table above:

1. *Peer group companies include Aberdeen Asset Management, Barclays Africa Group, Alliance Bernstein, Close Brothers Group, FirstRand, Invesco, Jefferies, Julius Baer, Macquarie Group, Man Group, Nedbank Group, Rathbone Brothers, Schroders, Standard Bank Group and Tullett Prebon.*
2. *AOP defined as operating profit before taxation, goodwill, acquired intangibles and non-operating items and after non-controlling interests.*
3. *Notwithstanding that Hendrik du Toit is currently a director of Investec plc and Investec Limited, he does not perform Investec group-wide executive activities. Accordingly, Hendrik du Toit and any remuneration benefits due to him are subject to the remuneration policies, rules and regulations applicable to employees of IAM and not the remuneration policies, rules and regulations applicable to other entities within the Investec group. Hendrik du Toit is not defined as PRA Code Staff and is entitled to an annual bonus as determined with respect to the performance of IAM only as explained in the table above.*
4. *Hendrik du Toit will no longer receive long-term incentive awards as he is a participant in the IAM equity ownership scheme as explained on page 175.*
5. *Cap defined in line with EBA discounting rules which allow, when 25% of variable remuneration is deferred over at least five years, a slightly higher cap than 2x fixed remuneration (typically approximately 2.2x fixed remuneration dependent on interest rates and inflation). These limits will be in line with this EBA cap.*

How will executive directors' performances be assessed?

The short-term and long-term incentives are subject to performance conditions. A detailed explanation of these performance measures is provided on page 147 to 149. The performance measures have been selected taking into account:

- Key stakeholders' requirements (including shareholders and regulators) which were assessed through extensive consultations on the matter
- The preference of the committee and the board is for a range of financial metrics that ensure an appropriate balance between measures which drive profitability and prudential measures. In addition, the remuneration committee believes that it is right to include non-financial measures in determining levels of awards as directors should be incentivised to attend to important matters on which the long-term performance of the company depends, but which cannot in any one performance period be directly linked to financial returns.

Differences between the remuneration policy of the executive directors and the policy for all employees

We apply consistent remuneration principles and philosophies across the whole employee population and are cognisant of these when considering executive directors' remuneration. The quantum of salary and benefits paid to executive directors is benchmarked against appropriate comparator groups (as discussed on page 163), however, the annual increase in such remuneration is referenced to the average increase awarded to employees in South Africa and the UK, respectively. Although this has not been the case of late, the remuneration committee may, under certain circumstances, make adjustments outside these parameters, particularly in cases when there have been large adjustments in the comparator group referenced.

As is the case with other employees, the short-term incentive is performance based, however, there are a number of specific performance criteria that apply in the case of determining the annual bonus for the CEO, MD and GRFD (as set out below). The annual bonus for Hendrik du Toit (CEO of IAM and executive director of the Investec group) is referenced to the performance of IAM only. Short-term incentives for executive directors and the employees, defined as PRA Code Staff, are subject to deferral, malus and clawback requirements. The requirements of CRD IV are only applicable to the CEO, MD and GRFD and to some employees in the UK Specialist Bank who are classified as PRA Code Staff. More details of the approach to employee remuneration can be found on pages 170 to 177.

Policy for the recruitment of new executive directors

It is intended that the approach to the recruitment of new executive directors will be in line with the current remuneration policy for executive directors as outlined above and below. However, the remuneration committee will consider levels of remuneration for new recruits that are competitive for the skills and experience of the individual being recruited. For individuals covered by the bonus cap under CRD IV, the treatment of each element of remuneration on recruitment will be as set out below.

Element	Commentary	Maximum value
Salary	• Determined by market conditions, market practice and ability to recruit • If salary below market level on recruitment or promotion, remuneration committee may realign salary over transitional period with higher than normal increases	In line with policy
Fixed allowance	Determined by similar factors to salary	Currently £1 million
Pension	In line with normal policy	15% of salary
Other benefits	Offered in line with normal policy	In line with policy
STI	In line with normal policy	100%* of fixed remuneration
LTIP	In line with normal policy	100%* of fixed remuneration
Buy-outs	• The remuneration committee can buy out bonus opportunity or incentive awards that the new executive director has forfeited as a result of accepting the appointment, subject to proof of forfeiture where applicable • As required by the PRA Remuneration Code, any award made to compensate for forfeited remuneration should be broadly no more generous than, and should aim to mirror the value timing, and form of delivery of the forfeited remuneration	

* *Cap defined in line with EBA discounting rules which allow, when 25% of variable remuneration is deferred over at least five years, a slightly higher cap than 2x fixed remuneration (typically approximately 2.2x fixed remuneration dependent on interest rates and inflation). These limits will be in line with this EBA cap.*

If the new joiner is not affected by the bonus cap then the remuneration committee may construct a package as set out above, but then may allocate the amount of the fixed allowance into STI or LTI award opportunities as appropriate given market factors and other relevant comparator trends.

Service contracts and terms of employment

The terms of service contracts and provision for compensation for loss of office for the four executive directors is set out below.

CEO, MD and GRFD	CEO IAM
Indefinite service contracts of employment, terminable by either party with six months' written notice	Indefinite contract of employment, terminable by either party with three months' written notice
Salary, fixed allowance, benefits and pension payable for period of notice	Salary, benefits and pension payable for period of notice
No provision for compensation payable on early termination	No provision for compensation payable on early termination
Outstanding deferred bonus EVA shares or LTI awards lapse on resignation or termination for gross misconduct	n/a
Deferred share or LTI awards may be retained if the director is considered a 'good leaver' (e.g. retirement with a minimum of 10 years' service, disability or ill health)	n/a
In the event of a takeover or major corporate event, the remuneration committee has the discretion to determine whether all outstanding awards vest at the time of the event or whether they continue in the same or revised form	n/a
There is no formal shareholding requirement	There is no formal shareholding requirement

Executive directors are permitted to accept outside appointments on external boards or committees provided these are not deemed to interfere with the business of the company. Any fees earned by executives in this regard are forfeited to Investec.

Copies of the service contracts are available for inspection at the company's registered office.

How does executive directors' remuneration change based on performance?

Illustrative scenarios for executive directors' remuneration

The charts on page 169 show the potential value of the executive directors' remuneration arrangements under this policy in three performance scenarios:

- 'Minimum' – fixed remuneration only
- 'At target' – fixed remuneration and the 'at target' variable short-term annual incentive and 'at target' vesting of any long-term incentives that may be awarded
- 'At stretch' – fixed remuneration and the 'stretch' achievement levels that may be awarded for variable short-term annual incentive and 'stretch' vesting of any long-term incentives that may be awarded.

The scenarios do not reflect share price movement between award and potential vesting, nor are any dividends or dividend equivalents taken into account.

