



# Land Bank Reporting and Self-Assessment

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Principles for Responsible Banking



Reviewed version (V2) from September 2022



# Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

## Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

### Response

*Land Bank is a State Owned specialist Development Finance Institution with a primary focus on the South African Agriculture Sector. It provides credit mainly for mortgages to commercial farmers segmented by size ranging from smallholder to mega farmers and corporate agribusinesses in South Africa only.*

*Land Bank's purpose of existence and mandate is enunciated in the Land and Agricultural Development Bank Act, No. 15 of 2002 (Land Bank Act), and is summarised as follows:*

**The objects of the Bank are the promotion, facilitation and support of:**

- **Equitable ownership** of agricultural land, in particular increasing ownership of agricultural land by HDI's
- **Agrarian reform**, land redistribution or development programmes aimed at HDI persons;
- **Land Access** for agricultural purposes;
- **Agricultural entrepreneurship**;
- Removal of the legacy of **racial and gender discrimination** in agriculture;
- **Enhancing productivity**, profitability, investment and innovation;
- **Growth** of the agricultural sector and better use of land;
- **Environmental sustainability** of land and related natural resources;
- **Rural development and job creation**;

### Links and references

<https://landbank.co.za/Shared%20Documents/LAND%20BANK%20-%20FY22%20INTEGRATED%20ANNUAL%20REPORT.pdf>

<https://www.treasury.gov.za/legislation/acts/2002/a15-02.pdf>

- **Commercial agriculture;** and
- **Food security.**

*Please see Integrated Annual report pages 30-35*

## Strategy alignment

**Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?**

☒ Yes

☐ No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

**Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?**

☐ UN Guiding Principles on Business and Human Rights

☐ International Labour Organization fundamental conventions

☐ UN Global Compact

☐ UN Declaration on the Rights of Indigenous Peoples

☐ Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: -----

☐ Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: -----

☒ None of the above

### Response

*Land Bank undertook an exercise in the last 4 years to align its strategic pillars with the SDGs and other national frameworks. See pages 32 and 33 in the Land Bank IAR FY2022.*

*Land Bank is in the process of aligning its strategy with the Paris Climate Agreement and has taken small steps towards this through noting the importance of climate change in its corporate plans and engaging in research and product development related to climate mitigation.*

*In the Integrated Annual Report FY2022 as referenced on pages 26-28 the Chairman's statement specifically alludes to refocusing the Bank to accelerate Development and Transformation of the sector to become more inclusive of people that were previously excluded from participating in the agriculture sector primarily based on race and gender.*

### Links and references

<https://landbank.co.za/Shared%20Documents/LAND%20BANK%20-%20FY22%20INTEGRATED%20ANNUAL%20REPORT.pdf>

## Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

### 2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly<sup>1</sup> and fulfil the following requirements/elements (a-d)<sup>2</sup>:

**a) Scope:** What is **the scope of your bank's impact analysis**? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

#### Response

*Land Bank has not applied the impact analysis tool developed by UNEP FI to identify the most significant impact areas however it has, through guidance from its shareholder, identified Development and Transformation as its most immediate and important key impact area. This is a focus on inclusivity through offering products and services to previously marginalised and excluded farmers based on race, gender, age, a remnant of the apartheid laws in South Africa.*

*Land Bank also identified Climate Change as an important impact area for its survival as a business entity and has developed a draft Climate Change Policy to guide it on management of risks and opportunities related to Climate Change after careful consideration of the risks and opportunities of the changing natural environment.*

#### Links and references

<https://landbank.co.za/Shared%20Documents/LAND%20BANK%20-%20FY22%20INTEGRATED%20ANNUAL%20REPORT.pdf>

