

**Confidential**

The Land and Agricultural Development Bank of South Africa  
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CENTURION



# HUMAN RESOURCES AND REMUNERATION COMMITTEE CHARTER



**1. Document Information and History**

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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 Charter 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 Policy must adhere to the Change Policy.

## 1. PREAMBLE

The Board of directors regards human capital management as crucial for business success particularly in an environment in which employee management trends and laws are adding more complexity to recruitment, retention, legislative compliance and employee management. Further, new generations of workers are bringing different work styles and needs - Generation Z (those born in the mid-to-late nineteen nineties), Millennials and Generation Alpha (those born after 2010) have high expectations for work-life balance. Further still, changing demographics and advances in technology require adjustments in philosophy, culture and strategy for all aspects of human capital management.

## 2. DEFINITIONS

“**Act**” means the Land and Agricultural Development Bank Act 15 of 2002 as amended

“**HRRC**” means the Human Resources and Remuneration Committee of the Land Bank established in terms of the Act

“**AGSA**” means the Auditor General of South Africa and “**AG**” has an equivalent meaning

“**Board**” means the Board of directors of the Land Bank appointed in terms of the Act

“**CEO**” means the Chief Executive Officer of the Land Bank

“**Committee**” means the Human Resources and Remuneration Committee of the Land Bank

“**Land Bank**” means the Land Bank whose continued existence is confirmed by the Act and “**Bank**” has an equivalent meaning

“**Minister**” means the Minister charged with the administration of the Land Bank Act from time to time, and is for the time being the Minister of Finance.

“**MoF**” has a corresponding meaning

“**PFMA**” means the Public Finance Management Act 1 of 1999

“**Regulations**” means the March 2005 Treasury Regulations for Departments, Trading Entities, Constitutional Institutions and Public Entities issued in terms of the Public Finance Management Act, 1999

“**Shareholder**” means the Minister

## 3. PURPOSE OF CHARTER

The purpose of this Charter is to set out the mission, authority, responsibilities, composition, constitution of meetings, frequency of meetings, conduct of meetings, decision-making, record keeping, and reporting and communication by the Committee on its activities to the Board of directors of the Land Bank and to other relevant stakeholders as prescribed in section 15 and 16 of the Land Bank Act.

#### **4. STATUS OF THE COMMITTEE**

The Human Resources and Remuneration Committee is a Committee of the Land and Agricultural Development Bank of South Africa constituted in terms of section 15 of the Land Bank Act and Principle 8, Practices 39 to 50, and 65 to 67 of the King Report on Corporate Governance for South Africa 2016 (King IV).

#### **5. OBJECTIVES OF THE COMMITTEE**

The objective of the Human Resources and Remuneration Committee is to assist the Board of the Land Bank in the discharge of its duty to oversee the establishment of appropriate human resources policies and strategies that provide the Land Bank with the capability to achieve its short-and long-term business objectives.

#### **6. AUTHORITY OF COMMITTEE**

- 6.1 The Committee shall act in accordance with the powers and functions delegated to it by the Board as recorded in this Charter.
  - 6.1.1.1 Subject to a Board approved process -
    - 6.1.1.1.1 The Committee shall have the power to investigate any matter within the scope of this Charter or as directed by the Board.
    - 6.1.1.1.2 The Committee may, in the fulfilment of its duties, call upon other directors, officers of the Land Bank, or assurance providers to furnish it with information.
    - 6.1.1.1.3 The Committee shall have reasonable access to necessary records, facilities, employees and any other resources necessary to discharge its duties and responsibilities.
    - 6.1.1.1.4 The Committee may form, and delegate authority to, sub-committees, one or more designated members of the Committee and/or to one or more members of the executive in relation to an activity within the ambit of its powers and functions in terms of this Charter.
    - 6.1.1.1.5 The Committee shall, at the expense of the Land Bank, have the right to obtain independent professional advice to assist with the execution of its duties.

#### **7. COMPOSITION OF COMMITTEE**

- 7.1 The committee consists of no less than three (3) non-executive members of the Board.
- 7.2 Members of the Committee are appointed by the Board.
- 7.3 One such member shall be shall be designated as Chairman of the Committee by the Board.
- 7.4 The Chairman of the Board of directors of the Land Bank is entitled to be a member of the Committee, but cannot be its chairman.