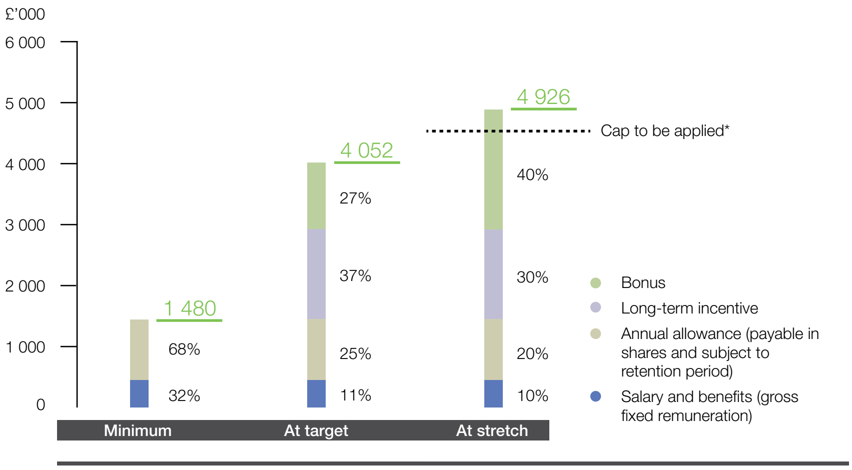
For the CEO, MD and GRFD based on the remuneration policy proposed for the year ending 31 March 2016:

- Fixed remuneration includes salaries, company pension contributions and benefits receivable (i.e. as proposed for the year ending 31 March 2016), and a fixed allowance of £1 million
- Target variable short-term incentive is 0.23% (CEO and MD) and 0.20% for the GRFD of adjusted operating profit based on £475 million as reported for the financial year ended 31 March 2015 and maximum variable short-term incentive is 180% of target (subject to an overriding maximum in terms of the remuneration cap as approved by shareholders)
- Target long-term incentive is equal to one times fixed remuneration.

For the CEO of IAM:

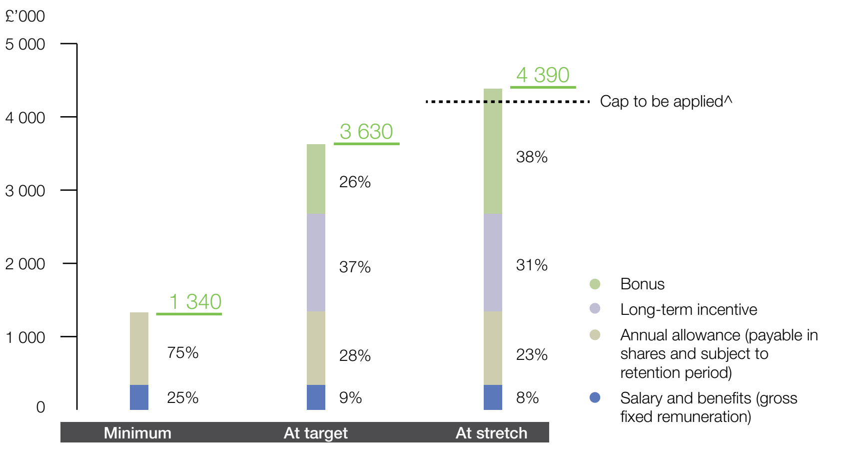
- Fixed remuneration includes the latest known salary, company pension contributions and the benefits receivable during the year ended 31 March 2015
- Variable short-term incentive is 1.85% of pre-tax and pre-compensation earnings of IAM, determined on a discretionary and uncapped basis
- Hendrik du Toit will no longer receive long-term incentive awards as he is a participant in the IAM equity ownership scheme
- Forecasted information cannot be provided to determine a stretch or target amount for future years and thus the graph on the next page merely depicts amounts paid in the current and prior financial year.

Illustrative payouts for the CEO and MD



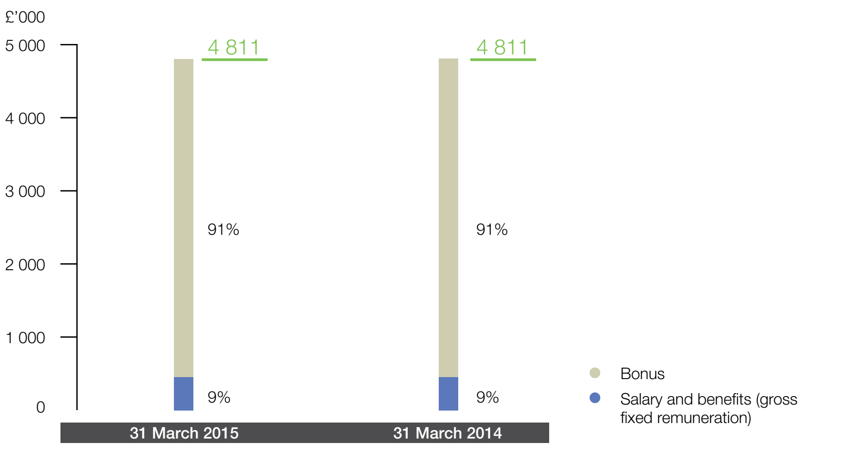
* *The maximum potential bonus as calculated in terms of the formula is £4.926 million. However, this amount will be capped to £4.810 million when one applies the remuneration cap as approved by shareholders.*

Illustrative payouts for the GRFD



^ *The maximum potential bonus as calculated in terms of the formula is £4.390 million. However, this amount will be capped to £4.355 million when one applies the remuneration cap as approved by shareholders.*

Illustrative payouts for the CEO of IAM



Remuneration policy for non-executive directors

The board's policy is that fees should reflect individual responsibilities and membership of board committees. The increase in non-executive directors' fees for the forthcoming year reflects current market conditions (with the focus on controlling fixed remuneration) and additional time commitment required. Their fee structure covers the dual roles that the directors perform for the UK-listed Investec plc and the South African listed Investec Limited boards and are awarded equally between the two companies.

Purpose and link to strategy	Operation	Maximum value and performance targets	Changes from prior year
Non-executive directors' remuneration			
Fees			
To provide industry competitive fees to attract non-executive directors with appropriate skills and experience	• Fees of non-executive directors are reviewed annually by the board taking into account market data and time commitment • The fee structure covers the dual roles that the directors perform for the UK-listed Investec plc and the South African-listed Investec Limited boards • In addition to fees for board membership, fees are payable to the senior independent director, chairmanship and membership of major DLC board committees, membership of the Investec Bank Limited board and for attendance at certain committee meetings	• Fee increases will generally be in line with inflation and market rates • Aggregate fees are subject to an overall maximum of £1 million under the Investec plc Articles • Refer to page 150 for further information	None

Fees are also payable for any additional time committed to the group, including attendance at certain other meetings.

There is no requirement for non-executive directors to hold shares in a group company. The group has left this choice to the discretion of each non-executive director.

The policy as described above will be taken into account in the recruitment of new non-executive directors.

Copies of the letters of appointment are available for inspection at the company's registered office.

