

# ESG and CORPORATE GOVERNANCE IN THE ▶ MINING SECTOR

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ENVIRONMENTAL, SOCIAL  
AND GOVERNANCE  
FACTORS (“ESG”)

WILL WE GET TO AN  
EQUITABLE AND  
EFFICIENT ‘ESG’  
STANDARD FOR ALL?

- ▶ IFC PERFORMANCE STANDARDS
- ▶ EQUATOR PRINCIPLES
- ▶ SUSTAINABLE DEVELOPMENT GOALS (“SDG”s)
- ▶ SUSTAINABILITY ACCOUNTING STANDARDS BOARD (“SASB”)
- ▶ INTEGRATED REPORTING (“IIRC”)
- ▶ VALUE REPORTING FOUNDATION (“VRF”)



## ENVIRONMENTAL FACTORS(“E”)

- ▶ GLOBAL IMPACTS(CLIMATE METRICS)
- ▶ CARBON EMISSION REDUCTIONS(Scope1-3 Targets)
- ▶ DECARBONISATION-Net Carbon Neutral Targets
- ▶ CONVERSION TO RENEWABLE ENERGY
- ▶ CONVERSION TO HYDROGEN FUEL?
- ▶ HYDROGEN POWERED FUEL CELL VEHICLES?
- ▶ COP21/PARIS AGREEMENT-NICs 2030
  
- ▶ LOCAL IMPACTS
  
- ▶ POLLUTION/DUST/NOISE/HEALTH
- ▶ MINE REHABILITATION
- ▶ WATER, POWER, HOUSING, TOWNS, ETC

# SOCIAL FACTORS (“S”)

Human Capital

Social and Relationship Capital

Intellectual Capital

Manufactured Capital(from Natural and  
Financial capital)

-An enabler of 4IR

-Accelerating transition to a sustainable future

-Sharing the responsibility with GRN

# GOVERNANCE FACTORS (“G”)

- ▶ GOVERNANCE OF INSTITUTIONS AND OF MINERAL RESOURCES IS THE OVER-RIDING FACTOR IN SUCCESS OR FAILURE
- ▶ CORPORATE GOVERNANCE
- ▶ What Corporate Governance model do you follow? (OECD, Namcode, King, etc)
- ▶ Group/Head Office Governance or Local Subsidiary Governance, or both?
- ▶ Do you practice Shareholder Governance or Stakeholder Governance?
- ▶ Do you consider yourselves an integral part of the economic and social fabric of the country ?
- ▶ Do you follow Rules-based or Outcomes-based Governance?
- ▶ Can you assess your local governing body on the following outcomes? Legitimacy; Effective Control; Ethical Culture and Performance

# GOVERNANCE OVERVIEW

- ▶ Corporate Governance
- ▶ The State of Governance in Namibia
- ▶ How are we Doing?
- ▶ What we can do better.

CORPORATE  
GOVERNANCE  
(UBUNTU?)



Cadbury- “Systems by which organisations are directed, governed and controlled”



OECD- “The set of relationships between the company, directors, shareholders and other stakeholders...”



King IV- “The exercise of effective and ethical leadership by the governing body towards the achievement of the following governance outcomes: **Ethical Culture; Good Performance; Effective Control; Legitimacy**



# Corporate CITIZENSHIP “THE WHY”

- ▶ An **organisation** is an integral part of broader society with rights, responsibilities and obligations (ie; a juristic person)
- ▶ Broader society is the licensor of the organisation (King IV)
- ▶ Companies should protect, enhance and invest in the well-being of the economy, society and the natural environment (NamCode)



# CORPORATE CITIZENSHIP

## “THE WHAT”

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Corporate Social Responsibility (“CSR”)

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Corporate Social Investment (“CSI”)

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Socially Responsible Investing (“SRI”)

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Impact Investing (USA)

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Environmental, Social and Governance (“ESG”)

# THE STATE OF GOVERNANCE IN NAMIBIA

# NATIONAL FRAMEWORK



CONSTITUTIONAL ,  
DEMOCRATIC, POLITICAL,  
JUDICIAL PLATFORM IS  
SOLID



NATIONAL PLANS “GOOD  
GOVERNANCE THROUGH  
EFFECTIVE INSTITUTIONS”-  
HPP AND NDP 5



STATUTORY(COMPANIES ACT  
2004)  
AND CODES(NAMCODE AND  
KING IV)



NAMCODE-2013  
“A FUNDAMENTAL CHANGE  
TO THE WAY DIRECTORS  
AND COMPANIES ORGANIZE  
THEIR BUSINESS.”



