SAIMM Environmental Social Governance Sustainability (ESGS) Conference

ESG Strategic Planning for Effective Governance and Sustainable Value Creation

Bashi Gaetsaloe

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MINE-EX CONSULTING

Introduction

Bashi Gaetsaloe, Director Mine-Ex Consulting Group

- Chair, Hollard Life Botswana
- INED, Hollard Insurance
- Chair, Ninety One Botswana
- Director, Fraser McGill Botswana

> 28 years professional experience in Botswana, South Africa and Namibia.

> Former Country Managing Director KPMG Consulting and Accenture Botswana.

> Led the 5-year transformation at Botswana Development Corporation and obtained an independent investment-grade credit rating from Moody's.

> Delivered large scale mining projects: strategy, SAP Mining Solution, supply chain transformation, shared services, team leadership development, and measurement systems.

> Advisory Board of the Global Lab for Climate Finance (Southern Africa) which mobilises private capital for climate projects in renewable energy, climate risk, energy access, smart agriculture, and smart cities and transportation.

> Appointed by His Excellency the President of Botswana to a Special Presidential Task Team to develop Botswana's new national vision – Vision 2036.

> MA in Economics from Connecticut College (New London, USA) and an MA in Economics from Yale University (New Haven, USA).

Introduction

Mine-Ex Consulting Group

An independent, Pan-African mining consultancy and investment firm.

SERVICES TO MINING HOUSES

- Resource mobilization
- Mine value management and mine optimization
- LOM planning
- Funding for expansions and new operations

SERVICES TO GOVERNMENT

Assisting mineral-rich economies and governments:

- Access to funding
- Skills development
- Beneficiation of natural resources
- Accelerate the growth of a sustainable and vibrant private sector

Introduction

Mine-Ex Consulting Group Services

MINE-EX CONSULTING GROUP

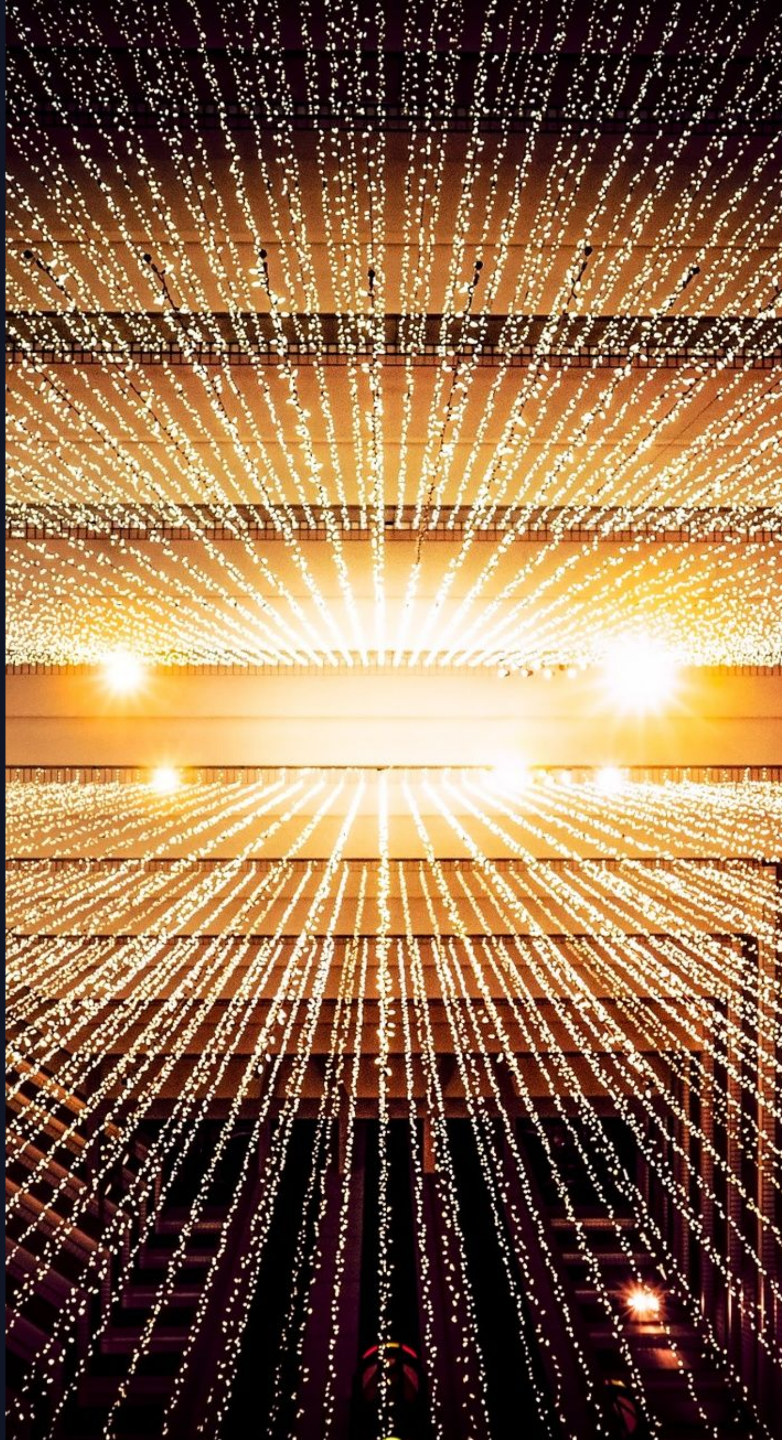
- Our multi-disciplinary team leverages local and international experience to meet the unique needs and financial objectives of our clients.
- Supports clients to achieve their project and business goals by delivering excellence in mining projects, operations and investments