Shareholder and employee views

Shareholder views in the consideration of executive directors' remuneration arrangements

We recognise that remuneration is an area of particular interest to shareholders and shareholder representative bodies, and that in setting and considering changes to remuneration it is important that we take their views into account. Accordingly, a series of meetings are held each year with our major shareholders and shareholder representative groups. The remuneration committee chairman attends these meetings, accompanied by senior Investec employees and the chairman. This engagement is meaningful and helpful to the committee in its work and contributes directly to the decisions made by the committee.

Following the significant vote against our directors' remuneration policy at the 2014 annual general meeting, we have consulted with shareholders to understand the areas in which they had concerns. We have endeavoured to address those concerns by making changes to our directors' remuneration policy as explained above. The remuneration committee and the board believe in effective and transparent communication with key stakeholders, and will continue to engage on matters that may arise and are of importance and/or concern to stakeholders.

Statement of consideration of employment conditions elsewhere in the group

The remuneration policy of executive directors has been drawn up in line with our group-wide remuneration philosophy and principles (refer below), subject to the requirements of CRD IV. The committee is mindful of the remuneration arrangements across the group.

Additional remuneration disclosures (unaudited)

Remuneration policy and principles for employees

Our policy with respect to the remuneration of employees has remained unchanged during the year ending 31 March 2015. Minor changes were made to incorporate the impact of CRD IV (as discussed on page 163). Investec currently has 47 PRA Code Staff, of which approximately three-quarters are impacted by the two times cap on variable remuneration and for whom a fixed monthly cash allowance has been introduced.

All remuneration payable (salary, benefits and incentives) is assessed at a group, business unit and individual level. This framework seeks to balance both financial and non-financial measures of performance to ensure that the appropriate factors are considered prior to making awards, and that the appropriate mix of cash and share-based awards are made.

We reward employees generally for their contribution through:

- An annual gross remuneration package (base salary and benefits) providing an industry competitive package
- A variable short-term incentive related to performance (annual bonus)

- A long-term incentive plan (share awards) providing long-term equity participation
- Certain of our PRA Code Staff receive fixed monthly cash allowances and a commensurate reduction of variable short-term incentive in order to comply with the two times cap.

We consider the aggregate of the above as the overall remuneration package designed to attract, retain, incentivise and drive the behaviour of our employees over the short, medium and longer term in a risk conscious manner. Overall, rewards are considered as important as our core values of work content (greater responsibility, variety of work and high level of challenge) and work affiliation (entrepreneurial feel to the company and unique culture) in the attraction, retention and motivation of employees.

We have a strong entrepreneurial, merit- and values-based culture, characterised by passion, energy and stamina. The ability to live and perpetuate our culture and values in the pursuit of excellence in a regulated industry and within an effective risk management environment is considered paramount in determining overall reward levels.

The type of people the organisation attracts, and the culture and environment within which they work, remain crucial in determining our success and long-term progress. Our reward programmes are clear and transparent, designed and administered to align directors' and employees' interests with those of all stakeholders and ensure the group's short-, medium- and long-term success.

We target total compensation (base salary, benefits and incentives) to the relevant competitive market at upper quartile levels for superior performance.

Given our stance on maintaining a low fixed cost component of remuneration, our commitment to inspiring an entrepreneurial culture, and our risk-adjusted return on capital approach to EVA, we do not apply an upper limit on variable rewards other than in respect of PRA Code Staff (as discussed on page 163).

The fixed cost component of remuneration is, however, designed to be sufficient so that employees do not become dependent on their variable compensation as we are not contractually (and do not consider ourselves morally) bound to make variable remuneration awards. Investec has the ability to pay no annual bonuses and make no long-term incentive awards should the performance of the group or individual employees require this.

We do not pay remuneration through vehicles that facilitate avoidance of applicable laws and regulations.

Furthermore, employees must undertake not to use any personal hedging strategies or remuneration or liability-related contracts of insurance to undermine the risk alignment effects embedded in their remuneration arrangements. Group compliance maintains arrangements designed to ensure that employees comply with this policy.

No individual is involved in the determination of his/her own remuneration rewards and specific internal controls and processes are in place to prevent conflicts of interest between Investec and its clients from occurring and posing a risk to the group on prudential grounds.

In summary, we recognise that financial institutions have to distribute the return from their enterprises between the suppliers of capital and labour and the societies in which they do business, the latter through taxation and corporate social responsibility activities. Our group-wide remuneration philosophy seeks to maintain an appropriate balance between the interests of these stakeholders, and is closely aligned to our culture and values which include risk consciousness, meritocracy, material employee ownership and an unselfish contribution to colleagues, clients and society.

Determination of remuneration levels

Qualitative and quantitative considerations form an integral part of the determination of overall levels of remuneration and total compensation for each individual.

Factors considered for overall levels of remuneration at the level of the group include:

- Financial measures of performance:
  - Risk-adjusted EVA model
  - Affordability
- Non-financial measures of performance:
  - Market context
  - Specific input from the group risk and compliance functions.

Factors considered to determine total compensation for each individual include:

- Financial measures of performance
  - Achievement of individual targets and objectives
  - Scope of responsibility and individual contributions
- Non-financial measures of performance
  - Alignment and adherence to our culture and values
  - The level of cooperation and collaboration fostered
  - Development of self and others
  - Attitude displayed towards risk consciousness and effective risk management
  - Adherence to internal controls procedures
  - Compliance with the group's regulatory requirements and relevant policies and procedures, including treating customers fairly
  - The ability to grow and develop markets and client relationships
  - Multi-year contribution to performance and brand building
  - Long-term sustained performance
  - Specific input from the group risk and compliance functions
  - Attitude and contribution to sustainability principles and initiatives.

Remuneration levels are targeted to be commercially competitive, on the following basis:

- The most relevant competitive reference points for remuneration levels are based on the scope of responsibility and individual contributions made
- The committee recognises that we operate an international business and compete with both local and international competitors in each of our markets
- Appropriate benchmark, industry and comparable organisations' remuneration practices are reviewed regularly
- For employees generally, combinations of firms from the JSE Financial 15 and the FTSE 350 General Finance sector have offered the most appropriate benchmarks

- In order to avoid disproportionate packages across areas of the group and between executives, adjustments may be made at any extremes to ensure broad internal consistency. Adjustments may also be made to the competitive positioning of remuneration components for individuals, in cases where a higher level of investment is needed in order to build or grow or sustain either a business unit or our capability in a geography.

The following section outlines our remuneration policy in more detail for each element of total compensation as it applies to employees.

Gross remuneration: base salary and benefits

Salaries and benefits are reviewed annually and reflect the relative skills and experience of, and contribution made by, the individual. It is the group's policy to seek to set base salaries and benefits (together known as gross remuneration) at median market levels when compared like for like with peer group companies.

The Human Resources division provides guidelines to business units on recommended salary levels for all employees within the organisation to facilitate the review. These guidelines include a strategic message on how to set salary levels that will aid Investec in meeting its objectives while remaining true to corporate values, and incorporate guidance on increasing levels to take account of the change in the cost of living over the year to ensure that salary levels always allow employees to afford a reasonable standard of living and do not encourage a reliance on variable remuneration.

