

Confidential

The Land and Agricultural Development Bank of South Africa
P O Box 375 Pretoria 0001
272 Lenchen Avenue, Lakefield Office Park, Building A,
First Floor, Die Hoewes,
CENTURION



BOARD CHARTER



1. Document Information and History

Document owner	Company Secretary
Author/Reviewer	Mashumi K Mzaidume
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1.1 Change Mechanism

- 1.1.1 Any requirement for change or clarification should be addressed to the Document Owner, who will log the issue.
- 1.1.2 These issues will usually be collected until the regular Charter review date, at which point they will be addressed, as part of the Policy review and update process.
- 1.1.3 Urgent issues will be addressed as soon as possible, and where necessary, passed via the normal governance process, for acceptance, before being communicated.
- 1.1.4 Any changes to this Charter must adhere to the Change Policy.

Part 1: Definitions and Interpretation

Definitions:

- **Act** means the Land and Agricultural Development Bank of South Africa Act 15 of 2002 as amended
- **Land Bank** and **Bank** mean the Land and Agricultural Development Bank of South Africa whose continued existence and legal personality are recognised in section 2 of the Act
- **Board** means the board of directors of the Land Bank
- **Business** means the business of the Land Bank as defined in Part III, section 22 of the Act
- **CEO** means the chief executive officer of the Bank
- **Chairperson** means the Chairperson of the board of directors of the Land Bank
- **Bank goals** means the goals of the Bank as set out in Part I, section 3 of the Act
- **Deputy Chairperson** means the deputy Chairperson of the board of directors of the Land Bank
- **DOP** means *delegations of power*
- **Financial misconduct** means misconduct as provided for in Chapter 10 of the Public Finance Management Act 1 of 1999
- **Independent Lead Director (ILD)** is an independent non-executive director as provided for in Principle 7, Practice 32 of King IV
- **Management** means the employees of the Bank who are responsible for the day to day management of the affairs of the Bank
- **Management limitations** means the limitations on the actions of management as set out in Part 4 of this Charter
- **Members** means members of the board of directors of the Land Bank
- **Prescribed officer** means a person who, within the Bank, performs any function that has been designated by the Minister in terms of section 66(10) of the Companies Act 71 of 2008
- **Secretary** means the board or company secretary or the person normally exercising the functions of a board or company secretary
- **Shareholder** means the Minister who is tasked from time to time with the administration of the Act.
- **Stakeholder** includes:
 - the Shareholder,
 - the Department of Agriculture, Land Reform and Rural Development,
 - the Government of the Republic of South Africa,
 - employees of the Bank,
 - customers of the Bank,

- funders of the Bank,
- interests groups,
- the communities in which the Land Bank does business,
- the people of the Republic of South Africa,
- the environment, and
- other sources of value creation (including social and relationship capital).

Interpretation:

- The headings to the articles in this Charter may not be used in its interpretation.
- The singular includes the plural and vice-versa where the context requires.
- If there is conflict between the provisions of this Charter and the applicable DOP, the applicable DOP shall prevail
- If there is conflict between the provisions of the applicable DOP and the applicable legislation, the applicable legislation shall prevail

Part 2: Bank Goals

General

The purpose of the Bank is to promote, facilitate and support:

- The equitable ownership of agricultural land
- The redistribution of agricultural land to address historical biases
- The eradication of racial and gender discrimination in agriculture
- Access to land for agricultural purposes
- Agricultural entrepreneurship
- The enhancement of productivity, profitability, investment and innovation in the agricultural sector and rural financial systems
- Growth of the agricultural sector;
- The environmental sustainability of agricultural land and related natural resources
- Rural development and job creation in agriculture
- Commercial agriculture; and
- Food security.

The capital and resources of the Bank will be allocated to those assets and activities which will enable it to achieve the goals of the Bank in a manner that best serves the interests of the of the people of the Republic of South Africa as a whole.