FRASER MCGILL PARTNERSHIP

- Co-founder of Fraser McGill Botswana
- Strategic decision-making by translating complex ore body geometries, mining and processing techniques, and logistics into ‘executive friendly’ decision models and dashboards.

A STRATEGIC APPROACH TO ESG IS CRUCIAL FOR BUSINESSES TO REMAIN COMPETITIVE, BUILD TRUST, AND CONTRIBUTE TO A MORE SUSTAINABLE FUTURE.

Agenda



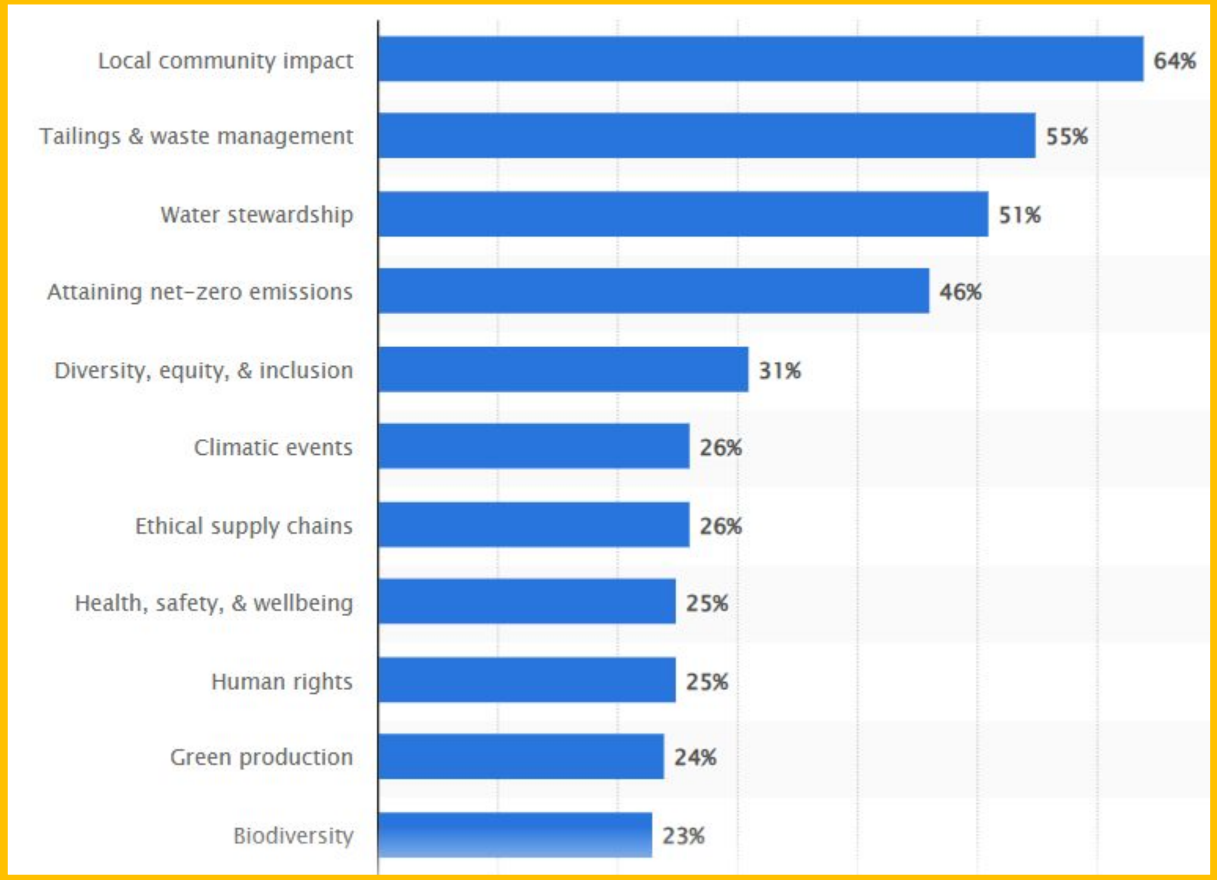
1. Importance of ESG in Mining

ESG in the mining sector

The industry is under increasing scrutiny to address environmental, social, and governance (ESG) concerns throughout its value chain.