Advisers are often engaged by either the Human Resources division or the business units to obtain general benchmark information or to benchmark specific positions to ensure that gross remuneration levels are market-driven and competitive so that levels of remuneration do not inhibit our ability to recruit the people we need to develop our business.

Benefits are targeted at competitive levels and are delivered through flexible and tailored packages. Benefits include pension schemes; life, disability and personal accident insurance; medical cover; and other benefits, as dictated by competitive local market practices. Only salaries, not annual bonuses or PRA Code Staff allowances, are pensionable.

Variable short-term incentive: annual bonus

All employees are eligible to be considered for a discretionary annual bonus, subject inter alia to the factors set out above in the section dealing with the determination of remuneration levels. The structure of short-term incentives varies between employees of our three operating divisions: Asset Management, Wealth & Investment and the Specialist Bank. This reflects differing regulatory requirements on the different legal entities and also differing competitive pressures in each distinct market.

Specialist Banking: variable short-term incentive

Risk-weighted returns form basis for variable remuneration levels

In our ordinary course of business we face a number of risks that could affect our business operations, as highlighted on page 34.

Group risk management is independent from the business units and monitors, manages and reports on the group's risk to ensure it is within the stated risk appetite as mandated by the board of directors through the board risk and capital committee (BRCC). The group monitors and controls risk exposure through credit, market, liquidity, operational and legal risk divisions/ forums/committees.

Risk consciousness and management is embedded in the organisational culture from the initiation of transactional activity through to the monitoring of adherence to mandates and limits and throughout everything we do.

The BRCC (comprising both executive and non-executive directors) meets six times per annum and sets the overall risk appetite for the Investec group and determines the categories of risk, the specific types of risks and the extent of such risks which the group should undertake, as well as the mitigation of risks and overall capital management and allocation process. Senior members of the group's risk management teams, who provide information for the meeting packs and present and contribute to the committee's discussions, attend these meetings.

The DLC capital committee is a sub-committee of the BRCC and provides detailed input into the group's identification, quantification and measurement of its capital requirements, taking into account the capital requirements of the banking regulators. It determines the amount of internal capital that the group should hold and its minimum liquidity requirements, taking into account all the associated risks plus a buffer for any future or unidentified risks. This measure of internal capital forms part of the basis for determining the variable remuneration pools of the various operating business units (as discussed above).

The executive risk review forum (ERRF), comprising members of the executive and the heads of the various risk functions, meets weekly. Its responsibilities include approving limits and mandates, ensuring these are adhered to and that agreed recommendations to mitigate risk are implemented.

The group's central credit and risk forums provide transaction approval independent of the business unit on a deal-by-deal basis, and the riskiness of business undertaken is therefore evaluated and approved at initiation of the business through deal forum, investment committee and ERRF and is reviewed and ratified at ERRF on a regular basis. These central forums provide a level of risk management by ensuring that risk appetite and various limits are being adhered to and that an appropriate interest rate and, by implication, risk premium is built into every approved transaction. The approval of transactions by these independent central forums thus ensures that every transaction undertaken by the group results in a contribution to profit that has already been subject to some risk adjustment.

Our EVA model as described in detail below is principally applied to realised profits against predetermined targets above risk and capital weighted returns. In terms of the EVA structure, capital is allocated based on risk and therefore the higher the risk, the higher the capital allocation and the higher the hurdle return rate required. This model ensures that risk and capital management are embedded in key processes at both a group and transaction level, which form the basis of the group's performance-related variable remuneration model, thus balancing the interests of all stakeholders.

Further, both the risk and compliance functions are also embedded in the operating business units and are subject to review by the internal audit and compliance monitoring teams. The risk and compliance functions also provide, on an exception-only basis, information relating to the behaviour of individuals and business areas if there has been evidence of non-compliance or behaviour which gives rise to concerns regarding the riskiness of business undertaken.

EVA model: allocation of performance-related bonus pool

Our business strategy and associated risk appetite, together with effective capital utilisation, underpin the EVA annual bonus allocation model.

Business units share in the annual bonus pool to the extent that they have generated a realised return on their allocated risk-adjusted capital base in excess of their target return on equity. Many of the potential future risks that the firm may face are avoided through ensuring that the bonus pools are based on actual realised risk-adjusted profits.

The bonus pools for non-operating business units (central services and head office functions) are generated by a levy payable by each operating business on its operating profit. This bonus pool may, in some years, be supplemented by a discretionary allocation as determined by the chief executive officer and managing director, and agreed by the remuneration committee.

Our EVA model has been consistently applied for a period of about 16 years and encompasses the following elements:

- The profitability of each operating business unit is determined as if they are a stand-alone business. Gross revenue is determined based on the activity of the business, with arm's length pricing applicable to inter-segment activity. Profits are determined as follows:
  - Realised gross revenue (net margin and other income)
  - Less: Funding costs
  - Less: Impairments for bad debts
  - Add back: Debt coupon or preference share dividends paid out of the business (where applicable)
  - Less: Direct operating costs (personnel, systems, etc)
  - Less: Group-allocated costs and residual charges (certain independent group functions are provided on a centralised basis, with an allocation model applied to charge out costs incurred to business units. Costs allocated are based on the full operational costs for the particular central service area, inclusive of the variable remuneration cost of the central service. Allocation methodologies generally use cost drivers as the basis of allocation)
  - Less: Profits earned on retained earnings and statutory held capital
  - Add: Notional profit paid by centre on internal allocated capital
  - Equals: Net profits
- Capital allocated is a function of both regulatory and internal capital requirements, the risk assumed within the business and our overall business strategy
- The group has always held capital in excess of minimum regulatory requirements, and this principle is perpetuated in our internal capital allocation process. This process ensures that risk and capital discipline is embedded at the level of deal initiation and incorporates independent approval (outside of the business unit) of transactions by the various risk and credit committees.

A detailed explanation of our capital management and allocation process is provided on pages 78 to 93 in volume two.

- Internal capital comprises the regulatory capital requirement taking into account a number of specified risks plus a capital buffer which caters, inter alia, for any unspecified or future risks not specifically identified in the capital planning process. The Investec group then ensures that it actually holds capital in excess of this level of internal capital
- Internal capital is allocated to each business unit via a comprehensive analysis of the risks inherent within that business and an assessment of the costs of those risks
- Hurdle rates or targeted returns are determined for each business unit based on the weighted average cost of capital (plus a buffer for trading businesses to take into account additional risks not identified in the capital allocation process) applied to internal capital
- Targeted returns differ by business unit reflecting the competitive economics and shareholder expectation for the specific area of the business, and are set with reference to the degree of risk and the competitive benchmarks for each product line
- In essence, varying levels of return are required for each business unit reflecting the state of market maturity, country of operation, risk, capital invested (capital intensive businesses) or expected expense base (fee-based businesses)
- Growth in profitability over time will result in an increasing bonus pool, as long as it is not achieved at the expense of capital efficiency
- Target returns must be reflective of the inherent risk assumed in the business. Thus, an increase in absolute profitability does not automatically result in an increase in the annual bonus pool. This approach allows us to embed risk and capital discipline in our business processes. These targets are subject to annual review
- The group's credit and risk forums provide transaction approval independent of the business unit on a deal-by-deal basis adding a level of risk consciousness to the predetermined (and risk-adjusted) capital allocation and required hurdle rates and thus ensure that each transaction generates a return that is commensurate with its associated risk profile.

