BOARD CHARTER
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1. INTRODUCTION

1.1 Recommendations for and principles of good corporate governance are set out in the King Report on Governance for South Africa, 2016 ("King IV").

1.2 The Board of Directors of the Land Bank ("the Board") fully subscribes to the principles of good corporate governance and consider these as fundamentally important to the business success and sustainability of the Bank.

1.3 The Principles of good corporate governance considered by the Bank in accordance to King IV are detailed as follows:

a) Principle 1: The governing body should lead ethically and effectively;

b) Principle 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture;

c) Principle 3: The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen;

d) Principle 4: The governing body should appreciate the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process;

e) Principle 5: The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long term prospects;

f) Principle 6: The governing body should serve as the focal point and custodian of corporate governance in the organisation;

g) Principle 7: The governing body should comprise of the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively;

h) Principle 8: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgment, and assist with balance of power and effective discharge of its duties;

i) Principle 9: The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness;

j) Principle 10: The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities;

k) Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives;

l) Principle 12: The governing body should govern technology and information in a way that supports the organisation in setting and achieving its strategic objectives;
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m) Principle 13: The governing body should govern compliance with applicable laws, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen;

n) Principle 14: The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote achievement of strategic objectives and positive outcomes in the short, medium and long term;

o) Principle 15: The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports;

p) Principle 16: In execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time;

q) Principle 17: The governing body of an institutional investor should ensure that responsible investment is practiced by the organisations to promote the good governance and the creation of value by the companies in which it invests.

1.4 The Board therefore approved this Charter ("the Charter"), the provisions of which will at all times be subject to all statutory and regulatory requirements.

1.5 The purpose of the Charter is to regulate the parameters within which the Board will operate and to ensure the application of the principles of good corporate governance in all dealings, including composition and relevant procedures of the Board.

1.6 Unless inconsistent with the content, an expression which denotes any one gender includes the other gender.

2. CONSTITUTION OF THE BOARD

2.1 The constitution of the Land Bank Board of Directors, its role, function and powers, members and Committees are determined by the Land and Agricultural Development Bank Act, 15 of 2002 (Land Bank Act) and the Public Finance Management Act, No 1 of 1999 (PFMA).

2.2 The Protocol on Corporate Governance in the Public Sector, the King IV and corporate governance best practice are also taken into account in so far as it concurs with the Land Bank Act and the PFMA.

2.3 The Government of South Africa is the sole shareholder of Land Bank. The Minister of Finance, as representative of Government, is the Executive Authority of Land Bank.

2.4 This Charter is intended to provide an overview of the roles, functions, responsibilities and powers of the Board and individual directors.
3. COMPOSITION OF THE BOARD

3.1 Size of the Board

3.1.1 The Land Bank Act prescribes that the Board must consist of no fewer than eight (8) and no more than twelve (12) persons, including those contemplated in 3.2.4 and 3.2.5.

3.1.2 The Board subscribes to a unitary Board structure with a balance of executive and non-executive directors.

3.2 Membership

3.2.1 The Minister of Finance (the Minister) is responsible for appointing the Board.

3.2.2 The majority of the members of the Board must serve in an independent non-executive capacity.

3.2.3 A person may not be appointed as a Board member if that person:

   a) Is not a citizen of, or does not hold a permanent residence permit for residence in, the Republic;

   b) Is subject to an order of a competent court declaring that person to be mentally ill;

   c) Is convicted after commencement of the Land Bank Act, whether in the Republic or elsewhere, of any offence for which such a person is sentenced to imprisonment without the option of a fine;

   d) Has been convicted:

      i) In the Republic of theft, perjury or an offence in terms of the Prevention and Combating of Corrupt Activities Act 12 of 2004;

      ii) Elsewhere, of any offence corresponding materially with any offence referred to above;

      iii) Whether in the Republic or elsewhere, of any other offence involving dishonesty; or

      iv) Of an offence in terms of the Land Bank Act;

   e) Is disqualified to act as a director of a company incorporated in terms of the Companies Act 71 of 2008; or

   f) Has, according to a determination by an equality court, contravened section 7 of the Promotion of Equality and Prevention of Unfair Discrimination Act 4 of 2000.