From responsible mining practices to ethical sourcing and processing, the industry must demonstrate a commitment to sustainability and transparency to maintain consumer trust.

ESG issues most scrutinized by stakeholders in the metals and mining sector 2024



Source: M. Jaganmohan (2024)

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1. Importance of ESG in Mining

What we see on the ground

From CSI → Short Term — Limited Scope — Limited Impact

To SED → Long Term — Extensive Scope — Legacy

Agenda

1 Importance of ESG in Mining

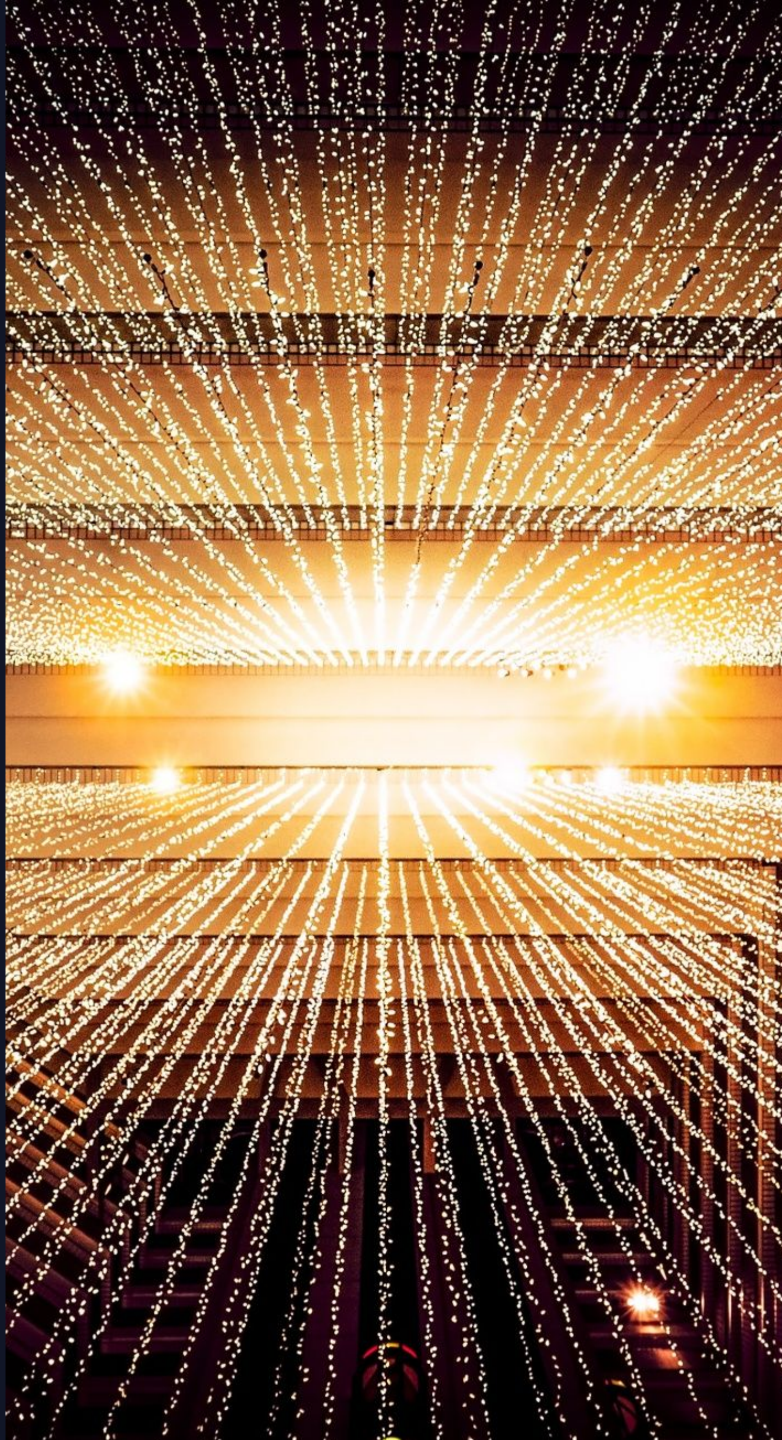
2 The ESG Conundrum

3 Strategic Planning For ESG Integration

4 Case Study: Integrating Strategy and ESG

5 Reporting and Governance

6 Q&A



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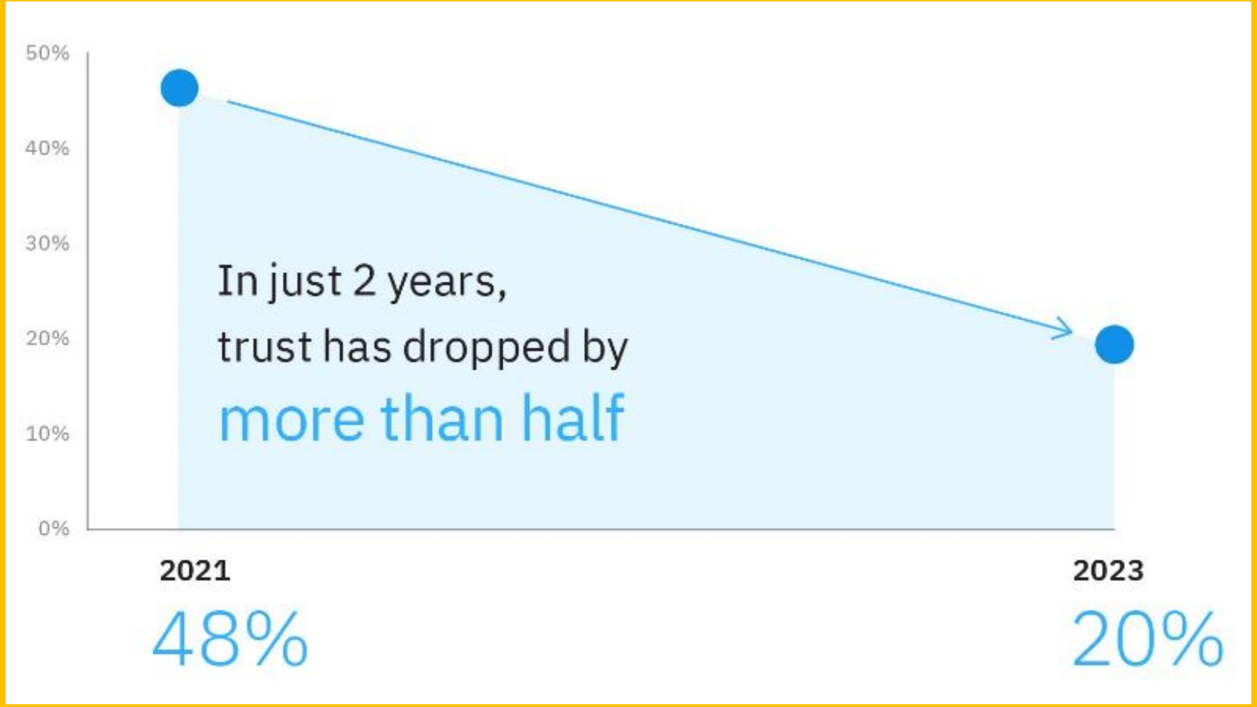
2. The ESG Conundrum

Companies are grappling with fundamental questions

Top-performing companies don't make trade-offs between sustainability, social responsibility, good governance, and shareholder value; they achieve all these outcomes at once.

> "ESG data and capability leaders are 43% more likely to outperform on profitability—and 52% more likely to say ESG efforts have a huge impact on profitability."

Consumer trust in corporate sustainability statements has plummeted.



Source: IBM Institute for Business Value

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2. The ESG Conundrum

A striking imbalance between ambition and action

"72% of executives say ESG needs to be a higher priority in their organization."

→ While 95% of organizations have developed operational ESG propositions, only 10% have made significant progress toward their goals

→ Many organisations are narrowly focused on meeting immediate compliance demands

→ 6 in 10 executives say they make tradeoffs between financial and ESG objectives.

→ Sustainability and ESG initiatives face heavy headwinds—from inflation to geopolitical upheaval

→ 76% of executives say ESG is central to their business strategy.