In terms of our EVA process, if business and individual performance goals are exceeded, the variable element of the total remuneration package is likely to be substantially higher than the relevant target benchmark. This ensures that overall remuneration levels have the potential to be positioned at the upper quartile level for superior performance, in line with our overarching remuneration policy.

In circumstances where an operating business unit does not have an EVA pool (e.g. when it incurs a loss or when it is a start-up), the chief executive officer and managing director may consider a discretionary allocation to allow for a modest bonus for those staff who were expected to contribute to the longer-term interests of that business unit or the group, despite the lack of EVA profits in the short term, e.g. control functions, support staff and key business staff.

It should be noted the salaries and proposed bonuses for employees responsible for risk, internal audit and compliance are not based on a formulaic approach and are independent of any revenues or profits generated by the business units where they work. The level of rewards for these employees are assessed against the overall financial performance of the group; objectives based on their function; and compliance with the various non-financial aspects referred to above.

Key elements of the bonus allocation process are set out below:

- A fixed predetermined percentage of any return in excess of the EVA hurdle accrues to the business units' EVA pool
- A portion of the total EVA pool is allocated towards the bonus pool for central service and head office employees
- These bonus pools are reviewed regularly by the appropriate management and non-executive committees to ensure that awards are only paid when it is appropriate to do so, considering firm-wide performance against non-financial risk (both current and future) and compliance-based objectives and in order to ensure that the payment of such discretionary bonuses does not inhibit the group's ability to maintain/raise its capital levels. All users of capital operate within a strict philosophical framework that requires a balancing of risk and reward and that is designed to encourage behaviour in the interests of all stakeholders as opposed to just employees
- The EVA pools are calculated centrally by the group's finance function and subject to audit as part of the year-end audit process
- Once the annual audit is complete, line managers in each business unit will make discretionary bonus recommendations for each team member taking into consideration qualitative and quantitative criteria (as mentioned above)
- Bonus recommendations are then subject to an extensive geographic review involving human resources, local management and local remuneration committees
- Thereafter, these recommendations are subject to a global review by executive management before the remuneration committee review and approval process.

The group remuneration committee specifically reviews and approves the individual remuneration packages of the executive directors, persons discharging managerial responsibilities, and PRA Code Staff. The committee also reviews the salaries and performance bonuses awarded to a number of other senior and higher paid employees across the group. In addition, the committee specifically reviews and approves the salaries and performance bonuses awarded to each employee within the internal audit, compliance and risk functions, both in the business units and in the central functions, ensuring that such packages are competitive and are determined independently of the other business areas. In making these decisions the committee relies on a combination of external advice and supporting information prepared internally by the group.

Deferral of annual bonus awards: other than PRA Code Staff within the Specialist Bank

All annual bonus awards exceeding a predetermined hurdle level are subject to 60% deferral in respect of that portion that exceeds the hurdle level. The deferred amount is awarded in the form of: forfeitable share awards vesting in three equal tranches at the end of 12 months, 24 months and 36 months; or cash released in three equal tranches at the end of 12 months, 24 months and 36 months. Where shares are being awarded to employees as part of the deferral of performance bonus awards, these are referred to as EVA shares. These awards are made in terms of our existing long-term incentive plans (refer to page 159). The entire amount of the annual bonus that is not deferred is payable up front in cash.

Deferral of annual bonus awards: UK PRA Code Staff within the Specialist Bank

- PRA Code Staff include senior management, risk takers, staff engaged in central functions and any other employees whose professional activities have a material impact on Investec's risk profile within Investec plc
- Individual awards to PRA Code Staff are determined based on EVA pools in the same manner as is applicable to all staff (as set out above), and subject to the group remuneration policy and governance processes (also set out above)
- Annual bonus awards to directors of the UK Specialist Bank (excluding executive directors who are employees of a separately regulated firm) and all annual bonus awards where total variable remuneration exceeds £500 000 are subject to 60% deferral
- All other annual bonus awards to PRA Code Staff are subject to 40% deferral
- The 40% not deferred in the former instance or the 60% not deferred in the latter instance will be awarded as to 50% in cash and 50% in EVA forfeitable shares (upfront EVA forfeitable shares)
- The upfront EVA forfeitable shares will vest immediately, but will only be released after a period of six months, which we consider to be an appropriate retention period
- Discretionary bonuses for PRA Code Staff who are not exempted by the de minimis concession are subject to 40% deferral (60% if total variable remuneration exceeds £500 000) after taking into account the value of LTIPs granted to each staff member in the applicable financial year and which are included in deferred variable remuneration. The deferred portion of discretionary awards to PRA Code Staff will, at the election of the staff member, be made either entirely in the form of EVA forfeitable shares, or 50% in EVA forfeitable shares and 50% in cash
- All deferrals in the form of EVA forfeitable shares (being either 50% or 100% of such deferral) vest in equal amounts at the end of 12 months, 24 months and 36 months and are then subject to an appropriate period of retention, being six months.

IAM: variable incentive

The Investec Asset Management (IAM) remuneration committee is responsible for considering, agreeing and overseeing all elements of remuneration and the overall remuneration philosophy, principles and policy of IAM. The proposals from this committee are subject to final approval by the DLC remuneration committee.

IAM operates the following annual bonus schemes which may result in annual payments to employees:

- Annual Discretionary Cash Bonus Scheme (ADCBS) (all employees of IAM are currently eligible to be considered for a cash bonus payment under this scheme)

- Deferred Bonus Plan (DBOP) (participation in this scheme is determined on an annual basis at the discretion of IAM based on the roles of individual employees).

The percentage of profit allocated to the variable remuneration pool has been agreed (at a fixed participation rate) and approved by both the DLC and IAM remuneration committees. The same fixed participation rate has been applied consistently for many years. This structure has been a key contributor to the long-term success of IAM and encourages the staff to behave like owners. We believe in aligning the long-term interests of clients, shareholders and staff.

Individual annual bonus awards are approved by the IAM remuneration committee and the DLC remuneration committee annually.

Annual Discretionary Cash Bonus Scheme (ADCBS)

Awards under the ADCBS are payable entirely in cash. The purpose of the cash bonus is to reward behaviour and effort against objectives and values, and retain key employees. The cash bonus pool determination is based on the profitability of IAM only. In principle, there would be no cash bonus payments should IAM be loss making (although this would be reviewed where it was considered that bonus payments were necessary in order to retain staff and protect the business in the long term even if the business had been loss making in the short term).

Management information is provided to the IAM remuneration committee to ensure that IAM's financial results are put into the context of the risk appetite of the business and the IAM remuneration committee is able to risk-adjust the cash bonus pool should they believe this is required given the risk taken and the overall financial results.

