

MODISE MAKHENE: What executives want from their ESG talent

Companies need the right people to tap environmental, social and corporate opportunities as well as navigate the challenges



Environmental, social and corporate governance (ESG) is becoming increasingly important due to its tangible effect on shareholder value. However, there are significant concerns regarding the algorithms used to rank companies.

To gain a better understanding of the situation, we investigated the market in SA and spoke with senior executives from four industries.

Here are their insights on the challenges and needs in terms of talent for a successful deployment of the ESG agenda.

In the financial services domain, Norsad Capital, an impact investing company with a footprint in 16 African countries, sees a challenge in the level of understanding and maturity about ESG not being consistent on the continent. Its core customers are entrepreneurs, who often do not prioritise ESG as an investment, but rather look at it from a “do no harm” perspective.

In terms of talent, Norsad Capital employs people with deep technical knowledge on ESG matters; those who bring an impact lens to ESG in line with Norsad’s mandate as an impact investor; those who bring business acumen and application of ESG risks and opportunities to the business case; and those with sector experience, in particular in specialised industries such as healthcare.

A midtier company from the mining industry, Pan African Resources, listed on London Stock Exchange and JSE, is committed to a sustainable gold mining industry by integrating recycling and a renewable energy mix of 15% by 2027 and 50% by 2035.

It has access to underground water and has invested in water retreatment plants at their Evander operations, rendering the company as a good water steward in the industry and positively affecting the environmental footprint.

Pan African has created subsidiary ventures in the quest to create community employment around its operations. Over the next three years, it plans to be assured by external auditors on its most material ESG matters and data.

Transparency and integrity of data is key for Pan African to prevent allegations of greenwashing.

It committed to ESG initiatives as part of good business practice even before that was required by institutional investors and legislation and has a number of projects in place to maintain its social licence to operate and ensure the long-term sustainability of the group's operations.

In terms of talent development, Pan African is building capacity in its internal ESG practitioners to understand international reporting frameworks such as Global Reporting Initiatives (GRI), the UN Sustainable Development Group (UNSDG) and International Sustainability Standards Board (ISSB) because there is a lack of skills in these reporting frameworks to communicate risk, effect and opportunities in the ESG discipline.

Also, it is reviewing its systems and processes for its operations team members to understand the auditing and disclosure of nonfinancial data to shareholders and other stakeholders.

AECI, a diversified chemicals solutions group that has more than 100 sites in 22 countries, is committed to becoming net zero by 2050. Last year, it linked five ESG key performance indicators (KPIs) to senior management's long-term incentives. This is reviewed annually, and at the end of a three-year incentive cycle it be one of a few companies on the continent to link ESG to broader remuneration. AECI recently successfully executed the first sustainability-linked finance framework, which has had a positive effect on debt refinancing agreements.

Beer manufacturer SAB, employing more than 5,700 people, has a mission to grow its sector responsibly and sustainably. Its ESG

strategy is based on eight key pillars and it prioritises three specifically: water stewardship; energy; and unemployment.

It considers as critical skills in social impact, results-focused project management, analytics and the ability to put together reports when working in the ESG space, hiring people who have a vision to dream big and the ability to influence the company's business strategy.

Overall, shareholders are already putting pressure on managements to demonstrate their responsible investor credentials, resulting in a high demand for specialist ESG talent. To mitigate the squeeze on the available pool of talent, many are augmenting in-house talent with outsourced ESG resources.

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