Source: IBM Institute for Business Value

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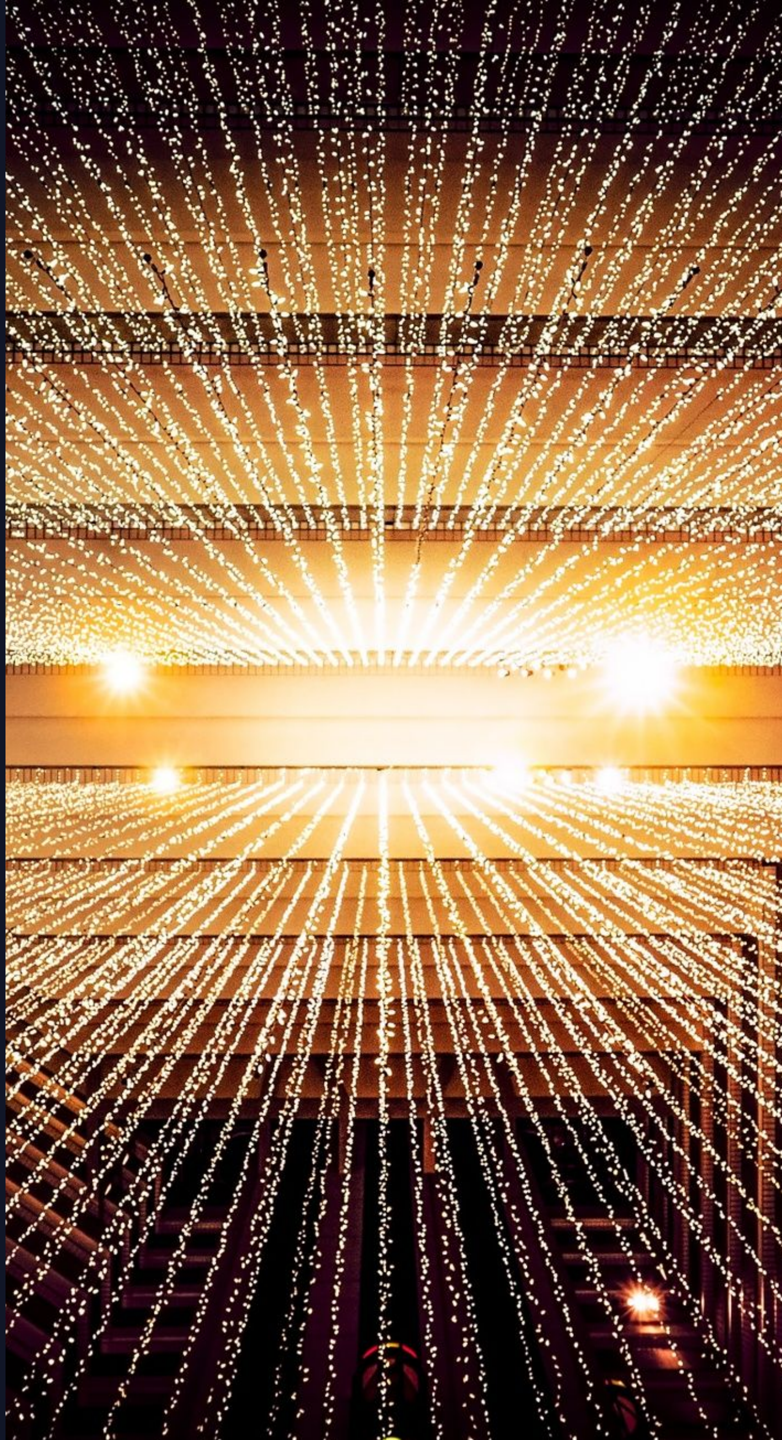

3. Strategic Planning for ESG

Strategy in a mining context

A comprehensive, long-term plan developed by a mining company to achieve its business objectives while navigating the unique challenges and opportunities of the industry.

Encompasses decisions related to resource extraction, operational efficiency, regulatory compliance, environmental sustainability, social responsibility, and financial performance

The company's blueprint for long-term growth and success in an industry characterized by fluctuating commodity prices, environmental concerns, and complex stakeholder dynamics

Resource Management	Operational Efficiency	Risk Mitigation	**ESG**	Regulatory Compliance	Market Positioning	People Management

3. Strategic Planning for ESG

Typical strategy approaches

TOP-DOWN ALIGNMENT

- Craft the company's mission, vision and values goals.
- Align these with SDGs and ESG principles.
- Build ESG into the core corporate strategy, ensuring that it is reflected across all departments, from exploration and operations to marketing and stakeholder engagement.

MATERIALITY ASSESSMENT

- Conduct a materiality assessment to identify key ESG risks and opportunities.
- Determine the most relevant ESG issues that impact both business operations and stakeholder interests.
- Use data gathered from materiality assessments to guide strategy development.

RISK MANAGEMENT APPROACH

- Develop the corporate strategic plan and goals
- Identify key risks, including environmental risks and social risks (community, indigenous people, labour rights)
- Develop strong governance frameworks to ensure compliance and drive mitigations.