<sup>1</sup> That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

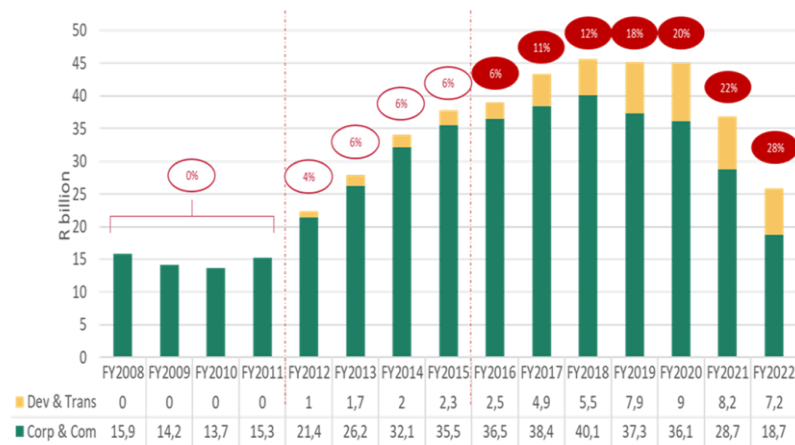
<sup>2</sup> Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#).

<p>The predominant focus of the Bank will be on the Development and Transformation Segments to advance the inclusion and entrepreneurship of Historically Disadvantaged Persons</p>		
<p>Client's Annual Turnover</p>	<p>Size of Business</p>	<p>All clients financed by the Bank are commercial entrepreneurs / entities who produce for the market, or for trading purposes.</p> <p>Majority Black Owned (50%+1) / 30%-50% and BBBEE Rating of 1-4</p> <p>Majority White Owned</p>
		<p>Non-D&amp;T Corporate</p> <p>Non-D&amp;T Commercial</p>
<p><b>b) Portfolio composition:</b> Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope</p> <p>i) by sectors &amp; industries<sup>3</sup> for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or</p> <p>ii) by products &amp; services and by types of customers for consumer and retail banking portfolios.</p> <p>If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.</p>		
<p><b>Response</b></p> <p><i>Land Bank has looked at its portfolio performance in terms of loan book distribution over the past 10 years and has identified inadequacies in the extension of credit to the development and transformation segment (black farmers, female farmers and youth) of the portfolio and is actively working to change this:</i></p>		<p><b>Links and references</b></p>

<sup>3</sup> 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

The key stakeholders' expectation for the Bank to promote / facilitate the inclusion and entrepreneurship of Historically Disadvantaged Persons in agriculture has not been met. The Bank refers to this key objective as "development and transformation" and tracks the growth of the development and transformation portfolio to evidence the extent of achievement in this regard.

In the last 10 years or so, the Bank has been making progress, albeit not at a satisfactory rate.



**c) Context:** What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?<sup>4</sup> Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

*This step aims to put your bank's portfolio impacts into the context of society's needs.*

Response	Links and references
<p><i>In general SA has identified poverty, inequality and unemployment as the major challenges facing the country and the agriculture sector. These challenges are clearly articulated in the National Development Plan 2030 referenced.</i></p> <p><i>Sustainable development in the agriculture sector is hampered by challenges related to energy supply, water scarcity, technical farming skills and agriculture entrepreneurship. In addition limited awareness of sustainable development principles by clients and our Financial Banking teams also diminishes the progress on enhancing the principles of sustainable development.</i></p>	<p><i><a href="https://www.gov.za/issues/national-development-plan-2030">https://www.gov.za/issues/national-development-plan-2030</a></i></p>

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)<sup>5</sup>? Please disclose.

Response	Links and references
<p><i>Although we have not as yet formally identified and disclosed the positive and negative impact areas preliminary investigation notes the following:</i></p> <p><i>Positive impact areas: Growing the Development &amp; Transformation segment of the Banks's Loan Portfolio.</i></p> <p><i>Negative impact areas: Given the present circumstances the Bank's liquidity crisis has prevented further enhancements and improvements to assessing the environmental and social impacts of clients.</i></p>	

**d) For these (min. two prioritized impact areas): Performance measurement:** Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If

<sup>4</sup> Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

<sup>5</sup> To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the [Annex](#).