- 7.5 Committee members are appointed for a period of no more than 3 (three) years, and the term of office of a member shall fall within a member's tenure of office as a director of the Land Bank.
- 7.6 Committee members are eligible for reappointment.
- 7.7 The Committee may from time to time invite, permanently or otherwise, such persons as it considers may add value to the business of the Committee and of the Land Bank.
- 7.8 The remuneration of members shall be as determined by the Minister from time to time.
- 7.9 The Board may at any time and for whatever cause, terminate a person's membership of the Committee.
- 7.10 The Board may dissolve and reconstitute the Committee.
- 7.11 Vacancies on the Committee shall be filled within a reasonable period of time.

## **8. ACCOUNTABILITY OF COMMITTEE**

The Committee is accountable to the Board.

## **9. DUTIES AND RESPONSIBILITIES**

### **9.1 Strategy**

The Committee is responsible for overseeing the overall human capital management strategy of the Land Bank which is linked to the business strategy of the Bank, and is designed to provide:

- 9.1.1 advice to the Board on an appropriate organisational structure (macro) for the Bank, and
- 9.1.2 a rich supply of high caliber talent with the capability to lead the Bank now and into the future.

### **9.2 Policy**

The Committee is responsible for overseeing the development, implementation, monitoring, evaluation and annual review of all human capital management policies and guidelines of the Bank, which are designed to support and facilitate the implementation of the overall business strategy and the human capital management strategy of the Bank.

### **9.3 Talent Management**

The Committee oversees and advises the Board on the attraction, recruitment, development to optimal capability, retention and termination of employees in order to ensure a market-competitive approach to the sourcing and retention of requisite levels of talent.

The Committee is responsible for overseeing the annual talent review process for executives and senior management.

#### **9.4 Workforce Skills and Capabilities**

The Committee will oversee the development of

- 9.4.1 Workforce skills that strengthen and reinforce the academic knowledge, critical thinking, problem solving, communication capability and work ethic of employees, thereby developing their employability, occupational skills, the ability to manage home and work responsibilities which are necessary for the achievement of strategic objectives and positive outcomes of the Bank, and to perform their duties and achieve their individual level of potential.
- 9.4.2 Workforce capabilities in order to ensure that employees perform the work expected of them to the required standards.

#### **9.5 Workforce Stability**

The Committee is responsible for overseeing the creation of a culture and an environment which enhances employee morale and the retention of scarce skills.

#### **9.6 Employee Wellbeing**

The Committee shall ensure that Management has effective systems and has made adequate provision for ensuring the overall mental, physical, emotional, and economic health of employees.

#### **9.7 Organisational Culture**

The Committee shall be responsible for ensuring that the values of the Bank as defined by the Board are communicated to all employees of the Bank, understood by them, embedded in the fabric of the Bank and ensuring that any deviations from the norm are appropriately addressed.

#### **9.8 Employee Engagement/Motivation**

The Committee shall oversee Management efforts to ensure that employees have a sense of purpose, a sense of belonging, a commitment to the Bank, and the willpower or drive to deliver on that purpose or commitment.

#### **9.9 Health and Safety**

The Committee shall oversee the development and implementation of effective and efficient

systems and practices to ensure the health and safety of all the employees of the Bank and its invitees, and for ensuring compliance with all the law, regulation and best practice applicable or recommended in this regard.

#### **9.10 Employee Productivity**

- 9.10.1 The Committee is responsible for overseeing the development of a high-performance culture that will drive organisational success.
- 9.10.2 The Committee shall regularly receive reports, assess and if necessary make recommendations to the Board on the value generated by employees within defined parameters.

#### **9.11 Diversity**

- 9.11.1 The Committee is responsible for overseeing and ensuring that diversity remains a key component of the Land Bank's human resources strategy.
- 9.11.2 The Committee will oversee an appropriate Land Bank wide diversity policy and report to the Board at least annually on progress in achieving the objectives of that policy.
- 9.11.3 The Committee shall ensure that the diversity of employees reflects the demographics and available talent in the market place
- 9.11.4 The Committee will satisfy itself that all legal and disclosure requirements in relation to diversity are satisfied, which includes monitoring the standing of the Land Bank in terms of the goals and purposes of the Employment Equity Act 55 of 1998 and any amendments thereto.
- 9.11.5 The Committee shall monitor and advise the Board on employee demographics in order to ensure that employment decisions are consistent with legal and Land Bank Policy requirements on diversity. This includes any analysis and reporting required under current legislation.
- 9.11.6 The Committee will oversee Management's preparation of the diversity and inclusion section in the Land Bank's Annual Report to ensure it is consistent with the information known to the Committee, and appropriately reflects the decisions of the Committee and the Board and the outcomes of those decisions.