SUSTAINABILITY-LED INNOVATION

- Invest in green mining technologies that reduce the environmental impact of mining activities.
- Explore circular economy strategies, focusing on maximizing the reuse and recycling of materials to minimize environmental degradation.
- Create a dedicated ESG R&D function

3. Strategic Planning for ESG

Our approach

Strategy

A simple, clear and straightforward answer to a straightforward question:

How will we win?

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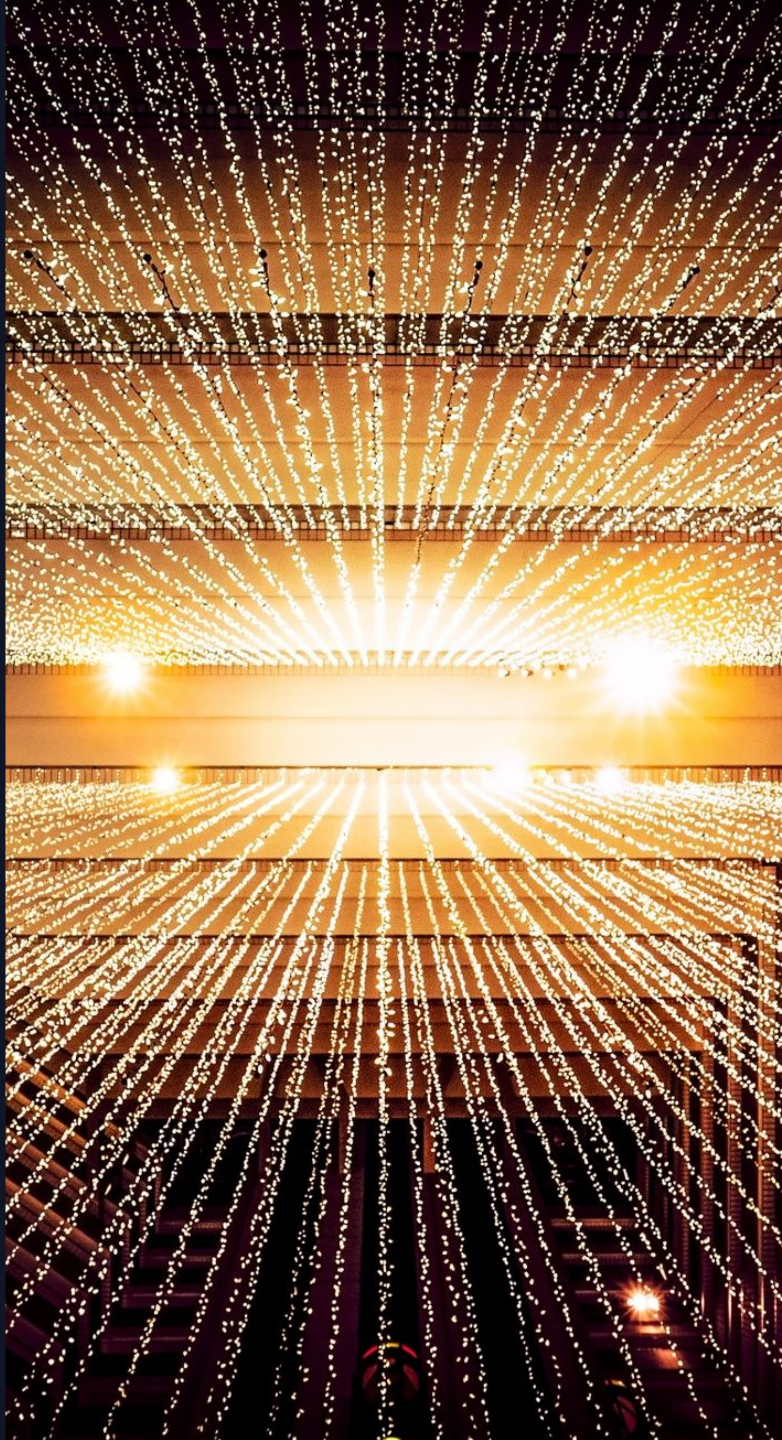

4. Case Study: Integrating Strategy and ESG

Case Study: A global diamond mid-stream company 1

TOUGH QUESTIONS WERE ASKED BY STAKEHOLDERS

1. Is it a license to operate or is it to get brownie points?
2. Who wants it and who cares?
3. Do they really want it or do they want to tick a box?
4. Why are we doing this?
5. What happens if we don’t do it?
6. What is the premium?
7. Germany has reopened its coal mines ---- how should we read this?

4. Case Study: Integrating Strategy and ESG

Case Study: A global diamond mid-stream company 2

1. **ESG issues came up late in the process**

   A strong focus on growth, profitability, and adapting to market conditions dominated discussions. ESG issues were raised as a "by the way".