NSX- DIRECTIVE FEB 2018  
THAT LISTED COMPANIES  
CAN ADOPT NAMCODE OR  
KING 1V



PUBLIC ENTERPRISES  
GOVERNANCE ACT- 2019

## EXTERNAL ASSESSMENTS AND BENCHMARKS

- ▶ Transparency Index
- ▶ UN Strategic Development Goals 
- ▶ Mo Ibrahim Index of African Governance
- ▶ UN Human Development Index
- ▶ Gini Coefficient
- ▶ World Economic Forum Competitiveness
- ▶ Resource Governance Index
- ▶ Frazer Institute Attractiveness Index 
- ▶ Ease of Doing Business

# SPECIFIC TAKE-OUTS (WEF) 2019

- ▶ Overall rating 100/140(Africa 9)
- ▶ Press Freedom 24/140
- ▶ Legal system 27/140
- ▶ Property rights 31/140
- ▶ Labour market 39/140
- ▶ Financial market 47/140
- ▶ ICT adaptation 105/140
- ▶ Land administration 110/140
- ▶ E participation 116/140
- ▶ Business registration 135/140
- ▶ Hiring foreign labour 136/140



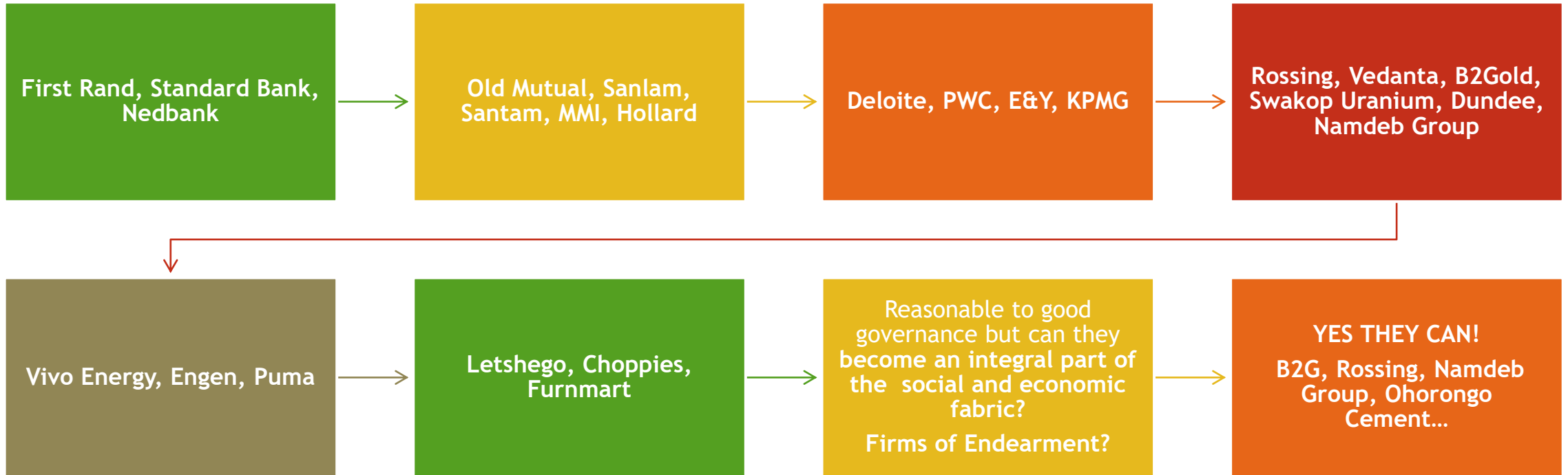
# HOW ARE WE DOING ON CORPORATE CITIZENSHIP AND ESG?

- ▶ NamCode and King Codes guide us correctly
- ▶ Outcomes-based governance is the future
- ▶ Namibian “Firms of Endearment” are doing well
- ▶ ‘FOEs’ include Namibian subsidiaries of global firms
- ▶ Mining Companies are amongst the best and should be?

Mining has  
always led in  
Corporate  
Citizenship?

How about ESG?

- ▶ “Investing in the social fabric;  
Making a difference, sustainably”
- ▶ Do we have “Firms of Endearment”  
driven by passion and purpose, not  
just profit?
- ▶ Namdeb Group/Rossing for decades
- ▶ B2Gold, Ohorongo Cement, Dundee
- ▶ New-comers...
- ▶ O&L, Pupkewitz, family groups...
- ▶ Capricorn, Gondwana, Cymot, Namib  
Mills
- ▶ MTC, Nampower, Namcor, Namdia



# NAMIBIAN SUBSIDIARIES OF GLOBAL AND REGIONAL FIRMS



## WHAT CAN WE DO BETTER TO LEAD THE WAY IN 'NAMIBIAN' ESG?

- ▶ We must tailor ESG metrics to local circumstances
- ▶ Take note of global climate metrics but greater note of local ENVIRONMENTAL factors
- ▶ SOCIAL factors must reflect the shared burden with GRN to reverse inequalities and social backlogs
- ▶ Solid national GOVERNANCE frameworks need to be fine-tuned and properly implemented
- ▶ Outcomes-based Corporate Governance needs implementing at local company level
- ▶ **ESG is a collective, not just a company or sector imperative**