#### **9.12 Leadership development**

The Committee oversees programmes for the induction and ongoing leadership and capability development of executives and key senior management.

#### **9.13 Succession Planning**

- 9.13.1 The Committee is responsible for the development of succession plans for

executives and key senior management to foster an appropriate balance of skills, experience, and expertise to support the ongoing successful management of the Land Bank

- 9.13.2 The Committee is responsible for the development of potential senior management, as identified through the talent management and succession planning processes of the Bank.
- 9.13.3 The Committee must liaise with the Nominations Committee and the Chairman of the Board on the succession plans of senior management.

#### **9.14 Reward and Remuneration**

The Committee is responsible for:

- 9.14.1 Reviewing and recommending to the Board for approval a remuneration framework, philosophy and policy for all members of staff of the Land Bank including fixed and variable remuneration components,
- 9.14.2 Ensuring that the Bank remunerates in a manner that is fair, responsible and transparent in the context of the Bank's overall remuneration, and promotes the achievement of strategic objectives and positive outcomes
- 9.14.3 Reviewing and making recommendations to the Board regarding the effectiveness of the implementation of the Board-approved remuneration strategy and policy so as to establish whether the Board's set objectives are being met
- 9.14.4 Overseeing the setting of remuneration quanta, and terms and conditions for fixed and variable pay (including performance measures and targets for incentives, having regard to the outcome of annual performance reviews) at all levels in the Bank, but especially at executive and senior management level, which includes recommending the mandate to the Board for union negotiations.
- 9.14.5 Ensuring that an appropriate comparator group is selected when comparing remuneration levels.
- 9.14.6 Reviewing and satisfying itself as to the accuracy of recorded performance measures that govern the vesting of incentives.
- 9.14.7 Ensuring that all benefits, including retirement benefits and other financial arrangements, are justified and appropriately valued.
- 9.14.8 Ensuring a level and mix of reward and recognition that:
- 9.14.9 will attract and, retain employees with the requisite skills expertise and experience, and motivate high performance;
  - i) provides strong linkages between the performance of the Bank and



that of the individual;

- ii) maintains the integrity of the Bank's remuneration principles, strategies, policies and practices; and
- iii) aligns shareholder and employee interests;

9.14.10 Ensuring that there is a robust and disciplined approach to reward which:

9.15 provides a framework for undertaking reviews of remuneration proposals; and

9.16 is compliant with current governance and legislative requirements related to remuneration practices.

The Committee shall:

- a. Satisfy itself that all governance, accounting, legal, approval and disclosure requirements in relation to remuneration are complied with;
- b. Oversee management's preparation of the Remuneration Report for inclusion in the Land Bank's Integrated Report, review the Remuneration Report to ensure it is consistent with the information known to the Committee, and appropriately reflects the decisions of the Committee and the Board and the outcomes of those decisions, and recommend it to the Board for approval; and
- c. Oversee the Land Bank's engagement and communications with key stakeholders in relation to the content of the Remuneration Report.

### **9.17 Contracting**

The Committee reviews, and if deemed appropriate, recommends to the Board, the terms and conditions of the contracts of employment of all members of staff of the Land Bank.

### **9.18 Nominee Representation**

The Committee approves the nomination of employees of the Bank to the governance structures of entities in which the Land Bank has equity or other strategic interests.

### **9.19 Relationship with other Board Committees**

Liaise with other board committees, including the risk committee, the audit committee and the social and ethics committee, on the human capital management affairs in the broader context of risk, disclosure and social responsibility matters.