Part 3: Board Governance Process

1. Role of the Board

The role of the Board is to effectively represent, and promote the interests of the people of the Republic South Africa with a view to adding long-term value to the South African agricultural sector. Having regard to its role, the Board will direct and supervise the management of the business and affairs of the Bank including, in particular:

- Ensuring that the goals of the Bank are correctly interpreted, clearly understood and strategies are in place for achieving them (such strategies being expected to originate, in the first instance, from management)
- Establishing policies for strengthening the performance of the Bank including ensuring that management is proactively seeking to build the business through innovation, initiative, technology, new products and the development of its business capital
- Monitoring the performance of management
- Recommending to the Minister the appointment and terms and conditions of service of the CEO and, where necessary, the termination of the CEO's employment with the Bank
- Managing matters of discipline pertaining to the executive directors
- Deciding on whatever steps are necessary to protect the Bank's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken
- Ensuring that the Bank's financial statements are true and fair and otherwise conform with law
- Ensuring that the Bank adheres to high standards of ethics and corporate behaviour
- Ensuring that the Bank has appropriate risk management/regulatory compliance policies in place.

In the normal course of events, the day-to-day management of the Bank will be in the hands of management.

The Board will satisfy itself that the Bank is achieving its goals.

2. Relationship between the Shareholder and the Board

The Board will use its best endeavours to familiarise itself with issues of concern to the Shareholder. The board will regularly evaluate economic, political, social, technological and legal issues, and any other relevant external matters that may influence or affect the development of the business or the interests of Bank and, if thought appropriate, will take outside expert advice on these matters.

3. Relationship between the other Stakeholders and the Board

The board will use its best endeavours to familiarise itself with issues of concern to all relevant stakeholders. The board recognises that the Bank's long-term sustainability is closely intertwined with the environments and markets within which it operates and the extent to which the Bank is seen as a responsible corporate citizen.

4. Board Procedures

- a. The conduct of members will be consistent with their duties and responsibilities to the Bank and, indirectly, to the people of South Africa.
- b. The Board will be disciplined in carrying out its role, with the emphasis on strategic issues and policy. Board members will always act within any limitations imposed by the Board on its activities.
- c. Members will use their best endeavours to attend board meetings and to prepare thoroughly. Members are expected to participate fully, frankly and constructively in board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the board table. Members unable to attend a meeting will advise the Chairperson at the earliest date possible and confirm in writing with the Company Secretary.
- d. Board discussions will be open and constructive, recognising that genuinely-held differences of opinion can, in such circumstances, bring greater clarity and lead to better decisions. The Chairperson will, nevertheless, seek a consensus in the Board but may, where considered necessary, call for a vote.
- e. All discussions and their record will remain confidential unless there is a specific direction from the Board to the contrary, or disclosure is required by law.
- f. Subject to legal or regulatory requirements the Board will decide the manner and timing of the publication of its decisions.
- g. Executive members attend board meetings to discharge their Board responsibilities. At Board meetings, board responsibilities supersede all executive responsibilities.
- h. The Board has sole authority over its agenda and exercises this through the Chairperson. Any member may, through the Chairperson, request the addition of an item to the agenda. The agenda will be set by the Chairperson in consultation with the CEO and the Company Secretary.
- i. The Board will normally hold meetings in January, April, July and October and will hold additional meetings as the occasion requires and if considered absolutely necessary. At each normal meeting the Board's register of interests will be updated as necessary and the Board will consider:
 - Matters reserved for the decision of the Board
 - Board Committee reports
 - An operational report from the CEO
 - A report from the Chief Financial Officer
 - Reports pertaining to the activities of the business divisions of the Bank
 - Specific proposals for capital expenditure and acquisitions
 - Major issues and opportunities for the Bank.
- j. In addition the board will, at intervals of not more than one year:
 - Review the Bank's goals
 - Review the strategies and operating plans for achieving the goals of the Bank

- Approve the annual budget
 - Approve the annual, half-yearly and quarterly financial statements and reports to the Shareholder and public announcements
 - Approve the annual or integrated report
 - Consider and, if appropriate, declare or recommend the payment of dividends
 - Review board composition, structure and succession
 - Review the Bank's audit requirements, i.e. satisfy itself that Internal Audit Plans and the Audit Strategies of the Auditor General are informed by the corporate strategy of the Bank, the risk profile of the Bank and the realities of the environment in which the Bank operates
 - Review the performance of, necessity for and composition of board committees
 - Undertake Board and individual member evaluations
 - Review members' remuneration
 - Review the CEO's performance and remuneration
 - Review the remuneration policies and practices in general including incentive schemes for management
 - Review risk assessment policies and controls including insurance covers and compliance with legal and regulatory requirements
 - Review the company's code of conduct and ethical standards (code of ethics)
 - Review Shareholder, client and supplier relations
 - Review donations and sponsorships
 - Settle the following year's board work plan.
- k. Members are entitled to have access, at all reasonable times, to all relevant information of the Bank and to management.
- l. Members are expected to strictly observe the provisions of the Act and Board Policy applicable to the use and confidentiality of the Bank's information.
- m. In making policy, the Board will not reach specific decisions unless it has considered the more general principles upon which they are founded, and in reaching other specific decisions the Board will consider the policies against which the decisions are made.

