

## Confidential

The Land and Agricultural Development Bank of South Africa  
P O Box 375 Pretoria 0001  
Block D Eco Glades 2 Office Park, 420 Witch Hazel Avenue Eco Park  
CENTURION



Registered credit provider: Reg number NCRCP18

# ENVIRONMENTAL AND SOCIAL SUSTAINABILITY (ESS) POLICY



**TABLE OF CONTENTS**

- 1. Purpose .....3
- 2. Definitions/ Acronyms.....3
- 3. Contextual Background.....3
- 4. Policy.....4
- 5. Environmental & Social Governance .....6
- 6. Approval of the Environmental and Social Sustainability Policy .....7

## 1. PURPOSE

This document sets out the Land Bank policy on Environmental and Social Sustainability (ESS) and Risk Management. The Land Bank (also referred to as “the Bank”) recognises that it has an opportunity to play an important role in promoting land stewardship, protection of the environment and communities impacted by its activities and to help secure the long-term sustainability of natural resources, communities and society at large.

The Land Bank also recognises its dependency on the environment and the resources it provides for achievement of its objectives. As such the Bank aims to be a responsible steward in the protection of the environment and human rights to strengthen its social license to operate.

## 2. DEFINITIONS/ ACRONYMS

<b>E&amp;S</b>	Environmental and Social
<b>ESS</b>	Environmental and Social Sustainability
<b>EXCO</b>	Executive Committee
<b>DFI’s</b>	Development Funding Institutions
<b>UNEP FI</b>	United Nations Environment Programme – Finance Initiative

## 3. CONTEXTUAL BACKGROUND

- 3.1 The Land Bank’s mandate is clearly set out in the Land Bank Act and is aligned with government policies and the country’s socio-economic needs. The Land Bank is expected to play a pivotal role in advancing agriculture and rural development, as such Land Stewardship is core to its mandate.
- 3.2 The nature of business that the Land Bank is involved in requires and is solely dependent on availability of, and access to land, that is suitable and supports agriculture and its overall mandate.
- 3.3 The Land Bank is a member of the United Nations Environment Programme Finance Initiative (UNEP FI) since 2013. As such, it has to uphold and adhere to sustainable finance principles to which it is a signatory and has committed itself to ensuring management of environmental and social impacts.

## 4. POLICY

### 4.1 Policy Objectives:

- 4.1.1 To develop, integrate and implement an effective environmental and social management system as well as associated programmes, to identify, mitigate and manage negative environmental and social impacts, and enhance positive impacts/opportunities, which may result from activities associated with Bank.
- 4.1.2 To ensure that the Bank's investment programme aligns to the national agenda by assisting previously disadvantaged communities and individuals in alleviating poverty and addressing socio-economic challenges through the management of environmental and social risks.
- 4.1.3 To incorporate sustainable land management measures into business strategies, practices and policies.
- 4.1.4 To promote and uphold fundamental human rights within the Bank's sphere of influence.
- 4.1.5 To promote sustainable agricultural practices through the Bank's lending activities.
- 4.1.6 To work towards being a responsible investor in line with UNEP FI Principles Responsible Banking.

### 4.2 Policy Commitments

The Land Bank has committed to:

- 4.2.1 Engaging in responsible banking activities through the implementation of sound environmental and social practices across the entire operation by:
  - Identifying E&S risks/impacts from all activities associated with the Bank;
  - Taking measures to mitigate and manage negative environmental and social impacts identified (including current climate change issues);
  - Proactively managing E&S risks through enhancing positive impacts/opportunities and climate change adaptation and mitigation;

- Working with and supporting the Bank's clients in the management of E&S risks;
  - Continuous monitoring of the implementation and effectiveness of risk management measures;
  - Management and monitoring of the Bank's material consumption and carbon emissions; and
  - Continuous improvement in terms of environmental and social performance at the Bank.
- 4.2.2 Compliance with all relevant legislation, legal requirements, standards and company commitments.
- 4.2.3 Operating in accordance with the human rights, environmental protection guidelines/practices and sustainable development principles in partnership with stakeholders. This entails conducting business in a manner which allows the Bank to realise its purpose and vision in line with business ethics and principles that guide interactions with clients, employees, communities and other stakeholders.
- 4.2.4 Promoting land stewardship through the efficient use of resources, prevention and pollution reduction and enhancement of biodiversity protection.
- 4.2.5 To identify and implement measures to manage and mitigate the impact of climate change on the Bank business activities.
- 4.2.6 Ensuring that the Bank's activities and operations are conducted in an ethical manner that supports fundamental human rights and respects traditional rights, values and cultural heritage.
- 4.2.7 Contributing positively to the social and economic sustainability of communities affected by its operations.
- 4.2.8 Engaging with relevant stakeholders by promoting open communication and by providing education, training and development on E&S requirements associated with the Bank.

## 5. ENVIRONMENTAL & SOCIAL GOVERNANCE

- 5.1 **The Board** has overview of the Environmental and Social Sustainability Policy management, and holds the Social and Ethics Committee accountable for the effective management.
- 5.2 **Social and Ethics Committee** provides oversight in implementation of the ESS policy. In particular, this committee is responsible for recommending the relevant strategies for managing associated risks and providing assurance for implementation to the board.
- 5.3 **EXCO** is overall accountable for the implementation of policy within their respective functions.
- 5.4 **Policy and process committee** ensures alignment and compliance to Land Bank’s governance framework.



**Figure 1: ESS Governance structure**

## **6. APPROVAL OF THE ENVIRONMENTAL AND SOCIAL SUSTAINABILITY POLICY**

This document was approved by the Land Bank Board, Policy and Process Change Committee and the Executive Committee.