3.2.4 The Chief Executive Officer and the Chief Financial Officer (CFO) are members of the Board by virtue of their office and serve as executive directors. (Ex Officio)
3.2.5 The Minister must designate one of the Board members as Chairperson of the Board and another as deputy Chairperson to act as Chairperson when the Chairperson is unable to do so.

3.2.6 In the event that the Chairperson and the deputy Chairperson is unable to attend a meeting; the members present must elect one of the members from the quorum to act as the Chairperson.

3.2.7 Board members viewed collectively must:
   i) represent a broad cross-section of the population of the Republic;
   ii) be suited to serve on the Board by virtue of suitable qualifications, expertise and experience; and
   iii) be committed to the objectives of the Land Bank Act.

3.2.8 The Board may invite functional representatives and any other person it deems necessary to address particular agenda items to be considered or who may assist the Board in carrying out its functions to attend Board meetings.

3.3 **TERM OF OFFICE**

3.3.1 The Minister determines the term of office of each Board member. A term may not exceed the prescribed period as defined in the Land Bank Act. Renewal of the term may be subject to the Minister’s discretion and approval in accordance with good governance principles as outlined in King IV.

3.3.2 A Board member may resign from the Board by giving one (1) month’s written notice to the Minister.

3.3.3 The Chairperson may resign as Chairperson of the Board, remaining as a Board member, on one (1) month’s written notice to the Minister.

3.3.4 The Minister may, before the term of office of any Board member has expired, extend the term until a new Board member has been appointed, but the period of that extension may not exceed six (6) months.

3.3.5 Notwithstanding the provision in 3.3.1, any Board member may, after the expiry of his or her term of office, be reappointed as a Board member subject to the requirements of the Land Bank Act.

3.3.6 The Minister may remove a Board member from office prior to the expiry of that Board member’s term of office as determined in the Land Bank Act.

3.3.7 A Board member must vacate his or her office if he or she has been absent from more than two consecutive meetings of the Board without leave of the Chairperson for each such absence.

3.3.8 If the office of a non-executive Board member becomes vacant before the expiry of the period appointed for, the Minister must appoint another person to fill the vacancy for the unexpired period.
3.4 REMUNERATION

3.4.1 The Board must execute its remuneration responsibilities in alignment with the legislation and policy.

4. SCOPE OF THE BOARD

The scope of the Board extends to all activities in Land Bank.

5. ACCOUNTABILITY OF THE BOARD

5.1 The Board shall discharge its responsibilities as determined by the Land Bank Act, Common Law and as duly delegated to them by the Minister.

5.2 Board members are individually and collectively accountable to the Minister.

6. RESPONSIBILITIES AND FUNCTIONS OF THE BOARD

6.1 As its primary function, the Board is responsible to determine the Bank's strategic direction and to exercise prudent control over the Bank and its affairs.

6.2 In carrying out its functions, the Board must exercise utmost care and act in the best interests of and for the benefit of the Bank.

6.3 The Board has all the powers necessary to carry out its functions in terms of the Land Bank Act.

6.4 The Board must:

6.4.1 Appoint the CEO in conjunction with the Minister of Finance;

6.4.2 Provide effective leadership based on an ethical foundation;

6.4.3 Direct and control the operations and business of the Bank;

6.4.4 Implement the policies laid down in accordance with the Land Bank Act;

6.4.5 Develop strategies for the efficient management of the Bank;

6.4.6 Develop a code of good practice;

6.4.7 Ensure that assets are adequately safeguarded, verified, maintained and accounted for;

6.4.8 Ensure that the Bank complies with all relevant laws, regulations and codes of business practice, and that it communicates with its shareholder and relevant stakeholders (internal and external) openly and promptly and with substance prevailing over form;
6.4.9 Review and approve Land Bank policies, standards, frameworks and authority levels.

6.5 The Board should not be involved in the day to day management of the Bank.

6.6 Board members have access to top management and the Company Secretary for advice about the governance of the Bank and Board procedures.