5. Chairperson and Deputy Chairperson

The Chairperson and Deputy Chairperson are appointed by the Minister in terms of section 8(5) of the Act. The Chairperson and Deputy Chairperson are non-executive members of the Board. The Deputy Chairperson will deputise for the Chairperson if the Chairperson is unable to act or at his or her request.

The Chairperson is responsible for:

- Representing the Board to the Shareholder
- Ensuring the integrity and effectiveness of the governance process of the Board as set out in Part 3 of this Charter
- Maintaining regular dialogue with the CEO over all operational matters and consulting with the remainder of the Board promptly over any matter that gives him or her cause for major concern.

The Chairperson will act as facilitator at meetings of the Board to ensure that no member, whether executive or non-executive, dominates discussion, that appropriate discussion takes place and that relevant opinion among members is forthcoming.

The Chairperson will ensure that discussions result in logical and understandable outcomes.

6. Lead Independent Director (LID)

The Board shall, if appropriate, appoint among its number an independent non-executive member of the Board to act as the lead independent director. An independent non-executive director is a non-executive director who:

- a. is not a representative of a stakeholder with the ability to control or significantly influence management;
- b. does not have a direct or indirect interest in the Land Bank that is either material to the Board or to the Land Bank;
- c. has not been employed by the Land Bank in any executive capacity for the preceding three financial years;
- d. is not a member of the immediate family of an individual who is, or has been in any of the past three financial years, employed by the Land Bank in an executive capacity;
- e. is not a professional adviser to the Land Bank, other than as a director;
- f. is free from any business or other relationship, which could be seen to interfere materially with the individual's capacity to act in an independent manner; and
- g. does not receive remuneration contingent upon the performance of the Land Bank.

The lead independent director fulfils the following functions:

- a. Leads in the absence of the Chairperson of the Board.
- b. Serves as a sounding board for the Chairperson of the Board
- c. Acts as an intermediary between the Chairperson and other members of the Board if necessary.
- d. Deals with shareholder concerns where contact through the normal channels has failed to resolve concerns, or where such contact is inappropriate.
- e. Presides over discussions and decision-making by the Board on matters where the Chairperson has a conflict of interest.

- f. Takes the lead in the performance appraisal of the Chairperson.

The lead independent director will also:

- a. Deal with any actual or perceived conflicts of interest that arise because the Chairperson does not meet all the criteria for independence or being non-executive.
- b. Presides over Board meetings which deal with the succession of the Chairperson and the Chairperson's performance appraisal.
- c. Provide leadership and advice to the Board, without detracting from the authority of the Chairperson, when the Chairperson has a conflict of interest.

The independent lead director may be called upon to act:

- a. at any Board meeting (including committee meetings) or at any other meeting of the Land Bank Board;
- b. at any meeting the Chairperson of the Board may initiate with the independent lead director;
- c. in any consultations that any other director or executive of the Land Bank may initiate with the lead independent director;
- d. in any consultation that the independent lead director may initiate.

The independent lead director should at all times be aware that the role is that of support to the Chairperson and the Board, and not in any way to undermine the authority of the Chairperson.

The term of office of the independent lead director should be for as long as the actual or perceived lack of independence or conflict of interest of the Chairperson endures.

7. Board Committees

Committees of the Board will be formed in terms of section 15 of the Act. They are formed only if prescribed by legislation, are in terms of good corporate governance practice, and when it is efficient or necessary to facilitate efficient decision-making.

Board committees will observe the same rules of conduct and procedure as the Board unless the Board determines otherwise.

Board committees will only speak or act for the Board when so authorised. The authority conferred on a Board committee will not derogate from the authority delegated to the CEO.