Deferred Bonus Plan (DBOP)

As noted above, participation in the DBOP is determined on an annual basis at the discretion of IAM based on the roles of individual employees. The purpose of the DBOP is both to retain key employees and to provide better alignment of the interests with clients and to manage potential, currently unknown future risks.

The conditions for participation in the DBOP are approved by the IAM remuneration committee annually, based on the remuneration requirements in the year being considered. This will take into consideration local market remuneration practices and relevant and required regulations.

The DBOP awards are made in the form of investments into various funds managed by IAM and with specific allocations for the portfolio managers into their own funds. The deferral period is just over three years and awards are only paid out under specific listed conditions. The award does not accrue to the employee until the end of the deferral period and as such both the asset and liability remain on the balance sheet of IAM until that time. Employees forfeit their allocations if they resign or their employment terminates (other than at the discretion of IAM for redundancy, retirement, death or disability) prior to the vesting date.

Payments can only be made to participants prior to a scheduled vesting date with the consent of the IAM executive committee and ultimately by the IAM remuneration committee.

IAM's governance processes, operating within the context of the broader Investec group's processes, ensure robust oversight of reward and effective management of any potential conflicts of interest while reflecting the need to link remuneration decisions with IAM's risk appetite.

The head of the IAM risk committee assesses the risk appetite, risk tolerance level and risk management for IAM and feeds her views into the remuneration decision-making process, including sending a risk report to the IAM remuneration committee for consideration when making remuneration decisions.

In addition, IAM human resources and compliance are responsible for ensuring that the IAM remuneration committee takes into consideration financial and non-financial criteria, risk and compliance reports, and any other relevant information in making decisions around remuneration.

The primary determinant of the variable compensation pool available for distribution is IAM's own annual profit. There is an annual budget against which the business is measured.

The variable compensation pool is allocated to business divisions and then to individuals based on divisional performance and the individual's performance. This ensures that staff are rewarded appropriately for meeting their objectives and keeping within the values of the business.

The oversight of conflicts of interest and the link between risk and reward is achieved through a combination of effective remuneration components, designed to incorporate risk and of the dual operation of the DLC remuneration committee and IAM remuneration committee in ensuring appropriate and, where necessary, independent oversight of both remuneration policy and outcomes.

Employee equity ownership

In August 2013, 40 employees of IAM acquired a 15% stake in the IAM business, ultimately through a trust structure in which each employee owns a portion of the underlying trust assets. Each employee funded their portions through a combination of existing deferred compensation (for which vesting was accelerated), personal debt and personal cash. Annual bonuses for these senior employees will not generally be deferred until such time as the debt taken out by these employees to fund their investment has been repaid. This structure locks in key talent and aligns employees' interests with the interests of the firm as a whole, our shareholders and our clients.

Employees' portion holdings are governed by the terms of a trust deed to which all portion holders have agreed. In summary, various pre-emption provisions apply to the transfer of employees' portions. On leaving, an employee is required to offer their portions for sale (save in limited circumstances where part of the portion holding may be retained). Good leaver/bad leaver provisions apply to determine the price at which the portions must be offered for sale.

Investec Wealth & Investment other than in South Africa: variable short-term incentive

Investec Wealth & Investment (IW&I) recognises Investec's obligation to ensure that all businesses within the group satisfy their obligations under the remuneration code. IW&I recognises that the policy, procedures and practices it has adopted should not conflict with the group's obligations under the remuneration code. The IW&I remuneration committee is responsible for considering, agreeing and overseeing all elements of remuneration and the overall remuneration philosophy and policy of IW&I within the context of the Investec group's agreed remuneration philosophy and policy. The proposals from this committee are subject to final approval by the DLC remuneration committee.

IW&I operates the following performance-related discretionary remuneration plans:

- Core incentive plan – for those in client-facing roles and administrative staff who support them directly
- Bonus plan – for those in non-client-facing, central services and support functions
- Growth plan – for staff primarily in client-facing roles who generate income directly.

Funding is at the discretion of the remuneration committee. Under the core plan, an incentive pool is derived from a formula that is directly related to the profitability of a team or business unit. The pool is distributed to the members of the team or business unit on a discretionary basis.

Funding for bonuses is related to the overall profitability of the IW&I business and is awarded to individuals on a discretionary basis.

The growth plan incentivises growth in revenues, net of the impact of market movements. Awards relate to performance for each year to 28 February, are payable in cash, and are deferred over a three-year period. Payments do not attract employer pension contributions.

Under the core incentive and bonus plans, awards relate to performance for the financial year ending 31 March. An interim payment on account of the annual award is considered at the half-year.

Non-financial performance is reviewed, and where individuals fall below the standards expected, awards may be deferred or forfeited, in part or in full. Payments are made entirely in cash and do not attract employer pension contributions. The award may be paid directly to the individual (subject to the deduction of income tax and national insurance) or, at IW&I's discretion, as an additional employer pension contribution.

IW&I executive directors participate in the bonus plan, and where an individual's role is primarily client-facing, that director will also be eligible to participate in the core incentive and growth plans.

Investec Wealth & Investment South Africa: variable short-term incentive

As there are no overriding regulatory requirements applicable to the business, the policies applicable to the Specialist Bank are applied to this business unit as set out on pages 172 to 174.

Other information on deferred awards and clawback provisions within the group

Employees who leave the employment of Investec prior to vesting of deferred incentive awards will lose their EVA forfeitable shares other than as a result of retirement, subject to the group's normal good leaver provisions and approval process in exceptional cases.

The deferred share awards for PRA Code Staff are subject to malus and clawback adjustments of unpaid EVA. The assessment of whether any malus adjustment should be made to an individual's unvested award will be undertaken within the following framework:

- Where there is reasonable evidence of employee misbehaviour
- Where the firm or operating business unit suffers a material downturn in its financial performance
- Where the firm or business unit suffers a material failure of risk management.

In these cases, management and the remuneration committee will take into account the following factors in determining the extent (if any) to which the quantum of deferred awards should be subject to clawback:

- The extent to which the individual had control over the outcome
- Failure of internal control systems
- The impact of the risk profile of the relevant member of the group or business unit
- Any violation of the group's culture and values
- The long-term impact of the outcome on the group or relevant business unit
- External factors including market conditions
- Any other relevant factors.

Specifically for EVA share awards, where profits used to determine the original EVA bonus are materially reduced after the bonus determination, the awards will be recalculated for such reduction and consideration given to clawback (if any) to the extent that the prior period's EVA pool is reduced and the extent to which it affected each employee.

Long-term incentive: share awards

We have a number of share option and long-term share incentive plans that are designed to align the interests of employees with those of shareholders and long-term organisational interests, and to build material share ownership over the long term through share awards. These share option and incentive plans are also used in appropriate circumstances as a mechanism for retaining the skills of key talent.

Awards are made in the form of nil cost options other than for countries where the taxation of such awards is penal. In these cases awards are made in the form of forfeitable shares, conditional awards or market strike options.