6.7 The Chairperson and Company Secretary will ensure that each new director is provided with comprehensive orientation training that will introduce him to his rights, duties and responsibilities as a director alongside the nature of the Bank’s business environment.

6.8 The Board shall ensure that the Directors receive the necessary training to keep them informed and updated in matters relating to the Land Bank and the Board.

6.9 The Company Secretary will be available to guide the directors in the performance of their duties.

6.10 Board Committees

6.10.1 The Board may in accordance with the Land Bank Act:

i) appoint Committees consisting of as many Board members, Bank employees and advisers to the Bank as may be necessary to perform such functions as the Board may direct;

ii) The function of the Nominations Committee must be assigned to the Human Resources and Social and Ethics Committee; and

iii) at any time, dissolve or reconstitute such Committees.

6.10.2 The Chairperson of a Committee must be a member of the Board.

6.10.3 A recommendation of a Committee:

i) must be tabled at the following meeting of the Board;

ii) may be referred back to that Committee; and

iii) is a decision of the Board only if the Board has approved that recommendation.

6.10.4 The Board is not divested of any function conferred upon or delegated to a Committee.

6.10.5 The Board must appoint an Audit & Finance Committee, of which:

i) the Chairperson is a member of the Board; and

ii) the members are not in the employ of the Bank.
6.10.6 The Board must ensure that every Committee is provided with written authority from the Board setting out the parameters and context within which a function is to be performed by that Committee.

6.10.7 The Board is accountable for any function performed by a Committee in terms of this section.

6.11 Delegation of Powers

6.11.1 The Board may from time to time by resolution delegate any of its powers and assign any of its duties to the Chief Executive Officer or any other Bank employee.

6.11.2 A delegation or assignment by the Board under 6.11.1 must be in writing and specify the period for which such function is delegated or assigned, the purposes of the delegation or assignment and any conditions and restrictions that the Board may impose.

6.11.3 A delegation or assignment under 6.11.1 above does not prevent the performance by the Board of a delegated or assigned function.

6.11.4 The Board may withdraw or amend a delegation or assignment made by it.

6.12 Financial

6.12.1 The Board must cause the necessary books of account to be kept.

6.12.2 The Board must ensure that annual budgets, corporate plans, annual reports and audited financial statements are prepared and submitted in accordance with the provisions of the PFMA.

6.12.3 The Board must from time to time approve a structure of fees and charges to be charged by the Bank for its services.

6.13 Fidelity Insurance

6.13.1 The Board must annually review and approve the level of Fidelity Insurance cover held in respect of fraud and misappropriation by any director, officer, trader or person involved in the management or administration of trading.

6.13.2 For purposes of reviewing the level of insurance, the Board should take the following into account:

i) The level of operational risk in the organisation i.e. the risk of losses resulting from inadequate systems and processes, management failure, faulty controls, fraud and human error and weak succession planning;

ii) The safeguards implemented by management against operational risks;

iii) Internal and external audit reports;

iv) Existence and effectiveness of a Business Continuity Plan;
v) Commitment of employees to a Code of Ethics;

vi) Bench-marking against the level of fidelity insurance of other role-players in the same industry; and

vii) The level of fidelity insurance in place in the previous year and any significant changes in Land Bank’s operating environment that could affect the level of fidelity insurance cover required.

6.14 Risk Management

6.14.1 The Board must ensure that the Bank has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

6.14.2 The Board must comply and ensure compliance with the provisions of all legislation applicable to Land Bank.

6.14.3 The Board should approve the risk management policy and plan.

6.14.4 The Board should review its risk management plan regularly but at least once a year.

6.14.5 The Board should ensure that the implementation of the risk management plan is monitored continually.

6.14.6 The Board should set at least once a year, specific limits for the levels of risk the Bank is able to tolerate in pursuit of its objectives. These limits should be reviewed during periods of increased uncertainty or adverse changes in the business environment.

6.14.7 The Board may also set limits regarding the Bank’s risk appetite and where the appetite deviates materially from the tolerance levels, it should be disclosed.

6.14.8 The Board should continually monitor significant risk taken by management, and should satisfy itself that management decisions balance performance with the defined tolerance limits.

