



# ETHICS POLICY

|                                 |                  |                          |                              |                  |                                |
|---------------------------------|------------------|--------------------------|------------------------------|------------------|--------------------------------|
| <b>Business Unit / Division</b> |                  | <b>Risk / Compliance</b> |                              |                  |                                |
|                                 |                  |                          |                              |                  |                                |
| <b>Policy Reference</b>         |                  | LBP 086                  | <b>Version</b>               |                  | 03                             |
| <b>Effective Date</b>           |                  | 31/10/2016               | <b>Review Date</b>           |                  | 30/09/2017                     |
|                                 |                  |                          |                              |                  |                                |
| <b>Compiler</b>                 | Yashwin Singh    | <b>Designation</b>       | Senior Specialist Compliance | <b>Signature</b> | <i>[Handwritten Signature]</i> |
|                                 |                  |                          |                              |                  |                                |
| <b>Sponsor</b>                  | Konehali Gugushe | <b>Designation</b>       | Chief Risk Officer           | <b>Signature</b> | <i>[Handwritten Signature]</i> |

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## 1. PURPOSE

The purpose of this policy is to:

- 1.1 ensure that ethics forms an integral part in the way in which the Land Bank Group conducts business;
- 1.2 promote and encourage ethical behavior as articulated in this ethics policy, based on appropriate values, within the Land Bank Group;
- 1.3 re-affirm the commitment of the Board and Executive management in building and sustaining an ethical corporate culture in the Land Bank Group; and
- 1.4 promote stakeholder confidence.

## 2. DEFINITIONS

**Board Member** Is a member of the Land Bank Board of Directors, appointed by the Minister of Finance and/or a member of the Board of the subsidiaries.

**Employees** Any person, including fixed term contractors, who work for the Land Bank Group and who receives or is entitled to receive any remuneration.

**Ethics /Ethical** The term "ethics" refers to standards of conduct, which indicate how a person should behave, based on moral duties and qualities arising from the principles of right and wrong. Ethics therefore involve two aspects:

(a) The ability to distinguish right from wrong; and

(b) The **commitment** to do what is right.

*Ethics is more concerned with that which is right and/or wrong, and should guide human conduct regarding whether an action is right or wrong, a motive is good or bad, and an outcome is desirable or undesirable.*

**Land Bank** The Land and Agricultural Development Bank of South Africa established in terms of the Land and Agricultural Development Bank Act (Act 15 of 2002)

**Land Bank Act** Land and Agricultural Development Bank Act (Act 15 of 2002)

**Land Bank Group** Land Bank and its subsidiaries

**Unethical behavior** Means behavior or business practices that are not in line with the Land Bank Group's values and underlying principles of good governance

### 3. CONTEXTUAL BACKGROUND

3.1 The Policy is applicable to Board members and employees.

3.2 King III recommends that the Board should ensure that the Land Bank Group's ethics are managed effectively. Paragraph 36 states *"that building and sustaining an ethical corporate culture requires active governance of ethics. The Board assumes ultimate responsibility for the Land Bank Group's ethics performance by delegating to Executive management the task of setting up a well-designed and properly implemented ethics management process or ethics programme"*.

3.3 The Land Bank Group's reputation is the most valuable asset and this requires Board members and employees to ensure that at all times individuals make the right decision in the best interests of the Land Bank Group.

3.4 A fiduciary relationship comes into existence on commencement of employment with the Land Bank Group and when a Board member is appointed.

3.5 The Land Bank Group expects all Board members and employees to uphold ethical standards.

3.6 This policy must be read in conjunction with all other Land Bank Group policies including:

- 3.6.1 The Code of Ethics and Business Conduct;
- 3.6.2 Employees Policy on Conflict of Interest and Outside Involvement;
- 3.6.3 PAIA Manual; and
- 3.6.4 EXCO Code of Conduct.
- 3.6.5 Land Bank Disciplinary Code and Grievance Policy

### 4. THE LAND BANK GROUP'S VALUES

The Land Bank Group has adopted the core values as listed below. Core values are standards for reasonable conduct which guide employees and Board members to do what is good, right and fair by showing what should be expected of individuals vice versa and what can be expected from the Land Bank Group.

#### 4.1 MEANINGFUL CONTRIBUTION

Through seeking to always add value into our engagements.

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#### **4.2 EMPOWERMENT**

By seeking to empower ourselves and each other in the way we undertake our work.

#### **4.3 ORGANISATIONAL SYNERGY**

By creating a sense of oneness and integration.