If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

*The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.*

#### Response

*Land Bank has not as yet undertaken a formal assessment of the sectors & industries, as well as types of customers financed or invested in, that are causing the strongest actual positive or negative impacts. This is partially due to the Bank's default position over the past 3 years that has limited business activity of the bank. The Bank is working with the Shareholder Representative (National Treasury) and the National Department of Agriculture to slowly resume business operations, and once fully operational again the Bank will resume identification of positive and negative impacts of its funding.*

#### Links and references



## Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?<sup>6</sup>

Scope:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No
Portfolio composition:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No
Context:	<input type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input checked="" type="checkbox"/> No
Performance measurement:	<input type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input checked="" type="checkbox"/> No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

**Climate change mitigation, climate change adaptation**, resource efficiency & circular economy, biodiversity, **financial health & inclusion**, human rights, **gender equality**, decent employment, water, pollution, other: please specify

How recent is the data used for and disclosed in the impact analysis?

- ☐ Up to 6 months prior to publication
- ☒ Up to 12 months prior to publication
- ☐ Up to 18 months prior to publication
- ☐ Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.: (optional)

<sup>6</sup> You can respond "Yes" to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

## 2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets<sup>7</sup> have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

**a) Alignment:** which international, regional or national policy frameworks to align your bank's portfolio with<sup>8</sup> have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

*You can build upon the context items under 2.1.*

*Response:*

*The Bank has not yet set targets but is working on the following: In engaging with the shareholder (National Treasury) a target for disbursement to the identified Development and Transformation impact area is agreed on an annual basis. However over the past 3 years Land Bank has experienced challenges related to liquidity constraints leading to the Bank defaulting on its debt commitments. The Bank and its lenders have since then operated in a de facto standstill whilst the parties work on finding a suitable liability solution. Although the Bank has not yet fully resumed with its lending activities it commenced with a modest level of lending activities towards the end of last year (October 2022). The Bank expects to begin a process of full business activities once the Bank's default status has been cured.*

*The Bank has not as yet set Climate related targets as it's in the process to finalise a Climate Change Policy and conclude research related to understanding the impact of climate change on its portfolio. This is supported by an EU funded project and piloted in a specific region in South Africa. Once the results are obtained the Bank will be able to commence work on setting targets related to climate change adaptation and mitigation.*

*In the meantime the Bank is considering the following proposed targets:*

- i) Transforming the operations of the Bank :i.e. developing green product options for clients.*
- ii) Improving sustainable production of food by introducing smart agricultural techniques and technologies through partnerships. (Pre-and Post-support).*
- iii) Introducing Just Transition principles to Banker and Clients to ensure that when implementation of green product funding and pre and post support of smart*

*Links and references*

*technologies and techniques are implemented, the sector may start to transition.*

*Natural Capital Indicators:*

1. *Volume of water used during the farming activity*
2. *Use of Fertilizers (l/ ha) - Litres per hectare / kg per hectare*
3. *Use of Pesticide's (l/ ha) - Litres per hectare / kg per hectare*
4. *Use of Electricity (Agri-processing) - Kilowatts used during p*

**b) Baseline:** Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

*You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.*

*A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the [Annex](#) of this template.*

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

<i>Impact area</i>	<i>Indicator code</i>	<i>Response</i>
<i>Climate change mitigation</i>	...	<i>Currently working towards baseline</i>
	...	
	...	

<i>Impact area</i>	<i>Indicator code</i>	<i>Response</i>
<i>Financial health &amp; inclusion</i>	...	<i>Previous years financial data is a baseline</i>
	...	
	...	