6.14.9 To assist in the discharge of its duties and responsibilities in respect of risk management, the Board should appoint a Risk and Governance Committee to review the risk management progress and maturity of the Bank, the effectiveness of risk management activities, the key risks facing the Bank and the responses to address these key risks.

6.14.10 Each year, the Board should evaluate the Risk and Governance Committee’s performance in terms of its composition, mandate and effectiveness.

6.14.11 The Board should satisfy itself that insurance, indemnification and remuneration practices do not prejudice risk management decision making.

6.14.12 A systematic, documented, formal risk assessment should be conducted at least once a year; and be continually reviewed, updated and applied.
6.14.13 The Board should regularly review a register of the Bank's key risks.

6.14.14 The Board should ensure that particular attention is focussed on those risks that may negatively impact the long-term sustainability of the Bank.

6.14.15 The Board should ensure continual risk monitoring by management.

6.14.16 The Board should receive assurance regarding the effectiveness of the risk management process.

6.14.17 The Board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.

6.15 Ethical leadership and corporate citizenship

The Board should:

i) Provide effective leadership based on an ethical foundation;

ii) Ensure that the company's ethics are managed effectively; and

iii) Ensure that the company is and is seen to be a responsible corporate citizen.

7 RESPONSIBILITIES OF INDIVIDUAL DIRECTORS

7.1 In fulfilling his/her responsibility to the Bank, a director will at all times:

7.1.1 Act in the best interest of the Bank, in good faith and with integrity and adhere to all relevant legal standards of conduct;

7.1.2 Avoid any conflict between his personal affairs and that of the Bank or, where unavoidable, disclose any such conflict or potential conflict;

7.1.3 Disclose any information that he may be aware of that is material to the company and which the board is not aware of, unless such director is bound by ethical or contractual obligations of non-disclosure;

7.1.4 Only use his powers for the purposes for which they were conferred upon him and not gain an advantage for himself or a third party or to harm the Bank;

7.1.5 Keep all information learned in his capacity as a director strictly confidential;

7.1.6 Only act within his powers as formally delegated by the Board;

7.1.7 Exhibit the degree of skill and care as may be reasonably expected from a person of his skill and experience, but also exercise both the care and skill any reasonable person would be expected to show in looking after their own affairs;

7.1.8 Actively participate in and contribute to the Board deliberations in a constructive and frank manner under the leadership and guidance;
7.1.9 Individual directors will be expected to participate in the Bank’s induction programme on appointment and attend such professional development programmes as deemed necessary by the Chairperson based on the outcome of the annual assessment of the director’s performance;

7.1.10 Directors who are not able to attend any meetings of the Board will submit a formal apology, with reasons, to the Chairperson or Company Secretary.

8 MEETINGS PROCEDURE

8.1 The Board must meet not less than once every quarter, at such time and place and in such manner as the Chairperson may determine.

8.2 The Chairperson:
   i) may at any time convene an extraordinary meeting of the Board to be held at the time and place and in the manner determined by the Chairperson;
   ii) must, upon receipt of a written request of two other members, convene an extraordinary meeting of the Board to be held within 14 days after the date of receipt of that request, at the time and place and in the manner determined by the Chairperson; and
   iii) must, in the event of an extraordinary meeting being convened by way of the most expeditious medium, give notice to all Board members of that meeting and of the matters to be discussed at that meeting.
   i) may decide that a matter must be resolved by a round robin resolution and all Board members must respond and express their decision on the matter in writing.

8.3 The person presiding at a meeting of the Board must determine a fair and reasonable procedure to be followed at that meeting.

8.4 At a meeting of the Board:
   i) A decision approved by the majority of the Board members present at a duly constituted meeting is a decision of the Board; and
   ii) In the event of an equality of votes being cast by the Board members present at a meeting, the person presiding at that meeting has a deciding vote in addition to his or her deliberative vote, and
   iii) For a credit decision to be effected, there must be a two thirds majority vote in favour of the transaction and any dissenting views must be noted and recorded in the minutes

8.5 The quorum for any Board meeting shall be two thirds of the number of the Board members appointed at that time.

8.6 All Board members are expected to attend all meetings in person or via telephone or videoconference.
8.7 The Company Secretary will draw up the agenda for the meeting in consultation with the Chairperson of the Board.