#### **4.4 ACCOUNTABILITY**

By ensuring that we do what we say and follow through. By behaving and acting in an ethical manner with integrity, responsibility, fairness and transparency.

#### **4.5 PRO-ACTIVENESS**

By always striving to see opportunities to do things better, and do all we can to make things happen.

*Being ethical means living in accordance to the requirements of core values.*

### **5. GUIDING PRINCIPLES:**

#### **5.1 For Shareholder and investors, the Land Bank Group shall:**

- 5.1.1 Communicate business policies, achievements and strategy to the shareholder and other investors in a transparent manner;
- 5.1.2 Promote a competitive and profitable agricultural sector;
- 5.1.3 Strive to expand and maintain the business and fulfill the mandate;
- 5.1.4 Comply with legislation, industry regulations and prescribed practices; and
- 5.1.5 Ensure that financial and regulatory reporting is fair and accurate and produced in accordance with relevant accounting/regulatory practices, statutes and supervisory requirements.

#### **5.2 In dealing with Regulators, the Land Bank Group shall:**

- 5.2.1 Continue to act within the spirit and letter of the Constitution of the Republic of South Africa and applicable laws and regulations;

- 5.2.2 Continue to contribute to the economic, environmental, social and cultural well-being and development of communities where business is conducted;
- 5.2.3 Continuously honor tax obligations;
- 5.2.4 Ensure transparency and co-operation with the regulators;
- 5.2.5 Ensure that all reportable transactions are recorded and reported; and
- 5.2.6 Continue to adhere to independent auditing and financial reporting standards.

### **5.3 In interacting with Clients, Suppliers and competitors:**

- 5.3.1 The Land Bank Group requires integrity in dealings with clients, suppliers and intermediaries as a prerequisite for successful business relationship;
- 5.3.2 The Land Bank reserves the right not to take on any clients and not deal with suppliers and competitors who engage in unethical behavior and business practices.
- 5.3.3 All Board members and employees shall maintain the confidentiality of any sensitive information received from clients and suppliers other than where expressly directed by applicable legislation or a court order;
- 5.3.4 The Land Bank Group shall pay suppliers on time and in accordance with agreed terms;
- 5.3.5 The Land Bank Group shall avoid making any false or misleading statements to others who may rely on the accuracy and truthfulness of the information being provided, and furthermore provide honest and constructive feedback in given timeframes;
- 5.3.6 Complaints and enquiries shall be dealt with in a prompt and efficient manner;
- 5.3.7 Board members and employees shall refrain from pursuing personal benefit, opportunities discovered through position or company resources;
- 5.3.8 All employees shall refrain from accepting gifts and entertainment that are not in line with the Declaration of Interest Policy and the Code of Ethics and Business Conduct;
- 5.3.9 The Land Bank Group shall always uphold the letter and spirit of contracts and agreements; and;
- 5.3.10 The Land Bank Group shall not acquire commercial information by dishonest or unethical means.

### **5.4 In Interacting with fellow employees:**

- 5.4.1 Unfair discrimination is not tolerated and all employees shall treat each another with respect;
- 5.4.2 The Land Bank Group shall continuously provide a safe and healthy working environment;

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- 5.4.3 The Land Bank Group shall continue to develop effective processes for communication and consultation within the business;
- 5.4.4 Employees who report violation of laws or company policies and procedures shall not be victimised;
- 5.4.5 All employees have the freedom to communicate in an open and honest manner, subject to legal and competitive constraints;
- 5.4.6 The Land Bank Group respects the right of freedom of association. Collective bargaining is respected, where allowed by law, in order to facilitate constructive dialogue;
- 5.4.7 The Land Bank Group shall continuously use appropriate dispute resolution procedures and make all reasonable efforts to resolve issues internally; and
- 5.4.8 The Land Bank Group shall strive to create employment opportunities that enhance human development and further assist employees in developing skills and knowledge.

**5.5 In dealing with the Environment, the Land Bank Group shall:**

- 5.5.1 Adhere to South African national environmental laws and standards;
- 5.5.2 Operate in a manner that protects the environment and promotes sustainable social and economic development; and
- 5.5.3 Uphold global sustainability principles and reporting.

**5.6 In dealing with communities:**

- 5.6.1 The Land Bank Group shall strive to collaborate with community groups, and support public policies that promote economic and social development;
- 5.6.2 All employees shall ensure honest and open communication;
- 5.6.3 The Land Bank Group shall ensure support and protect human rights within the sphere of influence; and
- 5.6.4 The Land Bank Group shall respect local cultures and values.