The Board has six (6) standing committees, namely the Audit and Finance Committee, the Human Resource and Remuneration Committee, the Risk and Governance Committee, the Credit and Investment Committee, the Nominations Committee and the Social and Ethics Committee.

Purpose and Membership of the Standing Committees

- a. The Audit¹ and Finance Committee consists of no less than three (3) members all of whom must be non-executive members. The committee provides a forum for the effective communication

¹ Sections 76(4) and 77 of the Public Finance Management Act 1 of 1999 and Regulation 3 of the National Treasury Regulations of March 2005 prescribe the requirements for the establishment and functioning of audit committees in the public sector.

between the board and the external and internal auditors. The committee reviews the annual, half-yearly and quarterly financial statements and non-financial performance information prior to their approval by the Board; the effectiveness of management information systems and systems of internal control; and the efficiency and effectiveness of the external and internal audit functions. The Chairperson of the Board should not be the Chairperson of the Audit and Finance Committee.

- b. The Human Resource and Remuneration consists of no less than three (3) non-executive members of the Board of directors one of whom shall be appointed as Chairperson. The committee reviews and advises the Board on among others the overall human capital management strategy of the Bank; the development, implementation, monitoring, evaluation and annual review of all human capital management policies and guidelines of the Bank; the attraction, recruitment, development to optimal capability, retention and termination of employees; workforce skills and capabilities; workforce stability; employee wellbeing; organisational culture; employee engagement/motivation; employee health and safety; employee productivity; workforce diversity; leadership development; succession planning; reward and remuneration; contracting; and the appointment of advisers, nominee directors, proxies and observers.

Where necessary, the committee seeks assistance from external advisers in connection with the suitability of persons for board membership.

- c. The Nominations Committee consists of no less than three (3) members which include the Chairperson of the Board, the Deputy Chairperson of the Board and the Chairperson of the Human Resource and Remuneration Committee. It is presided over by the Chairperson of the Board and reviews and advises the Board on among others Board and Board Committee composition, development, performance and remuneration.
- d. The Risk and Governance Committee of the Bank consists of no less than three (3) members all of whom are non-executive directors of the Bank. The Committee promotes and has oversight over sound enterprise-wide risk management strategies and practices. The committee focuses the attention of the Board on the Bank's most critical risks and risk management capabilities. It fosters an integrated enterprise-wide approach to identifying and managing the risks that fall within its terms of reference and provides an impetus towards improving the quality of risk monitoring and reporting, both for management and the Board. Members of the Committee should have the requisite knowledge and expertise to provide oversight over these risks. Towards that end, membership of the committee should include at least one risk management expert with experience in identifying, assessing and managing risk exposures in a financial institution.

The Risk and Governance Committee shall also consider matters of corporate governance and periodically review and make recommendations to the Board with respect to the adoption of governance policies and principles, including the Bank's Corporate Governance Framework, Codes of Ethics and Business Conduct, and Delegations of Power. The Committee also reviews and makes recommendations on corporate-governance related disclosures for inclusion in periodic reports pursuant to the law, applicable securities regulations and best practice.

- e. The Credit and Investment Committee of the Bank consists of at least three (3) non-executive members of the Board. The Committee is responsible for:
- Reviewing and recommending credit and investment strategies to the Board
 - Establishing policies, limits and guidelines within which credit and investment strategies are to be executed (within the limits set by Board)
 - Approve or recommend individual or group credits and investments within the its delegated authority
- f. The Social and Ethics Committee consists of at least three (3) members appointed by the Board from amongst the non-executive directors and prescribed officers of the Bank. The Committee's primary role is to review and make recommendations to the Board on matters relating to social and ethics policies, strategies and practices of the Bank.

Membership of Board Committees shall be limited to a period of no more than three (3) years. Members are entitled to reappointment. Membership of Board Committees shall terminate if a member ceases to be a member of the Board of directors and/or a prescribed officer of the Land Bank.

8. Ad hoc Structures

The Board may also establish and disband such other ad hoc committees and task teams as it may from time to time consider necessary. Such structures shall be governed by a terms of reference which sets out the purpose, authority, responsibilities, composition, constitution of meetings, frequency of meetings, conduct of meetings, decision-making, record keeping, and reporting and communication by the such structure on its activities to the Board.