2. **ESG as a special project in the OOTMD**

   ESG was positioned as a special project within the OOTMD as there was need to identify the right codes, benchmark best practice, understand stakeholder and customer expectations and build an approach and a programme.

3. **ESG as a strategic objective on the corporate strategy map**

   ESG was positioned as one of a handful of strategic objectives on the strategy map. Treated as any other objective - with a programme manager, project lead, scope, and budget etc.

4. **ESG as a strategic enabler**

   ESG considered a strategic enablers to reduce operational risks while ensuring that the business remains competitive and aligned with future global standards.

5. **ESG as a license to operate**

   ESG was positioned beyond mere compliance—rather as a proactive approach to addressing stakeholder concerns, managing risks, and securing long-term operational approval. A way to build credibility and trust aligned to customer expectations.

6. **Aligning and positioning ESG as per the regulatory requirements**

   Aligning ESG to regulatory compliance and requirements.

4. Case Study: Integrating Strategy and ESG

Case Study: A global diamond mid-stream company 3

“If we had to do it over again, we would start with ESG”.

→ We understand that these issues will be more pronounced in the future.

→ We want to be ready and not have to shift based on a “gun to our head”.

→ It’s a paradigm shift – one needs to think of it not as a cost, but as a new way to drive growth and profitability.

→ Through maturity, ESG can lead to new business models and new ways of creating value.

→ Its not an add-on to the strategy – it is the strategy.

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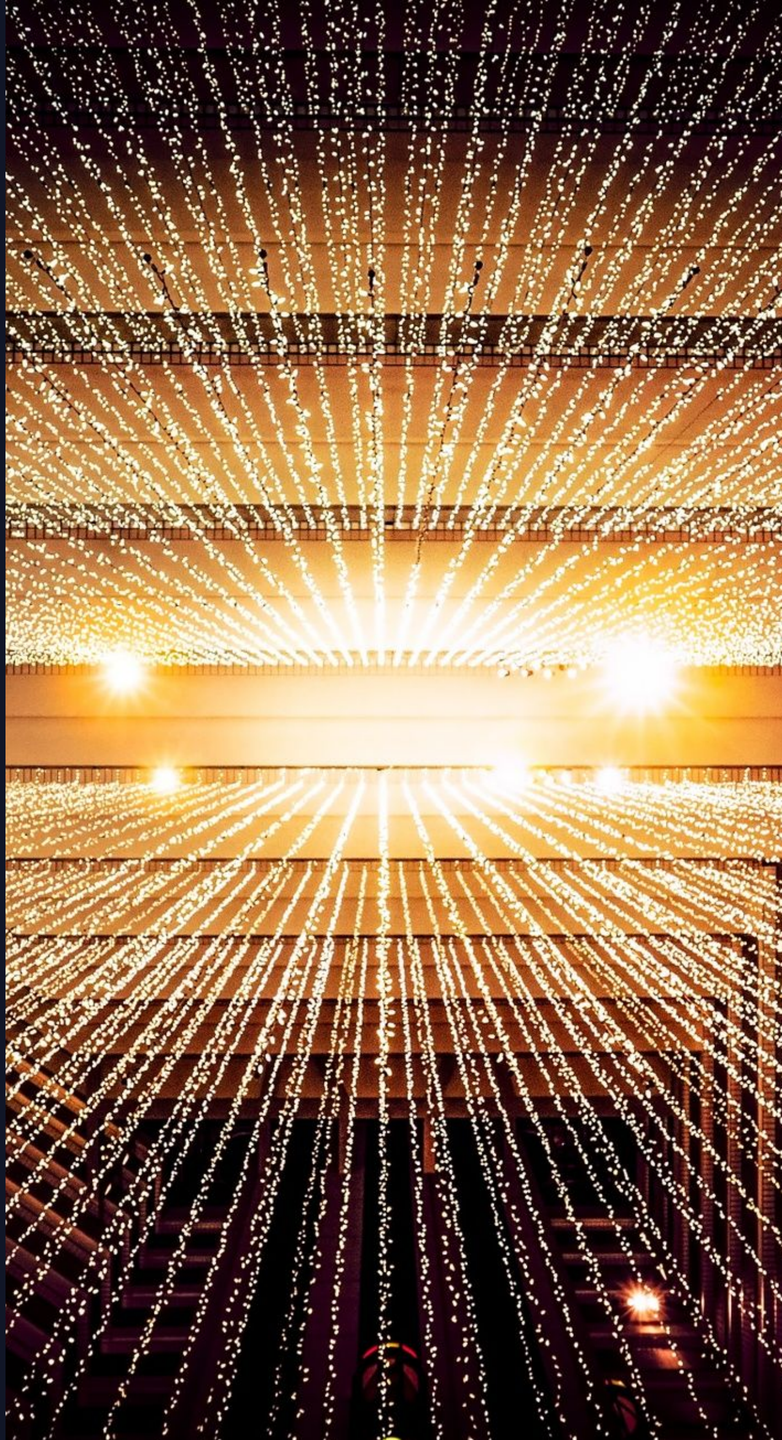