In principle all employees are eligible for long-term incentives. Awards are considered by the remuneration committee and made only in the 42-day period following the release of our interim or final financial results in accordance with the Investment Association principles of remuneration: 2014 edition (formerly ABI remuneration principles). These awards comprise three elements, namely:

- 'New starter' awards are made based on a de facto non-discretionary basis using an allocation table linked to salary levels
- 'General allocation' awards are also de facto non-discretionary awards of the same quantum as new starter awards and are made to employees who have not had any other share award in a three-year period
- 'Top up' awards are made at the discretion of line management primarily to ensure multi-year performance and long-term value generation.

All proposed long-term incentive plan (LTIP) awards are recommended by business unit management, approved by the staff share executive committee and then the remuneration committee before being awarded. Awards of Investec plc LTIPs are made to employees of Investec plc and awards of Investec Limited LTIPs for employees of Investec Limited. At IAM, LTIP awards are only generally considered for employees who do not participate in the DBOP and/or the IAM equity ownership scheme.

LTIP awards for non-PRA Code Staff are subject to 75% vesting at the end of four years and the final 25% at the end of the fifth year, which we believe is appropriate for our business requirements. LTIP awards to PRA Code Staff are subject to performance conditions and to 75% vesting at the end of three and a half years and the final 25% at the end of four and a half years, and are then subject to a six-month retention period. The awards are forfeited on termination, but 'good leaver' discretion is applied in exceptional circumstances.

Retention is addressed through the long-term nature of awards granted, which provides an element of 'lock-in' for employees throughout the vesting period and allows for multi-year contribution to performance and brand building.

Other remuneration structures

Guaranteed variable remuneration

Guaranteed variable remuneration comprises all forms of remuneration whose value can be determined prior to award. This includes, but is not limited to sign-on, buy-out and guarantee awards. Guaranteed variable awards will not be awarded, paid or provided to any individual within the group unless they are:

- Exceptional
- In the context of hiring new staff
- Limited to the first year of service.

The remuneration committee at least annually reviews guaranteed variable remuneration payments and the number of guarantees awarded and approves any exceptions.

Retention awards

Investec only pays retention awards to serving staff in exceptional circumstances. In all such cases, human resources shall review proposed payments to ensure that they are in line with this policy and any other relevant regulation. Additionally for PRA Code Staff, the remuneration committee shall review all proposed awards. Circumstances where the group will consider paying a retention award are in the case of a major restructuring of the company or any subsidiary or one of its business units (for instance in the start-up of a new business line, or the closure of a business line), where the retention of individuals is essential to the completion of the task. A valid business case for the retention of the individual must be presented in order for a retention award to be approved and the PRA should be notified prior to the retention award being made to PRA Code Staff, and should consider seeking guidance on the appropriateness of retention awards for certain individuals.

Severance awards

Severance payments by Investec plc or one of its subsidiary companies for the early termination of a contract are at executive management's absolute discretion and must reflect performance achieved over time and be designed in a way that does not reward failure. Severance payments for PRA Code Staff individuals shall be subject to approval by the DLC remuneration committee.

Discretionary extended pension benefits policy

All proposed extended pension payments made to employees upon reaching retirement should be reviewed by the remuneration committee for alignment with appropriate laws, policy and regulation.

PRA Remuneration Code disclosures

In terms of the PRA's Chapter on Disclosure Requirements (BIPRU 11.5.18) the bank in the UK is required to make certain quantitative and qualitative remuneration disclosures on an annual basis with respect to PRA Code Staff.

PRA Code Staff are defined as those employees (including directors) whose professional activities could have a material impact on the bank's risk profile. A total of 47 individuals were PRA Code Staff in 2015.

The bank's qualitative remuneration disclosures are provided on pages 140 to 177.

The information contained in the tables below sets out the bank's quantitative disclosures in respect of PRA Code Staff for the year ended 31 March 2015.

Aggregate remuneration by remuneration type

£'million	Senior management	Other Code Staff	Total
Fixed remuneration	6.3	14.3	20.6
Variable remuneration*			
– Cash	1.4	4.6	6.0
– Deferred cash	0.4	1.5	1.9
– Deferred shares	2.3	11.1	13.4
– Deferred shares – long-term incentive awards**	3.3	3.7	7.0
Total aggregate remuneration and deferred incentives	13.7	35.2	48.9
Ratio between fixed and variable pay			

* *Total number of employees receiving variable remuneration was 46.*

** *Value represents the number of shares awarded multiplied by the applicable share price. These awards were made during the period but have not yet vested. These awards are subject to performance conditions and to 75% vesting at the end of three and a half years and the final 25% at the end of four and a half years, subject to a six-month retention period.*

PRA Code Staff received total remuneration in the following bands:

	Number of PRA Code Staff
£800 000 – £1 200 000	8
£1 200 001 – £1 600 000	6
£1 600 001 – £2 000 000	2
£2 000 001 – £2 400 000	–
£2 400 001 – £2 800 000	1
£2 800 001 – £3 200 000	–
£3 200 001 – £3 600 000	2
£3 600 001 – £4 000 000	2
£4 000 001 – £4 400 000	–
£4 400 001 – £4 800 000	–
£4 800 001 – £5 200 000	–
>£5 200 001	–

Additional disclosure on deferred remuneration

£'million	Senior management	Other Code Staff	Total
Deferred unvested remuneration outstanding at the beginning of the year	15.0	25.7	40.7
Deferred unvested remuneration adjustment – employees no longer Code Staff and reclassifications	2.5	4.3	6.8
Deferred remuneration awarded in year	6.0	16.3	22.3
Deferred remuneration reduced in year through performance adjustments	–	–	–
Deferred remuneration vested in year	(4.6)	(6.6)	(11.2)
Deferred unvested remuneration outstanding at the end of the year^^	18.9	39.7	58.6

^^ *All employees are subject to clawback provisions as discussed on page 176. No remuneration was reduced for ex post implicit adjustments during the year.*

£'million	Senior management	Other PRA Code Staff	Total
Deferred unvested remuneration outstanding at the end of the year			
– Equity	15.4	33.0	48.4
– Cash	2.0	4.9	6.9
– Other	1.5	1.8	3.3
	18.9	39.7	58.6

£'million	Senior management	Other Code Staff	Total
Deferred remuneration vested in year			
– For awards made in 2014 financial year	(2.4)	(3.3)	(5.7)
– For awards made in 2013 financial year	(1.3)	(2.0)	(3.3)
– For awards made in 2012 financial year	(0.9)	(1.3)	(2.2)
	(4.6)	(6.6)	(11.2)

Other remuneration disclosures

£'million	Senior management	Other PRA Code Staff	Total
Sign-on payments			
Made during the year (£'million)	–	–	–
Number of beneficiaries	–	–	–
Severance payments			
Made during the year (£'million)	–	0.1	0.1
Number of beneficiaries	–	1	1
Guaranteed bonuses			
Made during the year (£'million)	–	–	–
Number of beneficiaries	–	–	–

Pillar III remuneration disclosures

The bank in South Africa is required to make certain quantitative and qualitative remuneration disclosures on an annual basis in terms of the South African Reserve Bank's Basel Pillar III disclosure requirements.