9. Board Composition and Mix²

The composition of the board should ideally reflect the duties and responsibilities it is to discharge and perform as representative of the interests of the South African public, and in setting the Bank's strategy and seeing that it is implemented. Generally, the qualifications for board membership are the ability and intelligence to make sensible business decisions and recommendations, an entrepreneurial talent for contributing to the creation of shareholder value, the ability to see the wider picture, the ability to ask the hard questions, preferably some experience in the agricultural sector, high ethical standards, sound practical sense, and a total commitment to furthering the objectives of the Act and the achievement of the institutional goals.

Non-executive members of the Board of directors will be active in areas which enable them to relate to the strategies of the institution and to make a meaningful contribution to the Board's deliberations. They will be independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. The composition of the board has to be such that the common purpose, involvement, participation, harmony and sense of responsibility of

² The Minister appoints and removes directors in terms of section 9 and 12 of the Land and Agricultural Development Bank Act of South Africa Act 15 of 2002. The Minister has no obligation to consult with the Board when making appointments or removing a director. However, there is nothing in the Act or anywhere else that prohibits the Board from making the Minister aware of the skills gaps on the Board of directors, providing the Minister with a skills profile for a particular Board vacancy, in furnishing the Minister with the names of persons whom the Board believes qualify for appointment to the Board, in responding to public advertisements for the nomination of persons to fill Board vacancies (section 4(2) of the Act, and in making representations to the Minister about the appointment, reappointment and termination of directors.

the members are not jeopardised. The Board has to ensure that it has an adequate range of knowledge, views and experience.

Section 8(1) of the Act provides that the Board consists of no fewer than seven and no more than 12 persons who are appointed by the Minister for a period of no more than five (5) years. A board member who has not been disqualified is eligible for reappointment. Such reappointment shall be subject to any recommendation by the Board or decision by the Minister for the Board member to retire by rotation or otherwise.

10. Induction of New Members

Potential candidates for Board membership are encouraged to carry out due diligence on the Bank before accepting an appointment to the Board. On their first appointment, non-executive members will have the benefit of an induction programme driven by the Chairperson of the Board assisted by the Company Secretary. The programme is aimed at deepening their understanding of the Bank, the business of the Bank, and the environment and markets in which the Bank operates. As part of the programme, members will receive a folder of essential board and company information and will meet key management.

Members are expected to keep themselves abreast of changes and trends in the business, in the environment in which the Bank operates, in the markets which the Bank serves, and of changes and trends in the economic, political, social, technological and legal climate generally.

11. Remuneration of Members

In terms of section 14(1) of the Act, the Minister determines the remuneration, allowances and other benefits of members of the Board in consultation with the Minister of Finance. The Minister may also make different determinations in respect of different positions on the Board.

Generally, non-executive members will be paid a retainer and fees for the attendance of Board and Board Committee meetings. The Chairperson and deputy Chairperson will be paid a level of fees appropriate to their office.

The Board will take independent advice on the review of the remuneration payable to Board members and make such recommendations on the subject to the Shareholder at an annual shareholder meeting as it may consider appropriate.

Executive members of the Board will receive no fees, but will be paid as employees of the Bank in accordance with the determination of the Minister acting in terms of section 17(2) of the Act, the recommendations of the Board on the matter and their contracts of employment with the Bank.

12. Shareholding

The Minister responsible for the administration of the Act from time to time is the executive authority and sole shareholder of the Bank.

13. Provision of Business or Professional Services by Members

Because a conflict of interest (actual or perceived) may be created, members should not, generally, provide business or professional services of an ongoing nature to the Bank.

For that reason, members of the Board of directors and related parties are, for the duration of the member's term of office as a director of the Land Bank and for a period of one year after the expiry of such member's term of office, prohibited from directly (or indirectly):

- a. providing goods and services to the Bank and its subsidiary companies; and
- b. applying for any of the financial services and products offered by the Bank and its subsidiary companies.

The only exceptions are circumstances where:

- a. the board member or related party is the only supplier of particular goods or services and no other person is able to provide those goods or services (single-source procurement);
- b. the Land Bank or its subsidiary companies are the only providers of the goods or services;
- c. there is an emergency and a tender process cannot be followed;
- d. there is an emergency and it is impractical to follow a tender process (i.e. there are exceptional circumstances and reasonable grounds to deviate from the requirement to conduct a competitive procurement process);
- e. the board member or related party is already providing goods and services to the Bank in terms of a valid contract entered into between such board member or related party and the Bank; and
- f. the board member or related party is already a beneficiary of the financial services and/or products offered by the Bank in terms of a valid contract entered into between such board member or related party and the Bank

13. Other Board Appointments

Any member is, while holding office, at liberty to accept other board appointments so long as the appointments are not in conflict or competition with the business of the Bank and do not detrimentally affect the member's performance as a member of the Board of the Land Bank. All other appointments must first be discussed with the Chairperson before being accepted.

