



Principles for Responsible Banking



What is the PRB?

The Principles for Responsible Banking are a unique framework for ensuring that signatory banks' strategies and practices align with the vision society has set out for its future in the Sustainable Development Goals and the Paris Climate Agreement.

The framework consists of 6 Principles designed to bring purpose, vision and ambition to sustainable finance. They were created in 2019 through a partnership between the founding banks and the United Nations. Signatory banks commit to embedding these 6 principles across all business areas, at the strategic, portfolio and transactional levels.

The 6 Principles for Responsible Banking



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.



PRINCIPLE 2: IMPACT & TARGET SETTING

We will continuously increase our positive impact while reducing the negative impact 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.



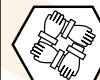
PRINCIPLE 3: CLIENT & CUSTOMERS

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.



PRINCIPLE 4: STAKEHOLDERS

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



PRINCIPLE 5: GOVERNANCE & CULTURE

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



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.

Aims of the PRB

- Establish clear and specific Principles for the banking industry that are relevant to today's banking realities and sustainability objectives.
- Define the banking industry's role and responsibilities in shaping and financing a sustainable future, i.e. clearly define the banking industry's societal purpose.
- Set the global benchmark for what it means to be a responsible bank, and provide actionable guidance for how to get there.
- Direct the banks' efforts to align with society's goals as expressed in the Sustainable Development Goals, the Paris Climate Agreement, as well as national and regional frameworks.
- Show the banks' contribution to society's goals by linking the banks' targets to national, regional and international objectives.
- Drive ambition and ensure focus where a bank has the largest (potential for) impact.
- Ensure accountability and transparency and create a trusted "brand" that, signals a credible commitment to serving society.

The Principles provide the banking industry with a single framework that embeds sustainability at the strategic, portfolio and transactional levels and across all business areas.

Target setting in the most material areas is a key



feature of the Principles. Banks are required to set and publish targets in line with society's goals, as expressed in the SDGs, the Paris Climate Agreement and relevant national frameworks, in the areas where they have the most significant positive and negative impact.

The Principles require banks to be transparent and accountable. Banks are required to report publicly on their positive and negative impacts, their contribution to society's goals, and their progress in implementing the Principles, as well as to engage with key stakeholders on their impacts.

PRB and Land Bank

Land Bank became a member of UNEP FI in 2013. At the end of February 2018, Land Bank was invited to participate in a UNEP FI Principles for Responsible Banking (PRB) project proposed by its Banking Committee.

As the leading South African Agricultural Development Bank, fully engaged in the natural environment on a daily basis, Land Bank recognizes that without a healthy and vibrant natural and social environment, it has no reason to exist as an agricultural Development Finance Institution (DFI). It was, therefore, opportune to participate in this project not only to affirm Land Bank's commitment to responsible corporate citizenship and ensuring sustainable finance and its own economic, environmental, social and financial sustainability, but to also contribute towards achieving the Sustainable Development Goals (SDGs) and national imperatives while growing and transforming the South African agricultural sector.

The PRB compliments Land Bank's purpose, mandate and mission and asks us to become leaders in accountability to society. It centralises and elevates what used to be understood as peripheral issues, namely social and environmental issues. The historical emphasis on financial sustainability in isolation of other important goals no longer fits the modern paradigm of how business functions and thrives. We can no longer assume that a business such as a bank/DFI has a single objective. Most businesses now recognise that central to their survival is the effective management of the confluence of finance, economics, social, environmental and governance factors. The PRB is a comprehensive framework for leadership, stewardship and change management on Environmental, Social and Governance (ESG). It aims to go beyond sustainable finance, and steers us towards long-term sustainability.

The PRB focuses us on identifying our positive and negative impacts and demands that we demonstrate how we are changing ordinary lives, as well as the natural environment, in SA and the world.



This specifically shifts us away from thinking about social and environmental issues as part of our corporate social investment responsibilities, into embedding these to the our core business practices. These principles steer us to be accountable to all stakeholders to develop society and preserve the environment. As a state-owned DFI we are obliged to account to stakeholders, including Parliament, on our activities and achievements towards building a better society for all.

Partnering with all Stakeholders to achieve the PRB

Land Bank will work with all its stakeholders to ensure that the commitments to the UNEP FI Principles of Responsible Banking are met. These principles, which are aimed at ensuring the sustainability of people, the planet and profits, are shared by all Land Bank stakeholders in different forms and ways.

To our clients and customers, we will work to ensure that the principles are reflected in the way we assess loan applications, through our products and services, as well as through the guidance and

advice our expert agricultural specialists offer on new sustainable agriculture techniques, land, water and human resource management. water and human resource management.

To our investors, we know that minimising the loan repayment default rate is the cornerstone of confidence in the Bank's lending practices. We will assess our client's environmental and social risks to ensure we minimise the probability of our clients' default rates thereby ensuring that our investors receive the return on their investment in Land Bank.

We will continuously work with all the agricultural organisations and representative associations to improve our understanding of the production practices of different commodities and how these contribute to the natural and human impact, as well has how these commodities can be protected from the impact of our ever changing natural and human environment.

To our shareholder, the government of the Republic of South Africa, as well as all the pertinent government departments, we will execute on all the policies, as responsible corporate citizen that contributes meaningfully to positive impacts for the agricultural sector, and society as a whole.





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