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

<sup>7</sup> Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

<sup>8</sup> Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

<p><i>Response:</i></p> <p><i>The baseline has not been determined yet. However, the indicators have been approved by the Board and in process of implementation through the data management and information project – this is to ensure a more robust process for alignment from operations, monitoring and reporting with clients and Bankers requiring training.</i></p>	<p><i>Links and references</i></p>
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<p><b>c) <u>SMART targets</u></b> (incl. key performance indicators (KPIs)<sup>9</sup>): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.</p>	
<p><i>Response: It should be noted that the Bank is proposing the following indicators for monitoring progress on the proposed targets.</i></p> <p><i>Proposed targets:</i></p> <ol style="list-style-type: none"> <li><i>1. Transforming the operations of the Bank: i.e. developing green product options for clients.</i> <i>Indicators for this:</i> <ul style="list-style-type: none"> <li><i>• Green Finance Facility developed and Approved</i></li> <li><i>• Funding and alignment of internal policies to the facility.</i></li> <li><i>• No. of bankers trained or engaged with the Facility</i></li> <li><i>• No. of clients taking up funding through the Green Finance Facility.</i></li> </ul> </li> <li><i>2. Improving sustainable production of food by introducing smart agricultural techniques and technologies through partnerships. ( Pre-and Post-support)</i> <ul style="list-style-type: none"> <li><i>• No. of services offered to support pre and post financing.</i></li> <li><i>• No. of smart agricultural technologies offered.</i></li> <li><i>• No. of clients using the support through partnerships.</i></li> </ul> </li> </ol>	<p><i>Links and references</i></p>
<p><b>d) <u>Action plan:</u></b> which actions including milestones have you defined to meet the set targets? Please describe.</p> <p>Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.</p>	

<sup>9</sup> Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

<p><b>Response</b></p> <ol style="list-style-type: none"> <li>1. <i>Engaging with relevant departments and entities for partnership development to support the pre and post support, expected conclusion Q1FY2024</i></li> <li>2. <i>Draft Green Finance Facility prepared for review by specialists and Board, to be concluded in Q1FY2024</i></li> <li>3. <i>Engaging with broader and specific expertise in the Bank to create awareness, training to be conducted in Q2FY2024 and Q3DFY2024</i></li> <li>4. <i>Draft Climate Change policy awaiting Boards approval, to be finalized in Q1FY2024</i></li> </ol>	<p><b>Links and references</b></p>
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## Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	Inclusion Development & Transformation...	Climate Change - ...	(If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact: ... (please name it)
Alignment	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No
Baseline	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No
SMART targets	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No
Action plan	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No

## 2.3 Target implementation and monitoring (Key Step 2)

### For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

**Or, in case of changes to implementation plans (relevant for 2<sup>nd</sup> and subsequent reports only):** describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

*Response: The Bank has not yet set targets. However, in terms of Target implementation the Bank is commencing this process and building capacity through the following:*

1. Reached out to relevant entities for partnerships.
2. Drafted Green Finance Facility for review by specialists and Board.
3. Tapping into broader knowledge base at the Bank.
4. Drafted Climate Change policy for review and approval.

*Links and references*

## Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

### 3.1 Client engagement

*Does your bank have a policy or engagement process with clients and customers<sup>10</sup> in place to encourage sustainable practices?*

☐ Yes      ☐ In progress      ☒ No

*Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?*

☐ Yes      ☐ In progress      ☒ No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities<sup>11</sup>). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

*This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).*

#### Response

*The Bank has not yet developed any such policy or engagement tool however every client is engaged on environmental and social matters through the sourcing of information for the due diligence. The Bank will endeavor to develop a policy for client engagement on sustainable practices in due course.*

#### Links and references

### 3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

#### Response

*This is an area that the Bank will consider in due course.*

#### Links and references

## Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

### 4.1 Stakeholder identification and consultation

*Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups<sup>12</sup>) you have identified as relevant in relation to the impact analysis and target setting process?*

☐ Yes      ☐ In progress      ☒ No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

*Response:*

*Land Bank engages with a broad array of stakeholders on various matters – this is articulated on pages 58-61 in the Land Bank IAR FY2022. The stakeholder engagement does not yet focus on impact analysis and target setting.*

*Link*

*<https://landbank.co.za/Shared%20Documents/LAND%20BANK%20-%20FY22%20INTEGRATED%20ANNUAL%20REPORT.pdf> s and references*

<sup>10</sup> A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

<sup>11</sup> Sustainable economic activities promote the transition to a low -carbon, more resource-efficient and sustainable economy.