14. Independent Professional Advice

A member is entitled to obtain independent professional advice relating to the affairs of the Bank or to his or her other responsibilities as a member of the Board of directors of the Bank. If a member considers that such advice is necessary the member shall first discuss it with the Chairperson of the Board and, having done so, shall be free to proceed.

Subject to the prior approval of the Chairperson, the cost of the advice will be reimbursed by the Bank, but the member will ensure, so far as is practicable, that the cost is reasonable.

15. Board, Board Committee and Board Member Evaluations

The Board will, each year, critically evaluate its collective performance, as well as efficiency and effectiveness of its processes and procedures to ensure that they are not unduly complex, and a hindrance to fulfilling its role. Such an evaluation shall be led by the Chairperson of the Board, be internally or externally facilitated, be formal at least once every 2 years, and be based on an agreed set

of criteria and questions. The Board will discuss the results of the evaluation once all the responses have been collated by the Company Secretary or the external facilitator.

It is also important to ensure that each individual director participates and makes a contribution to the management of the affairs of the Bank in a manner that is commensurate with his or her level of knowledge, abilities and skills. Towards that end, the Minister will evaluate the performance of each director at each Annual General Meeting using such method and based on such criteria as the Minister may from time to time determine.

An evaluation by the Minister will be preceded by an internal evaluation of each director conducted by the Chairperson of the Board based on an agreed self-evaluation questionnaire completed by each director. The Chairperson of the Board will discuss the responses of each director in one-on-one meetings. It is important that this engagement is approached in an open, constructive and non-confrontational manner. The evaluation is complete when the Chairperson of the Board and the director are aligned in terms of the outcomes of the evaluation and on the way forward.

The evaluation of the Chairperson of the Board is conducted by the Deputy Chairperson, the Independent Lead Director as defined in the King IV if appointed and/or with the rest of the Board.

The same principles adopted in the evaluation of the Board and individual directors will be applied to the evaluation of Board committees, their chairpersons and members.

Executive directors shall be evaluated not only on how they performed as executives, but also (separately) as members of the Board.

16. Indemnities and Insurance

Subject to the Bank's policies on the subject, the Bank will provide members with, and will pay the premiums for, the indemnity and insurance cover while acting in their capacities as members, to the fullest extent permitted by the law.

17. Compliance and Reporting of Potential Violations

The Board has zero tolerance for fraud, corruption, maladministration, financial misconduct, irregularities or violations of the law and Land Bank Policy in all their manifestations. The Board is committed to ensuring that these matters are reported and dealt with in accordance with the full extent of the law.

The Board acknowledges that in order to ensure that instances of wrongdoing and other improper conduct are dealt with, appropriate and effective systems for the reporting and processing of such conduct should be in place.

Board members, members of staff, contractors and members of the public should report any suspected instances of fraud and corruption, maladministration, financial misconduct, irregularities or violations of the law and Land Bank Policy by a member of the Board to the Chairperson of the Board, to the Chairperson of the Social and Ethics Committee and/or to the Company Secretary. Any concerns relating to the conduct of the Chairperson of the Board should be reported to the Deputy Chairperson (or Lead Independent Director where there is no Deputy Chairperson), to the Chairperson of the Social and Ethics Committee and/or to the Company Secretary. Any concerns relating to the conduct of the

Chairperson of the Social and Ethics Committee should be reported to the Chairperson of the Board and/or to the Company Secretary.

The Chairperson of the Social and Ethics Committee (or the Chairperson of the Board where applicable) should thereafter, and in consultation with members of the Social and Ethics Committee, make a preliminary assessment and determination regarding the plausibility of any such allegations and whether there is a need for further action to be taken by the Board with regard to same.