**5 Application of this Policy**

As part of creating a climate and opportunity for employees to voice genuine concerns about unethical behavior, all allegations/breaches shall be treated as confidential and investigated accordingly.

## 6 Reporting Procedures and resolution of reported incidents

- 6.1 The Land Bank Group encourages customers, providers of goods and/or services and members of the public who suspect unethical behavior to report such behavior to Land Bank Group's fraud and ethics hotline (0800 23 72 83), SMS "Ethics" to (33 000), Fax (086 527 7294), [fraudandethicshotline@nkonki.com](mailto:fraudandethicshotline@nkonki.com).
- 6.2 It is the responsibility of all employees to immediately report all allegations of unethical behavior either to their immediate manager or the Senior Specialist Compliance or if they choose to remain anonymous they can use the hotline process as outlined below.
- 6.3 Employees are encouraged to assist in the resolution of allegations of unethical behavior. Those in supervisory and managerial positions are responsible for taking all reasonable steps to prevent unethical behavior and for investigating unethical behavior.
- 6.4 Should employees wish to report allegations of unethical behavior anonymously, they can contact the fraud and ethics hotline (0800 23 72 83), SMS "Ethics" to (33 000), Fax (086 527 7294) or [fraudandethicshotline@nkonki.com](mailto:fraudandethicshotline@nkonki.com).
- 6.5 Anonymous reporting of allegations should be substantiated by reasonable evidence provided that the disclosure of evidence shall not compromise anonymity.
- 6.6 The Land Bank Group reserves the right not to investigate frivolous and unsubstantiated allegations.
- 6.7 Although anonymous reporting of allegations will be accepted, it is more effective to pursue allegations, where whistle blowers contactable in view of the following:
- *Further information usually needs to be obtained and clarification sought regarding the incidents reported in order for an investigation to be pursued; and*
  - *Employees who are assisting in investigations are protected in terms of the Whistle Blowing Policy of the Land Bank Group.*
- 6.8 All employees who receive reports regarding unethical breaches are expected to ensure confidentiality of such reports, within the defined investigation processes of the Land Bank Group, unless there is a legal obligation to disclose information obtained. Any breaches of confidentiality in the above mentioned processes shall be subject to the disciplinary process.
- 6.9 Any unethical behavior conducted by an employee or any other person will be pursued by thorough investigation and to the full extent of the law, including (where appropriate) consideration of:
- a) In the case of employees, taking disciplinary action within a reasonable period of time after the investigation;
  - b) Instituting civil action to recover losses;

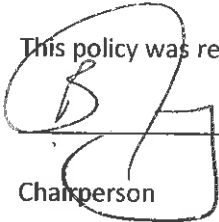
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- c) Initiating criminal prosecution by reporting the matter to the South African Police Services or any other relevant law enforcement agency; and
- d) Any other appropriate resolution/action.

**7 Approval**

This policy was recommended by the Committees and approved by the Board on the ~~31st of October~~ <sup>28<sup>th</sup> of November</sup> 2016.



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Chairperson

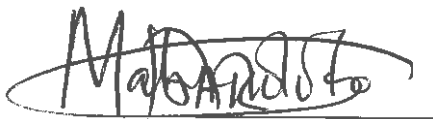
On behalf of EXCO



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Chairperson

On behalf of the Risk Committee



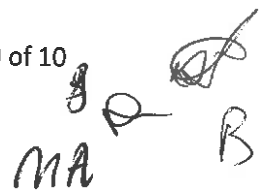
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Chairperson

On behalf of the Board

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**Note from the CEO**

The Land Bank Group is committed to operating in a transparent manner with integrity to the highest ethical standards in the conduct of its business. The Land Bank Group shall create a climate and provide an opportunity for employees to voice genuine concerns about unethical behavior and all allegations/breaches shall be treated as confidential and investigated accordingly.

The Ethics Policy is the Land Bank Group's commitment that ethical standards shall reinforce every feature of our actions, both corporate and individual. This policy sets out the standard of conduct that employees and stakeholders can expect from the Land Bank Group.

The intention of this policy together with any other internal policies provides guidance to help employees understand and live the Land Bank Group's Values, to make decisions that are correct, good and fair. It also put an obligation on any executive management and employee who witnesses any conduct that contravenes or will contravene Land Bank Group values to speak-out.

All employees shall have personal responsibility to comply with the provisions detailed in this code and maintain the highest ethical standards. Employees are therefore urged to read and understand the policy and become familiar with how it relates to their role in the Land Bank Group.



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TP Nchocho

Chief Executive Officer