The bank's qualitative remuneration disclosures are provided on pages 160 to 177.

The information contained in the tables below sets out the bank's quantitative disclosures for the year ended 31 March 2015.

Aggregate remuneration by remuneration type

R'million	Senior management^	Risk takers^	Financial and risk control staff^	Total
Fixed remuneration	47.4	47.6	143.5	238.5
Variable remuneration*				
– Cash	100.1	88.5	57.9	246.5
– Deferred shares	43.5	72.0	3.1	118.6
– Deferred cash	59.4	–	–	59.4
– Deferred shares – long-term incentive awards**	124.9	91.0	87.5	303.4
Total aggregate remuneration and deferred incentives	375.3	299.1	292.0	966.4

^ *See page 180.*
* *Total number of employees receiving variable remuneration was 265.*
** *Value represents the number of shares awarded multiplied by the applicable share price. These awards were made during the period but have not yet vested. These awards are subject to 75% vesting at the end of four years and the final 25% at the end of five years.*

Additional disclosure on deferred remuneration

R'million	Senior management^	Risk takers^	Financial and risk control staff^	Total
Deferred unvested remuneration outstanding at the beginning of the year	377.1	186.1	76.4	639.6
Deferred unvested remuneration adjustment – employees that are no longer employed by the bank and reclassifications	–	39.2	3.5	42.7
Deferred remuneration awarded in year	227.8	163.0	90.6	481.4
Deferred remuneration reduced in year through performance adjustments	–	–	–	–
Deferred remuneration vested in year	(39.4)	(20.0)	(0.9)	(60.3)
Deferred unvested remuneration outstanding at the end of the year	**565.5**	**368.3**	**169.6**	**1 103.4**

R'million	Senior management^	Risk takers^	Financial and risk control staff^	Total
Deferred unvested remuneration outstanding at the end of the year				
– Equity	506.1	368.3	169.6	1 044.0
– Cash	59.4	–	–	59.4
– Other	–	–	–	–
	565.5	368.3	169.6	1 103.4

R'million	Senior management^	Risk takers^	Financial and risk control staff^	Total
Deferred remuneration vested in year				
– For awards made in 2014 financial year	–	–	–	–
– For awards made in 2013 financial year	16.4	9.7	0.3	26.4
– For awards made in 2012 financial year	23.0	10.3	0.6	33.9
	39.4	20.0	0.9	60.3

Other remuneration disclosures

R'million	Senior management^	Risk takers^	Financial and risk control staff^	Total
Sign-on payments				
Made during the year (R'million)	–	–	–	–
Number of beneficiaries	–	–	–	–
Severance payments				
Made during the year (R'million)	–	–	–	–
Number of beneficiaries	–	–	–	–
Guaranteed bonuses				
Made during the year (R'million)	–	–	–	–
Number of beneficiaries	–	–	–	–

^ *Senior management: all members of our South African general management forum, excluding executive directors.*
Risk takers: includes anyone (not categorised above) who is deemed to be responsible for a division/function (e.g. lending, balance sheet management, advisory and transactional banking activities) which could be incurring risk on behalf of the bank.
Financial and risk control staff: includes everyone in central group finance and central group risk as well as employees responsible for risk and finance functions within the operating business units.

Definitions

Adjusted shareholders' equity

Refer to calculation on page 50

Cost to income ratio

Operating costs divided by operating income (net of depreciation on leased assets). Depreciation on operating leased assets has been netted off against operating income

Core loans and advances

Net loans and advances to customers plus net own originated securitised assets

Refer to calculation on page 31 in volume two

Dividend cover

Adjusted earnings per ordinary share before goodwill and non-operating items divided by dividends per ordinary share

Earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items (i.e. adjusted earnings)

Refer to page 53 in volume three

Adjusted earnings per ordinary share before goodwill, acquired intangibles and non-operating items

Refer to page 53 in volume three

Effective operational tax rate

Tax on profit on ordinary activities (excluding non-operating items) divided by operating profit

Market capitalisation

Total number of shares in issue (including Investec plc and Investec Limited) multiplied by the closing share price of Investec plc on the London Stock Exchange

Net tangible asset value per share

Refer to calculation on page 48

Non-operating items

Reflects profits and/or losses on termination, restructuring or disposal of group operations and acquisitions made

Operating profit

Operating income less administrative expenses, impairments for bad and doubtful debts and depreciation of tangible fixed assets. This amount is before goodwill, acquired intangibles and non-operating items

Operating profit per employee

Refer to calculation on page 53

Recurring income

Net interest income plus net annuity fees and commissions expressed as a percentage of total operating income

Return on average adjusted shareholders' equity

Refer to calculation on page 50

Return on average adjusted tangible shareholders' equity

Refer to calculation on page 50

Return on risk-weighted assets

Adjusted earnings divided by average risk-weighted assets

Risk-weighted assets

Is calculated as the sum of risk-weighted assets for Investec plc and Investec Limited (converted into Pounds Sterling) as reflected on page 89 in volume two

Staff compensation to operating income ratio

All employee-related costs expressed as a percentage of operating income

Third party assets under administration

Includes third party assets under administration managed by the Wealth & Investment, Asset Management and Property businesses

Total capital resources

Includes shareholders' equity, subordinated liabilities and non-controlling interests

Total equity

Total shareholders' equity including non-controlling interests

Weighted number of ordinary shares in issue

The number of ordinary shares in issue at the beginning of the year increased by shares issued during the year, weighted on a time basis for the period during which they have participated in the income of the group less treasury shares. Refer to calculation on page 53 in volume three

Notes

Notes

Remuneration report

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Notes

Corporate information

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Internet address

www.investec.com

Registration number

Investec plc

Registration number 3633621

Investec Limited

Registration number 1925/002833/06

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Ernst & Young Inc.

Registrars in the UK

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Transfer secretaries in South Africa

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Directorate

Executive directors

Stephen Koseff (chief executive officer)
Bernard Kantor (managing director)
Glynn R Burger (group risk and finance director)
Hendrik J du Toit (chief executive officer, Investec Asset Management)

Non-executive directors

Fani Titi (chairman)
Zarina BM Bassa^
Laurel C Bowden°
Cheryl A Carolus
Perry KO Crosthwaite (senior independent director)
Bradley Fried
David Friedland
Haruko Fukuda OBE
Charles R Jacobs*
Ian R Kantor
Lord Malloch-Brown KCMG*
Khumo L Shuenyane*
Peter RS Thomas

George FO Alford, Olivia C Dickson and M Peter Malungani resigned with effect 7 August 2014.

Sir David Prosser resigned with effect 8 August 2014.

^ *Appointed with effect 1 November 2014.*
° *Appointed with effect 1 January 2015.*
* *Appointed with effect 8 August 2014.*

For contact details for Investec offices internationally refer to pages 135 and 136 in volume three.