### **9.20 Other matters**

The Committee is also responsible for reviewing the following matters:

9.20.1 Staff resourcing trends and Human Resources metrics; and

9.20.2 Special Projects as identified from time to time, or requested by the Board.

## **10. REPORTING**

The Committee shall at such intervals as it may prescribe or on request, receive reports from Management and monitor timely resolution of human capital issues or concerns raised in line with its allocated responsibilities.

## **11. MEETINGS OF THE COMMITTEE**

### **11.1 Work Plan**

The Chairperson of the Committee in consultation with the Company Secretary and with inputs from the CEO, the CFO and other Executives shall formulate an annual Work Plan for the Committee against agreed objectives and goals.

### **11.2 Convening Meetings**

Meetings of the Committee shall be convened by the Chairperson of the Committee through the Office of the Company Secretary.

### **11.3 Frequency of Meetings**

- a. The Committee will meet at least quarterly and at such other additional times as may, at the direction of the Chairperson of the Committee or upon request of a Committee member or Management, be considered necessary.
- b. All requests for special or ad hoc Committee meetings shall be directed to the Chairperson of the Committee through the offices of the Company Secretary.

### **11.4 Agenda**

- a. Each Committee meeting shall have a detailed Agenda based (in the case of scheduled meetings) on the Committee Work Plan, and in the case of special or ad hoc Committee meetings, on the specific matter for which the special or ad hoc Committee meeting was requested and approved.
- b. A detailed Agenda, together with supporting documents (if necessary) must be circulated to Committee members at least 5 days prior to each Committee meeting.

### **11.5 Attendance**

One or more members of the Committee may participate in a meeting by electronic communication, so long as the electronic communication facility employed, ordinarily enables all persons participating in that meeting to communicate concurrently with each other without an intermediary and to participate effectively in the meeting.

### **11.6 Quorum**

- a. The quorum for any Committee meeting shall be a majority of the members of the Committee from time to time.
- b. No business of the Committee will be transacted at a meeting of the Committee unless the requisite quorum is present.
- c. Committee advisors and other invitees do not form part of the quorum of a Committee meeting.

### **11.7 Presiding at meetings**

The Chairperson of the Committee shall preside at Committee meetings. If the Chairperson is absent, members present shall elect one of their number to preside at the meeting.

### **11.8 Voting**

- a. Each member of the Committee has one vote on matters before the Committee and all decisions of the Committee must be taken by resolution of the majority of members present at any meeting in person and by electronic means.
- b. A decision that could be voted on at a meeting of the Committee, may at the instance of the Chairperson of the Committee, or at the request of a Committee member or Management to the Chairperson through the offices of the Company Secretary, instead be adopted by written consent of a majority of the Committee members. A decision made by the Committee in this manner will be of the same effect as if the decision had been approved by voting at a meeting of the Committee. Such fact must be recorded in the minute book of the proceedings of the Committee.
- c. Committee advisors and other invitees are not entitled to vote at Committee meetings.

### **11.9 Reporting**

- a. The Committee shall report on its activities at every Board meeting.
- b. Chairpersons of Committee are encouraged to submit such reports in writing.

### **11.10 Minutes**

- a. Within ten (10) days of a Committee meeting, the Company Secretary shall prepare draft minutes, with resolutions and matters arising, of each Committee meeting and submit them for review to the Chairperson of the Committee.
- b. The Chairperson of the Committee shall within two (2) days of receipt of the draft minutes review same and approve them for circulation to all members of the

Committee.

- c. Members of the Committee have two (2) days to review the draft minutes as reviewed by the Chairperson of the Committee. Committee members will thereafter advise the Chairperson of the Committee through the offices of the Company Secretary of their position with regard to the adoption of the minutes.
- d. The Chairperson of the Committee or the Chairperson of a meeting shall sign the minutes once adopted by Committee members and once agreed amendments and/or corrections, if any, have been effected to the minutes by the Company Secretary.

#### **12. CONFIDENTIALITY AND CONFLICT OF INTERESTS**

Committee members and invitees are bound by the law and by Land Bank Policy on Confidentiality and Conflict of Interest.

#### **13. PERFORMANCE**

The Committee shall at least once a year review its own performance to ensure that it is operating at maximum effectiveness

#### **14. REVIEW OF CHARTER**

This Charter shall be reviewed at least once a year.

#### **15. ADOPTION OF CHARTER**

This Charter was adopted by the Board of Land Bank on 26 April 2023