5. Reporting and Governance for Effective ESG

Governance plays a critical role in the successful implementation of ESG

Sustainable Value Creation

- ESG AS A DRIVER OF STRATEGIC PLANNING
- BOARD OVERSIGHT AND ACCOUNTABILITY
- STAKEHOLDER ENGAGEMENT AND ALIGNMENT
- SUSTAINABILITY PERFORMANCE MEASUREMENT – TRUST & TRANSPARENCY

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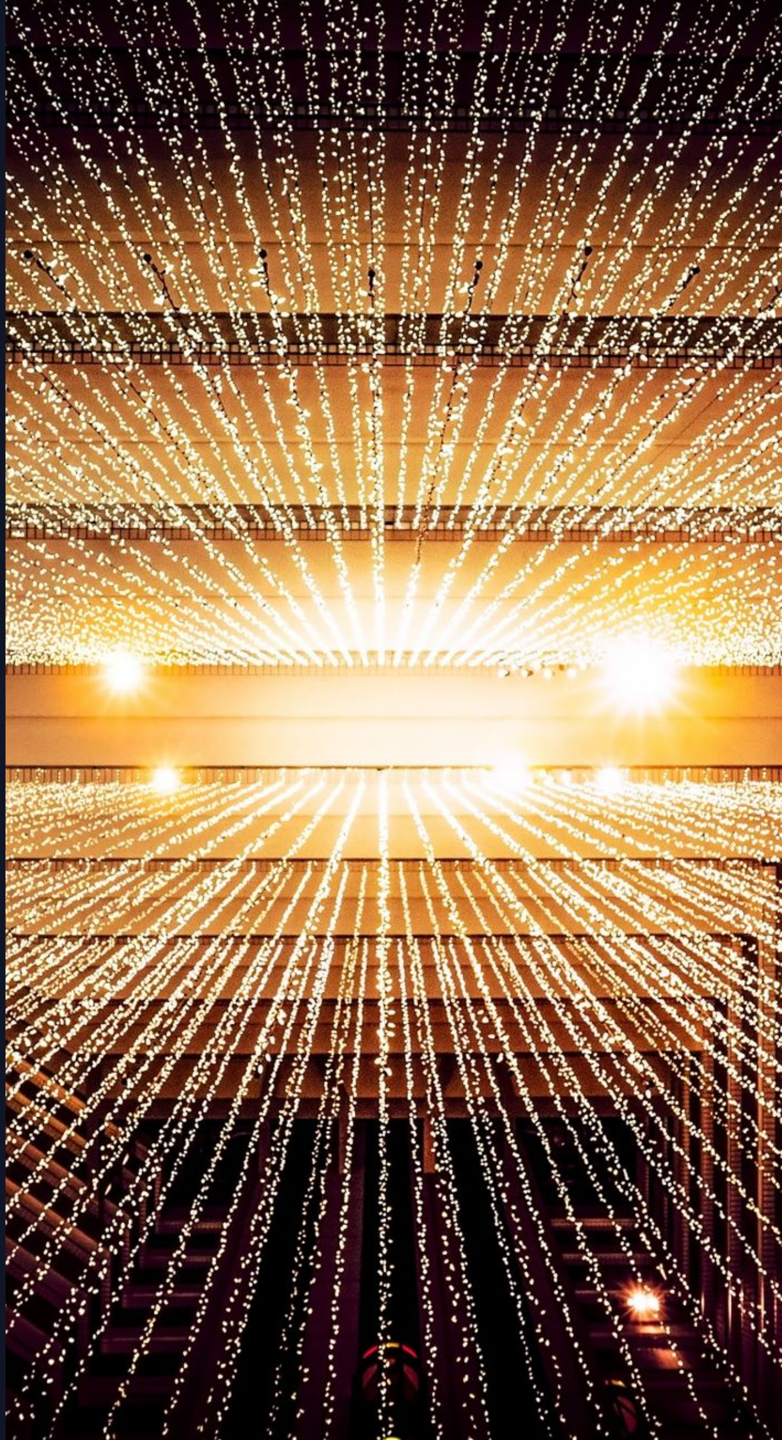

Source: iStock

Q&A

Beyond merely integrating ESG into Strategy, our approach is one where ESG is the foundation and the driving force behind strategy.

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