Where the Social and Ethics Committee (or the Chairperson of the Board) has assessed the allegations to be implausible or vexatious, and not warranting of any further action, the Chairperson of the Committee (or the Chairperson of the Board where applicable) should -

- Inform the person who reported the alleged transgression in writing of such a determination;
- Table the determination formally at a meeting of the Social and Ethics Committee for minuting; and
- Report the allegations and the determination formally to the Board.

Where the Social and Ethics Committee makes a determination that the allegations are plausible and should be pursued, the Chairperson of the Committee (or the Chairperson of the Board where applicable) should -

- Table such a determination formally at a meeting of the Committee for minuting
- Report the allegations and the determination formally to the Board.
- Refer the allegations to the Head of the Internal Audit function of the Bank for further investigation and recommended action at the direction or under the supervision of Social and Ethics Committee.

All allegations regarding the commission or concealment of fraudulent or corrupt acts, and violations of the law and Land Bank Policy will be investigated and pursued to their logical conclusion. This includes, where warranted, the institution of -

- Civil and criminal proceedings as considered appropriate; and
- Disciplinary proceedings, which may result in the removal of a Board member from office in terms of section 12 of the Land Bank Act and disqualification to act as a director in terms of section 69 of the Companies Act 71 of 2008.

The Board is obliged to promptly and without undue delay report any findings of fraud and corruption, maladministration, financial misconduct or violations of Land Bank Policy and the law by a member of the Board to the Executive Authority, the Auditor General of South Africa, the South African Police Services or other designated regulatory authority as required or appropriate.

This Clause must be read in conjunction with Clause 17 of the Directors' Code of Ethics and Business Conduct.

18. The Company Secretary

The Company Secretary is appointed by, and reports to, the Board. The Company Secretary is the focus of corporate governance in the Bank and is responsible among others for ensuring that board procedures

are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation.

The Company Secretary is the primary point of contact for Board members with the Bank, and all members, particularly the Chairperson of the Board, have access to the advice and services of the Company Secretary for purposes of the Board's affairs and the business.

Part 4: Board/Management Relationship

1. Position of CEO

The Board will link the company's governance and management functions through the CEO. All board authority conferred on management is delegated through the CEO so that the authority and accountability of management is considered to be the authority and accountability of the CEO so far as the board is concerned.

The Board must contract with the CEO to achieve specific results directed towards the goals of the Land Bank. This will take the form of an annual performance contract under which the CEO is authorised to make any decision and take any action within the management limitations, directed at achieving the Bank's goals.

Between board meetings the Chairperson maintains an informal link between the Board and the CEO, expects to be kept informed by the CEO on all important matters, and is available to the CEO to provide counsel and advice where appropriate.

Only decisions of the Board acting as a collective are binding on the CEO. Decisions or instructions of individual members, officers or committees should not be given to the CEO and are not binding in any event except in those instances where specific authorisation is given by the Board.

2. Accountability of CEO to Board

The CEO, in association with the Chairperson, is accountable to the Board for the achievement of the goals of the Bank and the CEO is accountable for the observance of the management limitations.

At each of its normal quarterly meetings the Board should expect to receive from or through the CEO:

- The operational and other reports and proposals referred to above
- Such assurances as the Board considers necessary to confirm that the management limitations are being observed.

3. Management Limitations

The CEO is expected to act within all specific authorities delegated to him or her by the Board. The CEO is expected to not cause or permit any practice, activity or decision that is contrary to commonly accepted good business practice or professional ethics. In allocating the capital and resources of the Bank the CEO is expected to adhere to the Bank's goals. The CEO is expected to not cause or permit any action without taking into account the health, safety, environmental and political consequences and their effect on long-term shareholder value.

In financing the Bank, the CEO is expected to not cause or permit any action that is likely to result in the Bank becoming financially insecure. The assets of the Bank are expected to be adequately maintained and protected, and not unnecessarily placed at risk. In particular, the Bank must be operated with a comprehensive system of internal control, and assets or funds must not be received, processed or disbursed without controls that, as a minimum, are sufficient to meet standards acceptable to the Auditor General of South Africa (AGSA).

In managing the risks of the Bank, the CEO is expected to not cause or permit anyone to substitute their own risk preferences for those determined by the Board (for instance, as expressed through a board approved risk management plan).

The CEO is expected to not permit employees and other parties working for the Bank to be subjected to treatment or conditions that are undignified, inequitable, unfair or unsafe.