8.8 No attendee, other than Board members, shall have a vote at a meeting of the Board.

8.9 Quarterly reports will be received from the following Committees on matters to be determined by the Board:
   i) Audit & Finance Committee;
   ii) Risk and Governance Committee;
   iii) Credit and Investment Committee;
   iv) Human Resources and Social & Ethics Committee; and
   v) Subsidiaries Board Committee.

8.10 The Company Secretary shall render secretarial service to the Board.

8.11 Minutes shall be kept of the proceedings and the resolutions of the Board.

8.12 The Company Secretary will prepare draft minutes and an action list of activities emanating from each meeting within ten (10) working days from the date of the meeting and present the minutes for approval by the Board at the next meeting.

8.13 Notice, including venue, time and date, together with an agenda of matters to be addressed, shall be given not less than five (5) working days prior to the scheduled date of each meeting to the members of the Board, the Chairperson of the Board, and other scheduled attendees.

8.14 Information packs, including but not limited to, all supporting reports, papers, statements and other information related to items on the agenda, shall accompany the notice of the meeting.

9 SELF-ASSESSMENT AND EVALUATION

9.1 The Board shall annually evaluate its performance through the completion of a self-assessment questionnaire, to ensure that it is operating efficiently.

9.2 The Board shall review the Board Charter at least once a year.

9.3 The Shareholder will assess the Board in terms of the Shareholder’s Compact once a year.

10 CONFIDENTIALITY AND CONFLICT OF INTEREST

10.1 A Board member must, on his/her appointment to the Board, in writing disclose to the Minister and the Board any of his or her material interests which may constitute a conflict of interest in respect of his/her duties as Board member, and he/she must
in writing inform the Minister and the Board if any such conflict arises after his/her appointment.

10.2 A Board member who has a direct or indirect interest, whether financial or otherwise, in a proposed agreement which is to be entered into by the Bank must disclose his/her interest, give his/her review in any discussion or consideration of that agreement and from voting in respect of that agreement.

10.3 A Board member who obtains an interest in an agreement after the agreement has been entered into must table full particulars of the nature and extent of that interest at the first Board meeting following the date on which the interest was obtained.

10.4 A Board member must at any meeting of the Board, recuse himself/herself from taking part in the decision-making process in respect of an application for or an agreement in respect of the rendering of financial services by the Bank submitted by a:

i) person who is related to or is a business or life partner of that member;
ii) company of which that member is a director, shareholder or employee;
iii) close corporation of which that member is a member or which has a member who is related to or is a business or life partner of that member or employee;
iv) person who is a debtor or creditor of that member;
v) person who is in partnership or any financial association with that member;
vi) person who is in the employ of that member; or
vii) person who is a debtor or creditor under a mortgage bond of any body of persons, whether incorporated or not, of which that member is a director or under which he or she holds any office or position other than that of auditor.

10.5 The Board may from time to time determine any additional policy or stipulate a code of conduct in respect of conflicts of interest applicable to the Board or employees of the Bank.

10.6 The Members of the Board shall ensure that information that is disclosed to them or information that they become aware of in the performance of their duties, is kept confidential.

10.7 The Board shall ensure that all persons who attend its meetings are apprised of their responsibility to keep all information of Land Bank confidential.

11 COMPANY SECRETARY

11.1 The Board will appoint and remove the Company Secretary, and empower the Company Secretary to enable him /her to perform his duties.

11.2 The Board will ensure that the Company Secretary has the requisite knowledge, skills and experience to fulfil the functions of Company Secretary.
11.3 The Company Secretary will, in addition to his statutory duties, fulfil the duties of a Company Secretary as contemplated in King IV.

12 INDEPENDENT PROFESSIONAL ADVICE

The Board may take independent professional advice, at the expense of the Bank, where there is doubt as to whether a proposed course of action is consistent with the statutory and/or fiduciary duties and responsibilities of the Board.

13 APPROVAL OF THIS CHARTER

This Charter of the Board was approved by the Board on the 28th of August 2017.