<sup>12</sup> Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations



## Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

### 5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

☐ Yes ☒ In progress ☐ No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

#### Response

*Land Bank notes the recommended governance structure outlined in the PRB Guidance Document and will endeavor to implement it over the near future. At present a Board Subcommittee, the Social and Ethics Committee, oversees all matters related to Environmental and Social Policy of Land Bank as well as the UNEP FI Principles for Responsible Banking. During the FY2022 period the Land Bank did not finalise its implementation plan due to considerations of suspension of membership of UNEP FI given the precarious financial position of the Bank. In July 2022 the Board of Land Bank agreed to continue as members of UNEP FI and meet the commitments as a signatory to the PRB. The initial delays have had an effect of finalizing a new implementation plan which will be the finalized in Q2FY2024 thereafter full implementation will commence. Change and improvements to the governance of the PRB will be considered later in FY2024.*

#### Links and references

<https://landbank.co.za/Shared%20Documents/LAND%20BANK%20-%20FY22%20INTEGRATED%20ANNUAL%20REPORT.pdf>

### 5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

<p><i>Response</i></p> <p><i>As the Bank implements the Natural Capital Indicator monitoring and the Green Finance Facility it will both raise awareness on matters related to ESG Financing and endeavour to promote a culture of responsible banking amongst staff and clients.</i></p>	<p><i>Links and references</i></p>
<p><b>5.3 Policies and due diligence processes</b></p> <p><i>Does your bank have policies in place that address environmental and social risks within your portfolio?<sup>13</sup> Please describe.</i></p> <p><i>Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting.</i></p>	
<p><i>Response</i></p> <p><i>The Environmental and Social Risk Assessment tool (ESRA) is operational and the Natural Capital Indicators will be operational in due course.</i></p>	<p><i>Links and references</i></p>
<p><b>Self-assessment summary</b></p> <p>Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No</p>	

<sup>13</sup> Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

## Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

### 6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

☐ Yes ☐ Partially ☒ No

If applicable, please include the link or description of the assurance statement.

Response	Links and references

### 6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- ☒ GRI  
☐ SASB  
☐ CDP  
☐ IFRS Sustainability Disclosure Standards (to be published)  
☐ TCFD  
☒ Other: ....

Response	Links and references
<i>The Bank applies King/IV principles in its reporting to stakeholders, and further aligns to the National Development Plan (NDP) of South Africa.</i>	

### 6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis<sup>14</sup>, target setting<sup>15</sup> and governance structure for implementing the PRB)? Please describe briefly.

<sup>14</sup> For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

<sup>15</sup> For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

Response	Links and references
<p><i>The Bank acknowledges that it is lagging its peers on full implementation of the PRB and will endeavour to refocus its efforts on ensuring all the principles are implemented within the FY2023-FY2024 period to ensure it meets its commitment as a signatory to the PRB. The following steps are being taken to ensure that the Bank meets its commitment of implementing the PRB in its entirety:</i></p> <ol style="list-style-type: none"> <li>1. Organisation Design Work to locate the responsibility in a proper structure</li> <li>2. Resourcing of the structure with appropriate skills</li> <li>3. Revising our priorities</li> <li>4. Embedding the KPIs and LBDIF</li> <li>5. Reporting and disclosure.</li> </ol>	

## 6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Embedding PRB oversight into governance                    | <input checked="" type="checkbox"/> Customer engagement  |
| <input checked="" type="checkbox"/> Gaining or maintaining momentum in the bank                | <input type="checkbox"/> Stakeholder engagement          |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input checked="" type="checkbox"/> Data availability    |
| <input type="checkbox"/> Conducting an impact analysis   | <input checked="" type="checkbox"/> Data quality         |
| <input type="checkbox"/> Assessing negative environmental and social impacts                   | <input checked="" type="checkbox"/> Access to resources  |
| <input checked="" type="checkbox"/> Choosing the right performance measurement methodology/ies | <input checked="" type="checkbox"/> Reporting            |
| <input type="checkbox"/> Setting targets   | <input type="checkbox"/> Assurance                       |
| <input type="checkbox"/> Other: ...  | <input type="checkbox"/> Prioritizing actions internally |

If desired, you can elaborate on challenges and how you are tackling these: